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# George Cross News Letter

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## **HILLSBOROUGH RESOURCES LTD.**

[HLB-T] 9,696,818 SHS.

**COAL RESERVES INCREASE** - George Voro, president, reports Hillsborough Resources Ltd. has completed the 1995 exploration and definition drilling program on the Quinsam Coal Mine property, near Campbell River, Vancouver Island, B.C. A total of 25 holes were drilled for 2,522 metres on the No.2 and 3 North and 4 South coal deposits. The final results of the reserve calculations are expected in November 1995 and are expected to show an increase in reserves from the 35,000,000 tons previously reported. The average thickness of the coal encountered is in excess of 3.3 metres and is considered to be an ideal coal thickness for room and pillar mining.

Development headings have advanced into the areas of No.1 and No.4 Mains in the No.2 North deposit and have encountered coal yields considerably higher than the mine average, in the range of 81.5% to 89.2% for an average of 85.8%. The thickness of coal is better than 3.3 metres. This development is being accelerated to fully assess the discovery.

Expansion of the coal wash plant is ahead of schedule with the structure and equipment in place and it is expected the plant with expanded annual capacity of 1,200,000 tonnes, will come on stream by late November 1995 with commissioning completed by year end.

The company has taken delivery of the fourth section of mining equipment and expects delivery of the fifth section after the expanded wash plant comes on stream. Tenders for road improvements are expected shortly and tenders for the storage and barge loading facility are now being evaluated and will be awarded subject to finalization of an agreement with Transport Canada. The road improvement and barge loading plant upgrade is to be funded by the B.C. Government through a \$9,000,000 investment under a 15 year agreement. The B.C. government will own the facilities with Quinsam paying a fee on tons of coal shipped basis.

Marubeni Corp. of Japan agreed earlier this year to invest \$11,100,000 in Quinsam Coal Corp. to upgrade equipment in return for a 37% equity interest, diluting Hillsborough's interest from 100% to 63%. (SEE GCNL NO.175, 12Sept95. FOR FINANCING DETAILS)

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