

CAROLIN MINES LTD. (COLM-Toronto Coats; CRLNF-Nasdaq)

CONTROL CHANGE- FUNDING PROPOSAL - Carolin Mines Ltd. has FORECAST TO CLOSE IN AUGUST received a commitment from a European-based syndicate to provide \$875,000, subject to a settlement with creditors; regulatory and shareholder approvals and the finalization of certain property acquisitions. The financing is scheduled to close in August 1989.

Under the agreement the Syndicate will provide a minimum of \$875,000 to a maximum of \$1,500,000 for a 3 year promissory note, convertible at 25¢ per share, secured by a first lien on the property and production facilities located 20 miles north of Hope, B.C. along the Coquihalla River. The note will bear interest at prime plus 1%.

The Syndicate will transfer to Carolin a 22.5% interest in the mine as well as over 9,000 acres of mineral claims adjacent to Carolin's current holdings. Carolin will issue to the Syndicate 3,800,000 shares of Carolin for these property interests which are to be acquired by the Syndicate from certain officers, directors and a significant shareholder for nominal consideration.

The mine, located along the Coquihalla River, 20 miles northeast of Hope, B.C., was developed in the late 1970's and 1980's at a cost of over Cdn.\$60,000,000.

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Carolin produced in excess of 40,000 ounces of gold while in production during 1982-1984.

In addition the Carolin chairman and the president Michael Berns, plus a significant shareholder will sell to the Syndicate approximately 11,500,000 shares for nominal consideration and submit their resignations as officers but intend to continue as directors.

Under the agreement, the current chairman will receive 2 year options to buy 750,000 shares at prices from 50¢ to \$1 each. The current president and a significant shareholder will be granted options to each purchase 125,000 shares at 50¢ per share for 2 years.

Pursuant to a letter of intent, Wright Engineers Limited (a division of Fluor Daniel) and another company are expected to operate the mine on a contract basis once a production decision is reached and production funding is arranged.

The previously announced financing agreement with M.A.D. Management Corp., Ira Orshan and Jerry Rubin has been terminated.

At 15Jun87, Carolin had current liabilities of approximately Cdn.\$3,800,000; \$2,100,000 of these liabilities are owing to the control group.

At Nov.30,1986, Carolin reported current liabilities of \$28,000,000 and a negative equity of \$10,400,000. Of this debt \$25,500,000 was converted to 13,100,149 shares and liabilities after were \$7,400,000. A further 6,203,158 shares are yet to be issued which will bring the then issued to 27,230,359 shares.