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George Cross News Letter

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HILLSBOROUGH RESOURCES LTD.

[HLB-T] 17,819,968 SHS.

YEAR ENDED DECEMBER 31,	1997	1996
REVENUE	\$44,500,000	\$41,000,000
INCOME FROM OPERATIONS	6,100,000	6,800,000
CONS. NET INCOME	4,300,000	4,500,000
EARNINGS PER SHARE	25¢	31¢
CLEAN COAL		
PRODUCTION - TONNES	1,066,000	903,000
CLEAN COAL SALES - TONNES	1,040,000	894,000
NET COAL SALES PRICE/TONNE	\$42.79	\$45.79
CASH COST OF SALES/TONNE	\$36.91	\$38.23

YEAR END REPORT - Udo von Doehren, senior vice president, finance, Hillsborough Resources Ltd., reports financial and production results for the year ended 31Dec97. During 1997 the company continued with the implementation of its mining plan to achieve the expansion design capacity of 100,000 tonnes of clean coal per month and to reduce reliance on Japanese power and industrial consumers.

Although clean coal production for the year increased to a record of 1,066,000 tonnes, an increase of 18% compared to last year's production, the annualized throughput did not completely meet design capacity. Further assessment of the mining plan resulted in a change to the plan towards the end of the year. In response to the Asian financial crisis, Hillsborough announced its intention to reduce manpower and align production rates to within a 1,200,000 tonne range for 1998. The actions were taken to maximize the value of the company's reserve base and optimize the coal price realization to about last year's net price of Cdn \$42.79/tonne. Hillsborough expects to maintain this Canadian Dollar price realization in 1998 as a result of its marketing efforts, by supplying only established long-term customers with advantageous terms, and by development of higher value coal sales to the domestic and US northwest markets.

The 1997 exploration at the T'Sable River Coal project was completed and the calculated in-situ coal resources increased to 39,000,000 tonnes. Upon completion of this program, the company increased its earned interest by 14% to 77%.

Hillsborough Resources manages and owns 63% of Quinsam Coal Corp., located near Campbell River, and has an option to develop the nearby T'Sable River Coal project. (SEE GCNL NO.15, 22Jan98, P.3 FOR QUINSAM MINE INFORMATION)

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