



August 29, 2000

Dionne Filiatrault, Technical Advisor
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Dear Ms. Filiatrault;

Re: Cuilatton Lake – Analysis of Blue-stained Material

An area of blue-stained material on the face of the tailings impoundment dam was noticed for the first time during the site visit of summer 1999. The area is small, in the range of 2 to 3 square metres in total. The blue staining is a thin crystal-like layer on the surface of the gravel and pebbles.

During the site visit, a small sample of the material was scraped up and sent out for analysis. The analysis indicated that there was cyanide in the sample. However, analysis involved crushing the gravel and analyzing the mixture of crushed gravel and blue material for cyanide and metals, and the results were not representative of the blue material alone.

The area of blue stained gravel was present again this year; the size and location of the stained area had not changed from 1999. Homestake re-sampled the blue material and requested that the lab wash the blue material off the gravel and analyze it separately for metals. Most metals were below detection, and the results of analysis for cyanide were similar to 1999. Please see results below.

1999	158 milligrams per dry kilogram total cyanide
2000	225 milligrams per dry kilogram total cyanide

Since the analysis shows evidence of cyanide, it is Homestake's intention to carefully scrape up the area of stained gravel and place it in the tailings pond for disposal. This work will be completed in 2001.

Yours truly,
HOMESTAKE CANADA INC.

Sharon Meyer
Environmental Analyst

Homestake Canada Inc.

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