Cinola Gold Project A STATE OF-THE-ART DESIGN FOR CLOSURE





City Resources (Canada) Ltd.

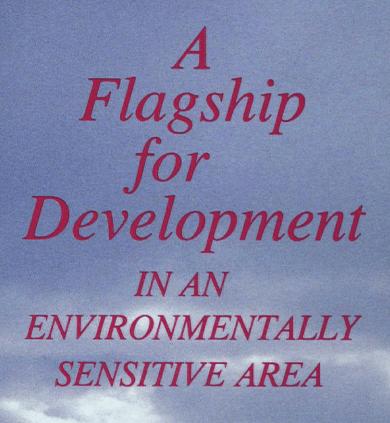
A world leader setting new standards for environmental protection.

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

Capital Costs: \$110 million Operating Costs: \$20/ton





Having already spent four years in monitoring and test work; fully committed to spending \$500,000 in environmental protection annually over the operating life of the mine; and proposing a \$12 million guarantee for the final safe mine closure that will prevent any future harmful environmental effects, the Cinola Gold project has been described as performing "state-of-the-art research and study" and setting "new standards in environmental design for mines." These are testimonials which have been offered by expert consultants. More continuous monitoring and test work will have been completed on this Project over a 4-year period than at any other mine in B.C. This is in order to:

- Ensure a complete collection of base line data
- Ensure a complete understanding of the acid-generating potential of all rocks in the deposit
- Ensure a good knowledge of toxic and trace elements in both ore and waste rocks

Design of the waste dumps has been specially developed in order to:

- Minimize the quantity of rain water passing through them
- Eliminate AMD (Acid Mine Drainage), contaminated effluent

Process and mill design have been thorough yet innovative in order to:

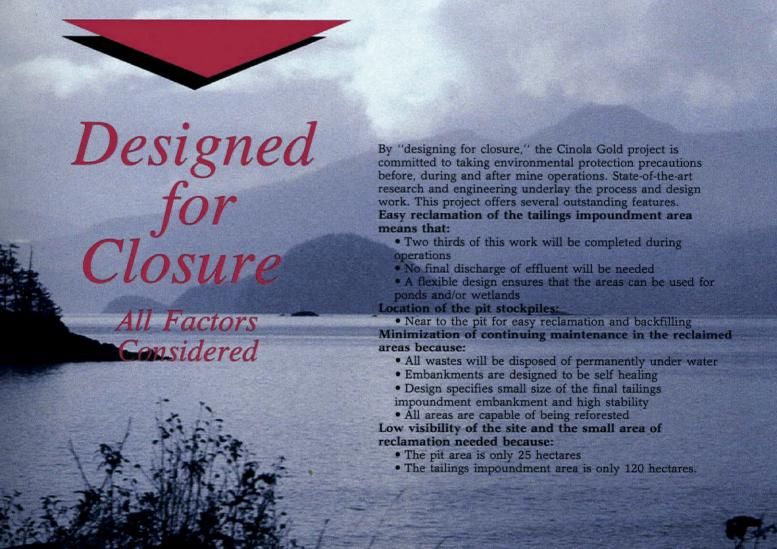
- Ensure complete recycling of the mill water
- Eliminate soluble toxic compounds in the tailings
- Ensure that tailings are non-acid generating

The tailings impoundment area has been carefully designed in order to:

- Ensure all embankments meet water retaining standards
- Ensure effluent discharge to the environment will be totally eliminated by means of a multiple ponding system
- Ensure embankments will withstand the most severe credible earthquake
- Ensure the worst rainfall can be stored within any pond



Year 1
Before Construction



Socio-Economic **Impacts** Are All

Beneficial

The Cinola Gold project will provide major socio-economic benefits both for the Queen Charlotte Islands region and for the Province generally.

Specific employment-related benefits include:

- · Maximum construction work force 300 men
- Total construction wages \$34 million
- · Permanent operating work force 200 men
- · Wages during operations \$4 million per year
- Estimated service/indirect work force 100 men
- Total income multiplier effects estimated at \$260 million
 Estimated corporate taxes payable to the Province during project life \$30 million

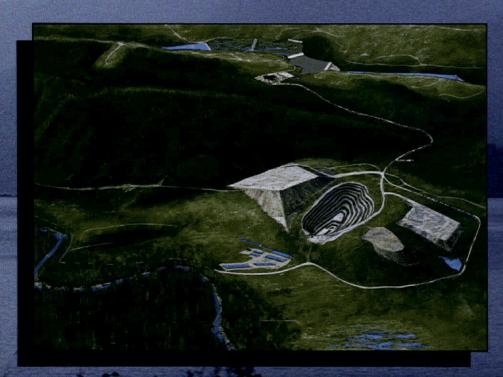
 City Resources has committed to:

- · Preferential hiring of Queen Charlotte Islanders
- · Comprehensive pre-employment and on-the-job training
- Minimization of commuting problems for Queen Charlotte Islanders by arranging suitable work schedules
- · Hiring of special groups, including native people

Research and Development Benefits include:

- · Vancouver-based research into acid generation from rocks is the very latest methodology

 •This project has developed world leadership in
- metallurgical processing of epithermal ore deposits
- In addition to the current technical job creation, City Resources is committed to creating an environmental laboratory in the Queen Charlotte Islands and training the people who will work there



Year 12 Production



Year 15
Reclamation

Closed and Reclaimed

Complete
Environmental
Protection

All planning and design have been based on the recognition that this project must be both operated and closed down in an environmentally responsible manner. In order to demonstrate that this will be achieved, many special circumstances and provisions should be stressed.

No acid-generating rock will be left exposed to the environment:

- There will be total permanent storage of all such rock under water
- The pit walls will be totally covered and/or flooded All project areas will be returned to their natural habitat:
- Existing test plots show that rapid reclamation will occur
- both on tailings and on waste rock
 City Resources will help organize a group of local residents who can determine the final form of reclamation.

Provision of post-closure monitoring:

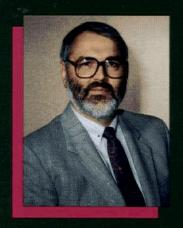
- At least 36 months of monitoring is now anticipated after closure (City Resources will also commit to continue the monitoring for as long as it is necessary)
- monitoring for as long as it is necessary)

 The water treatment plant will be left in place as long as it is required

Provision of reclamation guarantees:

• Bonding and/or trust funds will be put in place to achieve the objective of complete environmental protection before the project goes into operation

City Resources Consultants Say...



"Norecol has worked on 25 gold mining projects in the past three years in Western North America. We believe that the Cinola Gold Project has performed an unprecedented amount of test work, so as to understand the environmental concerns and to properly plan for mining."

Jim Malick, Ph.D. Principal for Norecol Environmental Consultants



"Minproc has built over 50 gold plants worldwide in the last eight years and has been involved in the process development of the Cinola Gold Project since City Resources acquired the property. City Resources' environmental precautions taken on this project have been the most stringent Minproc has experienced. Minproc believes that the Cinola Gold Project will set new standards in environmental design for mines."

Kevin Foo, Manager of Metallurgy, Minproc Inc.



"The waste and water management plans developed for the Cinola Gold Project show a total committment by a mining company, to the protection and preservation of the environment. The research and study City Resources has performed is state-of-the-art. Their design for control of acid mine drainage exceeds that of any project in the world — it is a world leader."

John Gadsby, P. Eng. Director of Steffen, Robertson, and Kirsten



City Resources (Canada) Limited

Suite 2000, Park Place, 666 Burrard Street Vancouver, B.C. Canada V6C 2X8 Telephone (604) 669-1524 Fax (604) 684-0863