

*Mt. Milligan*

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# Mt. Milligan story far from over

There may be over five million ounces of gold reserves in the ground; there could well be two billion pounds of copper; and the mine may well open on schedule next year. But for **Continental Gold Corp.**, the Mount Milligan story is far from over.

Embroided in a legal dispute with joint venture partner, **BP Resources Canada**, Continental is both plaintiff and defendant in two suits that could take the rest of the year to resolve.

The company's counterclaim for damages states that it lost a \$15 million line of credit commitment for financing. It also claims it had to suspend discussions in September on a bid for all outstanding Continental shares.

Examination of discoveries will take place in March, while a court date has been set for November 5.

While the property is still under observation by at least six majors, they are obviously going to wait on the outcome.

Continental Gold president Bob Dickinson says that several majors have visited the porphyry gold-copper property. "Major companies are spending hundreds of thousands of dollars doing evaluations," he says.

While a major offered \$14 per share for the company last September, there have been no public bids for the stock. Dickinson says current market capitalization is \$640 million, but predicts it will rise to \$1.5 billion as soon as the mine goes into production, fall 1991.

The Mt. Milligan project is a Continental Gold Corp./BP Resources Canada (69.84/30.16%) joint venture. On the latest reserve figures, it is the largest

undeveloped gold-copper deposit in North America.

At a milling rate of 50,000 tons per day, the project will produce up to 400,000 ounces of gold and 100 million pounds of copper per year. The current mineral reserve should generate \$4 billion in revenues upon commercial production, the company says.

But world copper prices are at a 17-month low. Gold's recovery, while not unimpressive, has been building slowly and Continental's share price has wavered in recent weeks.

In the halcyon days of early September, its shares were ploughing ahead at \$11 each. In early October the BP writ was filed, lowering the share price to the \$7-9 range, where it remains, apart from a dip to \$6.87 January 30 which was recouped by February 8.

Dickinson says the company's 2,600 shareholders are holding the stock because they think it is undervalued.

**Rio Algom** recently bought another 25,000 shares at \$10 apiece, which gives it a 7.7 per cent holding in Continental. Another 35 per cent is held by company directors and insiders, while the balance is owned by small shareholders.

Dickinson dispels disclaimers about the effect of the lawsuit on the tradeability of the shares and points out: "Rio Algom has spent \$3.3 million on our shares since the suit was filed."

So the Continental Gold roadshow will continue. The company is seeking a listing on the Toronto Stock Exchange, where it wants to attract capital and public attention.

It is also spending \$7.1 million on a feasibility and government permitting



Bob Dickinson — on the road again.

program. On-site, five drill rigs are completing infill, delineation and bulk sample drilling. A project mineral reserve of over 300 million tons in two deposits has been established by 310,000 feet of drilling in 406 holes.

Continental Gold will embark upon another run at the presentation circuit this year to again convince mining analysts and financial institutions of the property's potential. "When the suit is resolved next November, you will see a substantial movement," says Dickinson.

"We will continue to push forward. Every day that goes by increases our market value. Next year we will have a project ready to go into production with no risk. It is in the bag," he adds.

Well... if not in the bag, then in the courts, perhaps.