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New Canamin has promising B.C. copper project

IT has long been recognized that the Pacific Coast mountain range is host to many large copper deposits, some of which have been successfully developed. Others were explored but not developed.

These undeveloped deposits have not been forgotten. A new generation of explorers and developers is re-evaluating them in light of present-day economics and technology.


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An example is the Huckleberry deposit in northwest British Columbia, which was discovered by Kennco Explorations (Western) Limited in the early 1960s. Kennco carried out extensive exploration on the property, as did Granby Mining in the 1970s.

By the time Granby packed it in following a pre-feasibility study in 1974, the property's main zone was estimated to contain 77.7 million tonnes of open-pit-mineable reserves grading 0.40 per cent copper with a 0.30 per cent cutoff grade.

In August 1992, New Canamin Resources Ltd. (NNI-VSE, $2.11) commenced work on the property following an agreement with Kennecott Canada Inc. New Canamin acquired a 100 per cent interest in the property by spending $1.5 million by May 31, 1993.

Kennecott retained the right to re-acquire a 60 per cent interest in the property, but in March, Kennecott relinquished this right for $100,000 in cash and about 214,000 shares of New Canamin.

New Canamin now holds a 100 per cent interest in the Huckleberry property-located 138 km by road from Highway 16, the main artery from Prince George to Prince Rupert in northwest British Columbia.

In 1992, 15,300 feet of diamond drilling was completed to better define the reserves which had been outlined by Granby Mining. At the same time environmental studies were started to prepare for permitting.

As work progressed in 1993, drill holes intersected significant copper mineralization, and further exploration drilling was carried out. This discovery became known as the "East Zone" and is located about 4000 feet east of the Main Zone.

Preliminary mineral reserves, based on reserve definition drilling, now stand at 80 million tonnes averaging 0.60 per cent copper, 0.017 per cent molybdenum and minor gold and silver values. (In comparison, the grade at the giant Highland Valley operation in south-central B.C. is 0.416 per cent copper and 0.0068 per cent molybdenum). New reserves in the drill-proven category should be announced by mid-July when drilling results are compiled and analyzed.

Originally, New Canamin had envisaged a 9000 tonne per day mine with a 20-year operating life, milling an average of 0.60 per cent copper. However, as a result of the indicated high grades and increased tonnage, Kilborn Engineering is producing a feasibility study based on a 13,500 tonne per day operation to recover molybdenum, gold and silver.

Likely a low-cost producer

Preliminary metallurgical work on core from the Main Zone indicates that copper recoveries should be in the order of 95 per cent. Simple milling procedures would produce a concentrate containing 27 per cent copper with gold and silver credits.

The simple metallurgy and the relatively high grade of the ore indicate that Huckleberry could be a low-cost producer compared to other large tonnage porphyry deposits in British Columbia.

New Canamin is considering two options for transporting concentrate. It could be shipped by truck and then by rail for processing at Flin Flon Manitoba, or it could be trucked to Prince Rupert for shipping and processing overseas. A feasibility study by Kilborn Engineering, which should be complete by mid-September may answer this question.

The future of the Huckleberry project seems to be positive, with excellent drill results announced to date. The company has had environmental studies under way at the property since 1992, and has submitted a pre-application prospectus for permitting. Because of the revised increase in planned production, an amended pre-application will be filed. The company plans to apply for a Certificate for Mine Development in the fall.

New Canamin is convinced of the need to develop new mineral resources in B.C. to replace the reserves that are being mined today.

If all the pieces fall into place, the Huckleberry project could become a producing mine by early 1997.

New Canamin currently has more than $2.3 million in cash and 9,067,958 shares issued and outstanding.

With the reserve definition drilling program complete and new reserve estimates pending there is room for the stock price to move up in the near future. If the feasibility study is positive then the project will be one step closer to production.