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### CONTINENTAL SEEKS TASTE OF SUCCESS

This week, Continental Gold Corp. is due to receive the necessary regulatory approval for the full merger with its 69% subsidiary, United Lincoln Resources Inc., following the thumbs-up from shareholders last month. The move will consolidate the group's 70% holding in the Mount Milligan gold project in British Columbia which has attracted considerable interest in recent weeks. BP Resources Canada Ltd (which is not subject to the attentions of RTZ Corp. plc) holds the remaining 30% equity.

Earlier this month Continental revealed that the drilling programme at Mount Milligan (*MJ*, December 2, 1988, p.437) continued to expand open pit reserves. Company chairman, Mr Robert Hunter described the Mount Milligan deposit as a porphyry sulphide "doughnut", with two established mineralized regions, the MBX and 66 zones, and a third area of interest to the west. A 55 m drill hole intercept in this latter area has revealed a possible new bulk tonnage copper-gold zone grading 0.32% copper and 0.2 g/t gold.

The MBX gold-copper zone lies on the eastern side of the "doughnut", and two deep drill holes recently intersected over 100 m of mineralized material grading up to 0.22% copper and 0.8 g/t gold at a depth of 130 m. The zone measures 480 m in length and 360 m in width. The 66 zone is a 390 m by 480 m disseminated gold deposit lying to the south

which is open in two directions and at depth. Drill hole results include 2.3 g/t over 60 m at a depth of 135 m.

Continental believes that Mount Milligan contains well over 100 Mt of ore grading around 0.35% copper and 0.9 g/t gold. Based on an estimated recovery of 70% gold and 35% copper, Mr Hunter is looking for an eventual annual output of 74 Mlb (33,500 t) of copper and 200,000 oz of gold from an ambitious 35,000 t/d open pit (starting in 1991 at an estimated cost of \$C150 million). Continental's projections indicate a gold production cost of \$US41/oz after copper credits.

Understandably, Continental is concentrating all of its resources on Mount Milligan and last month granted Gigi Resources Ltd the right to earn a 55% stake in its Trophy gold project in north-western British Columbia in return for 200,000 Gigi shares. Gigi is also committed to spend \$C0.5 million on the project this year, and a further \$C5.0 million by the end of 1993.

After the re-organization, there will be approximately 7.0 million common shares (7.9 million fully diluted now and 13.0 million on production) in the 'new' Continental, with around one-third being owned by the directors. The new company has a capitalization in excess of \$C21 million and the presence of \$C3.0 million in the bank is unlikely to rush Continental into accepting joint venture assistance from any of the ten 'majors' reported to be interested in the Mount Milligan project, although Homestake Mining Co. already has a 12% equity in the company. □

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METAL BULLETIN

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## Continental strikes rich at Mt. Milligan

CONTINENTAL Gold, a gold development company based in Vancouver, Canada, is pitching its future success on the massive Mt. Milligan project in British Columbia, said company president Bob Dickinson.

Continental was formed in February 1988 by Dickinson and chairman Hunter after leaving North American Metals, now a part of Homestake Mining. The latter also holds a 10% interest in Continental.

The company is currently involved in nine gold orientated projects in Canada. Dickinson, however, is convinced that the Mt. Milligan project is the one to concentrate on: "I'm 100% certain Milligan will be a major success," he said. The property contains over 100m tonnes of gold and copper reserves and is expected to produce 200,000 oz gold per year, and 74m pounds of copper annually when production at the open cast pit begins in 1992, making it the fifth largest gold mine in Canada.

Assuming ore excavation of 35,000tpd, Dickinson said the project will cost between \$150-200m to develop. The JV partner in this instance is BP Resources Canada, which has a 30% interest in the

project. Continental inherited the BP JV after acquiring control of United Lincoln Resources, which discovered the Mt. Milligan property. Shareholder approval for a full merger between Continental and Lincoln was granted last month and regulatory approval for the move is expected on March 15.

Financing of the project has been generated by European bank lending, the issue of 7m shares on the Vancouver Stock Exchange (Lincoln is listed on Nasdaq in the US), and by cash and stock payments from JV partners. Dickinson was reluctant to commit himself to future share issues fearing it would inevitably create share dilution and perhaps leave Continental open to hostile takeover. He is keen though to consider the issue of a gold loan in the future.

Pointing to the significance of the Mt. Milligan project, Dickinson said 10 large mining companies had signed a confidentiality agreement with Continental to look at the property. He added, however, the company was not looking to recruit any further partners to the project. Continental may develop sites in the USA. But "for the time being we will be concentrating 100% on Mt. Milligan," said Dickinson.