

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

LAWYERS MINE GETS WRITE-DOWN - Paul Savoy, president, reports Cheni Gold Mines will make, after a re-calculation of ore reserves, an accounting write-down of \$30,800,000 on the assets of its 100%-owned Lawyers mine located at the Toodoggone River about 200 miles north of Smithers, B.C. Cheni will make efforts to extend mine life by proving up more reserves on the Lawyers property and in the immediate area. The increase in operating costs, per equivalent ounce of gold, from US\$215 in 1989 to US\$230 in 1990 reflects a 12% decrease in the gold grade of the millfeed over the same periods, and a 20% increase in the silver-to-gold ratio based on respective market prices in 1989, as compared to 1990. Operating costs per ton milled decreased by 8% from C\$96.84 in 1989 to ~~C\$81.38~~ in 1990, which partially offset the impact of the above factors. As of 31Dec90, Cheni had hedged 14,000 ounces of gold (31% of production) and 330,000 ounces of silver (36% of production) into 1991, at average prices of US\$407.90/oz. and US\$5.17/oz., respectively. In addition, 5,500 ounces of gold have been sold forward into 1992 at an average price of US\$433.61/oz.. In Jan/91, the amount of gold production hedged for 1991 was increased to 50% and an additional 4,000 ounces was sold forward into 1992.

Underground development work on the Cliff Creek area of the Lawyers mine is progressing on seven levels, with results generally confirming continuity of ore within the present stope development block. The intersected values suggest the mineable grade will be 20% to 25% better than initially calculated. The mine plan provides for a phase-in of millfeed from the Cliff Creek zone, such that, by the end of the year Cliff Creek will be the primary source of millfeed. Mining methods will be similar to the AGB zone where a blasthole and shrinkage stopes were utilized.

94E 66
P. 1 of 2

George Cross News
"Reliable Reporting"

<u>THREE MONTHS ENDED DECEMBER 31</u>	<u>1990</u>	<u>1989</u>
Revenue	\$6,892,000	\$8,891,000
Costs Incl. \$30,070,000 write-dwn	38,729,000	7,552,000
Earning before Taxes	(31,837,000)	1,339,000
Net Earnings	(31,774,000)	1,339,000
Earnings Per Share	(\$2.86)	12¢

PRODUCTION STATISTICS

Ore Milled - Tons	50,613	45,472
Average Daily Tons	550	494
Average Mill Feed Grade (Oz/Ton) - Gold	0.26	0.31
Silver	7.19	6.83
Gold Production (ounces)	12,423	14,662
Silver Production (Ounces)	263,428	293,117

<u>YEAR ENDED DECEMBER 31</u>	<u>1990</u>	<u>1989</u>
Revenue	\$30,935,000	\$27,172,000
Costs Incl. \$30,859,000 write-dwn	59,592,000	22,672,000
Earnings before Taxes	(29,281,000)	4,002,000
Net Earnings	(29,281,000)	4,002,000
Earnings Per Share	(\$2.64)	36¢

PRODUCTION STATISTICS

Ore Milled - Tons	203,098	154,960
Average Daily Tons	556	506
Average Mill Feed Grade (Oz/Ton)- Gold	0.28	0.32
Silver Oz. Per Ton	7.55	7.24
Gold Production Ounces	52,630	45,524
Silver Production Ounces	1,161,299	877,819

Subject to regulatory approval, the exercise price of directors' and employees' stock options will be reduced to \$1.25 per share, the closing price 25Feb91.

In other developments, work is progressing well at the J & L property, located 20 miles north of Revelstoke, B.C. In Oct/90, EQUINOX RESOURCES LTD. (EQX-V,T) and related company PAN AMERICAN MINERALS CORP. (PAA-V) granted Cheni an option to earn a 60% interest by funding to production and spending \$3,000,000 by 31Dec93. The discovery of a new zinc zone, the Yellowjacket zone, resulted in the work program being fast-tracked. Metallurgical test work on the arsenical gold mineralization has produced encouraging results with the sulphur content being able to be reduced resulting in a concentrate grade increase in excess of 40 grams gold/tonne. (SEE GCNL No.23, 1Feb91, P.1 FOR PREVIOUS DATA)

94E 66
P. 2 OF 2