

NO.110(1990)
JUNE 7, 1990

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Reliable

CONSOLIDATED BRINCO LIMITED (CBW.A-T)

QUINTSAM COAL START-UP - Consolidated Brinco Limited
OPERATIONS REVIEWED started commercial coal mining
at the Quintsam coal mine, 31 km
west of Campbell River, Vancouver Island, B.C. on 1Apr89
at a rate of 20,000 tonnes per day, 250,000 tonnes per
year. The coal products have low sulphur and nitrogen
substances which produce a more environmentally
acceptable effluent during combustion. Thermal coal

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sales for the year ended 31Dec89 were 184,000 tonnes for sales revenues of \$7,411,000. About 80% of coal production was exported to Japan. Thermal coal production is projected to be 250,000 tonnes in 1990 and sales contracts for this production have been signed with Japanese customers.

Current coal production is from open pit operations. Underground testing began in late 1989 with the development of three portals in the coal seam accessed from the highwall of the open pit. Plans include removing some 70,000 tonnes of coal by conventional room and pillar techniques. A successful underground test will permit production to expand to some 500,000 tonnes in 1991.

Coal from the Quintsam mine is trucked to Middlepoint, 8 km north of Campbell River and barged to berths at Deepwater Bay. To increase shipping volumes, Brinco has agreed with Ideal Cement to use its 15,000 tonne per day ship loading facilities on Texada Island, 65 km south of Middlepoint, beginning about June 1990.

Reserves at the Quintsam coal mine include 23,300,000 tonnes of open pit reserves and 19,900,000 tonnes of underground reserves for a total of 43,200,000 tonnes, of which 23,400,000 are proven.

Brinco also holds oil and gas operations and mining exploration interests through public subsidiaries Dorset Exploration Ltd. and Western Canadian Mining.

<u>12 MONTHS ENDED DEC.31.</u>	<u>1989</u>	<u>1988</u>
Revenues	\$14,785,000	\$7,198,000
Expenses	11,713,000	4,346,000
Operating Cash Flow	3,072,000	2,852,000
Net Earnings	965,000	210,000
Per Share	14¢	
Long Term Debt	11,772,000	11,243,000
Shares Issued	7,500,250	

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In April 1989, WESTERN CANADIAN MINING CORPORATION (WCD-V) acquired 2,418,235 shares or 31.9% of the 7,500,250 issued shares of Consolidated Brinco. In April 1990, Western Canadian Mining agreed to acquire, through a private agreement, an additional 313,457 A shares of Consolidated Brinco to increase the interest to 40.5% of those issued. Consolidated Brinco owns 7,258,707 shares or 31.9% of the issued shares of Western Canadian Mining. Alan Smith owns 6,836,000 shares of the 22,754,568 issued shares of Western Canadian Mining. Alan Smith also holds an option to acquire a further 2,571,2923 shares of Western Canadian Mining. If the option is exercised Mr. Smiths would own 9,407,292 shares or 49.8% of Western Canadian Mining. In October 1989 Consolidated Brinco acquired 87.6% of DORSET EXPLORATION LTD.