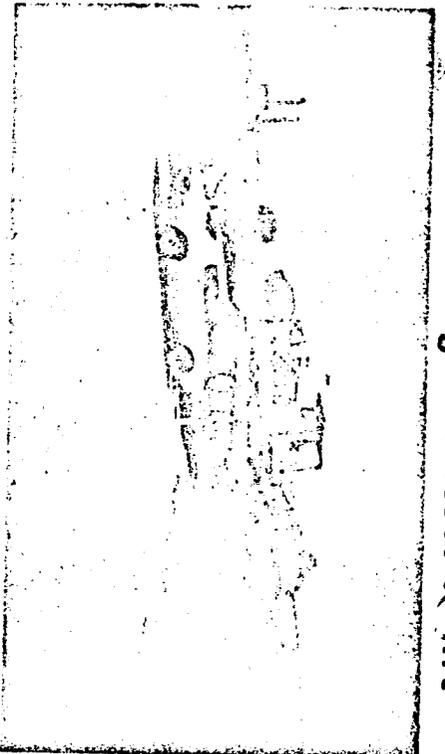


# Signs Agreement for Financing of Power Plant

(cont. from page 1)

straighten and widen the road which leads from the main highway 10 miles up Red Creek Canyon to the mine, Mr. Redmond stated. At the mine itself, trees have been cut down and land cleared in preparation for building a dam for the settling ponds.

Rio de Oro has 8,000 acres of land under lease in Red Creek Canyon containing an estimated 1 billion, 557 million tons of coal, with the greater part minable by the open pit method. Mr. Redmond pointed out the company's favorable position as the demand for coal continues to grow in the nation. He cited a recent published statement by Frank R. Milliken, president of Kennecott Copper who said that



One of two D9G's purchased by Rio de Oro for use at the company's Eastern Utah coal mine is off-loaded at the bottom of Red Creek Canyon. The company is purchasing this D9 on a lease purchase arrangement for \$112,000.

the demand for coal is so strong that "the shortage is approaching a crisis state." Mr. Milliken further stated that by 1985, coal

## for Financing of Power Plant

Rio de Oro Mining Co. of Salt Lake has signed a letter of agreement with Southwest Mortgage Co. of Dallas, Texas to obtain \$120 million for financing a proposed power plant to be constructed by the company on its Red Creek coal properties in Duchesne County, Utah, company president Virgil Redmond announced in a letter to stockholders.

The financing is contingent on all documentation being presented and verified, Mr. Redmond said. The agreement specifies that all coal contracts have a \$1.10 per ton mandatory sinking fund clause with \$1.00 allotted to pay the indebtedness and \$0.10 per ton be paid to Western & Southern Development Co., Inc., of Dallas as a fee for negotiating as a company consultant. John E. Palmer, Jr., chairman of the board, and Warren W. Taylor, president of Western & Southern Development, have been retained by Rio de Oro as financial consultants.

In addition to the sinking fund, Rio de Oro has also agreed to pay an originating fee of 1% to the lender should a direct

loan be obtained and pay any other direct costs related to the loan. Coal reserves of 120 million tons have been placed in trust for this project, Mr. Redmond said. The company is currently preparing the necessary documents for application and processing of the financing, he added.

Rio de Oro also signed another letter of agreement with Southwest Mortgage Co. for a \$1,480,000 loan for development of its 11,000 acres of ground on the Gulf of Mexico in Texas. This is subdivision land, and work will begin on it as soon as the loan has been finalized, Mr. Redmond said.

In developments at the coal mine, Mr. Redmond stated that the company has acquired two 28 yard Michigan scrapers to go along with its two 18 yard Euclid scrapers and two D9G's. The heavy equipment is being used to remove the overburden at the open pit mining operation.

During the past week or so, the equipment has been used to

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