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News Release

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HOMESTAKE REPORTS 1999 SECOND QUARTER RESULTS AND ANNOUNCES COST REDUCTION MEASURES

Highlights:

(Note: All amounts are reported in U.S. dollars)

- **Homestake reports net income of \$0.1 million or zero cents per share in the second quarter of 1999, compared to a net loss of \$43.1 million or \$0.19 per share for the corresponding period in 1998.** The Company realized a gold price of \$283 per ounce on sales of 630,900 gold equivalent ounces.
- **Homestake achieved a 9.5% increase in attributable production.** The Company's attributable gold equivalent production increased to 627,300 ounces.
- **Homestake reports cash costs of \$195 per ounce in the second quarter of 1999, \$6 per ounce lower than in 1998.** This improvement was achieved despite a 4% strengthening of the Australian dollar, partially offset by a 2% decline in the Canadian dollar.
- **Homestake generates \$23.1 million of cash flow from operations in the second quarter.** Operating cash flow for the second quarter declined by 44% compared to the similar period last year, primarily due to the lower gold price.
- **Homestake completes acquisition of Argentina Gold Corp. ("Argentina Gold").** The acquisition of Argentina Gold was approved by over 99% of the Argentina Gold shareholders voting. Homestake issued approximately 21 million common shares valued at about \$190 million on April 29, 1999. With the transaction came the ownership of a 60% share of the Veladero Project that contains a resource estimated by Argentina Gold to be comprised of at least 5.8 million ounces of gold and 72 million ounces of silver. The acquisition has been accounted for as a pooling of interests and, accordingly, information for all prior periods has been restated to include Argentina Gold.
- **Homestake announces cost reduction measures.** These programs are expected to reduce exploration and corporate overhead costs by \$25-\$30 million annually.

SAN FRANCISCO, CA, July 27, 1999-- Homestake Mining Company (NYSE: HM, ASX: HSM, TSE: HCX) today reported net income of \$0.1 million or zero cents per share in the second quarter of 1999 compared to a net loss of \$43.1 million or \$0.19 per share in the second quarter of 1998. Second quarter 1999 results include after-tax foreign currency exchange gains of \$13.9 million (\$17.4 million pretax) or \$0.05 per share and non-

total, Homestake's workforce will have decreased by over 300 by year end reflecting cost reduction initiatives at current operations, reduced exploration spending and corporate overheads, and the closure of the Pinson and Snip mines.

These programs are appropriate in the current price environment and will better position Homestake to sustain positive cash flows. We remain committed to the gold industry and continue to support activities that will generate additional reserves and profitable production for Homestake.

We will continue examining potential acquisitions to improve the Company. This is a time of opportunity and we are fortunate to have the financial strength in a difficult environment."

Operations Highlights

United States

Production and total cash costs at the Ruby Hill mine near Eureka, Nevada improved by 9% and 19%, respectively, during the second quarter of 1999 compared to the similar period in 1998. Ruby Hill continues to be Homestake's lowest cost operation with a total cash cost of \$109 per ounce for the first six months of 1999, 13% below the comparable period in 1998. Gold production for the first six months is similar to production during the first half of 1998.

Performance at the Homestake mine has improved significantly and the operation is now mining ore exclusively from the underground mine, all though some residual open pit stockpile material is still being processed. As expected, second quarter 1999 production was 19% below the comparable period in 1998 when the Open Cut operation was still active. The operation achieved a total cash cost reduction compared to the 1998 second quarter due to extensive cost containment efforts and improved ore grades resulting from reduced mining dilution. For the first six months of 1999, the Homestake mine is achieving its planned production targets at a total cash cost of \$261 per ounce, which is only 4% higher than a year ago when a much more substantial proportion of the production was sourced from the lower cost Open Cut.

At the Round Mountain mine in central Nevada, Homestake's share of second quarter gold production declined by 3% compared to the corresponding period in 1998. Cash costs for the period increased by 6%. Gold production for the first six months of 1999 is 6% below the comparable period in 1998 and total cash costs of \$202 per ounce are slightly above those achieved during the first six months of 1998. During 1999, gold production from the dedicated and reusable leach pads was lower as mining equipment was diverted to conduct higher-than-normal overburden removal. Reduced production from the leach pads was partially offset by higher production from the gravity mill. During the first half of 1999, the grade of ore processed in the mill improved to 0.083 ounces per ton compared to 0.048 ounces per ton during the corresponding period in 1998. Recovery also improved by 13% to 87% due to the higher grade.

At the Pinson mine near Winnemucca, Nevada, residual production from the heap leach pads totaled 1,300 ounces at a cash cost of \$241 per ounce for the second quarter of 1999. The mine was closed in January of 1999 and work is ongoing to recontour, cover and revegetate the waste rock piles and tailings facility, and to neutralize the leach pads. Residual heap leach production will continue into at least the third quarter of 1999. An exploration program with joint venture partner Barrick Gold Corporation will continue. The partners expect to spend approximately \$3 million in 1999 exploring for deep ore bodies on the lands controlled by the Pinson joint venture.

Canada

During the second quarter of 1999, gold equivalent production from the Eskay Creek mine in British Columbia increased by over 25% compared to the corresponding period of 1998. Gold and silver production during the second quarter of 1999 was 90,300 ounces and 3.8 million ounces, respectively, compared to 70,000 ounces and 3.1 million ounces, respectively, during the comparable period in 1998. The increase in production is

due to improved throughput and recovery performance in the gravity and flotation mill. During the first six months of 1999, mill throughput has averaged 214 tons per day compared to 166 tons per day in 1998. During the first half of 1999, Eskay Creek produced 286,400 gold equivalent ounces compared to 271,100 gold equivalent ounces during the comparable period in 1998.

Homestake's 50% share of second quarter 1999 gold production at the Hemlo district's Williams and David Bell mines totaled 73,200 ounces, slightly less than production of 73,800 ounces achieved during the corresponding period in 1998. At the David Bell mine, production declined 15% due to reduced ore grade compared to the second quarter of 1998. At the Williams mine, additional mining controls have reduced dilution and increased the ore grade delivered to the mill, resulting in a 6% increase in gold production during the second quarter of 1999. For the first six months of 1999, Hemlo District gold production is 5% above the similar period in 1998 due to the increased Williams mine ore grade. In June 1999, operation of the mill at David Bell was suspended and ore from both operations is now processed through the Williams mill. Homestake and joint venture partner, Teck Corporation, expanded the Williams processing facility and expect to achieve a \$5 per ton cost savings as a result of decommissioning the David Bell processing plant.

Mining was completed and production suspended at the Snip mine in British Columbia during the second quarter of 1999. Reclamation activities have started and are expected to be completed by the end of 1999. A small amount of residual production will result from final cleanup in the processing facility.

Australia

Homestake's 50% share of gold production from the Kalgoorlie operations in Western Australia declined by 30% to 72,900 ounces during the second quarter of 1999 compared to the corresponding period in 1998. Processing throughput was constrained by the reduced rotation speed of the Fimiston SAG mill to minimize stress on the mill's cracked ring gear. Replacement of the gear was completed in May 1999. In addition, the Fimiston ball mill incurred unplanned downtime to repair a crack in the mill's girth gear. The combination of these factors reduced mill throughput to 65% of capacity and tonnage milled during the second quarter was 16% below the comparable period in 1998. In addition, production was impacted by the grade of ore blocks in the current mining sequence, which was about 10% lower than the ore grade mined during the second quarter of 1998. Total cash costs increased by \$59 per ounce during the second quarter of 1999 compared to the corresponding period in 1998 due to the lower gold production and a temporary increase in mining costs associated with an interim mining agreement with the contract miner. The Kalgoorlie operations will transition to owner mining during the third quarter of 1999. However, the benefit of owner mining will not be fully reflected in cash costs until the first quarter of 2000. For the first six months of 1999, gold production of 155,900 ounces from the combined operation is 22% below the comparable period in 1998 due to the process throughput constraints. Cash costs during the first half of 1999 increased by \$3 per ounce due to lower gold production. Cash costs for the quarter and year-to-date periods in 1999 are net of insurance recoveries of \$2.6 million and \$4.6 million, respectively, related to the cracked Fimiston SAG mill gear.

On July 19, 1999 KCGM announced a 40 person reduction in workforce at the Mt Charlotte underground mine. Development will be suspended and activities will concentrate on mining the developed ore blocks. Ore currently is available to provide production from Mt Charlotte for approximately one year, at which time Super Pit production will be increased to maintain mill throughput at capacity.

Second quarter 1999 gold production at the Plutonic mine was 3% higher than in the second quarter of 1998. Cash costs for the same period declined by \$10 per ounce. Development and exploration work continues to focus on ore reserve definition with particular emphasis on Zone 19. For the first six months of 1999, gold production of 105,500 ounces is 6% below 1998 due to increased clay content in the open-pit ore that has reduced recovery. However, reductions in labor and supply costs have reduced total cash costs by \$7 per ounce compared to the first six months of 1998.

Second quarter 1999 gold production at the Lawlers mine exceeded the comparable period in 1998 by 6% due to higher throughput and recovery in the processing plant. Slightly less than half of the process material is

Second Quarter							
		1999			1998		
		Tons	Average	Ounces	Tons	Average	Ounces
	%	Processed	Grade	Produced	Processed	Grade	Produced
	Interest	(thousands)	(oz/ton)	(thousands)	(thousands)	(oz/ton)	(thousands)
United States							
Homestake	100	299	0.180	57.1	510	0.147	70.4
Ruby Hill	100	279	0.122	33.1	335	0.104	30.4
McLaughlin	100	663	0.074	33.6	715	0.082	34.8
Round Mountain	25	3,107	0.017	35.4	3,562	0.016	36.5
Pinson	50	-	-	1.3	249	0.038	4.5
Marigold	33	321	0.020	4.9	219	0.030	6.0
Canada							
Eskey Creek ⁽¹⁾	100	56	3.101	162.9	42	3.250	130.0
Williams	50	340	0.166	53.8	339	0.157	50.9
David Bell	50	62	0.333	19.4	64	0.369	22.9
Quarter Claim	25	-	-	2.8	-	-	2.8
Snip ⁽²⁾	100	35	0.685	20.8	41	0.720	26.8
Australia							
Kalgoorlie	50	1,255	0.070	72.9	1,492	0.077	104.8
Plutonic	100	827	0.081	57.2	821	0.077	55.7
Darlot	100	191	0.147	27.1	195	0.080	14.7
Lawlers	100	168	0.200	32.5	159	0.205	30.8
Peak Hill	67	122	0.053	6.5	121	0.056	6.8
Mt Morgans	80	-	-	-	242	0.074	15.1
Chile							
Agua de la Falda	51	41	0.260	6.0	44	0.191	6.5
Total Production							
				627.3			650.4
Minority Interests							
				-			(77.5)
Homestake's Share							
				627.3			572.9

		Year-to-Date					
		1999			1998		
		Tons	Average	Ounces	Tons	Average	Ounces
	%	Processed	Grade	Produced	Processed	Grade	Produced
	Interest	(thousands)	(oz/ton)	(thousands)	(thousands)	(oz/ton)	(thousands)
United States							
Homestake	100	508	0.196	102.8	1,066	0.146	146.4
Ruby Hill	100	598	0.110	58.3	687	0.100	61.0
McLaughlin	100	1,386	0.072	63.8	1,399	0.081	64.9
Round Mountain	25	5,785	0.018	65.2	6,788	0.016	69.5
Pinson	50	66	0.031	4.9	495	0.038	10.9
Marigold	33	606	0.023	12.8	512	0.029	12.2
Canada							
Eskay Creek ⁽¹⁾	100	96	3.131	286.4	81	3.488	271.1
Williams	50	685	0.162	105.7	687	0.147	95.6
David Bell	50	122	0.331	38.1	124	0.344	41.1
Quarter Claim	25	-	-	5.6	-	-	5.6
Snip ⁽²⁾	100	71	0.665	41.9	79	0.705	50.5
Australia							
Kalgoorlie	50	2,674	0.068	155.9	3,199	0.070	198.9
Plutonic	100	1,617	0.079	105.5	1,656	0.078	112.0
Darlot	100	371	0.155	55.0	380	0.085	30.3
Lawlers	100	333	0.191	59.8	313	0.208	62.4
Peak Hill	67	244	0.051	12.0	231	0.056	12.6
Mt Morgans	80	-	-	-	456	0.088	34.6
Chile							
Agua de la Falda	51	78	0.234	12.6	76	0.198	12.1
Total Production				1,186.3			1,291.7
Minority Interests				-			(158.9)
Homestake's Share				1,186.3			1,132.8

1 Ounces produced are expressed on a gold equivalent basis and include 90,300 (70,000 in 1998) ounces of gold and 3.8 million (3.1 million in 1998) ounces of silver contained in ore and concentrates sold to smelters in the second quarter, and 160,500 (143,400 in 1998) ounces of gold and 6.7 million (6.3 million in 1998) ounces of silver contained in ore and concentrates sold to smelters in the year-to-date period.

2 Includes ounces of gold contained in dore and concentrates.

	Total Cash Costs				Total Costs			
	<i>(dollars per ounce)</i>				<i>(dollars per ounce)</i>			
	1999		1998		1999		1998	
	2nd	Year to	2nd	Year to	2nd	Year to	2nd	Year to
	Quarter	Date	Quarter	Date	Quarter	Date	Quarter	Date
United States								
Homestake	\$ 253	\$ 261	\$ 256	\$ 250	\$ 261	\$ 276	\$ 312	\$ 306
Ruby Hill	100	109	123	126	229	240	242	241
McLaughlin	196	219	201	216	324	360	323	338
Round Mountain	206	202	194	200	272	271	245	251
Pinson	241	242	447	374	241	242	486	409
Marigold	260	216	261	253	308	250	268	271
Canada								
Eskay Creek ⁽¹⁾	135	129	134	127	207	200	166	158
Williams	205	212	209	226	239	245	247	264
David Bell	193	204	180	206	238	248	221	248
Quarter Claim	166	164	169	170	167	165	171	172
Snip ⁽¹⁾	203	208	203	213	203	208	337	348
Australia								
Kalgoorlie ⁽²⁾	278	242	219	239	322	284	275	295
Plutonic	237	249	247	256	278	294	298	336
Darlot	214	194	289	312	252	228	326	347
Lawlers	171	167	203	195	193	187	226	217
Peak Hill	179	178	253	278	191	192	269	296
Mt Morgans	-	-	222	227	-	-	256	257
Chile								
Agua de la Falda	176	195	191	202	264	282	278	289
Weighted Average	\$ 195	\$ 194	\$ 201	\$ 207	\$ 249	\$ 248	\$ 257	\$ 263

1 For comparison purposes, costs per ounce include estimated third-party costs incurred by smelter owners and others to produce marketable gold and silver.

2 Includes the effect of insurance proceeds received and credited to processing costs of \$2.6 million and \$4.6 million in the 1999 second quarter and year-to-date periods, respectively.

Second Quarter - Metric Units							
		1999			1998		
		Tonnes	Average	Ounces	Tonnes	Average	Ounces
	%	Processed	Grade	Produced	Processed	Grade	Produced
	Interest	(thousands)	(gr/tonne)	(thousands)	(thousands)	(gr/tonne)	(thousands)
United States							
Homestake	100	271	6.17	57.1	463	5.02	70.4
Ruby Hill	100	253	4.19	33.1	304	3.55	30.4
McLaughlin	100	601	2.55	33.6	649	2.81	34.8
Round Mountain	25	2,819	0.57	35.4	3,231	0.55	36.5
Pinson	50	-	-	1.3	226	1.30	4.5
Marigold	33	291	0.70	4.9	199	1.04	6.0
Canada							
Eskay Creek ⁽¹⁾	100	51	106.20	162.9	38	111.30	130.0
Williams	50	308	5.69	53.8	308	5.38	50.9
David Bell	50	56	11.39	19.4	58	12.65	22.9
Quarter Claim	25	-	-	2.8	-	-	2.8
Snip ⁽²⁾	100	32	23.46	20.8	37	24.66	26.8
Australia							
Kalgoorlie	50	1,139	2.39	72.9	1,354	2.64	104.8
Plutonic	100	750	2.77	57.2	745	2.64	55.7
Darlot	100	173	5.03	27.1	177	2.75	14.7
Lawlers	100	152	6.85	32.5	144	7.01	30.8
Peak Hill	67	111	1.82	6.5	110	1.93	6.8
Mt Morgans	80	-	-	-	219	2.53	15.1
Chile							
Agua de la Falda	51	37	8.89	6.0	40	6.53	6.5
Total Production				627.3	650.4		
Minority Interests				-	(77.5)		
Homestake's Share				627.3	572.9		

		Year-to-Date - Metric Units					
		1999			1998		
		Tonnes	Average	Ounces	Tonnes	Average	Ounces
		Processed	Grade	Produced	Processed	Grade	Produced
		(thousands)	(gr/tonne)	(thousands)	(thousands)	(gr/tonne)	(thousands)
Interest							
United States							
Homestake	100	461	6.73	102.8	967	4.99	146.4
Ruby Hill	100	542	3.77	58.3	623	3.43	61.0
McLaughlin	100	1,257	2.48	63.8	1,269	2.79	64.9
Round Mountain	25	5,248	0.60	65.2	6,158	0.53	69.5
Pinson	50	60	1.06	4.9	449	1.30	10.9
Marigold	33	550	0.79	12.8	464	0.99	12.2
Canada							
Eskay Creek ⁽¹⁾	100	87	107.23	286.4	73	119.45	271.1
Williams	50	621	5.56	105.7	623	5.03	95.6
David Bell	50	111	11.35	38.1	112	11.77	41.1
Quarter Claim	25	-	-	5.6	-	-	5.6
Snip ⁽²⁾	100	64	22.77	41.9	72	24.15	50.5
Australia							
Kalgoorlie	50	2,426	2.33	155.9	2,902	2.39	198.9
Plutonic	100	1,467	2.69	105.5	1,502	2.66	112.0
Darlot	100	337	5.30	55.0	345	2.90	30.3
Lawlers	100	302	6.55	59.8	284	7.13	62.4
Peak Hill	67	221	1.74	12.0	210	1.90	12.6
Mt Morgans	80	-	-	-	413	3.01	34.6
Chile							
Agua de la Falda	51	71	8.00	12.6	69	6.78	12.1
Total Production				1,186.3			
Minority Interests				-	(158.9)		
Homestake's Share				1,186.3	1,132.8		

1 Ounces produced are expressed on a gold equivalent basis and include 90,300 (70,000 in 1998) ounces of gold and 3.8 million (3.1 million in 1998) ounces of silver contained in ore and concentrates sold to smelters in the second quarter, and 160,500 (143,400 in 1998) ounces of gold and 6.7 million (6.3 million in 1998) ounces of silver contained in ore and concentrates sold to smelters in the year-to-date period.

2 Includes ounces of gold contained in dore and concentrates.