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Vancouver Stock Exchange ("CIZ")  
A Toronto Stock Exchange listing  
application is forthcoming

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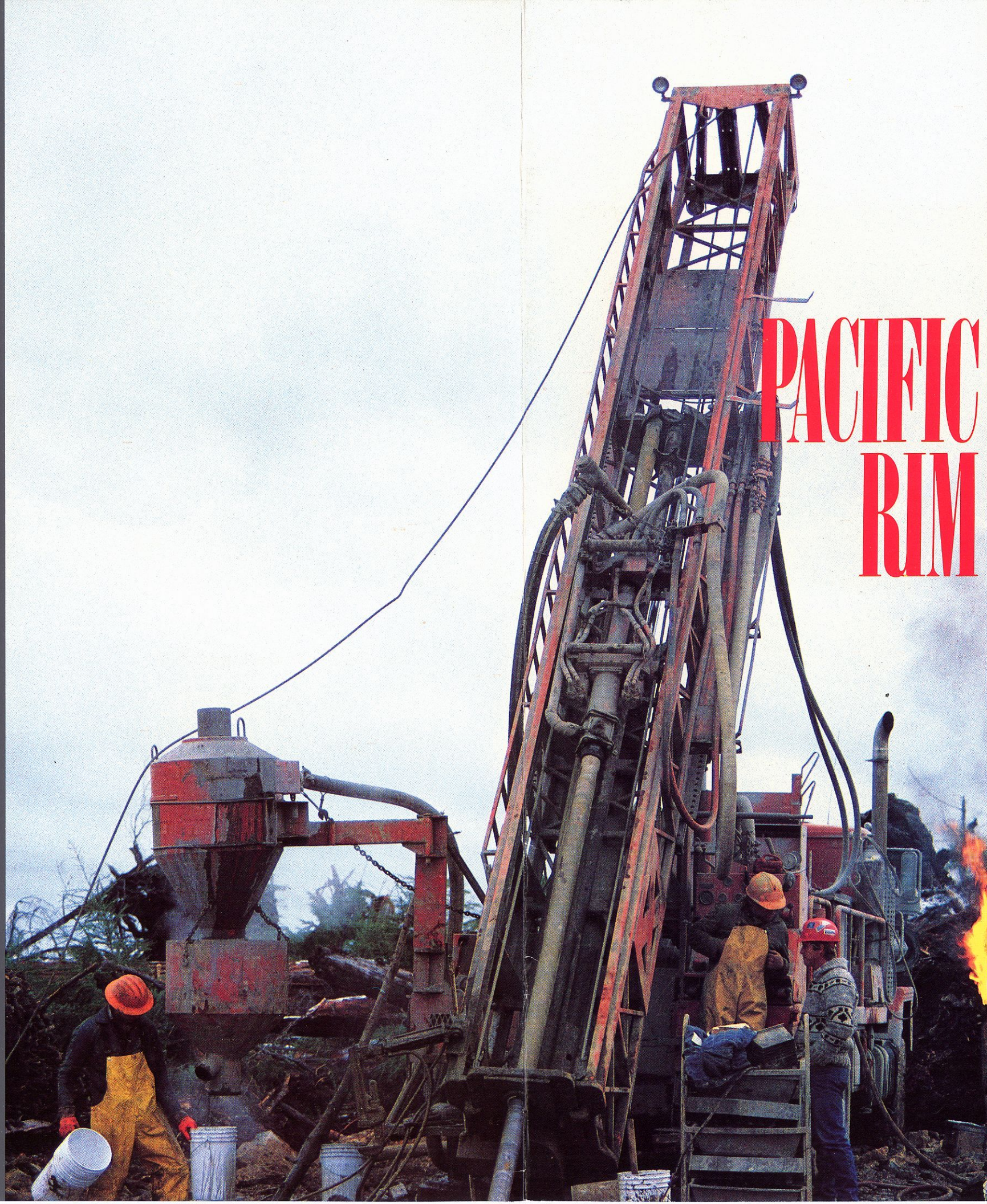
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# PACIFIC RIM

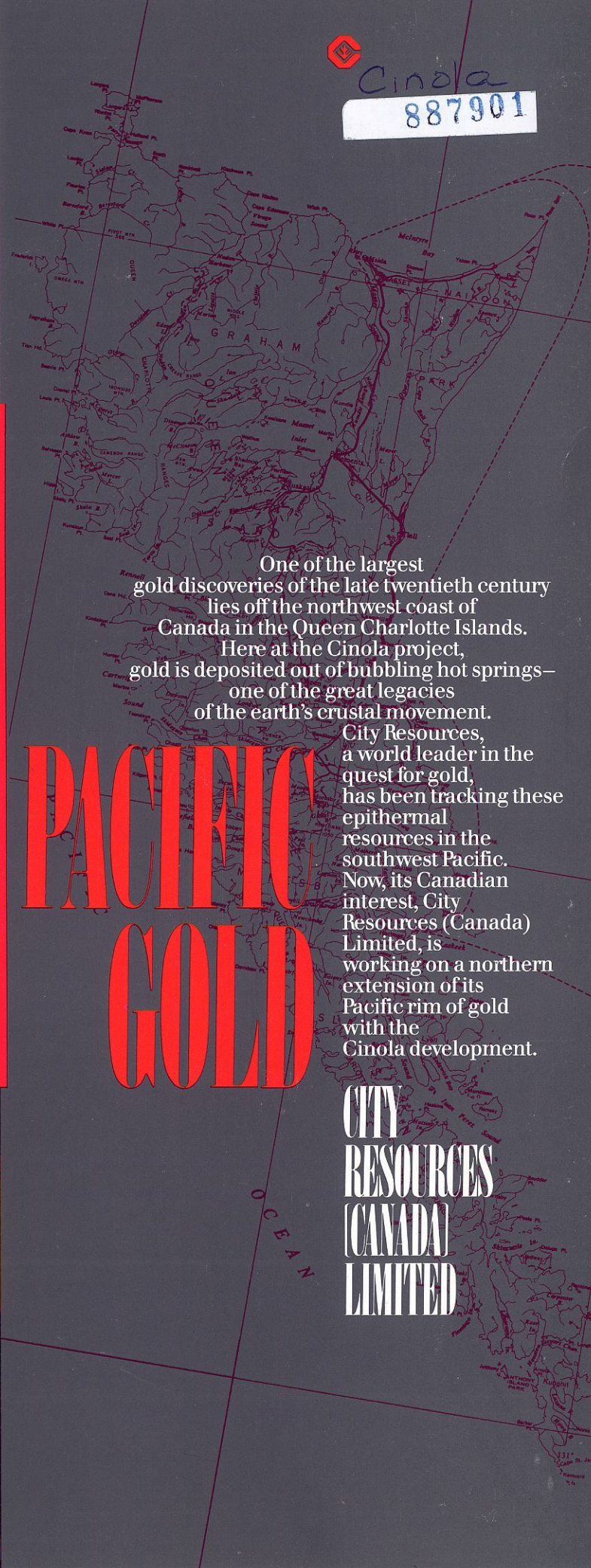
# PACIFIC GOLD

One of the largest gold discoveries of the late twentieth century lies off the northwest coast of Canada in the Queen Charlotte Islands. Here at the Cinola project, gold is deposited out of bubbling hot springs—one of the great legacies of the earth's crustal movement.

City Resources, a world leader in the quest for gold, has been tracking these epithermal resources in the southwest Pacific. Now, its Canadian interest, City Resources (Canada) Limited, is working on a northern extension of its Pacific rim of gold with the Cinola development.

**CITY  
RESOURCES  
[CANADA]  
LIMITED**

Cinola  
887901





# QUEST FOR EPITHERMAL GOLD

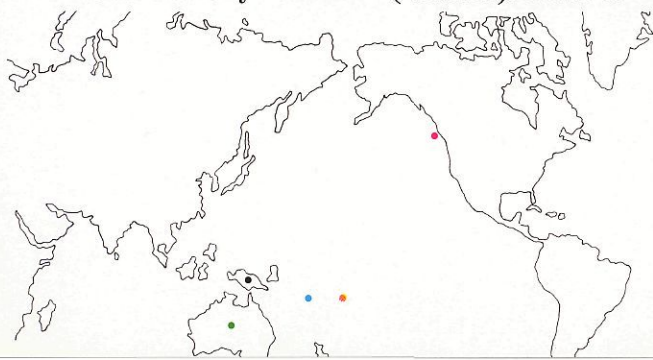
Epithermal gold deposits were formed by the release of intense heat and pressure generated through the collision of the earth's tectonic plates. The Circum Pacific Fault line has produced momentous gold strikes—in California, Nevada, the Yukon, Australia, Papua New Guinea and New Zealand. It has been predicted that by 1995, one-sixth of the western world's gold will be produced along this Pacific Rim.

City Resources Limited, an Australian mining corporation capitalized at U.S. \$100 million and listed among the country's top 150 corporations, is the most active company in Pacific Rim gold exploration and production. Its property holdings total 8,406,475 acres in projects throughout ●Australia ●Vanuatu ●Fiji and ●Papua New Guinea. In 1986, City acquired all the gold exploration interests of Esso Papua New Guinea Inc., and agreed to purchase all of Esso's Australian gold interests.

The Cinola development off ●Canada's west coast is a natural extension of City Resources' Pacific Rim program.

To create this link, City Resources (Asia) Limited acquired, in September 1986, 29 per cent of Consolidated Cinola Mines Ltd., owners of the Cinola deposit, through the purchase of 2.5 million Cinola shares (with warrants for an additional 2.5 million shares).

Consolidated Cinola was restructured and renamed City Resources (Canada) Limited.



COVER:  
(LEFT) OVER 160,000 FEET OF DIAMOND DRILLING  
HAVE BEEN COMPLETED ON THE CINOLA GOLD PROPERTY SINCE IT WAS  
ACQUIRED IN 1977.  
(RIGHT) THE PROJECT IS LOCATED ON THE QUEEN CHARLOTTE ISLANDS  
OFF THE WESTERN COAST OF CANADA.



AERIAL VIEW OF A DIAMOND DRILL TARGET AT CINOLA.



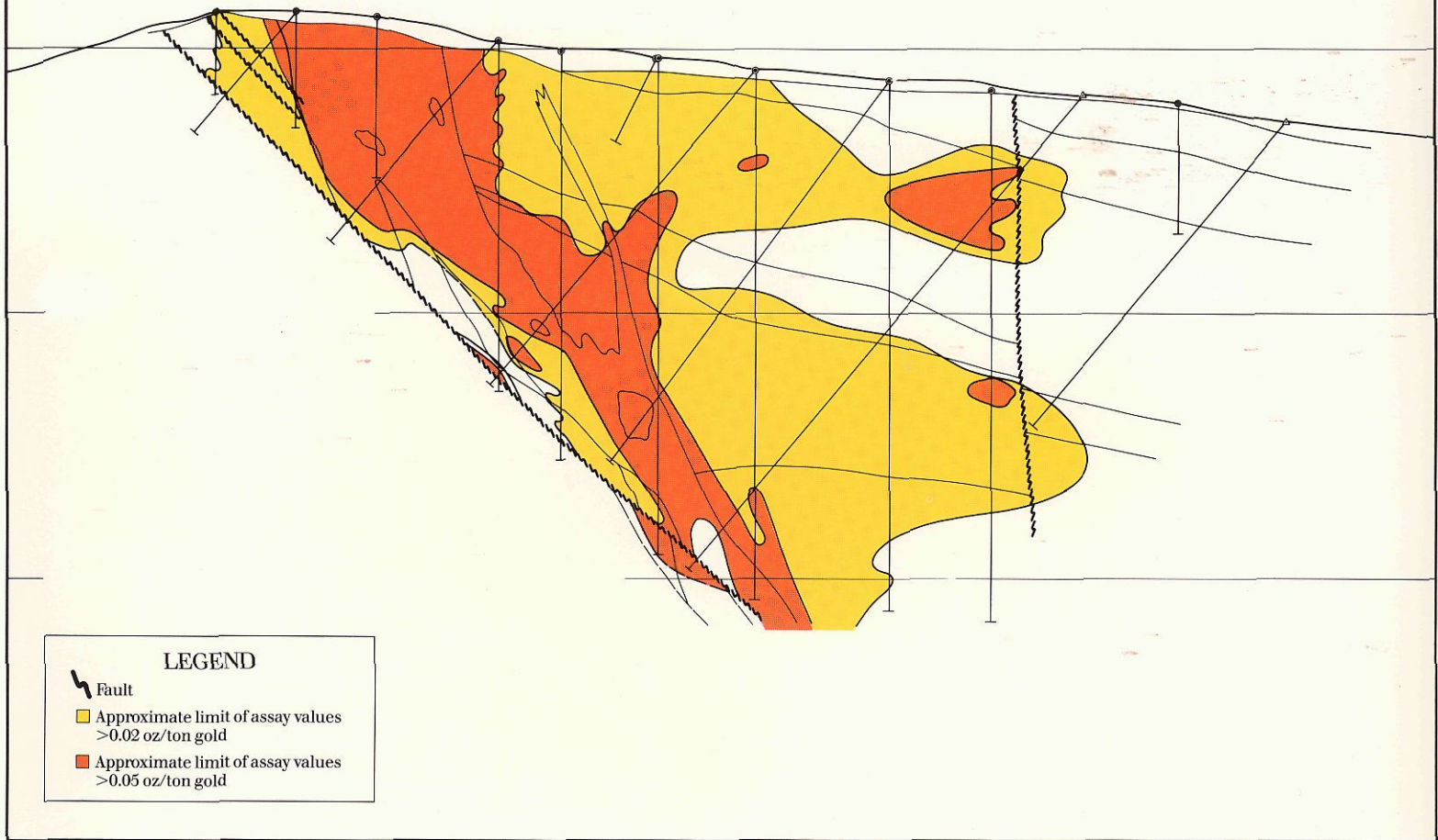
CORE SAMPLES SHOW THE IMMENSE VOLUME OF EXPLORATION WORK  
THAT HAS BEEN COMPLETED AT CINOLA OVER THE LAST 12 YEARS.



CITY RESOURCES, THE MOST ACTIVE COMPANY IN  
PACIFIC RIM GOLD EXPLORATION, HAS PROPERTIES TALLING  
MORE THAN 8.4 MILLION ACRES.



# TYPICAL ASSAY SECTION CINOLA GRAHAM ISLAND PROJECT



## WORLD CLASS GOLD RESERVES

The Cinola gold deposit was discovered by prospectors in 1970 on the Sandspit fault between Skidegate plateau and the Charlotte lowlands. By 1977, five major companies—Kennco Explorations Ltd., Cominco, Placer Development, Silver Standard and Quintana Minerals—had worked on it, conducting geochemical sampling, trenching and diamond drilling, but market values for gold at that time delayed development. The claims were acquired by Consolidated Cinola Mines in 1977. In 1979, a series of spectacular diamond drill intersections prompted further work that led eventually to a CDN \$17 million investment in exploration and development. A 1982 feasibility study indicated geological reserves of 44 million tons of ore grading an average of 0.058 ounce of gold per ton—or 2.5 million ounces of gold—giving the deposit world class status.

In 1984, Kilborn Engineering identified, within the orebody, a zone amenable to selective open pit mining of a minimum of seven million tons grading 0.10 ounce of gold per ton. Independent metallurgical test work of core samples conducted in 1985 confirmed that gold recoveries of approximately 85% are attainable.





THE CINOLA PROJECT HAS AN  
ESTIMATED GEOLOGICAL RESOURCE OF OVER 2.5 MILLION OUNCES OF  
GOLD—GIVING THE PROJECT WORLD CLASS STATUS.



GEOLOGICAL LOGGING ONSITE; INDEPENDENT METALLURGICAL TEST  
WORK HAS INDICATED GOLD RECOVERIES OF 85% ARE ATTAINABLE.

# FEASIBILITY AND DEVELOPMENT

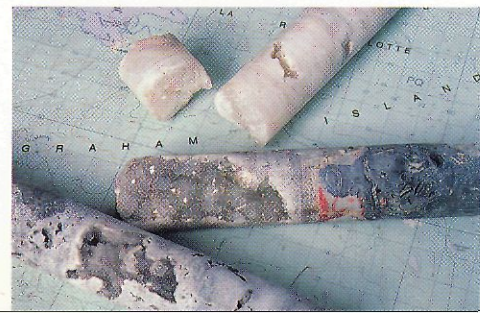


WITHIN THE 44 MILLION-TON GEOLOGIC RESERVE AT CINOLA ARE  
ESTIMATED OPEN PIT RESERVES OF 7 MILLION TONS  
GRADING 0.10 OUNCE OF GOLD PER TON.



HIGH GRADE SAMPLES TAKEN FROM SECTION 15 + 25 NW OF  
THE CINOLA DEPOSIT.

The CDN \$75 million infusion generated by the share purchase by City Resources (Asia) led to accelerated development of the Cinola property. Recently, the company completed a 45-day drilling program totalling 30,000 feet to confirm earlier data and provide more information for mine planning purposes. The objective: to complete the final feasibility study and attain the permits necessary to develop a 4000 to 6000 ton-per-day open pit mining operation. In the initial phase, projections are that seven million tons averaging 0.10 ounce of gold per ton will be mined, at projected direct cash operating costs of less than U.S. \$200 per ounce of gold. In the second phase, the mining of approximately nine million tons grading at least 0.063 ounce of gold per ton is projected to follow further exploration and feasibility studies. The company anticipates it will have a recoverable resource in excess of 1.25 million ounces of gold—ranking the Cinola deposit among the perhaps two dozen deposits of this magnitude in the free world.







ONSITE FACILITIES AT CINOLA INCLUDE A CORE SHACK, ADMINISTRATION BUILDINGS (SHOWN) AND A PORTABLE CAMP TO ACCOMMODATE A 40-MAN CREW.



AN EXCEPTIONAL 40-MAN CREW WORKED JUST 45 DAYS TO COMPLETE 30,000 FEET OF DIAMOND DRILLING THIS YEAR.



# THE COMPLETE MINING CORPORATION

The nucleus of the City Resources Group is a team of exploration geologists, committed to the quest for epithermal gold deposits. Around this core group have gathered other specialists, in primary metallurgy, mining engineering and finance. The result is a company with expertise in all areas of mining—exploration, funding, engineering, and processing.

Directing operations is president and C.E.O. **John W. Bailey**, chairman of City Resources (Asia) Limited and a founding director of the Australian parent company. Other principals: **Reno J. Calabrigo**, M.B.A., executive vice president, a pivotal officer in the Canadian company's development; exploration geologist **Laurie G. Johnson**, B.Sc., who was involved in the discovery of Australia's Red Dome and Starra deposits; **Kenneth G. Sanders**, P.Eng., a veteran of mining projects throughout the western hemisphere; **Graham F. Balderson**, B.Sc., executive vice president, technical, supervisor of metallurgical and technical operations for City Resources world-wide; **Lyall J. Lichty**, P.Eng., consulting chemical engineer involved in the development of metallurgical programs for Cinola; **Gary D. White**, corporate secretary and chief financial officer. The technical staff includes **Ursel S. Doran**, vice president, operations; **Peter H. Cowdery**, P.Eng., project manager; **Dominique Francois-Bongarcon**, vice president, geomathematical services; **Robin S. Tolbert**, exploration manager.

With a proven gold deposit of extraordinary value, production targets well in sight, and an international corps of seasoned and successful mining specialists, City Resources (Canada) Limited looks forward to the emergence of the Cinola deposit as one of the most important producers of gold on the Pacific Rim.