802794

FACT SHEET

INDUSTRY:	Mineral Exploration and Development
FOCUS:	Gold Mining
HEADQUARTERS:	Vancouver, British Columbia, Canada
SHARES LISTED:	TORONTO - CIZ
	VANCOUVER - CIZ
	NASDAQ/NMS - CIZCF

The Company: City Resources (Canada) Limited ("City Resources") is principally engaged in the acquisition and development of precious metals properties. The Company's primary focus is the Cinola Gold Project on Graham Island in British Columbia's Queen Charlotte Islands, which is slated for production in 1990. The Company also has a 50% interest in a group of ten mineral properties located in the provinces of East and West New Britain in Papua New Guinea.

The Cinola Project: The gold deposit, 100% owned by City Resources, is situated off the northwest coast of British Columbia in the Queen Charlotte Islands. The islands are easily accessible with daily scheduled jet service to and from Vancouver. The climate is moderate, thus ensuring year round production. The need for infrastructure is minimal, thanks to the local population on which City Resources plans to draw for its labour needs.

Minproc Engineers Inc. and Davy McKee Corporation have completed the final technical and financial evaluation of the Cinola Gold Project and have released a summary of their report.

The main financial parameters on which the Project will be based are:

* Mineable ore reserves of 23.8 million tonnes at an average grade of 2.45 g/tonne (0.072 oz/ton);

* Pre-production capital cost of C$119,979,000, and deferred capital cost over 12 years of C$52,614,000;

* Operating costs between C$19.57/tonne and C$20.96/tonne, with an average direct operating cost of US$230/oz;

* A 22 month engineering and construction schedule;

* A base case Internal Rate of Return of 23.5%, based on US$450/oz. gold and 92% recovery;

* The pay back period for a gold loan of 80% of the pre-production capital cost would be less than 2 years. All deferred capital costs will be met from revenues.

* Annual gold production will range from 185,000 oz. to 118,000 oz. and average 150,000 oz., for a total in excess of 1,700,000 ozs.

A comprehensive Stage II environmental assessment was submitted to the British Columbia Mine Development Steering Committee in July 1988. This is now under review, and approval in principle is expected soon.

ABSTRACT

The Cinola deposit represents the exposed mid-upper levels of an epithermal hot-springs-type precious metal system.

The deposit can be separated into three distinct lithologic groups:

1) a sedimentary sequence (predating the following two);
2) an intrusive igneous sequence; and
3) an epithermal hot-spring suite.

The sedimentary sequence is comprised of two formations; black-dark grey variably calcareous mudstones and argillites of the Late Cretaceous Haida Formation, and coarse to fine clastic sediments of the Tertiary Mio-Pliocene Skonun Formation. These two formations are separated by a normal right-lateral fault, the Specogna Fault, with the downdropped block consisting of Skonun Formation sediments (east of the fault).

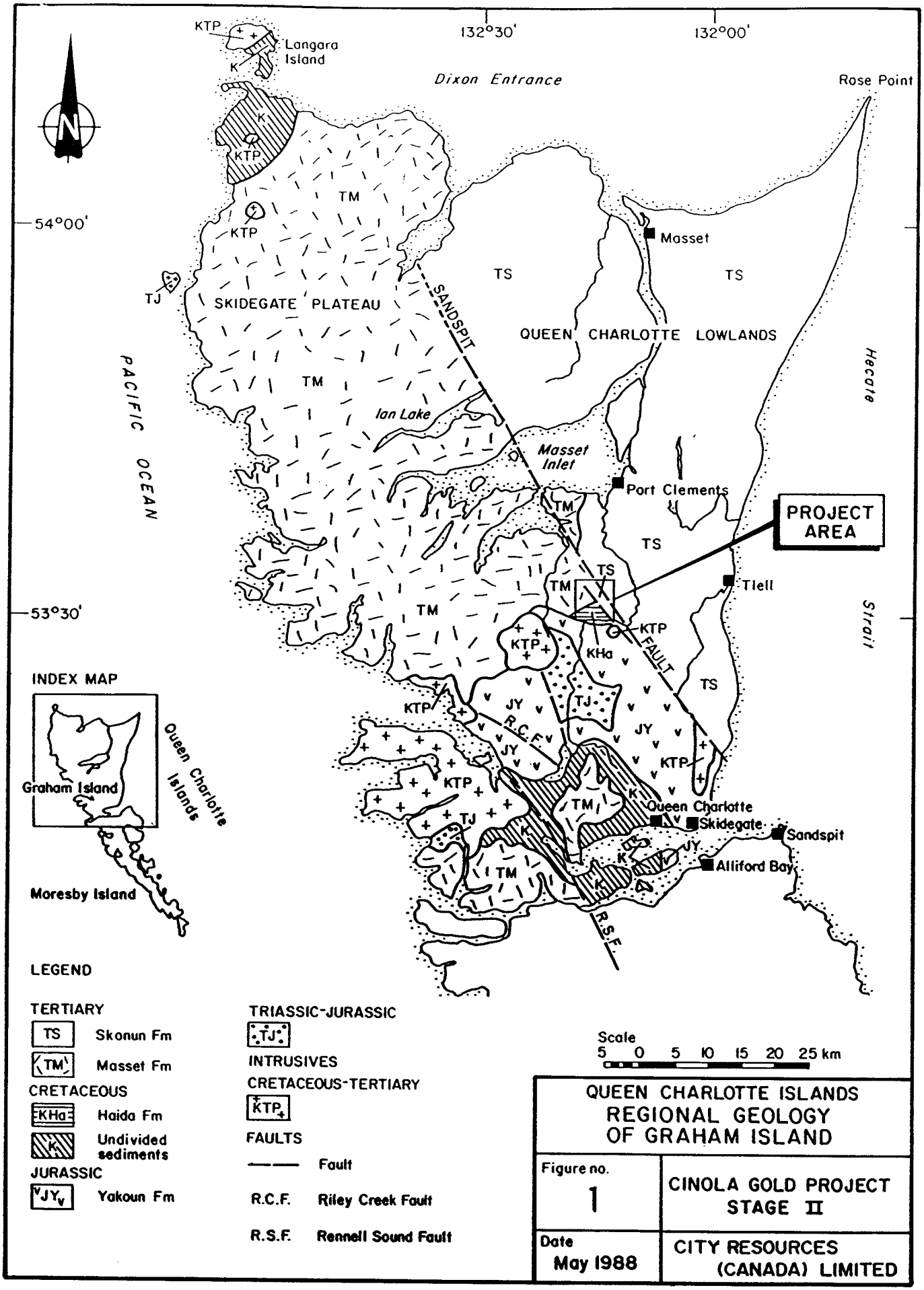
The intrusive igneous sequence is comprised of at least two separate rhyolite intrusions localized along the Specogna Fault. The rhyolite intrusions have been dated as Middle Miocene, predating or contemporaneous with the hot-spring suite. These intrusions of rhyolite initiated the movement of meteoric water and the development of a hot-spring system.

The epithermal hot-spring suite is comprised of a hydrothermal breccia unit which has been traced along the Specogna Fault (on strike) for at least 800 m, stockwork silica veining, and silica veining developed along extensional faults. Associated with the hot-spring development and extending laterally away from the hydrothermal breccia unit is a region of intense pervasively silicified Skonun Formation sediments. This zone parallels the

Specogna Fault and forms a rough "mushroom" shaped area normal to the Specogna Fault. Beyond the area of the pervasive silicification is a region of argillically altered Skonun Formation sediments dominated by the presence of kaolinite-illite with minor alunite and sericite.

The Cinola orebody is essentially wedge shaped extending 800 m in a northwest - southeast direction. Near surface the upper portion of the "wedge" is approximately 200 m wide. It thins at depth to 50 m wide at sea level.

Precious metals are localized by hydrothermal brecciation, stockwork veining, vein development along extensional faults and pervasive silicification events. Minor pyrite and marcasite occur throughout the deposit but do not appear to correlate directly with the gold mineralization. Trace levels of mercury, arsenic and antimony are found in varying amounts in the deposit. Their exact relationship to the precious metals is uncertain, however relationships between higher levels of these metals and localized lithologic units have been identified. Argillic alteration is peripheral to the zone of pervasive silicification and contains minor gold occurring in veins.



QUEEN CHARLOTTE ISLANDS
REGIONAL GEOLOGY
OF GRAHAM ISLAND

Figure no. 1	CINOLA GOLD PROJECT STAGE II
Date May 1988	CITY RESOURCES (CANADA) LIMITED

TABLE 1
DESCRIPTION OF CINOLA DEPOSIT LITHOLOGIES

A. Sedimentary Units

AGE	FORMATION	UNIT	DESCRIPTION
Tertiary (Mio-Pliocene)	Skonun	2a	Mudstone/Siltstone
		2b	Sandstone
		2c	Conglomerate, cast-supported
		2d	Conglomerate, matrix-supported
		2e?	Boulder Conglomerate (see intrusive unit description)
		4c	Mudflow Breccia with mudsupported angular clasts predominantly rhyolitic
		4cu	
Cretaceous	Haida	1a	Mudstone/Siltstone, competant, grey-black
		1b	Mudstone, sheared soft, grey-black
		1c	Mudstone,silicified, veined fractured, grey-black

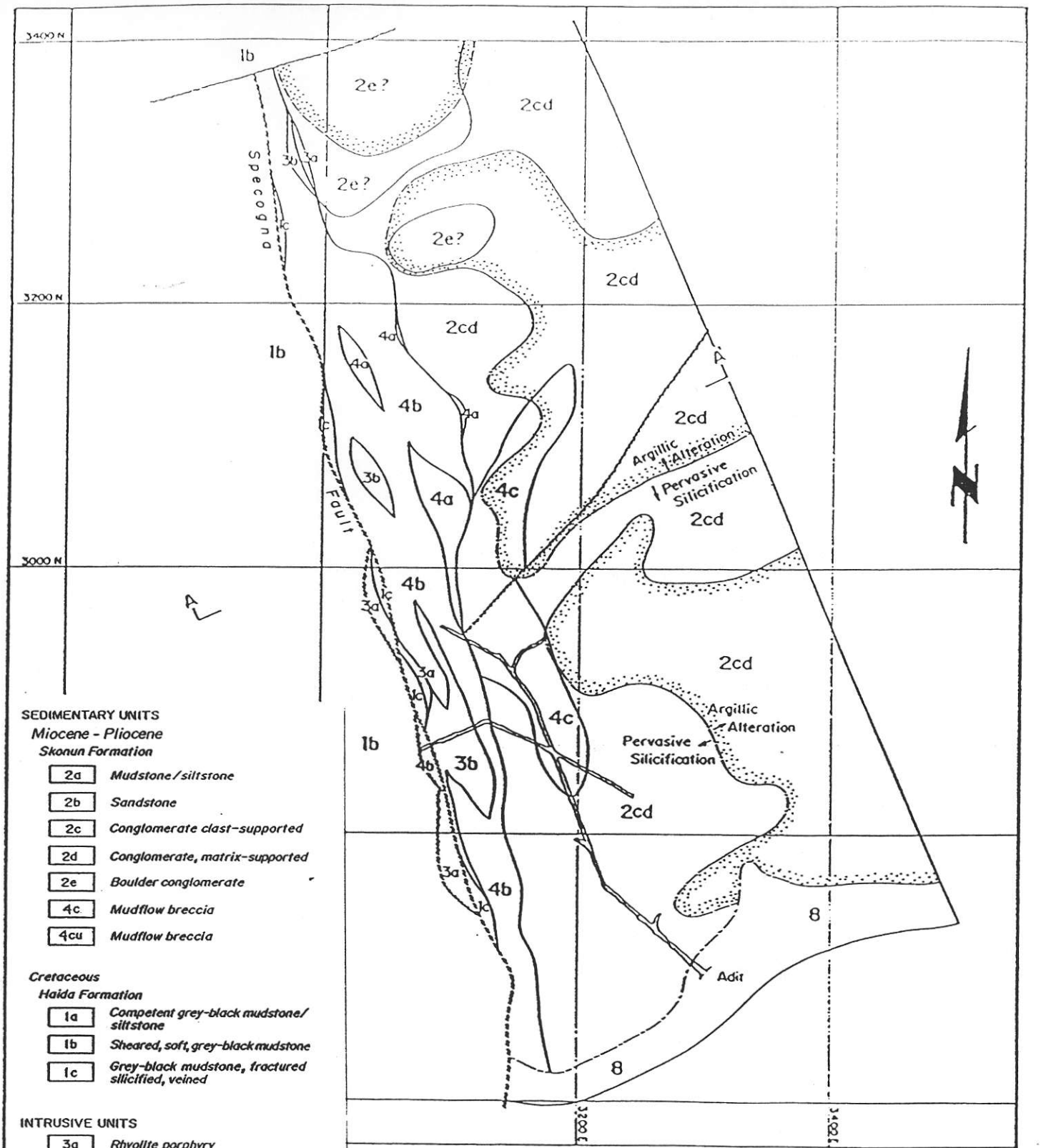
*NB-Argillic alteration and silicification overprint the sedimentary units and are not defined separately as units.

B. Intrusive Igneous Units

AGE	FORMATION	UNIT	DESCRIPTION
Tertiary (Miocene-14 Ma.)		3a	Rhyolite Porphyry
		3b	Hydrofracted Rhyolite Crackle Breccia
		3c	Rhyolite Breccia within 4b
		4a	Vuggy, rhyolite, acid-leached(?), silicified +- marcasite and clay minerals
		2e?	Mixed Boulder Conglomerate and Rhyolite

C. Epithermal Hot-spring Units

AGE	FORMATION	UNIT	DESCRIPTION
Tertiary (Miocene-Younger than 14 Ma.)		4b	Polymictic Hydrothermal Breccia
		5a	Vein, calcite
		5b	Vein, silica after calcite
		5c	Vein, drusy quartz
		5d	Vein, white silica
		5e	Vein, silicified breccia
		5f	Vein, brown hematitic silica
		5g	Vein, grey chalcedonic silica



SEDIMENTARY UNITS

Miocene - Pliocene

Skonun Formation

2a	*Mudstone/siltstone*
2b	*Sandstone*
2c	*Conglomerate clast-supported*
2d	*Conglomerate, matrix-supported*
2e	*Boulder conglomerate*
4c	*Mudflow breccia*
4cu	*Mudflow breccia*

Cretaceous

Haida Formation

1a	*Competent grey-black mudstone/ siltstone*
1b	*Sheared, soft, grey-black mudstone*
1c	*Grey-black mudstone, fractured silicified, veined*

INTRUSIVE UNITS

3a	*Rhyolite porphyry*
3b	*Hydrofractured rhyolite crackle breccia*
3c	*Rhyolite breccia within 4b*
4a	*Vuggy acid-leached (?) silicified rhyolite ± marcasite and clay minerals*
4b	*Polymictic hydrothermal breccia*

OTHER

8	*Overburden*

Geological boundary

Alteration boundary

Scale

0 50 100

metres

Section 114m

HORIZONTAL LITHOLOGY SECTION

Figure No.: 3

CINOLA GOLD PROJECT STAGE II

Date: March 1988

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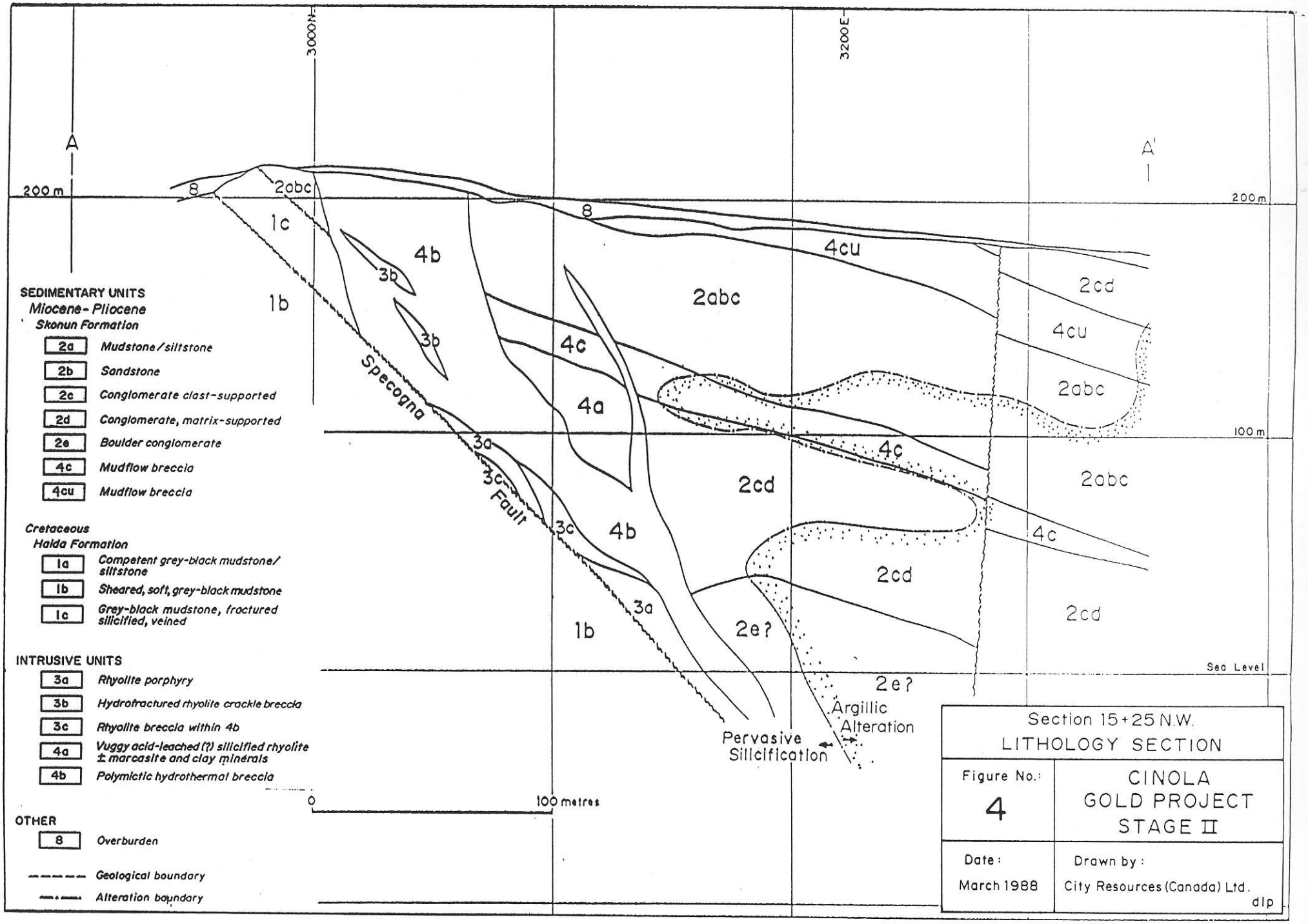
A
A'
3000E
3200E
200 m
100 m
Sea Level
8
2abc
1c
1b
4b
3b
4c
4a
4cu
2cd
3a
3c
Specogna Fault
2e?
Argillic Alteration
Pervasive Silicification
0
100 metres
SEDIMENTARY UNITS
Miocene - Pliocene
Skonun Formation
2a Mudstone/siltstone
2b Sandstone
2c Conglomerate clast-supported
2d Conglomerate, matrix-supported
2e Boulder conglomerate
4c Mudflow breccia
4cu Mudflow breccia
Cretaceous
Haida Formation
1a Competent grey-black mudstone/siltstone
1b Sheared, soft, grey-black mudstone
1c Grey-black mudstone, fractured silicified, veined
INTRUSIVE UNITS
3a Rhyolite porphyry
3b Hydrofractured rhyolite crackle breccia
3c Rhyolite breccia within 4b
4a Vuggy acid-leached (?) silicified rhyolite ± marcasite and clay minerals
4b Polymictic hydrothermal breccia
OTHER
8 Overburden
Geological boundary
Alteration boundary
Section 15+25 N.W.
LITHOLOGY SECTION
Figure No.: 4
CINOLA GOLD PROJECT STAGE II
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