

CASSIAR MINING CORPORATION(CSQ-T)
PRINCETON MINING CORPORATION(new name)
NEW ASBESTOS MINE DEVELOPMENT PROGRESS -
COPPER MINE PLANT AND RESERVE EXPANSION -
AGGRESSIVE ACQUISITION AND DIVERSIFICATION PROGRAM -
REVIEWED BY PRESIDENT

James C.O'Rourke, president and chief executive officer, in a recent interview discussed the mine development at the underground McDame asbestos mine at Cassiar, near the Yukon border, northern B.C. and the mine, mill and reserve expansion at the Similco/Copper Mountain mine near the U.S.A. border at Princeton, southern B.C.

CASSIAR - MCDAME CHRYSOTILE ASBESTOS OPERATION - At the McDame

mine, development is continuing toward start-up in April 1990 increasing to full production of 5,500 tons per day by year end. This is three to four months ahead of earlier projections. The technical economic evaluation report on the McDame deposit was completed in December 1987. A key factor in the decision to proceed to production was a \$20,000,000 development loan from the B.C. Government which is repayable from 50% of the cash flow from McDame production. Bank financing is available for \$9,600,000 with the balance of \$16,400,000 to be provided from cash flow. The mine development started in June 1988, and was budgeted at \$48,500,000, since expanded, with mining changes, to approximately \$53,000,000. All of the major underground mine equipment has been ordered. The underground development is being taken over by company crews and management as the contractor completes various phases of the work.

The company has been adding operating personnel with experience in block caving and the key area of ground support, gained in eastern Canada, Scandinavia and South Africa. The low-cost bulk tonnage block caving mining method will be used on the highly fractured ore which caves naturally into draw points where it is moved by front end loaders to an ore pass. In general, no drilling or blasting is required. There are currently 289 employed at Cassiar which will increase to 400 when McDame is in full operation. The company recently added Tony Triggs as a director. He was formerly vice-president project development with Placer Dome.

George Cross

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The reserves at McDame are large and high grade, quoted at 16,000,000 tons giving 10 years reserves at current production rates of mineable and recoverable ore with a recovered grade of 5.6% fiber, using a 3.5% fibre cut-off. A larger percentage of the fibre is of premium priced long fiber. More recent drilling has suggested a further minimum 5,000,000 tons recoverable and open to substantial extensions. Because of the high quality of fibre in the McDame deposit, fibre value per ton is comparable to currently produced higher percentage open pit ore from the stockpile.

The open pit operation at the Cassiar mine ceased June 1, 1989, after 37 years of mining. The plant will process the 1,300,000 tonnes of ore in the stockpile until the McDame starts production. The stockpile will be processed in about 14 months. The plant produces up to 110,000 tonnes of saleable fibre per year by mining 1,200,000 tonnes of ore at an average grade in the 7% range. -(CONTINUED ON PAGE TWO)-

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CONTINUED FROM PAGE ONE - A research program has been completed on a new wet/gravity fibre recovery system. A pilot plant started operation in August 1988. The process increases recovery in the existing ore processing operation and can be used to produce a saleable/marketable fibre product from the existing tailings stockpile which contains 14,000,000 tons of crushed material grading 3.5% recoverable fibre. Product from the pilot mill has been shipped to customers for testing. The next step of expanding the pilot plant from 1,000 to 4,000 tons of saleable fibre per year is nearing completion. An additional module could be added relatively inexpensively to increase the total fibre production to 10,000 tonnes per year.

Cassiar sells its chrysotile asbestos products in 50 countries in customer orders from 100 tons to 40,000 tons each. Three customers buy approximately 50% of output. Major markets are: Asia 42%, Europe 32%, Latin America 12%, Middle East 9%, and U.S.A. 5%. Total sales in 1988 were 110,000 tonnes and forecasts indicate increases of about 5% in price in the current year. The longer term outlook is for continuation of increasing demand and expanding area of customers.

On Nov.30,1989, Cassiar plans to pay \$2,400,000 against the 1981 bank loan agreement and complete the loan payout. In total the mine has paid \$128,000,000 interest and principle over the 8 years.

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