

MARCH 6, 1984



**T**HE LATEST issue of the B.C. *Mineral Quarterly* confirms that major anthracite coal deposits in northwest B.C. will trigger huge development within the next five years.

It also provides some details missing when a week ago I drew to your attention a thread of promises regarding infrastructure and transportation for the first major development in the northwest; a thread woven through old reports, this year's throne and budget speeches and occasional ministerial statements.

Weaving the threads from old reports and new speeches together with the \$470 million handed B.C. Rail in this year's budget, I came up with the picture of a huge anthracite coal deposit near Klappan River, right on the track of the unbuilt section of the famous Dease Lake extension on the BCR. I suggested that as soon as the owners of that deposit, Gulf Canada, could find a customer for the anthracite, the provincial government would be back in the mega-project business with a new Tumbler Ridge (northeast coal) in the northwest.

There were a couple of fuzzy areas in my story of a week ago, both clarified by the *Mineral Quarterly*.

I named the proposed mine as Klappan River coal. The *Quarterly* identifies it as Mount Klappan. A minor point, but forecasts must be tidy.

I suggested that anthracite coal was in short supply in Europe and that the first major market could be found there. The *Quarterly* says Europe could be a future major market but that the first major contracts will be signed with South Korea, with other Southeast Asian countries following.

In addition to Gulf's Mount Klappan, the *Quarterly* lists eight other potential developments, with two of the eight joining Klappan as projects for this decade or, at least, the early 1990s.

"Kutcho Creek, Stikine and Mount Klappan are the prospects most likely to become viable mines towards the end of the 1980s or early in the 1990s," is the clear projection of the *Quarterly*.

Kutcho Creek is copper, zinc and silver; Stikine is copper, silver and gold. Klappan we already know about.

Of the three prospects, Klappan is closest to a "go" situation. Gulf has been dickering with the Koreans for some time and has firm verbal commitments for substantial orders once current stockpiles are reduced or eliminated. When the verbal promises become legal contracts, work on the open pit mine will start, with the work force building to 1,250 when full production of five million tonnes a year is reached.

The down side of Klappan is "the limited size of the world market for anthracite coal." The plus side: "Much of the current world production is in older coal mines with relatively high-cost archaic equipment and methods." In Belgium, for example, they sink shafts thousands of feet to mine anthracite seams only inches thick.

Stikine (owned by Stikine Copper Ltd) "... would be an attractive prospect for development in the late 1980s or early 1990 time frame ... high grade copper with very significant precious metal (silver and gold) by-product potential."

The downside: "There are a number of technical problems ... which may delay development ... access to the deposit is exceptionally difficult and could require major tunneling ... deposit is located near glaciers implying difficult working conditions."

The plus side: "The richness of the deposit is such that great incentives exist to overcome these problems."

Estimated production is 303,000 tonnes a year, workforce 450.

Third on the list, Kutcho Creek (Esso Resources and Sumitomo Mining), is aiming for 138,000 tonnes a year with a 450-person workforce.

How close to development are the big three? The *Quarterly*: "... If the public sector were to absorb an increased percentage of infrastructure costs, then the financial viability of the prospects would be altered" and production that much closer.

The throne speech: "My government ... is prepared to respond to the need for infrastructure in this region when the private sector comes forward with specific development proposals."

Coincidence? You've got to be kidding. Watch for Klappan to come on stream within 12 months, Kutcho by 1994 and Stikine in between.

104G/3W

104I/1W