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N.C. CARTER, Ph.D. P.Eng.
Consulting Geologist
1410 Wende Road
Victoria, B.C. V8P 3T5

Tel: 250-477-0419
Fax: 250-477-0429

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TO: TOM SCHROETER

RE: ESKAY CREEK

Tom:

Some interesting statistics can be gleaned from the Homestake 1998 annual report.

Eskay Creek has the second lowest cash costs per ounce of production (US\$133) from Homestake operations worldwide. The Ruby Hill, Nevada mine had 1998 cash costs of \$122/oz. but production of 116,500 oz. is much lower than Eskay with 504,780 oz. (including silver equivalent). This amounts to 22% of Homestake's worldwide production and it's not surprising that Eskay contributes 20% of the company's gross revenues which were US\$797.8 million in 1998.

Not bad for a little mine where tonnage processed in 1998 amounted to 0.6% of Homestake total of 34 million tons. Little wonder why Homestake wanted the 49% interest in Prime Resources.

Niel

- See A.R.