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Mt. Milligan
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NORTH OF FORT ST. JAMES

Mine project proposed

by MALCOLM CURTIS
Staff reporter

Continental Gold Corp. of Vancouver says test drilling shows there are enough copper and gold reserves at its Mount Milligan property, north of Fort St. James, for a \$150-million to \$200-million open pit mine.

The company held a press conference in Prince George Monday to outline its plans, which call for work on a mine to begin in 1991 with production expected by 1992.

The project is a bulk tonnage, low-grade copper and gold deposit owned 70 per cent by Continental and 30 per cent by BP Resources Canada.

"This is not a Mickey Mouse project," said Bob Dickinson, Continental Gold's president.

Dickinson compared it to other similar copper mines in B.C., like the Brenda and Gibraltar operations. The difference is that Mount Milligan also contains enough gold reserves to make it the fifth biggest producer in Canada, he said.

With declining copper production in B.C. expected in two or three years, the Mount Milligan project is happening at just the right time, Dickinson said.

Continental Gold, listed on the Vancouver Stock Exchange where its shares recently traded at \$3.25, expects to begin a feasibility study this fall after completing more drilling over the summer.

With \$2 million in cash, the company plans to issue flow-through shares in June to raise a further \$2

million to \$3 million to finish its drilling program.

Current projections show a mine processing 35,000 tonnes of ore per day, yielding 200,000 ounces of gold and 74 million pounds of copper annually for 15 years.

Dickinson said the company has yet to get provincial approvals but no environmental concerns are expected.

He said the area is to be cleared of trees by Fletcher Challenge, the forest company.

The site is linked to Mackenzie by a forestry road. A short access road would have to be built to connect with another logging road to Fort St. James, but the company has not yet determined which hauling routes it will use.

The mine would employ 350 people directly and create 525 spinoff jobs benefiting Mackenzie, Fort St. James and Prince George, the company said.

Continental is 10-per-cent owned by Homestake Mining Co. of the U.S.

Dickinson said Continental will receive final approval on Thursday for its takeover of United Lincoln Resources, another VSE company which originally explored the Mt. Milligan area.

Continental is also being listed this week on the U.S. over-the-counter share quotation system (NASDAQ), he said.

Officials are slated to outline their plans to the Mackenzie Chamber of Commerce today.

Provincial Economy to Benefit from Mt. Milligan Copper/Gold Discovery

Continental Gold Corp.'s Mt. Milligan copper/gold discovery appears destined to become British Columbia's next major mine.

When it comes to copper or gold mining in B.C., big is beautiful. Preliminary assessments of potential copper/gold production at the Mt. Milligan project suggest that the new discovery could sustain a production rate of 13 million tons per year. According to Price Waterhouse's "Report On Mining In British Columbia," this rate of production would make the project B.C.'s third largest metal mine.

Although the discovery has not yet attracted much interest outside of BC's mining community, it has the potential to make a major impact on copper and gold production in B.C. and Canada for many years to come.

Although Mt. Milligan is not as large as the massive Cominco/Teck Highland Valley Copper complex (41 million tons annually), it would be similar in size to BHP Utah's Island Copper mine (17 million tons per year), Placer Dome's Gibraltar mine (13 million tons per year) and Noranda's Brenda mine (11 million tons per year).

The most obvious benefit of a mine of this size is the tremendous level of new, long term employment generated in the surrounding area. Brenda and Gibraltar employ 390 and 300 people respectively.

With an average miner's salary of \$46,550, it is apparent that big mines can result in major benefits to the local and provincial economy.

In addition to every job created at the mine site, some 1.5 more jobs would be created in the region. A project of Mt. Milligan's potential size would employ 350 people directly, and pay wages of about \$16 million annually at the mine site. An additional 525 jobs would be created in the Cariboo-Ft. George Economic Region. The towns of MacKenzie and Fort St. James and the city of Prince George would receive the most benefit from this major new development.

During the last few years, the Cariboo-Ft. George region has benefitted from booming lumber and pulp markets. Unfortunately, it is only a matter of time before the local economy starts to slow down due to a downturn in the forest industry.

The federal and provincial tax base would not only benefit from the increased wages paid in the region, but also from taxes on the Mt. Milligan mine's operating profits. The project's profits are estimated at \$70 million per year, resulting in tax payments of about \$26 million annually. It is not surprising that the Mt. Milligan project is receiving quiet support from various provincial government departments.

The discovery is well situated to fully utilize the CN rail line to the deep sea port of Prince Rupert. Approximately 160,000

tons per year of concentrate could be shipped to Pacific Rim destinations via this route. The new jobs created in the region and the realized expanded freight shipments will no doubt help to compensate the area for the recent disappointing performance of B.C.'s northeastern coal mines.

Venture capital markets in B.C. are already benefitting from the increase in shareholder value created by the expanding reserves at Mt. Milligan.

The 1990's are projected to be a period of declining base metal reserves in British Columbia and in the rest of Canada. The Mt. Milligan project will enhance British Columbia's image as a province where large scale, profitable ore bodies can be discovered and developed. The potential for the discovery of additional large copper/gold deposits in the Mt. Milligan region is now very high. The presence of new mineral deposits of Mt. Milligan's size and quality will send a message to the international mining community. British Columbia continues to be a world class mineral rich province, ripe for investment.

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