

Cassiar discussions

From Page 1

Cassiar, which now owes its creditors about \$57 million, was seeking a \$12-million government loan in order to continue mine operations (the provincial government previously loaned Cassiar Mining \$20 million and has security over its mining assets). The government decision not to provide funding means

Cassiar is not likely to be able to meet its liabilities.

Over 1,000 people live in Cassiar, which was little more than a tent camp when mining operations began in 1952. Since then, the camp has evolved into a community with a full range of services and amenities such as stores and churches, a school, library, post office and recreation center.

The company built the houses, townhouses and apartments that accommodate the mine and mill workers and their families, and it also provides power, streets, water, sewer and other town site services.

Cassiar has been reporting operating losses since open pit production was phased out and replaced by mining of underground reserves at the McDame deposit in late 1990. The company spent \$68 million to develop the underground mine, considerably higher than its original estimate of \$53.4 million.

But Cassiar Mining also encountered a variety of operating problems at its new mine, including oversize problems, water inflows, and ground support failures in extraction drifts. Production in 1991 was also affected by a labor dispute.

Cassiar Mining has not yet been advised of the province's final position on the fate of the Cassiar mining operations.

PRINCE RUPERT

TERRA

675964
104P/5

Photo courtesy of Suntac Minerals

Princeton, government discuss Cassiar's fate

VANCOUVER — The British Columbia government is continuing discussions with management of **Princeton Mining** (TSE) to determine the fate of Cassiar, B.C., a small community near the Yukon border where Princeton subsidiary Cassiar Mining operates an asbestos mine.

The discussions follow a recent decision by the government not to approve Cassiar Mining's revised reorganization plan filed early this year pursuant to the Companies' Creditors Arrangement Act. The company was seeking court protection because of financial problems related to the recent development of the McDame underground deposit.

See CASSIAR, Page 2