

It is noted that Aberford recently has begun a drill program on the 85-40 Zone with an interim budget of \$500,000.

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ABERMIN CORP. RPT
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CATEGORY III

Two projects, Sage Creek and Jason, are included in this category, and these projects, with improvement in market conditions possible within ten years, are likely to become economic.

THE SAGE CREEK PROJECT

082GSE034

Introduction

The Sage Creek Coalfield is located in southeastern British Columbia, at about 49° 00' north and 114° 30' west, just north of the International Boundary.

The project contains low to medium volatile bituminous coal reserves under 28,124 acres of land. Aberford owns 40 per cent of the project, with Rio Algom Exploration Inc., the operator, having 60 per cent.

Status of Project

The property contains a coal reserve in excess of 149 million tons in place in two deposits from which metallurgical coal and low sulphur thermal coal can be produced.

A feasibility study has been completed for the project, the metallurgical product has been tested and found acceptable by Japanese steel mills and the Government of British Columbia has approved the Stage II Environmental Impact Study.

The feasibility study projected a mining rate of 2.2 million long tons per year, to give 46.6 million tons of product through about 21 years, at an average stripping ratio of 7.88:1. Clean coal recoveries from the two deposits, North Hill and South Hill, were estimated at 90 per cent and 81 per cent, respectively. These latter numbers are unusually high.

Comment

Due to conditions in the international coal market, the project, like many others, is on standby. While the thermal coal market shows some modest signs of strengthening, the appearance of coal from Colombia, in large volumes, may again depress the market. The metallurgical coal market shows no sign of near term improvement and price remains low.

The project currently is not economic, and will not be so for some years. Absent the ability to dispose of Aberford's interest at some satisfactory price, and assuming a reasonable cost of carrying the land, the project should be maintained for an indefinite period in anticipation of ultimate profitable production.