

CHENI GOLD MINES INC. (CZG-V,T,M)

CLIFF CREEK AND DUKE ZONE RESERVES APPEAR LIMITED - Paul Savoy, president, reports Cheni Gold Mines Inc. has completed a surface diamond drilling program at the Lawyers gold mine located in the Toodoggone region, about 175 miles north of Smithers, B.C. The drilling tested the Cliff zone with 25 holes of 32,000 feet. Previous work had defined mineralized zones at the north and south ends of the structure. The 1990 program was designed to explore the intermediate 600-meter strike length and provide in-fill evaluation of the southern zone discovered in 1987. Core logging and analytical work has been completed with results showings precious metal values are erratic and are hosted by a relatively tight structure. No economic intersections were reported between Sections 4350NW and 4800NW. In-fill drilling on Section 4200NW, where a strong mineralized zone was cut in 1987, demonstrated continuity is limited.

A new vein zone was discovered within the area of intersection between the Cliff Creek and Duke Ridge structures. Trenching exposed a 200-meter strike length of strong veining with sampling returning values to 0.14 oz.gold/ton and 4.24 oz.silver/ton across 1.0 meters. An induced polarization/resistivity survey is underway to evaluate this area with drilling to follow.

Underground development of the Cliff Creek zone is proceeding with the decline intersecting the North Zone at the 1,650 elevation. Work is continuing to locate production levels above and below the 1650. As sufficient electrical power becomes available, underground diamond drilling will define ore outlines and continue to explore the down-dip potential of the structure. Although an on-going assessment of the mineral inventory in the Cliff Creek and Duke Ridge zones does not support the additional possible reserves in the southern part of the structure as indicated by the 1987 drilling, current work has increased the initial figures used by Wright Engineers in their feasibility study. A summary of the mineable reserves using a cut-off of 0.10 oz.gold/ton has been calculated as follows:

1990 Evaluation - Probable & Possible

Cliff Creek Probable: 465,871 tons averaging 0.186 oz. gold/ton, 7.71 oz. silver/ton

Cliff Creek Possible: 113,775 tons averaging 0.168 oz. gold/ton, 7.81 oz. silver/ton

Duke Ridge Probable: 75,400 tons

As previously reported, Cheni acquired the nearby A1 property from ENERGEX MINERALS LTD. (EGX-T) in 1989. A 20-km road has been flagged and it is expected work will begin early this fall to facilitate access with development planning to start this winter. (SEE GCNL No.151, 7Aug90, P.1 FOR% SIX-MONTH FINANCIALS)

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