

II.3.3.- San Cristóbal - Niugini Mining Co.

This is a gold deposit located in Sierra Gorda, northeast of Antofagasta. At present it belongs to Niugini Mining Ltd., an Australian company which bought Glamis Gold's share in Inversiones Mineras del Inca S.A. Glamis Gold Ltd. of Vancouver had 51% of the stock in that company. Glamis bought this share for US\$3 million with an option to buy the remaining 49% for US\$ 6 million.

Fifty-seven percent of Niugini Mining Ltd. of Papúa New Guinea belongs to Battle Mountain Gold Co.

In 1931 Perkins and Marsh, the geologists of Chuquicamata, recognized the possible existence of a big tonnage of low-grade gold mineral in the San Cristóbal Mining District. In 1985 Anaconda Co. carried out exploration activities without finalizing any business. At the end of that year Minera del Inca, currently a subsidiary of Niugini Mining, showed an interest in San Cristóbal. In January, 1986 a systematic sampling of outcrops was started and drillings were made, a tunnel was developed and a pit opened to obtain a metallurgical sample for analysis. These activities were intensified in 1987, and metallurgical studies were made to determine the feasibility of applying the heap cyanidation process. In 1989 Niugini acquired 100% of Glamis Gold as well as the metallurgical and feasibility studies.

Initial reserves of 10.1 million tons of ore with a grade of 1.34 grams of gold per ton increased after a recent drilling program, to 15.2 million tons with a grade of 1.19 g/t. This increased gold content to 18 tons and extended the life of the mine from 5 to 7.5 years. The deposit is still open to the north; thus, reserves could be even larger.

The mine has been designed as a conventional open pit which will move 5 million tons of mineral and waste per year. The projected final pit is 1,000 m long by 300 wide and 140 meters deep.

The mineral that is extracted will be approximately 1.8 to 2.0 million tpy. After it is crushed to less than 19 mm, it will be processed by heap cyanidation. The plant's product will be smelted into metal doré bars which will total 50,000 oz of gold and 90,000 oz of silver per year.

In 1989 a small pilot plant of 300 kg. gold/year started production. Total projected investment was US\$ 25 million. In 1991 the crusher started operating and toward August San Cristóbal entered full production with an output of 1,100 kilos of gold and 3,000 kilos of silver annually. The final product will be metal doré.

This mining exploitation was officially inaugurated in October, 1991.

Information on the equipment used is contained in Directory N, Equipment Inventory.

II.3.4.- El Guanaco - Privately Owned

The auriferous district of Guanaco is located in the II Region at an altitude between 2,600 and 2,900 meters above sea level. Its reserves are about 30 tons of fine gold. The claims belong to the Empresa Nacional de Minería, which leased them to Eulogio Gordo y Cía. for a 15-year period. In 1992 Eulogio Gordo sold his lease to Amax.

A visible altered-mineralized stretch about 4 kilometers long and 800 meters wide is located in the area. Proven reserves are 6 million tons of mineral, with an average grade of 2.42 grams of gold per ton. There are another probable 10 million tons of mineral.

The exploitation method is open-pit with 5-meter benches and extraction activity of 2,000 tpd. The mine equipment is made up of 4 drillers (Ingersoll Rand and Drill Tech), 2 Caterpillar Bulldozers, 2 Caterpillar Payloaders, 2 Michigan Payloaders, 7 Lectra Haul trucks and 3 KV- Dart trucks.

With a US\$14 million investment, Eulogio Gordo y Cía. was operating the heap leaching plant at Minera Guanaco. This plant has an installed capacity of 5,000 tpd and is supplied by the Guanaco gold-bearing claims. Production, which started in September 1988, is 250 kilos of gold per year. According to the project, Guanaco will produce 43,000 ounces of gold (1,337 kilos) and 107,000 ounces of silver (3,328 kilos) and obtain revenue of US\$ 15.5 million during its operative life.

II.3.5.- El Hueso - Cía. Minera Homestake

El Hueso is located 26 kilometers southeast of the Potrerillos ore deposit, a former Codelco copper operation in the III Region in Chile. It used to be the old quartz mine exploited by the Salvador Division to supply the Smelter at Potrerillos. The exploitation of auriferous ore was developed by Codelco's Salvador Division at a cost of US\$ 20 million, and it started producing in June 1987.

In March 1988 the deposit was tendered by Homestake Mining Company of California which formed Compañía Minera Homestake Chile S.A. in Chile. The price of the bid exceeded US\$ 51 million in cash. By