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George Cross News Letter

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GIBRALTAR MINES LTD.

[GBM-V,T] 22,881,413 SHS.

COPPER MINE RE-OPENS - Bill Myckatyn, president, Gibraltar Mines Ltd., has reported the resumption of full mining and milling operations at its McLeese Lake, 30km northeast of Williams Lake, B.C. copper mine, primarily due to improved copper prices, the lower exchange rate and cost reductions. Operations were temporarily suspended on 1Dec93.

Notice of recall is being sent immediately to the 83 hourly paid employees currently on lay-off. Employees will be brought back in stages as the work plan requires. About 127 new staff and hourly paid employees will be hired. Together with 67 employees retained during the shutdown, the McLeese Lake operation will have 277 employees by October in order to meet the intended production schedule. When operations ceased last December there were 196 employees, down from 280 when production was cut by 50% in September, 1993.

An agreement has been reached with the Government of British Columbia under the B.C. Job Protection Commission for a deferral of certain government levies. The agreement provides for a deferral in the payment of 50% of hydro rates from October 1994 to Dec. 28/95, and a deferral of 50% in 1995 and 1996 municipal taxes paid to the Cariboo Regional District. The deferred payments for hydro and municipal taxes are to be repaid by the end of 1998. Also included is an agreement with the Ministry of Energy, Mines and Petroleum Resources whereby the company will fund its environmental bond at a rate of \$1,000,000 per year for each of 1994, 1995 and 1996 rather than at the higher rate of \$2,700,000 per year as previously agreed. Gibraltar's long-term environmental bonding requirements will be established in October 1997, at which time a new formal closure plan is to be submitted by the company.

Recruitment of employees and work on recommissioning the mill and mobile equipment will begin immediately with production of concentrate scheduled for October 1994. A new tailing line and pumping system will be installed before start-up. The company will incur costs of about \$10,000,000 on capital projects and working capital before any cash flow is generated from the property.

Tom Millner has been hired as mine manager effective 18Jul94. Mr. Milner worked at Gibraltar from 1972 to 1976 and later worked on the Equity Silver Mine project and for Placer Dome Inc. at the Marcopper mine in the Philippines.

Mr. Myckatyn said he is pleased with being able to announce the resumption of operations. "The staff on site have worked extremely hard in assessing the alternatives open to us to re-start. The contributions of the Job Protection Commissioner, the Ministry of Energy, Mines and Petroleum Resources, B.C. Hydro, and the Cariboo Regional District are greatly appreciated. This participation together with the improved price of copper have led to the decision for an early resumption of operations." (SEE GCNL NO.30, 14Feb94, P.3 FOR GIBRALTAR YEAR-END REPORT)

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