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CONSOLIDATED CINOLA MINES LTD. (NPL) 811699

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CORPORATE PROFILE

JANUARY 1978

CONSOLIDATED CINOLA MINES LTD.

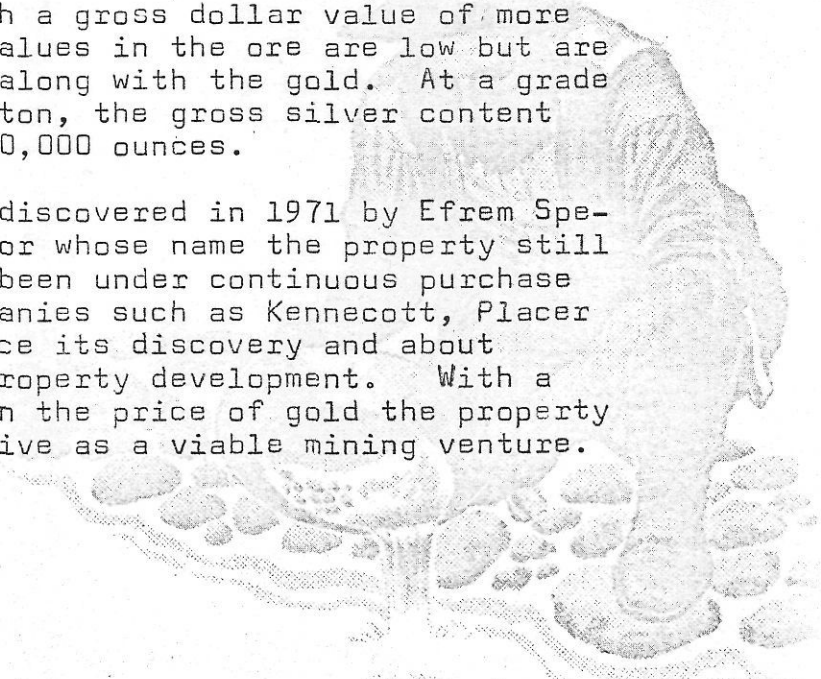
Recent Price	72¢
1978 Price Range	54¢-72¢
Traded on Vancouver Curb Exchange	
Trading Symbol	CSZ
Shares Outstanding	2,410,000
Estimated Floating Supply	800,000
Estimated Number Stockholders	550

SUMMARY

On May 2, 1977 the company entered into an option agreement to purchase the Specogna gold property situated on the Queen Charlotte Islands, B.C. The end purchase price free of all future royalties is \$1,000,000 and 300,000 shares of free trading stock.

The Specogna gold property is one of the few potentially feasible open pit gold mines in North America. Potential ore reserves have been suggested at 50,000,000 tons by the engineering staff of Quintana Minerals, and grading a minimum of 0.06 ounces of gold per ton. The potential gross gold content is 3,000,000 ounces with a gross dollar value of more than \$500,000,000. Silver values in the ore are low but are significant and recoverable along with the gold. At a grade of 0.2 ounces of silver per ton, the gross silver content represents a potential 10,000,000 ounces.

The property was discovered in 1971 by Efrem Specogna, a well known prospector whose name the property still retains. The property has been under continuous purchase options to major mining companies such as Kennecott, Placer Development, and Cominco since its discovery and about \$500,000 has been spent on property development. With a considerable strengthening in the price of gold the property becomes increasingly attractive as a viable mining venture.



RECENT DEVELOPMENTS

Consolidated Cinola Mines Ltd. conducted a diamond drilling program in 1977 on a small portion of the property representing about 4 percent of the potential gold bearing zone. Thirteen short holes were drilled and confirmed ore reserves in this area at 2,000,000 tons drill proven, and drill probable grading 0.086 ounces per ton. The holes were drilled on a grid pattern and future drilling will expand the grid and confirm and add to the ore reserves.

SPECULATION ON PROFIT POTENTIAL

The gold bearing zone is 3,000 feet long by 1,000 feet wide. The tonnage potential of gold ore in this area is estimated at 50,000,000 tons to a depth of less than 500 feet. An ore tonnage of this size can support a 7,000 ton per day mining and milling operation. The ore zone occurs at surface with minimal overburden coverage and is amenable to open pit mining with its low cost mining techniques.

At the present prices of gold and silver in Canadian funds, and at a grade of 0.08 ounces of gold and 0.2 ounces of silver per ton the gross dollar value of the gold mineralization is about \$18 per ton. Open pit mining and milling costs in British Columbia have proven to be in a range of \$4.00 to \$7.00 per ton. Therefore it would appear at this time that allowing for even higher costs and less than 100 percent recovery of the metals, a substantial operating profit is indicated.

CAPITAL STRUCTURE AND FINANCES

There are 2,410,000 common shares outstanding out of 5,000,000 authorized. Two recent financings were completed in May 1977, being 400,000 shares sold to the public at 17 cents per share and 300,000 shares sold at 35 cents. The company wishes to do further financing by private investment letter and negotiations to this end are well advanced.

There is no long-term debt, warrants, or other classes of stock. As of December 1, 1977, the company had \$23,789.46 working capital.

MANAGEMENT

The chief executive officer of the company is K.G. Sanders, P.Eng. Mr. Sanders is a registered geological engineer of 28 years experience in the mining industry, including

positions as western exploration manager for Denison Mines Ltd., chief geologist for Canada Tungsten Mines, and exploration engineer for Newmont Canada Ltd.

CONCLUSION

Consolidated Cinola Mines Ltd. is a well managed British Columbia company which is currently developing one of the largest gold properties in North America at a time when the price of gold is on the increase. At its current stock price, the company represents an extremely attractive junior mining stock with a high potential for early capital gain.

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CONSULTING MINING ENGINEER

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The following is a summary of my report on the Specogna Gold Prospect, Queen Charlotte Islands, for Consolidated Cinola Mines Ltd., [NPL], dated October 17, 1977.

In the period July - October, 1977, Consolidated Cinola has drilled 2,224 feet of BQ diamond drill core in 13 holes, on a 100 foot grid.

These holes varied in length from 80 feet to 200 feet. The shorter holes were stopped in the basement rocks, out of the ore. Six of the longer holes failed to reach the basement rocks and were stopped in ore. These latter holes will be deepened to the basement rocks at an unknown depth.

Drilling, to date, indicates that the thickness of the ore increases, with an improving grade, as the holes are moved to the south and east. A previous operator estimated the grade in the area being drilled as 0.075 oz of gold per ton.

Results of the holes are as follows:

<u>Hole No.</u>	<u>Total Section</u>	<u>Best Section</u>
Cominco 72-1	5' - 80', 75' of 0.120	40' - 60', 20' of 0.30
Cons. Cinola 77-1	20' - 160', 140' of 0.056	120' - 160', 40' of 0.086
" " 77-2	0' - 192', 192' of 0.032	110' - 135', 25' of 0.062
" " 77-3	15' - 200', 185' of 0.066	65' - 125', 65' of 0.103
" " 77-4	10' - 185', 175' of 0.051	105' - 130', 25' of 0.090
" " 77-5	20' - 90', 70' of 0.080	60' - 90', 30' of 0.149
" " 77-6	0' - 90', 90' of 0.033	85' - 90', 5' of 0.080
" " 77-7	10' - 105', 95' of 0.061	70' - 105', 35' of 0.080
" " 77-8	0' - 40', 40' of 0.061	5' - 15', 10' of 0.120
" " 77-9	0' - 135', 135' of 0.083	75' - 130', 55' of 0.148
" " 77-10	0' - 120', 120' of 0.082	15' - 95', 80' of 0.101
" " 77-11	0' - 200', 200' of 0.069	(5' - 30', 25' of 0.102 60' - 85', 25' of 0.104
" " 77-12	0' - 200', 200' of 0.092	105' - 200', 95' of 0.122
" " 77-13	15' - 200', 185' of 0.080	50' - 125', 75' of 0.111

CC 77-3, 9, 10, 11, 12 did not reach the basement rocks.

The silver content averages 0.12 oz per ton.

A preliminary estimate of the drill indicated ore, made on the basis of the 13 holes by Consolidated Cinola, one by Cominco, and one by Quintana is:

- a] 1,340,000 tons @ 0.0860 oz/ton
- or
- b] 1,440,000 tons @ 0.0796 oz/ton

The assumed cut-off grade was 0.035 oz/ton. Economics of mining will dictate the cut-off grade, which, if lowered, would increase the tonnage sharply.

Mr. M.R. Wolfhard, of Quintana Minerals, in an address at a CIMM convention, October 1976, stated that this deposit could contain up to 50,000,000 tons with a grade of 0.06 oz per ton of gold.

The recent drilling of only 5 - 6% of the total prime area, as indicated by Quintana's work, including their drilling, appears to be improving the grade considerably, with a strong possibility of improving on the tonnage.

It is worth noting that a company operating in the U.S., is presently mining 8,000 tons of waste, and 8,000 tons of ore per day, with a grade of 0.06 oz per ton, and a 0.020 cut-off grade, as quoted in E & M J, July, 1977. Present indications are that Consolidated Cinola will have very little waste to remove.

The encouraging results of the last drilling justifies recommending further drilling on the property, on a wider drill hole spacing.

This program, a minimum of 4,000 feet of drilling, plus metallurgical testing for the best method of recovering the gold, is estimated to cost \$125,000.00.

A.F. Roberts

A.F. Roberts, P.Eng.

Vancouver, B.C.,
October 17, 1977