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**NORTH AMERICAN METALS CORP.** (NAM-V: Nasdaq-delisted)

**GOLDEN BEAR GOES TO COST-SAVING 100% OPEN PIT**

Jack E. Thompson, president, reviewed for the annual meeting of North American Metals activities and production difficulties at the 50%-owned Golden Bear Mine, located 156 km NW of Telegraph Creek, NW B.C. The 50% partner in the mine is Chevron. North American Metals is 73%-owned by Homestake Mining Company.

The gold recovery plant has a designed capacity of 315 tonnes per day and has operated in the last two months at an average of 290 tonnes per day with the expected head grade and anticipated 90% gold recovery. In the three months ended March 31, 1991, gold recovery was 11,368 ounces, of which North American Metals' share was 5,684 ounces at a cash operating cost of US\$559 per ounce of gold recovered for a loss for the quarter of \$1,400,000. The company has sufficient cash assets available to maintain the operations until the end of June, 1991, at which time additional funds will need to be arranged. The company is considering additional bank loans, gold loans and equity funding, all of which are contingent upon maintaining the improved operations, reducing costs and improved gold prices.

Mr. Thompson noted the underground mine has been shut down since March 4, 1991. It is now expected that a final plan will be completed in about two weeks to operate exclusively from an open pit. The plan is to open pit mine sufficient ore in the summer to a stockpile to operate the mill for 12 months. The engineers have prepared 34 various open pit designs in the process of selecting the most appropriate. At Dec. 31, 1990, proven and probable reserves were 473,000 tonnes grading 18.12 grams per tonne, or 0.639 oz. gold/t.

The president told the meeting the plant was commissioned in Nov. 1989 with the first gold bar poured shortly thereafter. The roaster for the ground ore did not work. It was a new design using a steel plate instead of the standard ceramic plate. A ceramic plate was installed and started operating Nov. 20, 1990. It has worked increasingly better each month since. The property has considerable exploration potential and a \$1,200,000 is planned for 1991 in an effort to add to reserves.

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