

802856



CONTINENTAL

GOLD

CORP.

# CONTINENTAL GOLD OFFERS NO ILLUSIONS NO DREAMS NO FANTASIES

## MT. MILLIGAN: A FOUR BILLION DOLLAR REALITY

### **A massive gold and copper discovery**

Five million ounces of gold and two billion pounds of copper have recently been discovered at Continental Gold's 70%-controlled Mt. Milligan property near Prince George, British Columbia. More than 300,000 feet of drilling has revealed over four billion dollars of metal wealth ready to be recovered.

### **An industry leader in the making**

This dual-metal deposit forms a secure cornerstone for unprecedented corporate growth. The substantial cash flows from Mt. Milligan production will vault Continental Gold to industry leadership. Major corporations with output comparable to projected annual production of 400,000 ounces gold and 100,000,000 pounds copper command market valuations well over one billion dollars.

### **A low-cost, long-life development**

Located at surface, the Mt. Milligan deposit is ideal for a high-volume, low-cost, open pit operation using



standard and reliable extraction processes. The 300 million ton plus gold-copper deposit promises continuous metal production well into the next century.

### **Project infrastructure is in place**

Here in British Columbia's mining country, large-scale open pit mines are the norm. After decades of

production some mines are nearing exhaustion, freeing experienced personnel and equipment for Mt. Milligan's development. Nearby communities combine with available roads, rail lines, electric power, water and gentle topography to establish a low-cost formula for profits.

### **Continental Gold's production team is moving fast**

Last year at Mt. Milligan, Canada's largest development program was initiated. Completion of Government permits and site engineering, coupled with a sound financial base, will lead to a construction startup in 1991. Large-scale gold and copper production will quickly follow.

### **You can participate now**

Continental Gold Corp's shares clearly rank among the most powerful growth investments available today. Speak to your broker, or contact Robert Dickinson and Robert Hunter at Continental Gold.  
*Be part of the reality.*

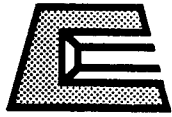


**CONTINENTAL  
GOLD CORP.**

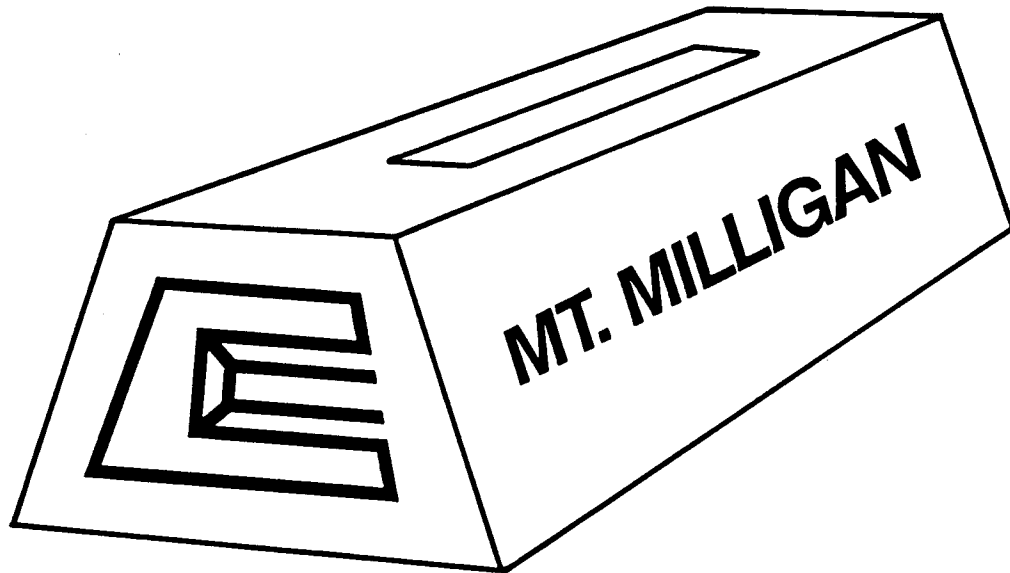
Suite 1020 - 800 West Pender St.  
Vancouver, B.C., Canada V6C 2V6

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**VSE : CNT, NASDAQ : CNTVF, Contact : Robert Dickinson or Robert Hunter  
Tel. 604/684-6365 Fax. 604/684-8092**

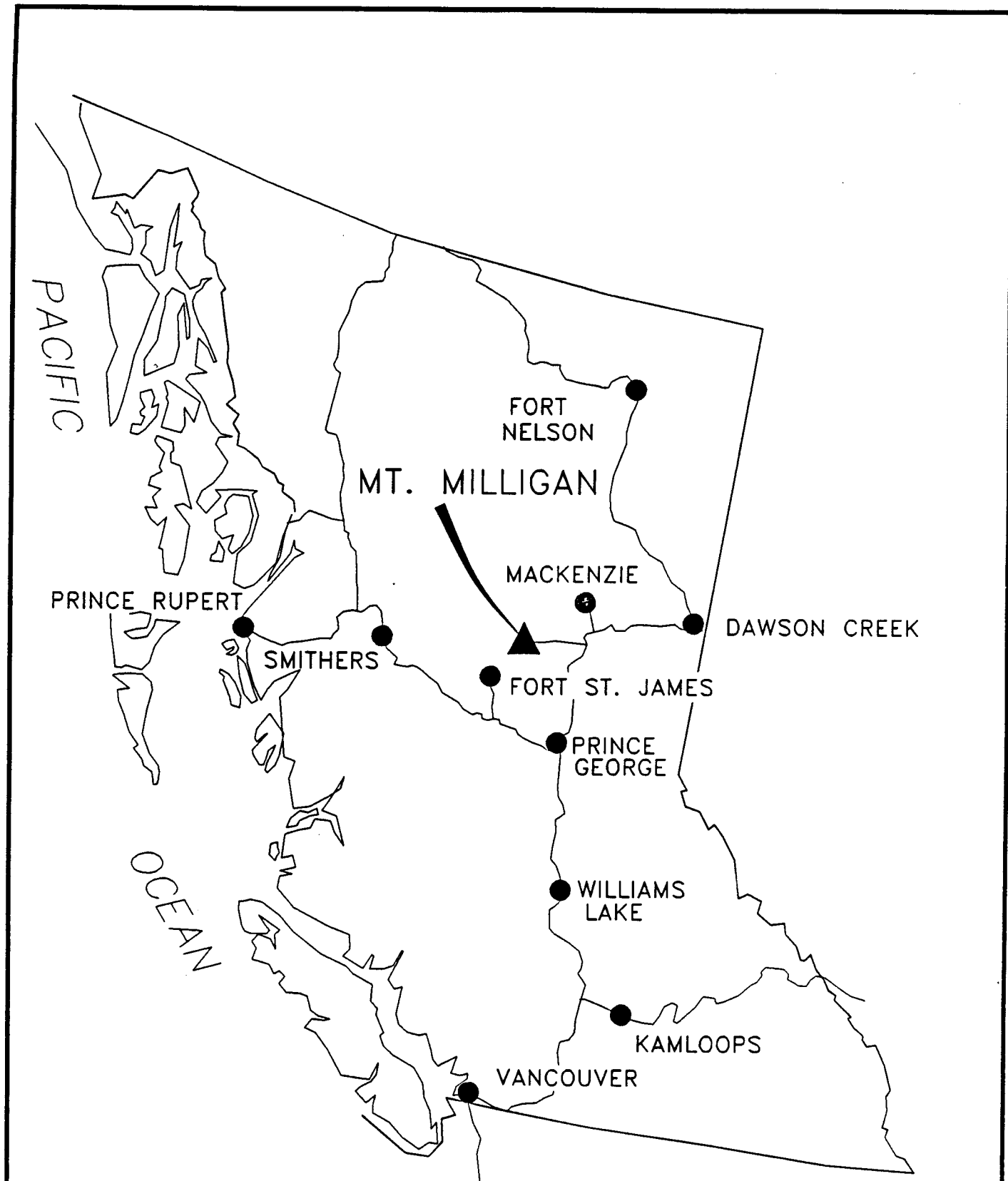


**CONTINENTAL GOLD CORP.**

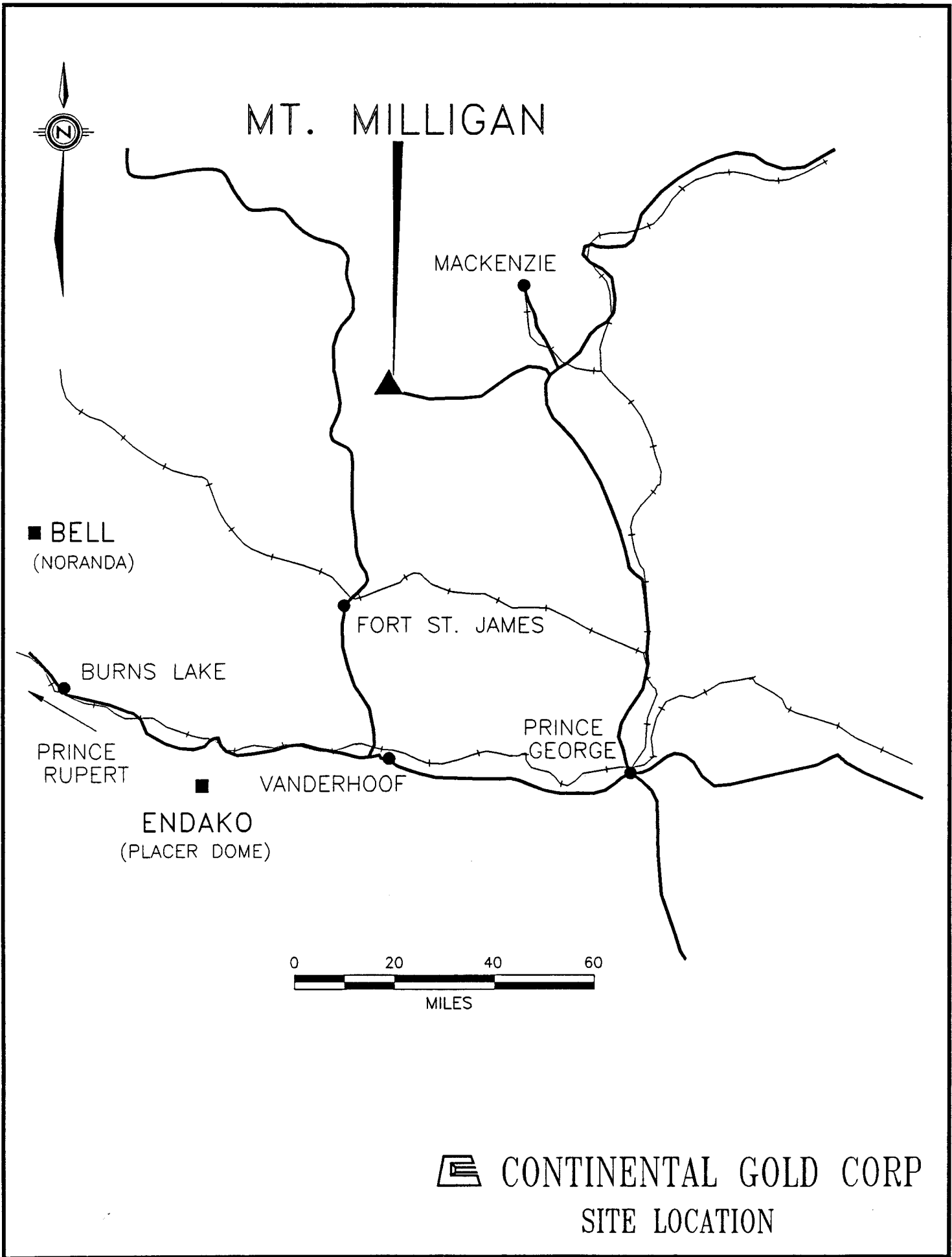


**BP RESOURCES CANADA LTD.**

**A  
GOLD - COPPER  
JOINT VENTURE**

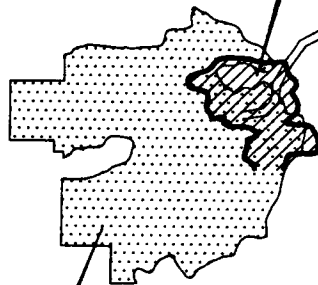


CONTINENTAL GOLD CORP  
GENERAL LOCATION MAP






GOLD - COPPER DEPOSIT

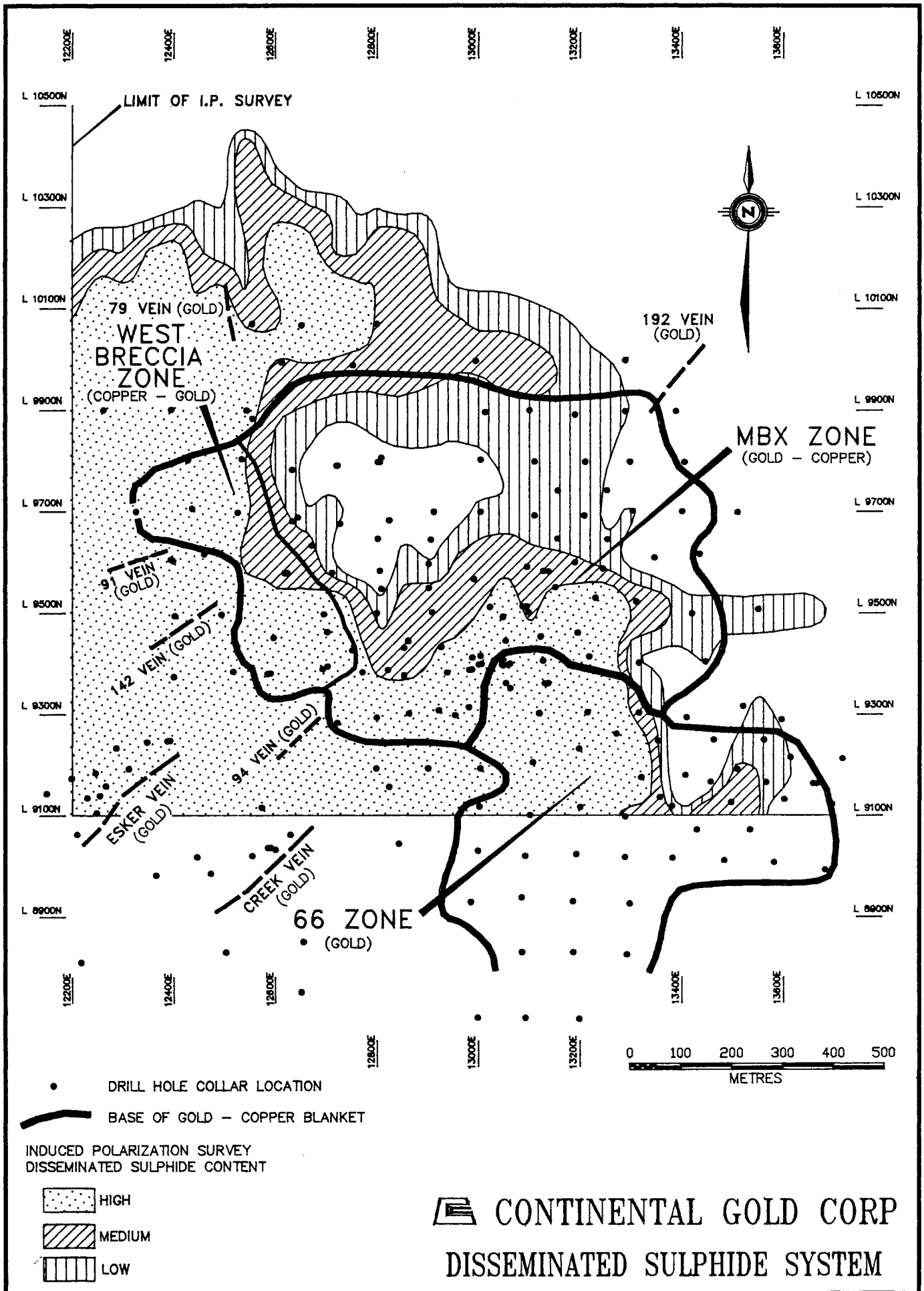


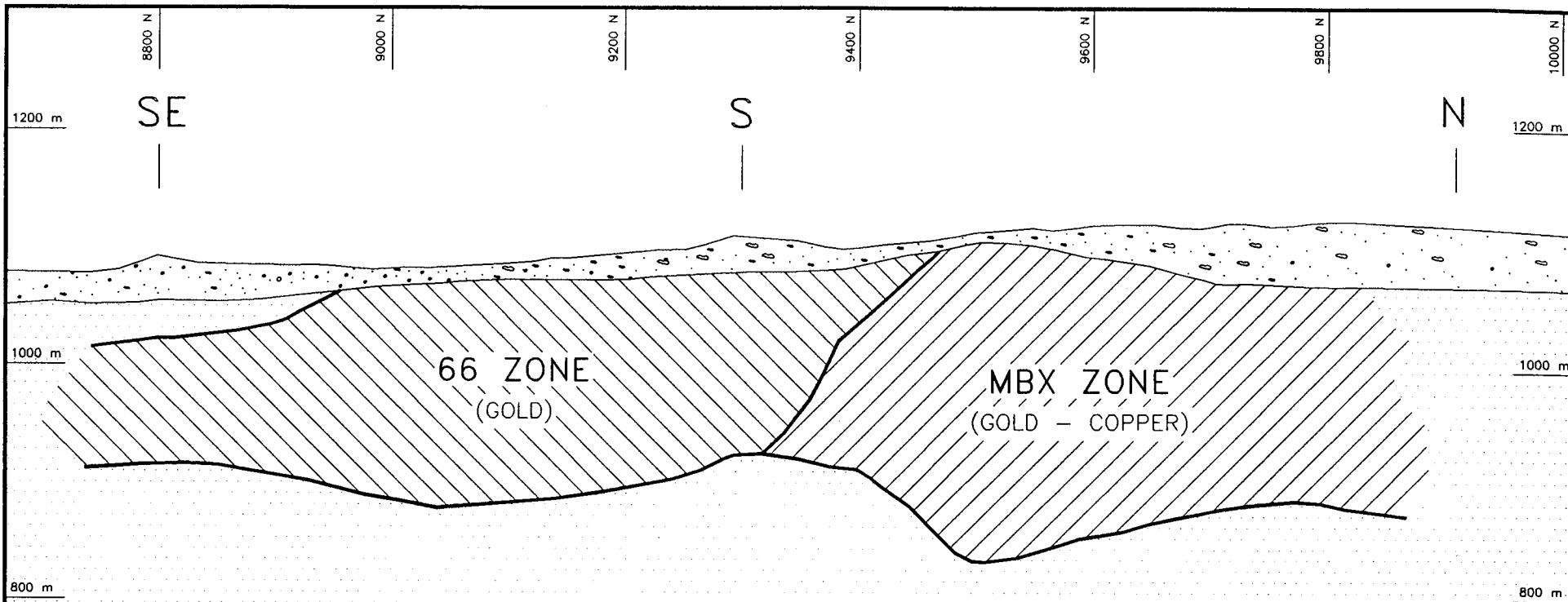
MAINLINE  
ROAD

SULPHIDE SYSTEM

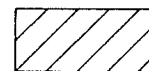
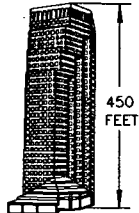


 CONTINENTAL GOLD CORP  
DISSEMINATED SULPHIDE SYSTEM

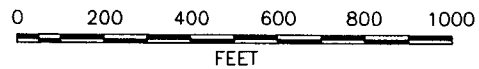




PARK PLACE



DRILL INDICATED RESERVES



 CONTINENTAL GOLD CORP  
GOLD - COPPER RESERVES



## MBX ZONE DEEP DRILL HOLE ASSAY SUMMARY

SECTION LINE	HOLE	INTERCEPT WIDTH (FEET)	GRADE	
			COPPER %	GOLD oz/ton
9400N	88-42	570	0.28	0.023
	88-60	460	0.41	0.047
	89-98	244	0.61	0.022
	89-99	665	0.31	0.024
	89-164	663	0.25	0.016
	89-170	335	0.35	0.027
9500N	88-68	884	0.39	0.017
	89-80	400	0.22	0.023
	89-105	679	0.47	0.023
	89-174	538	0.36	0.022
	89-176	722	0.42	0.016
9600N	88-70	818	0.37	0.015
	89-76	841	0.24	0.012
	89-123	527	0.38	0.014
	89-175	676	0.33	0.019
	89-177	686	0.32	0.016
	89-178	391	0.37	0.015
9700N	88-65	545	0.38	0.012
	88-71	700	0.27	0.011
	89-112	814	0.37	0.017
9800N	88-67	380	0.26	0.012
	89-115	725	0.32	0.019
	89-120	588	0.48	0.015
	89-122	674	0.48	0.017
	89-135	596	0.49	0.026
	89-140	436	0.45	0.012
AVERAGE		598 FEET	0.36%	0.018 oz/ton

## 66 ZONE DRILL HOLE ASSAY SUMMARY

SECTION LINE	HOLE	INTERCEPT WIDTH (FEET)	GRADE	
			COPPER %	GOLD oz/ton
8900N	89-150	194	0.15	0.029
	89-151	159	0.03	0.018
9000N	89-101	213	0.07	0.038
	89-104	158	0.01	0.023
	89-116	184	0.04	0.039
	89-132	187	0.04	0.049
9100N	89-88	381	0.06	0.042
	89-92	361	0.02	0.052
	89-108	237	0.33	0.028
	89-232	255	0.06	0.066
9150N	89-180	387	0.17	0.033
	89-184	369	0.02	0.099
	89-193	379	0.16	0.017
9200N	88-66	258	0.05	0.062
	89-83	263	0.01	0.038
	89-84	284	0.06	0.063
	89-103	321	0.21	0.045
	89-163	318	0.06	0.021
9300N	88-61	169	0.10	0.073
		246	0.12	0.045
	89-74	102	0.07	0.035
		167	0.01	0.019
	89-77	308	0.17	0.045
9400N	88-29	268	0.09	0.069
	88-62	223	0.15	0.017
9500N	89-119	243	0.08	0.023
AVERAGE		255 FEET	0.10%	0.043 oz/ton



CONTINENTAL GOLD CORP

WHOLE ORE CYANIDATION  
+  
COPPER FLOTATION LEACH RESIDUE  
METALLURGY

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ZONE	HEAD ASSAYS		RECOVERY (%)					
			CYANIDATION		ROUGHER FLOTATION		TOTAL	
			Cu	Au	Cu	Au	Cu	Au
MBX	0.40	0.019	-	83.0	91.6	10.2	91.6	93.2
66	0.12	0.037	-	94.1	85.3	2.0	85.3	96.1
				88.6	88.5	6.1	88.5	94.7

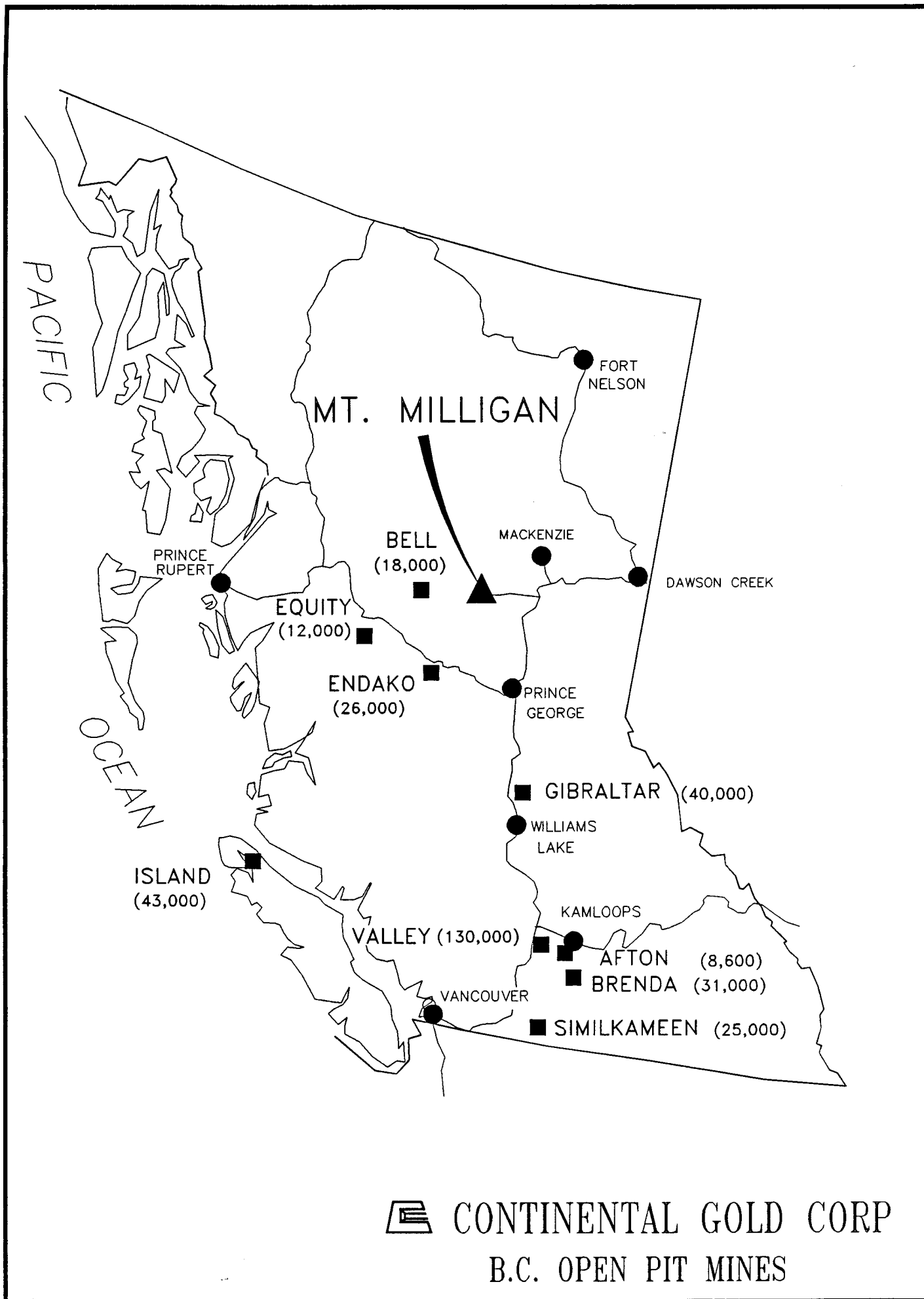
- SIMPLE WHOLE ORE CYANIDATION RECOVERD 88.6% OF THE CONTAINED GOLD. AN ADDITIONAL 6.1% OF THE GOLD REPORTED TO THE COPPER CONCENTRATE. TOTAL GOLD RECOVERY IS 94.7% AND TOTAL COPPER RECOVERY IS 88.5%.

# FLOTATION COPPER CONCENTRATE + CYANIDATION BULK SULPHIDE CONCENTRATE METALLURGY

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ZONE	HEAD ASSAYS		RECOVERY (%)							
			COPPER FLOTATION		PYRITE FLOTATION + CYANIDATION				TOTAL	
	Cu (%)	Au (oz/ton)	Cu	Au	Cu	Au	Cu	Au	Cu	Au
MBX	0.40	0.019	97.9	80.1	0.7	2.6	-	78.1	97.9	82.1
66	0.12	0.037	-	-	96.8	85.4	-	97.3	-	83.1
									97.9	82.6

- SIMPLE COPPER FLOTATION PROCESSING FOLLOWED BY CYANIDATION OF BULK SULPHIDE CONCENTRATE RECOVERED 82.6% OF THE CONTAINED GOLD.



CONTINENTAL GOLD CORP

B.C. OPEN PIT MINES

<u>MINE</u>	<u>MILLING</u> TONS/DAY	RESERVES			NET REVENUE \$/TON *	CASH COSTS \$/TON
		<u>START OF PRODUCTION</u> TONS (millions)	Cu %	Au opt		
GIBRALTAR	40,000	360	0.37	-	4.70	4.00
BELL	18,000	50	0.50	0.010	9.40	7.50
SIMILKAMEEN	25,000	60	0.53	0.005	7.80	4.80
BRENDA	31,000	180	0.19	-	4.90	3.90
MT. MILLIGAN MODEL	35,000	200	0.30	0.025	14.60	5.00

\* COPPER \$US 1.00/lb  
GOLD \$US 400/oz

 CONTINENTAL GOLD CORP  
B.C. OPEN PIT MINES

# MT MILLIGAN MODEL

## RESERVES

200,000,000 TONS  
0.025 OUNCES GOLD/TON  
0.30% Cu

## MINE OPERATIONS

13,000,000 TONS/YEAR  
35,000 TONS/DAY  
15+ YEAR LIFE

## ANNUAL OPERATIONS

278,000 OUNCES GOLD  
64,000,000 POUNDS COPPER  
NET PRODUCTION COST = \$US 30/OUNCE

COPPER \$US 1.00/lb

GOLD \$US 400/oz

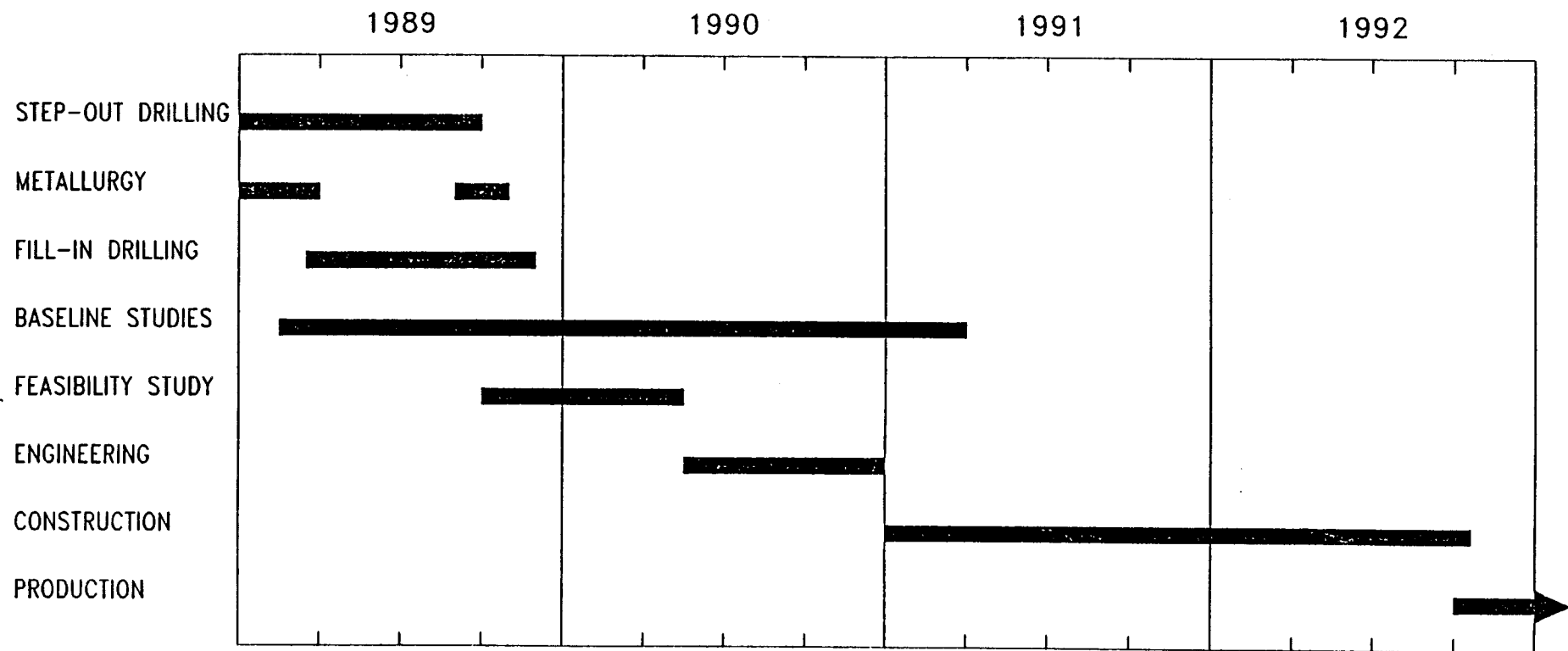
Mt. MILLIGAN PROJECT  
 35,000 TONS/DAY  
 (13 MILLION TONS/YEAR)


			RATE OF RETURN	PAYBACK PERIOD (YEARS)	NET PRESENT VALUE (millions \$C) AT 10% DISCOUNT RATE
COPPER \$1.00/GOLD	\$400.00		31.3	1.9	291.2
CAPITAL	+15%		27.7	2.3	270.5
OPERATING	+15%		28.9	2.1	253.8
GRADE	-15%		24.6	2.7	189.2
COPPER \$0.80/GOLD	\$450.00		31.8	1.9	299.7
COPPER \$0.80/GOLD	\$400.00		28.1	2.2	241.8
COPPER \$0.80/GOLD	\$350.00		24.3	2.7	184.3

Mt. MILLIGAN PROJECT  
 35,000 TONS/DAY  
 (13 MILLION TONS/YEAR)

		RATE OF RETURN	PAYBACK PERIOD (YEARS)	CONTINENTAL GOLD PORTION ANNUAL CASHFLOW BEFORE TAX AFTER PAYBACK (MILLIONS \$C)
COPPER \$1.00/GOLD \$400.00		31.3	1.9	87.8
CAPITAL	+15%	27.7	2.3	87.8
OPERATING	+15%	28.9	2.1	80.1
GRADE	-15%	24.6	2.7	66.8
COPPER \$0.80/GOLD \$450.00		31.8	1.9	89.5
COPPER \$0.80/GOLD \$400.00		28.1	2.2	77.6
COPPER \$0.80/GOLD \$350.00		24.3	2.7	65.8






**CONTINENTAL GOLD CORP**  
 PROJECT SCHEDULE

WRIGHT ENGINEERS LIMITED



Phone (604) 684-9371 • Fax (604) 687-6130 • Telex 04-54367

1444 Alberni Street, Vancouver, British Columbia, Canada, V6G 2Z4

Project 998-413

April 13, 1989

Mr. Jeff Franzen P. Eng.  
Vice President, Engineering  
Continental Gold Corp.  
Suite 1020 - 800 W. Pender Street  
Vancouver, B.C.  
V6C 2V6

Dear Jeff,

This document is conceptual in nature. The report contains an analysis of the Mt. Milligan Project using data provided to Wright Engineers by Continental Gold Corp. Wright Engineers has calculated cashflows using this information.

This project has been analysed using a discounted cashflow approach. This method of analysis requires projecting yearly cash inflows or revenue, and subtracting yearly cash outflows such as operating costs, capital costs and taxes and discounting the difference back to the date of the analysis. Each of the components of the cashflow is discussed below, followed by a tabulated and graphical summary of the results. The cashflow analysis is also attached.

Should you have any questions or comments please do not hesitate to contact me.

Yours very truly,

**WRIGHT ENGINEERS LIMITED**

A handwritten signature in black ink, appearing to read 'Robert Mouat', written in a cursive style.

Robert Mouat  
Manager Valuations

RM:srm  
Encl.

**Mt. Milligan Project**

**Data and Assumptions**

**1.0 Reserves**

200,000,000 tons

**1.1 Milling Rate**

13,000,000 tons per year

**1.2 Grades**

<u>Copper</u>	<u>Gold</u>
0.30%	0.025 oz/ton

**1.3 Recovery**

Copper                      85%

Gold                            90%

**1.4 Concentrate Grade**

Copper                      28% (8% moisture)

**1.5 Smelter Terms**

Copper                      deduct 1 unit  
treatment U.S.\$60/SDT  
refining U.S.\$0.085/lb

Gold                            pay for 95%

**1.6 Freight**

U.S.\$50 /SWT

**1.7 Metal Prices (base case)**

Copper	U.S.\$1.00 /lb
Gold	U.S.\$400 /oz

**1.8 Exchange Rate**

\$0.82 U.S./CAN

**1.9 Operating Cost**

35,000 Tons per Day (13 million tpy)	\$5.00/ton
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**1.10 Capital Cost**

35,000 Tons per Day (13 million tpy)	\$230 million
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## Mt. Milligan Project

13 million tpy

<u>13 million tons</u>	Rate of Return ( %)	Payback Period (Years)	Net Present Value (millions \$) at discount rates of			
			0%	5%	10%	15%
Base Case(Cu \$1.00/Au \$400)	31.3	1.9	890.9	504.1	291.2	166.5
Copper \$1.20 Gold \$450	37.2	1.7	1138.7	658.8	394.4	239.3
Copper \$1.00 Gold \$450	34.6	1.8	1026.4	588.7	347.6	206.3
Copper \$0.80 Gold \$450	31.8	1.9	911.3	516.9	299.7	172.5
Copper \$1.20 Gold \$400	34.0	1.8	1003.2	574.2	337.9	199.5
Copper \$1.00 Gold \$400	31.3	1.9	890.9	504.1	291.2	166.5
Copper \$0.80 Gold \$400	28.1	2.2	774.2	430.8	241.8	131.4
Copper \$1.20 Gold \$350	30.7	2.0	867.2	489.3	281.2	159.4
Copper \$1.00 Gold \$350	27.6	2.3	753.9	418.0	233.2	125.3
Copper \$0.80 Gold \$350	24.3	2.7	638.6	345.4	184.3	90.3
Capital +15%	27.7	2.3	872.5	484.1	270.5	145.7
-15%	35.6	1.8	907.6	522.4	310.1	185.7
Operating +15%	28.9	2.1	802.2	448.4	253.8	139.9
-15%	33.4	1.8	978.4	558.8	327.6	192.2
Grade +15%	37.0	1.7	1130.2	653.5	390.8	236.8
-15%	24.6	2.7	650.1	352.7	189.2	93.8



CASHFLOW SUMMARY - PAGE 1  
\$ MILLION CAN.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	ACCUM
ORE MILLED (MILLION T)	13.000	13.000	13.000	13.000	13.000	13.000	13.000	5.000	0.000	200.000
ORE GRADE:COPPER (%)	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300
:GOLD (OZ/T)	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
RECOVERY:COPPER (%)	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0
:GOLD (%)	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
COPPER CONCENTRATE (000'S SDT)	118.4	118.4	118.4	118.4	118.4	118.4	118.4	45.5	0.0	1821.4
PAYABLE :COPPER (000'S LBS)	63932	63932	63932	63932	63932	63932	63932	24589	0	983571
:GOLD (000'S OZ)	277.9	277.9	277.9	277.9	277.9	277.9	277.9	106.9	0.0	4275.0
COPPER PRICE (US\$/LB)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
GOLD PRICE (US\$/OZ)	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
COPPER REVENUE (US\$ MILLIONS)	63.932	63.932	63.932	63.932	63.932	63.932	63.932	24.589	0.000	983.571
GOLD REVENUE (US\$ MILLIONS)	111.150	111.150	111.150	111.150	111.150	111.150	111.150	42.750	0.000	1710.000
TOTAL GROSS REVENUE	175.082	175.082	175.082	175.082	175.082	175.082	175.082	67.339	0.000	2693.571
-COPPER SMELTING (\$60/SDT)	7.104	7.104	7.104	7.104	7.104	7.104	7.104	2.732	0.000	109.286
-COPPER TREATMENT (\$.085/LB)	5.434	5.434	5.434	5.434	5.434	5.434	5.434	2.090	0.000	83.604
-TRANSPORTATION (\$50/SWT)	6.434	6.434	6.434	6.434	6.434	6.434	6.434	2.475	0.000	98.991
NET MINEGATE REVENUE (MILLION US)	156.110	156.110	156.110	156.110	156.110	156.110	156.110	60.042	0.000	2401.692
X EXCHANGE RATE	1.220	1.220	1.220	1.220	1.220	1.220	1.220	1.220	1.220	1.220
NET MINEGATE REVENUE (MILLION CA)	190.378	190.378	190.378	190.378	190.378	190.378	190.378	73.222	0.000	2928.892
-OPERATING COST	65.000	65.000	65.000	65.000	65.000	65.000	65.000	25.000	0.000	1000.000
-FEDERAL INCOME TAX	26.329	26.329	26.329	26.329	26.329	26.329	26.329	10.127	0.000	355.834
-PROVINCIAL INCOME TAX	17.553	17.553	17.553	17.553	17.553	17.553	17.553	6.751	0.000	237.378
-MINING TAX	15.986	15.986	15.986	15.986	15.986	15.986	15.986	5.673	0.000	214.794
CASH FLOW BEFORE CAPITAL COSTS	65.510	65.510	65.510	65.510	65.510	65.510	65.510	25.671	0.000	1120.886
-MINE CAPITAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	100.000
-MILL CAPITAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	130.000
-WORKING CAPITAL REQUIRED	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.000
+WORKING CAPITAL RECOVERY	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.000	0.000	7.000
TOTAL CAPITAL COSTS	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-7.000	0.000	230.000
NET EQUITY CASH	65.510	65.510	65.510	65.510	65.510	65.510	65.510	32.671	0.000	890.886
ACCUMULATIVE TOTAL	465.155	530.665	596.175	661.685	727.195	792.705	858.215	890.886	890.886	0.000
DISCOUNTED NCF ( 5.0 %)	38.302	36.478	34.741	33.087	31.511	30.011	28.582	13.576	0.000	504.115
DISCOUNTED NCF (10.0 %)	22.961	20.874	18.976	17.251	15.683	14.257	12.961	5.876	0.000	291.155
DISCOUNTED NCF (15.0 %)	14.081	12.244	10.647	9.258	8.051	7.001	6.088	2.640	0.000	166.481
DISCOUNTED NCF (20.0 %)	8.817	7.347	6.123	5.102	4.252	3.543	2.953	1.227	0.000	89.520
RATE OF RETURN (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.3
CONTINENTAL CASHFLOW BEFORE TAX	87.765	87.765	87.765	87.765	87.765	87.765	87.765	38.656	0.000	1189.224
CONTINENTAL CASHFLOW AFTER TAX	45.857	45.857	45.857	45.857	45.857	45.857	45.857	22.870	0.000	623.620



# N E W S R E L E A S E

JULY 18, 1989

## RIO ALGOM ACQUIRES CONTINENTAL SHARE BLOCK FROM HOMESTAKE

Robert G. Hunter, Chairman of Continental Gold Corp. announced today that Rio Algom Limited has notified the Company and the SEC by way of a Schedule 13D filing that it has reached an agreement to purchase 573,353 Continental Gold shares at a price of \$8 per share from Homestake Mining Company. In addition Rio Algom discloses purchases of 54,700 Continental Gold shares in the open market for a total holding of 628,053 shares or 8.6% of Continental Gold. The Rio Algom-Homestake agreement is to close July 24, 1989. Under the Agreement, should Rio Algom or any third party complete a formal bid for shares of Continental Gold Corp., Homestake will receive for a period of nine months subject to certain conditions, 75% - 100% of the bid price in excess of \$8 per share. In addition to the share purchase, Rio Algom has also purported to purchase Homestake's other rights pursuant to a June 30, 1988 agreement with the Company, which rights include Board representation and a pre-emptive right to purchase approximately 8% of future Continental Gold share issuances.

Rio Algom is one of several major mining companies that are closely following developments at Continental Gold's 70% controlled Mt. Milligan gold-copper deposit near Prince George, B.C. Rio Algom and parent RTZ Corporation are recognized world leaders in the operation of large-scale open pit mines. Rio Algom is a partner in Highland Valley Copper which operates Canada's largest open pit base metal mine. Rio Algom obviously shares management's view that commercial development of Mt. Milligan would strongly impact on the bottom line of even the largest of mining companies.

On-going drilling at Mt. Milligan has outlined a world class, disseminated gold-copper deposit 4,300 feet long, up to 3,100 feet wide and up to 880 feet thick. The deposit's geometry and massive reserves make it ideally suited for large-scale open pit development. Prefeasibility projections indicate average annual gold production in the range of 200,000 to 300,000 ounces and average annual copper production in the range of 60,000,000 to 100,000,000 pounds over a 10 to 15 year mine life.

Continental Gold Corp. has 7,367,923 shares outstanding and trades in Canada on the Vancouver Stock Exchange with symbol CNT and in the United States on NASDAQ with symbol CNTVF.

ON BEHALF OF THE BOARD

Robert G. Hunter  
Chairman

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.

## CONTINENTAL GOLD CORP.

Suite 1020 - 800 West Pender St. Vancouver B.C. Canada V6C 2V6  
Tel. 604/684.6365 Fax. 604/684.8092



## BACKGROUND

### Rio Algom Limited

Rio Algom is the sixth-largest mining group in Canada. The company lost some of its status as one of Canada's largest miners during a do nothing period in the late '70s and early '80s. However, it is still an active participant in the minerals scene. Rio is the 51% owned subsidiary of RTZ Plc and with a recent change in senior management is planning to grow its mining interests through exploration, development and acquisitions.

Rio's strategic plan for the 1990s is to re-focus their efforts on the mining business, their traditional area of expertise. Principal mining interests are in uranium, potash, tin, and now copper, with the purchase of Lornex's share of the HVCJV. Rio's manufacturing interests in stainless and speciality steels are now available for sale and under option to Sammi of South Korea.

Rio allowed its exploration efforts to run down to almost nothing a decade ago. Today, the company does not have the pool of opportunities that some other firms have and will in all probability need to buy into new projects. Base and precious metals properties in North America are their preferred targets. With its own control secure, Rio Algom can be expected to be a buyer of mining assets when they become available.

Rio has plenty of cash, over \$400 million, plus the proceeds from the sale of the Atlas stainless steel business. With significant untapped financing ability Rio could undertake a sizeable acquisition. The current view is that their parent company, RTZ plc, would participate in an equity issue and keep its 50% ownership intact.

Philip S. Martin, Gordon Capital Corporation  
The Canadian Mining Industry - Corporate  
Development Strategies for the 1990's,  
May 1989



**CONTINENTAL GOLD CORP.  
PROGRESS REPORT FOR SHAREHOLDERS**

August 1, 1989

Dear Shareholder:

The Board of Directors and Management of Continental Gold Corp. are pleased to inform shareholders of important new developments affecting your Company.

**THE MT. MILLIGAN DISCOVERY**

Your Company has recently discovered the world class Mt. Milligan gold-copper deposit near Prince George, B.C. The Project is a 70% Continental Gold Corp. - 30% BP Resources Canada Limited joint venture. Continental is project operator. On-going core drilling, currently in excess of 150,000 feet in 200 holes, has outlined a massive, blanket shaped deposit 4,300 feet long, up to 3,100 feet wide and up to 880 feet thick. The deposit is still open to extension. The Mt. Milligan deposit's geometry and massive reserves make it ideally suited for large-scale open pit mine development. Prefeasibility projections show average annual gold production of 200,000 to 300,000 ounces and average annual copper production of 60,000,000 to 100,000,000 pounds over a 10 to 15 year mine life. At this scale of production Mt. Milligan will rank third in Canadian gold production after Lac Minerals Ltd.'s Page Williams Mine (379,000 oz/year) and Hemlo Gold Mines Inc.'s Golden Giant Mine (337,000 oz/year). Operating costs to produce an ounce of gold will compare favourably with these major mines. Both comparable companies have market capitalizations in the \$1 billion range. Drilling, engineering, environmental and socio-economic studies to support development and permitting of the Mt. Milligan project into production are now in progress.

**MAJOR NEW SULPHIDE SYSTEMS DISCOVERED**

Ground and airborne geophysical exploration surveys have just been completed over a region south and west of the current deposit area. These surveys have identified at least two new major sulphide systems on the property with response magnitudes similar to that of the massive Mt. Milligan gold-copper deposit. Drills are being moved to these deposit targets.

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GOLD AND COPPER GRADES ON THE RISE

Mt. Milligan reserves are currently in the 150-200 million ton range at an average grade for the whole deposit of 0.30% copper and 0.02 ounces gold/ton. Results from an in-fill drill program now underway indicate that average gold and copper grades for the deposit will increase. Recent results from the in-fill program include:

<u>Hole Number</u>	<u>Intercept Length (Feet)</u>	<u>Gold (oz/ton)</u>	<u>Copper (%)</u>
89-184	297.1	0.107	0.02
89-197	498.6	0.053	0.43
89-192	90.5	0.191	0.44

MINING INDUSTRY CLOSELY FOLLOWS DEVELOPMENTS

Mt. Milligan's established infrastructure, massive reserves and excellent metallurgy have placed Continental Gold Corp. in the position of being North America's leading, development stage gold company. This enviable position has resulted in your Company's activities being closely followed by the North American mining industry. The Board of Directors anticipates that this interest will soon lead to the receipt of various proposals which could strongly impact the Company.

RIO ALGOM REACHES AGREEMENT WITH HOMESTAKE MINING COMPANY FOR SHARE PURCHASE

Your company was recently notified by Rio Algom Limited that it had purchased a minority interest in Continental Gold Corp. Rio Algom has purchased 573,353 shares of Continental Gold Corp. at a price of \$8 per share from Homestake Mining Company and bought 54,700 shares of the Company in the open market giving it a total holding of 628,053 shares or 8.6% of Continental Gold.

Rio Algom's purchase of Continental shares from Homestake included an agreement whereby, should Rio Algom or any third party complete a formal bid for shares of Continental Gold Corp., Homestake will receive for a period of nine months, 75% - 100% of the bid price in excess of \$8 per share.

Rio Algom is one of several major mining companies that are closely following developments at Mt. Milligan. Rio Algom, whose parent is RTZ Corporation, is a recognized leader in the operation of large-scale open pit mines and is a partner in Valley Copper which operates Canada's largest open pit base metal mine.

Rio Algom obviously shares management's view that commercial development of Mt. Milligan would strongly impact on the bottom line of even the largest of mining companies. The purchase of Continental Gold's shares by Rio Algom is a signal to management that Rio Algom may continue acquisition of the Company's shares.

#### FINANCING AT \$9.50 COMPLETED

A recent private placement to NIM and Company at \$9.50 per share netted \$2,000,000. With corporate working capital of over \$3.5 million, the Company is well positioned to advance the Mt. Milligan Project through final feasibility and to a production decision. The Company has also opened discussions with leading Bank, Smelter and Engineering groups with regard to major interim and capital debt financing for the Project. At this stage further dilution to shareholder equity is not anticipated. The Company has 7,300,000 shares issued and outstanding.

#### INTERNATIONAL TRADE FOLLOWS MT. MILLIGAN PROJECT

The Company is pleased to provide the following information which has been extracted from a feature story on the Company's Mt. Milligan Project. International Mining of London, England recently stated the following:

#### MT. MILLIGAN, THE GOLDEN CHILD

This recent discovery by Continental Gold (70%) and partner BP Resources Canada Limited (30%) though barely eight months old, is already being hailed as western Canada's largest gold deposit . . .

As further drilling continues, the reserves grow and the production costs fall - some child! When production starts in late 1992 the mine's annual output is expected to be 278,000 oz of gold and 29,000 tonnes of copper. At an estimated copper price of \$1.00/lb. the cash costs for gold production at today's prices will only be \$50/oz. This will make Mt. Milligan the lowest cost gold producer in North America and a leading Canadian gold producer, third only to Lac's Page Williams Mine (379,000 oz/yr) and Hemlo Gold's Golden Giant Mine (337,000 oz/yr). Mt. Milligan will also produce significant copper . . .

In the case of Mt. Milligan the facts speak for themselves. There is a solid and experienced management team, money in the bank, gold in the ground and a host of anxious senior mining companies waiting in the wings for an opportunity to become involved in what can only be described as a bonanza. It is no wonder that Mt. Milligan is the best kept secret to come out of a continent famous for its lack of quiet humility. BRAVO!

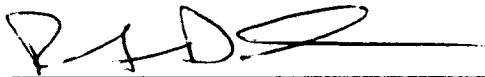
Enclosed with this update are a number of press articles and news releases which we hope will help shareholder's appreciate why Management of Continental Gold Corp. is extremely excited about the prospects for your Company.

Should you have any questions or require additional information, we encourage you to contact us. We value your continued support as a shareholder in Continental Gold Corp.



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Robert G. Hunter, Chairman



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Robert A. Dickinson, President



# N E W S R E L E A S E

August 10, 1989

## CONTINENTAL GOLD NAMES NEW DIRECTOR

Mr. Robert G. Hunter, Chairman of Continental Gold Corp. (CNT:V; CNTVF:NASDAQ) announced today the appointment of Mr. Ray W. Ballmer to the Board of Directors of Continental Gold Corp.

Mr. Ray Ballmer is Vice-Chairman and Chief Executive Officer of Rio Algom Limited.

Rio Algom Limited recently announced the purchase of 628,053 shares or 8.6% of Continental Gold Corp. In addition, to purchasing some 573,353 of these Continental Gold shares from Homestake Mining Company, Rio Algom purchased the rights within a June 30, 1988 - Continental Gold Corp. - Homestake Mining Company private placement share purchase agreement which included the right to Board representation and the right to purchase approximately 8% of future Continental Gold Corp. share issuances.

Rio Algom is one of several major mining companies that are closely following developments at Continental Gold's 70% controlled Mt. Milligan gold-copper deposit near Prince George, B.C. Rio Algom is a recognized leader in the operation of large-scale open pit mines and is a partner in Highland Valley Copper which operates Canada's largest open pit base metal mine.

On-going drilling at Mt. Milligan has outlined a world class, disseminated gold-copper deposit. The deposits's geometry and massive reserves make it ideally suited for large-scale open pit development. Prefeasibility projections indicate average annual gold production in the range of 200,000 to 300,000 ounces and average annual copper production in the range of 60,000,000 to 100,000,000 pounds over a 10 to 15 year mine life.

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Continental Gold Corp. has 7,396,114 shares outstanding and trades in Canada on the Vancouver Stock Exchange with symbol CNT and in the United States on NASDAQ with symbol CNTVF.

ON BEHALF OF THE BOARD

A handwritten signature in cursive script, reading "Robert G. Hunter".

Robert G. Hunter  
Chairman

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.



**ScotiaMcLeod**

## MINING BRIEF



*G. Thomas Komlos*

**August 22, 1989**

*Toronto 416-862-3066  
Montreal 514-287-3600  
New York 212-804-5400  
London, UK 1-256-5656  
Zurich 1-221-3021  
Tokyo 3-592-3870*

### **Continental Gold Corporation (CNT-V \$8 5/8)**

#### **Recommendation: Speculative Buy**

The company recently discovered the large low-grade Mt. Milligan copper-gold deposit near Prince George, B.C.. The project is a 70% Continental Gold and 30% BP Resources Canada joint venture. Continental is the project operator.

Ongoing core drilling, currently in excess of 150,000 feet in 200 holes, has outlined a massive, blanket-shaped deposit 4,300 feet long, up to 3,100 feet wide and up to 880 feet thick. The deposit is still open to extension. The deposit is suited for large-scale open pit mine development. The currently indicated 150-200 million tons reserves, grading 0.3% copper and 0.02 ounces of gold per ton, could easily be expanded and the grade could move up as well.

Pre-feasibility projections show that based on a 35,000 tons/day operation, the open pit mine would produce 278,000 ounces of gold and 64 million pounds of copper annually over a 15-year-plus mine life. Capital cost of approximately \$230 million would be raised following completion of a feasibility study by mid-1990. Production could commence in late 1992 or early 1993. At an estimated US\$1.00 per pound copper price and US\$400 per ounce gold price, net revenue would amount to US\$14.60 per ton with a cash cost of \$5.00 per ton or a net production cost equalling US\$30 per ounce of gold. This would make Mt. Milligan probably the lowest cost gold producer in North America. On a more conservative price forecast basis of US\$0.80 per pound of copper and \$350 per ounce of gold, the payback period would rise from 1.9 to 2.7 years and the company's portion of pre-tax but after payback cash flow would decline from \$87.8 million to \$65.8 million, or from \$11 to \$8 per share on the fully diluted 8.2 million shares outstanding.





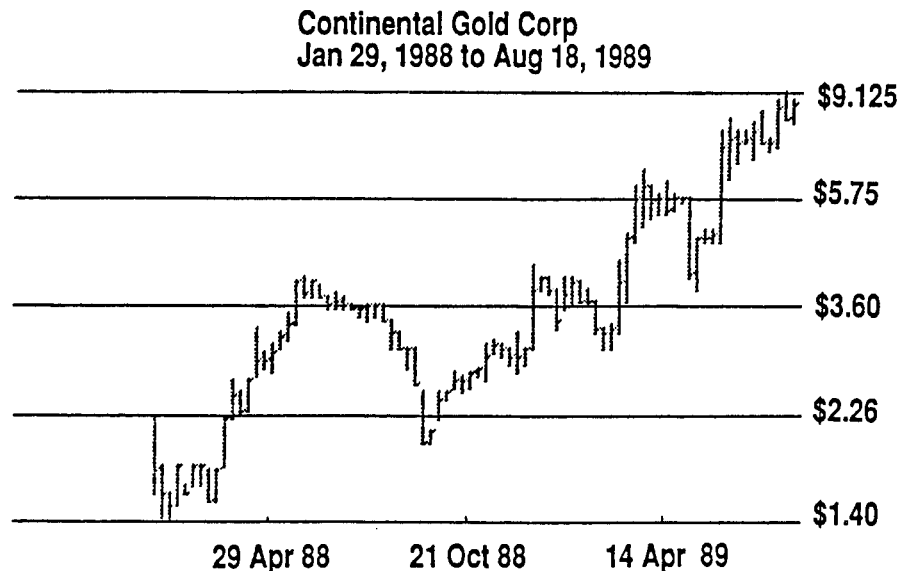
Ground and airborne geophysical exploration surveys have recently been completed over a region south and west of the current deposit area, indicating at least two new major sulphide systems on the property. Drills are being moved to these deposit targets.

Rio Algom (ROM \$26 3/4) owns 628,053 shares of Continental Gold. This position was recently purchased for \$8 per share from Homestake Mining Company. (The latter company holds a right which states that if Rio Algom or any third party were to complete a formal bid for the shares of Continental Gold, it would receive until April 1990 75%-100% of the bid price in excess of \$8 per share.)

Continental Gold is definitely a take-over candidate. Aside from Rio Algom, which appears to have an upper hand, other potential bidders include: Noranda (NOR \$24 7/8) with the large, closely situated, Bell mine closing down operations in 1992 and Brenda in 1990 and; Placer Dome (PDG \$18 3/8) which has the

wherewithal, the presence in British Columbia as well as excellent expertise in these types of operations.

Under the fluid nature of the exploration program and its excellent potential for sizeable expansion of reserves, it is extremely difficult to put a sensible value on the shares of Continental Gold. The stock at the current level is definitely undervalued. As a matter of interest, Hemlo Gold at \$14 3/4 sells at \$203 per ounce of its gold reserves. In the meanwhile, Continental Gold at \$8 5/8 reflects little over \$25 per ounce value on its current ownership of 2.8 million ounces in place. We do not suggest an eight times catch-up potential, as the numbers seem to suggest, but just brought the foregoing comparison forth to demonstrate the existence of a reasonable potential for meaningful capital appreciation in the stock price. The company has \$3.5 million in the bank and no debt. The management of Continental Gold has a proven record and good reputation.



MLN -- 106

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**A new copper/gold company that needs to be watched**

Current price US\$4.20

During the last 18 months or so we have consistently advised the purchase of base metal mining companies and stressed that they were, generally speaking, undervalued when compared to pure gold mining situations. Ideally, for the longer term, we have suggested companies which produce both base and precious metals in the belief that earnings would be smooth over time and that eventually, the base metal mining sector would be rerated upwards. We have also pointed out that during the last few years few major base metal ore reserves have been found because most companies have concentrated on gold exploration. In this regard, Continental Gold Corp are of interest in that their Mount Milligan project combines both gold and copper. The project, which is owned 70% by Continental Gold Corp and 30% by BP Resources Canada Ltd is located in British Columbia near Fort St James.

The company currently states that reserves total 200m tons grading 0.025 oz of gold/ton and 0.3% copper. On their current projections, the mine could be started up by the end of 1992 at a capital cost of C\$230m. The company's provisional plans are for a 13m ton/annum operation which would give a 15-year life. Their projections are for an annual production of 278,000 oz of gold and 64m lbs of copper. In order to put this proposed operation into perspective the tables below compare it with Bougainville, Gibraltar and Freeport Copper.

	Reserve tonnage (mt)	Copper		Gold	
		Grade (%)	Contained (mt)	Grade (oz/t)	Contained (m ozs)
Bougainville	710	0.40	2.84	0.015	10.65
Gibraltar	360	0.37	1.33	.	.
Freeport Copper	196	1.59	3.12	0.035	6.86
Continental Gold*	200	0.30	0.60	0.025	5.00

\* geologic reserve

	Number of shares (m)	Share price (C\$)	Market cap (\$m)	Market cap/ton copper reserves (\$)	Market cap/oz gold reserves (\$)
Bougainville	401.0	1.64	658	232	61.3
Gibraltar	12.0	8.00	96	72	.
Freeport Copper	42.6	14 $\frac{3}{8}$	677	282	53.4
Continental Gold	8.0	4.20	34	56	6.7

It must be remembered that Continental Gold reserve figures are geologic reserves and it will not be until further drilling is completed and a pit design finalised that mineable reserves are ascertained. Nevertheless, on the above rough comparative basis, reserves stand up well. Valuing reserves on a market capitalisation basis shows that both Bougainville and Freeport Copper are similarly rated in terms of copper and gold. However, Gibraltar is valued much less and the reason for this must be to do with costs of production and the fact that there is no gold content in the reserves. Continental Gold compares fairly with Gibraltar on the copper criteria, particularly considering it is at least three years away from production. However, the gold content is not valued very highly at all and, were the mine to produce at its planned levels, then a significant rerating would have to occur in recognition of the mine as a major North American gold producer. For instance, using the much maligned statistic of market capitalisation per annual ounce of production, gives a figure of \$120/oz for Continental Gold. In our Review of North American Gold Shares the lowest such figure for 1992 production was for BIG at \$520/oz.

Clearly therefore, if the Mount Milligan deposit lives up to Continental Gold's expectations, then the company's share price will have to be significantly rerated. Continental Gold deserves close attention and the entrepreneurial investor may well be advised to acquire an early position. Nevertheless, we must advise also that the marketability is currently very limited which can be a negative factor if things do not turn out as planned.



# N E W S R E L E A S E

OCTOBER 6, 1989

## BRITISH PETROLEUM ATTEMPTS TO SQUEEZE MINE FINDING CANADIAN JUNIOR

Robert G. Hunter, Chairman of Continental Gold Corp. (CNT:V; CNTVF:NASDAQ) advises that the Company has received notice from BP Resources Canada Limited ("BP") that BP intends to file an action against the Company alleging that the Company breached the terms of its 1986 joint venture agreement ("Agreement") with BP. Continental Gold has conferred with its legal advisors and has been advised that based on the facts BP's allegation is completely without merit.

Continental Gold Corp. understands that BP's allegation is that a simple corporate procedural step, which was part of the March 15, 1989 amalgamation between Continental Gold Corp. and its 69% subsidiary United Lincoln Resources Inc., somehow gave rise to a first right of refusal in favour of BP to acquire an additional interest in the Mt. Milligan property. The BP position is wholly without merit on the basis that it is clearly contrary to the intent of the Agreement and relies on taking a word out of context within the Agreement and unreasonably applying it to the procedural step.

Six weeks prior to the amalgamation BP was provided with all documentation relating to the Continental Gold/United Lincoln amalgamation including those aspects of the procedural step which BP has now taken issue with. During this period BP raised no complaints, issues or objections and for six months after the amalgamation continued to act in accordance with the joint venture terms before raising a complaint. The complained of procedure, did not in any way reduce or adversely affect BP's continuing rights under the Agreement.

The BP position has caused a major Canadian mining company to suspend discussions with the senior officers of Continental relating to a proposed offer for all the outstanding shares of Continental Gold Corp. at a substantial premium over current market price. In the event that BP's actions cause damage to the Company's shareholders, a multimillion dollar counter-suit will be prepared. Further details regarding this matter will be released when available.

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Continental Gold Corp., operator of the Mt. Milligan project, continues to rapidly advance exploration and development work on the property. The main 200 million ton Mt. Milligan deposit is currently being engineered for a 50,000 TPD open pit mine which is expected to produce up to 400,000 ounces gold and 100,000,000 pounds copper on an annual basis. In addition six diamond drill rigs (36,000 feet/month) are delineating three newly discovered gold-copper deposits elsewhere on the property. A full project update will be released shortly.

ON BEHALF OF THE BOARD

A handwritten signature in cursive script, reading "Robert G. Hunter".

Robert G. Hunter  
Chairman

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.



# N E W S R E L E A S E

DECEMBER 21, 1989

## MT. MILLIGAN TO MORE THAN DOUBLE BRITISH COLUMBIA'S GOLD OUTPUT

Robert G. Hunter, Chairman of Continental Gold Corp. (CNT:V; CNTVF:NASDAQ), 69.84% owner and operator of the Mt. Milligan gold-copper property near Prince George, British Columbia is pleased to provide an update of developments.

Systematic drilling within the eastern one-third of a 6 square mile gold-copper sulphide system has delineated the largest undeveloped gold-copper deposit in North America. A project mineral reserve in excess of 300 million tons in two deposits has been established by 310,000 feet of drilling in 406 holes. The current mineral reserve, which contains over 5 million ounces of gold and 2 billion pounds of copper should generate revenues in excess of \$4 billion upon commercial production. Further drilling is planned after the Christmas holiday which should expand this reserve base (see Figure 1).

Fast track engineering, environmental and socio-economic studies are underway for a mine in the 50,000 ton per day range which is expected to produce up to 400,000 ounces of gold and 100,000,000 pounds of copper on an annual basis. Established infrastructure, combined with excellent deposit geometry, metallurgy and topography are well suited for large scale, low cost open pit mine development.

Within the 200 million ton Mt. Milligan gold-copper deposit an initial in-fill drill program has been completed. This program has confirmed excellent reserve continuity and grade (see Figure 2). New results include:

<u>Hole No.</u>	<u>Intercept Feet</u>	<u>Copper %</u>	<u>Gold oz/ton</u>
89-314	413.3	0.30	0.033
89-354	433.1	0.45	0.022
89-360	1265.7	0.27	0.016
89-368	1202.4	0.44	0.020
89-373	1069.2	0.21	0.036
89-380	846.5	0.37	0.014

The blanket-shaped Mt. Milligan deposit measures 4500 feet long 3100 feet wide and up to 880 feet thick.

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At least 7 high grade gold veins radiate from the Mt. Milligan disseminated gold-copper deposit. The average gold vein intercept is 15.6 feet with an average grade of 0.30 ounces gold/ton. Further drilling of gold veins is required to assess their extent. A recent vein intercept encountered in Hole 89-341 assayed 0.283 oz gold/ton over 59.1 feet.

In addition, 100 metre spaced drilling has begun to outline the Southern Star deposit, a newly discovered disseminated gold-copper deposit, located south of the Mt. Milligan deposit (see Figure 3). The Southern Star currently measures 3800 feet long and 1600 feet wide. Its present 100 million ton mineral reserve is open to further expansion. New results in the Southern Star area include:

<u>Hole No.</u>	<u>Intercept Feet</u>	<u>Copper %</u>	<u>Gold oz/ton</u>
89-330	597.1	0.27	0.008
89-339	341.2	0.25	0.013
89-359	249.3	0.30	0.014
89-363	408.1	0.45	0.010
89-365	242.8	0.34	0.011
89-367	275.6	0.40	0.013
89-369	164.0	0.56	0.014
89-381	278.2	0.34	0.008
89-382	484.6	0.46	0.031
89-386	190.3	0.29	0.021

Continental Gold is attempting to rapidly move BP Resources Canada Limited's law suit through the court process. The Company's legal advisors continue to be of the opinion that based on the facts BP's allegation is completely without merit.

ON BEHALF OF THE BOARD



Robert G. Hunter  
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.

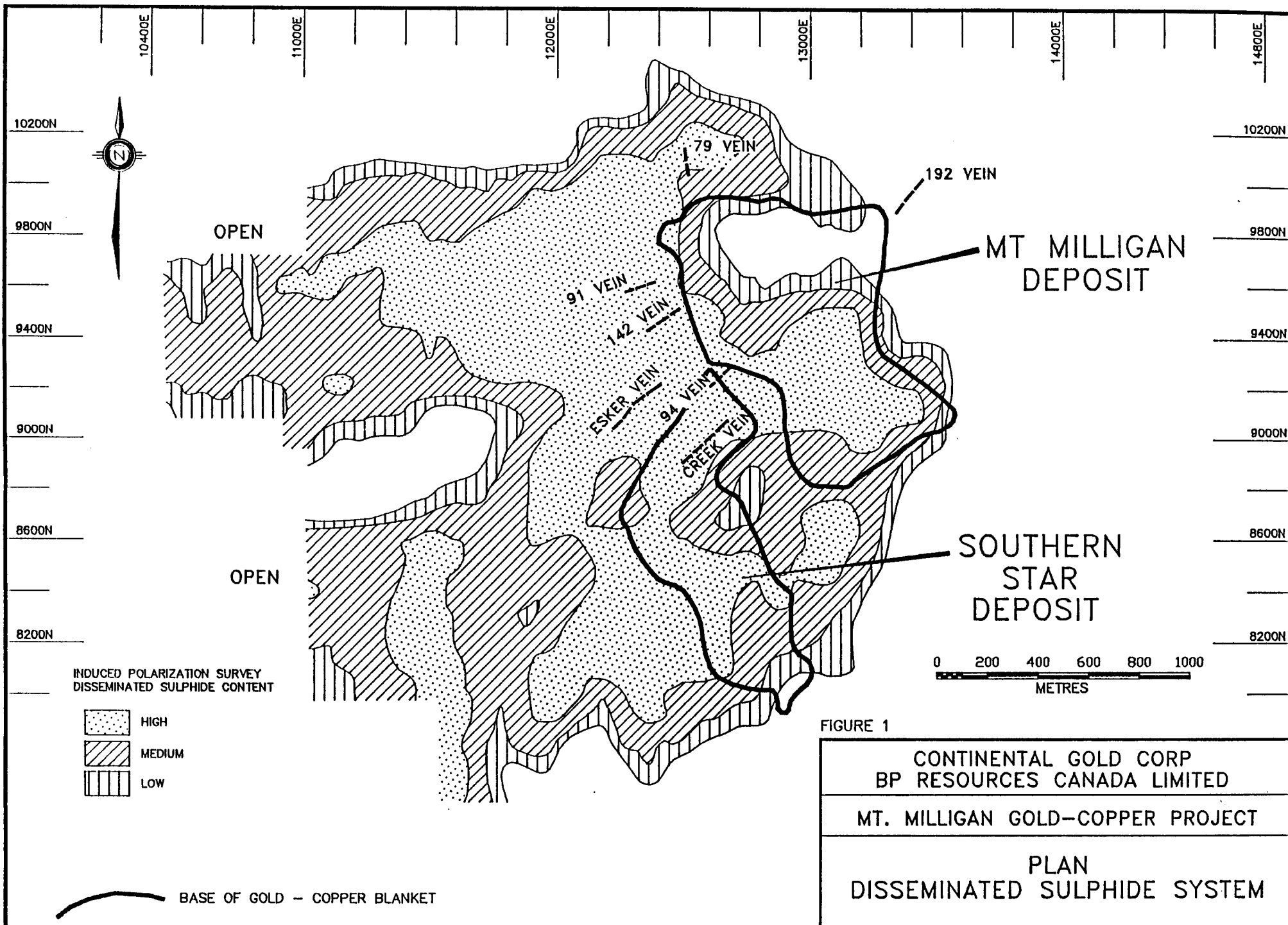
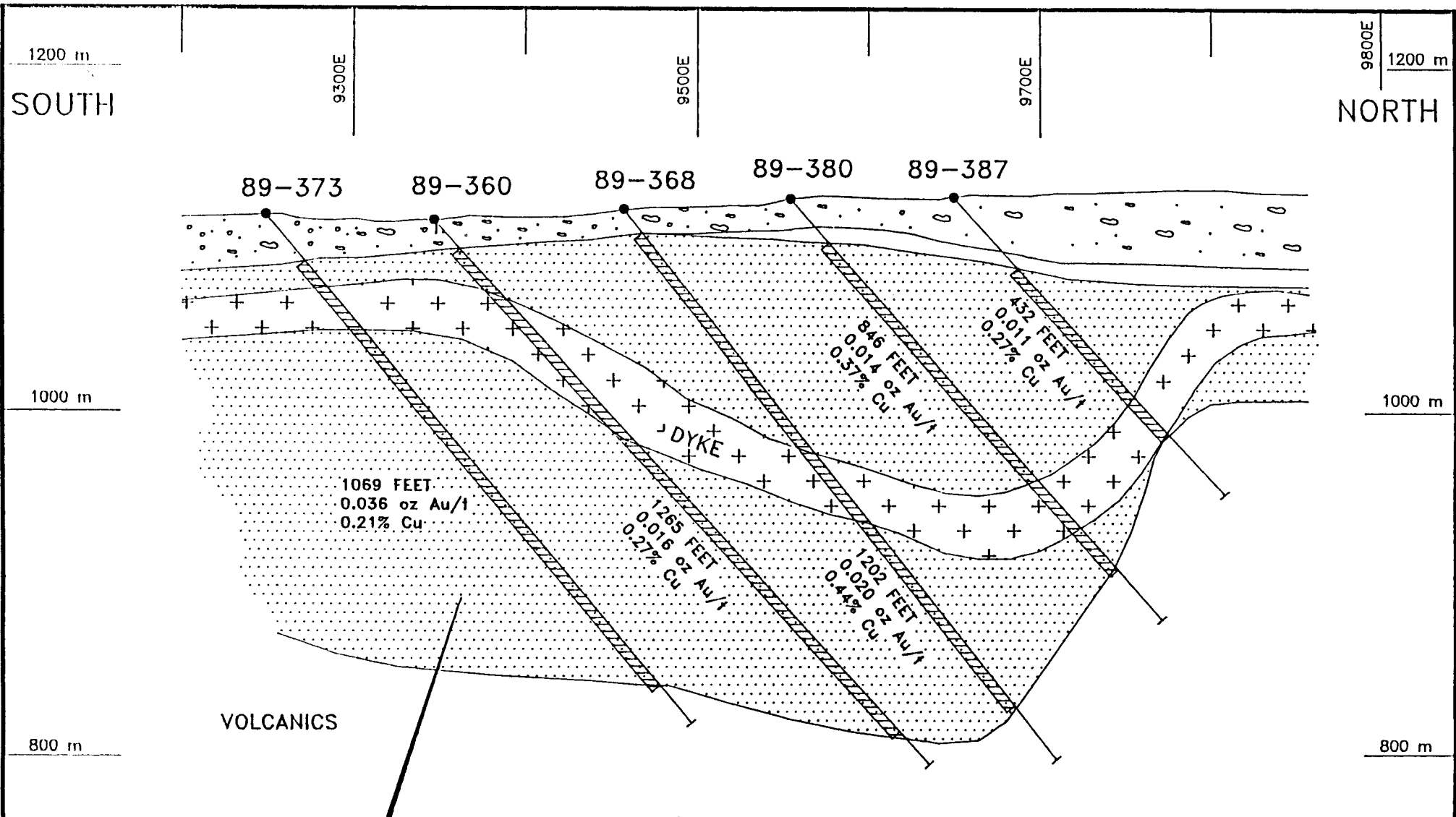


FIGURE 1

CONTINENTAL GOLD CORP  
BP RESOURCES CANADA LIMITED

MT. MILLIGAN GOLD-COPPER PROJECT

PLAN  
DISSEMINATED SULPHIDE SYSTEM



# GOLD-COPPER DEPOSIT

FIGURE 2

CONTINENTAL GOLD CORP BP RESOURCES CANADA LIMITED
MT. MILLIGAN GOLD-COPPER PROJECT
VERTICAL LONG SECTION L 130+50E (LOOKING WEST) DRILL HOLES 89-360, 368, 373, 380, 387





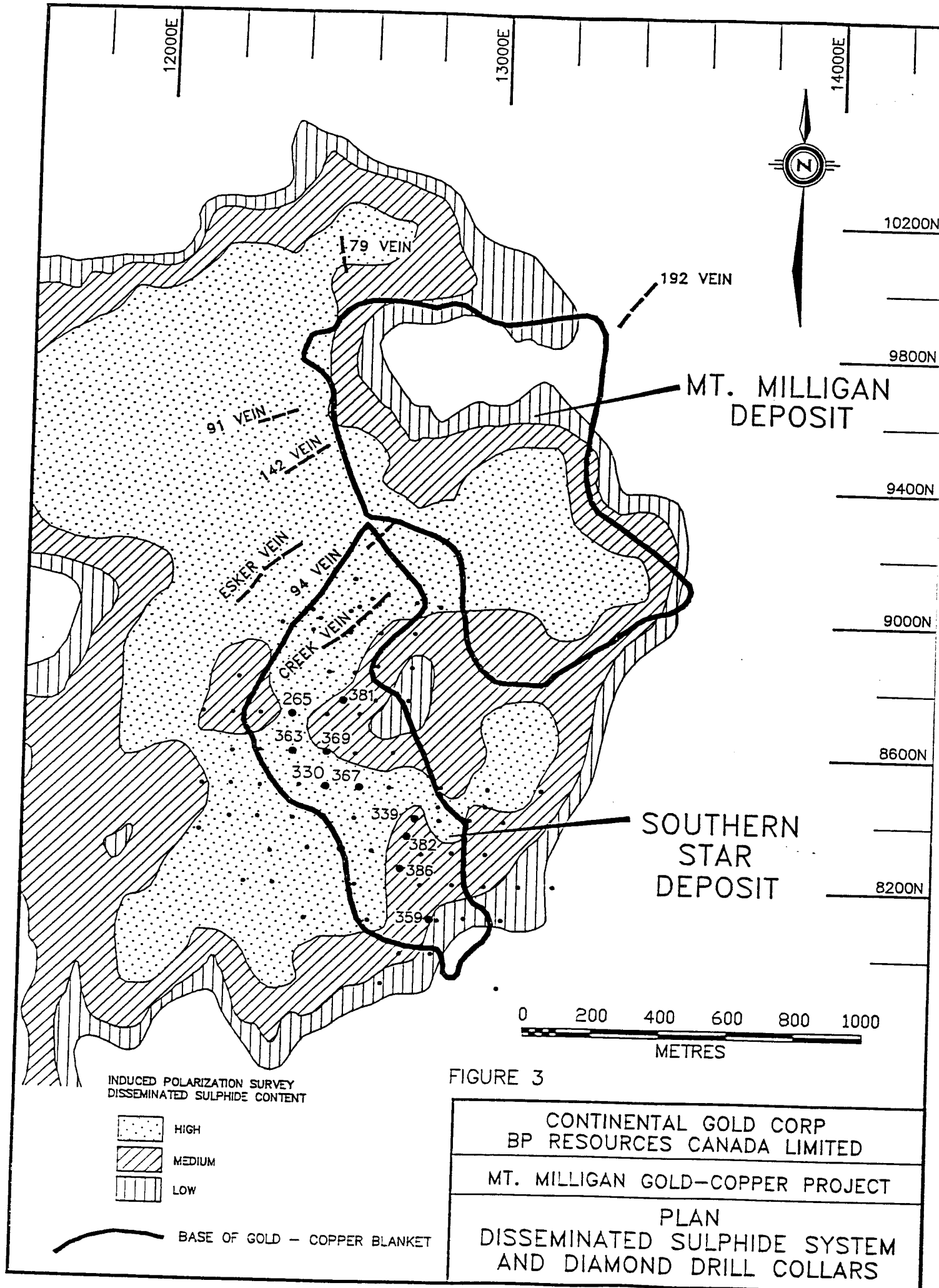


FIGURE 3

CONTINENTAL GOLD CORP  
BP RESOURCES CANADA LIMITED

MT. MILLIGAN GOLD-COPPER PROJECT

PLAN  
DISSEMINATED SULPHIDE SYSTEM  
AND DIAMOND DRILL COLLARS



# N E W S R E L E A S E

JANUARY 30, 1990

## CONTINENTAL GOLD TEAM PUTS MT. MILLIGAN DEVELOPMENT INTO HIGH GEAR

Robert G. Hunter, Chairman of Continental Gold Corp. (CNT:V; CNTVF:NASDAQ) announced today that the Company's development team has commenced a \$7,100,000 feasibility and government permitting program for the Mt. Milligan gold-copper project near Prince George, British Columbia. In addition he announced that Rio Algom Limited has agreed to purchase an additional 24,997 shares at a price of \$10.00 per share pursuant to Rio Algom's pre-emptive right to participate in approximately 7.7% of all share issuances of the Company.

The Mt. Milligan project is a Continental Gold Corp. 69.84% - BP Resources Canada Limited 30.16% joint venture. Continental Gold is the operator. On-site, five drill rigs are completing condemnation, infill, delineation and bulk sample drilling. Off-site, mine, mill and feasibility engineering studies are underway. In the next few weeks the Company will begin the British Columbia Government production permitting process with the submittal of the project's first formal document.

Mt. Milligan is the largest undeveloped gold-copper deposit in North America. A project mineral reserve in excess of 300 million tons in two deposits has been established by 310,000 feet of drilling in 406 holes. The current mineral reserve, which contains over 5 million ounces of gold and 2 billion pounds of copper should generate revenues in excess of \$4 billion upon commercial production.

At a milling rate of 50,000 tons per day, the Mt. Milligan project will produce up to 400,000 ounces of gold and 100,000,000 pounds of copper on an annual basis. Established infrastructure, excellent deposit geometry, topography and metallurgy favorably combine at Mt. Milligan for large scale, low cost open pit mine development.

Continental Gold Corp. has 7,957,799 shares outstanding and trades in Canada on the Vancouver Stock Exchange with symbol CNT and in the United States on NASDAQ with symbol CNTVF.

ON BEHALF OF THE BOARD

Robert G. Hunter  
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.

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