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WOOD GULCH PROJECT

Plan of Operations

1.0 Introduction

1.1 Background

Homestake Mining Company (Homestake) began a preliminary examination of mineral potential at the Wood Gulch property in late 1983. As a result of early geologic mapping and sampling, several areas were identified as having potential gold mineralization with further detailed evaluation being recommended. Homestake acquired a property position at Wood Gulch by staking a group of lode mining claims in the area and securing a mineral lease with another mining claim owner. Additionally, several groups of mining claims were secured in 1984 through the acquisition of Felmont Oil Corporation.

During the period of 1984-86, Homestake conducted several exploratory drilling programs at the property as well as developing a new exploration access road from the Trail Creek/Maggie Summit Road north of the property. These activities were reviewed and approved under annual Operating Plans filed with the Mountain City Ranger District office of the Humboldt National Forest. Exploration results to date have identified a small mineable reserve of gold/silver ore mineralization and plans are to conduct additional drilling in the ore body area to confirm continuity of mineralization and mineability. The Wood Gulch Project, as outlined in the following pages, is proposed to develop and extract the ore mineralization at the property should final metallurgical and mineability studies prove favorable.

1.2 Project Location and Access

The Wood Gulch Project is located in northern Elko County, Nevada (see Figure 1-1) in the northern portion of the Independence Mountain Range at an elevation of approximately 7500 feet. The property lies approximately 60 air miles north-northwest of the community of Elko, the county seat. Current access to the project is

provided from Mountain City (the nearest community) and Elko by State Highway 225 and then by an unimproved dirt county road (Maggie Summit Road) which traverses the Independence Mountains in a southwesterly direction. Access to the project site from the Maggie Summit Road is provided by an exploration road (constructed by Homestake) following portions of the Trail Creek canyon and Wood Gulch drainages (see Figures 1-2 and 1-3).

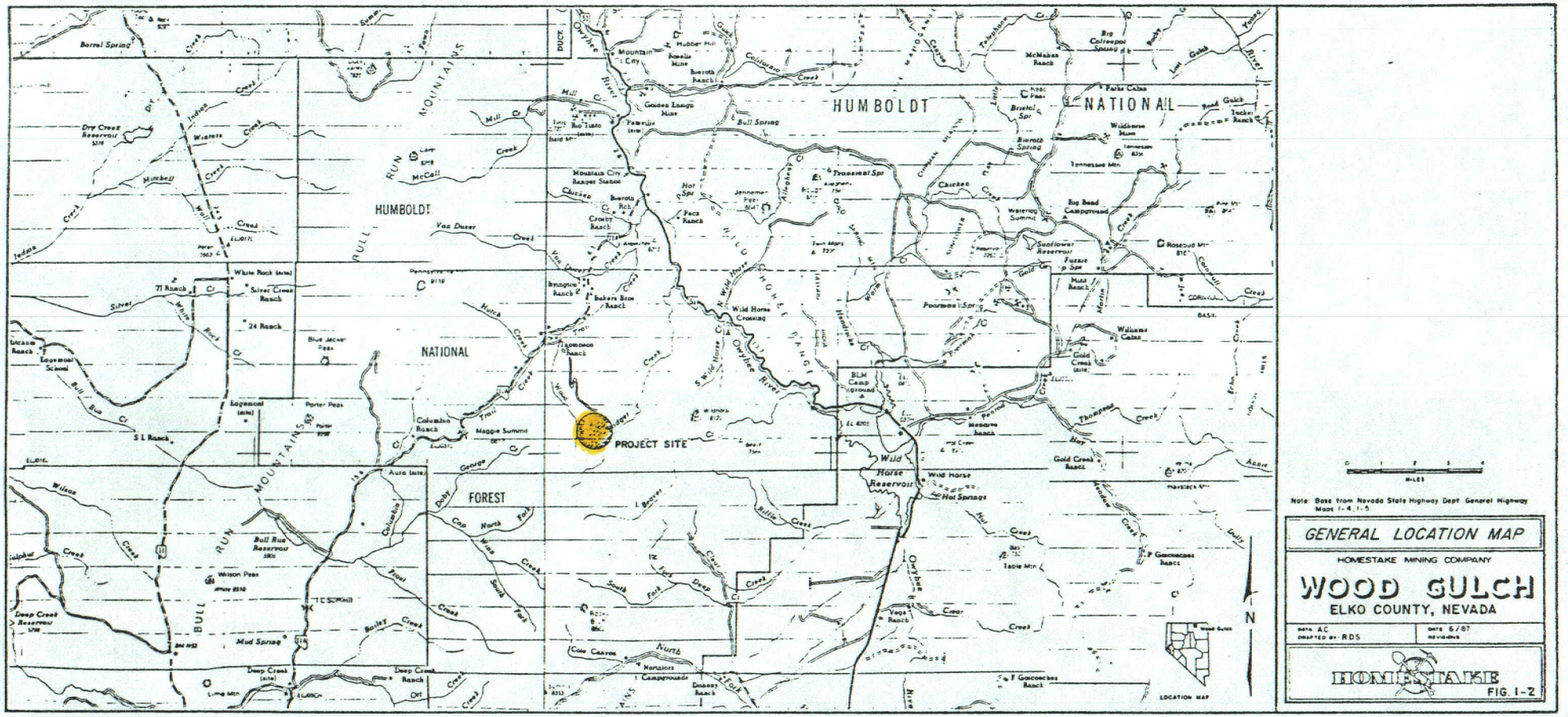
1.3 Land Status

The entire project is situated on National Forest System lands under the management jurisdiction of the Humboldt National Forest-Mountain City Ranger District. All activities will be situated on unpatented lode mining claims with the exception of a 5 acre right-of-way easement with a local landowner for the current project access road.

The Wood Gulch property encompasses a total of 395 unpatented lode mining claims situated within the boundaries of Sections 1, 2, 11, 12, 13-16, 21-24, 25-27, 35, 36, Township 44 North, Range 53 East; Sections 30 and 31, Township 44 North, Range 54 East; Sections 1-3, 11, and 12, Township 43 North, Range 53 East; and Sections 6 and 7, Township 43 North, Range 54 East, M.D.B. & M. These mining claims are held outright by Homestake or through lease agreement with other claim owner(s). A listing of the claim names and BLM serial numbers for the lode mining claims held or controlled by Homestake are found in Appendix A along with a land status map showing the mining claim blocks.

2.0 Project Description

The Wood Gulch Project will involve the construction, operation, and subsequent reclamation of an open pit mine, associated waste and ore haulage roads, waste dumps, heap leach pad, processing facilities, and ancillary support facilities necessary for extraction and processing gold/silver ore. Present identified ore reserves for the Wood Gulch orebody are currently estimated at 720,000 tons which are amenable to conventional heap leach extraction methods. Based upon present ore



Note: Base from Nevada State Highway Dept. General Highway Maps 1-4, 1-5

GENERAL LOCATION MAP

HOMESTAKE MINING COMPANY

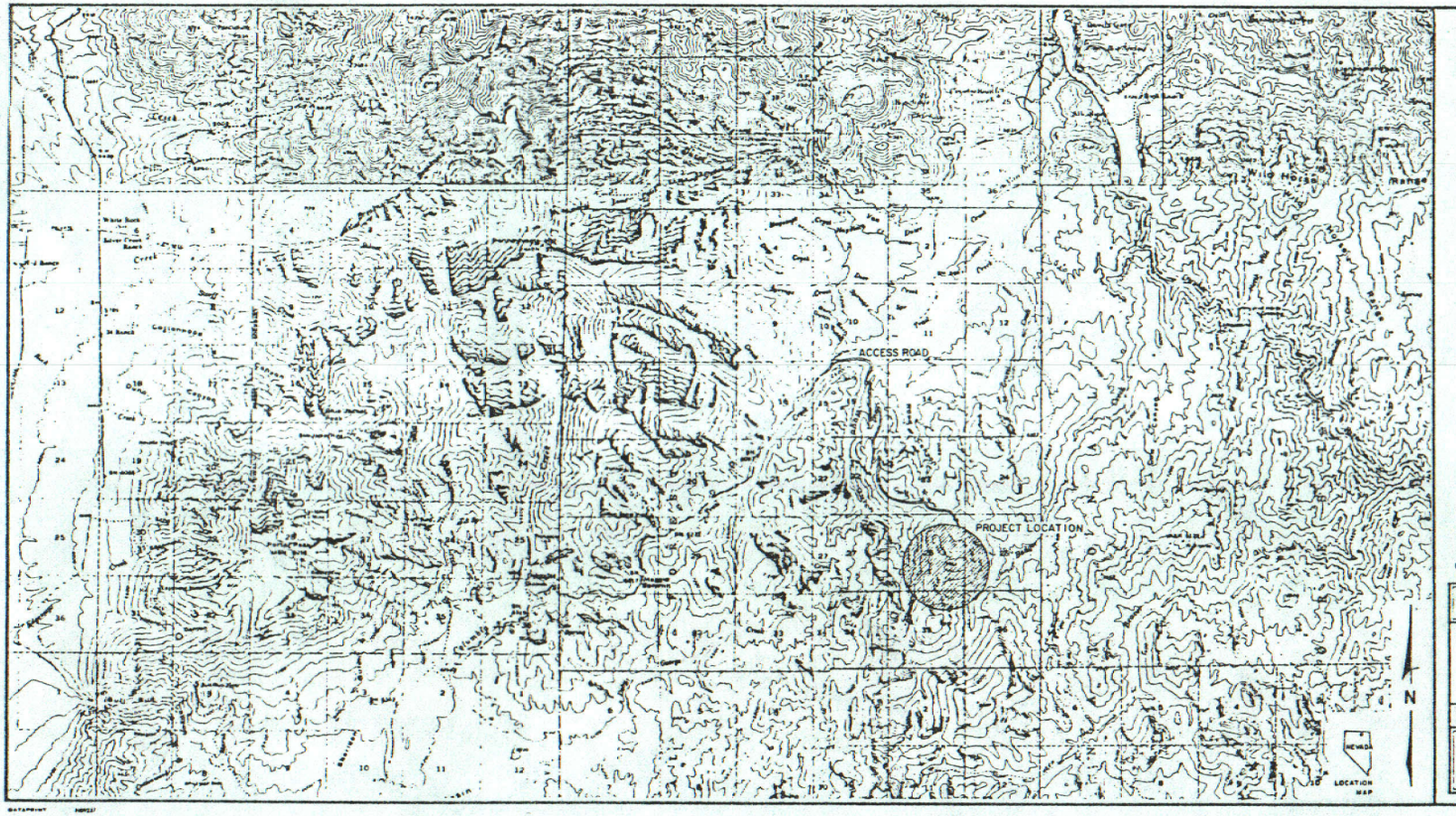
WOOD GULCH

ELKO COUNTY, NEVADA

DATA: AC DRAFTED BY: RDS	DATE: 5/87 REVISIONS:

HOMESTAKE

FIG. 1-2



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MILES

Note: Base from U.S.G.S. 15' Bull Run, Wild Horse, Owyhee Mountain City topo quadrangles.

GENERAL LOCATION MAP - TOPO

HOMESTAKE MINING COMPANY

WOOD GULCH

ELKO COUNTY, NEVADA

DATA: AC
DRAFTED BY: R.D.S.-vp

DATE: 6/87
REVISIONS

HOMESTAKE

FIG. 1-3

inventory information, approximately 2.7 million tons of waste will be developed yielding an approximate 3.8:1 waste:ore ratio. Currently identified ore reserves indicate a 2 year project mine life; extractive leaching of ore for gold/silver production will commence soon after waste and ore production activities are initiated. Active cyanide leaching of ore materials is expected to occur typically from May through November of each operating year depending upon operating requirements and weather conditions. Gold production rates will vary depending upon the stage of the leach cycle; peak production will likely occur in Year 2 of the project.

Surface disturbance impacts associated with the planned operation will involve a total of approximately 88 acres, with a breakdown by project component as follows:

Table 1-1

Estimated Surface Disturbance

Area	Acreage
Mine Pit	12
Waste and ore haulage roads	15
Waste dumps	24
Leach pad	18
Processing facilities	5
Maintenance/offices	2
Ancillary facilities/secondary support roads	12
Total Disturbed Acres	88

Work force employment projections for the project will vary from a peak employment level during development and construction to a low during gold leaching and production activities near the end of the project life. Mining activities will be done on a contract mining basis. The estimated work force levels during the project will be 35-45 people during the construction and contract mining phase and 10-15 people during the final leaching and gold production phase after pit completion. Local hiring will be practiced when feasible during the construction and operational phases of the project.

2.1 Proposed Mining Operation

The Wood Gulch Project currently contains mineable reserves of 720,000 tons in a single ore body situated near the boundary of Sections 25 and 26, T44N, R53E, at a surface elevation of approximately 7500 feet.

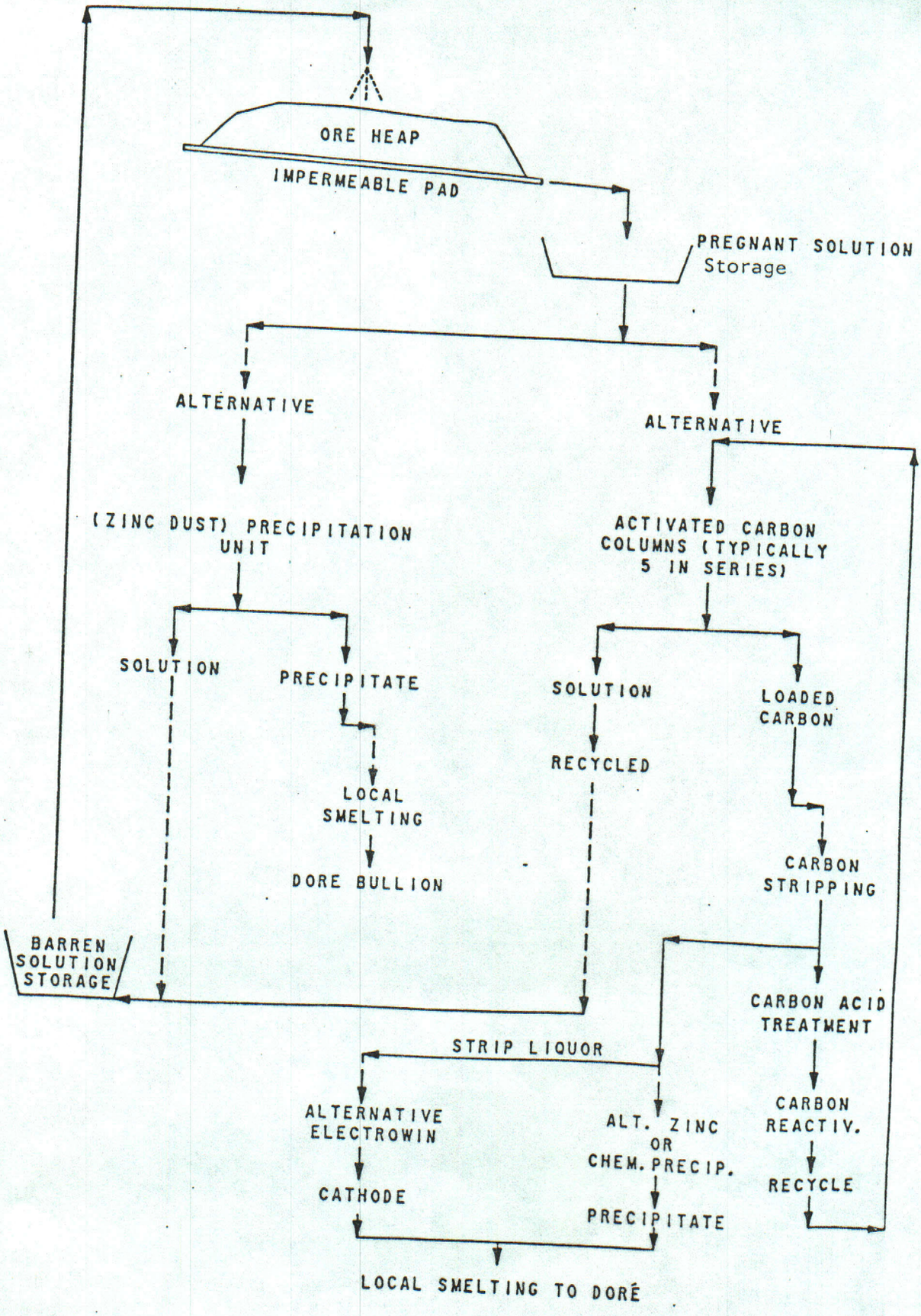
Mineralization occurs in a structurally prepared sequence of sedimentary rocks that have been intruded by sills and dikes of dacitic/andesitic composition. Gold values are generally erratic and occur with quartz, pyrite and iron oxides in stockworks of veins and veinlets and as disseminations in silica flooded zones.

Oxidation depths are commonly below 200 feet of the surface but are quite variable throughout the property. Micro scale argillic alteration is prominent within the mineralized areas.

The Wood Gulch Project ore body will be developed as an open pit mine using conventional hard rock mining methods. As mentioned previously, the pit area will occupy an area of approximately 12 acres. Mining will use front end loaders and trucks for loading and hauling ore and waste material. Mining of the ore body will be accomplished during the first 1 1/2 years of operation and will involve removal of approximately 3.4 million tons of rock material (.7 million tons ore, 2.7 million tons waste), based upon present calculated mineable ore reserves. Ore materials will be crushed, agglomerated and hauled to a dump leach pad in close proximity to the pit area. Waste materials will also be hauled and disposed of in nearby waste dump locations. Figure 2-1 shows the proposed locations of various components of the mining and processing operations.

2.1.1 Mine Pit

The size and configuration of the proposed pit (see Figure 2-1) was developed based upon mineral deposition characteristics and projected economic limits based upon ore grades, stripping ratio, and anticipated precious metals prices. At the present time, the pit is designed to have 1:1 pit wall slopes with mineable limits determined using 20 foot bench projections. Present pit design calculations indicate that the ultimate pit



WOOD GULCH PROJECT
Metal Recovery Circuit
Figure 2-4