

HABSBURG RESOURCES INC. (HAB-V)

MINE LAW SUIT PROCEEDS - Habsburg Resources Inc. has launched a law suit against Timmins Nickel Inc. to recover the Dome Mountain gold mine near Smithers, B.C.

Habsburg is asking the courts to declare the joint venture void because of fundamental breaches of the agreement. Habsburg claims Timmins failed to provide a feasibility study. Habsburg also claims the mine has not reached commercial production as defined in the agreements, contrary to claims made by Timmins, and that Timmins had failed to manage the project in the best interest of the Joint Venture.

Habsburg is asking the court to: appoint an independent manager to take over and operate the project; award costs, interest and \$50,000,000 in damages for breach of contract.

Performance of the mine has not reached the levels forecast by Timmins Nickel. Habsburg has commissioned Roscoe Postle and Associates in conjunction with David Melling to produce a current ore reserve study and economic evaluation of the project. Reserves were previously reported as 400,000 tons of 0.40 oz. gold/t. The mine is producing 5,000 to 6,000 tons ore per month 250 to 300 tons ore per day which is custom milled at the Equity Silver mill, 80 km SE of Dome Mountain.

Habsburg Resources is to receive 20% of the revenue until 325,000 tons have been shipped and 40% of the revenue thereafter. Timmins Nickel provided the funds for the mine development and working capital for the current operation and receives 80% of the revenue. (SEE GCNL No. 239, P. 3, 12DEC91 FOR MORE DETAIL).

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