

# George Cross News Letter

*"Reliable Reporting"*

<u>CHENI GOLD MINES INC (CZG-T,M)</u>		
<u>YEAR ENDED DECEMBER 31</u>	<u>1992</u>	<u>1991</u>
Revenue	\$16,517,000	\$21,673,000
Costs and Expenses	19,637,000	50,685,000
Net Loss	3,733,000	29,260,000
Loss Per Share	34¢	\$2.64
Ore Milled (Tons)	119,990	193,086
Average Mill Feed Grade		
Gold (Oz/Ton)	0.29	0.21
Silver (Oz/Ton)	7.50	4.93
Production - Gold (Oz)	31,517	38,530
Silver (Oz)	749,327	720,706
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<u>THREE MONTHS ENDED DECEMBER 31, 1992</u>	<u>1992</u>	<u>1991</u>
Revenue	\$4,194,000	\$5,129,000
Costs and Expenses	5,154,000	30,680,000
Net Loss	1,406,000	25,579,000
Loss Per Share	13¢	\$2.30
Ore Milled (Tons)	5,439	45,484
Average Mill Feed Grade -		
Gold (Oz/Ton)	1.35	0.20
Silver (Oz/Ton)	62.89	4.56
Production - Gold (Oz)	6,713	9,547
Silver (Oz)	296,084	175,755

YEAR END REPORT - R.G.McMorran, secretary, Cheni Gold Mines Inc., reports mining and milling activity resumed during the fourth quarter to exploit the newly discovered, high-grade 100%-owned Phoenix deposit located on the Lawyers property, Toodoggone region, north-central B.C. In total, 5,349 short dry tons were mined and milled at a calculated head grade of 1.35 oz.gold/ton and 62.89 oz.silver/ton. On December 16, 1992, the Lawyers property was put on a care and maintenance basis for the winter months. Included in the 1992 results is a write-off of the undeveloped J & L property near Revelstoke for \$2,200,000 while the 1991 results include a writedown of the Lawyers mine assets for \$22,600,000. The successful mining of the Phoenix deposit is the primary reason for the improved operating results. The cash operating cost to exploit the Phoenix deposit, per equivalent ounce of gold, was US\$122/ounce.

Cheni terminated its option agreement with Equinox Resources/Pan American Mineralson the J & L property north of Revelstoke, B.C. effective 28Feb93.

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The Mets deposit north of the Lawyers Mine, which is held under the terms of an option agreement from GOLDEN RULE RESOURCES LTD. (GNU-T) and MANSON CREEK RESOURCES LTD. (MCK-T) will not be mined in 1993. The present terms of the agreement are in good standing until 1Sep93. Management has requested a one-year extension to the option. Although Phase I of the underground evaluation program was effectively completed in 1992, the price of gold expected for 1993 precludes an economic mining operation for this year.

An exploration program is planned for the Lawyers property to search for additional high-grade gold/silver zones in the Duke's Ridge area similar to the Phoenix zone mined late in 1992. Gold values were trenced in adjacent structures, and several E-Scan targets which coincide with favourable structure and mineralized float patterns remain to be evaluated. Detailed E-Scan analysis of the area between Duke's Ridge and the AGB zones is being completed at present. (SEE GCNL No.217, 10Nov92, P.1 FOR NINE-MONTH REPORT)

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