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# George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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## HILLSBOROUGH RESOURCES LTD. (HLB-T)

MAJOR B.C COAL MINE EXPANSION PLANNED - George Voro, president, reports Hillsborough Resources has been negotiating financing a \$14,100,000 expansion of the Quinsam coal mine. Hillsborough owns and operates a 600,000 tonne-per-year thermal coal mine located on Vancouver Island near Campbell River, B.C. The expansion plan will bring the mine to annual production of 1,200,000 tonnes by 1997 and will result in 100 additional jobs.

Hillsborough will be a significant exporter to Asian markets. The capital expenditures consist of \$6,000,000 towards port facility improvements and covered storage at Middle Point, \$3,000,000 to upgrade and pave the road from the mine site, \$3,400,000 towards the acquisition of two more full sets of underground mining equipment and \$1,700,000 towards completing the increase to the coal preparation plant from the current 650,000 to 1,200,000 tonnes annually.

Hillsborough has had ongoing discussions with several investors and the Government of B.C. regarding the \$14,100,000 investment. It is expected the financing package will consist of repayable government assistance, equity, and senior debt. Hillsborough is optimistic about possible government financial commitments. Government officials are assessing the plans. The prospects for further expansion are considered excellent given the massive amount of coal reserves within its 16,000 hectares of coal lands and could include the expansion of the Quinsam mine to 2,500,000 tonnes of annual production or the development of a satellite operation at T'Sable River, which could be either thermal or metallurgical coal.

Hillsborough has invested \$10,600,000 in capital expenditures to enhance the facilities to an annual production level of 600,000 tonnes since it acquired the mine in 1992 bringing total investment in the mine operation to \$32,200,000. Since coming under Hillsborough's control, the mine's production has increased from 243,000 tonnes in 1991 to 486,000 tonnes and 551,000 tonnes in 1992 and 1993 respectively.

Hillsborough is also engaged in mineral exploration and through its subsidiary Vector Diamond Corp has investments in two significant diamond exploration projects in Brazil. (SEE GCNL NO.237, 10Dec94, P.1 FOR BRAZILIAN DIAMOND PROJECT INFORMATION)

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