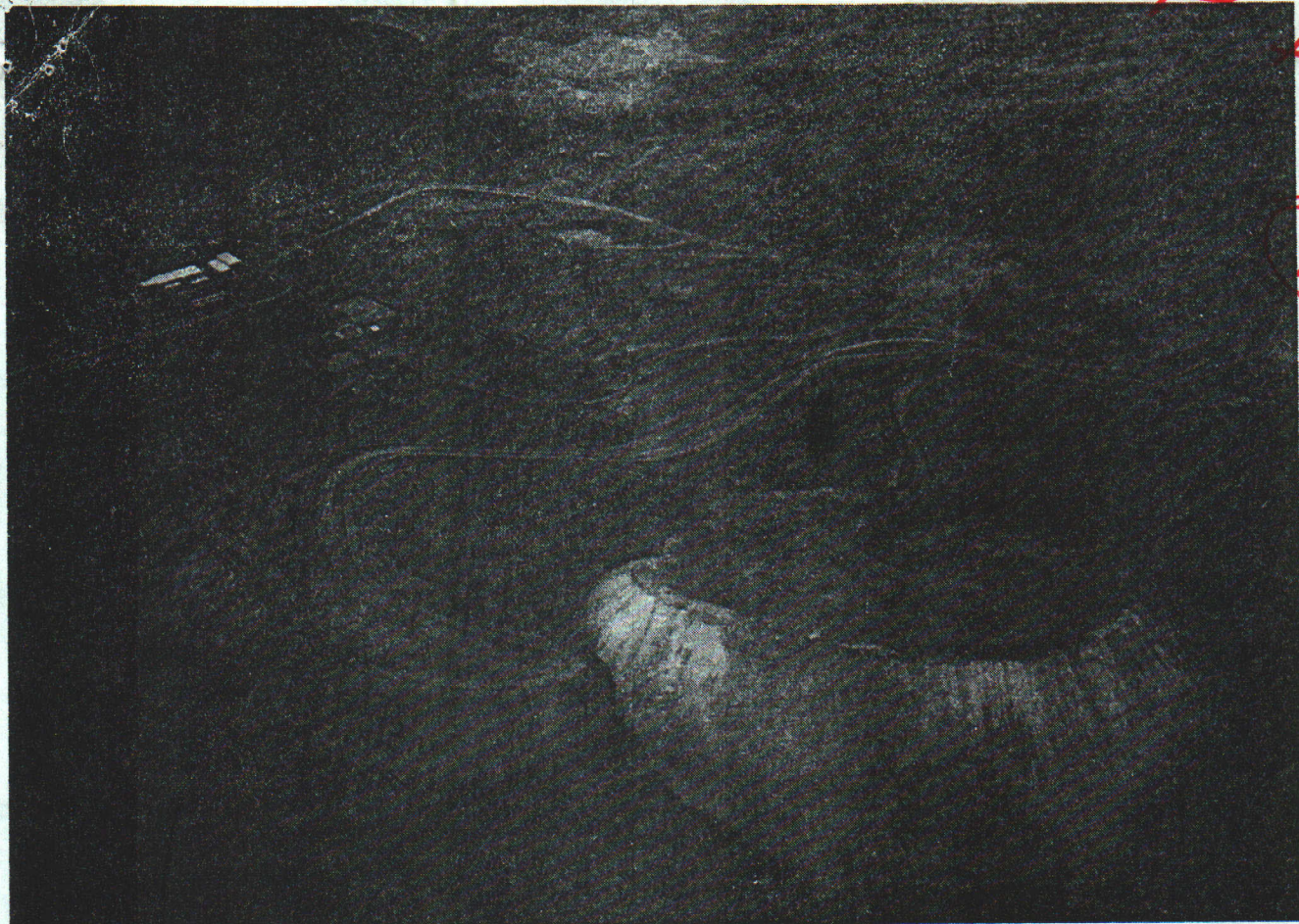


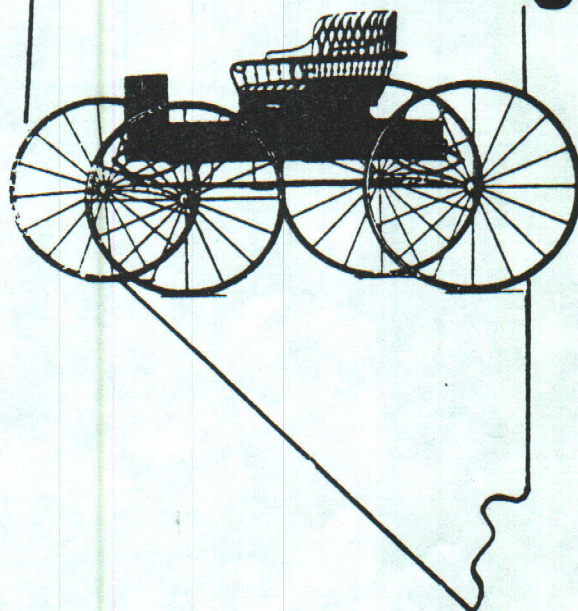
0680 0014



Item
14

45

Dee Gold Mining Co.

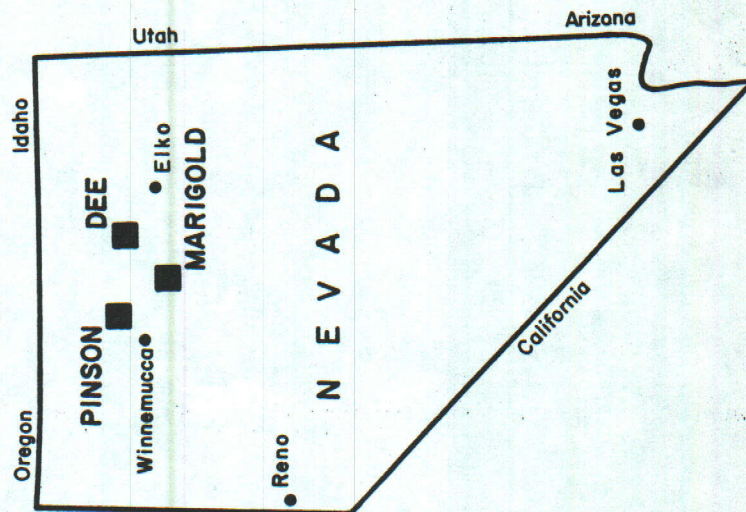
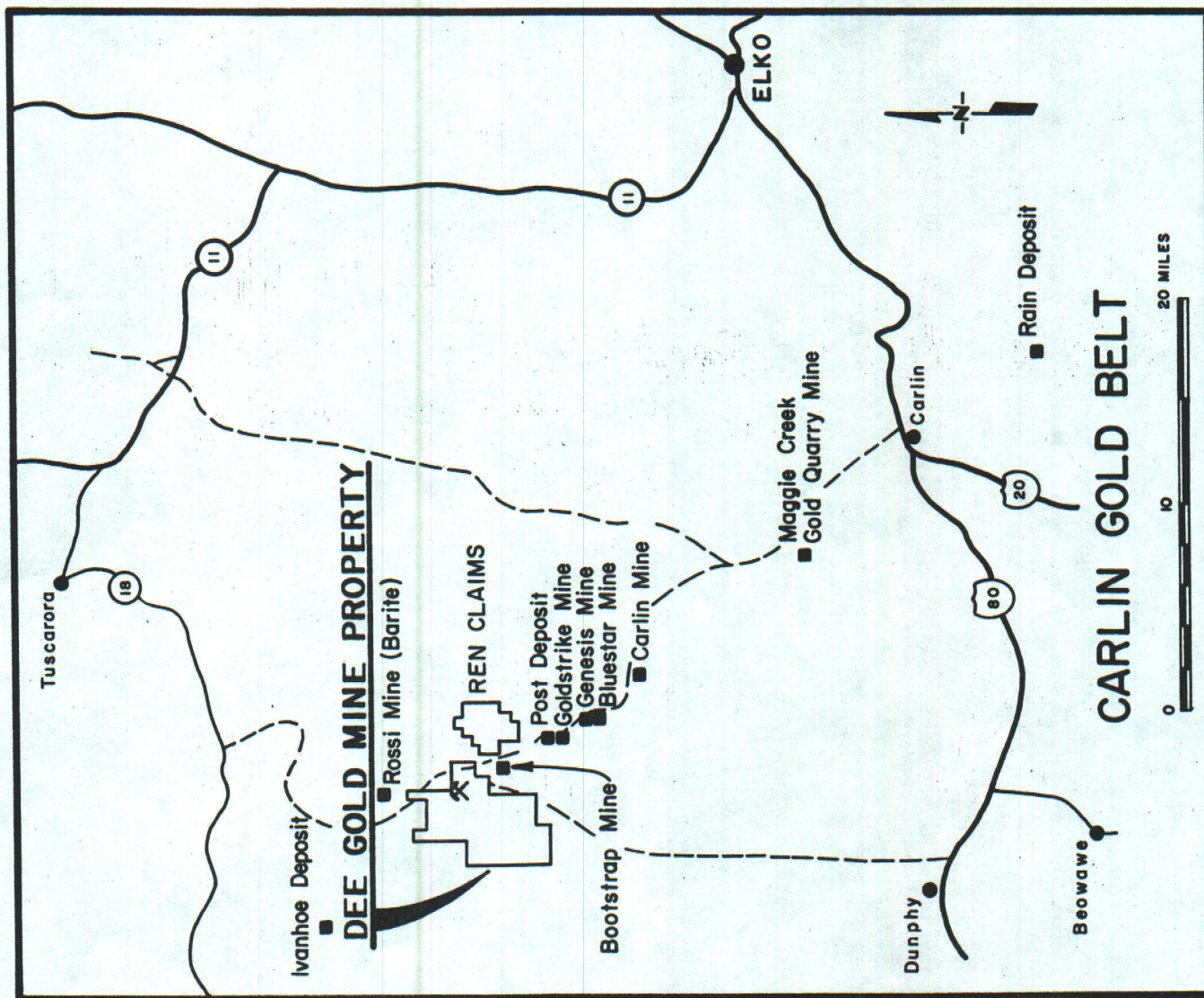


Dee Gold Mining Co.
P.O. Box 1193
Elko, Nevada 89801

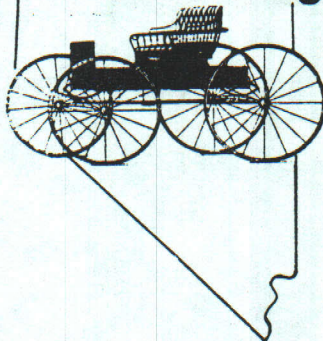
(702) 738-6440

Cordex Exploration Co.
573 East Second Street
Reno, Nevada 89502

(702) 322-7833



Dee Gold Mining Co.



FACILITIES

Open pit mine with a 1250 ton per day carbon-in-pulp/carbon-in-leach mill and run-of-mine heap leach facility.

OPERATING SCHEDULE

Mill operates 24 hours per day 365 days per year. Mine operates on two 10 hour shifts, four days per week.

CONSTRUCTION

Project development took 11 months from site work to production. Capital cost was \$24.1 million including interest during construction and working capital. Production commenced October 16, 1984.

EMPLOYMENT

Total employment is 100 including full administration (11) and operating (Mining - 45; Milling - 44) staff. Annual payroll is \$3 million with annual operating expenditures of \$9.5 million.

PRODUCTION AND ORE RESERVES

As of 1-1-88 Dee Gold Mining Co. had produced 160,000 ounces gold and 93,000 ounces of silver from 1,228,000 tons of mill ore and 1,537,000 tons of leach ore while mining a total of 15,000,000 tons of material.

As of 1-1-88 ore reserves were;

MILL GRADE ORE	2.0 MILLION TONS @ .097 opt Au
HEAP LEACH ORE	1.2 MILLION TONS @ .025 opt Au

Project to produce approximately 43,000 ounces per year for five years.

DISCOVERY AND DEVELOPMENT

During the fall of 1975, Phillip A. Davis, a long time resident of Nevada, staked 101 claims in the Boulder Creek drainage on the basis of his belief in the gold and barite potential of the area. His prospecting work exposed barite in several trenches, and he drilled a hole for assessment work each year in search of the gold ore body he felt certain was there.

Whit (Dee) DeLaMare (after whom the mine is named), a prospector for Cordex Exploration Co., became interested in Boulder Creek through a study of aerial photographs where he saw some interesting structures trending in a northwesterly direction along what is called the Carlin Trend. In November, 1980 he obtained some gold values in two or three samples taken in the trenches put in by Davis. These values, plus a favourable geologic setting, suggested a high priority exploration target and an approach was made to Davis for a lease of his claims. Cordex and Davis concluded an agreement on June 26, 1981 and drilling began ten days later.

While no economic barite was identified, two gold ore bodies were soon discovered - the Main and Ridge Zones - close to one of the old drill holes. The ore bodies proved to be of the Carlin type with submicroscopic particles disseminated through the host rocks. Principal host rocks are strongly silicified limestones (locally named the Bootstrap Fm.) and argillized and silicified siltstones of the Vinnini Fm. (locally divided into the Russ and Queen Fm.) cut by dacite dikes which can also be mineralized. Ore is strongly structurally controlled occurring along an undulating thrust fault system as well as high angle fault zones. The ore is oxidized to a depth of 600 feet and therefore leaches well when the gold particles are exposed to the leach solutions.

During 1981 and 1982, 247 rotary drill holes and a 635 foot spiral decline for bulk sampling were completed. In addition, two large scale heap leach tests were done which showed that the higher grade ore required treatment in a mill for optimum gold recovery. At the end of 1982, the decision was made to commission a feasibility study for production. A total of \$2,000,000 was expended from the start of exploration to the completion of the feasibility study 21 months later.

In April 1983, it was decided to put the property into production. Dee Gold Mining Co. was formed as an operating partnership composed of the Cordex Syndicate members, Dome Nevada Ltd., Lacana Gold, Inc., J.S. Livermore and Rayrock Mines, Inc., the operating partner.

The feasibility study confirmed the milling ore reserves of 2,670,000 tons with a grade of 0.115 ounces gold per ton, plus approximately 3,000,000 tons grading 0.025 ounces gold per ton amenable to heap leaching. An extensive program of metallurgical testing showed that very fine grinding was necessary to achieve the maximum recovery of gold. The study estimated that the deposit could be placed into production for approximately \$24,000,000, which included mine development, mill construction, provision of utilities, including construction of a 13 mile power line and a microwave telephone system, tailings disposal, property acquisition for a plant site, interest during construction and working capital. Financing was arranged from the partner's own resources and a term loan from a major bank.

Kilborn Inc., which had prepared the feasibility study, was engaged for the mill and plant design. Site work commenced in October, 1983 and, in spite of very unfavourable winter weather, the project was completed under budget, eleven months later in September, 1984.

Originally designed for a throughput of 865 tons per day, the mill achieved nearly 1000 tons per day during 1986, with only minor modifications in the flowsheet. During January, 1987 a second ball mill was commissioned and during the last 9 months of 1987 the mill averaged 1295 tons per day.

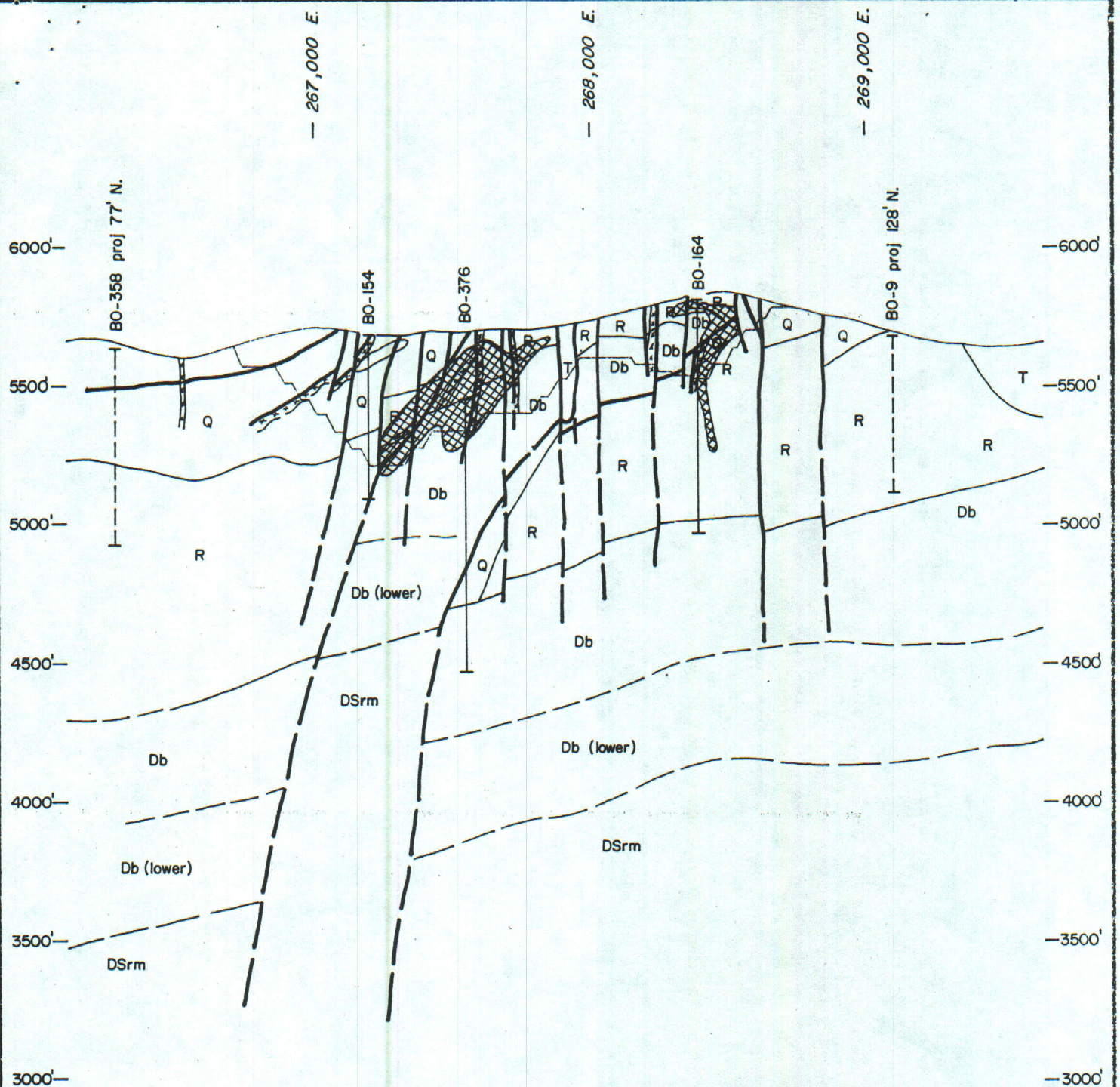
In May 1985, the heap leach facilities including two solution ponds, three compacted clay leach pads and five carbon columns were placed into service. Four additional leach pads have been added since 1985.

MINING OPERATIONS

Mining at Dee Gold involves standard open pit mining techniques. Both ore and waste are drilled to an average 23 foot depth on a 15 foot by 15 foot square pattern. Holes are loaded with approximately 100 pounds of ammonium nitrate and fuel oil and blasted. Cuttings from each hole are assayed and a block of material is flagged around each hole according to the assay results. Five ore types are categorized: 1. High Grade ore 2. Low Grade ore 3. Leach Grade ore 4. Lo-Leach material and 5. Waste. Average ratio of waste to combined ore is 4 to 1.

Blasted material is loaded with two-13 yard front end loaders into 5-50 ton haul trucks for transport to the waste dump or ore stockpiles. High and Low Grade ore from these stockpiles is reclaimed with a 3 yard loader into the crusher. Leach grade ore is dumped directly onto leach pads, primarily as 20 foot thick overlays onto previously leached material. Bulldozers, road graders and a water truck provide support for the operation.

Present mining involves moving approximately 19,000 tons of waste and ore per operating day. Roadways average 70 feet in width with maximum haulage grade out of the pit at 10%. Topsoil from the pit, waste dumps and leach pads have been stripped and stockpiled. This will be spread over the recontoured area to reclaim the area upon completion of the project.



DEE GOLD MINE
500 Scale
Geology Cross Section
290,000 N.

Sept. 1988 J.R.

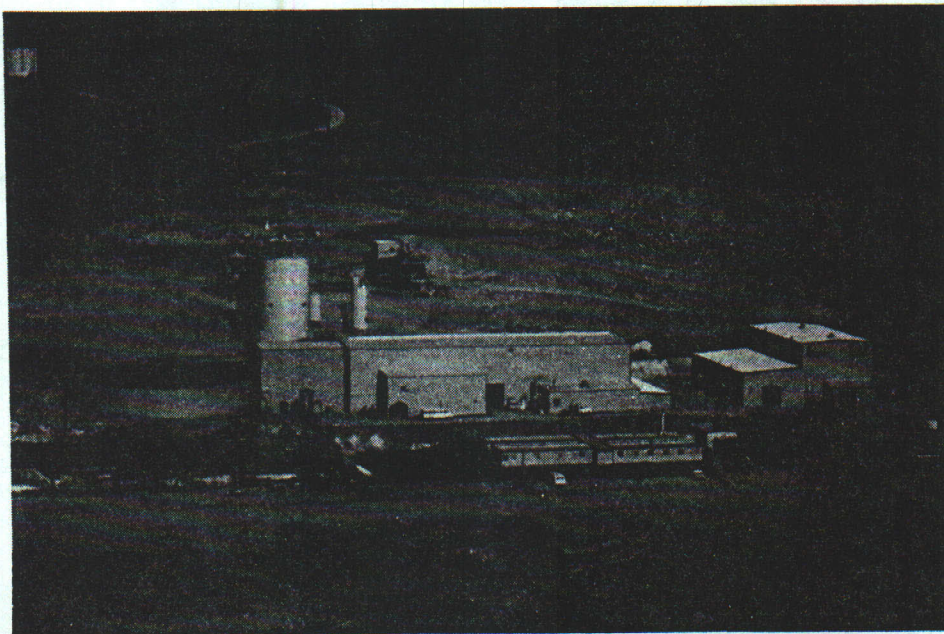
T	Tertiary Carlin Formation
✱✱✱	dikes (Cretaceous)
Q	Queen Formation
R	Russ Formation
Db	Bootstrap Formation
DSrm	Roberts Mountains Formation

MILLING OPERATIONS

Mined ore is crushed to 3/4 inch size and is then ground in water to the consistency of a very fine powder (+75% minus 400 mesh) to expose the gold particles to the mill leach solution. Cyanide added to the grinding circuit "leaches" or dissolves the gold, while lime is added to control the solution alkalinity.

The ground ore is separated in a thickener into a thickened slurry and a clear overflow solution. The clear solution passes through carbon columns where the dissolved gold is adsorbed onto granular carbon particles. The slurry is pumped to a carbon-in-leach tank where the dissolved gold is removed onto carbon. The slurry then gravity flows through leach tanks where additional leaching of gold occurs. The newly leached slurry then flows through carbon-in-pulp tanks containing granular carbon, which again adsorbs the gold from the leach solution. The barren leached slurry is pumped to a sealed tailings impoundment. After settling excess solution is pumped back from the tailings impoundment and used in the process.

The gold loaded carbon is sent to strip tanks where the gold is removed from the carbon with either a hot caustic cyanide or ethylene glycol solution. As the ore contains some silver, the silver is recovered from the carbon along with the gold. The concentrated strip solution is pumped through an electrolytic cell where the gold and silver is deposited onto steel wool. The steel wool is then heated to drive off impurities (retorting) and then melted in an electric furnace and poured into dore bars of in excess of 98% combined gold-silver. These bars are then sent to a custom refinery for final finishing.



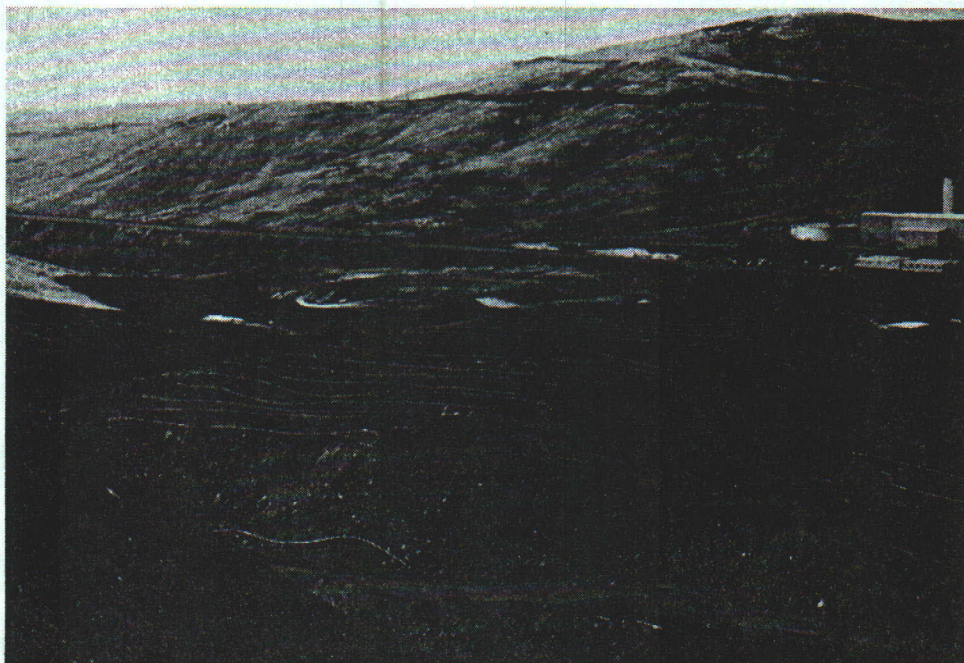
HEAP LEACHING

During 1984, a production scale (25,000 tons) test was made to determine the leaching characteristics of the lower grade portion of the Dee crebody. After achieving positive economic results, construction began on the pads and related facilities for the heap leach.

The leach pads have been constructed utilizing compacted local clays which underlie the leach pad area. The pads vary in size from 50-250,000 square feet and have been sloped to fit the natural contour of the area. The pads are surrounded by plastic lined ditches which carry solution to a collection point from which the solution flows by gravity in pipe to the plastic lined collection pond.

Initial stacking of the heap is done by truck dumping run-of-mine ore in lifts approximately 30 feet in height, directly onto the clay pad. Upon completion the upper 3 to 5 feet of the heap is pushed off with a dozer and the new top surface is cross-rippped for maximum permeability. After this initial material has been leached, an overlay of ore 20-25 feet high is truck dumped onto the reripped surface of the initial lift and the top surface prepared as above for spraying.

The heap is sprayed with a dilute cyanide solution at a strength of 0.25 pounds cyanide per ton of solution with a spray rate of 0.004 gpm/sq. ft. of pad. Spray lines are 2 inch pvc pipe with 4 and 6 inch hdpe distribution lines. Wobblers are used for sprays. The solution percolates through the heap dissolving the gold and then gravity flowing to the pregnant solution pond. The pregnant solution is then pumped into 5 carbon columns where the gold is adsorbed onto the carbon granules. The barren solution is then pumped back to the spray pond for redistribution back onto the heap. Gold loaded carbon is stripped in seperate batches in the mill resulting in a final dore bar.



OWNERSHIP AND MANAGEMENT

The Cordex Syndicate has been exploring actively in the Western United States for 17 years. In addition to Dee Gold, Cordex Syndicates have successfully explored and developed the Pinson and Preble Mines near Winnemucca, and in 1988, will develop the Marigold Mine near Battle Mountain. The present exploration manager of Cordex is A. B. Wallace.

OWNERSHIP:

Dome Nevada Ltd. (U.S. Gold Corp.)	29 1/3%
Lacana Gold, Inc.	29 1/3%
J. S. Livermore	12 %
Rayrock Mines, Inc.	29 1/3%

MANAGING PARTNER:

Rayrock Mines, Inc.
H. Dan Harper, General Manager - Nevada Operations

DEE GOLD SENIOR MANAGEMENT:

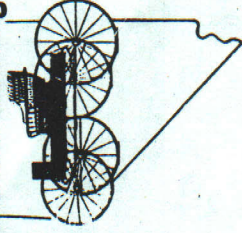
David S. Cook, General Manager
Stephen J. Nameth, Mill Superintendent
William J. Brown, Mine Superintendent
Eric Klepfer, Chief Mine Engineer
Richard Ulibarri, Business Manager
James Richardson, Director - Safety and Purchasing

LOCAL BENEFITS

Dee Gold Mining Co. continues to make a significant contribution to the economy of Northern Nevada. Located in Elko County, the payment of Property, Sales and Use and Net Proceeds Taxes goes directly to the county in which nearly all our employees reside. Over half of our employees own property and homes in Elko County, while the remainder, through housing rentals, help other residents pay property taxes in the County and local communities like Carlin and Elko.

The majority of the nearly 2.2 million dollars in take home pay that our employees receive annually is spent for goods and services in Northern Nevada. In 1987 Dee Gold Mining Co. spent \$3.5 Million for goods and services in Northern Nevada, and with the rapid growth of the service industry in the region this amount should continue to increase.

Production History



	PRE-PRODUCTION	1984	1985	1986	1987	TOTAL
TOTAL TONS MINED	3,202,705	782,994	4,137,154	3,552,296	3,361,003	15,036,152
TONS MILLED	--	86,783	325,495	353,656	461,885	1,227,819
GRADE MILLED oz/ton	--	0.123	0.143	0.133	0.108	0.126
MILL RECOVERY %		85.3	85.8	86.0	87.1	86.4
GOLD OUNCES SOLD		6,388	42,613	43,351	43,652	136,004
- MILL	--	--	7,019	7,682	9,377	24,078
- HEAP LEACH						
TOTAL OUNCES GOLD SOLD		6,388	49,632	51,033	53,029	160,082
SILVER OUNCES SOLD		3,593	21,513	26,567	40,992	92,665
AVERAGE PRICE PER OUNCE		\$326.91	\$319.32	\$366.29	\$442.51	\$399.28
DIRECT OPERATING COSTS						
- PER TON MILLED		\$20.11	\$24.76	\$22.44	\$18.95	\$21.29
- PER OUNCE RECOVERED		\$273.20	\$162.37	\$163.88	\$171.72	\$168.20
TONS TO HEAP LEACH		62,890	529,494	544,058	400,261	1,536,703
STRIPPING RATIO		5.5 TO 1	3.0 TO 1	3.3 TO 1	5.2 TO 1	4.0 TO 1