

WESTERN CANADA

CHENI GOLD MINES INC. (CZG-V)

<u>NINE MONTHS ENDED SEPTEMBER 30,</u>	<u>1991</u>	<u>1990</u>
IN THOUSANDS OF DOLLARS		
Revenue	\$16,500	\$23,900
Costs and Expenses	19,866	20,863
Income and Mining Taxes	139	63
Net (loss) Earnings	(3,681)	2,493
(Loss) Earnings Per Share	(33¢)	23¢
Cash And Etc. End Of Period	217,000	118,000
-----		
Ore Milled Tons	147,604	152,485
Daily Tons Milled	541	559
Gold Oz. per ton	0.21	0.28
Silver Oz. per ton	4.68	7.68
Gold oz. Production	29,064	40,639
Silver oz. Production	555,151	896,998
Cost/Ton Cdn.	\$97.54	\$ 82.08
Cost/Ounce U.S.	346.30	199.20

94E 66

APPLICATIONS MADE FOR 1992 PRODUCTION - Paul Savoy,  
president,

Cheni Gold Mines has reported the loss for the nine months reflect the lower mill feed head grade and the consequent reduction in gold production (28%) and silver production (38%) this year as compared to 1990.

During the current year, the gold price reached a five year low and silver price a 17 year low, while the Canadian dollar reached a 14 year high against the American dollar.

After taking hedging transactions into account, average selling prices realized were US\$399/oz. gold and US\$4.8/oz. silver, as compared to the London prices of US\$363/oz. gold and US\$4.00/oz. silver.

The lower head grade experienced during the year as well as increased mining costs relating to the final development of the Cliff Creek Zone led to this increase in costs.

The company has revised its ore reserves at the Cliff Creek North Zone to 154,000 tons grading 0.199 oz/ton gold and 5.79 oz/ton silver. In addition, the reserves at the Duke's Ridge Zone were revised to 24,000 tons grading 0.232 oz/ton gold and 6.33 oz/ton silver.

The company anticipates that it may have to curtail mining operations in mid-December of this year. Accordingly, in compliance with statutory requirements, the company has given eight weeks notice of termination to certain of its employees. The scale of future operations will be determined by gold and silver prices and the ability of the company to increase its ore reserves. Milling operations are continuing. The company is seeking the appropriate permits to mine additional reserves from adjoining deposits during 1992.

The summer exploration campaign on the J & L Project has been completed. the Main Zone has been traced through to the old Roseberry workings, 2.5 km to the west, and drilling confirmed continuity of the Yellowjacket Zone to the east. Details of these results will be the subject of a further press release when field results are fully compiled. Metallurgical work is continuing to pilot test the flotation of the process.