

5/27/94 -> TK, AW/D, H / V.K. / L.J.O. / D.S.

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George Cross News Letter

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CHENI GOLD MINES INC. [CZG-T]

THREE MONTHS ENDED JUNE 30, 1994	1993
REVENUE	\$0
COSTS/EXPENSES	752,000
NET LOSS	752,000
LOSS PER SHARE	5¢

SIX MONTHS ENDED JUNE 30, 1994	1993
REVENUE	\$0
COSTS/EXPENSES	1,315,000
NET LOSS	1,315,000
LOSS PER SHARE	9¢

LOSSES CONTINUE - R.G.McMorran, vice president, Cheni Gold Mines Inc., reports financial results for the three and six-month periods ended 30Jun94. Cheni has \$755,000 of working capital, net of the current portion of long-term debt. The company's long term bank indebtedness is being repaid out of the proceeds of private placements to certain affiliated companies. The next private placement is expected to finalize on 1Sept94 in the amount of \$1,155,000 (\$0.757 per share) of which \$500,000 will be used to repay long-term debt. Further placements are anticipated in the first and third quarters of 1995 by which time substantially all of the bank debt will be repaid. For the period 1Jan92 to 30Jun94, Cheni repaid or converted to securities \$14,500,000 of debt.

During the second quarter of 1994, Cheni optioned the Mt. Skinner gold property from Ottaraska Mines Ltd., a private B.C. company. The property consists of 11 claims located 25 km south of Tatla Lake in the western Chilcotin area of B.C. Previous exploration work was primarily focussed on the Victoria vein. Due diligence procedures conducted by the company confirmed an ore grade of 1.92 oz. gold/ton over a vein width of 0.7 metres. The ore shoot is open at depth and to the west.

All necessary permitting has been obtained to mine a 1,000-tonne bulk sample. Cheni personnel mobilized to the property on July 4th and work has started to drive a 40-metre decline. It is expected the entire development and mining program will be completed by the end of August with the ore to be treated at Westmin's Premier milling facility located near Stewart, B.C. Concurrently, a trenching program will investigate the potential for the discovery of similar structures elsewhere on the property.

A second phase of mining will be conducted subject to the results obtained from the initial bulk sample and from a diamond drilling campaign to be carried out while the decline is being driven. If possible, the second phase of mining will be carried out this fall.

92N 39