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# George Cross News Letter

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PREVIOUS AND FUTURE CONTENTS

## GLOBALTEX INDUSTRIES INC.

[GTX-V] 14,616,951 SHS.

WILLOW CREEK DEVELOPMENT DECISION - Orval E. Gillespie,  
Chairman.

Globaltex Industries Inc., reports the Willow Creek joint venture management committee has made a decision to proceed with the development of an open pit coal mine at the Willow Creek site near Chetwynd in the Peace River region, northeast BC. Construction of the mine is forecast to start in early 1998, subject to government mine operating permits, coal contracts and financing. The Willow Creek project is a joint venture with Mitsui Matsushima Canada Ltd., a wholly-owned subsidiary of Mitsui Matsushima Co. Ltd. of Japan, and BCR Ventures Inc., a wholly owned subsidiary of the British Columbia Railway Company. Globaltex owns the coal licenses with Mitsui and BC R Ventures holding the right to earn a one-third interest. The development decision is subject to the formal approval by the board of Mitsui's Japanese parent. With the development decision made, Mitsui will proceed to secure and formalize coal sales

contracts for the output from the Willow Creek mine. It is planned sales in the first 10 years of operation will be comprised of 60% coking coal and 40% steaming coal. These plans may change as further tests are done on low ash specialty coals identified at the Willow Creek site.

The management committee's development decision was supported by a feasibility study of the Willow Creek mine. The study includes an analysis of coal production at rates of 600,000 tonnes, 900,000 tonnes and 1,200,000 tonnes/year. It is expected the mine will start production at a rate of 600,000 tonnes per year. With production increasing in subsequent years to meet sales contract requirements. In addition to the feasibility study, the joint venture participants retained an independent consulting firm to complete a review of the study and the initial mine development plans.

The feasibility study was based on measured open pit coal reserves of 15,600,000 tonnes. Information received from all technical programs carried out to date indicates open pit coal resources will be at least 33,000,000 tonnes on the Willow Creek Block. There are known open pit coal resources on Falls Mountain and Pine Pass leases which will be developed as the Willow Creek is being mined.

Present development plans call for construction of the mine to beginning early 1998, with production starting later in 1998. The project operator, Pine Valley Coal Ltd., is now proceeding with the preparation of engineering and design plans for the plant and coal handling facilities. Further in-fill drilling and bulk sampling will be carried out to support subsequent pit and mine design plans. In addition, the operator will taking the steps necessary to complete the formal mine development review process and obtain regulatory approvals in time for the planned start of construction. The budget to carry the project from its present state through to start of construction has been set at \$1,900,000, all of which will be funded by BCR Ventures and Mitsui as part of their earn-in obligations under the joint venture agreement.

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