1995 Annual Report

Homestake Mining Company

Opening A New Chapter

Homestake Mining Company is an international gold mining company with substantial gold operations and exploration in the United States, Canada and Australia, as well as an interest in the Main Pass 299 sulphur mine in the Gulf of Mexico. The Company is also active in exploring for and developing gold reserves in Chile, Venezuela and Bulgaria. The Company's common shares are listed on the New York Stock Exchange, the Australian Stock Exchange and the Basel, Geneva and Zurich Stock Exchanges in Switzerland.

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3-Year Highlights

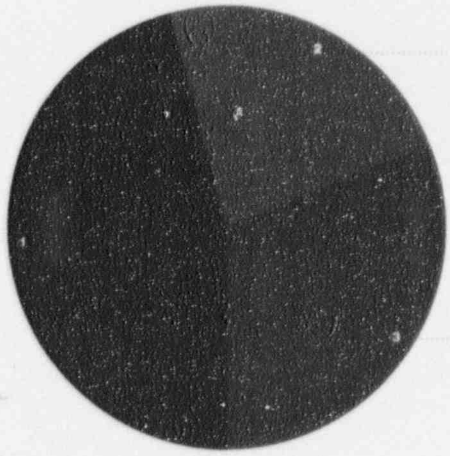
	1995	1994	1993
Financial Results ($ millions)			
Revenues	**$ 746.4**	$ 705.5	$ 722.2
Net income	**$ 30.3**	$ 78.0	$ 52.5
Cash flow from operations	**$ 153.5**	$ 133.7	$ 170.1
Capital expenditures	**$ 81.0**	$ 88.7	$ 57.8
Financial Position ($ millions)			
Cash and short-term investments	**$ 212.4**	$ 205.2	$ 134.7
Total assets	**$1,321.6**	$1,202.0	$1,121.3
Long-term debt	**$ 185.0**	$ 185.0	$ 189.2
Shareholders' equity	**$ 635.9**	$ 588.8	$ 515.2
Debt to equity ratio	**29%**	31%	37%
Return on equity	**5%**	14%	11%
Share Data			
Net income per share	**$ 0.22**	$ 0.57	$ 0.38
Dividends per share	**$ 0.20**	$ 0.175	$ 0.10
Average number of common shares outstanding (millions)	**138.1**	137.7	137.0
Gold Operations			
Production (thousands of ounces)	**1,877.3**	1,696.4	1,917.9
Realized price per ounce	**$ 386**	$ 384	$ 359
Total cash costs per ounce	**$ 257**	$ 252	$ 229
Noncash costs per ounce	**$ 51**	$ 48	$ 51
Proven and Probable Reserves (millions of ounces)			
Gold	**21.5**	17.9	18.4
Silver	**47.4**	51.5	55.1
Employees	**1,734**	1,956	2,056

Letter to Shareholders: A Legacy of Strength

HARRY M. CONGER
Chairman &
Chief Executive Officer

As we close 1995, I am pleased to once again be able to report a successful year for Homestake Mining Company. During the past twelve months, we have continued on the course we set for ourselves almost two years ago – a course in which we put into place measures to strengthen the Company financially and aggressively seek new growth opportunities. On both counts, we have made significant progress. ⚒ In 1995, our gold production reached 1.9 million ounces, up from 1.7 million ounces in 1994. We reported revenues of $746 million for 1995, a 6% increase over 1994 revenues of $705 million. We realized a net income of $30.3 million, or 22 cents per share, compared with an income of $78 million, or 57 cents per share, in 1994. Net income in 1994 included nonrecurring gains of $24 million, or 17 cents per share. ⚒ We were able to maintain our strong financial condition while investing $118 million in capital improvements and new projects

In 1995, gold reserves increased by 20% (net of production) to 21.5 million ounces.



produced each year. Clearly, newer and better production methods have brought greater prosperity to the industry, as well as a greater challenge to remain competitive. Today, there is more urgency than ever to expand reserves through discoveries and acquisitions.

and spending $17 million in cash as part of the purchase price to acquire the 18.5% of Homestake Gold of Australia that we did not own already.

A year of challenge and opportunity.

In 1995 we experienced some production problems at a few of our mines. However, the successful start-up of the Eskay Creek mine in Canada, where for the year we produced 331,000 equivalent ounces of gold at a cash cost of $185 per equivalent ounce, allowed us to increase total gold production by 11%.

The Company is strong financially; we have over $200 million in cash, another $150 million available under our line of credit and a reasonable amount of debt. We continued our policy of not selling gold production forward, consistent with our general objective of remaining fully responsive to changes in the gold price.

During the past year, the Company's senior management has enthusiastically embraced a new attitude of aggressive expansion and exploration. Homestake's financial stability and the strength of its current operations will enable the Company to take advantage of new opportunities to acquire low-cost gold production and reserves.

I am proud to say that today Homestake is in an excellent position to achieve its objectives of increased gold production and greater profitability. With major gold mining resources located in three of the world's most politically stable environments – the U.S., Canada and Australia – we are now able to consider expanding our operations to other parts of the world which may hold significant promise for resource development.

New beginnings.

As many of you know, I will be stepping down as your Chief Executive Officer on May 14, 1996 after more than twenty years with Homestake. I would like to reflect on what has been accomplished during my tenure with the Company and what I see for the future.

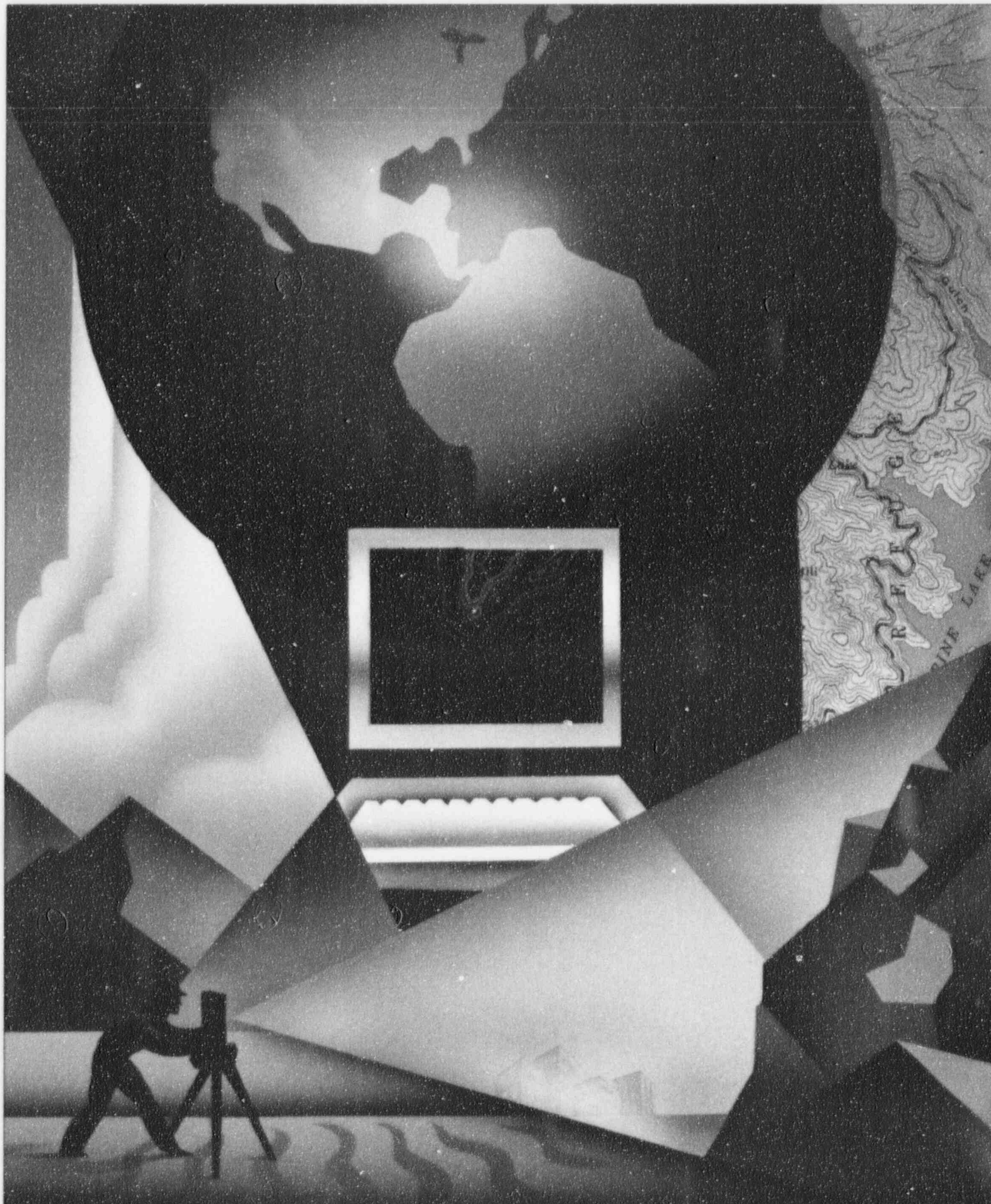
When I became President in 1977, the price of gold was approximately $145 per ounce and the Company was producing 300,000 ounces of gold per year. Today, the price of gold is close to $400 per ounce and we must replace the nearly two million ounces of gold being

In addition to the need to be a financially strong Company to fund such expansion, Homestake also requires extraordinary leadership. I couldn't be more pleased to be leaving the Company in the able hands of my good friend and colleague, Jack Thompson. Jack has been Homestake's President and Chief Operating Officer for the past two years, and as we worked closely together during this year of transition, I have been continually impressed – although not surprised – by his expertise and vision. His knowledge and instincts are exactly what the Company needs to take it to new levels as we approach the millennium.

As I look forward to my retirement, I also look back with pride at having been associated these past twenty years with the premier gold mining company in North America and the world. I envy your prospects for the future.

Thank you for your support.

HARRY M. CONGER
Chairman and Chief Executive Officer




LAKE

1995: A Year of Exploration & New Ventures

A Message From
JACK E. THOMPSON
President &
Chief Operating Officer

In the same way that our namesa[illegible] nine became the cornerstone of our Company back in 1877, today's Homestake Mining Company is the foundation on which tomorrow's opportunities and visions will be realized.

This firm base is the legacy of our retiring Chief Executive Officer, Harry Conger, and the basis for our enthusiasm as we look to the future. As I traveled with Harry over the past two years, talking with shareholders across Europe, North America and Australia, I was reminded continually of the fortunate position we are in: financially solid, technologically innovative, socially responsible and possessing significant mining expertise – precisely the attributes that will be required to meet difficult challenges in the years ahead.

Our good fortune is the result of hard work in many areas. Over the past few years, for example, we have continually worked to reduce our operating costs and improve our operating margins. This included investing $81 million in 1995 to modernize our equipment and create more efficient ways to operate at our mines. Despite production difficulties at three of our major mines during 1995, our total cash costs for the year were only 3% higher than the average for the last five years. Stabilizing our cost structure has allowed us to generate significant cash to fund a higher level of exploration and to consider several significant development projects.

In addition to a higher level of spending for basic exploration, we funded feasibility studies for our Ruby Hill discovery in Nevada and evaluated possible projects in Russia and Bulgaria. Much of this increased activity can be attributed to the active work of an executive committee comprised of a core group of senior management that meets regularly to evaluate new opportunities quickly and expeditiously.

We continue to look at exploration opportunities around our existing mines as well, where infrastructure and capital are already in place. This has led to several successful and exciting findings in 1995. Company-wide, we now establish exploration priorities based upon a global ranking, thereby funding the best opportunities wherever they may be located. While the bulk of our work by far remains in North America and

Exploration & Acquisitions:

A new energy, a new attitude and a new approach. In 1995, Homestake continued its efforts in promising areas around the world.

Australia, we are committed to "going where the gold is," investing in frontier countries if we determine that a commercial return is possible. A good example of this was our interest in the Pokrovskoye project in Russia, where a small initial investment allowed us to determine for ourselves the possibilities of further exploration and development.

A large part of our optimism for the future is based on our traditional strengths as a mining company. Seven of our mines are underground operations, where we have developed special expertise that has enabled us to mine profitably despite difficult operating conditions. We are unique in our association with four world-class gold deposits – Kalgoorlie, Australia; Lead, South Dakota; Hemlo, Canada; and Round Mountain, Nevada. In addition, we have assembled a team of highly-regarded experts that has a practical, aggressive approach to finding new deposits.

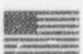
As we enter 1996, I couldn't think of a better position in which to be.

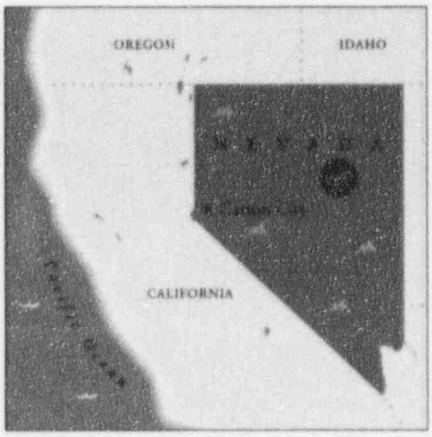
Following extensive drilling, metallurgical testing and economic evaluation, the Company completed a feasibility study for the West Archimedes deposit on the Ruby Hill property in December 1995. Drilling has delineated a reserve containing approximately 755,000 ounces of gold which can be mined by open-pit methods. This ore is entirely oxidized and will be processed by crushing, grinding, pulp agglomeration and conventional heap leaching.

The feasibility study indicates a capital expenditure of $65 million, including the pre-stripping of the overburden necessary to access the ore zone. Based upon existing reserves, approximately 650,000 ounces of gold will be recovered at an estimated total cash cost of approximately $140 per ounce over the six-year life of the mine.

The project is situated primarily on public lands administered by the Bureau of Land Management ("BLM"). As with all operations of this size affecting public lands, the proposed Ruby Hill mine is

1. Western United States





Location:
Ruby Hill, Nevada

Reserves:
755,000 ounces

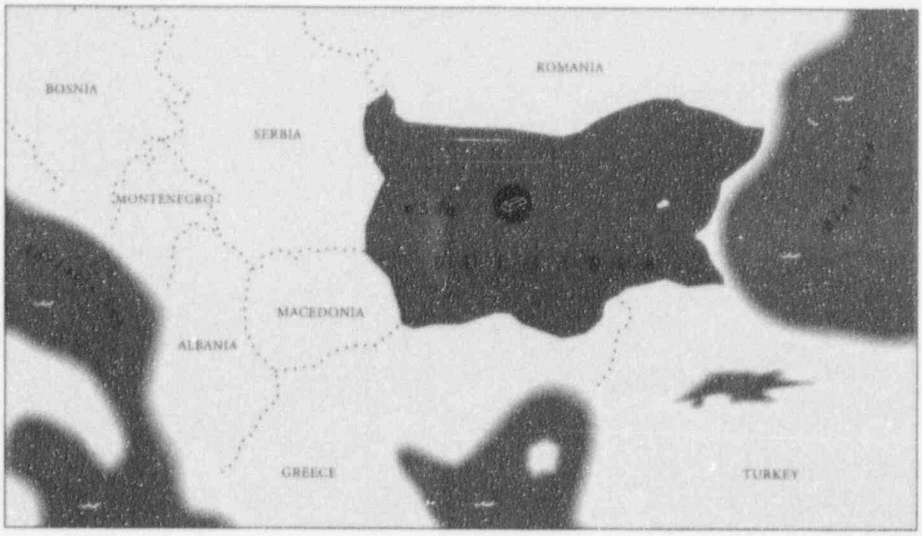
Capital cost estimate:
$65 million

Ownership:
Homestake holds a 100% direct interest in the Ruby Hill project.

Development plans:
West Archimedes currently in permitting process; additional mineralization encountered west of site. Drilling continues at East Archimedes zone.

subject to approval from federal, state and local agencies. A plan of operations for the proposed facility was submitted to the BLM in February 1995. This submittal initiated the preparation of an Environmental Impact Study as required by the National Environmental Policy Act. Approval of other necessary permits is anticipated by March 1997, at which time construction and mining would begin. Construction of facilities will take approximately ten months to complete.

Drilling and metallurgical testing on the nearby East Archimedes zone continued through 1995. Recent exploration drilling has encountered additional mineralization, the Achilles zone, located about one mile west of the West Archimedes deposit. These additional resources are being evaluated and have the potential to add future ore reserves. Exploration drilling will continue in 1996.



2. Eastern Europe

Location:
Chelopech, Bulgaria

Capital cost estimate:
$125 million

Ownership:
Homestake has a 10% stake in Navan Resources plc and an option to acquire 50% of Navan's interest in the Chelopech operations.

Development plans:
Evaluation of feasibility currently in process.

"One of the features that makes Chelopech particularly attractive is the frequency of large, high grade, gold/copper sulfide replacement bodies."
Atanas Ignatov
Head of Geology Department
Chelopech operations

Bulgaria

The Chelopech deposit near Sofia, Bulgaria is a major mining operation with proven and probable gold reserves estimated at 3.6 million ounces. It also contains approximately one billion pounds of copper.

During 1995, Homestake reached an agreement with Navan Resources plc, an Irish-based mining company, to purchase a 10% stake in that company, for $24 million. Homestake also has an option to acquire one-half of Navan's 68% direct interest in the Chelopech operations upon payment of an additional $48 million and the satisfaction of certain conditions.

The current operation processes approximately 500,000 tons of ore per year to produce a gold/copper concentrate from which approximately 50,000 ounces of gold are extracted. Homestake has completed a feasibility study and is evaluating whether to initiate a $125 million capital project which would allow mining at 1.5 to 1.75 million tons of ore per year, thereby producing approximately 150,000 ounces of low-cost gold annually. The proposed $125 million in capital, a portion of which would be borrowed, would be spent to sink a new high-production shaft, install an underground crusher, build a new grinding circuit on the surface employing a SAG mill and ball mill, make modifications to existing equipment and build a roaster to reduce the arsenic content of the ore.

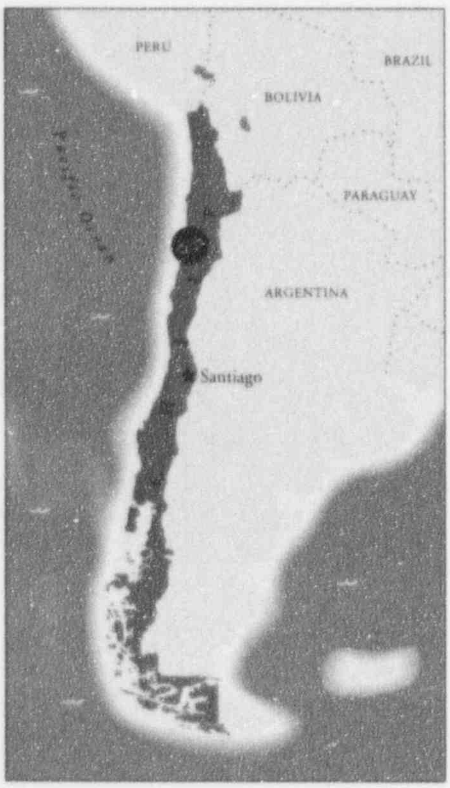
After completing review of the feasibility study and upon the satisfaction of other conditions, Homestake will make a determination whether to move forward to develop what appears to be an attractive deposit.

"Going where the gold is": the exploration of frontier countries.

Chile

During 1994 and 1995, an exploration program identified a new gold-bearing ore body, Manto Agua de la Falda, near the Company's existing El Hueso mine and processing facilities. This deposit contains a reserve of 1.0 million tons of ore with a grade of 0.18 ounces of gold per ton. An agreement in principle has been reached with Codelco, a government agency, to unitize certain properties in the district and explore for and develop additional resources. The deposit already identified is open to depth and in two directions, providing evidence that reserves may increase.

Based on targets identified during 1995, Homestake accelerated its exploration effort in the district. This effort has resulted in the discovery of a new mineralized zone in the same limestone bed one mile from the initial discovery. Drilling is under way in this new zone. An engineering study is in process to evaluate the feasibility of processing the new ore at the mill at our nearby El Hueso mine, which ceased operations in February 1995 due to the depletion of existing ore reserves.



3. South America

Location:
Agua de la Falda, Chile

Geological information:
Ore body hosted by Lower Tertiary volcanic rocks and decalcified Jurassic sandstones and limestones

Reserves:
187,000 ounces

Ownership:
Joint ownership with Codelco, Homestake to own 51% and be the operator

Development plans:
Exploration efforts and engineering studies in process

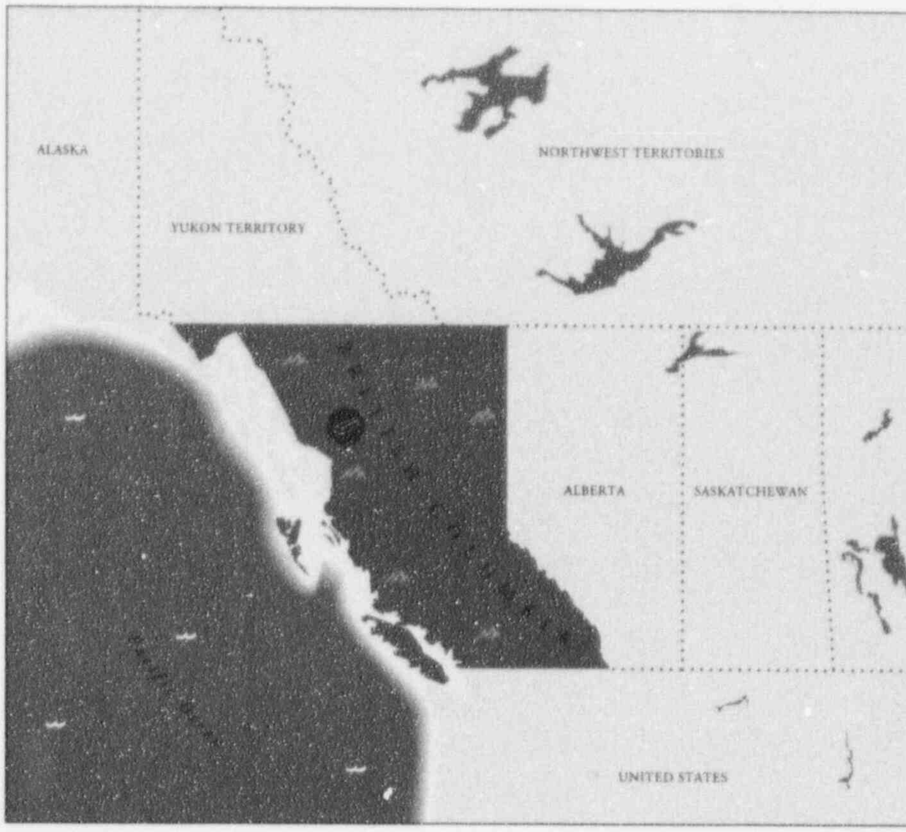
"Homestake has discovered that exploration methods, geologic models, and geologists themselves can be effectively utilized in a variety of terranes such as in northern Chile and in central Nevada."
William Wright,
Chief Geologist

Canada

Eskay Creek A recent exploration drilling program at the Eskay Creek mine was successful in intersecting a high-grade gold and silver zone which appears to be a stratigraphic extension at the northeast end of the main ore zone. This zone has the potential to add to known reserves and is readily accessible from the current underground workings. The zone was tested with 16 drill holes, most of which encountered mineralization. The deposit is estimated to contain 227,000 tons of mineralized material grading 0.88 ounces of gold and 56.0 ounces of silver per ton. It is reasonable to expect that a significant percentage of this mineralized material will be converted into a reserve by the end of 1996.

Additionally, the Company is continuing an aggressive exploration program both around the mine and in the Eskay Creek district in 1996 to try to further expand known resources and test additional targets.

Teuton and Minvita In October, the Company and its 50.6%-owned subsidiary, Prime Resources Group Inc., collectively purchased a 6% interest in Teuton Resources Corp. and a 7% interest in Minvita Enterprises Ltd. for a total of $2 million. Teuton and Minvita will spend a minimum of 90% of this money on exploration and development of their property in northwestern British Columbia.



4. Western Canada

Location:
Eskay Creek,
British Columbia

Geological information:
Precious metal-enriched volcanogenic massive sulfide deposit of the Jurassic-aged Hazelton Group

Reserves
(Homestake's 50.6% share):
1,067,000 ounces of gold
47,439,000 ounces of silver

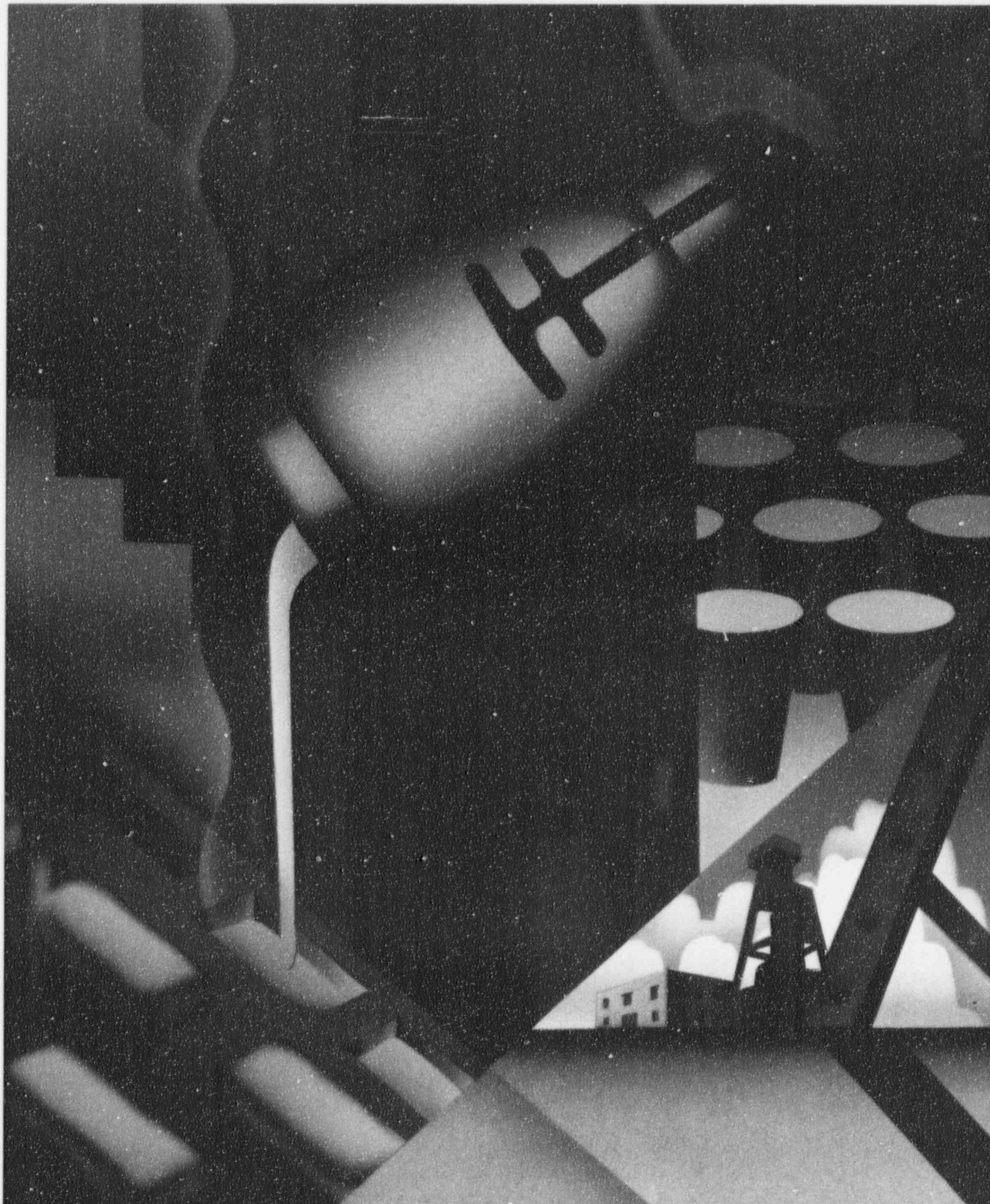
Total cash costs:
$185 per ounce of gold equivalent

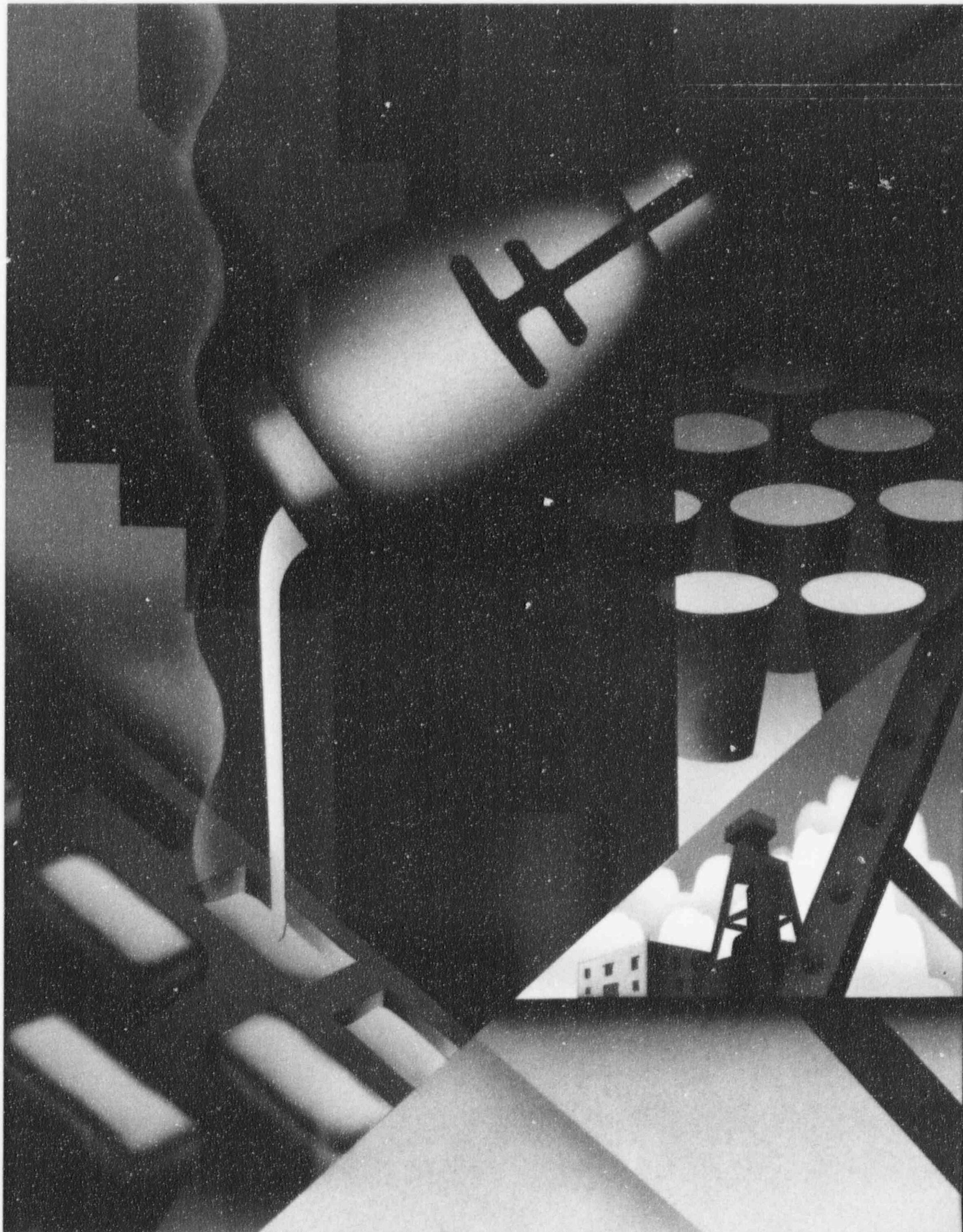
Ownership:
Through its interest in Prime Resources Group Inc., Homestake holds a 50.6% interest in the mine.

Development plans:
Current exploratory drilling programs continue.

"Homestake has plenty of experience at 'going where the gold is.' Sometimes, like at Eskay Creek, the physical conditions are extreme, yet the rewards can be high."
Dave Kuran,
Senior Geologist

The property has the potential to develop into a significant gold discovery. Teuton and Minvita have reported significant showings of gold in a multiple vein zone extending over a strike length of 1,500 feet. Homestake and Prime have been granted a right of first refusal with respect to the sale or other disposition of the property and participation in any future financing.

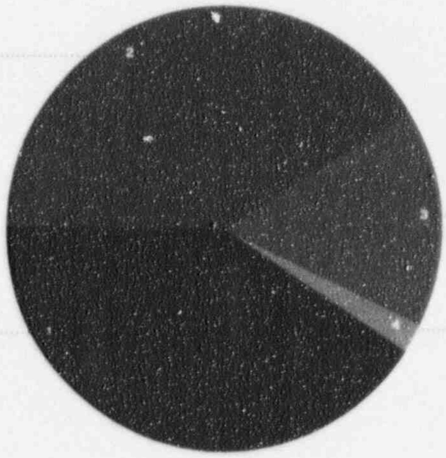




1995 Operations Review
A Commitment to Efficiencies

Once again in 1995, Homestake compiled an excellent record for gold production, average cash production costs, safety and reclamation. In spite of problems encountered at several of the larger mines during the year, the Company produced nearly 1.9 million ounces of gold. Approximately 40% of Homestake's production came from each of the United States and Canada, and over 15% came from Australia. ⚒ The Company also continued or undertook several modernization projects in 1995, all of which were designed to reduce operating costs and increase profit margins. For example, \$45 million was spent at the Australian operations to increase milling capacity and replace an older mill to allow for expansion of the Super Pit. As a result, production costs at this complex are projected to decline in 1996. ⚒ Homestake again won major awards for safety and reclamation in 1995, demonstrating its ongoing commitment as a responsible corporate citizen to provide a healthy workplace for its employees and contractors, and to respect the environments in which they work.

In 1995, the Company produced nearly 1.9 million ounces of gold.



Canada: Marked by the successful start-up at Eskay Creek, Homestake's Canadian operations continued their excellent low-cost production performance.

Eskay Creek Mine – British Columbia

Since its start-up in January 1995, the Eskay Creek mine has exceeded all expectations. After the first ore shipment in January – ten months after construction began – the mine achieved every shipment target during the year. From an original estimate of 271,000 gold equivalent ounces, Eskay Creek shipped 104,000 tons of high-grade ore containing approximately 197,000 ounces of gold and 9.9 million ounces of silver, equivalent to approximately 331,000 ounces of gold. The mine's silver production makes it the sixth largest silver producer in the world.

During the year, development work was accelerated to provide more production areas. By year end, 4,600 feet of development was completed, providing access to ten stopes. With more mining areas available, the mine is better able to optimize ore blending to maximize smelter returns.

Eskay Creek produced an average of 300 tons of ore per day in 1995. Several mining methods were tested to minimize dilution. In 1996, the Company plans to purchase new mining equipment, which will increase productivity and reduce mining costs. The Company will continue to focus on ore reserve growth and ore processing improvements. Tonnage shipped is expected to increase to 110,000 tons over the next twelve months. It is anticipated that the grade will approach the life-of-mine reserve average. Based on existing reserves and mineralized material and current production rates, the mine has a projected life of ten years.

Williams Mine, Ontario

Williams Mine – Ontario

The Williams mine achieved record mill throughput in 1995, with an average production rate of 7,100 tons per day. Cash costs per ton milled remained constant for the sixth consecutive year, and are still less than 1988 levels. This is due to innovative cost containment programs and facilities improvements – including a ventilation raise and heat recovery system installed in 1994 that has performed better than expected.

Production in 1996 is expected to be at 1995 rates and grades. Methods to reduce mining dilution were tested during 1995 and resulted in changes to stope design and blasting patterns.

Capital investments in 1995, including $1.3 million for new scooptrams and production drilling equipment, were made to maintain high equipment availability and increase productivity.

David Bell Mine – Ontario

The David Bell mine continues to be one of the Company's lowest-cost operations, with a total cash cost of $203 per ounce of gold produced. Gold production decreased slightly in 1995, primarily reflecting reduced mill throughput and lower ore grades. The lower throughput was attributable to deeper and more difficult ground conditions as mining progressed away from the central core of the ore body.

Development of an additional ore zone and construction of the related infrastructure was completed in the third quarter of 1995. This new zone provides a third production area and should allow for additional tonnage to the mill. In an effort to minimize mining costs, stoping of narrow-width ore by longitudinal longhole retreat continued during the year.

Tailings impoundment areas were consolidated with the Williams mine. This will result in lower reagent consumption and reduce fresh water requirements by increasing the use of recycled water. In 1996, it is anticipated that ore grades and throughput will improve, resulting in increased production.

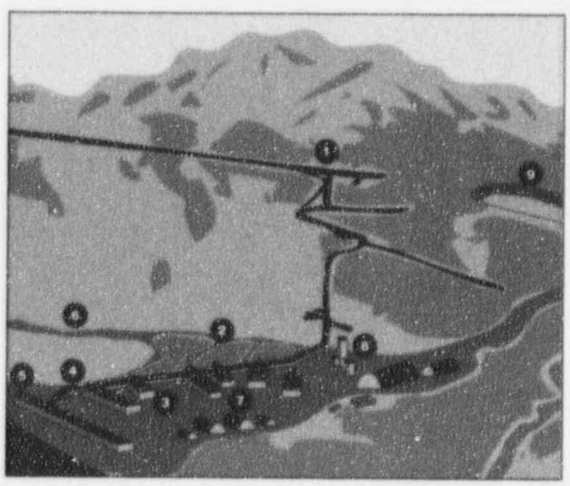
Snip Mine – British Columbia

Gold production in 1995 was similar to 1994. Total cash costs increased slightly to $175 per ounce. The use of conventional mining methods to extract ore will increase in 1996. As a result, it is expected that a 5% decline in tonnage mined will be accompanied by a modest increase in total cash costs.

David Bell Mine, Ontario

Profile: Eskay Creek

In 1932, a syndicate directed by Tom Mackay explored and identified more than 30 ore zones in a region near the Iskut River. Today, more than sixty years later, the Eskay Creek project covers almost 3,500 acres in this remote area of northwestern British Columbia. The mine is one of the highest-grade gold and silver deposits discovered in North America in recent history. Base metal sulphides associated with precious metals mineralization at Eskay Creek include sphalerite, tetrahedrite, pyrite and galena. Completed on time and under budget in 1994, the Eskay Creek mine is one of Homestake's leading gold producers.



1. Underground workings
2. Settling ponds
3. Assay lab
4. Dry
5. Bunkhouse
6. Road to upper portal
7. Ore crushing & blending
8. Backfill plant
9. Quarry

The United States: Upgrading equipment, increasing efficiencies and testing new methods for economical bulk mining.

Homestake Mine – South Dakota

The Homestake mine continues as the Company's largest long-running producer of gold. In 1995, operations at the mine focused on methods to sustain long-term, profitable production. Improvements were achieved in safety, efficiency and production compared to 1994. In addition, $10.8 million in capital was spent to upgrade equipment and infrastructure facilities.

Utilizing the five-point safety system and increased safety awareness, the reportable injury frequency rate dropped 53% and the all-injury frequency rate dropped 23% from 1994 levels. The mine's accident frequency rate is about one-third of the industry average and also is lower than that of many industries, including forestry and construction.

The current expansion of the Open Cut, which began in 1989, was completed in 1995. A surface exploration program was initiated to test for new ore within and around the Caledonia and main pit areas of the Open Cut. Exploration drilling in both the underground and Open Cut has resulted in a 24% increase in gold included in the proven and probable reserve.

McLaughlin Mine, Northern California

Following subsidence problems in 1994, a highway overpass arch structure leading to the main Open Cut waste dump was stabilized during 1995. Homestake recovered all costs of future remediation and lost production in an out-of-court settlement with the design, engineering and construction management firms.

A new three-year union contract was ratified by hourly employees three months prior to the expiration of the former agreement. This contract contained an innovative managed care medical plan (the first preferred provider medical plan implemented in South Dakota) which generated medical cost savings of $400,000 in 1995 while continuing to provide employees with a high level of medical care.

The exhaust raise between the 5900 and 6800 levels which failed in 1994 was replaced with a 14-foot diameter borehole. This will ensure uninterrupted ventilation and cooling for the deep, higher-grade areas of the mine.

The economic viability of low-grade underground bulk mining was tested extensively throughout 1995 with preliminary positive results. Various other alternative mining methods and programs were developed in 1995 to increase production and efficiencies as well. In addition, replacement of 24 pneumatic jumbo drills with 14 electric hydraulic jumbos will result in greater drilling speed and availability, while reducing operating and maintenance costs.

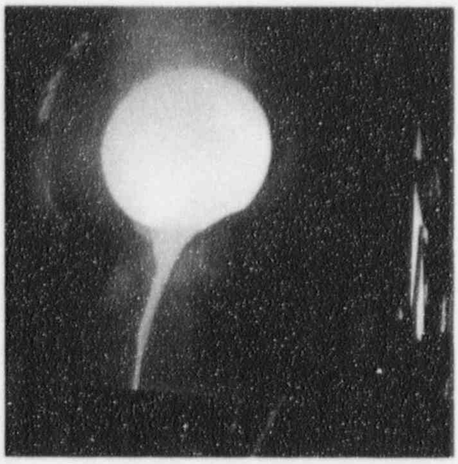
McLaughlin Mine – Northern California

The McLaughlin mine is known worldwide for its technical innovation and environmental excellence. In 1995, total cash costs declined by 3% although gold production fell slightly to 240,000 ounces.

Torrential rains in January and March reduced the number of tons mined and adversely affected head grades during periods when higher-grade ore zones were submerged at the bottom levels of the pit. These factors were partially offset by improvements in productivity. Autoclave availability, for example – a measurement of the efficiency of the high-grade milling circuit – was above 90% for the third consecutive year, allowing a record number of tons to be processed in both the autoclave and flotation circuits.

Safety performance significantly improved in 1995 with fewer than one-third of the lost time injuries incurred in 1994. The total of only six reportable injuries, a frequency of 1.89 per 200,000 hours worked, is well below the national average for open-pit gold mines. This was accomplished despite adverse working conditions caused by weather and an increased employee turnover rate due to the impending closure of the mine.

Mining will cease in mid-1996 when the remaining ore in the pit is depleted. At that time, the mill will be converted to process the more than 18 million tons of stockpiled lower-grade ore by direct cyanidation. It is anticipated that approximately 750,000 ounces will be recovered



Gold Pour

as the mill continues to operate for an additional eight years.

The McLaughlin mine maintained its superior environmental compliance record throughout 1995 despite the exceptional rainfall. Reclamation of mine waste dumps is scheduled for completion in the latter part of 1996 with the final placement of top soil and hydroseeding. The planting of oak trees and other indigenous vegetation will continue seasonally until the area is completely reclaimed.

Round Mountain Mine – Nevada

Gold production declined by 19% and cash production costs per ounce increased 40% in 1995 as ore grades processed were closer to the life-of-mine average. Above-average grades were processed in 1994. In addition, more ore was placed on the dedicated leach pad late in the year. Due to a delay in the commencement of full-scale leaching, a significant portion of the gold contained in ore on the dedicated pad will not be recovered until 1996 and later.

Reserves at the Round Mountain open-pit gold mine, in which Homestake has a 25% interest, increased by 2.2 million ounces in 1995. This was primarily due to exploration drilling which extended pit limits, and the inclusion of previously leached material following favorable reprocessing tests. A $4.6 million drilling program was initiated to follow up on mineralization trends to the east of the main pit and to further delineate high-grade intercepts northwest of the pit.

Permitting for the construction of an 8,000 tons-per-day mill to process higher-grade sulfide ores continued, with regulatory approvals anticipated by the second quarter of 1996. Final design engineering on the $65 million project is expected to be completed in time to allow construction to begin in the summer of 1996.

Australia: Homestake made substantial investments to reduce costs and acquire high-quality ore reserves.

Kalgoorlie Operations – Western Australia

The Kalgoorlie mines and mills along the Golden Mile in Western Australia comprise the largest gold mining and treatment complex in Australia. Homestake's share of 1995 production was 311,000 ounces. During the past twelve months, a significant investment was made to improve efficiency and reduce costs.

A $90 million expansion to the Fimiston mill was completed in August, including a 5,000 tons-per-day free-milling sulfide circuit to treat Mt. Charlotte ore. The increase in capacity has improved the mill's efficiency and replaced the capacity of the Oroya mill, which was dismantled in 1995 to allow for further planned expansion of the Super Pit.

A new dispatch control system, which monitors vehicle movements via satellite, has resulted in a number of operational efficiencies. The system allows a supervisor to control the movement of all equipment in the Super Pit, while downloading production data instantaneously for recording and processing into the computer network.

The installation of a conveyor to transport ore from the Mt. Charlotte

Underground drilling at Mt. Charlotte

underground mine to the Fimiston mill during 1995 has substantially reduced noise levels and improved air quality. Previously, this material had been moved to the Fimiston mill by a fleet of trucks. A safety exclusion zone ("SEZ") surrounding the Super Pit has been established. The SEZ, combined with measures to reduce noise and dust, has resulted in a significant improvement in the environment of residents living close to the mining operations.

In the area of health and safety, Kalgoorlie Consolidated Gold Mines, the operator of the Kalgoorlie complex, received recognition in 1995 in the National Mining and Mineral Resource Excellence Award for Health and Safety (Minex Awards) from the Minerals Counsel of Australia.

In October, Homestake made an unconditional offer to acquire the 18.5% of Homestake Gold of Australia ("HGAL") that it did not already own. The offer was made in order to acquire additional gold reserves at a fair price, to simplify Homestake's corporate structure and to eliminate the cost and effort required to maintain a public company in Australia with a relatively small public ownership interest.

By the end of 1995, Homestake had spent approximately $17 million in cash and had issued 2.6 million shares to increase its ownership of HGAL to 88%. In the first quarter of 1996, the Company acquired the remainder of HGAL by paying an additional $5 million in cash and issuing an additional 5.9 million shares.

Homestake paid a total of $164 million in cash and shares to acquire 1.2 million ounces of additional gold reserves and 1.0 million ounces of additional gold mineralization. The Company believes that most of the 1.0 million ounces of gold mineralization eventually will be converted into gold reserves.

1995 Major Operations

Homestake

The Homestake mine, located in Lead, South Dakota, has operated for 119 years. Operations consist of an 8,000-foot deep underground mine, an open pit, mill and refinery. Reserves were expanded by over one million ounces during 1995.

Gold Reserves:
5.1 million ounces

McLaughlin

The McLaughlin mine is located in northern California. In mid-1996, mining will cease and the pressure oxidation circuit will be shut down. The operation will continue to recover gold from previously stockpiled lower-grade ore for approximately eight years using a conventional direct cyanide leach process.

Gold Reserves:
1.3 million ounces

Round Mountain

The Round Mountain mine is located in central Nevada, about 60 miles north of Tonopah. The operation is one of the largest heap-leach gold mines in the world. Completion of an 8,000 tons-per-day gravity mill to process higher-grade sulphide ores is expected in late 1997, subject to permitting and regulatory approvals. Reserves were expanded by over two million ounces (100% basis) during 1995.

Gold Reserves:
2.5 million ounces

Eskay Creek

The Eskay Creek mine is located approximately 51 air miles north of Stewart, British Columbia. The mine commenced production in January 1995 and is one of Canada's highest-grade and the Company's lowest-cost operations. Eskay Creek ore is crushed and blended prior to sale to third-party smelters for final processing.

Reserves:
Gold - 1.1 million ounces
Silver - 47.4 million ounces

Williams

The Williams mine, Canada's largest underground gold mine, is located in the Hemlo Gold Camp, immediately north of Lake Superior. Production from this efficient low-cost operation will continue at current levels for the next few years.

Gold Reserves:
2.7 million ounces

David Bell

The David Bell mine is located in the Hemlo Gold Camp, adjacent to the Williams mine. Production at this low-cost mine is expected to increase in 1996 due to an increase in active mining areas which will improve throughput and ore grade.

Gold Reserves:
0.9 million ounces

Kalgoorlie

The consolidated surface and underground operations at Kalgoorlie are Australia's largest gold mining complex. During 1995, a $90 million (100% basis) mill expansion increased the milling capacity at Kalgoorlie to 33,500 tons per day and will allow for further expansion of the Super Pit.

Gold Reserves:
6.6 million ounces

Ruby Hill

A positive feasibility study on the West Archimedes orebody at the Ruby Hill project, located near Eureka, Nevada was completed in the fourth quarter of 1995. The operation is expected to produce approximately 105,000 ounces per year at a total cash cost of $140 per ounce beginning in late 1997. Capital requirements, including the removal of alluvium overburden, are estimated to be $65 million. An additional $3 million of exploration expenditures are planned on the Ruby Hill property during 1996.

Gold Reserves:
0.8 million ounces

Main Pass 299

Homestake has a 16.7% interest in the Main Pass 299 sulphur deposit located in the Gulf of Mexico off the coast of Louisiana. It is the largest Frasch sulphur deposit discovered in North America since 1920. In addition to sulphur, substantial oil reserves overlie the deposit.

Reserves:
Sulphur - 11.4 million long tons
Oil - 1.9 million barrels

Statistical Summary

	Gold Production[illegible]					Production Costs Per Ounce		
	Interest[illegible] %	Tons Milled (millions)	Grade (oz/ton)	Recovery (%)	Ounces Produced	Operating Cash(c)	Other Cash(d)	Noncash(e)
1995								
United States								
Homestake	100	2.5	0.171	96	402,867	$292	$11	$ 32
McLaughlin	100	2.3	0.120	88	241,772	234	8	111
Round Mountain[illegible]	25	7.8	0.018	71	86,109	231	23	74
Santa Fe	100	–	–	–	16,667	118	21	–
Joint Ventures	–	–	–	–	35,875	254	24	56
Ruby Hill	100	–	–	–	–	–	–	–
Canada								
Eskay Creek[illegible]	100	0.1	3.357	95	331,300	182	3	45
Williams	50	1.3	0.163	95	202,561	214	8	38
David Bell[illegible]	50	0.2	0.347	94	86,523	192	11	48
Nickel Plate	100	1.5	0.077	81	91,365	379	–	56
Snip[illegible]	40	0.1	0.751	91	51,310	175	–	56
George Lake	74	–	–	–	–	–	–	–
Australia								
Kalgoorlie	50	5.4	0.068	88	311,416	296	–	46
Chile								
El Hueso[illegible]	100	0.6	0.047	68	19,564	403	–	23
Manto Agua de la Falda	51	–	–	–	–	–	–	–
Total production					1,877,329	$250	$ 7	$ 51
Minority interests					(245,652)			
Homestake's share of gold					1,631,677			
1994								
United States								
Homestake	100	2.6	0.160	95	393,934	$284	$ 7	$ 31
McLaughlin	100	2.2	0.126	87	250,453	241	8	79
Round Mountain[illegible]	25	6.5	0.021	79	105,877	153	29	61
Santa Fe	100	–	–	–	22,361	163	6	170
Joint Ventures	–	–	–	–	40,145	234	23	57
Ruby Hill	100	–	–	–	–	–	–	–
Canada								
Eskay Creek[illegible]	100	–	–	–	–	–	–	–
Williams	50	1.3	0.184	95	222,660	191	12	42
David Bell[illegible]	50	0.3	0.399	94	103,854	156	11	44
Nickel Plate	100	1.4	0.070	81	82,117	349	–	54
Snip[illegible]	40	0.1	0.743	92	51,592	173	–	59
George Lake	74	–	–	–	–	–	–	–
Australia								
Kalgoorlie	50	5.4	0.078	88	352,081	257	–	41
Chile								
El Hueso[illegible]	100	2.7	0.035	80	56,447	396	–	13
Mines sold[illegible]	–	–	–	–	14,868	268	–	29
Total production					1,696,389	$245	$ 7	$ 48
Minority interests					(89,826)			
Homestake's share of gold					1,606,563			

Eskay Creek – silver	
1995	
1994	

Reserves (a)[8]			Mineralized Material (b)[8]		
Tons (millions)	Grade (oz/ton)	Contained Ounces (thousands)	Tons (millions)	Grade (oz/ton)	Contained Ounces (thousands)
26.0	0.197	5,119	24.8	0.168	4,166
19.3	0.068	1,315	–	–	–
127.2	0.020	2,500	19.6	0.020	390
–	–	–	–	–	–
5.9	0.043	254	–	–	–
7.6	0.099	755	9.2	0.067	614
0.6	1.875	1,067	0.1	0.879	101
18.4	0.150	2,749	4.3	0.121	518
3.0	0.300	911	–	–	–
0.9	0.079	74	–	–	–
0.1	0.776	60	–	0.685	20
–	–	–	2.6	0.322	824
92.1	0.072	6,591	82.1	0.064	5,202
–	–	–	–	–	–
0.5	0.181	95	–	–	–
301.6		21,490	142.7		11,835
20.4	0.203	4,138	27.1	0.157	4,261
22.1	0.075	1,665	–	–	–
87.2	0.022	1,950	26.8	0.024	654
–	–	–	–	–	–
5.9	0.041	243	–	–	–
–	–	–	13.6	0.108	1,467
0.5	1.910	1,151	–	–	–
17.0	0.166	2,835	5.2	0.130	669
3.0	0.318	948	–	–	–
2.9	0.077	223	–	–	–
0.1	0.797	89	–	0.729	20
–	–	–	2.6	0.322	824
64.7	0.073	4,695	43.5	0.076	3,291
0.1	0.039	5	–	–	–
–	–	–	–	–	–
224.0		17,942	118.8		11,186
0.6	83.4	47,439	0.1	55.99	6,431
0.6	85.5	51,507	–	–	–

Definitions:

(a) A proven and probable **reserve** is that part of a mineral deposit which could be extracted or produced economically and legally at the time of the reserve determination.

(b) **Mineralized material** is an estimate of tonnage and grade of a mineral deposit with potential economic merit. Estimates of tonnage and grade are made on the basis of continuity, size and shape of mineralization. The extent of sampling required to quantify the estimate will vary with the level of geological understanding. Tonnage and grade estimates include provision for mining dilution.

(c) **Operating cash costs** are costs directly related to the physical activities of producing gold; includes mining, milling, third-party smelting and in-mine exploration expenditures that are related to production.

(d) **Other cash costs** are costs that are not directly related to, but may result from, gold production; includes production taxes and royalties.

(e) **Noncash costs** are costs that typically are accounted for ratably over the life of an operation; includes depreciation, depletion, final reclamation and the amortization of the economic cost of property acquisitions, but excludes amortization of SFAS 109 deferred tax purchase adjustments relating to property acquisitions.

[1] Homestake's proportionate interest including minority interests.

[2] Recovery relates to the reusable pad at the Round Mountain mine.

[3] Includes ounces of gold contained in ore or concentrates sold to smelters.

[4] Gold and silver are accounted for as co-products at Eskay Creek. Silver production is converted into gold equivalent, using the ratio of the gold market price to the silver market price. The ratio was 73.8 ounces of silver equals one ounce of gold production for the year ended December 31, 1995. Reserves and mineralized material relate to gold only.

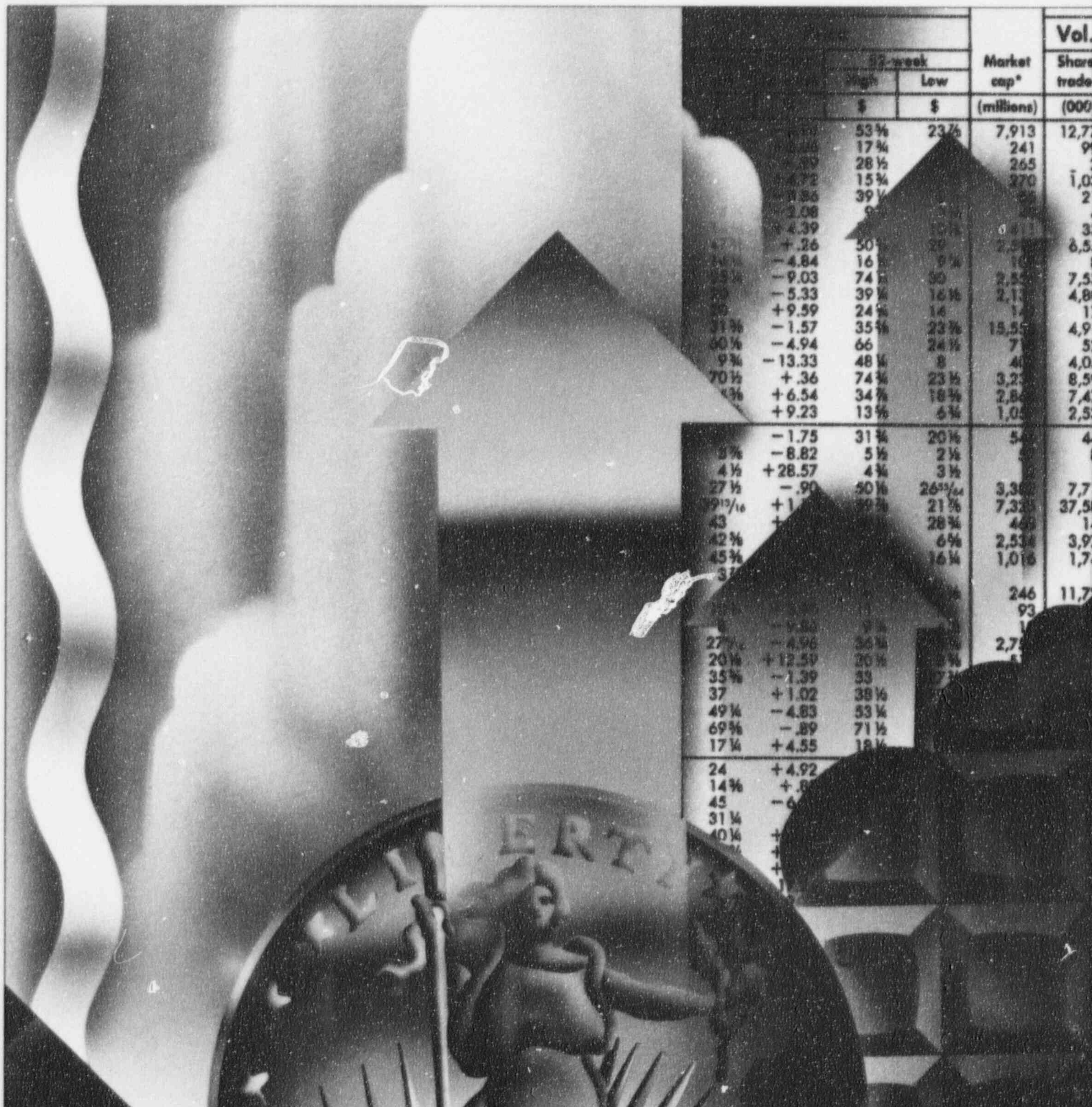
[5] Ounces produced includes 7,140 ounces and 7,745 ounces of gold production from the Quarter Claim in 1995 and 1994, respectively. Reserves include a 25% net profits interest in Quarter Claim.

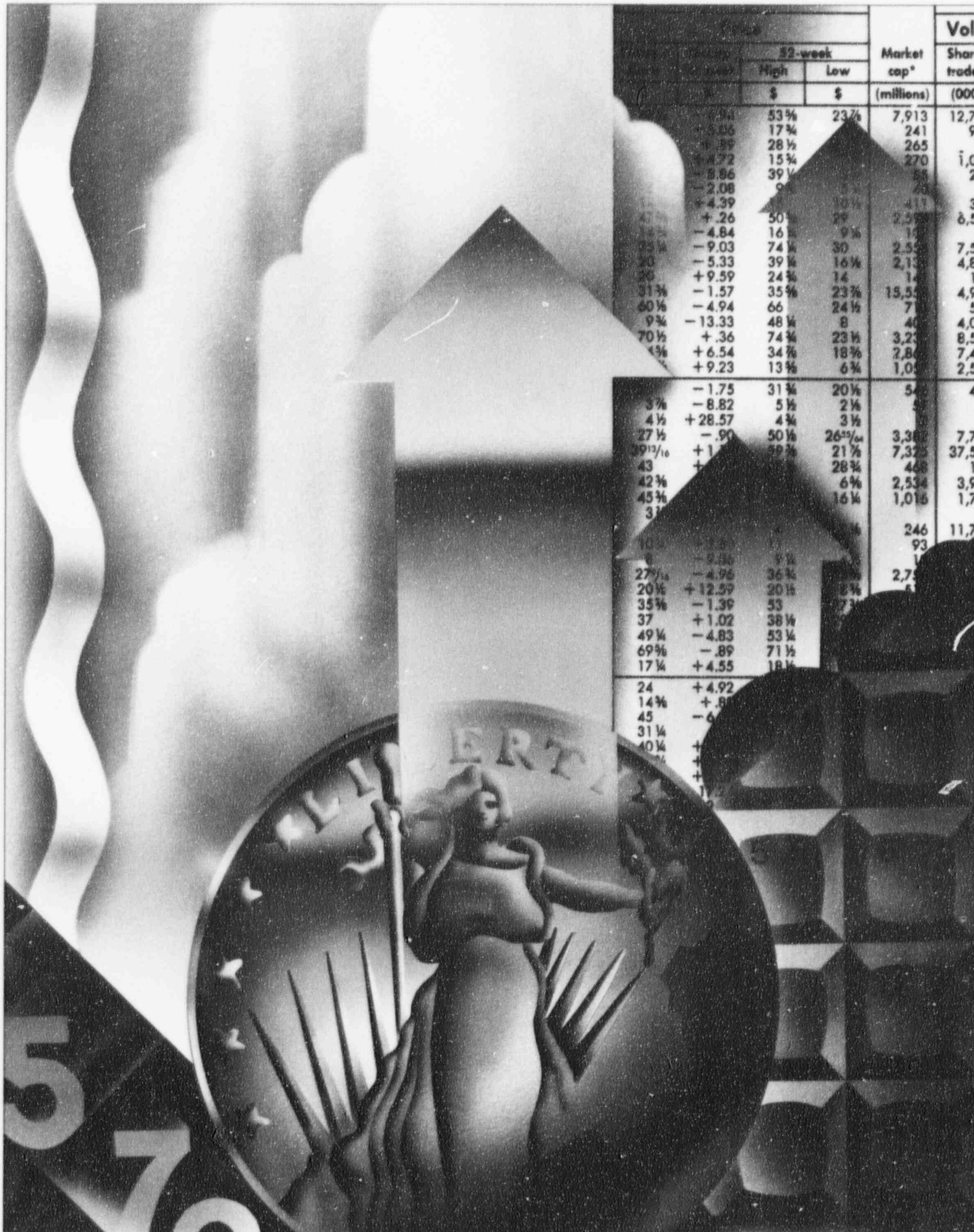
[6] Recovery and grade relate to the higher-grade ore at the El Hueso mine.

[7] Includes production from the Torres mining complex and Dee mine in 1994.

[8] Homestake's proportionate interest, excluding minority interests, except that Kalgoorlie reserves and mineralized material at December 31, 1995 reflect completion of the acquisition of the HGAL minority interests.

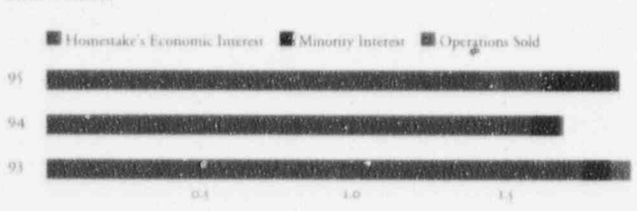
Effective January 1, 1996 Homestake adopted the "Gold Institute Production Cost Standard" for reporting of per ounce production costs. All per ounce production costs in this annual report are presented on this basis.


Vol.
Market cap*
(millions)
High
Low


52-week
High
Low
Market cap*
(millions)
Vol.

At the *Homestake mine* in South Dakota, production of 402,900 ounces during 1995 compares to 393,900 ounces during 1994 and 447,600 ounces during 1993. The increase in production during 1995 is due to higher ore grades, partially offset by lower mill throughput. The lower throughput primarily results from the processing of harder than normal ore, principally from the Open Cut. Additional screening of ore prior to processing through the mill increased throughput during the fourth quarter of 1995. Production during 1994 decreased from 1993 primarily due to lower grades resulting from an extended pre-stripping and development program in the Open Cut, the collapse of a ventilation raise which had limited access to the deeper, higher-grade areas in the underground operations, and flooding following a severe storm late in the year. Increased Open Cut costs in 1995 and lower production in 1995 and 1994 compared to 1993 resulted in increases in total cash costs to $303 and $291 per ounce during 1995 and 1994, respectively, from $265 per ounce during 1993.

Gold Production
(ounces in millions)



Production at the *McLaughlin mine* in northern California decreased to 241,800 ounces during 1995 compared to 250,500 ounces and 305,300 ounces during 1994 and 1993, respectively. Production during 1995 was hampered by the effects of severe rain and flooding early in the year. Insurance proceeds of $3.8 million received by the Company as reimbursement for costs associated with the flooding were credited to operating costs. Total cash costs decreased to $242 per ounce during 1995 from $249 per ounce during 1994. The decline in production during 1994 compared to 1993 primarily was due to the mining of lower-grade ore in the South Pit. Lower grades, combined with costs associated with an underground exploration program, increased total cash costs to $249 per ounce during 1994 from $193 per ounce during 1993. Gold production levels at the McLaughlin mine are expected to decline significantly in 1996 as mining operations will cease mid-year, and production will then be derived from processing lower-grade stockpiles.

The Company's share of production from the *Round Mountain mine* in Nevada was 86,100 ounces during 1995 compared to 105,900 ounces during 1994 and 93,700 ounces during 1993. The lower production in 1995 is due in part to lower grades and volumes of ore placed on both the reusable and dedicated pads early in the year. In the latter part of 1995, the rate of placement of ore on the dedicated pad was increased. However, due to the length of time between the initial loading of ore on to the dedicated pad and the commencement of leaching, a significant portion of the gold contained in the dedicated pad ore will not be recovered until 1996. The lower production resulted in an increase in total cash costs to $254 per ounce during 1995 compared to $182 per ounce during 1994 and $226 per ounce during 1993. The increase in production and corresponding decrease in cash costs per ounce during 1994 reflects higher grades and recoveries on the reusable pad and larger quantities of lower-grade ore placed on the dedicated pad. The permitting process is proceeding for the construction of an 8,000 tons-per-day ("TPD") gravity mill to process higher-grade sulfide ores and regulatory approvals are anticipated by the second quarter of 1996. Final design engineering on the $65 million (Homestake's share - $16 million) project is expected to be completed in time to allow construction to begin in the summer of 1996 and mill start-up in late 1997.

The Company's share of production at the *Williams mine* in the Hemlo mining camp in Canada amounted to 202,600 ounces during 1995 at a total cash cost of $222 per ounce compared to 222,700 ounces produced at a cost of $203 per ounce during 1994 and 246,100 ounces produced at a cost of $198 per ounce during 1993. The decreases in production and increases in cash costs per ounce during 1995 and 1994 primarily are due to the processing of lower-grade ore. The 1994 increase in cash costs per ounce was partially offset by a weakening Canadian dollar in relation to the United States dollar. Production at the Williams mine is expected to remain at current levels for the next few years.

The Company's share of production at the *David Bell mine*, also in the Hemlo mining camp, amounted to 79,400 ounces during 1995 at a total cash cost of $203 per ounce compared to 96,100 ounces produced at a cost of $167 per ounce during 1994 and 107,600 ounces produced at a cost of $154 per ounce during 1993. The increase in cash costs per ounce during 1995 primarily is due to lower production. During 1995, production was limited because only two areas were available for mining for most of the year which reduced mining flexibility and resulted in lower mill throughput and a lower-grade of ore processed. In addition, mining activity was delayed during the fourth quarter of 1995 in stopes close to the neighboring Golden Giant mine's property line while maintenance was completed on that company's mine shaft. A third mining block was developed late in the year which has increased mining flexibility. The decrease in production and increase in cash costs per ounce during 1994 was due to the processing of lower-grade ore, partially offset by a weakening Canadian dollar in relation to the United States dollar. Production from the mine is expected to increase during 1996.

Production at the *Nickel Plate mine* in Canada of 91,400 ounces during 1995 increased from 82,100 ounces produced during 1994 and 73,900 ounces produced during 1993. The increase in production during 1995 from 1994 primarily is due to the processing of higher-grade ore. The increase in production during 1994 from 1993 is also due to the processing of higher-grade ore following completion of the Stage IV pit expansion program. The estimate of the remaining ore reserves at the Nickel Plate mine was reduced during the fourth quarter of 1994 and again in the fourth quarter of 1995. The decreases in the ore reserves accelerated the recovery of the deferred stripping costs and resulted in corresponding increases in per unit cash costs. Total cash costs increased to $379 per ounce in 1995 from $349 per ounce in 1994 and $310 per ounce during 1993. Gold production at the Nickel Plate mine is expected to cease by the end of the third quarter of 1996 as the ore reserves will be depleted.

Homestake Gold of Australia Limited's ("HGAL") share of production from the *Kalgoorlie operations* in Western Australia totaled 311,400 ounces during 1995 compared to 352,100 ounces during 1994 and 332,600 ounces during 1993. The 1995 results primarily reflect a temporary decline in production while the new Fimiston mill additions were integrated with the existing complex, and lower production at Mt. Charlotte due to operational difficulties which hampered production early in the year. The new mill, which was commissioned in August 1995, has increased total milling capacity at the Kalgoorlie operations to 33,500 TPD and allowed for further expansion of the Super Pit. The increase in production during 1994 was due to an increase in tons mined, higher grades, and improved recoveries from the Super Pit, partially offset by a decrease in production at Mt. Charlotte and an increase in the payment of gold to HGAL's joint venture partner under the disproportionate sharing arrangement. Total cash costs at the Kalgoorlie operations increased to $296 per ounce during 1995 from $257 and $229 per ounce during 1994 and 1993, respectively. The increase in cash costs per ounce during 1995 from 1994 is primarily due to the temporary decline in production, while the increase in costs in 1994 from 1993 is primarily due to a strengthening in the Australian dollar in relation to the United States dollar.

In February 1995, the *El Hueso mine* ceased operations as reserves were depleted. Leaching of existing stockpiles will continue until mid-1996. The El Hueso property is leased from Codelco, a Chilean government agency, through the year 1998. Additional land, which is subject to 30% to 50% profit sharing with Codelco, has been leased through 2004. A 1995 exploration program on the additional land identified a new gold-bearing deposit, Manto Agua de la Falda, which contains an ore reserve of 1.0 million tons at a grade of 0.18 ounces of gold per ton. An engineering study is in progress to evaluate the most efficient method of processing this ore at the existing El Hueso plant. A preliminary agreement in principle has been reached with Codelco to form a new company to explore for and exploit additional resources.

Consolidated Production Costs per Ounce:

(per ounce of gold)	**1995**	1994	1993
Direct mining costs	**$233**	$250	$235
Deferred stripping adjustments	**2**	(1)	(11)
Costs of third-party smelters	**16**	–	–
Other	**(1)**	(4)	(2)
Cash Operating Costs	**250**	245	222
Royalties	**4**	5	5
Production taxes	**3**	2	2
Total Cash Costs	**257**	252	229
Depreciation and amortization	**46**	41	49
Reclamation	**5**	7	2
Total Production Costs	**$308**	$300	$280

During 1995, Homestake's overall total cash cost per equivalent ounce increased to $257 from $252 per ounce during 1994 and $229 per ounce during 1993. The higher 1995 per ounce costs primarily reflect the temporary production declines at the Round Mountain, David Bell and Kalgoorlie operations and higher costs at the Homestake mine, partially offset by production from the new low-cost Eskay Creek mine. The increase in cash costs per ounce during 1994 compared to 1993 primarily was due to lower production at the Homestake and McLaughlin mines. The Company's overall noncash cost per equivalent ounce during 1995 was $51 compared to $48 per ounce and $51 per ounce during 1994 and 1993, respectively. The increase in noncash costs per ounce during 1995 is a result of production from the new Eskay Creek mine which has higher per unit depreciation and amortization charges. The 1994 decline in noncash costs per ounce reflects lower per unit depreciation charges as a result of ore reserve expansions at several operations.

Financial Review

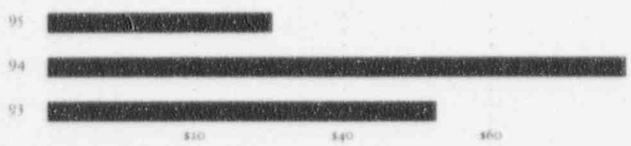
Management's Discussion and Analysis

(Unless specifically stated otherwise, the following information relates to amounts included in the consolidated financial statements, including the Company's interests in mining partnerships accounted for using the equity method, without reduction for minority interests. Effective January 1, 1996 Homestake adopted the "Gold Institute Production Cost Standard" for reporting of per ounce production costs. All per ounce production costs in this annual report are presented on this basis.)

Results of Operations

Homestake Mining Company ("Homestake" or the "Company") recorded net income of $30.3 million or $0.22 per share in 1995 compared to net income of $78.0 million or $0.57 per share in 1994 and $52.5 million or $0.38 per share in 1993. The higher 1994 earnings reflect $23.8 million or $0.17 per share of nonrecurring gains and a lower effective income and mining tax rate. Nonrecurring gains in 1994 included $15.7 million ($12.6 million after tax) on the sale of the Company's interest in the Dee mine and $11.2 million ($11.2 million after tax) on the dilution of the Company's interest in Prime Resources Group Inc. ("Prime") following Prime's sale of additional shares to the public. The 1994 results also included a $7.8 million tax benefit resulting from a reorganization of Canadian exploration assets. The 1993 results included a $16.0 million pretax write-down of oil assets, and restructuring and business combination expenses of $8.2 million.

Net Income
(dollars in millions)

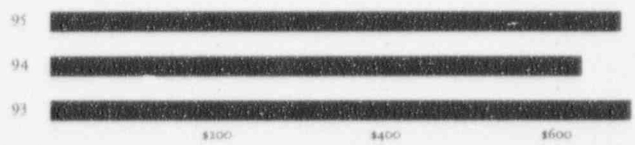


Gold Operations: The results of the Company's operations are affected significantly by the market price of gold. Gold prices are influenced by numerous factors over which the Company has no control, including expectations with respect to the rate of inflation, the relative strength of the United States dollar and certain other currencies, interest rates, global or regional political or economic crises, demand for gold for jewelry and industrial products, and sales by holders and producers of gold in response to these factors.

The Company's general policy is to sell its production at current prices. However, in certain limited circumstances, the Company will enter into forward sales commitments for small portions of its gold production. In 1994, the Company entered into forward sales for 183,200 ounces of gold it expected to produce at the Nickel Plate mine during 1995 and 1996. The purpose of the forward sales program was to allow for recovery of the Company's remaining investment in the mine and provide for estimated reclamation and closure costs. During 1995, 113,200 ounces of gold were delivered or financially settled under this program. At December 31, 1995 forward sales for 70,000 ounces at an average price of $421 per ounce remain outstanding.

A significant portion of the Company's operating expenses are incurred in Australian and Canadian currencies. The Company's profitability is impacted by fluctuations in these currencies' exchange rates relative to the United States dollar. Under the Company's foreign currency protection program, the Company has entered into a series of foreign currency option contracts which established trading ranges within which the United States dollar may be exchanged for Australian and Canadian dollars. See note 21 to the consolidated financial statements for additional information regarding this program.

Gold and Ore Sales
(dollars in millions)



Revenues from gold and ore sales totaled $675.2 million in 1995 compared to revenues of $629.2 million in 1994 and $687.3 million in 1993. The increase in 1995 revenues from 1994 primarily is due to higher sales volumes and a slightly higher gold price. The decline in 1994 revenues from 1993 reflects lower gold sales volumes, partially offset by higher gold prices. During 1995, the Company sold 1,873,500 equivalent ounces of gold at an average price of $386 per equivalent ounce compared to 1,692,800 ounces sold at an average price of $384 per ounce during 1994 and 1,983,300 ounces sold at an average price of $359 per ounce during 1993.

Total gold production of 1,877,300 equivalent ounces during 1995 compares to 1,696,400 ounces during 1994 and 1,917,900 ounces during 1993. The increase in 1995 production from 1994 primarily is due to the commencement of production at the new Eskay Creek mine, partially offset by production declines at certain other locations. The 1994 decrease in production from 1993 reflects the absence of production following the sale of the Dee mine in March 1994, the 1993 sales of the Mineral Hill and Golden Bear mines, the completion of mining operations in 1993 at the Santa Fe mine, as well as lower production at the Homestake and McLaughlin mines.

In January 1995, commercial production began at the *Eskay Creek mine* in British Columbia, Canada. Eskay Creek sold 104,100 tons of ore containing 196,500 ounces of gold and 9.9 million ounces of silver, equivalent to approximately 331,300 ounces of gold during 1995. Total cash costs, including the costs of third-party smelters, were $185 per equivalent ounce during 1995. Through its majority ownership of Prime, the Company has a 50.6% interest in the Eskay Creek mine.

Reconciliation of Total Cash Costs per Ounce to Financial Statements:

(thousands of dollars, except per ounce amounts)	1995	1994	1993
Production Costs per Financial Statements	**$ 481,886**	$ 447,129	$ 454,623
Costs not included in Homestake's production costs:			
Costs of third-party smelters	**29,214**	464	553
Production costs of equity-accounted investments	**11,752**	15,683	19,968
Sulphur and oil production costs	**(26,917)**	(19,210)	(15,494)
Reclamation accruals	**(8,754)**	(12,112)	(3,498)
By-product silver revenues	**(2,334)**	(2,326)	(2,919)
Inventory movements and other	**(2,659)**	(1,298)	(13,746)
Production Costs for per Ounce Calculation Purposes	**$ 482,188**	$ 428,330	$ 439,487
Ounces Produced During the Year	**1,877,329**	1,696,389	1,917,853
Total Cash Costs per Ounce	**$ 257**	$ 252	$ 229

Main Pass 299: The Company's share of sulphur revenues from the Main Pass 299 mine in the Gulf of Mexico increased to $30.5 million in 1995 from $16.9 million in 1994 and $2.0 million in 1993, reflecting increased sales volumes, including sales from inventories, and rising sulphur prices. The Company sold 445,600 tons of sulphur at an average price of $68 per ton during 1995 compared to 317,700 tons of sulphur sold at an average price of $53 per ton during 1994 and 33,600 tons of sulphur sold at an average price of $59 per ton during 1993. The Company's share of sulphur production was 365,100 tons in 1995 compared to 376,600 tons in 1994 and 116,000 tons in 1993. Operating earnings from the sulphur operations of $3.7 million in 1995 compare to operating losses of $2.9 million in 1994 and $11.2 million in 1993.

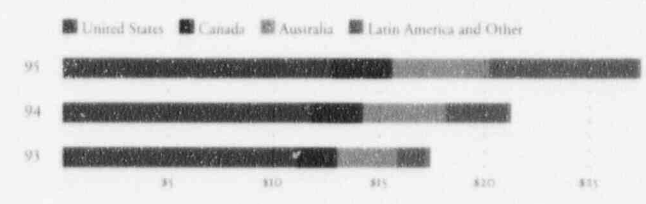
Main Pass 299 oil production, which peaked in 1992, is expected to continue to decline over the next few years. The Company's share of oil revenues amounted to $10.1 million in 1995 compared to $10.0 million and $14.2 million in 1994 and 1993, respectively. Operating earnings from oil operations totaled $2.1 million in 1995 compared to operating earnings of $2.7 million in 1994 and $0.9 million in 1993. The lower operating earnings during 1995 reflect lower sales volumes and increased costs, partially offset by rising oil prices. The improved results in 1994 from 1993 reflect increased operating efficiencies. In addition, at December 31, 1993 the Company recorded a pretax write-down of oil assets of $16.0 million based on a decline in the market price of oil at that time.

Interest and other income: Interest income of $16.7 million in 1995 compares to $9.8 million in 1994 and $4.8 million in 1993. The increases in interest income are due to higher cash and equivalents and short-term investments balances and increases in average interest rates. Other income of $11.6 million in 1995 compares to $25.6 million and $13.1 million in 1994 and 1993, respectively. Other income in 1995 includes a gain of $5.4 million from the sale of the Company's remaining uranium inventory. The decrease in other income in 1995 from 1994 as well as the increase in 1994 from 1993 primarily are due to a pretax gain in 1994 of $15.7 million on the sale of the Company's interest in the Dee mine in Nevada.

Depreciation, depletion and amortization: Depreciation, depletion and amortization increased to $99.6 million in 1995 compared to $76.2 million in 1994 and $103.4 million in 1993. The 1995 increase is a result of additional depreciation charges related to the Eskay Creek mine, partially offset by reserve expansions at certain locations and lower production at other locations. The decrease in 1994 primarily is due to lower production and the write-down of oil assets in 1993.

Exploration Expense

(dollars in millions)



Exploration expense: Exploration expense, excluding $7.2 million of in-mine exploration expenditures which are included in production costs and $2.2 million of capitalized costs associated with development stage projects, increased to $27.5 million in 1995 from $21.3 million in 1994 and $17.5 million in 1993. The increase in exploration expense in 1995 primarily is due to increased activity at the Ruby Hill project in Nevada and continued work near the El Hueso mine and on the El Foco concession in Venezuela. The increase in exploration expense in 1994 from 1993 reflects increased activity at the Ruby Hill project, partially offset by the cessation of the Homestake mine north drift project in early 1994. Exploration spending in 1996 is expected to continue to rise as the Company pursues numerous attractive exploration targets and prospects.

Interest expense: Interest expense of $11.3 million in 1995 compares to $10.1 million in 1994 and $9.1 million in 1993. Interest expense increased in 1995 primarily due to $0.7 million of interest which was capitalized in 1994. The increase in interest expense in 1994 from 1993 primarily is due to a full year's interest on the Company's convertible subordinated notes which were issued in June 1993, partially offset by the repayment of $8.3 million of Australian finance lease debt in February 1994. The Company's average rate of interest on its long-term debt was 5.5% in 1995 and 1994 compared to 5.1% in 1993.

Income taxes: The Company's income and mining tax rate was 46% in 1995 compared to 18% and 19% in 1994 and 1993, respectively. The 1994 and 1993 rates were low due to the availability of certain tax benefits. The higher effective tax rates experienced in 1995 will continue as the tax benefits available in 1994 and 1993 have been utilized and the major portion of the Company's current earnings are in jurisdictions with higher income and mining tax rates.

At December 31, 1995 and 1994 the Company had tax valuation allowances of $59.6 million and $49.8 million, respectively. While circumstances could occur which would permit the Company to reduce its deferred tax valuation allowances in future years, based on the Company's current projections it does not expect future reductions to be material. Events that would allow the Company to materially reduce such allowances in the future would include (i) generating substantial taxable income in Chile, (ii) an acceleration of the payment of the Company's postretirement benefit obligation accrual and (iii) an acceleration of the disposal of certain non-amortizable United States and Australia land and mineral properties which are located either on, or in proximity to, the Company's existing operating minesites.

Minority interests: Income allocable to minority interests in consolidated subsidiaries increased to $16.0 million in 1995 from $8.9 million in 1994 and $3.1 million in 1993. The increase in 1995 primarily is due to the income from the Eskay Creek mine.

Liquidity and Capital Resources

Homestake's cash and equivalents and short-term investments balances increased by $7.2 million to $212.4 million at December 31, 1995 as a result of strong cash flows from the Company's operations, partially offset by capital expenditures of $81.0 million, investments in mining companies of $37.3 million and $16.7 million related to the acquisition of HGAL. Net cash provided by operations was $153.5 million in 1995 compared to $133.7 million in 1994 and $170.1 million in 1993. In addition, $13.3 million was realized on the sale of assets in 1995 compared to $24.5 million and $9.6 million in 1994 and 1993, respectively.

On August 14, 1995 Homestake announced its unconditional offer to acquire the 18.5% of HGAL it did not already own by offering 0.089 of a Homestake share or A$1.90 in cash for each of the 109,605,000 HGAL shares owned by the public. At December 31, 1995 acceptances for a total of 38.9 million HGAL shares had been received, and Homestake owned 88.1% of the shares of HGAL outstanding at that date. The offer closed on February 9, 1996. Homestake was successful in acquiring 107,186,000 shares of HGAL resulting in ownership of 99.6% of HGAL and is currently proceeding with the compulsory acquisition of the remaining HGAL shares. Upon completion of this transaction, Homestake expects it will have issued a total of 8.5 million of its common shares and paid $22.3 million for the HGAL minority interests. See note 3 to the consolidated financial statements for further information.

Cash and Equivalents and Short-term Investments
(dollars in millions)

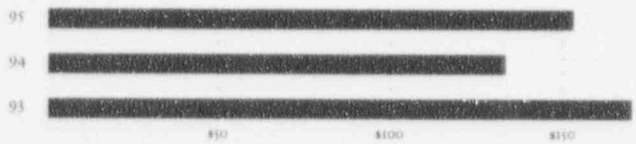
In October 1995, Homestake and its 50.6%-owned subsidiary, Prime, entered into agreements to collectively purchase (51% Homestake and 49% Prime) an approximate 6% interest in Teuton Resources Corp. ("Teuton") and an approximate 7% interest in Minvita Enterprises Ltd. ("Minvita") for a total of $2 million. Teuton and Minvita will spend a minimum of 90% of the $2 million of proceeds on exploration and development of their jointly-owned Clone property in northwestern British Columbia, Canada.

In July 1995, the Company acquired for $24 million a 10% interest (fully-diluted) in Navan Resources plc ("Navan") and an option to acquire 50% of Navan's interest in Bimak AD ("Bimak"), the owner of the Chelopech gold/copper processing operations located 45 miles east of Sofia, Bulgaria. Bimak has an exclusive contract to purchase all of the ore mined from the Chelopech mine. The Company can acquire 50% of Navan's 68% interest in Bimak by investing an additional $48 million, which would be used to fund a portion of the cost of a proposed expansion.

Additions to property, plant and equipment in 1995 totaled $81.0 million compared to $88.7 million and $57.8 million in 1994 and 1993, respectively. Capital additions in 1995 include $50.9 million at the Kalgoorlie operations primarily for the Fimiston mill expansion and $10.6 million at the Homestake mine primarily for the Open Cut expansion. Additions in 1994 included $42 million at the Eskay Creek mine, $20 million at the Homestake mine for Open Cut expansion and $13 million at Kalgoorlie for mill expansions and modifications. Additions in 1993 included $19 million at the Nickel Plate mine for a pit expansion and $12 million at the Homestake mine for the Open Cut expansion. The remaining expenditures during these years primarily were for replacement capital to maintain existing production capacity.

In addition to sustaining capital at existing operations, planned capital expenditures during 1996 include $14.9 million and $10.6 million at the Kalgoorlie operations and the Homestake mine, respectively, primarily on numerous projects related to improving the efficiency of these operations, $13.2 million at the Round Mountain mine primarily for the new mill project, and $8.7 million at the advanced-stage Ruby Hill project in Nevada.

Cash Provided by Operations
(dollars in millions)



Exploration activities at Ruby Hill have resulted in the discovery of several mineralized zones. A positive feasibility study on the West Archimedes deposit was completed in the fourth quarter of 1995. This study indicates that an open-pit, heap-leach operation on this deposit will produce an average of 105,000 ounces of gold per year over a six-year life at a total cash cost of $140 per ounce. Capital requirements, including pre-stripping of the overlying alluvium, are estimated to be $65 million. The construction of facilities, which is dependent on the receipt of permits, is scheduled to begin in early 1997 with initial gold production possible in late 1997.

Total common share dividends paid by the Company were $27.6 million in 1995 compared to $24.1 million in 1994 and $13.7 million in 1993. In May 1994, the Company increased its regular quarterly dividend from $0.025 to $0.05 per share.

In 1994, Prime sold five million common shares at approximately $6.70 per share to the public. The Company recorded a gain of $11.2 million on this transaction, which resulted in a reduction of the Company's interest in Prime from 54.2% to 50.6%. It is the Company's policy to recognize in the income statement any gains or losses on the issuance of stock of the Company's subsidiaries.

In 1993, the Company sold $150 million of 5.5% convertible subordinated notes maturing in the year 2000. The notes are convertible into the Company's shares at a price of $23.06 per common share and are redeemable by the Company on or at any time after June 23, 1996. Proceeds from the notes were used to retire existing gold loans and other long-term debt.

The Company has a $150 million revolving credit facility which is available through September 30, 2000. This facility provides for borrowings denominated in United States dollars, Canadian dollars, ounces of gold or any combination of these. The credit agreement includes a minimum consolidated net worth requirement of $500 million. No amounts have been borrowed under this facility.

The Company incurred $14.3 million of reclamation-related expenditures during 1995 at its discontinued uranium facility at Grants, New Mexico. In accordance with the Energy Policy Act of 1992, the United States Department of Energy ("DOE") is responsible for 51.2% of all past and future reclamation expenditures at this facility. The Company has received $9.8 million to date from the DOE and the accompanying balance sheet at December 31, 1995 includes a receivable of $18.7 million for the DOE's share of reclamation expenditures made by the Company through 1995. The total future cost for reclamation, remediation, monitoring and maintaining compliance at the Grants site is estimated to be $24 million. The Company believes that its share of the estimated remaining cost of reclaiming the Grants facility, net of estimated proceeds on the ultimate disposals of related assets, is fully provided in the financial statements at December 31, 1995.

The Company evaluates its accruals for remediation, reclamation and site restoration regularly. With respect to non-operating properties, the Company believes it has fully provided for all remediation liabilities and for estimated reclamation and site restoration costs. With respect to operating properties, the Company is providing for estimated ultimate reclamation relating to ongoing and end-of-mine life restoration and closure costs over the lives of its individual operations using the units-of-production method. See note 20 to the consolidated financial statements for discussion of certain environmental matters.

Future results will be impacted by such factors as the market price of gold, the Company's ability to expand its ore reserves and the fluctuations of foreign currency exchange rates. The Company believes that the combination of cash, short-term investments, available lines of credit and future cash flows from operations will be sufficient to meet normal operating requirements and anticipated dividends.

Statements of Consolidated Income

(In thousands, except per share amounts)

For the years ended December 31, 1995, 1994 and 1993	1995	1994	1993
Revenues			
Gold and ore sales	$675,222	$629,174	$687,285
Sulphur and oil sales	40,620	26,882	16,220
Interest income	16,737	9,762	4,832
Equity earnings	2,155	2,857	795
Gain on issuance of stock by subsidiary		11,224	
Other income	11,631	25,588	13,096
	746,365	705,487	722,228
Costs and Expenses			
Production costs	481,886	447,129	454,623
Depreciation, depletion and amortization	99,602	76,171	103,377
Administrative and general expense	37,283	38,159	40,553
Exploration expense	27,541	21,347	17,457
Interest expense	11,297	10,124	9,147
Other expense	3,290	6,744	4,492
Write-downs of mining properties and restructuring and business combination expenses			24,183
	660,899	599,674	653,832
Income Before Taxes and Minority Interests	85,466	105,813	68,396
Income and Mining Taxes	(39,141)	(18,880)	(12,775)
Minority Interests	(15,998)	(8,917)	(3,127)
Net Income	$ 30,327	$ 78,016	$ 52,494
Net Income Per Share	$ 0.22	$ 0.57	$ 0.38
Average Shares Used in the Computation	138,117	137,733	137,046

See notes to consolidated financial statements

Consolidated Balance Sheets

(In thousands, except per share amount)

December 31, 1995 and 1994	1995	1994
Assets		
Current Assets		
Cash and equivalents	$ 145,957	$ 105,701
Short-term investments	66,416	99,479
Receivables	58,046	58,994
Inventories	69,979	71,715
Deferred income and mining taxes	20,521	
Other	7,798	6,910
Total current assets	368,717	342,799
Property, Plant and Equipment – net	846,776	808,221
Investments and Other Assets		
Noncurrent investments	46,188	15,774
Other assets	59,952	35,174
Total investments and other assets	106,140	50,948
Total Assets	$1,321,633	$1,201,968

	1995	1994
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 35,170	$ 35,674
Accrued liabilities	53,937	54,138
Income and other taxes payable	9,314	7,083
Total current liabilities	98,421	96,895
Long-term Liabilities		
Long-term debt	185,000	185,000
Other long-term obligations	120,418	110,719
Total long-term liabilities	305,418	295,719
Deferred Income and Mining Taxes	189,925	136,274
Minority Interests in Consolidated Subsidiaries	92,012	84,310
Shareholders' Equity		
Capital stock, $1 par value per share:		
Preferred – 10,000 shares authorized; no shares outstanding		
Common – 250,000 shares authorized; shares outstanding: 1995 – 140,541; 1994 – 137,785	140,541	137,785
Additional paid-in capital	382,314	339,785
Retained earnings	109,145	106,405
Accumulated currency translation adjustments	7,828	8,869
Other	(3,971)	(4,074)
Total shareholders' equity	635,857	588,770
Total Liabilities and Shareholders' Equity	$1,321,633	$1,201,968

Commitments and Contingencies - see notes 20 and 21.

See notes to consolidated financial statements.

Statements of Consolidated Shareholders' Equity

(In thousands)

For the years ended December 31, 1995, 1994 and 1993	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Currency Translation Adjustments	Other	Total
Balances, December 31, 1992	$ 136,772	$ 322,688	$ 14,592	$ 1,133	$ (9,747)	$ 465,438
Net income			52,494			52,494
Dividends paid			(14,591)			(14,591)
Sale of Homestake stock held by Prime		1,155			4,258	5,413
Exercise of stock options	686	10,397				11,083
Stock issued to employee savings plan	36	492				528
Currency translation adjustments				(6,753)		(6,753)
Other		5			1,627	1,632
Balances, December 31, 1993	137,494	334,737	52,495	(5,620)	(3,862)	515,244
Net income			78,016			78,016
Dividends paid			(24,106)			(24,106)
Exercise of stock options	291	5,048				5,339
Currency translation adjustments				14,489		14,489
Unrealized loss on investments					(382)	(382)
Other					170	170
Balances, December 31, 1994	137,785	339,785	106,405	8,869	(4,074)	588,770
Net income			**30,327**			**30,327**
Dividends paid			**(27,587)**			**(27,587)**
Exercise of stock options	**206**	**2,680**				**2,886**
Stock issued for purchase of HGAL minority interests	**2,550**	**39,849**				**42,399**
Currency translation adjustments				**(1,041)**		**(1,041)**
Change in unrealized loss on investments					**162**	**162**
Other					**(59)**	**(59)**
Balances, December 31, 1995	**$140,541**	**$382,314**	**$109,145**	**$ 7,828**	**$(3,971)**	**$635,857**

See notes to consolidated financial statements.

Statements of Consolidated Cash Flows

(In thousands)

For the years ended December 31, 1995, 1994 and 1993	1995	1994	1993
Cash Flows From Operations			
Net income	**$ 30,327**	$ 78,016	$ 52,494
Reconciliation to net cash provided by operations:			
Depreciation, depletion and amortization	**99,602**	76,171	103,377
Write-downs of mining properties			16,032
Gain on issuance of stock by subsidiary		(11,224)	
Gain on disposals of assets	**(1,969)**	(19,521)	(7,974)
Deferred income and mining taxes	**19,475**	(3,665)	2,583
Minority interests	**15,998**	8,917	3,127
Reclamation – net	**(6,044)**	3,986	(8,459)
Other noncash items – net	**3,462**	27,222	17,435
Effect of changes in operating working capital items:			
Receivables	**821**	(8,824)	(18,993)
Inventories	**1,324**	(14,045)	10,357
Accounts payable	**(852)**	2,484	(4,009)
Accrued liabilities and taxes payable	**(7,456)**	(6,938)	4,877
Other	**(1,231)**	1,138	(765)
Net cash provided by operations	**153,457**	133,717	170,082
Investment Activities			
Decrease (increase) in short-term investments	**33,063**	(99,479)	16,739
Proceeds from sales of assets	**13,295**	24,542	9,649
Additions to property, plant and equipment	**(80,979)**	(88,654)	(57,825)
Investments in mining companies	**(37,314)**		
Purchase of HGAL minority interests	**(16,714)**		
Other	**3,296**	(8,033)	1,060
Net cash used in investment activities	**(85,353)**	(171,624)	(30,377)
Financing Activities			
Borrowings			146,074
Debt repayments		(8,352)	(194,037)
Dividends paid on common shares	**(27,587)**	(24,106)	(13,706)
Common shares issued	**2,886**	5,339	11,611
Stock issued by subsidiary		31,870	
Redemption of HCI preferred shares			(15,810)
Sale of Homestake stock held by Prime			6,361
Other			567
Net cash provided by (used in) financing activities	**(24,701)**	4,751	(58,940)
Effect of Exchange Rate Changes on Cash and Equivalents	**(3,147)**	4,138	(254)
Net Increase (Decrease) in Cash and Equivalents	**40,256**	(29,018)	80,511
Cash and Equivalents, January 1	**105,701**	134,719	54,208
Cash and Equivalents, December 31	**$145,957**	$ 105,701	$ 134,719

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(All tabular amounts in thousands, except per share amounts)

Note 1: Nature of Operations

Homestake Mining Company ("Homestake" or the "Company") is engaged in gold mining and related activities, including exploration, extraction, processing, refining and reclamation. Gold bullion, the Company's principal product, is produced and sold in the United States, Canada, Australia and Chile. Ore and concentrates, containing gold and silver, from the Eskay Creek and Snip mines in Canada are sold directly to smelters. The Company also produces and sells sulphur and oil.

Note 2: Significant Accounting Policies

The consolidated financial statements include Homestake and its majority-owned subsidiaries and their undivided interests in joint ventures after elimination of intercompany amounts. At December 31, 1995 the Company owned 88.1% of Homestake Gold of Australia Limited ("HGAL") and 50.6% of Prime Resources Group Inc. ("Prime") with the remaining interests reflected as minority interests in the consolidated financial statements. Undivided interests in gold mining operations (the Round Mountain mine in the United States; HGAL's interest in the gold mining operations at Kalgoorlie, Western Australia; Homestake Canada Inc.'s ("HCI") interests in the Williams and David Bell mines in Canada; and Prime's interest in the Snip mine in Canada) and in the sulphur and oil recovery operations at Main Pass 299 in the Gulf of Mexico are reported using pro rata consolidation whereby the Company reports its proportionate share of assets, liabilities, income and expenses.

Use of estimates: The preparation of financial statements in conformity with United States generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and equivalents include all highly-liquid investments with a maturity of three months or less at the date of purchase. The Company minimizes its credit risk by placing its cash and equivalents with major international banks and financial institutions located principally in the United States, Canada and Australia. The Company believes that no concentration of credit risk exists with respect to cash and equivalents.

Short-term investments principally consist of highly-liquid United States and foreign government and corporate securities with original maturities in excess of three months. The Company classifies all short-term investments as available-for-sale securities. Unrealized gains and losses on these investments are recorded as a separate component of shareholders' equity, except that declines in market value judged to be other than temporary are recognized in determining net income.

Inventories, which include finished products, ore in-process, stockpiled ore, ore in transit, and supplies, are stated at the lower of cost or net realizable value. The cost of gold produced by United States operations is determined principally by the last-in, first-out method ("LIFO"). The cost of other inventories is determined primarily by averaging methods.

Exploration costs are expensed as incurred. All costs related to property acquisitions are capitalized.

Preoperating and development costs relating to new mines and major programs at operating mines are capitalized. Ongoing development costs to maintain production are expensed as incurred.

Depreciation, depletion and amortization of mining properties, mine development costs and major plant facilities are computed principally by the units-of-production method based on estimated proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of ore which can be economically recovered in the future from known mineral deposits. Such estimates are based on current and projected costs and prices. Other equipment and plant facilities are depreciated using straight-line or accelerated methods principally over estimated useful lives of three to ten years.

Property evaluations: Recoverability of investments in operating mines and non-operating properties is evaluated periodically. Estimated future net cash flows from each mine and non-operating property are calculated using estimates of proven and probable ore reserves for operating properties and estimated contained mineralization expected to be classified as proven and probable reserves based on geological delineation to date for non-operating properties, estimated future sales prices (considering historical and current prices, price trends and related factors) and operating capital and reclamation costs. Reductions in the carrying value of each mine or non-operating property are recorded to the extent the remaining investment exceeds the estimate of future undiscounted net cash flows.

Management's estimates of future cash flows are subject to risks and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's investments in mineral properties.

Undeveloped properties upon which the Company has not performed sufficient exploration work to determine whether significant mineralization exists are carried at original acquisition cost.

In 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. ("SFAS") 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS 121 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, and, if deemed impaired, measurement and recording of an impairment loss be based on the fair value of the asset which generally will be computed using discounted cash flows. The Company will adopt SFAS 121 prospectively for the year beginning January 1, 1996. Based on current carrying values and estimated future undiscounted cash flows of the Company's long-lived assets, the Company will not record a cumulative effect upon adopting SFAS 121.

Reclamation costs and related accrued liabilities, which are based on the Company's interpretation of current environmental and regulatory requirements, are accrued and expensed, principally by the units-of-production method based on estimated proven and probable ore reserves. Remediation liabilities are expensed upon determination.

Based on current environmental regulations and known reclamation requirements, management has included its best estimates of these obligations in its reclamation accruals. However, it is reasonably possible that the Company's estimates of its ultimate reclamation liabilities could change as a result of changes in regulations or cost estimates.

Noncurrent investments, which include mining securities, are carried at the lower of cost or market. Realized gains and losses are included in determining net income. The Company classifies noncurrent investments as available-for-sale investments. Unrealized gains and losses on these investments are recorded as a separate component of shareholders' equity, except that declines in market value judged to be other than temporary are recognized in determining net income.

Product sales are recognized when title passes at the shipment or delivery point.

Income taxes: The Company follows the liability method of accounting for income taxes whereby deferred income taxes are recognized for the tax consequences of temporary differences by applying current statutory tax rates applicable to future years to differences between the financial statement amounts and the tax bases of certain assets and liabilities. Changes in deferred tax assets and liabilities include the impact of any tax rate changes enacted during the year. Mining taxes represent Canadian taxes levied on mining operations.

Foreign currency: Substantially all assets and liabilities of foreign subsidiaries are translated at exchange rates in effect at the end of each period. Revenues and expenses are translated at the average exchange rate for the period. Accumulated currency translation adjustments are included as a separate component of shareholders' equity. Foreign currency transaction gains and losses are included in the determination of net income.

Pension plans and other postretirement benefits: Pension costs related to United States employees are determined using the projected unit credit actuarial method. Pension plans are funded through annual contributions. In addition, the Company provides medical and life insurance benefits for certain retired employees and accrues the cost of such benefits over the period in which active employees become eligible for the benefits. The costs of the postretirement medical and life insurance benefits are paid at the time the services are provided.

Net income per share is computed by dividing net income by the weighted average number of common shares and common share equivalents outstanding during the year. Fully diluted net income per share is not presented since the exercise of stock options would not result in a material dilution of earnings per share and the conversion of the 5.5% convertible subordinated notes would produce anti-dilutive results.

Preparation of financial statements: Certain amounts for 1994 and 1993 have been reclassified to conform to the current year's presentation. All dollar amounts are expressed in United States dollars unless otherwise indicated.

Note 3: Homestake Gold of Australia Limited

On August 14, 1995 the Company announced its unconditional offer to acquire the 18.5% of HGAL it did not already own by offering 0.089 of a Homestake share or A$1.90 in cash for each of the 109,605,000 HGAL shares owned by the public. Through December 31, 1995 a total of 38.9 million additional HGAL shares were acquired at a cost of $59.1 million, including $42.4 million for 2.6 million newly issued shares of the Company, $14.5 million paid in cash and $2.2 million of transaction expenses. At December 31, 1995 Homestake owned 88.1% of the shares of HGAL. The offer closed on February 9, 1996. The Company acquired a total of 107.2 million shares of HGAL from the public and currently is proceeding with compulsory acquisition of the remaining shares. The total purchase price to acquire all of the 18.5% of HGAL held by minority shareholders is expected to be $164.4 million, including $142.1 million for 8.5 million newly issued shares of the Company, $18.8 million paid in cash and $3.5 million of transaction expenses.

The acquisition of the HGAL minority interests is being accounted for as a purchase. Based upon the total expected purchase price of $164.4 million, the excess of the purchase price paid over the net book value of the minority interests acquired will be approximately $140.4 million. Substantially all of the excess purchase price is attributable to mineral property interests and will be amortized in accordance with the Company's accounting policies for mineral properties.

The following unaudited pro forma information includes pro forma balance sheet information, assuming that the acquisition of all of the HGAL shares the Company did not already own had occurred as of December, 31 1995, and pro forma results of operations, assuming that the acquisition had occurred at the beginning of each period presented. The pro forma information includes adjustments which are based on available information and certain assumptions that management of the Company believes are reasonable in the circumstances. The pro forma information does not purport to represent what the results of operations actually would have been had the acquisition of the HGAL minority interests occurred at the beginning of the periods or to project the results of operations for any future date or period.

	Pro Forma *(Unaudited)* December 31, 1995
Current assets	**$ 363,131**
Property, plant and equipment – net	**968,742**
Investments and other assets	**106,140**
Total assets	**$1,438,013**
Current liabilities	**$ 98,421**
Long-term liabilities	**305,418**
Deferred income and mining taxes	**222,210**
Minority interests in consolidated subsidiaries	**76,451**
Shareholders' equity	**735,513**
Total liabilities and shareholders' equity	**$1,438,013**

	Pro Forma *(Unaudited)*	
	1995	1994
Revenues	**$ 745,027**	$ 704,187
Costs and expenses	**666,455**	605,955
Income before taxes and minority interests	**78,572**	98,232
Income and mining taxes	**(37,403)**	(16,958)
Minority interests	**(15,430)**	(4,285)
Net income	**$ 25,739**	$ 76,989
Net income per share	**$ 0.18**	$ 0.53

Note 4: Prime Resources Group Inc.

In 1994, Prime sold five million common shares at approximately $6.70 per share to the public. Net proceeds of approximately $31.9 million from this issue were used to fund a portion of the construction and development costs of the Eskay Creek mine. This transaction resulted in a reduction of the Company's interest in Prime from 54.2% to 50.6%. It is the Company's policy to recognize in the income statement any gains or losses on the issuances of stock of the Company's subsidiaries. The Company recorded a gain of $11.2 million on the transaction in recognition of the net increase in the book value of the Company's investment in Prime. Deferred income taxes were not provided on this gain since the Company's tax basis in Prime substantially exceeds its carrying value.

Note 5: Sales of Mining Operations

Torres mining complex: In February 1995, the Company sold its 28% equity interest in the Torres silver mining complex in Mexico for $6.0 million. This sale resulted in a pretax gain of $2.7 million, which is included in other income.

Dee mine: In 1994, the Company sold its 44% interest in the Dee gold mine in Nevada to Rayrock Mines, Inc. ("Rayrock") for $16.5 million. Rayrock assumed responsibility for and indemnified Homestake against all related environmental and reclamation matters. This sale resulted in a pretax gain of $15.7 million, which was included in other income.

NAM: In 1993, the Company sold its 83% interest in North American Metals Corp. ("NAM"), the owner and operator of the Golden Bear mine in Canada, for approximately $1.0 million plus a retained royalty interest. The Company recorded a $0.5 million pretax gain and a $12.9 million tax benefit on this transaction.

Mineral Hill mine: In 1993, the Company sold its 50% interest in the Mineral Hill gold mine in Montana for $4.0 million in cash and 140,000 common shares of TVX Gold Inc. ("TVX"). The Company retained a royalty interest on certain exploration lands and received an indemnification from TVX for all past, present and future reclamation requirements. This sale resulted in a pretax gain of $3.6 million, which was included in other income.

Note 6: Write-downs of Mining Properties and Restructuring and Business Combination Expenses

As discussed in note 2, the Company performs periodic property evaluations to assess the recoverability of its mining properties and investments. In 1993, the Company determined that, based upon a decline in oil prices, it would not fully recover its investment in the oil assets at the Main Pass 299 sulphur mine and, accordingly, recorded a $16.0 million write-down.

In 1993, the Company recorded restructuring expenses of $7.7 million related to an early retirement and work force reduction program at the Homestake mine in South Dakota and the reorganization of HGAL, including the relocation of HGAL's principal office, and business combination expenses of $0.5 million related to the merger of Prime and Stikine Resources Ltd.

Note 7: Income Taxes

The provision (credit) for income and mining taxes consists of the following:

	1995	1994	1993
Current			
Income taxes			
Federal	**$ 7,375**	$ 7,560	$(2,465)
State	**(61)**	1,258	105
Canadian	**1,928**	2,258	1,177
Other foreign	**176**	206	1,013
	9,418	11,282	(170)
Canadian mining taxes	**10,248**	9,741	10,287
Total current taxes	**19,666**	21,023	10,117
Deferred			
Income taxes			
Federal	**(3,743)**	6,867	3,639
State	**436**	(1,086)	95
Canadian	**25,347**	(13,796)	2,203
Other foreign	**(2,041)**	4,438	
	19,999	(3,577)	5,937
Canadian mining taxes	**(524)**	1,434	(3,279)
Total deferred taxes	**19,475**	(2,143)	2,658
Total income and mining taxes	**$39,141**	$ 18,880	$12,775

The provision for income taxes is based on pretax income before minority interests as follows:

	1995	1994	1993
United States	**$17,607**	$ 28,415	$ 6,222
Canada	**71,333**	49,690	41,434
Other foreign	**(3,474)**	27,708	20,740
	$85,466	$105,813	$68,396

Deferred tax liabilities and assets as of December 31, 1995 and 1994 relate to the following:

	1995	1994
Deferred tax liabilities		
Depreciation and other resource property differences		
United States	**$ 65,763**	$ 73,826
Canada – Federal	**52,068**	46,671
Canada – Provincial	**76,792**	74,653
Australia	**29,921**	5,214
	224,544	200,364
Other	**12,597**	14,800
Gross deferred tax liabilities	**237,141**	215,164
Deferred tax assets		
Tax loss carry-forwards		
United States	**2,533**	3,958
Canada – Federal	**8,073**	17,793
Canada – Provincial		4,836
Australia	**7,681**	2,972
Chile	**18,344**	16,363
	36,631	45,922
Reclamation costs		
United States	**8,502**	9,957
Other	**5,314**	4,071
	13,816	14,028
Employee benefit costs	**28,573**	28,120
Alternative minimum tax credit carry-forwards	**13,922**	16,476
Land and other resource property	**12,759**	4,193
Deductible mining taxes	**3,257**	3,080
Foreign tax credit carry-forwards	**4,600**	2,831
Other	**13,790**	14,079
Gross deferred tax assets	**127,348**	128,729
Deferred tax asset valuation allowances	**(59,611)**	(49,839)
Net deferred tax assets	**67,737**	78,890
Net deferred tax liability	**$ 169,404**	$136,274
Net deferred tax liability consists of		
Current deferred tax assets	**(20,521)**	
Long-term deferred tax liability	**189,925**	136,274
Net deferred tax liability	**$ 169,404**	$136,274

The classification of deferred tax assets and liabilities is based on the related asset or liability creating the deferred tax. Deferred taxes not related to a specific asset or liability are classified based on the estimated period of reversal. The change in the valuation allowance did not have a significant impact on the 1995 provision for income taxes. The $59.6 million deferred tax valuation allowance at December 31, 1995 represents the portion of the Company's consolidated deferred tax assets which, based on projections at December 31, 1995, the Company does not believe that realization is "more likely than not." Such $59.6 million of deferred tax valuation allowance consists of United States, Chile and Australia unrealized deferred tax assets of $37.1 million, $18.3 million and $4.2 million, respectively.

The largest portion of the $59.6 million of unrealized deferred tax assets is comprised of $34.1 million of future United States ($29.9 million) and Australia ($4.2 million) tax benefits relating to expenses that the Company projects will not be deductible for tax return purposes until after the year 2010. In projecting United States source income beyond this period, the Company currently does not meet the SFAS 109 "more likely than not" criteria required to recognize the United States tax benefits. In addition, there currently is not a tax strategy which would result in the realization of the Australian tax benefit. The remaining $25.5 million is comprised of future tax benefits relating to loss and credit carry-forwards in Chile and the United States that the Company projects it will be unable to realize. Net deferred tax assets at December 31, 1994 include $9.3 million of Canadian deferred tax assets, the realization of which is based on the Company's judgment regarding future income.

Major items causing the Company's income tax provision to differ from the federal statutory rate of 35% were as follows:

	1995	1994	1993
Income tax based on statutory rate	**$ 29,913**	$ 37,035	$ 23,938
Percentage depletion	**(9,879)**	(11,106)	(14,401)
Earnings in foreign jurisdictions taxed at different rates	**(1,019)**	(6,175)	(1,440)
State income taxes, net of federal benefit	**340**	1,614	130
Australian investment allowances	**(2,097)**		
Tax relating to reorganizations		7,682	4,387
Unrealized minimum tax credits	**4,790**	1,753	23,844
Nontaxable income	**(777)**	(4,784)	
Nondeductible losses	**6,231**	9,401	3,757
Deferred tax assets not recognized in prior years[1]	**(1,262)**	(27,697)	(36,706)
Foreign taxes withheld	**1,965**	2,089	2,669
Other – net	**1,212**	(2,107)	(411)
Total income taxes	**29,417**	7,705	5,767
Canadian mining taxes	**9,724**	11,175	7,008
Total income and mining taxes	**$ 39,141**	$ 18,880	$ 12,775

[1]Amounts include (i) reversals of prior year valuation allowances of $1.3 million in 1995 and $12.4 million in 1994, and (ii) realization of additional deferred tax assets that could not be recognized in prior years of $15.3 million in 1994 and $36.7 million in 1993.

The Company's 1994 income tax expense includes a $3.6 million tax benefit relating to tax law changes enacted in 1994 and a $9.6 million tax benefit relating to a change in the Company's judgment concerning the realizability of deferred tax assets in future years.

For income tax purposes, the Company has foreign tax losses and United States foreign tax credit carry-forwards of approximately $29.5 million and $4.6 million, respectively, which are due to expire at various times through the year 2000.

Note 8: Receivables

December 31,	1995	1994
Trade accounts	**$ 37,907**	$23,318
Deferred uranium sale		10,320
U.S. Government receivable (see note 20)	**5,500**	7,271
Income taxes		3,049
Interest and other	**14,639**	15,036
	$ 58,046	$58,994

Note 9: Inventories

December 31,	1995	1994
Finished products	**$ 13,498**	$15,004
Ore and in-process	**26,027**	26,889
Supplies	**30,454**	29,822
	$ 69,979	$71,715

At December 31, 1995 and 1994, the cost of certain finished gold inventories in the United States stated on the LIFO cost basis totaled $2.0 million and $2.5 million, respectively. Such inventories would have approximated $3.6 million and $4.0 million, respectively, if stated at the lower of market or current year average production costs. In 1993, 44,750 ounces of gold at an average cost of $175 per ounce were sold from the LIFO inventory, the effect of which increased pretax income by $5.2 million compared to the cost of such inventories based on 1993 average production cost.

At December 31, 1995 and 1994, ore stockpiles in the amounts of $11.1 million and $10.7 million, respectively, not expected to be processed within the 12 months following the end of each year are included in other assets (see note 12).

Note 10: Property, Plant and Equipment

December 31,	1995	1994
Mining properties and development costs	**$ 790,335**	$ 714,479
Plant and equipment	**891,277**	846,547
Land and royalty interests	**3,843**	3,843
Construction and mine development in progress	**12,282**	14,633
	1,697,737	1,579,502
Accumulated depreciation, depletion and amortization	**(850,961)**	(771,281)
	$ 846,776	$ 808,221

Note 11: Noncurrent Investments

December 31,	1995	1994
Equity investments		
Pinson (26%) and Marigold (33%) mines	**$ 4,121**	$ 6,298
Other equity investments	**1,963**	5,041
Navan Resources plc	**24,000**	
Other investments	**16,104**	4,435
	$ 46,188	$15,774

In July 1995, the Company acquired for $24 million a 10% interest (fully-diluted) in Navan Resources plc ("Navan"), an Irish public company, and an option to acquire 50% of Navan's interest in Bimak AD ("Bimak"), the owner of the Chelopech gold/copper processing operations located 45 miles east of Sofia, Bulgaria. Bimak has an exclusive contract to purchase all of the ore mined from the Chelopech mine. The Company can acquire 50% of Navan's 68% interest in Bimak by investing an additional $48 million, which would be used to fund a portion of the cost of a proposed expansion.

Other investments at December 31, 1995 includes $10 million related to a 1995 investment in Orion Resources NL ("Orion"). In January 1996, after further evaluation of the investment opportunity, the Company sold its investment in Orion and recorded a gain of $0.2 million.

Note 12: Other Assets

December 31,	1995	1994
Assets held in trust (see note 16)	**$ 23,741**	
Ore stockpiles	**11,118**	$10,684
U.S. Government receivable (see note 20)	**13,166**	2,520
Other	**11,927**	21,970
	$ 59,952	$35,174

Note 13: Accrued Liabilities

December 31,	1995	1994
Accrued payroll and other compensation	**$ 26,925**	$22,178
Accrued reclamation costs	**12,383**	15,266
Other	**14,629**	16,694
	$ 53,937	$54,138

Note 14: Long-term Debt

December 31,	1995	1994
Convertible subordinated notes (due 2000)	**$ 150,000**	$150,000
Pollution control bonds		
Lawrence County, South Dakota (due 2003)	**18,000**	18,000
State of California (due 2004)	**17,000**	17,000
	$ 185,000	$185,000

Convertible subordinated notes: The Company's 5.5% convertible subordinated notes, which mature on June 23, 2000, are convertible into common shares at a price of $23.06 per common share and are redeemable by the Company in whole at any time on or after June 23, 1996. Interest on the notes is payable semi-annually in June and December. Proceeds from the notes were used to retire existing gold loans and other long-term debt. Issuance costs of $3.9 million were capitalized and are being amortized over the life of the notes.

Pollution control bonds: The Company pays interest monthly on the pollution control bonds based on variable short-term, tax-exempt obligation rates. Interest rates at December 31, 1995 and 1994 were 5.0% and 5.7%, respectively. No principal payments are required until cancellation, redemption or maturity. Bondholders have the right to tender the bonds for payment at any time on seven-days notice. The Company has arrangements with underwriters to remarket any tendered bonds and also with a bank to provide liquidity and credit support to the Company and to purchase and hold for up to 15 months any tendered bonds that the underwriters are unable to remarket.

Lines of credit: The Company has a United States/Canadian cross-border credit facility providing a total availability of $150 million. The Company pays a commitment fee of 0.25% per annum on the unused portion of this facility. The credit facility is available through September 30, 2000 and provides for borrowings in United States dollars, Canadian dollars, gold loans or any combination of these. The credit agreement requires a minimum consolidated net worth of $500 million. In addition, Prime has a $11.0 million credit facility. At December 31, 1995 and 1994 no amounts had been borrowed under these agreements.

Note 15: Other Long-term Obligations

December 31,	1995	1994
Accrued reclamation costs (see notes 2, 13 and 20)	**$ 44,051**	$ 33,892
Accrued pension and other postretirement benefit obligations (see note 16)	**63,092**	64,066
Other	**13,275**	12,761
	$120,418	$110,719

Note 16: Employee Benefit Plans

Pension plans: The Company has pension plans covering substantially all United States employees. Plans covering salaried and other nonunion employees provide pension benefits based on years of service and the employee's highest compensation during any 60 consecutive months prior to retirement. Plans covering union employees provide defined benefits for each year of service.

Pension costs for 1995, 1994 and 1993 for Company-sponsored United States employee plans included the following components:

	1995	1994	1993
Service cost – benefits earned during the year	**$ 3,573**	$ 3,928	$ 3,513
Interest cost on projected benefit obligations	**14,476**	13,497	12,957
Actual net return on assets	**(44,788)**	(1,828)	(17,198)
Net amortization (deferral)	**32,405**	(11,202)	4,821
Net periodic pension cost	**5,666**	4,395	4,093
Early retirement program cost			4,062
	$ 5,666	$ 4,395	$ 8,155

Assumptions used in determining net periodic pension cost for 1995, 1994 and 1993 include discount rates of 8%, 7%, and 8%, respectively, and assumed rates of increase in compensation of 5%, 5%, and 6%, respectively. The assumed long-term rate of return on assets was 8.5% for each year. Assumptions used in determining the projected benefit obligations at December 31, 1995 and 1994 include discount rates of 7% and 8%, respectively, and an assumed rate of increase in compensation of 5%.

The funded status and amounts recognized for pension plans in the consolidated balance sheets are as follows:

	December 31, 1995 Plans Where		December 31, 1994 Plans Where	
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Actuarial present value of benefit obligations				
Vested benefits	**$ (159,400)**	**$ (16,300)**	$ (99,615)	$(51,749)
Accumulated benefits	**$ (175,400)**	**$ (17,500)**	$(108,838)	$(57,761)
Projected benefits	**$ (195,300)**	**$ (19,800)**	$ (127,006)	$(61,261)
Plan assets at fair value[1]	**192,565**		117,966	37,687
Projected benefit obligation in excess of plan assets	**(2,735)**	**(19,800)**	(9,040)	(23,574)
Unrecognized net loss (gain)	**(7,285)**	**114**	1,318	5,353
Unrecognized net transition obligation (asset) amortized over 15 years	**(3,916)**	**792**	77	(3,635)
Unrecognized prior service cost (benefit)	**680**	**3,081**	(608)	2,322
Additional minimum liability		**(1,687)**		(612)
Pension liability recognized in the consolidated balance sheets	**$ (13,256)**	**$ (17,500)**	$ (8,253)	$(20,146)

[1]Approximately 7% and 15% of the plan assets were invested in fixed-rate insurance contracts and the balance was invested in listed stocks and bonds in 1995 and 1994, respectively.

Amounts shown under "plans where accumulated benefits exceed assets" at December 31, 1995 consist of liabilities for a nonqualified supplemental pension plan covering certain employees and a nonqualified pension plan covering directors of the Company. These plans are unfunded. In 1995, the Company established a grantor trust, consisting of a money market fund and corporate-owned life insurance policies, to provide funding for the benefits payable under these nonqualified plans and certain other deferred compensation plans. The grantor trust, which is included in other assets, amounted to $23.7 million at December 31, 1995.

Certain of the Company's foreign operations participate in pension plans. The Company's share of contributions to these plans was $1.1 million in 1995 and $0.8 million in 1994 and 1993.

Postretirement benefits other than pensions: The Company provides medical and life insurance benefits for certain retired employees, primarily retirees of the Homestake mine. Retirees are generally eligible for benefits upon retirement if they are at least age 55 and have completed five years of service. Net periodic postretirement benefit costs were $3.5 million in 1995 and 1994 and $5.5 million in 1993.

The actuarial assumptions used in determining net periodic postretirement benefit costs include discount rates of 8% for 1995, 7% for 1994 and 8% for 1993, an initial health care cost trend rate of 11.5% grading down to an ultimate health care cost trend rate of 6% for 1995, an initial health care cost trend rate of 12% grading down to an ultimate health care cost trend rate of 5% for 1994, and an initial health care cost trend rate of 12.5% grading down to an ultimate health care cost trend rate of 6% for 1993. The actuarial assumptions used in determining the Company's accumulated postretirement benefit obligation at December 31, 1995 and 1994 include discount rates of 7% and 8%, respectively. A one percentage-point increase in the assumed health care cost trend rate would result in an increase of approximately $4.7 million in the accumulated postretirement benefit obligation at December 31, 1995 and an increase of approximately $0.5 million in net periodic postretirement benefit costs.

The following table sets forth amounts recorded in the Company's consolidated balance sheets at December 31, 1995 and 1994. The Company has not funded any of its estimated future obligation.

	1995	1994
Accumulated postretirement benefit obligation		
Retirees	**$(27,000)**	$(30,000)
Fully-eligible active plan participants	**(1,000)**	(1,000)
Other active plan participants	**(7,000)**	(9,000)
	(35,000)	(40,000)
Unrecognized net loss (gain)	**(5,412)**	996
Unrecognized prior service cost	**677**	737
Accumulated postretirement benefit obligation liability recognized in the consolidated balance sheets	**$(39,735)**	$(38,267)

Other plans: Substantially all full-time United States employees of the Company are eligible to participate in the Company's defined contribution savings plans. The Company's matching contribution was approximately $1.6 million in 1995 and $1.1 million in 1994 and 1993.

Under the Company's stock option plans, options to buy 2.3 million common shares at an average price of $18.82 per share were outstanding at December 31, 1995, of which 1.5 million shares were exercisable. An additional 0.6 million and 0.8 million shares were available for future grants at December 31, 1995 and 1994, respectively.

Stock option activity was as follows:

	1995		1994		1993	
	Number	Average Price Per Share	Number	Average Price Per Share	Number	Average Price Per Share
Balance at January 1	**2,301**		2,600		2,193	
HCI converted					787	$29.04
Granted	**361**	**$15.58**	268	$20.50	516	12.18
Exercised	**(206)**	**13.90**	(293)	15.98	(695)	15.88
Expired	**(147)**	**16.92**	(274)	15.86	(201)	29.20
Balance at December 31	**2,309**		2,301		2,600	

In October 1995, the FASB issued SFAS 123, "Accounting for Stock-Based Compensation." SFAS 123 is effective for periods beginning after December 15, 1995. SFAS 123 requires that companies either recognize compensation expense for grants of stock, stock options, and other equity instruments based on fair value, or provide pro forma disclosure of net income and earnings per share in the notes to the financial statements. The Company will adopt the disclosure provisions of SFAS 123 in 1996.

Note 17: Fair Value of Financial Instruments

The carrying values of the Company's cash and equivalents and short-term investments, noncurrent investments, long-term debt and foreign currency options approximate their estimated fair values.

Note 18: Shareholders' Equity

Other equity includes deductions of $3.7 million at December 31, 1995 and 1994 for loans made to certain former HCI employees and directors for the purchase of common shares. The loans, which were used for the purchase of shares of HCI, are non-interest bearing, are secured by a pledge of the shares, and are not required to be paid until the pledged securities are equal to or greater than the value of the respective loans.

Each share of common stock includes and trades with a right. Rights are not exercisable currently but become exercisable on the 10th business day after any person, entity or group ("the Acquiring Person") acquires 20% or more of the Company's common stock or announces a tender or exchange offer which would result in such entity acquiring 20% or more of the Company's common stock. When exercisable, each right entitles its holder to purchase from the Company one one-hundredth of a share of Series A Participating Cumulative Preferred Stock, par value $1 per share, at a share price of $75. If the Company is subsequently involved in a merger or other business combination involving the Acquiring Person, each right will entitle its holder to purchase certain securities of the surviving company. Rights also provide for protection against self-dealing transactions by the Acquiring Person. The rights expire on November 2, 1997.

Note 19: Additional Cash Flow Information

Cash paid for interest and for income and mining taxes is as follows:

	1995	1994	1993
Interest, net of amounts capitalized	**$11,292**	$10,110	$ 8,600
Income and mining taxes	**22,650**	10,670	18,170

Certain investing and financing activities of the Company affected its financial position but did not affect its cash flows. See note 3 for a discussion of the noncash acquisitions of the additional interests in HGAL.

Note 20: Contingencies

Environmental Contingencies

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") imposes heavy liabilities on persons who discharge hazardous substances. The Environmental Protection Agency ("EPA") publishes a National Priorities List ("NPL") of known or threatened releases of such substances.

Whitewood Creek: An 18-mile stretch of Whitewood Creek in the Black Hills of South Dakota is a site on the NPL. The EPA asserted that discharges of tailings by mining companies, including the Company, contaminated soil and water for more than 100 years. In 1990, the Company signed a consent decree with the EPA requiring that the Company perform remedial work on the site and continue long-term monitoring. The on-site remedial work has been completed and the consent decree was terminated on January 10, 1996. The EPA published a notice on November 30, 1995 of their intent to delete the site from the NPL. The Company estimates that the remaining cost of monitoring, including EPA oversight costs, will be approximately $1 million.

Grants: The Company's former uranium millsite near Grants, New Mexico is listed on the NPL. The EPA asserted that leachate from the tailings contaminated a shallow aquifer used by adjacent residential subdivisions. The Company paid the costs of extending the municipal water supply to the affected homes and continues to operate a water injection and collection system that has significantly improved the quality of the aquifer. The Company has decommissioned and disposed of the mills and has covered the tailings impoundments at the site. The total future cost for reclamation, remediation, monitoring and maintaining compliance at the Grants site is estimated to be $24 million.

Title X of the Energy Policy Act of 1992 (the "Act") authorized appropriations of $270.0 million to cover the Federal Government's share of certain costs of reclamation, decommissioning and remedial action for by-product material (primarily tailings) generated by certain licensees as an incident of uranium sales to the Federal Government. Reimbursement is subject to compliance with regulations of the Department of Energy ("DOE"), which were issued in 1994. Pursuant to the Act, the DOE is responsible for 51.2% of the past and future costs of reclaiming the Grants site in accordance with Nuclear Regulatory Commission license requirements. The accompanying balance sheet at December 31, 1995 includes a receivable of $18.7 million (see notes 8 and 12) for the DOE's share of reclamation expenditures made by the Company through 1995. The Company believes that its share of the estimated remaining cost of reclaiming the Grants facility, net of estimated proceeds from the ultimate disposals of related assets, is fully provided in the financial statements at December 31, 1995.

In 1983, the state of New Mexico made a claim against the Company for unspecified natural resource damages resulting from the Grants tailings. The state of South Dakota made a similar claim in 1983 as to the Whitewood Creek tailings. The Company denies all liability for damages at the two CERCLA sites. The two states have taken no action to enforce the 1983 claims. Final regulations for performing natural resource damage assessments were issued by the United States Department of Interior on March 25, 1994. CERCLA provides for a three-year statute of limitations for natural resource damage assessments after the issuance of final regulations.

The Company believes that the ultimate resolution of the above matters will not have a material adverse impact on its financial condition or results of operations.

While the ultimate amount of reclamation and site restoration costs to be incurred in the future is uncertain, the Company has estimated that the aggregate amount of these costs for operating properties, plus previously accrued remediation liabilities for non-operating properties, will be $99 million. This figure does not include approximately $12.2 million of reclamation costs at the Grants uranium facility, which will be funded by the United States Federal Government. At December 31, 1995 the Company had accrued $56.4 million for estimated ultimate reclamation and site restoration costs and remediation liabilities.

Other Contingencies

In addition to the above, the Company is party to legal actions and administrative proceedings and is subject to claims arising in the ordinary course of business. The Company believes the disposition of these matters will not have a material adverse effect on its financial position or results of operations.

Note 21: Foreign Currency and Other Commitments

Under the Company's foreign currency protection program, the Company has entered into a series of foreign currency option contracts which established trading ranges within which the United States dollar may be exchanged for foreign currencies by setting minimum and maximum exchange rates. The Company does not require or place collateral for these contracts. However, the Company minimizes its credit risk by dealing with only major international banks and financial institutions. The contracts are marked to market at each balance sheet date. Net unrealized gains on contracts outstanding at December 31, 1995 and 1994 totaled $0.3 million and $0.7 million, respectively. Other income for the years ended December 31, 1995, 1994 and 1993 included income (loss) of $(0.2) million, $4.6 million and $(1.4) million, respectively, related to the foreign currency protection program.

At December 31, 1995 the Company had outstanding forward currency contracts as follows:

Currency	Amount Covered (U.S. Dollars)	Exchange Rates to U.S. Dollars Minimum	Maximum	Expiration Dates
Canadian	$111,400	0.67	0.77	1996 - 1997
Australian	33,300	0.68	0.76	1996
	$144,700			

In addition to amounts related to the foreign currency option contracts, the Company realized foreign currency transaction losses of $0.6 million in 1995, $6.6 million in 1994, and $1.5 million in 1993, which were included in other income.

During 1994, the Company entered into forward sales for 183,200 ounces of gold it expected to produce at the Nickel Plate mine during 1995 and 1996. The purpose of the forward sales program was to allow for recovery of the Company's remaining investment in the mine and provide for estimated reclamation costs. Gold sales for the year ended December 31, 1995 included 88,800 ounces sold under this program at an average price of $398 per ounce. In October 1995, the Company closed out forward sales covering 24,400 ounces at an average price of $435 per ounce for delivery in 1996, realizing a gain of $0.8 million. At December 31, 1995 forward sales for 70,000 ounces at an average price of $421 per ounce remain outstanding.

The Company has entered into various commitments during the ordinary course of its business, which include commitments to perform assessment work and other obligations necessary to maintain or protect its interests in mining properties, financing and other obligations to joint ventures and partners under venture and partnership agreements, and commitments under federal and state environmental health and safety permits.

Note 22: Geographic and Segment Information

The Company primarily is engaged in gold mining and related activities. Interests in joint ventures are included in segment operations and identifiable assets. In determining operating earnings, which are defined as operating revenues less operating costs and expenses, the following items have been excluded: mineral exploration costs, corporate income and expenses, and income and mining taxes. Identifiable assets represent those assets used in a segment's operations. Corporate assets are principally cash and equivalents, short-term investments and assets related to operations not significant enough to require classification as a business segment.

Sales to individual customers exceeding 10% of the Company's consolidated revenues were as follows: in 1995, gold sales of $102 million, $101 million, $92 million and $91 million to four customers; in 1994, gold sales of $129 million, $118 million and $100 million to three customers; and in 1993, gold sales of $175 million, $145 million and $105 million to three customers. Because of the active worldwide market for gold, Homestake believes that the loss of any of these customers would not have a material adverse impact on the Company.

Geographic Information

	1995	1994	1993
Revenues			
United States[1]	$ 349,461	$ 346,629	$ 380,458
Canada[2]	264,548	192,363	194,755
Australia	120,898	143,944	121,025
Latin America[3]	11,458	22,551	25,990
	$ 746,365	$ 705,487	$ 722,228
Operating Earnings			
United States[1,4]	$ 45,373	$ 72,379	$ 33,295
Canada	89,459	55,804	70,788
Australia	9,261	29,026	29,660
Latin America[3]	705	(1,359)	2,272
	$ 144,798	$ 155,850	$ 136,015
Exploration Expense			
United States	$ 12,750	$ 11,841	$ 11,128
Canada	2,797	2,445	1,907
Australia	4,745	4,008	2,888
Latin America and other	7,249	3,053	1,534
	$ 27,541	$ 21,347	$ 17,457
Identifiable Assets as of December 31			
United States	$ 618,267	$ 598,059	$ 550,645
Canada	432,087	382,575	385,324
Australia	264,238	207,837	165,683
Latin America and other	7,041	13,497	19,598
	$1,321,633	$1,201,968	$1,121,250

[1] Includes a gain of $15.7 million in 1994 on the sale of the Company's interest in the Dee mine.

[2] Includes a gain of $11.2 million in 1994 on the dilution of the Company's interest in Prime.

[3] Includes a gain of $2.7 million in 1995 on the sale of the Company's interest in the Torres mining complex.

[4] Includes a write-down of $16.0 million in 1993 of oil assets at Main Pass 299.

Segment Information

	1995	1994	1993
Revenues			
Gold	$ 677,377	$ 632,031	$ 688,080
Sulphur and oil	40,620	26,882	16,220
Interest and other[1,2]	28,368	46,574	17,928
	$ 746,365	$ 705,487	$ 722,228
Operating Earnings			
Gold[1]	$ 139,105	$ 156,013	$ 161,947
Sulphur and oil[3]	5,693	(163)	(25,932)
Operating earnings	144,798	155,850	136,015
Exploration expense	(27,541)	(21,347)	(17,457)
Net corporate expense[2,4]	(31,791)	(28,690)	(50,162)
Income Before Taxes and Minority Interest	$ 85,466	$ 105,813	$ 68,396
Depreciation, Depletion and Amortization			
Gold	$ 90,237	$ 66,857	$ 90,842
Sulphur and oil	8,055	7,861	10,629
Corporate	1,310	1,453	1,906
	$ 99,602	$ 76,171	$ 103,377
Exploration Expense			
Gold	$ 27,541	$ 21,318	$ 17,017
Sulphur and oil	–	29	440
	$ 27,541	$ 21,347	$ 17,457
Additions to Property, Plant and Equipment			
Gold	$ 78,892	$ 83,597	$ 54,219
Sulphur and oil	1,604	3,039	1,828
Corporate	483	2,018	1,778
	$ 80,979	$ 88,654	$ 57,825
Identifiable Assets as of December 31			
Gold	$ 870,512	$ 796,016	$ 788,122
Sulphur and oil	134,990	143,742	142,220
Corporate:			
Cash and equivalents and short-term investments	212,373	205,180	134,719
Other	103,758	57,030	56,189
	$1,321,633	$1,201,968	$1,121,250

[1] Includes a gain of $2.7 million in 1995 on the sale of the Company's interest in the Torres mining complex and a gain of $15.7 million in 1994 on the sale of the Company's interest in the Dee mine.

[2] Includes a gain of $11.2 million in 1994 on the dilution of the Company's interest in Prime.

[3] Includes a write-down of $16.0 million of oil assets at Main Pass 299 in 1993.

[4] Includes restructuring and business combination expenses of $8.2 million in 1993.

Report of Independent Auditors

The Shareholders and Board of Directors of
Homestake Mining Company:

We have audited the consolidated balance sheets of Homestake Mining Company and Subsidiaries as of December 31, 1995 and 1994, and the related statements of consolidated income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Homestake Mining Company and Subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

San Francisco, California
February 9, 1996

Management's Responsibility for Financial Reporting

Homestake Mining Company and Subsidiaries

The accompanying consolidated financial statements of Homestake Mining Company and Subsidiaries are prepared by the Company's management in conformity with generally accepted accounting principles. Management is responsible for the fairness of the financial statements, which include estimates based on judgments.

The Company maintains accounting and other control systems which management believes provide reasonable assurance that financial records are reliable for the purposes of preparing financial statements and that assets are properly safeguarded and accounted for. Underlying the concept of reasonable assurance is the premise that the cost of controls should not be disproportionate to the benefits expected to be derived from such controls. The Company's internal control structure is reviewed by its internal auditors and by the independent auditors in connection with their audit of the Company's consolidated financial statements.

The external auditors conduct an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards in order to express their opinion on these financial statements. These standards require that the external auditors plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

The Audit Committee of the Board of Directors, composed entirely of outside directors, meets periodically with management, internal auditors and the external auditors to discuss the annual audit, internal control, internal auditing and financial reporting matters. The external auditors and the internal auditors have direct access to the Audit Committee.

H M Conger

Harry M. Conger
Chairman of the Board and Chief Executive Officer

Gene G. Elam

Gene G. Elam
Vice President, Finance and Chief Financial Officer
February 9, 1996

Quarterly Selected Data

(In thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1995:					
Revenues	**$179,932**	**$195,590**	**$181,428**	**$189,415**	**$746,365**
Net income	**6,560**[1]	**11,179**	**4,945**	**7,643**	**30,327**[1]
Per common share:					
Net income	**0.05**[1]	**0.08**	**0.04**	**0.05**	**0.22**
Dividends paid	**0.05**	**0.05**	**0.05**	**0.05**	**0.20**
1994:					
Revenues	$ 172,402	$ 202,079	$ 166,991	$ 164,015	$ 705,487
Net income	24,214	32,955[2]	10,849	9,998	78,016[2]
Per common share:					
Net income	0.18	0.24[2]	0.08	0.07	0.57[2]
Dividends paid	0.025	0.05	0.05	0.05	0.18

[1] Includes a gain of $1.4 million ($2.7 million pretax) or $0.01 per share on the sale of the Company's interest in the Torres mining complex.

[2] Includes a gain of $12.6 million ($15.7 million pretax) or $0.09 per share on the sale of the Company's interest in the Dee mine and a gain of $11.2 million (no tax expense) or $0.08 per share on the dilution of the Company's interest in Prime.

Common Stock Price Range

(Prices as quoted on the New York Stock Exchange)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1995:					
High	**$19.13**	**$19.13**	**$18.13**	**$17.38**	**$19.13**
Low	**14.75**	**15.63**	**16.13**	**15.13**	**14.75**
1994:					
High	$24.88	$22.63	$22.00	$20.75	$24.88
Low	18.88	17.38	17.50	16.13	16.13

Eight-Year Selected Data[1]

(Dollar amounts in thousands, except per share and per ounce amounts)	**1995**	1994	1993	1992	1991	1990	1989	1988
Operations								
Revenues	**$746,365**	$705,487	$722,228	$ 683,520	$ 671,600	$793,660	$771,126	$520,708
Production costs	**481,886**	447,129	454,623	470,374	468,107	473,688	405,246	276,082
Depreciation, depletion and amortization	**99,602**	76,171	103,377	117,483	116,993	113,443	103,110	59,472
Administrative and general expense	**37,283**	38,159	40,553	48,514	47,405	50,631	44,641	38,674
Exploration expense	**27,541**	21,347	17,457	27,798	47,440	50,695	49,394	47,952
Interest and other expense	**14,587**	16,868	13,639	19,114	12,336	28,475	33,073	26,315
Write-downs and restructuring costs			24,183	178,732	185,987	32,600	44,963	28,163
Income and mining tax expense (credit)	**39,141**	18,880	12,775	(2,889)	5,582	40,267	56,195	25,702
Minority interests	**15,998**	8,917	3,127	230	(4,494)	(350)	(266)	1,036
	716,038	627,471	669,734	859,356	879,356	789,449	736,356	503,396
Income (loss) from continuing operations	**30,327**[2]	78,016[3]	52,494[4]	(175,836)[5]	(207,756)[6]	4,211[8]	34,770[9]	17,312[11]
Income (loss) from discontinued operations					(25,359)	7,979	31,667	15,558
Extraordinary gain							3,678[10]	
Cumulative effect					(28,800)[7]			3,125[12]
Net income (loss)	**$ 30,327**[2]	$ 78,016[3]	$ 52,494[4]	$(175,836)[5]	$(261,915)[6,7]	$ 12,190[8]	$ 70,115[9,10]	$ 35,995[11,12]
Per Share								
Income (loss) from continuing operations	**$ 0.22**[2]	$ 0.57[3]	$ 0.38[4]	$ (1.31)[5]	$ (1.57)[6]	$ 0.02[8]	$ 0.28[9]	$ 0.14[11]
Income (loss) from discontinued operations					(0.19)	0.06	0.25	0.13
Extraordinary gain							0.03[10]	
Cumulative effect					(0.22)[7]			0.02[12]
Net income (loss)	**$ 0.22**[2]	$ 0.57[3]	$ 0.38[4]	$ (1.31)[5]	$ (1.98)[6,7]	$ 0.08[8]	$ 0.56[9,10]	$ 0.29[11,12]
Dividends paid (Homestake only)	**$ 0.20**	$ 0.175	$ 0.10	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20

[1] Eight-year selected data reflects the 1992 combination of Homestake and HCI accounted for as a pooling of interests, and accounts for Homestake's former interests in base metals, oil and gas, uranium and HCI's non-gold operations as discontinued operations.

[2] Includes a gain of $1.4 million ($2.7 million pretax) or $0.01 per share on the sale of the Company's interest in the Torres silver mining complex.

[3] Includes a gain of $12.6 million ($15.7 million pretax) or $0.09 per share on the sale of the Company's interest in the Dee mine and a gain of $11.2 million (no tax expense) or $0.08 per share on dilution of the Company's interest in Prime.

[4] Includes expense of $12.8 million ($16.0 million pretax) or $0.09 per share for the write-down of oil assets at Main Pass 299 and expense of $6.8 million ($8.2 million pretax) or $0.05 per share for restructuring and business combination costs.

[5] Includes expense of $117.7 million ($130.3 million pretax) or $0.87 per share for write-downs of certain mining properties and investments and expense of $32.3 million ($48.4 million pretax) or $0.24 per share for restructuring and business combination costs.

[6] Includes expense of $165.5 million ($172.4 million pretax) or $1.25 per share for write-downs of certain mining properties and investments and expense of $7.8 million ($13.6 million pretax) or $0.06 per share for HCI's 1991 restructuring.

Eight-Year Selected Data[1]

(Dollar amounts in thousands, except per share and per ounce amounts)	1995	1994	1993	1992	1991	1990	1989	1988
Financial Position								
Cash and short-term investments	**$ 212,373**	$ 205,180	$ 134,719	$ 71,064	$ 164,353	$ 332,690	$ 323,501	$ 295,538
Other current assets	**156,344**	137,619	103,491	108,288	137,217	295,843	209,998	172,936
Property, plant and equipment – net	**846,776**	808,221	830,228	911,588	844,909	902,161	947,694	692,020
Other long-term assets	**106,140**	50,948	52,81[illegible]	54,229	206,352	381,121	267,504	213,321
Total assets	**$1,321,633**	$1,201,968	$1,121,250	$1,145,169	$1,352,831	$1,911,815	$1,748,497	$1,373,815
Current liabilities	**$ 98,421**	$ 96,895	$ 104,350	$ 155,894	$ 191,145	$ 205,863	$ 145,325	$ 95,926
Long-term debt	**185,000**	185,000	189,191	205,174	279,190	408,902	440,888	283,600
Other long-term obligations	**120,418**	11[illegible],719	93,674	88,002	86,193	51,253	47,000	41,425
Deferred income and mining taxes	**189,925**	136,274	164,030	162,587	100,797	108,681	114,828	61,663
Minority interests[13]	**92,012**	84,310	54,761	68,074	19,864	78,422	98,972	58,976
Shareholders' equity	**635,857**	588,770	515,244	465,438	675,642	1,058,694	901,484	832,225
Total liabilities and shareholders' equity	**$1,321,633**	$1,201,968	$1,121,250	$1,145,169	$1,352,831	$1,911,815	$1,748,497	$1,373,815
Ratios								
Debt to equity	**29%**	31%	37%	53%	52%	48%	51%	37%
Return on shareholders' equity	**5%**	14%	11%	(31)%	(30)%	1%	8%	4%
Capital Expenditures	**$ 80,979**	$ 88,654	$ 57,825	$ 63,453	$ 166,458	$ 139,352	$ 266,279	$ 281,040
Operating Statistics								
Gold production (thousands of ounces)	**1,877**	1,696	1,918	1,912	1,801	1,979	1,738	1,312
Average gold price realized per ounce	**$386**	$384	$359	$348	$376	$392	$394	$434
Total cash costs per ounce	**$257**	$252	$229	$246	$269	$247	$246	$262
Reserves								
Gold (millions of ounces)	**21.5**	17.9	18.4	17.3	18.5	19.6	20.6	14.3
Eskay Creek silver (millions of ounces)	**47.4**	51.5	55.1					
Sulphur (millions of long tons)	**11.4**	11.7	11.0	11.2	11.2	[illegible]		

[7] Includes expense of $28.8 million (no tax benefit) or $0.22 per share for the cumulative effect of the change in accounting for postretirement benefits other than pensions.

[8] Includes expense of $32.6 million (no tax benefit) or $0.25 per share for the write-down of the Company's investment in NAM.

[9] Includes expense of $30.7 million ($45 million pretax) or $0.24 per share for write-downs of certain mining properties of HCI.

[10] Includes an extraordinary gain of $3.7 million or $0.03 per share on the monetization of gold loans.

[11] Includes expense of $28.2 million (no tax benefit) or $0.23 per share for write-downs of certain mining properties of HCI.

[12] Includes income of $3.1 million or $0.02 per share from the cumulative effect of the change in accounting for income taxes.

[13] Includes redeemable preference shares of wholly-owned subsidiaries of $15.9 million, $4.9 million, $46.1 million, $50.4 million and $48.9 million at December 31, 1992, 1991, 1990, 1989 and 1988, respectively.

Directors and Officers

Board of Directors

M. Norman Anderson, 65 [A,H,N]
Former Chairman
International Corona Corporation
Mining Industry Consultant

Robert H. Clark, Jr., 55 [A,E]
President and Chief Executive Officer
Case, Pomeroy & Company, Inc.

Harry M. Conger, 65 [E,F]
Chairman of the Board and
Chief Executive Officer
Homestake Mining Company

G. Robert Durham, 67 [C,H,N]
President and Chief Executive Officer
Walter Industries, Inc.

Douglas W. Fuerstenau, 67 [C,H,N]
Professor in the Graduate School,
Department of Materials Science and
Mineral Engineering
University of California, Berkeley

Henry G. Grundstedt, 66 [C,F]
Former Senior Vice President
Capital Guardian Trust

William A. Humphrey, 69 [E,F,H]
Vice Chairman of the Board
Former President and
Chief Operating Officer
Homestake Mining Company

Robert K. Jaedicke, 67 [A,C]
Professor (Emeritus) of Accounting
Graduate School of Business
Stanford University

John Neerhout, Jr., 65 [A,C,H]
Executive Vice President and Director
Bechtel Group, Inc.

Stuart T. Peeler, 66 [E,F]
Petroleum Industry Consultant

Carol A. Rae, 49 [A,F]
Former President and
Chief Executive Officer
Magnum Diamond Corporation

Berne A. Schepman, 68 [C,E,N]
President
The Adair Company

Jack E. Thompson, 45 [E,F]
President and Chief Operating Officer
Homestake Mining Company

Hadley Case, Director Emeritus
Chairman of the Board
Case, Pomeroy & Company, Inc.

Officers

Harry M. Conger, 65
Chairman of the Board and
Chief Executive Officer

Jack E. Thompson, 45
President and Chief Operating Officer

Gene G. Elam, 56
Vice President, Finance and
Chief Financial Officer

Lee A. Graber, 48
Vice President, Corporate Development

Wayne Kirk, 52
Vice President, General Counsel and
Corporate Secretary

Gillyeard J. Leathley, 58
Vice President, Operations

William F. Lindqvist, 53
Vice President, Exploration

Ronald D. Parker, 45
Vice President, Canada

Richard A. Tastula, 52
Vice President, Australia

David W. Peat, 43
Vice President and Controller

Jan P. Berger, 40
Treasurer

Michael L. Carroll, 42
Director of Taxes and Assistant Secretary

Dennis B. Goldstein, 50
Corporate Counsel and Assistant Secretary

Fred Hewett, 43
Assistant Controller

Thomas H. Wong, 46
Assistant Treasurer and Assistant Secretary

Richard J. Stoehr
Senior Consultant to the Chairman of
the Board and Chief Executive Officer

A = Member of Audit Committee
C = Member of Compensation Committee
E = Member of Executive Committee
F = Member of Finance Committee
H = Member of Environment, Health and
Safety Committee
N = Member of Nominating Committee

Corporate Information

Corporate Headquarters
Homestake Mining Company
650 California Street
San Francisco, CA 94108-2788
Telephone: (415) 981-8150
Fax: (415) 397-5038

Mining Operations
Homestake Mine
630 East Summit
Lead, SD 57754-0875
Telephone: (605) 584-4653

Stephen Orr
General Manager

McLaughlin Mine
26775 Morgan Valley Road
Lower Lake, CA 95457-1010
Telephone: (707) 995-6070

Patrick Purtell
General Manager

Kalgoorlie Operations
Homestake Gold of Australia Limited
Ascot Place, 226 Great Eastern
Highway, Belmont,
Western Australia 6104 Australia
Telephone: (61) 9-479-4844

Richard A. Tastula
Vice President, Australia

Williams, David Bell, Nickel Plate,
Snip and Eskay Creek Mines
Homestake Canada Inc.
#1000 - 700 West Pender Street
Vancouver, BC V6C 1G8 Canada
Telephone: (604) 684-2345

Ronald D. Parker
Vice President, Canada

El Hueso Mine
Minera Homestake Chile S.A.
Pedro de Valdivia 0193 piso 4°
Santiago, Chile
Telephone: (56) 2-231-7103

Sergio Chavez
General Manager

Exploration
William F. Lindqvist
Vice President, Exploration
Corporate Headquarters

Reno Office
1375 Greg Street, Suite 105
Sparks, NV 89431
Telephone: (702) 358-5609

Don W. T. Lewis
Director, North American
Exploration/Evaluations

Ruby Hill Project
Gregory A. Lang
General Manager
Reno Office

Annual Meeting of Shareholders
Tuesday, May 14, 1996, 11:00 a.m.
Fairmont Hotel
950 Mason Street
Atop Nob Hill
San Francisco, CA

A proxy statement will be mailed to each shareholder in March.

Form 10-K and
Other Financial Publications
A copy of the Form 10-K Report filed with the Securities and Exchange Commission, a booklet containing statistical and supplemental financial information and other corporation publications may be obtained without charge by writing to the Director, Investor Relations, Homestake Mining Company, 650 California Street, San Francisco, California 94108-2788 or by calling Investor Relations Voicemail, (415) 983-5850.

Dividend Reinvestment Plan
Shareholders interested in Homestake's Dividend Reinvestment Plan should contact the Transfer Agent.

Principal Subsidiaries
Homestake Mining Company
of California

Homestake Canada Inc.

Homestake Gold of Australia Limited

Homestake Nevada Corporation

Minera Homestake Chile S.A.

Homestake Sulphur Company

Prime Resources Group Inc.

Transfer Agent and Registrar
The First National Bank of B[illegible]n
Shareholder Services Division
P.O. Box 644, MS 45-02-07
Boston, MA 02102-0644
Telephone: (800) 730-4001
or (617) 575-3170

Stock Exchange
Listings and Symbols
New York Stock Exchange (HM)

Swiss Stock Exchanges (HM)
(Geneva, Zürich, Basel)

Australian Stock Exchange (HM)

Options Traded: NYSE and CBOE

The Goldmark was launched in 1991 to serve as an identification mark for gold jewelry.

Homestake Mining Company is a founding member of the *World Gold Council*, a non-profit association of gold producing companies from 14 countries. The Council's primary objective is to stimulate the demand for gold by promoting its consumption in jewelry, and for investment and industrial uses.

Homestake produces an Environmental, Health and Safety Report that describes its commitment to the environment and to health and safety excellence, and reports on the Company's progress and plans. The report is mailed to shareholders with the first quarter results and also is available upon request.

This annual report is printed entirely on recycled paper. Design: Broom & Broom, Inc. San Francisco, CA.

HOMESTAKE

Homestake® Mining Company
650 California Street
San Francisco, California
94108-2788

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 ***[FEE REQUIRED]***
For the fiscal year ended December 31, 1995

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 ***[NO FEE REQUIRED]***
For the transition period from ______ to ______

Commission file number **1-8736**

HOMESTAKE MINING COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**94-2934609**
(State of Incorporation)	*(I.R.S. Employer Identification No.)*
650 California Street	
San Francisco, California	**94108-2788**
(Address of principal executive office)	*(Zip Code)*

(415) 981-8150
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	*Name of each exchange on which registered*
Common Stock, $1.00 par value	New York Stock Exchange, Inc.
Rights to Purchase Series A Participating Cumulative Preferred Stock	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:
Not Applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes _X_ No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $2,549,000,000 as of March 18, 1996.

The number of shares of common stock outstanding as of March 18, 1996 was 146,489,575.

Documents Incorporated by Reference:

Specified sections of Homestake Mining Company's 1995 Annual Report to Shareholders, as described herein, are incorporated by reference in Parts I and II of this Form 10-K. Specified sections of the definitive Proxy Statement for the 1996 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 1995, are incorporated by reference in Part III of this Form 10-K.

HOMESTAKE MINING COMPANY AND SUBSIDIARIES

PART I

ITEM - 1 BUSINESS

INTRODUCTION

Homestake is a Delaware corporation organized in 1983 as the parent holding company to a California corporation organized in 1877. In this report, the terms "Homestake" and "Company" refer to Homestake Mining Company and its subsidiaries.

Homestake is engaged in gold mining and related activities, including exploration, extraction, processing, refining and reclamation. Gold bullion, the Company's principal product, is produced in the United States, Canada, Australia, and Chile. Ore and concentrates containing gold and silver from the Eskay Creek and Snip mines in Canada are sold directly to smelters.

The results of the Company's operations are affected significantly by the market price of gold. Gold prices are influenced by numerous factors over which the Company has no control, including expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and certain other currencies, interest rates, global or regional political or economic crises, demand for gold for jewelry and industrial products, and sales by holders and producers of gold in response to these factors. The supply of gold consists of a combination of new mine production and sales from existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, and individuals.

The Company's general policy is to sell its production at current prices and not enter into forward sales, derivatives or other hedging arrangements which establish a price for the sale of its future gold production. As a result, the Company's profitability is exposed to fluctuations in the current price of gold in world markets. However, in certain limited circumstances, the Company will enter into forward sales commitments for small portions of its gold production. In 1994, the Company sold for future delivery 183,200 ounces of gold it expected to produce at the Nickel Plate mine during 1995 and 1996. These forward sales represented less than 5% of the gold that Homestake expected to produce during 1995 and 1996. The purpose of this forward sales program was to allow for recovery of the Company's remaining investment in the mine and provide for estimated reclamation costs. During 1995, 113,200 ounces of gold were delivered or financially settled under this program. At December 31, 1995 forward sales contracts covering 70,000 ounces for delivery in 1996 remained outstanding.

Homestake also owns a 16.7% co-tenancy interest in the Main Pass 299 offshore sulphur mine and oil deposit in the Gulf of Mexico.

Dollar amounts in this report are in U.S. dollars unless otherwise indicated.

Effective December 31, 1995 Homestake adopted the "Gold Institute Production Cost Standard" for reporting of per ounce production costs. All cost per ounce information included in this Form 10-K has been presented on this basis (See "GLOSSARY" on page 33).

See note 22 to the consolidated financial statements on pages 42 and 43 of the Company's 1995 Annual Report to Shareholders for geographic and segment information. Such information is hereby incorporated by reference.

SIGNIFICANT 1995 AND 1996 DEVELOPMENTS

In late 1995 and early 1996, the Company acquired the 18.5% of Homestake Gold of Australia Limited ("HGAL") it did not already own. Homestake offered 0.089 of a Homestake share or A$1.90 in cash for each of the 109,605,000 HGAL shares. Homestake expects to issue a total of 8.5 million common shares and expend $22.3 million in cash in acquiring the 18.5% of HGAL held by minority shareholders. See note 3 to the Consolidated Financial Statements on page 34 of the Annual Report to Shareholders for further details of this transaction.

A positive feasibility study for the Ruby Hill project was completed during the fourth quarter of 1995. This study indicates that the project will produce an average of 105,000 ounces of gold per year over its six-year life at a total cash cost of $140 per ounce. Capital requirements, including the pre-stripping of the overlying alluvium, are estimated to be $65 million. Construction of the facilities is anticipated to begin in early 1997 with initial gold production possible in late 1997.

In December 1995, the Company acquired for $10.4 million, 5.5 million shares of Orion Resources NL ("Orion"), an Australian public mining company, and options to acquire an additional 5 million shares of Orion. After further evaluation of the investment opportunity, Homestake sold these shares and options in January 1996 for $10.7 million.

In August 1995, an addition to the Fimiston mill at Kalgoorlie, Western Australia was commissioned. The addition has replaced the capacity of the Oroya mill, which was dismantled to allow for a planned expansion of the Super Pit, and increased the milling capacity at the Kalgoorlie operations to 33,500 tons-per-day ("TPD"). The expected lower unit milling costs resulting from the expansion will allow for further expansion of the of the Super Pit.

In July 1995, the Company acquired for $24.0 million a 10% interest (fully-diluted) in Navan Resources plc ("Navan"), an Irish public company, and an option to acquire up to 50% of Navan's wholly-owned subsidiary, Navan Bulgarian Mining N.V., which owns a 68% interest in Bimak AD ("Bimak"), the owner of the Chelopech gold/copper processing operations located 45 miles east of Sofia, Bulgaria. Bimak provides mining supervision and has an exclusive contract to purchase all of the ore mined from the Chelopech mine. In March 1996, the Company exercised the option and agreed to advance up to $12.0 million, subject to the satisfaction of certain conditions, principally approval by the Bulgarian government to increase the rate of mining at Chelopech from 500,000 to 750,000 tonnes annually and approval of the roaster project for arsenic removal. The Company can acquire 50% of Navan's interest in Bimak by investing an additional $36.0 million, which would be used to fund a portion of the cost of a proposed expansion to accommodate processing of 1,750,000 tonnes annually.

In June 1995, Homestake exercised an option to acquire 5% of Zoloto Mining Ltd. ("Zoloto") for $1.0 million. Zoloto has an exclusive option to acquire a 75% interest in the two million ounce Pokrovskoye gold deposit located in the Amur region of eastern Russia by bringing the deposit into production. A feasibility study completed in March 1996 indicated that the projected economic returns do not support the cost of the large-scale mining and milling operations originally contemplated for the Prokrovskoye deposit. Homestake has agreed to forego its option and to pay for a revised feasibility study focused on a smaller scale operation. In exchange, Homestake will receive an additional 10% of Zoloto.

In February 1995, the Company sold its 28% equity interest in the Torres silver mining complex for $6.0 million. This sale resulted in a pretax gain of $2.7 million.

In January 1995, commercial production began at the new Eskay Creek mine in British Columbia. During 1995, Eskay Creek sold 104,100 tons of ore containing 196,500 ounces of gold and 9,945,000 ounces of silver for a total of approximately 331,300 gold equivalent ounces. Total cash costs, including the costs of third-party smelters, were $185 per gold equivalent ounce during 1995. Proven and probable ore reserves totaled 2.1 million contained ounces of gold and 93.8 million contained ounces of silver at December 31, 1995. A recent exploration drilling program at Eskay Creek intersected high-grade gold and silver mineralization which has the potential to add to the known reserves. Additional exploration drilling is planned in 1996 for this zone. Through its majority ownership of Prime Resources Group Inc. ("Prime"), the Company has a 50.6% interest in the Eskay Creek mine.

The Company increased its proven and probable gold reserves by 3.5 million contained ounces to 21.5 million contained ounces at December 31, 1995 compared to 18.0 million contained ounces at December 31, 1994. This increase is net of 1.9 million ounces produced during 1995. Principal increases, net of production, were 1.9 million ounces at the Kalgoorlie operations (including 1.2 million ounces as a result of acquiring the minority interests in HGAL), 1.0 million ounces at the Homestake mine, 0.6 million ounces at the Round Mountain mine and 0.7 million ounces at the Ruby Hill project following completion of a feasibility study covering the West Archimedes orebody.

GLOSSARY OF TERMS

See "GLOSSARY" and "INFORMATION ON RESERVES" on pages 33-34 for definitions of terms used in the following discussion.

GOLD OPERATIONS

UNITED STATES

Homestake conducts operations at the Homestake mine in the Black Hills of South Dakota and at the McLaughlin mine in northern California. Homestake also owns a 25% interest in the Round Mountain mine in central Nevada and owns or has an interest in three smaller mines in Nevada: the Santa Fe mine (100%), the Pinson mine (26.3%) and the Marigold mine (33.3%). During 1995, with the completion of mining, the Santa Fe mine entered the reclamation phase. Homestake also has a 100% interest in the Ruby Hill project in Nevada. The Company has an exploration office in Reno, Nevada.

Homestake Mine

The 119-year old Homestake gold mine is located in Lawrence County in and near Lead, South Dakota. Homestake owns 100% of the operation.

The Homestake mine properties cover approximately 11,700 acres, of which approximately 8,200 acres are owned in fee and the remainder are held as unpatented mining claims. All mining is conducted on owned property. Paved public roads provide access to the operation.

The Homestake mine is comprised of underground and open-pit (the "Open Cut") mining operations, an ore processing plant, a waste-water treatment plant, and tailings disposal facilities. The underground mine is serviced by two 5,000-foot vertical shafts from the surface connecting with internal shafts which provide hoisting and services to the 8,000-foot level. Ore from underground is hoisted to the surface, crushed and transported to the nearby processing plant. Open Cut ore is crushed and transported more than a mile to the processing plant by an enclosed conveyor. The 7,400-TPD capacity processing plant recovers gold through a combination of gravity, carbon-in-pulp ("CIP") and vat leaching processes. Recycled process water is pumped through a carbon-in-leach ("CIL") circuit, also contributing to production. The refinery produces 0.997 fine gold bullion. Process tails are used for underground fill or are deposited in a tailings impoundment facility three miles from the plant. The capacity of the tailings impoundment will be adequate through the end of 1996, at which time a new lift will be required. The first phase of a major tailing lift expansion will commence in the fourth quarter of 1996. Facilities and equipment at this operation continue to be upgraded for technological advances and generally are in good operating condition.

Untreated water for use in the mine's facilities is obtained from local watersheds under Homestake mine water rights and potable water is purchased from the Lead/Deadwood sanitation district. Electric power is purchased under contract from Black Hills Corporation and is supplemented by Homestake-owned hydroelectric facilities.

The main ventilation raise for the deeper levels of the underground mine, which collapsed in 1994, was replaced in the first quarter of 1995 with a 14-foot diameter borehole between the 5,900- and 6,800-foot levels of the mine. This new exhaust raise has increased ventilation and cooling capacity for the deep mine levels.

Expansion of the Open Cut was completed in 1995.

As mining has progressed into the lower levels of the Homestake mine, the remaining higher-grade ore deposits have become narrower and less continuous and more difficult to mine. The operation continues to develop new mining methods, including narrow vein mining, uphole mining and bench mining which have allowed profitable recovery of some previously subeconomic material. The new mining methods have increased productivity. Despite increasingly difficult orebodies, the operation has maintained its current cost structure and increased reserves.

During 1995, the operation suffered from reduced mill throughput due to processing harder than normal ore from the Open Cut. Evaluations were conducted on the crushing and grinding circuit to improve milling rates. During the last quarter of 1995, increased underground throughput and modifications to the Open Cut and underground crushing plants had returned mill throughput to near normal levels.

During 1995, the operation added nearly one million ounces to its reserve base, net of 1995 production. This 24% increase primarily is the result of new mining methods, in-mine exploration, ore reserve definition drilling and reserve revisions resulting from computer-aided modeling techniques.

Hourly employees at the Homestake mine are represented by the United Steelworkers of America. In March 1995, a new labor contract was ratified covering the period through May 1998.

The Homestake mine has received no notices of violation and is under no regulatory orders of any kind mandating specific environmental expenditures. During 1995, the mine operated in compliance with environmental permits.

No royalties are payable on production from the Homestake mine. The State of South Dakota currently imposes a severance tax of 10% of net profits from the sale of gold produced in the state, plus $4 per ounce of gold sold when the price of gold is $499 per ounce or less, increasing by $1 per ounce for each $100 increment or part thereof in excess of $499 per ounce.

Geology

The Homestake mine is the largest known iron formation hosted gold deposit. In its 119-year life, the mine has produced in excess of 38 million ounces of gold. The Homestake gold deposit is Proterozoic in age (approximately 1.9 billion years). Mineralization is generally stratabound within the Homestake Formation, which is a quartz-veined, sulfide-rich sedimentary sequence that has been complexly deformed by tight folding, faulting and shearing. Ten southeast-plunging fold structures, locally called ledges, have produced gold ore over a vertical extent of more than 8,000 feet.

Year-end Proven and Probable Ore Reserves

	1995	1994
Underground:		
Tons of ore (000's)	20,886	15,595
Ounces of gold per ton	0.218	0.228
Contained ounces of gold (000's)	4,551	3,559
Open Cut:		
Tons of ore (000's)	5,117	4,787
Ounces of gold per ton	0.111	0.121
Contained ounces of gold (000's)	568	579
Total:		
Tons of ore (000's)	26,003	20,382
Ounces of gold per ton	0.197	0.203
Contained ounces of gold (000's)	5,119	4,138

Operating Data

	1995	1994
Production Statistics:		
Tons of ore mined (000's):		
Underground	1,461	1,331
Open Cut	1,217	1,092
Ore grade mined (oz. gold/ton):		
Underground	0.219	0.224
Open Cut	0.093	0.100
Open Cut stripping ratio (waste:ore)	7.3:1	10.1:1
Tons of ore milled (000's)	2,460	2,590
Mill feed ore grade (oz. gold/ton)	0.171	0.160
Mill recovery (%)	96	95
Gold recovered (000 ozs.)	403	394

Cost per Ounce of Gold:		
Cash operating costs	$292	$284
Other cash costs	11	7
Noncash costs	32	31
Total production costs	$335	$322

McLaughlin Mine

The McLaughlin gold mine is located at the junction of Lake, Napa and Yolo Counties in northern California. The McLaughlin mine has been in operation since 1985 and is 100% owned by Homestake.

The McLaughlin mine properties cover approximately 16,200 acres. Approximately 15,100 acres are owned and approximately 950 acres are leased. The Company holds seven unpatented mining claims and six millsite claims covering the remaining 160 acres. Access to the property is by paved road.

Ore is mined by open-pit methods using a fleet of 85-ton haul trucks and two hydraulic shovels. Ore is crushed, ground and transported by slurry pipelines five miles to the processing site. The processing plant consists of two parallel circuits. The primary circuit utilizes pressure oxidation (autoclaves) to treat higher-grade sulfide ores, followed by neutralization and cyanide leaching. The second circuit uses conventional sulfide flotation. Concentrates produced from flotation are added to the sulfide ores prior to treatment through the autoclaves. Flotation tailings go directly to cyanide leach. Conventional CIP cyanidation with pressure stripping and electrowinning is used to recover gold and silver. Total mill capacity through both circuits is approximately 6,300 TPD. Tailings are deposited in a tailings impoundment that will be adequate through 1996, at which time a new lift is scheduled to be added to the existing dam at an estimated cost of $2.6 million. The new lift will increase the impoundment's capacity to allow for the treatment of all but the lowest-grade material in the remaining reserves. A final lift, currently scheduled to be added in 1999 at an estimated cost of $2.4 million, will be required to allow for the processing of all remaining reserves. Facilities are modern and in good operating condition.

The majority of process water is recycled from the tailings pond. Additional water is obtained from the Company's reservoir in Yolo County, which has approximately four years of storage capacity. Electric power is purchased under interruptible tariff from Pacific Gas and Electric Company.

In mid-1996, mining will cease and the pressure oxidation circuit will be shut down. Gold production levels are expected to decline significantly, with future production to be derived from the processing of lower-grade stockpiles. During 1996, modifications will be made to the mill circuits to convert the sulfide circuit to conventional direct cyanide leach and increase plant capacity to 6,500 TPD for the processing of stockpiled ore. Processing of the stockpiled ore is expected to continue for approximately eight years.

During 1995, the mine operated in compliance with its environmental permits.

McLaughlin mine royalties are equivalent to approximately 2% of revenues.

Geology

The McLaughlin ore body is a structurally-controlled siliceous vein network, overlain by hot-spring terraces (sinter). The mineralization is the product of 0.5 to 1.0 million year old geothermal activity, induced by regional volcanism. Precious metals were transported in hot-spring fluids and coprecipitated with quartz, chalcedony and opal in open fractures along and adjacent to a northeast-dipping structure, known as the Stony Creek fault. The ore body is wedge shaped and extends to depths of over 1,000 feet along a strike-length of more than a mile.

Year-end Proven and Probable Reserves

	1995	1994
Open Pit:		
Tons of ore (000's)	1,411	5,040
Ounces of gold per ton	0.103	0.101
Contained ounces of gold (000's)	145	508
Stockpiled: [1]		
Tons of ore (000's)	17,931	17,024
Ounces of gold per ton	0.065	0.068
Contained ounces of gold (000's)	1,170	1,157
Total:		
Tons of ore (000's)	19,342	22,064
Ounces of gold per ton	0.068	0.075
Contained ounces of gold (000's)	1,315	1,665

1. The cost of mining substantially all of the lower-grade ore in the stockpiles has been expensed.

Operating Data

	1995	1994
Production Statistics:		
Tons of ore mined (000's)	2,056	2,667
Stripping ratio (waste:ore)	5.9:1	5.6:1
Tons of ore milled (000's)	2,296	2,244
Mill feed ore grade (oz. gold/ton)	0.120	0.126
Mill recovery (%)	88	87
Gold recovered (000 ozs.)	242	250
Cost per Ounce of Gold:		
Cash operating costs	$234	$241
Other cash costs	8	8
Noncash costs	111	79
Total production costs	$35[illegible]	$328

Round Mountain Mine

The Round Mountain gold mine is an open-pit mine located in Nye County, Nevada, about 60 miles north of Tonopah. Homestake owns a 25% undivided interest in the mine. Echo Bay Mines Ltd. owns a 50% undivided interest and is the operator. The remaining 25% interest is owned by Case, Pomeroy & Company, Inc. The mine has been in operation since 1977.

The Round Mountain properties cover approximately 28,362 acres of private property and public domain land, some of which are under patent application and the remainder of which are subject to unpatented mining claims. Of the total reserves, 76% are located on the privately-owned land. Paved public roads provide access to the operations.

Ore from the mine is leached using two methods. The higher-grade ore is processed on reusable heap-leach pads and the lower-grade ore is leached on a dedicated pad. During 1995, total ore processed averaged 88,687 TPD. The reusable heap-leach pads processed 22,490 TPD and the balance was processed on the dedicated pad. The average ore and waste mining rate was 169,236 TPD. The reusable pad processing facilities consist of a gyratory crusher, an intermediate ore storage and reclaim system, secondary and tertiary cone crushers and screens, and a conveyor system used to transport ore to two asphalt leach pads. The reusable pads have a total capacity of approximately four million tons. A separate 16.4 million square foot dedicated heap-leach pad to process uncrushed run-of-mine ore and to reprocess previously leached material has a total capacity of 131 million tons. Facilities are in good condition.

Water is supplied from wells on the property and power is purchased under contract from Sierra Pacific Power Company.

Homestake's share of total 1995 gold production from the Round Mountain mine was 86,109 ounces compared to 105,877 ounces in 1994. The lower production is a result of lower ore grades and lower recoveries, partially offset by higher tonnage placed on both the reusable and dedicated pads during 1995. Additional solution capacity has been designed and should be operational in early 1996. Gold production from gravity treatment of high-grade ores amounted to 3,061 ounces (Homestake's share) in 1995 compared to 8,263 in 1994. The operation expects to recover approximately 2,000 ounces of gold (Homestake's share) from gravity treatment of high-grade ore in 1996.

Round Mountain ore reserves increased by 2.2 million ounces (100% basis) in 1995 primarily due to exploration drilling which extended the pit limits, and the inclusion in reserves of stockpiled material which has previously been leached, following favorable re-processing tests.

Permitting for the construction of an 8,000-TPD gravity mill to process higher-grade sulfide ores is proceeding and regulatory approvals are anticipated by the second quarter of 1996. Final design engineering on the $65 million (100% basis) project is expected to be completed in time to allow construction to begin in the summer of 1996. Completion of the mill, which is expected in late 1997, will result in an additional 50,000 - 75,000 ounces (100% basis) of incremental annual production.

During 1995, the mine operated in compliance with its permits.

All Round Mountain mine production is subject to royalties determined by a complex royalty formula based on the price of gold. The royalties range from approximately 3.5% of gold revenues at prices of $320 per ounce of gold or less to approximately 6.4% of gold revenues at prices of $440 per ounce of gold or more. During 1995, the royalties averaged 4.9% of revenues.

Geology

The Round Mountain ore body straddles the margin of a volcanic caldera complex. Gold-bearing hydrothermal fluids were transported along major structural conduits created by the volcano's collapse and associated faulting. These ascending fluids deposited gold in permeable zones along a broad northwest trend. Primary gold mineralization at Round Mountain occurs as electrum, a natural gold/silver alloy, in association with quartz, adularia and pyrite. Narrow fractures in shear zones host higher-grade mineralization while porous sites within the volcanic rocks host the disseminated mineralization. Economic gold mineralization is found in both the volcanic and surrounding sedimentary rocks as well as overlying alluvial placers. The oblong open-pit mine is well over a mile at its longest dimension and currently more than 1,000 feet from the highest working level to the bottom of the pit.

Homestake has a 25% share of the following amounts:

Year-end Proven and Probabl [illegible]e Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	508,820	348,910
Ounces of gold per ton	0.020	0.022
Contained ounces of gold (000's)	10,000	7,799

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Tons of ore mined (000's)	32,723	26,242
Stripping ratio (waste:ore)	0.8:1	1.2:1
Tons of ore crushed (000's)	7,711	6,629
Tons of ore processed (000's)	31,395	25,965
Weighted average ore grade placed on pads (oz. gold/ton)	0.018	0.021
Leach recovery - reusable pads (%)	71	79
Gold recovered (000 ozs.)	344	424
Homestake's Cost per Ounce of Gold:		
Cash operating costs	$231	$153
Other cash costs	23	29
Noncash costs	74	61
Total production costs	$328	$243

Santa Fe Mine

The Santa Fe gold mine is located in Mineral County, Nevada, approximately 40 miles east of Hawthorne. Homestake owns 100% of this operation. The mine commenced operations in 1988.

Mining operations at the Santa Fe mine ceased in late 1993 as ore reserves were depleted. During 1994, production continued with the leaching of all four crushed and run-of-mine ore heaps. In 1995, the operations entered a reclamation phase with some gold production derived from rinsing of the heaps, a process which allows for natural reduction of cyanide levels in the heaps. The rinsing activities were completed during 1995. Based on current estimates, full provision for reclamation is included in the December 31, 1995 financial statements. The mine and its facilities are fully depreciated.

During 1995, the mine operated in compliance with its environmental permits.

Operating Data

	1995	1994
Production Statistics:		
Gold recovered (000 ozs.)	17	22
Cost per Ounce of Gold:		
Cash operating costs	$118	$163
Other cash costs	21	6
Noncash costs	-	170
Total production costs	$139	$339

Marigold Mine

The Marigold gold mine is located approximately 40 miles southeast of Winnemucca, Nevada. Homestake owns an undivided 33.3% interest in the Marigold property. Rayrock Mines, Inc. ("Rayrock") owns the remaining interest and is the operator. The mine has operated since 1989.

The property consists of approximately 3,920 acres of unpatented mining claims and 14,920 acres held under leases which remain in effect as long as the mine continues production. Access to the property is via a five-mile long gravel road.

Mining is conducted by conventional open-pit methods. During 1995, the mine was converted to a primarily heap-leach operation with intermittent milling operations. Mill-grade ore will be stockpiled and periodically processed through the mill to maximize gold recovery. Mine facilities are in good condition.

Water is supplied from on-site wells and power is purchased from Sierra Pacific Power Company.

The 1995 exploration program increased the reserves in the area of the known deposits.

During 1995, the mine operated in compliance with all its environmental permits.

Production royalties of 5% of net smelter returns and 3.5% of net profits were paid to two lease holders.

Homestake's share of production from the Marigold mine was 23,288 ounces of gold in 1995 compared to 28,328 ounces in 1994.

Geology

Gold resources at the Marigold mine are hosted largely in the Permian Antler formation and the underlying Ordovician Valmy formation, and are associated with broad bands of silicification and local decalcification. Both stratigraphy and structure control the geometry of the zones. The ore bodies are sediment-hosted, disseminated deposits of micron-size gold, and are entirely oxidized.

Homestake has a 33.3% share of the following amounts:

Year-end Proven and Probable Ore Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	14,585	14,070
Ounces of gold per ton	0.036	0.033
Contained ounces of gold (000's)	527	459

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Tons of ore mined	3,412	2,247
Stripping ratio (waste:ore)	2.2:1	3.3:1
Tons of ore milled (000's)	440	678
Ore grade milled (oz. gold/ton)	0.071	0.097
Mill recovery (%)	92	92
Tons of ore leached (000's)	2,969	1,616
Ore grade leached (oz. gold/ton)	0.022	0.018
Gold recovered (000 ozs.)	70	85
Homestake's Cost per Ounce of Gold:		
Cash operating costs	$225	$198
Other cash costs	29	28
Noncash costs	59	62
Total production costs	$313	$288

<u>Pinson Mine</u>

The Pinson gold mine is located approximately 30 miles northeast of Winnemucca, Nevada. Homestake owns an undivided 26.3% interest in the Pinson property. Rayrock owns a 26.5% interest and is the operator. The mine has operated since 1981.

The Pinson property consists of approximately 22,826 acres of which 11,583 acres are held under leases which remain in effect as long as the mine continues production. The remaining land is comprised of 7,780 acres of unpatented mining claims and 3,463 acres of primarily fee lands. Access to the property is by paved road.

Mining is conducted by conventional open-pit methods in several different areas. Ore is processed by both heap leaching and conventional milling methods. Total material mined is approximately 30,000 TPD. The 1,500-TPD mill utilizes both CIP and CIL methods. In 1995, 83% of total gold production was from ore milled. Low-grade ore is treated by heap leaching. The facilities are in good condition.

Water is supplied from on-site wells and power is purchased from Sierra Pacific Power Company.

The 1995 exploration program delineated minor ore extensions but did not identify significant new reserves.

During 1995, the mine operated in compliance with all its environmental permits.

Production royalties of 2.2% of net smelter returns are payable on the principal producing areas of the mine. Overall, the underlying property ownership is complex, requiring special arrangements with respect to the commingling of ore from various locations.

Homestake's share of production from the Pinson mine was 12,587 ounces of gold in 1995 compared to 11,817 ounces in 1994.

Geology

The Pinson deposit includes more than six zones of gold mineralization largely hosted in carbonate rocks and calcareous siltstones of the Ordovician Conus formation. Ore bodies consist of disseminations of micron-size gold peripheral to faults in favorable stratigraphy. High-grade stringer zones have been identified and are the subject of continuing investigation.

Homestake has a 26.3% share of the following amounts:

Year-end Proven and Probable Ore Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	4,074	4,743
Ounces of gold per ton	0.073	0.072
Contained ounces of gold (000's)	297	343

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Tons of ore mined (000's)	1,164	968
Stripping ratio (waste:ore)	6.0:1	6.6:1
Tons of ore milled (000's)	559	562
Ore grade milled (oz. gold/ton)	0.088	0.078
Mill recovery (%)	79	83
Tons of ore leached (000's)	574	379
Ore grade leached (oz. gold/ton)	0.027	0.029
Gold recovered (000 ozs.)	48	45

Homestake's Cost per Ounce of Gold:		
Cash operating costs	$307	$319
Other cash costs	15	13
Noncash costs	51	44
Total production costs	$373	$376

Ruby Hill Project

The Ruby Hill project is located one mile northwest of Eureka, Nevada. Homestake acquired a 100% interest in the property in 1992.

The Ruby Hill property consists of approximately 24,831 acres, of which 23,386 acres are unpatented mining claims and 1,445 acres are patented mining claims and fee lands.

Exploration activities have resulted in the discovery of several mineralized zones. A positive feasibility study on the West Archimedes deposit was completed during the fourth quarter of 1995. This study indicates that the mine will produce an average of 105,000 ounces of gold per year over its six-year life at a total cash cost of $140 per ounce. Capital requirements, including the pre-stripping of the overlying alluvium, are estimated to be $65 million.

The proposed operation will utilize conventional open-pit mining methods. Low-grade ore will be crushed and heap leached. High-grade ore will be ground in a ball mill and combined with the crushed low-grade ore in a rotating agglomeration drum prior to being placed on the leach pad. Preparation of the Environmental Impact Study by a third-party contractor, selected by the Bureau of Land Management and Homestake, is well under way. Construction of the facilities, which is dependent on the receipt of permits, is scheduled to begin in early 1997 with initial gold production possible in late 1997.

Water is available from on-site wells and power is available from Mount Wheeler Power Company.

A production royalty of 3% of net smelter returns is payable on production over 500,000 ounces of gold.

Geology

The West Archimedes gold mineralization is hosted primarily within brecciated jasperiod and decalcified limestones of the uppermost Goodwin and Antelope Valley units of the Ordivician Pogonip Group. The micron-size gold is finely disseminated and the ore body is entirely oxidized. Exploration and delineation drilling are continuing in the nearby East Archimedes and Achilles zones.

Year-end Proven and Probable Ore Reserves

	1995
Tons of ore (000's)	7,616
Ounces of gold per ton	0.099
Contained ounces of gold (000's)	755

CANADA

Homestake has a 50% interest in the Williams and David Bell mines in the Hemlo mining district in Ontario and a 25% net profits interest in the Quarter Claim (adjacent to the David Bell mine). Homestake also owns and operates the Nickel Plate mine in south central British Columbia and has a 50.6% interest in Prime. Prime owns the Eskay Creek mine and has a 40% interest in the Snip mine, both of which are located in northwestern British Columbia.

The Company conducts exploration and investigates mineral acquisition and development opportunities throughout Canada. Canadian activities are managed from an office in Vancouver, British Columbia.

Eskay Creek Mine

Prime owns 100% of the Eskay Creek gold/silver mine. Through its interest in Prime, the Company has a 50.6% interest in the mine. Prime has contracted with Homestake to provide all necessary professional, managerial, and administrative services in connection with exploration, development and operation of the Eskay Creek mine.

The Eskay Creek property consists of five mining leases and various other mineral and surface rights comprising approximately 3,477 acres located 51 air miles north of Stewart, British Columbia. The leases have remaining terms of approximately 25 to 29 years, subject to renewal rights. Access from the main highway to the mine is by 38 miles of single-lane gravel road. Road maintenance and snow removal are provided under contract by a local company.

The Eskay Creek mine commenced commercial production in January 1995. The mine is an underground operation accessible through three surface portals. The mine utilizes a drift-and-fill method with cemented rock backfill. Mining is conducted by a mining contractor. Ore is crushed and blended in a facility located at the minesite prior to shipment and sale to third-party smelters for final processing. There are no tailings produced at the minesite. Mine waste-rock, which is potentially acid-generating, is disposed of underwater in a nearby barren lake. Workers are on a two-week work schedule followed by two weeks off.

Two long-term ore sale contracts with smelters in Japan and Quebec provide for combined annual sales of 100,000 tons, with options to increase sales to 130,000 tons, subject to smelter approvals. In addition, a trial shipment of 2,500 tons was made to a third smelter in late 1995. Ore is trucked by a contractor 164 miles to Stewart for shipment to Japan and 224 miles to Kitwanga, British Columbia for shipment to Quebec. A dedicated loading facility for ships at Stewart handles ore shipments destined for Japan and a loading facility is utilized at the railhead in Kitwanga for shipments to Quebec. Prime has a five-year contract with Canadian National Railway to transport ore to Quebec.

Water is supplied from the Eskay and Argillite creeks and power is produced by on-site diesel generators.

In 1995, the mine shipped 104,100 tons of ore containing 196,500 ounces of gold and 9,945,000 ounces of silver for a total of approximately 331,300 gold equivalent ounces. During the year, mine development work was accelerated to provide more production stoping areas. With more mining areas available, the mine is better able to optimize ore blending to maximize smelter returns. The mine produced approximately 300 TPD in 1995. Based on existing reserves and current production rates, the mine has a projected life of nine years.

During 1995, exploration drilling at Eskay Creek intersected high-grade gold and silver mineralization which appears to be a stratigraphic extension to the northeast end of the main 21B ore zone (See "MINERAL EXPLORATION AND DEVELOPMENT" on page 31 and 32). Additional exploration drilling for this zone and in the area surrounding the Eskay Creek mine is planned in 1996.

During 1995, the mine operated in compliance with all its environmental permits.

The mine is subject to an effective 1% net smelter royalty, with the exception of a small portion of the ore body, which is subject to a 2% net smelter royalty.

Geology

The Eskay Creek ore body is a precious metal-enriched volcanogenic massive sulfide deposit that occurs in association with volcanics of the Jurassic-aged (141 to 195 million years) Hazelton Group. Eskay Creek mineralization is generally stratabound and occurs in a contact mudstone and breccia bounded below a rhyolite flow-dome complex and overlain by volcanic rocks in the west limb of a north-plunging fold. Sphalerite, pyrite, galena and tetrahedrite are the most abundant ore minerals. Native gold occurs as mostly microscopic particles located between sulfide grains or in fractures within sulfide grains, some of which are locked in pyrite. Gold also occurs in volcanic rocks beneath the contact mudstone with visible gold, coarse grained sphalerite, pyrite and galena disseminated in quartz veins or stockwork.

Year-end Proven and Probable Ore Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	1,124	1,190
Ore grade (ounces of gold per ton)	1.875	1.190
Contained ounces of gold (000's)	2,108	2,274
Ore grade (ounces of silver per ton)	83.4	85.5
Contained ounces of silver (000's)	93,752	101,800
Contained ounces of gold equivalent[1] (000's)	3,345	3,568

Operating Data

	1995
Production Statistics:	
Tons of ore shipped (000's)	104
Ore grade (ounces of gold per ton)	1.989
Ore grade (ounces of silver per ton)	100.9
Ounces of payable gold (000's)	197
Ounces of payable silver (000's)	9,945
Total ounces of gold equivalent [1] (000's)	331

Homestake's Cost per Ounce of Gold Equivalent:

Cash operating costs	$182
Other cash costs	3
Noncash costs	45
Total production costs	$230

1. Gold and silver are accounted for as co-products at Eskay Creek. Silver production is converted into gold equivalent, using the ratio of the gold market price to the silver market price. The ratio was 73.8 ounces of silver equals one ounce of gold equivalent for production in the year ended December 31, 1995 and 75.8 ounces and 78.7 ounces of silver equals one ounce of gold equivalent at December 31, 1995 and 1994, respectively.

Williams Mine

The Williams gold mine is located in the Hemlo Gold Camp 217 miles east of Thunder Bay, Ontario, adjacent to the Trans Canada Highway. The mine is operated by Williams Operating Corporation ("WOC") with its own personnel. Homestake and Teck Corporation ("Teck") each own a 50% interest in WOC. The mine commenced operations in 1985.

The property consists of 11 patented mining claims covering approximately 400 acres and one Crown mining lease. Homestake and Teck are required to provide funds equally to WOC for all costs incurred to operate the mine. Homestake and Teck have mutual rights of first refusal over each other's interest in the Williams mine and shares of WOC.

The Williams mine is an underground operation which is accessible by a 4,300-foot shaft. The mine utilizes the longhole, open-stope mining method with cemented rock backfill. In addition, 500-600 TPD of lower-grade ore is recovered from a nearby open pit. Waste rock from the open pit is used for backfill in the underground operations. The mine has a 7,000-TPD capacity mill which operated at 7,145 TPD during 1995. The Williams and David Bell mines share one tailings basin facility located approximately two miles from the mill. Cyanidation and the CIP process are used to recover gold. Water from the tailings basin is treated during the summer months in an effluent treatment plant prior to discharge. Both mines recycle mill make-up water from the tailings pond. The facilities and equipment are modern and in good condition.

Fresh water for the property is supplied from Cedar Creek and power is purchased from Ontario Hydro via a long-term contract. Propane for heating mine air and surface facilities is also purchased under long-term contracts.

Following the installation of new crushing and ventilation systems in 1994, mining between the 9,065 and 9,240 levels commenced. The 9,175 and 9,450 levels provided access for exploration drifting and diamond drilling during the year. Approximately 60% of the ounces mined in 1995 were replaced by additions to ore reserves, at a lower grade than the ore mined.

The mine will continue to operate at the average ore reserve grade for the remaining life of the operation.

During 1995, the mine operated in compliance with all its environmental permits. Progressive reclamation projects are ongoing.

The 11 patented mining claims are subject to three net smelter royalties totaling a net effective rate of 2.08% and the Crown mining lease is subject to a net smelter royalty of 0.75%.

Homestake's share of production was 202,561 ounces in 1995 compared to 222,660 ounces in 1994.

Geology

The Hemlo Gold Camp occurs within the east-west striking Heron Bay belt of metamorphosed Archean aged rocks (3.5 billion years). The steeply dipping ore bodies lie along the contact between overlying metasedimentary rocks and underlying volcanic rocks. Gold mineralization is hosted primarily by a fine grained feldspar porphyry unit associated with pyrite, barite and molybdenum.

Homestake has a 50% share of the following amounts:

Year-end Proven and Probable Ore Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	36,765	34,050
Ounces of gold per ton	0.150	0.166
Contained ounces of gold (000's)	5,497	5,669

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Tons of ore milled (000's)	2,608	2,538
Mill feed ore grade (oz. gold/ton)	0.163	0.184
Mill recovery (%)	95	95
Gold recovered (000's ozs.)	405	445
Homestake's Cost per Ounce of Gold:		
Cash operating costs	$214	$191
Other cash costs	8	12
Noncash costs	38	42
Total production costs	$260	$245

<u>**David Bell Mine**</u>

The David Bell gold mine is located in the Hemlo Gold Camp. The mine is operated by the Teck-Corona Operating Corporation ("TCOC") with its own personnel. Homestake and Teck each own a 50% interest in TCOC. The mine commenced operations in 1985.

The mine is located on the same ore trend as the Williams mine. The property consists of approximately 650 acres held under two freehold patents. Homestake and Teck are required to provide funds equally to TCOC for all costs incurred to operate the mine. Homestake and Teck have mutual rights of first refusal over each other's interest in the David Bell mine and shares of TCOC.

The David Bell mine is an underground operation which is accessible by a 3,819-foot shaft. Production is from stopes using longhole mining methods, with cement, tailings, sand and waste rock utilized as backfill. Mill throughput was approximately 1,333 TPD in 1995. Cyanidation and the CIP process are used to recover gold. The facilities and equipment are modern and in good condition.

Water and power supplies are the same as those at the Williams mine. Treated reclaimed process water is used to service the underground operations.

C-zone development and the construction of the related infrastructure was completed during 1995 and production commenced in August. The average width of ore at the David Bell mine is decreasing as mining progresses away from the central core of the ore body. In an effort to optimize ore extraction and to minimize development costs, stoping of narrow-width ore by longitudinal longhole retreat continued during the year. Gold production decreased in 1995 as a result of lower ore grades and recoveries and reduced mill throughput.

Approximately 66% of the ounces mined in 1995 were replaced through reserve additions. Homestake and Teck each have a 50% interest in efforts to explore and develop mineral properties within approximately two miles of the David Bell property.

The collective bargaining agreement with the United Steel Workers of America expired in October 1995 and negotiations on a new contract are ongoing.

During 1995, the mine operated in compliance with all its environmental permits.

The property is subject to a 3% net smelter return royalty.

Homestake's share of production at the David Bell mine was 79,383 ounces in 1995 compared with 96,109 ounces in 1994.

Geology

See "Williams Mine - Geology."

Homestake has a 50% share of the following amounts:

Year-end Proven and Probable Ore Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	5,424	5,463
Ounces of gold per ton	0.309	0.317
Contained ounces of gold (000's)	1,677	1,731

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Tons of ore milled (000's)	487	512
Mill feed ore grade (oz. gold/ton)	0.347	0.399
Mill recovery (%)	94	94
Gold recovered (000 ozs.)	159	192
Homestake's Cost per Ounce of Gold:		
Cash operating costs	$192	$156
Other cash costs	11	11
Noncash costs	48	44
Total production costs	$251	$211

Quarter Claim

The Quarter Claim constitutes approximately one-fourth of a mining claim, which was originally part of the David Bell property, and was optioned to and subsequently acquired by Hemlo Gold Mines Inc. ("Hemlo Gold") in 1982. Hemlo Gold developed a shaft on the Quarter Claim and reserved hoisting and milling capacity of 500 TPD at its mill to process any ore found on the Quarter Claim. Homestake has a 25% net profits interest in all ore recovered from the Quarter Claim. In 1995, the net profits interest agreement was amended. The amended net profits interest is based on a deemed production rate, deemed production costs and the market price of gold. The deemed production rate is based upon a minimum committed throughput of 500 TPD multiplied by: (a) the average ore grade of the remaining Quarter Claim reserves; (b) a recovery factor and; (c) 95%.

Homestake's share of production at the Quarter Claim was 7,140 ounces in 1995 compared with 7,745 ounces in 1994.

Geology

See "Williams Mine - Geology."

Homestake has a 25% share of the following amounts:

Year-end Proven and Probable Ore Reserves (100% Basis)

	1995	1994
Tons of ore (000's)	1,113	1,185
Ounces of gold per ton	0.258	0.254
Contained ounces of gold (000's)	287	300

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Tons of ore milled (000's)	115	114
Mill feed ore grade (oz. gold/ton)	0.257	0.281
Mill recovery (%)	96	97
Gold recovered (000 ozs.)	29	31
Homestake's Cost per Ounce of Gold:		
Cash operating costs	$155	$165
Other cash costs	12	12
Noncash costs	1	-
Total production costs	$168	$177

Nickel Plate Mine

The Nickel Plate gold mine, located near Hedley, British Columbia, is owned 100% by Homestake. The mine was an underground gold mine prior to 1930 and from 1934 to 1955. Current operations began in 1987.

The property is comprised of 111 Crown-granted claims, six reverted Crown-granted claims, two mining leases, 26 mineral claims and certain surface rights, covering approximately 8,077 acres. A 30-mile paved road from Penticton, British Columbia, provides access to the site.

Mining is carried out by conventional open-pit methods. Ore is processed in a 4,000-TPD mill. Mill processing comprises crushing, grinding, cyanidation and Merrill Crowe gold recovery. The Inco sulphur dioxide process is used to reduce cyanide concentrations in the tailings pond. The facilities and equipment are modern and in good condition.

The majority of the mine's process water is obtained from the tailings impoundment basin. Fresh water make-up is supplied from Cahill Creek during spring run-off and stored in a process water pond. Power is supplied by West Kootenay Power under an annually renewable contract.

The ore reserve at the Nickel Plate mine will be depleted by the end of the third quarter of 1996. Reclamation of the property, in accordance with a plan filed with British Columbia's regulatory agencies, is in process.

During 1995, the mine operated in compliance with all its environmental permits.

Geology

The Nickel Plate ore body is situated within the rocks of the Jurassic-aged Hedley Formation consisting of thinly bedded calcareous siltstones and layered to massive limestone units dipping northwest at 20 to 30 degrees. The formation is intruded by Early Jurassic, coarse-grained porphyritic diorite. A large hydrothermal system was associated with the diorite intrusions. Gold-bearing sulfides (pyrrhotite, pyrite and chalcopyrite) were ›laced during the last phase of this hydrothermal process. Higher grades are associated with the conta f the diorite dikes and sills and the Hedley formation and are confined to the skarn zone.

Year-end Proven and Probable Ore Reserves

	1995	1994
Tons of ore (000's)	940	2,889
Ounces of gold per ton	0.079	0.077
Contained ounces of gold (000's)	74	223

Operating Data

	1995	1994
Production Statistics:		
Tons of ore milled (000's)	1,464	1,438
Mill feed ore grade (oz. gold/ton)	0.077	0.070
Mill recovery (%)	81	81
Gold recovered (000 ozs.)	91	82
Cost per Ounce of Gold:		
Cash operating costs	$379	$349
Other cash costs	-	-
Noncash costs	56	54
Total production costs	$435	$403

Snip Mine

The Snip gold mine is located at the junction of Bronson Creek and the Iskut River, 56 air miles north of Stewart in northwestern British Columbia. The mine is 40% owned by Prime. Cominco Ltd. ("Cominco") owns the remaining interest and is the operator. Cominco receives a management fee for its services as operator equivalent to 5% of cash expenditures made at the property. The mine commenced operations in 1991.

The property consists of a mining lease issued to Cominco for a term of 30 years, together with three mineral claims also recorded in the name of Cominco covering approximately 3,637 acres.

The mine is serviced by aircraft which utilize the mine's 4,500-foot long landing strip. In addition, a hovercraft transports mine concentrates, fuel and other supplies along the Iskut and Stikine rivers between the mine and Wrangell, Alaska from late March to early November each year. During the winter months, access is by aircraft due to ice accumulations on the rivers.

The Snip mine is an underground operation serviced by three adits and a haulageway at the 400-foot level. Mining is carried out through a combination of shrinkage, conventional and mechanized cut and fill. Backfill is either underground waste rock or mill tailings which are pumped to the mine and mixed with cement. The mill has a capacity of 500 TPD. Approximately 91% of the gold contained in the ore is recovered. A gravity circuit recovers about 33% of the gold and the remaining gold is recovered in flotation concentrates containing approximately ten ounces of gold per ton. The concentrates are sold to a third-party facility located near Stewart for final gold recovery. Mill tailings are deposited in a pond close to the mine and reclaimed water is pumped back to the mill for reuse. The facilities and equipment are modern and in good condition. Workers are on a four-week work schedule followed by two weeks off.

Water is supplied from Bronson Creek and power is produced on-site by diesel generators.

Exploration diamond drilling on the Twin West zone completed in 1995 provided sufficient encouragement to proceed with an underground development program to allow for further exploration drilling in 1996.

During 1995, the mine operated in compliance with all its environmental permits. There has been controversy regarding the environmental impact of the mine's hovercraft operations on fish in the Iskut river. Cominco and the Company had agreed to further studies despite prior investigations indicating little environmental impact.

Homestake's share of gold production in 1995 was 51,310 ounces compared to 51,592 ounces in 1994.

Geology

The main ore body at the Snip mine is called the Twin Zone, a 1.5 to 50 feet thick quartz-carbonate-sulfide-filled shear structure within a Triassic sedimentary unit. Gold primarily occurs as finely disseminated grains along pyrite grain boundaries. Other sulfides within the Twin Zone include pyrrhotite, chalcopyrite and sphalerite, with trace arsenopyrite. The vein structure has been traced over a strike length of 3,300 feet and has a known vertical extent to 1,650 feet.

Prime has a 40% share of the following amounts:

Year-end Proven and Probable Ore Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	383	553
Ounces of gold per ton	0.776	0.797
Contained ounces of gold (000's)	297	441

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Tons of ore milled (000's)	187	190
Mill feed ore grade (oz. gold/ton)	0.751	0.743
Mill recovery (%)	91	92
Gold recovered[1] (000 ozs.)	128	129

Homestake's Cost per Ounce of Gold:		
Cash operating costs	$175	$173
Other cash costs	-	-
Noncash costs	56	59
Total production costs	$231	$232

1. Includes recoverable gold contained in dore and in concentrates.

AUSTRALIA

In late 1995 and early 1996, Homestake acquired the 18.5% of HGAL that it did not already own (See "SIGNIFICANT 1995 AND 1996 DEVELOPMENTS" on page 3). HGAL is a gold mining and exploration company whose principal asset is a 50% ownership in Australia's largest gold mining operation, the consolidated surface and underground gold operations at Kalgoorlie, Western Australia.

HGAL explores for gold in Australia and has offices in Perth and Kalgoorlie, Western Australia.

Kalgoorlie Operations

The Kalgoorlie operations are located 340 miles northeast of Perth, Western Australia on 164 state leases and licenses covering approximately 30,000 acres adjacent to the town of Kalgoorlie. The mineral leases are renewable on an annual basis for a fee to the state. Homestake acquired its interest in the original Kalgoorlie Mining Associates joint venture in 1976. Mining operations in the Kalgoorlie region date back to 1893. Access to the operations is by paved road.

HGAL owns a 50% interest in three joint ventures in the Kalgoorlie district: the Fimiston/Paringa Venture ("FPV"), the Mt Percy Venture and the Kalgoorlie Mining Associates Venture. Gold Mines of Kalgoorlie Limited and its affiliates ("GMK") own the other 50% interest. HGAL and GMK formed Kalgoorlie Consolidated Gold Mines Pty Ltd ("KCGM"), a jointly-owned and controlled company, to manage all the operations on a consolidated basis under the direction of a management committee.

Mines operated by KCGM include the Super Pit open-pit gold mine and the Mt. Charlotte underground gold mine. Ore from both of these operations is treated at the Fimiston mill, the primary milling facility at Kalgoorlie. In addition, ore also is processed at two smaller facilities, the Mt Percy and Croesus mills. Sulfide concentrates produced at the Fimiston and Croesus mills are roasted at the Gidji roaster, located 12 miles north of the main Kalgoorlie operations, prior to final processing at the Fimiston mill. The facilities and equipment at the Kalgoorlie operations generally are in good condition.

HGAL pays 50% of the costs and is entitled to receive 50% of the production from all operations, except for the FPV area of the Super Pit where HGAL pays 50% of venture costs but may not receive 50% of the production. Under certain circumstances, GMK is entitled to receive more than 50% of gold production out of the first 35.8 million tons of ore mined by open-pit methods from the FPV area of the Super Pit. The disproportionate quantity of gold to be received by GMK depends upon capital and production costs, gold prices and levels of production from the FPV area. In 1995, HGAL paid to GMK 12,966 ounces under the Disproportionate Sharing Arrangement ("DSA") compared to 15,781 ounces in 1994. Through the end of 1995, approximately 18.7 million tons of ore have been mined from the FPV area of the Super Pit. See "LEGAL PROCEEDINGS" on page 42 for a description of a legal action commenced by GMK against Homestake in respect of the calculation of ounces payable to GMK under the DSA.

Contractors are employed to conduct surface mining operations, ore and concentrate haulage and some specialized services. Fresh water is supplied under allocation from the state water system and is piped 350 miles from Perth. Salt water is taken from bores and underground mines. Power currently is purchased under a number of agreements with the state power authority. KCGM is negotiating a new power agreement with Normandy Power, a company associated with GMK.

In 1995, the Gidji roaster performed well within sulphur dioxide emission limits established by the Western Australian government. Intercept drainage channels were constructed in 1994 to isolate the Oroya tailings dam from the nearby salt water drainage channel. The installation of a conveyor to transport the Mt. Charlotte ore from the mine to the Fimiston mill during 1995 has substantially reduced noise levels and improved air quality. Previously, this material had been moved to the Fimiston mill by a fleet of trucks. A safety exclusion zone surrounding the Super Pit was established in 1993. Measures to reduce noise and dust have resulted in a significant improvement in the environment of residents living close to the mining operations.

Super Pit mining during 1990-1994 produced approximately 20% more ore than predicted by the ore reserve model. In June 1995, Super Pit and Mt. Charlotte ore reserves were revised using computer-aided modeling techniques which more closely approximate actual mining experience. As a result, year-end proven and probable ore reserves at Kalgoorlie were expanded by 18%. HGAL's share of this increase was 830,000 ounces.

No royalties are payable on production.

Super Pit

This large open-pit mine is located along the "Golden Mile" ore bodies previously mined from underground.

In 1995, 70.4 million tons of material were mined containing 8.7 million tons of ore, compared to 59.7 million tons mined containing 12.4 million tons in 1994. HGAL's share of Super Pit gold production, net of ounces paid to GMK under the DSA, was 262,570 ounces in 1995 and 289,625 ounces in 1994. The 1995 results reflect a temporary decline in production while the new Fimiston mill additions were integrated with the existing complex and several weather-related power outages during the year which halted operations.

Mt. Charlotte

This underground mine uses bulk mining methods and large conventional diesel powered loaders and trucks. The main production level is 3,200 feet below surface. Longhole stoping mining techniques are employed. Ore is crushed underground with primary crushers before being hoisted to secondary crushers at the surface.

Mill throughput was reduced at Mt Charlotte during 1995 due to production difficulties following a mass-blast in late 1994 of a stope pillar which contained 700,000 tons of ore in the lower levels of the mine. Production problems have now been rectified and the mine has returned to more normal levels of operation.

In 1995, 1.4 million tons of ore were mined from Mt. Charlotte compared to 1.7 million tons of ore mined in 1994. HGAL's share of gold production was 47,496 ounces in 1995 and 61,021 ounces in 1994.

Mt Percy

The Mt Percy open cuts were mined to their planned economic depth in July 1992, at which time mining ceased. Previously stockpiled low-grade Mt Percy ore is blended with non-refractory ore from the Super Pit and Mt. Charlotte.

HGAL's share of gold production was 1,350 ounces in 1995 and 1,353 ounces in 1994.

Mills

Fimiston - a 28,000-TPD mill with CIP leaching and refractory sulfide flotation circuits that processes Super Pit and Mt. Charlotte ore. Approximately $90 million (100% basis) was spent during 1995 and 1994 on an expansion program at the Fimiston mill, including a 5,000-TPD free-milling sulfide circuit to treat Mt. Charlotte ore. The increase in capacity has improved the mill's efficiency and replaced the capacity of the Oroya mill which was dismantled in 1995 to allow for further planned expansion of the Super Pit.

Croesus - a 3,000-TPD mill with CIP and refractory sulfide flotation circuits that processes ore from the Super Pit.

Mt Percy - a 2,500-TPD mill with a CIP circuit that processes ore from Mt Percy, the Super Pit and Mt. Charlotte.

Gidji - a roaster complex which comprises two converters and a CIP circuit to process all sulfide concentrates.

The combined mills processed 10.7 million tons of ore in both 1995 and 1994.

Cash operating costs were higher in 1995 primarily as a result of temporary declines in production while the new Fimiston mill additions were integrated with the existing complex and while production was halted due to power interruptions. The mining rate at the Super Pit is currently increasing as the expansion of the pit continues at an increased rate. The recent Fimiston expansion has increased milling capacity and efficiencies and, as a result, unit operating costs at Kalgoorlie are expected to decline during 1996.

HGAL's share of 1995 gold production from the consolidated Kalgoorlie operations, net of the ounces paid to GMK under the DSA, was 311,416 ounces compared to 352,081 ounces in 1994.

Geology

The ore deposits mined in the Kalgoorlie Goldfields occur within an intensely mineralized shear zone system in dolerite host rocks, within the Norseman-Wiluna Greenstone Belt which is part of the Yilgarn Block of Western Australia. The rocks are of Archaen age. The favorable structural metamorphic and lithologic setting in conjunction with hydrothermal activity controlled gold mineralization. During its history of operations since 1893, in excess of 40 million ounces of gold have been produced from the Kalgoorlie properties at depths of up to 4,000 feet from high-grade lodes and adjacent disseminated mineralization in the Golden Mile Dolerite, and from the large stockwork mineralization which characterizes the Mt. Charlotte and Reward (underground) ore bodies.

HGAL has a 50% share (subject to the DSA discussed above) of the following amounts (Homestake's ownership interest in HGAL at December 31, 1995 and 1994 was 88.1% and 81.5%, respectively. See "SIGNIFICANT 1995 AND 1996 DEVELOPMENTS" on page 3.):

Year-end Proven and Probable Ore Reserves
(100% Basis)

	1995	1994
Tons of ore (000's)	184,136	158,790
Ounces of gold per ton	0.072	0.073
Contained ounces of gold (000's)	13,180	11,519

Operating Data (100% Basis)

	1995	1994
Production Statistics:		
Super Pit:		
Tons of ore mined (000's)	8,670	12,372
Stripping ratio	7.1:1	3.8:1
Tons of ore milled (000's)	9,186	8,964
Mill feed ore grade (oz. gold/ton)	0.067	0.077
Mill recovery (%)	88	88
Gold recovered (000s)	551	611
Mt Percy:		
Tons of stockpiled ore milled (000's)	125	94
Mill feed ore grade (oz. gold/ton)	0.026	0.029
Mill recovery (%)	85	86
Gold recovered (000's)	3	3

Mt. Charlotte:		
Tons of ore mined (000's)	1,440	1,680
Tons of ore milled (000's)	1,429	1,682
Mill feed ore grade (oz. gold/ton)	0.076	0.085
Mill recovery (%)	88	87
Gold recovered (000's)	95	122
Combined Production Statistics:		
Tons of ore mined (000's)	10,110	14,052
Tons of ore milled (000's)	10,740	10,740
Mill feed ore grade (oz. gold/ton)	0.068	0.078
Mill recovery (%)	88	88
Gold recovered (000 ozs.)	649	736
Homestake's Consolidated Cost Per Ounce of Gold:		
Cash operating costs	$296	$257
Other cash costs	-	-
Noncash costs	46	41
Total production costs	$342	$298

CHILE

Homestake leases and operates the El Hueso gold mine and also conducts exploration throughout Chile. Homestake's office is in Santiago, Chile.

The El Hueso mine is located in the Maricunga District of Chile about 600 miles north of Santiago at an elevation of approximately 12,500 feet. The property is leased through June 1998 from Codelco, a government agency. The lease includes rights to use the existing plant. The facilities are in good condition. Access to the mine is by 14 miles of dirt road.

In February 1995, the El Hueso mine closed as reserves were depleted and the 6,000-TPD crushing plant was shut down. Leaching of stockpiles will continue until mid-1996.

Water and power are purchased from Codelco.

Reclamation activities at the El Hueso mine have commenced. Environmental monitoring carried out during 1995 indicated that all discharges were in compliance with permit levels.

Additional land has been leased from Codelco through the year 2004. This additional land is subject to 30% to 50% profit sharing with Codelco on possible future production. During 1995 and 1994, an exploration program identified a new gold-bearing deposit, Manto Agua de la Falda, which contains an ore reserve of 1.0 million tons at a grade of 0.18 ounces of gold per ton. A preliminary agreement in principle has been reached with Codelco to form a new company to permit the processing of the Manto Agua de la Falda reserves at the existing El Hueso plant and to explore for and exploit resources on additional lands controlled by Codelco. An engineering study is in progress to determine the most efficient method of processing the ore at the existing El Hueso plant.

Geology

The El Hueso property is located within the Potrerillos porphyry copper district and comprises Mesozoic marine sediments that have been overlain by Tertiary volcanics and intruded by Tertiary porphyries. Gold mineralization is thought to be related to the porphyry intrusions and has been previously mined in both sedimentary and volcanic units which have been complexly folded and faulted both before and after mineralization. The new deposit, Manto Agua de la Falda, is hosted in calcareous sediments.

MEXICO

In February 1995, the Company sold its 28% equity interest in Torres silver mining complex for $6.0 million.

SULPHUR

Homestake owns an undivided 16.7% interest in the Main Pass 299 sulphur deposit, which at December 31, 1995 contained proven recoverable reserves of approximately 68 million long tons of sulphur. Freeport McMoRan Resource Partners, Limited Partnership ("FRP") owns a 58.3% interest in the deposit and is the operator under a joint operating agreement. IMC Fertilizer Inc. owns the remaining 25%.

The sulphur deposit is located in the Gulf of Mexico approximately 36 miles east of Venice, Louisiana in waters approximately 210 feet deep. The deposit is approximately 1,500 feet below the sea floor. The federal sulphur lease under which the deposit is held requires a royalty of 12.5% of the wellhead value.

The operating agreement provides that each participant pays its share of capital and operating costs, and has the right to take its share of production in kind in proportion to its undivided interest.

The sulphur deposit is being mined using the Frasch process, a method of extraction which injects steam to liquefy the sulphur, which is then pumped to surface. Based on current reserve estimates, projected costs and prices, annual production is expected to average two million long tons over a remaining reserve life in excess of 30 years.

Fabrication and installation of production facilities began in 1990. Initial sulphur production commenced in 1992. Initial production was lower than anticipated because the production of overlying oil and gas reserves slowed the heating of the sulphur dome to required production temperatures. Full sulphur production levels of 5,500 TPD were reached in December 1993. Sulphur production averaged 6,000 TPD during 1995. Homestake's 16.7% share of development expenditures through 1995 was approximately $123 million.

FRP filters, blends, markets and delivers Homestake's share of sulphur production under an agreement having an initial term of ten years from commencement of production in 1992. Homestake can terminate the agreement by giving FRP two-years notice.

During 1995, the sulphur market continued to strengthen and sulphur prices averaged $68 per ton during 1995 compared to $53 per ton in 1994, a significant improvement from a 20-year low which had lowered average realized prices to approximately $45 per ton at the end of 1993. At current sulphur price levels of approximately $70 per ton, Homestake expects its sulphur operations to break even during 1996.

During sulphur exploration, oil and gas were discovered overlying the sulphur deposit. In 1990, the participants acquired the oil and gas rights from Chevron USA Inc. for a total of $150 million, including reimbursement of certain costs incurred in partial development of the reserves. Homestake's 16.7% share of the oil and gas purchase and development costs through 1995 was approximately $56 million.

The federal oil and gas lease requires a 16.7% royalty payment based on wellhead value. In addition, Chevron retained the right to share in the proceeds of future production should the price or volume realized exceed those which were used by the parties as the basis for determining the purchase price.

Oil and gas production, which peaked during 1992, is expected to continue to decline over the next few years. Oil production (100% basis) totaled 4.5 million barrels in 1995 compared to 5.2 million barrels in 1994. Homestake's share of remaining recoverable oil reserves at December 31, 1995 is estimated to be 1.9 million barrels after adjusting for the federal royalty. The remaining carrying value of Homestake's investment in the Main Pass 299 oil and gas property is $8.5 million at December 31, 1995.

Homestake has a 16.7% share of the following amounts:

Year-end Proven and Recoverable Reserves
(100% Basis)

	1995	1994
Tons of sulphur (000's)	68,130	70,321
Barrels of oil (000's)	15,873	15,521

Production Statistics (100% Basis)

	1995	1994
Tons of sulphur (000's)	2,190	2,259
Barrels of oil (000's)	4,535	5,240

Homestake's Per Unit Data

	1995	1994
Average Sales Realizations:		
Per ton of Sulphur	$68	$53
Per barrel of oil	16	14
Costs		
Sulphur cash operating costs per ton	$55	$49
Sulphur noncash costs per ton	11	11
Total production costs	$66	$60
Oil cash operating costs per ton	$5	$4
Oil noncash costs per barrel	8	6
Total production costs	$13	$10

MINERAL EXPLORATION AND DEVELOPMENT

Total exploration expenses, excluding in-mine exploration at Homestake's operating mines and capitalized costs associated with development stage projects, amounted to $27.5 million in 1995 and $21.3 million in 1994. Expenses related to the in-mine exploration at Homestake's operating mines totaled $7.2 million in 1995 and $8.4 million in 1994. These expenses are included in the individual mine property operating expenses and cost per ounce calculations. In addition, $2.2 million of costs associated with development stage projects were capitalized in 1995.

United States corporate exploration expenses totaled $12.8 million in 1995 and $11.8 million in 1994. Domestic exploration expenses in 1996 are expected to be approximately $14.5 million.

Exploration at the Ruby Hill Project expanded into several areas surrounding the West Archimedes deposit during 1995. In the East Archimedes zone, additional gold mineralization was encountered in association with siliceous breccias, skarns, and carbonate replacement bodies developed in Cambrian and Ordovician carbonate lithologies. Gold mineralization was also encountered in association with silicification and decalcification of Cambrian carbonate lithologies in the Achilles zone, located several thousand feet west of the Archimedes zones, and in the Jewel Ridge zone, located several thousand feet south of the Archimedes zones. Some of this mineralization has been oxidized. Exploration expenditures totaled approximately $4.2 million during the year and $3 million of exploration expenditures are planned for 1996.

At the White Pine Project, located approximately 60 miles south of Elko, Nevada, Homestake has entered into a joint venture agreement with Western States Minerals Corporation in which Homestake has the right to earn a 60% interest in the property by spending $4 million prior to June 21, 2000. Several small deposits of gold mineralization have been previously identified on the property and are associated with silicification and decalcification of calcareous shales of Devonian to Mississippian age. In 1995, Homestake began the exploration of these strata in alluvium covered areas along certain favorable structures. Expenditures totaled approximately $0.6 million during the year and $1.2 million of expenditures are planned for 1996.

At the Mountain View Project, located approximately 90 miles north of Reno, Nevada, Homestake has entered into a joint venture agreement with Canyon Resources Corporation in which Homestake has the right to earn a 51% interest in the property by spending $4 million prior to December 31, 1999. Small deposits of partially oxidized, but locally high-grade, gold mineralization have been previously identified on the property, where they are hosted by both Miocene rhyolitic volcanics and pre-Cretaceous metasediments. Mineralization is associated with brecciation and quartz veining and is accompanied by pyrite and marcasite. In 1995, Homestake began exploration of the principal trend of brecciation and veining in alluvium covered areas of the property. Expenditures totaled approximately $0.7 million during the year and $1.0 million of expenditures are planned for 1996.

During 1995, an exploration program was conducted at the Homestake mine's Open Cut. The program consisted of core and reverse circulation drilling to quantify the remaining reserves in the immediate proximity of the Open Cut. Exploration expenditures totaled $1.3 million in 1995 and similar expenditures are planned for 1996.

Through its subsidiaries, Homestake also explores for gold and evaluates gold acquisition opportunities internationally. International exploration expenses totaled $14.7 million in 1995 and $9.5 million in 1994.

During 1995, Homestake and Prime entered into a three-year agreement (51% Homestake and 49% Prime) to jointly fund and participate in a Canadian exploration program. All of Homestake's Canadian exploration activities, with the exception of the areas surrounding current operating mines and certain previously active exploration properties, will be conducted in accordance with this agreement.

In July 1995, Homestake entered into an agreement with Navan, whereby Homestake can acquire 50% of Navan's interest in the Chelopech gold/copper operations, located 45 miles east of Sofia, Bulgaria (See "SIGNIFICANT 1995 AND 1996 DEVELOPMENTS" on page 3). Gold mineralization at Chelopech is accompanied by abundant pyrite and copper sulfides and is currently being mined underground from pipe-like bodies of silicification and argillization in Cretaceous volcanics. In 1995, an underground diamond drilling program commenced to explore for additional mineralization. Expenditures totaled approximately $0.3 million during the year.

At the El Hueso property in Chile, Homestake has continued its exploration of the Manto Agua de la Falda zone and has encountered additional gold mineralization in the nearby Jeronimo zone. Mineralization in the Manto Agua de la Falda is partially oxidized, while mineralization in the Jeronimo zone is accompanied by pyrite and other sulfides. Expenditures totaled $1.6 million during the year and $2.5 million of expenditures are planned for 1996.

During 1995, through its acquisition of a 5% interest in Zoloto, Homestake participated in the funding of a feasibility study at the Pokrovskoye project in eastern Russia (See "SIGNIFICANT 1995 AND 1996 DEVELOPMENTS" on page 3). Gold mineralization at Pokrovskoye is associated with quartz veining and silicification in Cretaceous granites and dacitic tuffs and is accompanied by pyrite, marcasite, and arsenopyrite.

In October 1995, Homestake and Prime entered into agreements to collectively purchase (51% Homestake and 49% Prime) an approximate 6% interest in Teuton Resources Corp. ("Teuton") and an approximate 7% interest in Minvita Enterprises Ltd. ("Minvita") for a total of $2 million. Teuton and Minvita will spend a minimum of 90% of the $2 million on exploration and development of their jointly owned property in northwestern British Columbia, Canada. As part of these agreements, Homestake and Prime also have been granted rights of first refusal on the property and any financings related to the exploration and development of the property. To date, several zones of structurally-controlled gold mineralization have been identified on the property by trenching and limited diamond drilling.

At Eskay Creek, computer-aided modeling of the deposit led to the identification and drill testing of the NEX zone, an apparent stratigraphic extension to the northeast end of the main 21B Eskay Creek ore zone. High-grade mineralization comparable to the 21B zone was encountered in both the NEX zone and the overlying Hangingwall zone. The two zones, which are well located for access from current underground workings, contain an estimated geological resource of 227,000 tons at a grade of 0.88 ounces of gold and 56 ounces of silver per ton. The 1996 surface exploration budget for Eskay Creek and the surrounding area has been increased to $1.3 million from $0.4 million spent in 1995.

During 1995, Homestake continued work on the El Foco project, a 119,628 acre property situated south of the confluence of the Chicanan and Cuyuni rivers in Bolivar State, Venezuela. Homestake has entered into three contracts with Corporacian Venezolana de Guayana, a Venezuelan government agency, under which the Company can earn a 90% interest in the property by completing exploration over a four-year period. During 1995, Homestake completed 500 miles of line cutting, collected 10,000 soil samples, conducted surface geologic mapping and a ground magnetic survey, and drilled 1,500 auger holes. Seven gold-in-soil anomalies were identified over a 7 mile by 4 mile area. These anomalies will be tested by diamond drilling in 1996 when the required permits are received. Exploration expenditures on this property totaled $2 million in 1995 and expenditures of $1.3 million are planned for 1996.

GLOSSARY AND INFORMATION ON RESERVES

GLOSSARY

The following terms used in the preceding discussion mean:

"Cash operating costs" are costs directly related to the physical activities of producing gold (includes mining, processing and other plant costs, deferred mining adjustments, third-party refining and smelting costs, marketing expenses, on-site general and administrative costs, in-mine exploration expenditures that are related to production and other direct costs, but excludes depreciation, depletion and amortization, corporate general and administrative expense, mineral exploration expense, royalties, federal and state income and production taxes, Canadian mining taxes, financing costs and accruals for final reclamation).

"Other cash costs" are costs that are not related to, but may result from, gold production activities (includes royalties and federal and state production taxes, but excludes Canadian mining taxes).

"Total cash costs" are the sum of cash operating costs and other cash costs.

"Noncash costs" are costs that are typically accounted for ratably over the life of an operation (includes depreciation, depletion and amortization of capital assets, accruals for the costs of final reclamation and long-term monitoring and care that are usually incurred at the end of mine life, and the amortization of the economic cost of property acquisitions, but excludes amortization of deferred tax purchase adjustments relating to property acquisitions established in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes.")

"Total production costs" is the sum of cash operating costs, other cash costs and noncash costs.

"In-situ deposit" refers to reserves still in the ground. This does not include previously mined stockpiled reserves that are being stored for future processing.

"Mineral deposit" and/or "Mineralized Material" is a mineralized body which has been delineated by appropriate drilling and/or underground sampling. Under United States Securities and Exchange Commission standards, a mineral deposit does not qualify as a reserve unless the recoveries from the deposit are expected to be sufficient to recover total cash and noncash costs for the mine and related facilities.

"Run-of-mine ore" is mined ore which has not been subjected to any pretreatment, such as washing, sorting or crushing, prior to processing.

"Stripping ratio" is the ratio of the number of tons of waste to the number of tons of ore extracted at an open-pit mine.

"Tonnage" and "grade" refer, respectively, to the quantity of reserves and the amount of gold (or other products) contained in such reserves and include estimates for mining dilution but not for other processing losses.

"Tons" means short tons (2,000 pounds) unless otherwise specified.

"Adit" or "Portal" is a tunnel driven into a mountainside providing access to an ore deposit.

INFORMATION ON RESERVES

Gold

The proven and probable gold ore reserves stated in this report reflect estimated quantities and grades of gold in in-situ deposits and in stockpiles of mined material that Homestake believes can be recovered and sold at prices sufficient to recover the estimated future cash cost of production and remaining investment. The estimates of cash costs of production are based on current and projected costs. Estimated mining dilution has been factored into the reserve calculation. The Company used a spot price of $375 per ounce of gold in its mine-by-mine evaluation of mining properties and investments at December 31, 1995.

Silver

The proven and probable silver ore reserves have been calculated on the same basis as gold ore reserves.

Sulphur

Homestake's proved sulphur reserves represent the quantity of sulphur in the Main Pass 299 deposit for which geological, engineering and marketing data give reasonable assurance of recovery and sale under projected economic and operating conditions at prices sufficient to cover the estimated future cash costs of production and the remaining investment.

Oil

Homestake's proved oil reserves at Main Pass 299 are the estimated quantity of crude oil and condensate which geological and engineering data give reasonable assurance of recovery and sale under projected operating conditions at prices sufficient to cover the estimated future cash costs of production and the remaining investment. The estimate is based on limited reservoir and engineering data.

Estimation of Reserves

Gold reserves are estimated for each of the properties operated by Homestake based upon factors relevant to each deposit. Gold ore reserves for those properties not operated by Homestake are based on reserve information provided to Homestake by the operator. Homestake has reviewed but has not independently confirmed the information provided by these operators.

The sulphur and oil reserves at Main Pass 299 are based on information provided by the operator. Homestake reviewed the initial reserve data with independent consultants. Homestake has reviewed subsequent adjustments to these reserves but has not independently confirmed the reserve adjustments provided by the operator.

Other Information

Ore reserves are reported as general indicators of the life of mineral deposits. Changes in reserves generally reflect (i) efforts to develop additional reserves; (ii) depletion of existing reserves through production; (iii) actual mining experience; and (iv) price forecasts. Grades of ore actually processed from time to time may be different from stated reserve grades because of geologic variation in different areas mined, mining dilution, losses in processing and other factors. Recovery rates vary with the metallurgical characteristics and grade of ore processed.

Neither reserves nor projections of future operations should be interpreted as assurances of the economic life of mineral deposits or of the profitability of future operations.

ENVIRONMENTAL MATTERS

General

Homestake has made significant capital expenditures to minimize the effects of its operations on the environment. Capital expenditures primarily are for the purchase or development of environmental monitoring equipment and containment of waste. In 1995, these expenditures totaled approximately $4 million compared to $6 million in 1994. Homestake estimates that during 1996, capital expenditures for such purposes will be approximately $3 million and that during the five years ending December 31, 2000, such capital expenditures will be approximately $35 million.

Homestake also incurs significant operating costs in order to protect the environment. Operating costs include current reclamation costs, accruals for future reclamation expenditures, and air, water and other environmental monitoring costs. Such additional costs totaled approximately $15 million in 1995, compared with approximately $16 million in 1994, not including related depreciation expense of $5 million and $6 million, respectively. Homestake estimates that environmental and related operating and depreciation costs in 1996 will approximate the 1995 amounts. The above amounts exclude expenditures related to the Company's discontinued uranium operations.

Under applicable law and the terms of permits under which Homestake operates, Homestake is required to reclaim land disturbed by its operations. Homestake charges reclamation costs incurred in connection with its exploration activities as expenses in the year in which incurred. For mining operations, Homestake makes periodic accruals for costs of reclamation. In the mining industry, most reclamation work takes place generally after mining and related operations terminate. However, Homestake has adopted a policy of conducting reclamation during operations where practical. As a result, an increasing amount of reclamation is being conducted simultaneously with mining. At December 31, 1995 and 1994, Homestake had accrued a total of $56.4 million and $49.2 million, respectively, for future reclamation and related costs.

Homestake's operations are conducted under permits issued by regulatory agencies. Many permits require periodic renewal or review of their conditions. Homestake cannot predict whether it will be able to renew such permits or whether material changes in permit conditions will be imposed.

RCRA

The United States Environmental Protection Agency ("EPA"), has not yet issued final regulations for management of mining wastes under the Resource Conservation and Recovery Act ("RCRA"). The ultimate effects and costs of compliance with RCRA cannot be estimated at this time.

CERCLA

The United States Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), requires the EPA to list known or threatened releases of hazardous substances, pollutants or contaminants. In 1983, the EPA began publishing the National Priorities List ("NPL"). The listing of a site does not constitute a determination that any remedial action is required, nor that any person is liable for any remedial action or environmental damage. CERCLA imposes heavy liabilities on any person who is responsible for an actual or threatened release of any hazardous substance, including liability for oversight costs incurred by the EPA. Congressional hearings for CERCLA reauthorization occurred in 1994 and 1995. CERCLA reauthorization was not enacted in 1995, but is expected to occur in 1996.

Whitewood Creek

Deposits of mine rock tailings on lands along an 18-mile stretch of Whitewood Creek in western South Dakota constitute a site on the NPL. The EPA asserts that discharges of tailings by mining companies, including Homestake, beginning in the nineteenth century, have contaminated the soil and stream bed.

In August 1990, Homestake signed a consent decree with the EPA in United States of America v. Homestake Mining Company of California, (U.S. District Court, W.D., S.D., Civil Action 90-5101). The consent decree required Homestake to carry out remedial work at Homestake's expense and to reimburse the EPA for oversight costs. The decree also provided for the three counties in which the property is located to enact institutional controls which would limit the future use of the properties included within the area of the site. Remedial field work was completed in 1993. Institutional control ordinances prepared with the assistance of the Company have been adopted in all three of the affected counties. The Record of Decision also requires the Company to continue to perform long-term monitoring of the site. The consent decree was terminated by the Court on January 10, 1996. Homestake has requested deletion of the site from the NPL and the EPA published a notice in the Federal Register on November 30, 1995 stating its intent to delete this site from the NPL. The Company expects the site to be deleted in 1996. The Company has paid all oversight costs billed to date.

In connection with the program to implement institutional controls, the Company decided to offer to purchase all properties along Whitewood Creek that were affected by the institutional controls. Approximately $1.3 million has been spent to acquire property at the site from 9 landowners. Negotiations are continuing to acquire more of the site. The Company estimates that the total cost for purchasing all of the affected property would be approximately $3 million. These costs are expensed as and when incurred.

In 1983, the State of South Dakota filed claims against Homestake for natural resources damages resulting from the release of tailings into the Whitewood Creek site. The State has taken no action to pursue the claims.

Grants Tailings

Homestake's closed uranium mill site near Grants, New Mexico is listed on the NPL. The EPA asserted that leachate from the tailings contaminated a shallow aquifer used by adjacent residential subdivisions. Homestake paid the cost of extending the municipal water supply to the affected homes. Homestake also has operated a water injection and collection system that has significantly improved the quality of the aquifer. The estimated costs of continued remediation are included in the accrued reclamation liability. Homestake has settled with the EPA concerning its oversight costs for this site and no additional oversight costs are accruing. The consent decree has been terminated.

Under Nuclear Regulatory Commission ("NRC") regulations, the decommissioning of the uranium mill tailings facilities is in accordance with the provisions of the facility's license. The facility license sets the closure of the two tailings impoundments as 1996 and 2001, subject to extension under certain circumstances. No difficulties are anticipated in obtaining an extension. The NRC and EPA signed a Memorandum of Understanding in 1993 which has established the NRC as the oversight and enforcement agency for decommissioning and reclamation of the site. Mill decommissioning was completed in 1994 and reclamation of the Grants large tailings site is scheduled for completion in 1997. During 1995, the Company incurred approximately $14.5 million of reclamation expenditures at the Grant's facility and an additional $3.5 million is planned to be expended during 1996.

Title X of the Energy Policy Act of 1992 (the "Act") authorized appropriations of $270.0 million to cover the Federal Government's share of certain costs of reclamation, decommissioning and remedial action for by-product material (primarily tailings) generated by certain licensees as an incident of uranium sales to the Federal Government. Reimbursement is subject to compliance with regulations of the Department of Energy ("DOE"), which were issued in 1994. Pursuant to the Act, the DOE is responsible for 51.2% of the past and future costs of reclaiming the Grants site in accordance with Nuclear Regulatory Commission license requirements. The Company's balance sheet at December 31, 1995 includes a receivable of $18.7 million for the DOE's share of reclamation expenditures made by the Company through 1995. The Company believes that its share of the estimated remaining cost of reclaiming the Grants facility, net of estimated proceeds from the ultimate disposals of related assets, is fully provided in the financial statements at December 31, 1995.

In 1983, the State of New Mexico filed claims against Homestake for natural resource damages resulting from the Grants site. The State has taken no action to pursue the claims.

Lead

Prior to May 1986, Homestake Lead Company of Missouri ("HLCM"), a wholly-owned subsidiary of the Company, was a joint venturer and partner with subsidiaries of AMAX, Inc. ("AMAX") in the production of lead metal and lead concentrates in Missouri. In May 1986, HLCM acquired AMAX's interest in the Missouri facilities and operations and agreed to assume certain limited liabilities of AMAX in connection with the Missouri facilities. In November 1986, HLCM entered into a partnership, The Doe Run Company ("Doe Run"), with subsidiaries of Fluor Corporation ("Fluor"), under which HLCM and the Fluor subsidiaries combined their existing United States lead businesses. Under the Doe Run partnership agreement, HLCM contributed to Doe Run certain liabilities of HLCM arising out of the lead business, including most obligations HLCM had to AMAX arising in connection with HLCM's acquisition of AMAX's interest in the Missouri facilities.

In May 1990, HLCM sold its interest in Doe Run to Fluor under an agreement which provided that Fluor would indemnify HLCM against all liabilities assumed by Doe Run to the extent that Doe Run was unable to discharge those liabilities.

In June 1991, HLCM and AMAX were notified of a potential claim by the Jackson County, Mississippi Port Authority for contamination of soil and water alleged to have resulted from storage and shipment of lead dross at the Port of Pascagoula prior to the formation of Doe Run; since that time, a number of other lead producers and former lead producers have also been so notified. In July 1991, HLCM tendered the claim to Fluor and Doe Run. They rejected the tender and HLCM filed suit in the Superior Court of Orange County, California for breach of contract and declaratory relief (Superior Court, Dept. 20, No. 673777). Subsequent to the filing of that action, HLCM tendered two additional potential claims arising out of the pre-1986 lead business to Fluor and Doe Run. Doe Run and Fluor rejected both tenders.

During the pendency of the action, Fluor and Doe Run joined AMAX in the litigation. AMAX took the position that HLCM was obligated to indemnify AMAX for off-site environmental liability associated with lead dross and smelter by-products, but not for off-site environmental liability associated with lead metal or lead concentrates. AMAX also took the position that the transfer to Doe Run of obligations owed by HLCM to AMAX arising in connection with HLCM's acquisition of AMAX's interest in the Missouri facilities was not binding on AMAX and did not relieve HLCM of its obligations to AMAX.

In settlement of the matter in respect of AMAX, HLCM agreed to indemnify AMAX in respect of future off-site environmental liability arising in respect of lead dross and other smelter by-products. AMAX has acknowledged that it is responsible for its proportionate share of off-site environmental liability associated with lead metal and lead concentrates, and AMAX has acknowledged the effectiveness of HLCM's transfer to Doe Run of obligations HLCM had to AMAX arising in connection with HLCM's acquisition of AMAX's interest in the Missouri facilities. HLCM and Fluor also agreed to dismiss Fluor out of the litigation on the basis of a stipulation by Fluor acknowledging its responsibility with respect to obligations of Doe Run to HLCM should Doe Run be unable to satisfy its obligations.

In December 1993, trial was held with respect to HLCM's claims against Doe Run and in January 1994, the court ruled against HLCM and in favor of Doe Run. That ruling is being appealed.

Homestake and other companies are working with the Port of Pascagoula to address the potential lead contamination situated on certain property held by the Port Authority. The Port of Pascagoula is taking primary responsibility for conducting an investigation of the site, but the Port also has made claims for reimbursement against customers whose material was stored at and shipped through the site. As a result of subsequent investigations conducted by the Company and others, the Company believes that most of the material at the Pascagoula site, and the material primarily responsible for any contamination, is lead concentrate. Based on a review of shipping records to date, less than half of the lead concentrate shipped through the Port of Pascagoula was produced and sold for the account of the Company. The State of Mississippi Department of Environmental Quality is, through regulatory oversight, reviewing the investigation efforts and remediation plans that are being developed by the Port Authority.

Foreign Operations

Homestake believes that its foreign operations comply with applicable laws, regulations and permit conditions and has no knowledge of any significant environmental liability or contingent liability resulting from its foreign operations. Homestake expects that environmental constraints in foreign countries will become increasingly strict.

CUSTOMERS

Sales of $102 million, $101 million, $92 million and $91 million to four customers in 1995 were in excess of 10% of Homestake's consolidated revenues. Homestake believes that the loss of any of these customers would not have a material adverse impact on Homestake because of the active worldwide market for gold.

CREDIT FACILITIES

See note 14 to the consolidated financial statements on page 38 of the 1995 Annual Report to Shareholders for details of the Company's credit facilities. Such information is hereby incorporated by reference.

EMPLOYEES

The number of full-time employees at December 31, 1995 of Homestake and its subsidiaries was:

Homestake mine [1]	967
McLaughlin mine	346
Nickel Plate mine	131
Eskay Creek mine	72
El Hueso mine [1]	23
United States corporate staff and other	76
Canada exploration and corporate staff	27
HGAL exploration and corporate staff	20
United States exploration	26
Santa Fe mine	7
Uranium	8
Chile exploration and corporate staff	31
Total	1,734

The number of full-time employees at December 31, 1995 in jointly-owned operations in which Homestake participates was:

Kalgoorlie Consolidated Gold Mines Pty Ltd [1]	992
Williams Operating Corporation	604
Round Mountain mine	550
Teck-Corona Operating Corporation[1]	232
Rayrock managed operations (Marigold and Pinson mines)	198
Snip mine	142
Main Pass 299	187
Total	2,905

1. Operations where a portion of the employees are represented by a labor union.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company, their ages at December 31, 1995, their business experience and principal occupations during the past five years and their business backgrounds are:

Harry M. Conger - Chairman of the Board and Chief Executive Officer since 1982, age 65. He has been Chief Executive Officer since December 1978 and was President from 1977 to 1986. He is a mining engineer with over 40 years of professional experience.

Jack E. Thompson - President and Chief Operating Officer since August 1994, age 45. From August 1994 to June 1995, he was also Chairman of Prime. He was Executive Vice President, Canada of the Company and President of Prime from 1992 through August 1994. He also was President of North American Metals Corp. from 1988 until 1993. He is a mining engineer with over 25 years of experience in mining and mine management.

Gene G. Elam - Vice President, Finance and Chief Financial Officer since September 1990, age 56. Before joining Homestake, he was Senior Vice President, Administrative Services of Pacific Gas and Electric Company from April 1989 through August 1990 and was Vice President and Controller from January 1987 through March 1989. He was President and Chief Executive Officer of The Pacific Lumber Company from 1982 to 1986, President in 1980 and 1981, and Chief Financial Officer from 1972 until 1980. He is a certified public accountant with over 34 years of experience in accounting and finance.

Lee A. Graber - Vice President, Corporate Development since 1983, age 47. From 1980 to 1983, he was Manager, Corporate Development and Planning. He has over 25 years of experience in finance and corporate development.

Wayne Kirk - Vice President, General Counsel and Secretary since September 1992, age 52. He was a partner in Thelen, Marrin, Johnson & Bridges from 1976 to 1992. He has practiced law for more than 26 years.

Gillyeard J. Leathley - Vice President, Operations since May 1995, age 58. He joined Homestake in 1992 as Vice President, Canadian Operations. Prior to joining Homestake, he was Senior Vice President, Operations for International Corona Corporation from 1986 to September 1992. He has over 38 years of experience in mining and mine management.

William F. Lindqvist - Vice President, Exploration since August 1995, age 53. He rejoined Homestake from Newcrest Mining Company, where he was Executive General Manager, Exploration. He was Vice President, Exploration at Homestake from 1990 through 1992. He is a geologist with more than 25 years of professional experience.

Ronald D. Parker - Vice President Canada and President, Homestake Canada Inc. since August 1994, age 45. He also has been President and Chief Executive Officer of Prime since August 1994. He was the Resident General Manager of the McLaughlin mine from 1988 until August 1994. He is an engineer with over 24 years of experience in mining and mine management.

Richard A. Tastula - Vice President, Australia since August 1995, age 52. He has been Managing Director of Homestake Gold of Australia Limited since 1993, and was Director of Operations from 1991 to 1993. For 18 years prior to that time, he held various positions with Western Mining Corporation, Limited. He has over 30 years of experience in mining and mine management.

David W. Peat - Vice President and Controller since December 1995, age 43. He was Controller of the Company from 1992 through November 1995. Prior to joining Homestake in 1992, he was Vice President, Controller for International Corona Corporation. He is a chartered accountant with over 19 years of accounting and finance experience.

Jan P. Berger - Treasurer since August 1992, age 40. He has been with Homestake since 1989, first as senior analyst in the finance group and from 1991 to 1992 was Manager, Internal Audit. Prior to joining Homestake, he was an analyst for Bechtel Financing Services Inc. Before Bechtel, he worked as an engineering and exploration geologist in the consulting and petroleum industries. He has over 14 years of experience in exploration and finance.

No officer is related to any other officer by blood, marriage or adoption.

Officers are elected to serve until the next annual meeting of the Board of Directors at which officers are elected or until their successors are chosen.

No arrangement or understanding exists between any officer and any other person under which any officer was elected.

ITEM 2 - PROPERTIES

See Item 1 - Business.

ITEM 3 - LEGAL PROCEEDINGS

Certain environmental proceedings in which the Company is or may become a party are discussed on pages 35 through 39 under the caption "ENVIRONMENTAL MATTERS."

HGAL and Gold Mines of Kalgoorlie Limited and its affiliates ("GMK") each own a 50% interest in the Kalgoorlie operations in Western Australia. Under certain circumstances, GMK is entitled to more than 50% of the gold production sourced from a specific area of the Kalgoorlie operations. The entitlement in excess of 50%, which is called the "disproportionate share," is calculated by a formula linked to gold prices, production costs and capital costs. HGAL and GMK disagree in respect to the interpretation and application of the formula for calculating the disproportionate share, principally relating to the treatment of certain capital costs.

On October 20, 1995 HGAL was served a writ of summons and a statement of claim by GMK, North Kalgurli Mines Pty Ltd, et al v. Homestake Gold of Australia Limited, et al, Supreme Court of Western Australia, Civ. No 2037 of 1995. GMK claims a number of declarations relating to the correct interpretation and application of the formula which calculates the disproportionate share. The statement of claim also alleges that HGAL has received to date a greater quantity of gold production than it is entitled to pursuant to the Disproportionate Sharing Arrangement and that HGAL should account to GMK in respect of the same. The quantity claimed is 8,313 ounces of gold having a value of approximately $3.2 million. GMK also seeks damages from HGAL in respect of damage it claims to have suffered because of the application of the formula which calculates the disproportionate share. Kalgoorlie Consolidated Gold Mines Pty Ltd, the manager of the Joint Venture, has been joined as the second defendant to the action. HGAL is of the view that it will successfully defend these proceedings.

The Company and its subsidiaries are defendants in various other legal actions in the ordinary course of business. In the opinion of management, such matters will be resolved without material affect on the Company's financial condition.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5 - MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

a. The common stock of Homestake Mining Company is registered and traded principally on the New York Stock Exchange under the symbol "HM". It is also listed and traded on the Australian Stock Exchange and in Switzerland on the Basel, Geneva and Zurich stock exchanges under the same symbol.

b. The number of holders of common stock of record as of March 18, 1996 was 23,530.

c. Information about the range of sales prices for the common stock and the frequency and amount of dividends declared during the past two years appears in the tables on page 45 in the Registrant's 1995 Annual Report to Shareholders. The tables setting forth sales prices and dividends are hereby incorporated by reference. Information about certain restrictive covenants under the Company's line of credit appears on page 38 in Note 14 entitled "Long-term Debt" in the Notes to Consolidated Financial Statements in the Company's 1995 Annual Report to Shareholders. Such information is hereby incorporated by reference.

d. Reference is hereby made to the Note 18 entitled "Shareholders' Equity" on page 40 in the Notes to Consolidated Financial Statements in the Company's 1995 Annual Report to Shareholders. Such information is hereby incorporated by reference.

ITEM 6 - SELECTED FINANCIAL DATA

A summary of selected consolidated financial data of the Company and its subsidiaries for the eight-year period ended December 31, 1995 appears on pages 46 and 47 in the 1995 Annual Report to Shareholders. The summary of selected consolidated financial data is hereby incorporated by reference.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations covering the three-year period ended December 31, 1995 appears on pages 22 through 27 in the 1995 Annual Report to Shareholders and is hereby incorporated by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The 1995 Annual Report to Shareholders includes the Company's consolidated balance sheets as of December 31, 1995 and 1994 and related statements of consolidated income, consolidated shareholders' equity and consolidated cash flows for each of the three years in the period ended December 31, 1995 and the independent auditors' report thereon, and certain supplementary financial information. The following are hereby incorporated by reference from the 1995 Annual Report to Shareholders at the pages indicated:

Statements of Consolidated Income (page 28)
Consolidated Balance Sheets (page 29)
Statements of Consolidated Shareholders' Equity (page 30)
Statements of Consolidated Cash Flows (page 31)
Notes to Consolidated Financial Statements (pages 32-43)
Report of Independent Auditors (page 44)
Quarterly Selected Data (page 45)

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEMS 10, 11, 12 AND 13

In accordance with General Instruction G(3), Items 10, 11, 12 and 13 (with the exception of certain information pertaining to executive officers, which is included in Part I hereof) have been omitted from this report since a definitive proxy statement is being filed with the Securities and Exchange Commission and furnished to shareholders pursuant to Regulation 14A.

The information contained in the proxy statement relating to directors, executive compensation, security ownership and certain relationships (other than the performance graph and Compensation Committee report contained therein) is hereby incorporated by reference.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORMS 8-K

(a) 1. **Financial Statements:**

Refer to Part II, Item 8.

2. **Financial Statement Schedules:**

Schedules for the years ended December 31, 1995, 1994, and 1993 -

II Valuation and Qualifying Accounts

Report of Independent Auditors

Schedules not listed are omitted because they are not required or because the required information is included elsewhere in this report.

3. **Exhibits**

2.1 Plan of acquisition and offer to purchase the 18.5% of Homestake Gold of Australia Limited held by minority shareholders (incorporated by reference to the Registrant's Registration Statement No. 33-62667 on Form S-4, as amended by Post-Effective Amendment No. 1 filed on October 19, 1995 ("Offer Document") and Supplements to Offer Document dated December 1, 1995, December 13, 1995, January 12, 1996, and January 25, 1996).

3.1 Restated Certificate of Incorporation of Homestake Mining Company (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-4 filed on June 10, 1992 (the "1992 S-4 Registration Statement")).

3.2 Amendment to Restated Certificate of Incorporation of Homestake Mining Company dated June 3, 1991 (incorporated by reference to Exhibit 3.2 to the 1992 S-4 Registration Statement).

3.3 Certificate of Correction of the Restated Certificate of Incorporation of Homestake Mining Company dated February 10, 1992 (incorporated by reference to Exhibit 3.3 to the 1992 S-4 Registration Statement).

3.4 Bylaws (as amended through May 9, 1993) of Homestake Mining Company (incorporated by reference to Exhibit 3.4 to the Registrant's Form 10-Q for the quarter ended March 31, 1995).

3.5 Rights Agreement dated October 16, 1987 (incorporated by reference to Exhibit 10 to the Registrant's Report on Form 8-A dated October 16, 1987).

4.1 Indenture dated as of January 23, 1993 between Homestake Mining Company, Issuer and The Chase Manhattan Bank, N.A., Trustee, with respect to U.S. $150,000,000 principal amount of 5 1/2% Convertible Subordinated Notes due January 23, 2000 (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K Report dated as of June 23, 1993).

10.1 Agreement dated July 4, 1995 between Noranda Exploration Company Limited, Teck Corporation and International Corona Resources Limited (a subsidiary of International Corona Corporation, now Homestake Canada Inc. and a subsidiary of Registrant), relating to development of the Quarter Claim mine.

* 10.2 Form of Change of Control Severance Plan of Registrant.

* 10.3 Deferred Compensation Plan of Homestake Mining Company effective October 1, 1995.

* 10.4 Amended and Restated Executive Supplemental Retirement Plan of Homestake Mining Company effective August 1, 1995.

* 10.5 Supplemental Retirement Plan of Homestake Mining Company, amended and restated effective as of January 1, 1990 (including November 29, 1990 modification).

* 10.6 Master Trust under the Homestake Mining Company Deferred Compensation Plans as of December 5, 1995.

10.7 Amended and restated credit agreement dated as of September 30, 1994 between the Registrant, the Lenders, Bank of Nova Scotia and Canadian Imperial Bank of Commerce as managing agents and Canadian Imperial Bank of Commerce as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K dated March 20, 1995).

* 10.8 Retirement plan for outside directors of the Registrant dated as of July 21, 1994 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K dated March 20, 1995).

10.9 Lease agreement dated June 17, 1988 between the Registrant's wholly-owned subsidiary, Minera Homestake Chile, S.A. and CODELCO-Chile (incorporated by reference to Exhibit 10(f) to the Registrant's Form 10-K for the year ended December 31, 1989).

10.10 Amendment dated September 4, 1991 to the lease agreement dated June 17, 1988 between the Registrant's wholly-owned subsidiary, Minera Homestake Chile, S.A. and CODELCO-Chile (incorporated by reference to Exhibit 10(a) to the Registrant's Form 10-K for the year ended December 31, 1989).

10.11 Agreement dated October 9, 1991 between the Registrant and Chevron Minerals Ltd. (incorporated by reference to Exhibit 10(b) to the Registrant's Form 10-K for the year ended December 31, 1991).

10.12 Guarantee dated December 18, 1991 between the Registrant and Chevron Minerals Ltd. (incorporated by reference to Exhibit 10(c) to the Registrant's Form 10-K for the year ended December 31, 1991).

10.13 Agreement dated May 4, 1990 for the sale of the Registrant's 42.5% partnership interest in The Doe Run Company (incorporated by reference to Exhibit 28(a) to the Registrant's Form 8-K dated May 18, 1990).

10.14 Purchase and sale agreement dated January 15, 1989 between the Registrant's subsidiary, Homestake Gold of Australia Limited, and North Kalgoorlie Mines Limited (and Group Companies) and Kalgoorlie Lake View Pty. Ltd. (incorporated by reference to Exhibit 10(g) to the Registrant's Form 10-K for the year ended December 31, 1989).

10.15 Joint Operating Agreement dated May 1, 1988 between Freeport-McMoRan Resources Partners, IMC Fertilizer, Inc. and Felmont Oil Corporation (a subsidiary of Registrant, now named Homestake Sulphur Company) relating to the Main Pass Block 299 sulphur project (incorporated by reference to Exhibit 10.16 to the Registrant's Form 10-K for the year ended December 31, 1992).

10.16 Amendment No. 1 dated July 1, 1993 to Joint Operating Agreement between Freeport McMoRan Resources Partners, IMC Fertilizer, Inc. and Homestake Sulphur Company (incorporated by reference to Exhibit 10.8 to the Registrant's Form 10-K for the year ended December 31, 1993).

10.17 Amendment No. 2 dated November 30, 1993 to Joint Operating Agreement between Freeport McMoRan Resources Partners, IMC Fertilizer, Inc. and Homestake Sulphur Company (incorporated by reference to Exhibit 10.9 to the Registrant's Form 10-K for the year ended December 31, 1993).

10.18 Amended and Restated Project Agreement (David Bell Mine) dated as of April 1, 1986 among Teck Corporation, International Corona Resources Ltd. (a subsidiary of International Corona Corporation, now Homestake Canada Inc. and a subsidiary of Registrant), Teck-Hemlo Inc., Corona-Hemlo Inc. (a subsidiary of International Corona Corporation, now Homestake Canada Inc. and a subsidiary of Registrant) (incorporated by reference to Exhibit 10.17 to the Registrant's Form 10-K for the year ended December 31, 1992).

10.19 Amended and Restated Operating Agreement (David Bell Mine) among Teck Corporation, International Corona Resources Ltd. (a subsidiary of International Corona Corporation, now Homestake Canada Inc. and a subsidiary of Registrant), Teck Mining Group Limited, Teck-Corona Operating Corporation, Teck-Hemlo Inc. and Corona-Hemlo Inc. (a subsidiary of International Corona Corporation, now Homestake Canada Inc. and a subsidiary of Registrant) (incorporated by reference to Exhibit 10.18 to the Registrant's Form 10-K for the year ended December 31, 1992).

10.20 Project Agreement (Williams Mine) dated August 11, 1989 among Teck Corporation, Corona Corporation (now Homestake Canada Inc. and a subsidiary of Registrant) and Williams Operating Corporation (incorporated by reference to Exhibit 10.19 to the Registrant's Form 10-K for the year ended December 31, 1992).

10.21 Operating Agreement (Williams Mine) dated August 11, 1989 among Teck Corporation, Corona Corporation (now Homestake Canada Inc. and a subsidiary of Registrant), Teck Mining Group Limited and Williams Operating Corporation (incorporated by reference to Exhibit 10.20 to the Registrant's Form 10-K for the year ended December 31, 1992).

10.22 Shareholders' Agreement dated August 11, 1989 among Corona Corporation (now Homestake Canada Inc. and a subsidiary of Registrant), Teck Corporation and Williams Operating Corporation (incorporated by reference to Exhibit 10.21 to the Registrant's Form 10-K for the year ended December 31, 1992).

* 10.23 Agreement dated July 16, 1982, as amended November 3, 1987 and February 23, 1990, between the Registrant and H. M. Conger (incorporated by reference to Exhibit 10(a) to the Registrant's Form 10-K for the year ended December 31, 1989).

* 10.24 Share Incentive Plan effective July 1, 1988 of International Corona Corporation (now Homestake Canada Inc. and subsidiary of Registrant), as amended October 22, 1991 (incorporated by reference to Exhibit 10.32 to the Registrant's Form 10-K for the year ended December 31, 1992).

10.25 Shareholder Agreement dated January 1, 1989 among Homestake Mining Company, Case, Pomeroy & Company, Inc. and Hadley Case (incorporated by reference to Exhibit 10(a) to the Registrant's Form 10-K for the year ended December 31, 1988).

10.26 Amendment dated March 27, 1992 to Shareholder Agreement dated January 1, 1989 among Homestake Mining Company, Case, Pomeroy & Company, Inc., and Hadley Case (incorporated by reference to Exhibit 10.14 to the 1992 S-4 Registration Statement).

* 10.27 Consulting Agreement dated July 24, 1992, between Stuart T. Peeler and the Registrant (incorporated by reference to Exhibit 10.36 to the Registrant's Form 10-K for the year ended December 31, 1992).

* 10.28 Consulting agreement dated March 1, 1993 between William A. Humphrey and the Registrant (incorporated by reference to Exhibit 10.27 to the Registrant's Form 10-K for the year ended December 31, 1993).

* 10.29 Employees Non-Qualified Stock Option Plan--1978 (incorporated by reference to Exhibit 10(a) to the Registrant's Form 10-K for the year ended December 31, 1984, Commission File Number 1-1235 and to Post Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-8 dated March 11, 1988).

* 10.30 1981 Incentive Stock Option Plan (incorporated by reference to Exhibit 10(b) to the Registrant's Form 10-K for the year ended December 31, 1984, Commission File Number 1-1235 and to Post Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-8 dated March 11, 1988).

* 10.31 Long Term Incentive Plan of 1983 of Homestake Mining Company (incorporated by reference to Exhibit 10(g) to the Registrant's Registration Statement on Form S-14 dated May 16, 1984).

* 10.32 Employees' Stock Option and Share Rights Plan--1988 (incorporated by reference to Exhibit 10(n) to the Registrant's Form 10-K for the year ended December 31, 1987).

11 Computation of Earnings Per Share.

13 Specified sections of the 1995 Annual Report to Shareholders.

21 Subsidiaries of the Registrant.

23 Consent of Coopers & Lybrand L.L.P., Independent Auditors.

27 Financial Data Schedule.

* Compensatory plan or management contract.

(b) **Reports Filed on Form 8-K**

Six reports on Form 8-K were filed during the fourth quarter of 1995 and in the 1996 period through March 21, 1996.

1) The report on Form 8-K dated November 29, 1995 announced that the Company extended until December 22, 1995 its offer to acquire the shares of HGAL that Homestake did not own already.

2) The report on Form 8-K dated December 13, 1995 was submitted in order to file two documents as follows: (i) Supplement #2 to Offer Document related to the Company's offer to acquire the 18.5% of HGAL that it did not own already and (ii) consent of opinion of independent accountants related to report on financial forecast included in Supplement #2 to Offer Document. Supplement #2 to Offer Document includes updated and revised Pro Forma Condensed Consolidated Financial Statements.

3) The report on Form 8-K dated December 21, 1995 announced that the Company extended until January 12, 1996 its offer to acquire the shares of HGAL that Homestake did not own already.

4) The report on Form 8-K dated January 12, 1996 announced that the Company extended until January 25, 1996 its offer to acquire the shares of HGAL that Homestake did not own already.

5) The report on Form 8-K dated January 25, 1996 announced that the Company extended until February 9, 1996 its offer to acquire the shares of HGAL that Homestake did not own already.

6) The report on Form 8-K dated January 31, 1996 announced that the Company's offer to acquire the shares of HGAL that Homestake did not own already would close on February 9, 1996, and that the Company then owned 98.3% of the shares of HGAL and would proceed with compulsory acquisition of any remaining shares after the closing date.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HOMESTAKE MINING COMPANY

Date March 21, 1996

By: /s/ H. M. Conger
H. M. Conger
Chairman of the Board
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ G. G. Elam G. G. Elam	Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	March 21, 1996
/s/ D. W. Peat D. W. Peat	Vice President and Controller (Principal Accounting Officer)	March 21, 1996

(Signatures continued on following page.)

Signature	Capacity	Date
/s/ Harry M. Conger Harry M. Conger	Chairman of the Board, Chief Executive Officer and Director	March 21, 1996
/s/ Jack E. Thompson Jack E. Thompson	President, Chief Operating Officer and Director	March 21, 1996
/s/ M. Norman Anderson M. Norman Anderson	Director	March 21, 1996
/s/ Robert H. Clark, Jr. Robert H. Clark, Jr.	Director	March 21, 1996
/s/ G. Robert Durham G. Robert Durham	Director	March 21, 1996
/s/ Douglas W. Fuerstenau Douglas W. Fuerstenau	Director	March 21, 1996
/s/ Henry G. Grundstedt Henry G. Grundstedt	Director	March 21, 1996
/s/ William A. Humphrey William A. Humphrey	Director	March 21, 1996
/s/ Robert K. Jaedicke Robert K. Jaedicke	Director	March 21, 1996
/s/ John Neerhout, Jr. John Neerhout, Jr.	Director	March 21, 1996
/s/ Stuart T. Peeler Stuart T. Peeler	Director	March 21, 1996
/s/ Carol A. Rae Carol A. Rae	Director	March 21, 1996
/s/ Berne A. Schepman Berne A. Schepman	Director	March 21, 1996

HOMESTAKE MINING COMPANY AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(In thousands)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	DEDUCTIONS	BALANCE AT END OF PERIOD
DEFERRED TAX ASSET VALUATION ALLOWANCES [1]				
Year ended December 31, 1995	$ 49,839	$ 11,034	$ 1,262 [2]	$ 59,611
Year ended December 31, 1994	$ 52,066	$ 10,210	$ 12,437 [3]	$ 49,839
Year ended December 31, 1993	$ 0	$ 52,066 [4]	$ 0	$ 52,066

(1) For further information see Note 7, Income Taxes, in the Notes to the Consolidated Financial Statements included in the 1995 Annual Report to Shareholders.

(2) Deductions in 1995 relate to the realization of certain United States deferred tax assets.

(3) Deductions in 1994 relate to the reversals of Canadian and Australian tax loss carry-forwards.

(4) Additions in 1993 relate to the implementation of SFAS 109, "Accounting for Income Taxes."

Coopers & Lybrand

Coopers & Lybrand L.L.P.

a professional services firm

REPORT OF INDEPENDENT ACCOUNTANTS

The Shareholders and Board of Directors
Homestake Mining Company

We have audited the consolidated financial statements of Homestake Mining Company and subsidiaries as of December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, which financial statements are included on pages 28 through 43 of the 1995 Annual Report to Shareholders of Homestake Mining Company and incorporated by reference herein. We have also audited the financial statement schedules listed in Item 14(a)(2) of this Form 10-K. These financial statements and financial statement schedules are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Homestake Mining Company and subsidiaries as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Coopers & Lybrand L.L.P.

San Francisco, California
February 9, 1996