

<u>CHEM GOLD MINES INC. (CZG-T,M)</u>		
<u>NINE MONTHS ENDED SEPTEMBER 30, 1992</u>		<u>1991</u>
Revenue	\$12,249,000	\$16,544,000
Costs and Expenses	14,576,000	20,005,000
Net Loss	2,327,000	3,681,000
Loss Per Share	21¢	33¢
<u>THREE MONTHS ENDED SEPTEMBER 30, 1992</u>		<u>1991</u>
Revenue	2,497,000	6,151,000
Costs and Expenses	3,567,000	8,013,000
Net Loss	1,119,000	1,949,000
Loss Per Share	10¢	18¢
<u>PRODUCTION STATISTICS SEVEN MONTHS ENDED 31 JUL 92</u>		<u>NINE MONTHS ENDED 30 SEP 91</u>
Ore Milled - Tons	114,551	147,604
Average Daily Tons	540	541
Average Mill Feed Grade (Oz/Ton) -		
Gold	0.23	0.21
Silver	4.99	4.68
Production (Ounces) -		
Gold	24,804	29,064
Silver	453,243	555,151
Shipments (Ounces) -		
Gold	25,656	28,532
Silver	463,621	542,379
Cash Operating Cost/Ton of Ore (\$ Cdn)	\$89.69	\$97.54
Cash Operating Cost/Ounce of Gold Equivalent (\$ US)	\$296.18	\$346.30
<u>PRODUCTION STATISTICS JULY 1992</u>		<u>THREE MONTHS ENDED 30 SEP 92</u>
Ore Milled - Tons	14,143	52,587
Average Daily Tons	471	572
Average Mill Feed Grade (Oz/Ton) -		
Gold	0.23	0.20
Silver	6.88	4.56
Production (Ounces) -		
Gold	3,106	9,376
Silver	91,650	196,998
Shipments (ounces) -		
Gold	4,457	10,210
Silver	129,811	206,644
Cash Operating Cost/Ton of Ore (\$ Cdn)	\$97.86	\$107.10
Cash Operating Cost/Oz of Gold Equivalent (\$ US)	\$283.16	\$400.75

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INTERIM REPORT - R.McMorran, secretary, Cheni Gold Mines Inc., reports operating results for the nine months ended 30Sep92 reflects the end of milling activity at the end of July 1992, as all economic ore reserves at the Toodoggone, B.C. Lawyers mine had been depleted. However, exploration activities continued during the third quarter with some promising results.

Phase I of the planned evaluation program for the nearby Mets deposit was completed. Based on the results of this program, Cheni estimates a cut and diluted mineable probable and possible ore reserve of 59,600 tons grading 0.339 oz. gold/t. After taking into account the results, the current price of gold and the costs and risk of operating during winter, Cheni will defer mining the deposit until spring 1993, at which time the project will be re-evaluated.

Surface exploration near the Lawyers mill defined an economic tonnage of gold/silver mineralization (Phoenix zone). Cheni estimates the ore reserve to be 3,245 tons grading 1.69 oz. gold/t, 500 oz. silver/t. Financing has been provided by the BRGM group to mine the deposit by year-end 1992. To date, 2,650 tons of ore containing 2,000 ounces of gold and 110,000 ounces of silver have been mined and the deposit will be completely mined out by mid-November. Mining and milling will be completed by mid-December with the mill shutdown for winter.

Cheni expects the cashflow generated from mining the Phoenix zone will be sufficient to repay the BRGM group's project financing and to meet all ongoing operating, financing and administrative costs to the end of the first quarter of 1993. Additional cash flow is expected in the first quarter of 1993 under the terms of earlier financial restructuring agreements.

Trenching and surface evaluation of other targets located near the Phoenix zone has been terminated with the onset of an early winter, but results have been encouraging with the discovery of similar silicified structures. Site restoration and surface reclamation work progressed well at the Lawyers mine. The company has reclaimed most of the disturbed areas except those related to active exploration or production activities.

(SEE GCNL No.199, Oct.15/92 FOR OTHER INFORMATION)

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