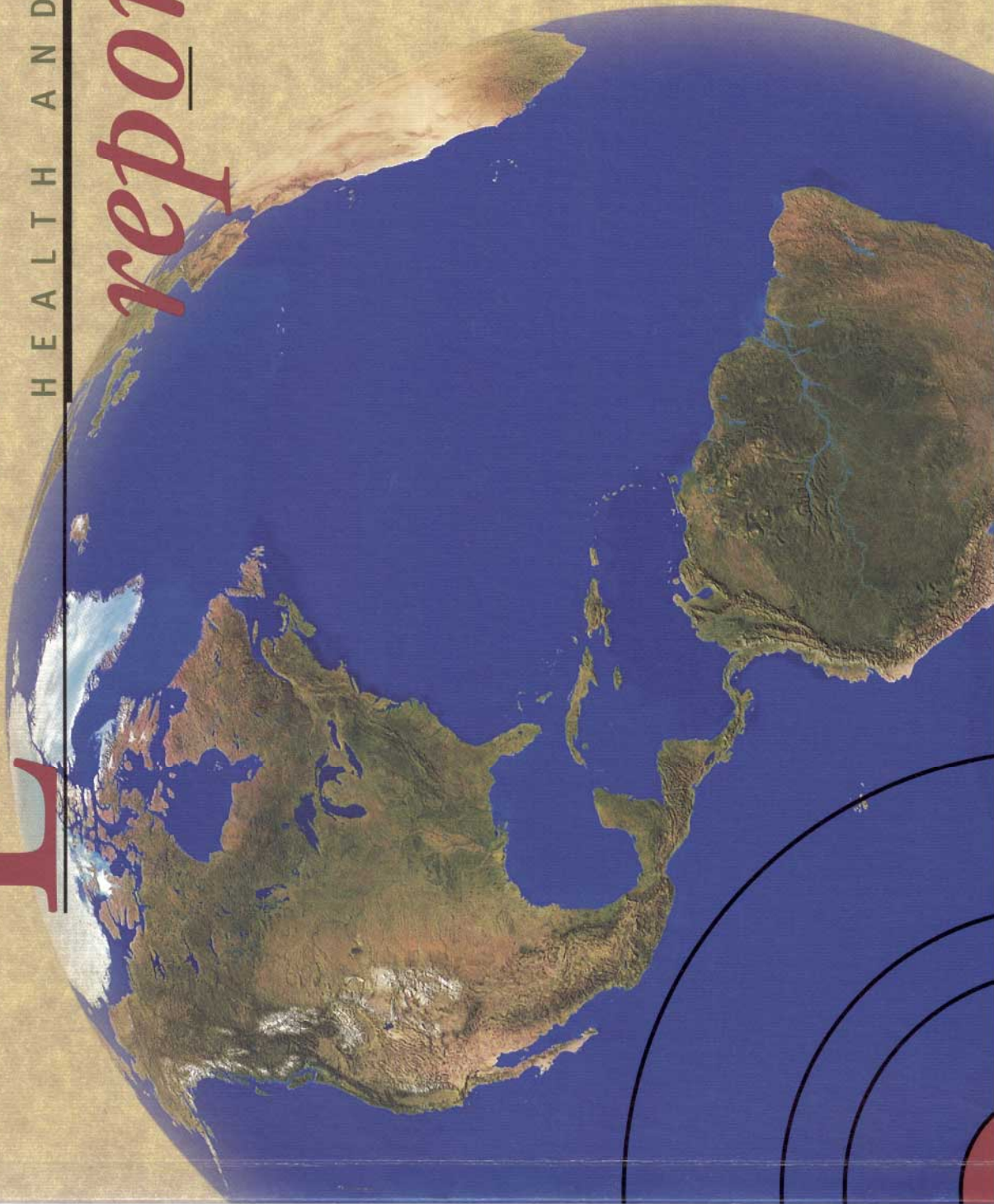


HOMESTAKE MINING COMPANY

'97

ENVIRONMENT, HEALTH AND SAFETY *report*



Health and Safety highlights

ENVIRONMENTAL STEWARDSHIP

- Over 1,013 acres were reclaimed world-wide.
- There were no significant spills causing more than temporary effects.
- Less than 0.2% of discharges exceeded stringent permit levels.
- Permits for the new Ruby Hill mine were obtained in half the time typically required for projects of this type.

HEALTH AND SAFETY COMMITMENT

- There were zero fatal injuries for employees or contractors.
- The lost-time injury rate was reduced by 11 percent for employees and contractors from the previous year.
- The rate for all injuries was reduced by 15 percent for employees and contractors from the previous year.
- Construction of the Ruby Hill mine and operational facilities was completed in nine months with no lost-time injuries to either employees or contractors.

RECOGNITION

- Homestake received the 1997 Excellence in Reclamation Award from the State of New Mexico's Mining and Minerals Division for its efforts at the former Grants Uranium Mill.
- The Eskay Creek mine won the Western Regional Mine Rescue competition in British Columbia.
- The Eskay Creek mine was recognized by the British Columbia Ministry of Energy and Mines, Ministry of Environment, Land, and Parks, and others for outstanding reclamation of exploration sites.

CONTINUOUS IMPROVEMENT

- More uniform standards for measuring environmental, health and safety performance were adopted.
- Eight comprehensive environmental, health and safety audits were performed at operations and corrective action implemented.



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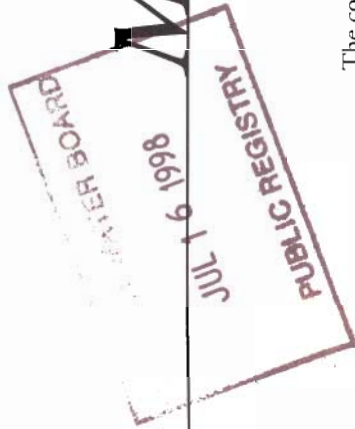
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We are particularly pleased with the improvements in safety and reclamation and our continued progress toward achieving our goal of environmental, health and safety excellence.

Message from the President and CEO



The company and its contractors completed the year without a fatal injury, reduced their lost time injury rate by 11% and achieved a 15% improvement in the all injury rate. To achieve these improvements above an already outstanding record is the result of the focused effort of not only management but of all the employees.

We continued reclamation of the impacts of historic mining by others on property which we now own with the reclamation of a historic tungsten mine near Golconda, Nevada and the Wasp mill site near Lead, South Dakota.

Regrettably there are also areas where we must and will renew our focus and commitment to our objectives such as containment of process chemicals and prevention of wildlife contact with chemical solutions.

This report, our fifth, describes some of our efforts to achieve excellence and the results. We have reported on both our successes and the areas where we will continue to focus on improvement.

Environmental, health and safety excellence remains a primary objective for the company and we have included our goals for 1998 in the report for your information. Some are familiar and we have included some new ones that we believe are necessary.

We hope you find this report informative and useful and we welcome your questions and comments on the report and our environmental, health and safety performance. We encourage you to complete the enclosed response card to assist us in improving our performance and meeting your information needs.

You can obtain additional information on Homestake on our Web page and we urge you to visit there in the near future.
<http://www.homestake.com>

Jack E. Thompson

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To promote open dialogue with local residents, Homestake opened a Ruby Hill project office in Eureka, Nevada.

Homestake is committed to environmental, health and safety excellence in all phases of its activities, from exploration to final reclamation. One measure of that commitment is our ability to convert challenges to opportunities.

Permitting a new mine is a significant challenge. In the 1980s, Homestake succeeded in permitting the Mineral Hill mine adjacent to Yellowstone Park and the McLaughlin mine in the three-county border between Napa, Yolo, and Lake Counties in Northern California. Many said these mines would be impossible to permit. Homestake's community "stakeholder" approach, also used at Mineral Hill and McLaughlin, was the foundation that led to the successful permitting of the Ruby Hill mine in Nevada in 1997.

Commitment to Excellence

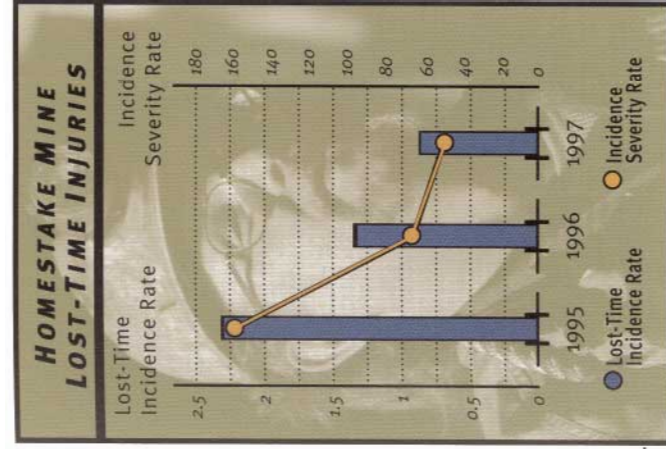
Long before the public hearings for the Ruby Hill environmental impact statement (EIS) were held in August 1995, we began acquiring the information needed to plan a mining operation that would make a positive contribution to the community. We expanded our exploration efforts to include the collection of groundwater information and rock samples for analysis. Baseline environmental and cultural resource studies were initiated during the advanced exploration phase. Discussion with stakeholders were held during exploration and before mine design to determine their concerns.

Early in the planning process Homestake learned that housing and water rights would be critical issues. Thus, our proposal for the Ruby Hill project included plans to build housing before mine construction began. We ensured that neighboring landowners would not be affected by Ruby Hill's water requirements by acquiring water rights before the permitting process began. To promote open dialogue with local residents, we opened a Ruby Hill project office in Eureka, Nevada while conducting advanced exploration and published a regular newsletter on the project.



Homestake constructed the Ruby Hill mine and mill during 1997 with no lost-time injuries.

Constructed nests for Fern



Our efforts bore fruit, when the final EIS for the Ruby Hill Project was issued within 17 months. The U.S. Bureau of Land Management cited Ruby Hill as a model of the way the environmental planning process should work.

It's an approach that has continued to reap rich rewards at Ruby Hill. Following approval of the final EIS, construction of the mine and its ore-processing facilities began in earnest. Nine months later, Ruby Hill poured its first gold. This outstanding performance was accomplished with no lost-time injuries to Homestake employees or contractors.

Homestake's commitment to excellence is part of our culture. At Ruby Hill, as at every one of our operations, stringent monitoring, frequent inspections, regular environmental, health and safety audits, and annual review of performance goals support our commitment to continuous improvement.

Homestake achieved many of its 1997 environmental, health and safety goals. We have renewed our commitment for 1998 and added several, more ambitious, targets to the list. One of those new goals — to reduce the severity of injuries — correlates directly with our long-term goals: to have no lost-time injuries. The above chart compares lost-time injury rates and injury severity at the Homestake mine during the past three years. This is a trend we expect to achieve throughout the Company.

One of our primary objectives is to maintain open communications with our stakeholders on environmental, health and safety management and respond to their concerns. We want to thank you, our readers, for your replies to last year's Environment, Health and Safety Report. We received more than 1,000 reader response cards and have incorporated many of your suggestions in the 1997 report. Once again, we welcome your thoughtful comments about Homestake's performance, policies, goals and other matters. I also encourage you to visit our website at <http://www.homestake.com> for regular updates on our environmental, health and safety activities and issues.

Harold F. Barnes

Harold F. Barnes, P.E., C.S.P.
Director,
Environmental, Health,
Safety & Government Affairs

1997 Performance Policies

Homestake is committed to uphold the highest standards of environmental, health, and safety excellence. This commitment is reflected in our policies and guides all our business decisions. Because we believe that excellence is only achieved through continuous improvement, we regularly evaluate our performance, make appropriate changes, and refocus our efforts. The following pages report on our performance during 1997 and our goals for 1998.

Environment, Health and Safety

Environment: Protect the environment and the natural resources under our stewardship.

Health and Safety: Protect public health, as well as provide each employee with a safe and healthy work place and to prevent accidents, work interruptions and damage to equipment and materials.

Reclamation: Identify and implement practical measures to minimize the environmental effects of our activities and assure prudent stewardship and responsible use of natural resources in all of our business activities.

Government Affairs: Establish positive and cooperative relationships with the government agencies that regulate our business and with legislative representatives. Provide accurate and consistent information and comply with all laws and regulations.

Audits: Conduct regular independent environmental, health, safety and government affairs audits of all business activities. Prepare and implement appropriate and timely response plans for all audit findings. Report audit findings and the status of corrective actions to management and the Board of Directors.

Principles and Practices

- Minimize and mitigate the effect of our activities on people, the environment and natural resources.
- Establish improvement objectives for each operation and assign responsibility and accountability for performance and continuous improvement.
- Establish, as an essential element of management, the full implementation of this policy in our design, operating and contracting activities.
- Ensure employee awareness of these policies and encourage internal and external communications regarding these policies and Company practices and issues.
- Ensure that all employees are trained to accomplish their job tasks in a safe manner.
- Establish responsibility and accountability for each employee to apply safe work methods and practices. Require all employees to exert proactive safety awareness and practice commitment by personal example.
- Conduct constructive communications with interested parties related to environmental and employee and public health and safety issues.
- Develop, implement and test emergency response contingency plans and communications systems.
- Make positive contributions to the economic and social well being of the communities in which we operate.
- Conserve natural resources, minimize the generation of waste, and ensure its proper disposal.
- Comply with all laws and regulations and, where they do not exist, adopt appropriate Company standards.
- Support the use of sound scientific principles in decisions related to environmental, public health and safety issues.
- Provide adequate resources to implement these policies.



Homestake's success depends on its employees and contractors. That's why protecting their health and preserving their safety is among the Company's highest priorities.

Health

and Safety

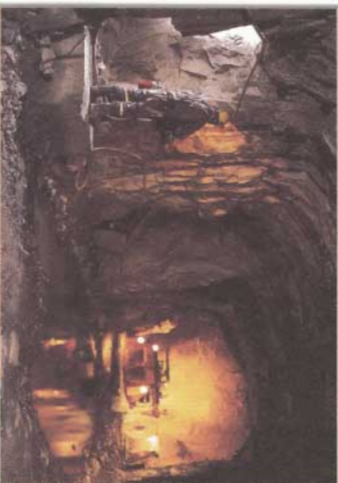
Homestake knows that the safest operations are also the most productive. Throughout its 121-year history, the Company has encouraged safety innovations as a way to consistently improve performance. As proof of its progress, Homestake's safety record surpasses that of nearly every other industry, including retail sales, agriculture, manufacturing and the services sector.

Homestake's policy is to provide a safe and healthy workplace for each of its employees. In turn, the Company requires of every worker a commitment to safety. All personnel — even the most experienced — participate in a continuing program of rigorous safety training. Regular refresher courses reinforce Homestake's safety philosophy and support workers in improving their safety skills.

Every Homestake worker shares the responsibility for preventing accidents and promoting safety. As part of their daily routine, supervisors confirm that work areas and equipment are safe and that employees are following safe, efficient work procedures.

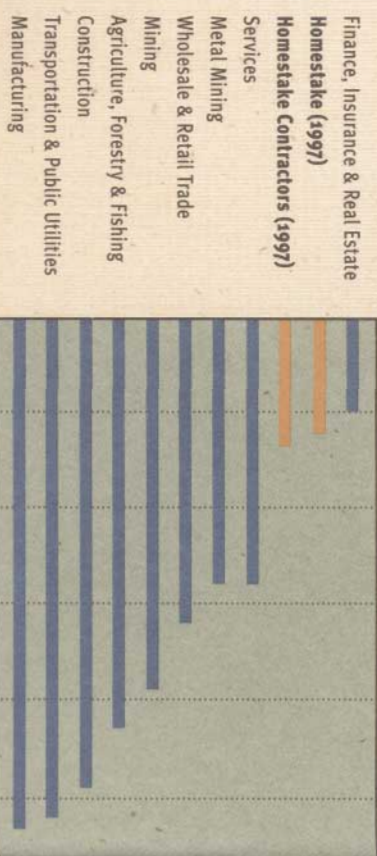
Regular inspections, together with periodic audits, verify health and safety compliance and identify areas for improvement. More than \$4 million was invested in health and safety management in 1997. As a result, Homestake's safety performance continued to improve, as shown in the accompanying tables.

Homestake insists on the same level of safety performance for its contractors as it requires of its own personnel. Homestake contractors had a dramatic improvement in safety performance in 1997 compared to 1996. As an example, construction at the new Ruby Hill mine in Eureka, Nevada was accomplished with no lost-time injuries either to contractors or Homestake employees.



Mining operations are designed to eliminate potential hazards. Here a loader, operated in an area deemed unsafe for mining personnel, is controlled remotely by the mining operator.

LOST-TIME INCIDENCE RATE COMPARISON



Source:
U.S. Bureau of Labor Statistics
(1995 data)

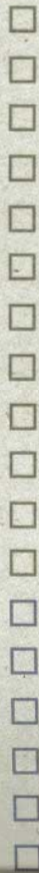
Incidence rates = Number of lost-time injuries per 200,000 hours of work

Emergency response to respond to Workers response training w
Industry and safety teams emergency first in all ground tea
Mine Resc





The Eskay Creek mine rescue team won all events at the National Western Regional Mine Rescue Competitions in British Columbia.



Emergency response training prepares Homestake employees to respond effectively and quickly should an incident occur. Workers received more than 17,000 hours of emergency response training during 1997, and the effectiveness of that training was tested in more than 100 emergency drills.

Industry competitions are another test of Homestake's health and safety training, and the Company's emergency response teams consistently rank well in these contests. In 1998, the emergency response team from the Eskay Creek mine finished first in all events to win the championship trophy for underground teams at the prestigious National Western Regional Mine Rescue Competition in British Columbia.

Five Homestake operations were recognized in 1997 by national and international groups for their outstanding safety achievements. Homestake attained its company-wide goal of zero mining fatalities last year and moved closer to its long-term objective of no lost-time injuries.

Homestake has good reason for its steadfast commitment to this effort. Improving the health and safety record of our workplace brings vital benefits to our employees and is a critical element in achieving our overall performance objectives.

OPERATING UNITS' HEALTH AND SAFETY PERFORMANCE

		Lost-Time Incidence Rate		All Injury Incidence Rate	
		1997	1996	1997	1996
HOMESTAKE OPERATIONS					
Agua de la Falda	Employees	1.79	0.99	1.79	0.99
	Contractors	1.35	1.83	1.35	1.83
Eskay Creek	Employees	1.09	0	6.52	12.50
	Contractors	2.63	3.20	12.50	17.06
Homestake	Employees	0.86	1.31	4.75	5.03
	Contractors	0.94	0.78	2.81	2.35
McLaughlin	Employees	0.82	2.54	0.82	8.03
	Contractors	0	2.45	0	2.45
Ruby Hill	Employees	0	NIO	9.39	NIO
	Contractors	0	NIO	2.28	NIO
Snip	Employees	3.34	3.50	17.26	18.09
	Contractors	0	40.00	12.61	40.00
JOINT VENTURE OPERATIONS					
David Bell	Employees	1.51	2.06	13.99	14.44
	Contractors	2.88	12.33	8.64	24.66
KCGM	Employees	1.28	1.01	12.58	16.62
	Contractors	1.14	2.10	17.67	21.74
Marigold	Employees	0	0	4.75	4.64
Pinson	Employees	0	0	6.03	8.14
	Contractors	0	N/A	8.96	N/A
Round Mountain	Employees	1.70	0.34	3.25	2.87
	Contractors	1.39	1.92	3.24	3.85
Williams	Employees	0.33	0.33	7.88	9.01
	Contractors	2.87	0	5.74	8.14
TOTAL		1.11	1.12	7.42	8.24
		1.38	2.07	9.88	14.20

N/A: Not Available NIO: Not In Operation

Careful planning and routine monitoring and inspections, combined with annual goal setting, have helped Homestake to improve its environmental performance year after year. In 1997, the Company invested more than \$13 million in environmental protection programs.

Environment

Homestake is committed to keeping its stakeholders informed and addressing their concerns during all phases of mine operations. Constructive relations initiated during the planning of each mine form the basis for continuing dialogue between Homestake, the communities where it does business, and the government agencies that regulate its operations. In 1997 Homestake hosted 57 community meetings at locations all over the world.

Environmental monitoring programs at each Homestake location gauge the effectiveness of control systems and maintain compliance. Air emissions were monitored around the clock at 305 locations in 1997, and water discharges were monitored at 27 locations. The findings indicate that less than 0.2% of the discharges exceeded stringent permit levels. The most significant exceedence occurred at the Kalgoorlie Consolidated Gold Mining (KCGM) joint venture in Australia, where the sulphur dioxide limit was exceeded for 50 minutes in 1997. When the exceedence occurred, the roaster had already been shut down for 1.5 hours. While no one was injured, KCGM has modified its operating procedures and will improve its meteorological monitoring program.

Design and management controls ensure protection of environmental quality at the Williams Mine, Ontario Canada.



1997

Electricity
Propane
Diesel
Fuel Oil
Gasoline
Raw Water

Routine monitoring is supplemented by internal inspection programs at each operation. Homestake personnel completed more than 800 inspections in 1997. Additionally, regulatory agencies conducted 65 environmental inspections, which resulted in four minor violations. Fines of \$1,525 for environmental noncompliance were paid in 1997.

Waste containment systems at every Homestake operation are designed with backup systems to minimize the potential for spills that may cause environmental damage. For that reason, spills rarely leave the site. Regrettably there were two such incidents in 1997, both at the Homestake mine, one of which killed 65 fish in Whitewood Creek. Both spills were self identified and reported. Biological assessment of the creek determined that disruption of biological systems from the spills was temporary and localized. Containment systems have been modified to prevent future occurrences.

RECYCLING		
	1997	1996
Water	9,729,049,120 gal	Not Available
Metal	8,708 tons	499,220 tons*
Oil	564,241 gal	296,010 gal
Batteries	31 tons	50 tons
Solvent	8,719 gal	4,078 gal
Antifreeze	6,989 gal	3,955 gal
Oil Filters	1,200 lbs	Not Available
Paper & Cardboard	3 tons	9 tons

*Includes decommissioning the Nickel Plate processing plant

1997 RESOURCE CONSERVATION

	Total Use
Electricity	1,012,614,728 KWH
Propane	4,229,371 gal
Diesel	28,612,279 gal
Fuel Oil	35,914 gal

One of Homestake's long standing goals is to have no chemical-related wildlife mortalities. During 1997, at Kalgoorlie Consolidated Gold Mines, eight birds were poisoned in a tailings pond. The operation is developing process modifications to render tailings solutions harmless to wildlife.

Homestake monitors water and power consumption in an effort to conserve resources and control costs. The Company's recycling programs have grown steadily over the years. The tables present resource consumption rates and recycling trends in 1997.

Worldwide, Homestake mines are designed and operated to have minimal adverse effect on the environment. To ensure continuous environmental improvement, managers are assigned ambitious environmental goals and held accountable for their achievement. Through continuous improvement, environmental excellence can be achieved.

Responsible stewardship of natural resources is the key to sustainable mining. Comprehensive planning, prior to mine development and at every stage in the life of a mine, helps Homestake to minimize environmental effects and restore lands to other productive uses. In 1997, Homestake spent more than \$45.6 million on reclamation projects.

Reclamation

Every mine site poses unique environmental challenges that call for innovative solutions. During the spring of 1997, ferruginous hawks raised their young in artificial nests that Homestake built to replace nests affected by mining activities at Ruby Hill. Nearby, public safety was improved and bat habitat was preserved by the construction of "bat gates" at the entrances to historic mines near Ruby Hill and the Pinson mines. In the desert surrounding the closed Santa Fe mine, water guzzlers were installed to provide drinking water for wildlife. The objective of a project initiated last year at the Agua de la Falda mine is to expand the habitat for chinchilla, formerly believed to be extinct in that area of Chile.

Timely reclamation of areas disturbed by mining is an important aspect of Homestake's environmental stewardship. Successful reclamation goes far beyond closing a mine and seeding the disturbed area. During the earliest planning stages of a new mine, Homestake scientists survey natural resources

to prepare for the day when operations cease and the land is restored to other productive uses. Homestake continues to monitor and evaluate reclamation sites long after a mine is closed to ensure achievement of its long-term objectives.

Exploration disturbance, typically comprising small drill sites and makeshift roads, are also subject to reclamation. In 1997, Homestake plugged or capped more than half of the surface exploratory holes drilled during the year.

EXCELLENCE IN RECLAMATION AWARD

THE NEW MEXICO MINING AND MINERALS DIVISION;
ENERGY, MINERALS, AND NATURAL
RESOURCES DEPARTMENT
PROUDLY PRESENTS THIS AWARD TO

**HOMESTAKE MINING COMPANY
OF CALIFORNIA**

FOR THEIR SIGNIFICANT COMMITMENT TO PROTECT
THE PUBLIC AND TO RETURN LANDS TO A VIABLE
POSTMINING-LAND USE.

THEIR EFFORTS INCLUDE:

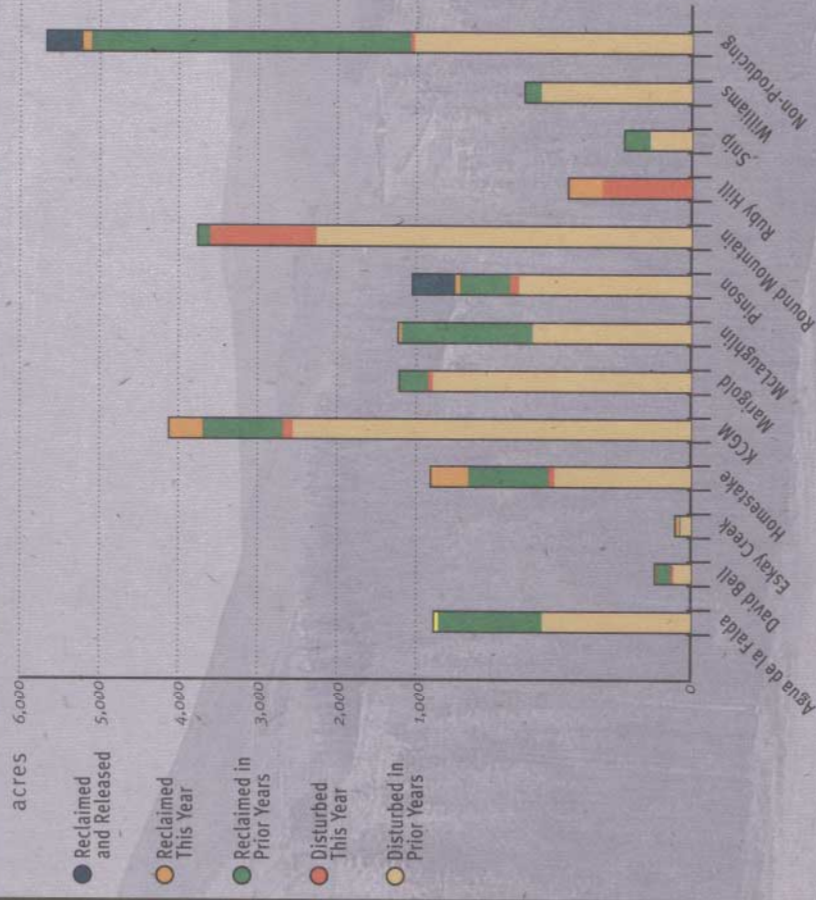
REMOVAL AND RECLAMATION OF WINDBLOWN SOILS
ADJACENT TO THE GRANTS MILL SITE;
AND, VOLUNTARILY PLANTING OF 1,500 ACRES OF
DISTURBED LANDS WITH A DIVERSE MIX OF NATIVE
PLANT SPECIES.


JENNIFER A. SALISBURY,
SECRETARY,
ENERGY, MINERALS, AND
NATURAL RESOURCES
DEPARTMENT


KATHLEEN A. GARLAND,
DIRECTOR,
MINING AND MINERALS DIVISION

Homestake received the 1997 Excellence in
Reclamation Award from the State of New Mexico's
Mining and Minerals Division.

1997 LAND STATUS



In several instances, Homestake has taken steps to mitigate the environmental effects of historic mining by other operators. During 1997, the Pinson mine reclaimed 116 acres disturbed by historic tungsten mining near the community of Golconda, Nevada. In addition to grading and seeding disturbed areas, special gates were installed over underground entries to eliminate a public safety hazard while allowing existing bat and owl populations continued access. Similarly, Kalgoolie Consolidated Gold Mines spent \$574,000 in 1997 to rehabilitate historic mining sites, backfilling and fencing trenches and shafts abandoned by earlier miners. In South Dakota, the Homestake mine spent over \$1 million to remove tailings and rehabilitate the historic Wasp mill site, an area previously affected by another mining company on land now owned by Homestake.

Homestake received the 1997 Excellence in Reclamation Award from the State of New Mexico's Mining and Minerals Division for its "commitment to protect the public and return lands to a viable post-mining land use" at the former Grants Uranium Mill. The Company used satellite technology to conduct an advanced radiological survey to identify tailings contamination at the mill site, removed contaminated surface soils and then stabilized the area to prevent erosion. Homestake's commitment to environmental stewardship is evident in the actions taken to protect and enhance the natural environment.

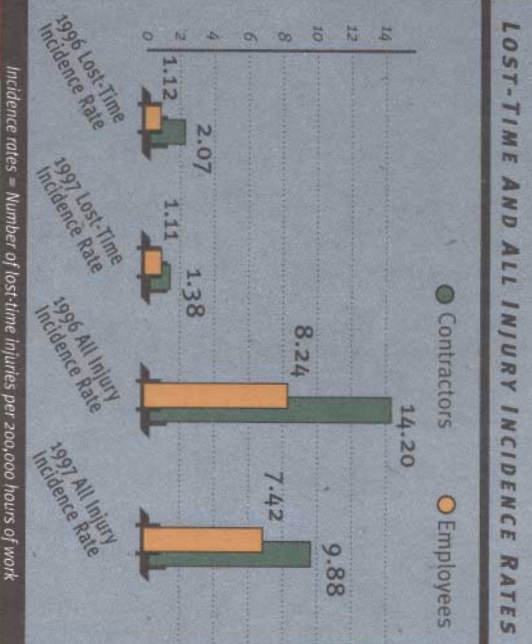


Gates installed over abandoned underground access points

Annual performance goal setting and measurement is part of Homestake's culture of continuous improvement.

1997 Performance

- During 1997 there were no fatalities for Homestake employees or contractors. Safety and health management systems that focus all employees on continuous improvement is one of Homestake's top priorities. The Company's health and safety achievement is a sign of its safety culture maturity and leadership in the mining industry.



- Lost-time injury frequencies during 1997 were reduced by 1 percent for employees and 33 percent for contractors compared to 1996. Homestake's goal is to have no lost-time injuries. This goal was realized at three operations in 1997, including Homestake's new Ruby Hill mine.

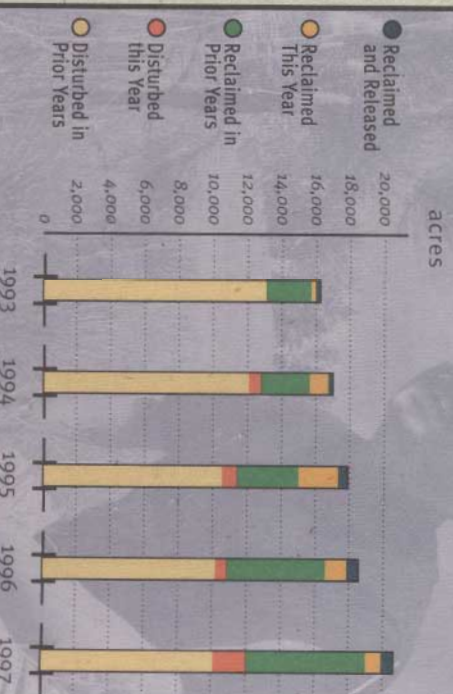
- All work-related injuries were reduced by 10 percent for employees and 30 percent for contractors compared to 1996. Homestake's goal for 1997 was to reduce all work-related injuries by 5 percent. This goal was achieved by employees at eight operations and by contractors at eight operations.

- Homestake exceeded its reclamation goal of 500 acres, with 897 acres reclaimed at active and closed mines in 1997. An additional 116 acres were reclaimed at a historic tungsten mine near the community of Golconda, Nevada. This area, mined in the 1940s by another company, was acquired with the Pinson mine mineral leases.

- Four environmental violations were received from regulatory agencies in 1997 and 140 violations were received for health and safety issues. The most significant environmental violation - for fugitive dust emission controls at Round Mountain - resulted in a \$150 fine. Penalties for health and safety violations totaled \$4,735.

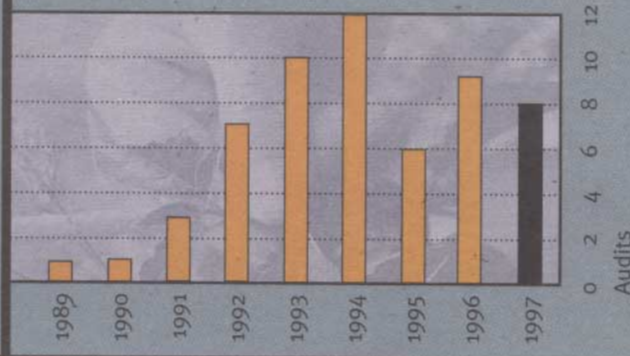
- Two minor incidents of wildlife mortality occurred during 1997. At Kalgoorlie Consolidated Gold Mining, in Western Australia, eight birds died in a tailings pond and at the Homestake mine, a tailings spill killed 65 trout in Whitewood Creek. (see discussion on page 9)

DISTURBED AND RECLAIMED LAND 1993-1997



- Two chemical spills outside site containment systems occurred during 1997, both at the Homestake mine. Containment systems have been reviewed and improvements have been implemented to prevent future off-site spillage.
- Homestake completed the first phase of adopting more uniform standards for measuring environmental, health and safety performance. Uniform performance standards were reported in 1997 and will provide a baseline for future reporting.
- An analysis of Homestake's environmental, health and safety management systems against standards of the International Standards Organization (ISO 14000) was initiated during 1997. This comparison is expected to be completed during 1998.
- Eight comprehensive corporate environmental, health, and safety audits of operations were performed during 1997. Each operation has developed an audit response plan and is working to resolve remaining issues. Corporate officials monitor audit responses quarterly to ensure timely resolution of audit findings.
- A third-party evaluation and review of the corporate environmental, health, and safety audit program was performed by Arthur D. Little. The results of that review are summarized on the next page of this report. Response to recommendations for improvement will be implemented during 1998.
- Half of Homestake's operations completed evaluations of their progress toward compliance with industry codes of conduct adopted by Homestake.

ENVIRONMENT, HEALTH &
SAFETY AUDITS



1998 Goals

- No fatal injuries.
- No lost-time injuries.
- Reduce all work-related injuries by 5 percent from 1997 levels.
- Reduce the severity of work-related injuries by 5 percent from 1997 levels.
- Reclaim at least 500 acres.
- No environmental, health or safety regulatory violations.

- Operate all Homestake and joint-venture operations with no chemical spills outside site containment systems.
- Complete analysis of company environmental, health, and safety management systems against standards of the International Standards Organization (ISO 14000).
- Perform comprehensive corporate audits of environmental, health and safety management systems at six operating units and prepare appropriate action plans.

- Conduct a third-party evaluation of the corporate environmental, health, and safety audit program.
- Evaluate each operation for compliance with industry codes of conduct adopted by Homestake.
- Benchmark Homestake's environmental, health and safety management systems against other industry leaders.
- Improve uniform standards for measuring

Independent Evaluation of Homestake Mining Company's Environment, Health, and Safety Audit Program



Arthur D. Little, Inc., has reviewed the Environment, Health, and Safety (EHS) Audit Program at Homestake Mining Company for the period of January 1, 1997, through December 31, 1997. Our evaluation is based on review of Homestake's EHS Audit Program and our knowledge of internationally recognized EHS auditing standards. We conducted our evaluation relying upon our extensive consulting experience in this area as well as our familiarity with similar programs established by many other corporations, including those that aim to have a leadership position.

In our opinion, Homestake's EHS Audit Program is designed and implemented in a manner that is generally consistent with, and in a number of instances exceeds, prevailing EHS auditing standards. Based on our experience in working with companies in many industry sectors, auditing has only recently become an integral component of EHS management systems within the mining industry. As a result, the design and implementation of Homestake's EHS Audit Program is particularly strong when compared to others in its industry.

Areas of particular strength include:

- Senior management is strongly supportive of the audit program; views it as an important component of the overall EHS program; and considers effective EHS management to be a core element of Homestake's overall business strategy.
- The annual EHS goal setting process within Homestake is an effective means for ensuring full implementation of, and continuous improvement in the audit program.
- The audit program covers all operations, including joint ventures and inactive operations.
- The contracting of a third party to assess the audit program on an annual basis is a leading practice that demonstrates Homestake's commitment to continuous improvement.

Arthur D. Little has identified three areas for consideration to further strengthen Homestake's EHS Audit Program. In our report we provide specific recommendations to address each of these three areas.

- Expand the existing compliance verification aspect of Homestake's company-wide EHS management system.
- Strengthen the on-site audit process by requiring additional advanced review and planning by the audit team members and formalizing the existing on-site process for assessing risks and setting verification priorities.
- Modify the audit reporting process to provide additional detail on the evidence supporting negative findings; request that sites provide more detailed responses to audit findings; and provide additional qualitative information to management on the status of response plan implementation.

We have discussed our recommendations for addressing these areas with Homestake management and are confident that Homestake will set in motion actions to further strengthen the EHS Audit Program and maintain its leadership position within the mining industry.

Arthur D. Little, Inc.

March 1998

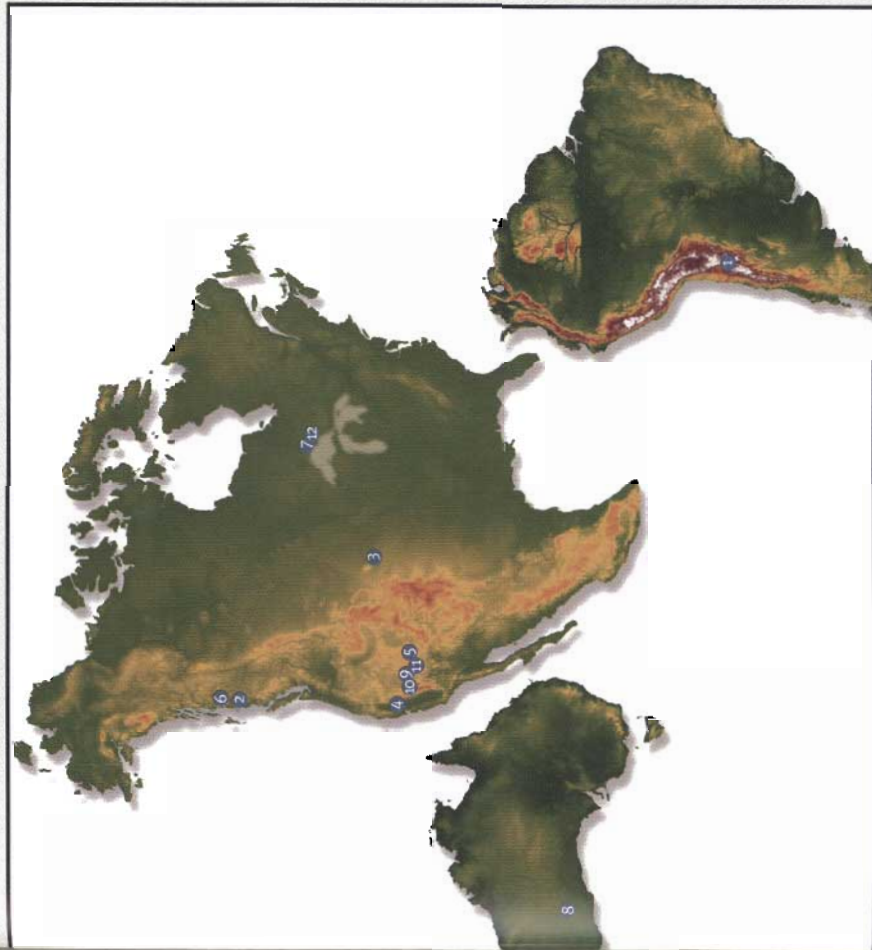
Arthur D Little

Homestake Mining Company

Corporate Profile

Homestake is an international gold mining company with mining operations and exploration in the United States, Canada, Australia and Chile. The Company also has active exploration programs in Latin America and Eastern Europe. On April 30, 1998, Homestake acquired Plutonic Resources Limited, Australia's third-largest gold producer. This report does not reflect the acquisition of Plutonic.

Excluding Plutonic, Homestake produced 1,996,000 ounces of gold during 1997. Total assets at the end of 1997 were \$1,305 million and revenues for the year were \$633 million. Homestake employed more than 1,900 people at its mines, offices, and exploration sites worldwide in 1997. An additional 2,250 people were employed at Homestake joint ventures worldwide.



PRODUCING OPERATIONS

1. Agua De La Falda
2. Eskay Creek
3. Homestake
4. McLaughlin
5. Ruby Hill
6. Snip

PRODUCING JOINT VENTURE OPERATIONS

7. David Bell
(operated by Teck-Corona Operating Corp.)
8. KCGM
(operated by Kalgoorlie Consolidated Gold Mines)
9. Marigold
(operated by Rayrock Mines Inc.)
10. Pinson
(operated by Pinson Mining Company)
11. Round Mountain
(operated by Echo Bay Mines)
12. Williams
(operated by Williams Operating Corp.)

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