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George Cross News Letter

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GIBRALTAR MINES LTD. [GBM-V,T]

TEMPORARY HALT TO MINING - William H. Mckatyn, president, Gibraltar Mines Ltd., reports due to continuing low copper prices, the copper mine at McLeese Lake, B.C. will temporarily cease mining and milling operations on 1Dec93. The closure will necessitate the layoff of 125 of the 196 full-time employees. The staged layoffs will start on November 26 and be essentially complete by December 17. There will be a crew of about 16 workers who will stay on for up to two months to systematically mothball the plant and mobile equipment, enabling a quick restart in the future. During the shutdown, copper production through the dump leaching and solvent extraction process will continue. In addition, the feasibility study for a proposed expansion of the mill from 38,000 tons per day to 57,000 tons per day is proceeding as planned and is expected to be completed by year end. With an improvement in forecast copper prices and a positive feasibility study, construction on the expansion could begin during the shutdown.

The company reported a loss of \$6,200,000 or 51¢ per share for the first nine months of 1993. On 5Jul93, Gibraltar announced a 50% reduction in concentrate production starting 24Sept93 in order to sustain the operation at a time when the London Metal Exchange copper price was US 86¢/lb. and losses were being incurred. With the current price dropping to about US 74¢/lb., it was necessary to take severe action to stem further cash losses.

Mr. Myckatyn said a significant, sustainable increase in the copper price is essential." prior to a resumption of operations. (SEE GCNL NO.171, 7Sept93, P.3 FOR OTHER DATA)

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