

NORTH AMERICAN METALS CORP. (NAM-V)

UNDERGROUND MINING HALTED - Jack E. Thompson, president, North American Metals Corp., a subsidiary of HOMESTAKE MINING COMPANY, reports operating results for 1992. Gold production from the Golden Bear mine, located 156 km northwest of Telegraph Creek, northwest B.C., was 58,224 ounces in 1992 compared to 56,711 ounces in 1991. Production was well short of plan and cash costs per ounce of C \$352 (C \$378

in the last quarter) were higher than expected. This is a result of the plant receiving lower grade ore than anticipated from the 1992 open pit season. The previously announced program of limited underground mining reduced, but did not eliminate, disappointing results from open pit mining. The benefits from continued underground mining diminished as ore grades dropped and ground conditions deteriorated. Combined with the persistent low gold prices, these operating results have led to the decision to discontinue the underground mining operation effective immediately.

While the 1992 open pit mining program was successful in adding 146,000 tonnes of ore to the on-site inventory, the grade of ore encountered on milling was disappointing. This has led to a review of the remaining ore reserves and the economic viability of continued mining. Of particular concern is the ore grade of the next pit operation. The operation currently has sufficient ore stockpiles from the 1992 mining program to provide six to eight months of mill feed while this review is underway.

In light of the closure of the underground operation and continuing low gold prices, the company has decided to make additional provisions for reclamation and closure costs and has taken a partial write-down of the ore stockpiles and inventories on hand at year end. This provision totals C \$9,000,000.

North American Metals reports a loss of C \$10,500,000 or 84¢/ share for 1992 compared losses of C \$17,800,000 or \$1.58/share in 1991. The 1992 loss is inclusive of the above write-down and a C \$5,000,000 charge for revaluing forward gold sales contracts to reflect current gold prices. Included in the 1991 loss was C \$14,700,000 in asset write-downs and a C \$2,100,000 charge to revalue forward gold sales contracts. (SEE GCNL No.221, 17Nov92, P.4 FOR OTHER INFORMATION)

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