

the Cinola Gold *project* A STATE OF-THE-ART DESIGN FOR CLOSURE

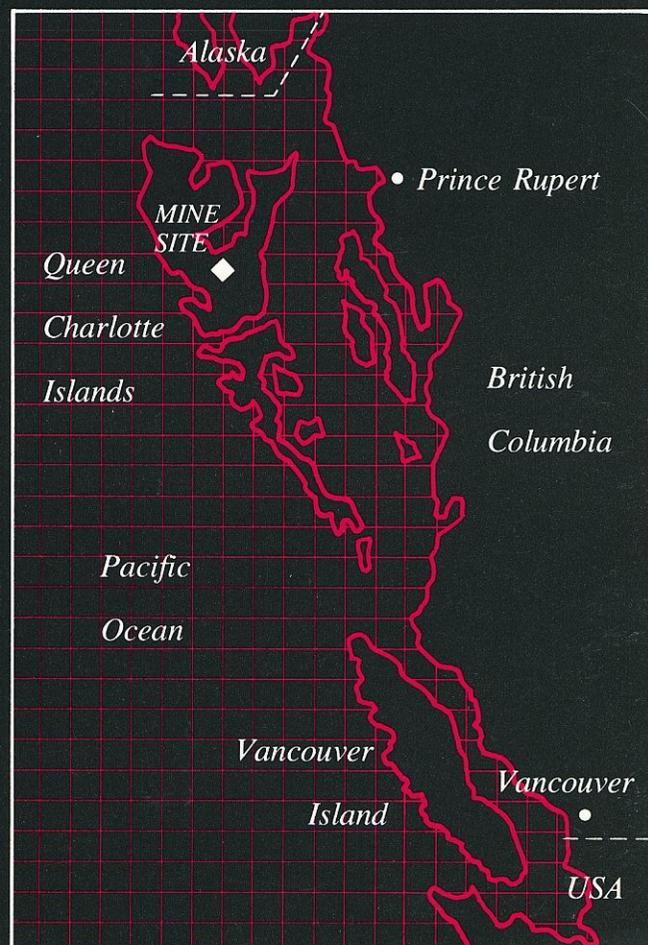


**City
Resources
(Canada) Ltd.**

A world leader setting new standards
for environmental protection.

PROJECT STATISTICS

Reserves: 27,000,000 tons
Average Grade: 0.062 ozs/ton
Recoverable Gold: 1,500,000 ounces
Throughput: 6,600 tons/day (2.3 million tons/yr)
Project Life: 12 years
Capital Costs: \$110 million
Operating Costs: \$20/ton





*A
Flagship
for
Development
IN AN
ENVIRONMENTALLY
SENSITIVE AREA*

Having already spent four years in monitoring and test work; fully committed to spending \$500,000 in environmental protection annually over the operating life of the mine; and proposing a \$12 million guarantee for the final safe mine closure that will prevent any future harmful environmental effects, the Cinola Gold project has been described as performing "state-of-the-art research and study" and setting "new standards in environmental design for mines." These are testimonials which have been offered by expert consultants. **More continuous monitoring and test work will have been completed on this Project over a 4-year period than at any other mine in B.C. This is in order to:**

- Ensure a complete collection of base line data
- Ensure a complete understanding of the acid-generating potential of all rocks in the deposit
- Ensure a good knowledge of toxic and trace elements in both ore and waste rocks

Design of the waste dumps has been specially developed in order to:

- Minimize the quantity of rain water passing through them
- Eliminate AMD (Acid Mine Drainage), contaminated effluent

Process and mill design have been thorough yet innovative in order to:

- Ensure complete recycling of the mill water
- Eliminate soluble toxic compounds in the tailings
- Ensure that tailings are non-acid generating

The tailings impoundment area has been carefully designed in order to:

- Ensure all embankments meet water retaining standards
- Ensure effluent discharge to the environment will be totally eliminated by means of a multiple ponding system
- Ensure embankments will withstand the most severe credible earthquake
- Ensure the worst rainfall can be stored within any pond



*Year 1
Before Construction*



Designed for Closure

*All Factors
Considered*

By "designing for closure," the Cinola Gold project is committed to taking environmental protection precautions before, during and after mine operations. State-of-the-art research and engineering underlay the process and design work. This project offers several outstanding features.

Easy reclamation of the tailings impoundment area means that:

- Two thirds of this work will be completed during operations
- No final discharge of effluent will be needed
- A flexible design ensures that the areas can be used for ponds and/or wetlands

Location of the pit stockpiles:

- Near to the pit for easy reclamation and backfilling

Minimization of continuing maintenance in the reclaimed areas because:

- All wastes will be disposed of permanently under water
- Embankments are designed to be self healing
- Design specifies small size of the final tailings impoundment embankment and high stability
- All areas are capable of being reforested

Low visibility of the site and the small area of reclamation needed because:

- The pit area is only 25 hectares
- The tailings impoundment area is only 120 hectares.

Socio- Economic Impacts

*Are All
Beneficial*

The Cinola Gold project will provide major socio-economic benefits both for the Queen Charlotte Islands region and for the Province generally.

Specific employment-related benefits include:

- Maximum construction work force - 300 men
- Total construction wages - \$34 million
- Permanent operating work force - 200 men
- Wages during operations - \$4 million per year
- Estimated service/indirect work force - 100 men
- Total income multiplier effects estimated at - \$260 million
- Estimated corporate taxes payable to the Province during project life - \$30 million

City Resources has committed to:

- Preferential hiring of Queen Charlotte Islanders
- Comprehensive pre-employment and on-the-job training
- Minimization of commuting problems for Queen Charlotte Islanders by arranging suitable work schedules
- Hiring of special groups, including native people

Research and Development Benefits include:

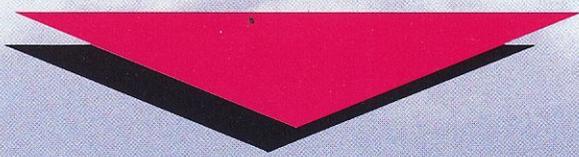
- Vancouver-based research into acid generation from rocks is the very latest methodology
- This project has developed world leadership in metallurgical processing of epithermal ore deposits
- In addition to the current technical job creation, City Resources is committed to creating an environmental laboratory in the Queen Charlotte Islands and training the people who will work there



*Year 12
Production*



*Year 15
Reclamation*



Closed and Reclaimed

*Complete
Environmental
Protection*

All planning and design have been based on the recognition that this project must be both operated and closed down in an environmentally responsible manner. In order to demonstrate that this will be achieved, many special circumstances and provisions should be stressed.

No acid-generating rock will be left exposed to the environment:

- There will be total permanent storage of all such rock under water
- The pit walls will be totally covered and/or flooded

All project areas will be returned to their natural habitat:

- Existing test plots show that rapid reclamation will occur both on tailings and on waste rock
- City Resources will help organize a group of local residents who can determine the final form of reclamation.

Provision of post-closure monitoring:

- At least 36 months of monitoring is now anticipated after closure (City Resources will also commit to continue the monitoring for as long as it is necessary)
- The water treatment plant will be left in place as long as it is required

Provision of reclamation guarantees:

- Bonding and/or trust funds will be put in place to achieve the objective of complete environmental protection before the project goes into operation

City Resources Consultants Say...



"Norecol has worked on 25 gold mining projects in the past three years in Western North America. We believe that the Cinola Gold Project has performed an unprecedented amount of test work, so as to understand the environmental concerns and to properly plan for mining."

Jim Malick, Ph.D. Principal for Norecol Environmental Consultants



"Minproc has built over 50 gold plants worldwide in the last eight years and has been involved in the process development of the Cinola Gold Project since City Resources acquired the property. City Resources' environmental precautions taken on this project have been the most stringent Minproc has experienced. Minproc believes that the Cinola Gold Project will set new standards in environmental design for mines."

Kevin Foo, Manager of Metallurgy, Minproc Inc.



"The waste and water management plans developed for the Cinola Gold Project show a total commitment by a mining company, to the protection and preservation of the environment. The research and study City Resources has performed is state-of-the-art. Their design for control of acid mine drainage exceeds that of any project in the world — it is a world leader."

John Gadsby, P. Eng. Director of Steffen, Robertson, and Kirsten



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Trading symbols:

TSE/VSE	-	Common Shares:	CIZ
		Warrants:	CIZ.WT
NASDAQ	-	Common Shares:	CIZCF
		Warrants:	CIZWF

NEWS RELEASE

City Resources (Canada) Limited announced today that Minproc Engineers Inc. and Davy McKee Corporation have completed their technical and financial evaluation of the Cinola Gold Project and have released a summary of their report.

An earlier study was completed by Wright Engineers Limited in December 1987. Many of the design concepts outlined in that study have now been further developed. In particular, the metallurgical process has been developed and simplified; recoveries between 89.5% and 92% have been demonstrated in continuous pilot plant operations. Operating costs have been reduced substantially. Ore reserves have been thoroughly audited, resulting in a mineable ore reserve of 23.8 million tonnes at an average grade of 2.45 g/tonne (0.072 oz/ton). A multiple impoundment, zero discharge tailings system has been developed.

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

- * Pre-production capital cost of C\$119,979,000;
- * Deferred capital cost over 12 years of C\$52,614,000;
- * Operating costs between C\$19.57/tonne and C\$20.96/tonne;
- * Average direct operating cost of US\$230/oz.;
- * A 22 month engineering and construction schedule;

- * A base case Internal Rate of Return of 23.1%, 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.

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

City Resources will meanwhile continue with design of the facilities, leading to project completion in the third quarter of 1990.

With the successful completion of the Feasibility Study, Mr. John Bailey will resign as President and C.E.O. The position of President and C.E.O. of the Company will be assumed by Mr. Graeme H. Hill.



Reno J. Calabrigo,
Executive Vice President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.