

017816

the Cinola Gold project

**WILL CATER
TO QUEEN CHARLOTTE
WORKERS**

Cinola 103F034-05

PROPERTY FILE



**City
Resources
(Canada) Ltd.**

**"We'll be good listeners
and careful miners."**

PROJECT STATISTICS

Reserves: 27,000,000 tons
Average Grade: 0.062 ozs/ton
Recoverable Gold: 1,500,000 ounces
Throughput: 6,600 tons/day (2.3 million tons/yr)
Project Life: 12 years
Capital Costs: \$110 million
Operating Costs: \$20/ton



Island Residents to get Preferential Treatment

Training

City will provide the necessary training for Queen Charlotte residents hired for the project.

City will provide special pre-employment training so that minority groups are not disadvantaged when being considered for hiring.

Hiring

Hiring will always start preferentially on the Queen Charlotte Islands, followed by the North West Coast, then and only then in the rest of B.C.

The construction work force will be as high as 314. During mine life there will be over 200 direct plus another 61 indirect employees.

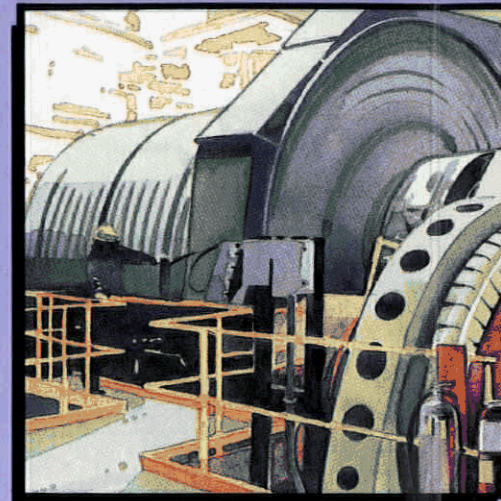
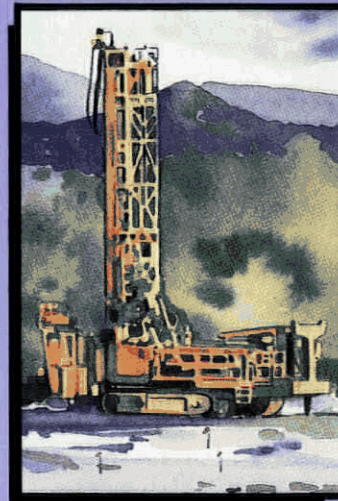
Community

City will always act as a good corporate citizen. They will share in the tax burden, and help in the planning of the longer term infrastructure needs for Port Clements.

Benefits

The Cinola project will benefit all the communities of the Queen Charlotte Islands.

Two out of every three people working for City will be a Queen Charlotte Islander.



Settlement & Housing

If local residents thought it desirable, a block shift commuting program could be implemented to accommodate the largest number of Islanders from all the communities.

Every attempt will be made to utilize available housing throughout the Islands.

If a sufficient number of people show an interest in using the facility, the construction camp could be converted to accommodate those workers on block shifts, who travel from a distance on the Islands.

Materials, Supplies & Services

City will purchase locally to the greatest extent possible.

City will encourage the growth and development of local companies to provide services.

City will work with Band and Village Councils, other local government organizations, provincial agencies, and the public as a whole, on any matter that affects the group.

Wealth for the Islanders

Socio-Economic Benefits during Construction

Direct employment	max- 315	average - 175
Estimated local employment	max- 32	average - 18
Estimated induced employment	max- 30	average - 15
Estimated total construction costs		\$110 million
Estimated construction period		15 months
Estimated labor component		\$ 39 million
Estimated Q.C.I. labor component		\$ 4 million
Indirect income from purchase of supplies		\$ 1 million
Indirect income from purchase of services		\$ 2 million
Induced income effects		\$ 2 million
Total Q.C.I. benefits		\$ 9 million

Socio-Economic Benefits during Operations

Total direct employment	200
Employment for existing residents	160
Estimated indirect/induced employment	60
Total annual operating costs	\$ 44 million
Estimated labor component	\$ 8 million
Estimated gross wages	\$ 6 million
Estimated total project wages	\$ 82 million
Indirect annual income (min \$4 million) max	\$ 14 million
Total indirect project income	\$128 million
Induced annual income (min \$2 million) max	\$ 5 million
Total induced project income	\$ 53 million
Total Q.C.I. Project benefits	\$263 million

Estimated Taxation

Estimated taxes from personal income	\$ 65 million
Estimated total project sales taxes	\$ 20 million
Estimated total project fed. taxes	\$ 13 million
Estimated total project prov. taxes	\$ 14 million
Estimated total B.C. mining tax	\$ 18 million

City Resources Commitments

■ City will employ as many of the current Island residents as is possible. ■ City will institute pre-employment training for Island residents, so as to maximize their employment potential. ■ City will institute guarantees of employment for those residents who have taken the training and will show preference to Island residents at all times when hiring. ■ City will institute on the job training and apprenticeships for its employees. ■ City will give special attention to the employment of natives and special minority groups. ■ City will work towards reaching a working agreement with the Council of the Haida Nation, so that they can participate in the project, in the manner of their choice. ■ City will at all times keep the operation running in an environmentally sound manner and will ensure that all monitoring is carried out by an independent agency, which they will assist in establishing on the Islands. ■ City will at all times work with concerned residents to ensure that their views on the manner in which the project is operated, are taken into account.

Who will work here

Summary of Operational Workforce Requirements of the Cinola Gold Project by Department and Skill Level

DEPARTMENT	SKILLED	SEMI- SKILLED	UNSKILLED	TOTAL
Administration	5	1	1	7
Accounting	3	1	1	5
Employee/Industrial Relations	2	0	6	8
Purchasing/Warehousing	1	4	3	8
Labs	5	4	3	12
Mill (Supervision)	8	1	0	9
Mill (Operations)	8	23	7	38
Mill (Maintenance)	14	6	4	24
Mine (Direct Operating)	4	35	3	42
Mine (Maintenance)	14	0	6	20
Mine (Supervision, Administration, Technical)	8	2	0	10
Transportation	1	1	3	5
Water Management/Tailings	0	0	3	3
Power Generation	2	4	4	10
Total	75	82	44	201

Source: Minproc U.S.A. Ltd.

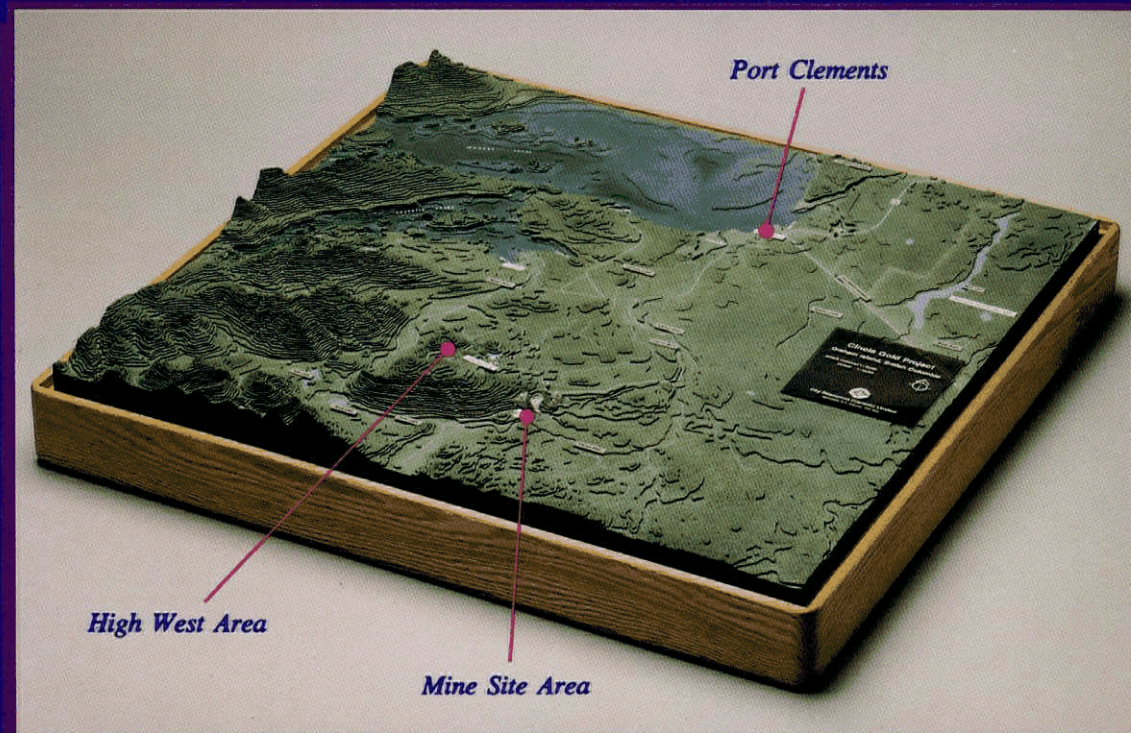
Operations Workforce Requirements by Position During Operational Phase of the Cinola Gold Project

DEPARTMENT	POSITION	NO.	POSITION	NO.
MINING				
Direct Operating	Drill Operators	6	Drill Helpers/Laborers	2
	Shovel Operators	7	Blasting Crew	1
	Truck Operators	14	Shift Foremen	3
	Dozer Operators	4	Blast Foreman	1
	Grader/Utility Operators	4	Subtotal	42
	<hr/>			
Maintenance	Foremen	2	Lubemen	2
	Mechanics	12	Helpers	2
	Electricians	2	Subtotal	20
<hr/>				
Supervision, Administration, & Technical	Superintendent	1	Draftsmen/Technicians	2
	General Foreman	1	Surveyors	2
	Engineer	1	Clerks	2
	Geologist	1	Subtotal	10
	<hr/>			
PROCESS PLANT				
Administration	Plant Manager	1	Chief Metallurgist	1
	General Foreman	1	Secretary/Typist	1
			Subtotal	4

Continued on Reverse

DEPARTMENT	POSITION	NO.	POSITION	NO.
<i>Continued from Reverse</i>				
Supervision-Treatment Plant			Shift Foremen	4
			Gold Room Foreman	1
			Subtotal	<u>5</u>
Operational	Metallurgists/Chemical Engineers	3	Goldroom Operators	2
	Metallurgical Clerk	1	Reagent Operator	1
	Crushing/Loader Operators	3	Reagent Helper	1
	Grinding Operators	4	Loader/Forklift Driver	1
	Leach Plant and Acid Regeneration	8	Day Laborers	4
	Gold Teaching and CIL	4	Shift Laborers	4
	Limestone Grinding, Pyrite Grinding	2	Subtotal	<u>38</u>
Maintenance Supervision	Senior Maintenance Engineer	1	Maintenance Planner	1
	Maintenance Foreman	1	Electrical Engineer	1
	Instrument Foreman	1	Subtotal	<u>5</u>
Maintenance Trades	Fitters/Millwrights	6	Lube Man	1
	Helpers	3	Instrument Technicians	4
	Electricians	4	Carpenter	1
			Subtotal	<u>19</u>
POWER GENERATION			Subtotal	10
TRANSPORTATION	Transportation Manager	1	Drivers	3
	Equipment Operator	1	Subtotal	<u>5</u>
WATER MANAGEMENT/TAILINGS			Subtotal	3
ADMINISTRATION	General Manager	1	Environmental Assistant	1
	Personnel Officer	1	Clerks	2
	Environmental Coordinator	1	Administration Superintendent	1
			Subtotal	<u>7</u>
ACCOUNTING	Payroll Accountant	1	Clerical: 2 Clerks; 1 Typist	3
	Costing Accountant	1	Subtotal	<u>5</u>
PERSONNEL/INDUSTRIAL RELATIONS	Safety Officer	1	Security Guards	4
	Training Officer	1	Janitors	2
			Subtotal	<u>8</u>
WAREHOUSE	Purchasing Officer	1	Storemen Laborers	2
	Storemen: 2 Day: 1 Night	3	Clerks	2
			Subtotal	<u>8</u>
LABORATORIES				
Analytical Laboratory	Chief Chemist	1	Sample Preparers	4
	Chemists/Assayers	3	Subtotal	<u>8</u>
Metallurgical Laboratory			Senior Technician	1
			Technicians	3
			Subtotal	<u>4</u>
			Total Operations Workforce	201

Cinola Mine Site



Question

What would happen if the Cinola Project was closed prematurely?

Answer

A premature closure with City's plan of development would mean that it will be that much easier to reclaim, since there will be less material to handle.

If wastes cannot be disposed of permanently in the pit they can be disposed of in one or other of the tailings impoundments. The tailings impoundments are designed to be completed in 4 year segments and reclaimed during the operating period. Consequently, it will mean that in all circumstances there will be a completed impoundment available for shut down and reclamation.

A trust fund will be built up over the years so that money will always be available to handle the kind of situation that has been envisaged by the question.



City Resources (Canada) Limited

Suite 2000, Park Place, 666 Burrard Street
Vancouver, B.C. Canada V6C 2X8
Telephone (604) 689-1524
Fax (604) 684-0863