

New 880301

BC COAL MINE Opens

VOS -> BASIN

Jim O'Rourke, president of Compliance Energy, and Larry Belik watch the finished coal product stacking up for shipment to customers. Photos by Ellsworth Dickson.

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The old prospector's maxim, "The best place to look for a gold mine is near one" also works for coal mines. Coalmont, southwest British Columbia, was once a thriving coal mining centre located 12 miles west of the larger town of Princeton. Back in 1911 the Columbia Coal & Coke Co. Ltd. began coal mining operations and established the town

with a low strip ratio open pit mine. Compliance's coal is worth US \$28/tonne.

On August 30, Compliance reported Nissho Iwai Coal Development (Canada) Ltd. and an associated Japanese company purchased a 35% joint venture interest in the project. With a financing in place the company constructed a 400,000 tonne per year heavy media coal wash plant and open pit mining operation.

This is the first new mine in British Columbia since 1997.

site; however, development was put on hold during World War I. Coalmont Collieries, which took over from Columbia Coal, built a unique aerial tramway to bring the coal down off the mountain to the railway. The 1920s saw production of some 160,000 tons per year. Mining continued until 1940 when the No.5 Mine closed. In total, some 2.5 million tonnes of coal was produced in the area with the last coal mine closing in 1957.

At present, permitting is in place to mine 250,000-tonnes of coal per year. This is the first new mine to be

Today, however, there is new life in the hamlet of Coalmont. On October 31 Vancouver, BC-based Compliance Energy Corp. [CEC-TSX Venture], through its subsidiary Compliance Coal Corp., began production at the new Basin Coal Project open pit mine. The coal is classified as low sulphur/high BTU thermal quality and is an excellent source of fuel. The mine site itself is 30 km northwest of Princeton in the Lodestone Mountain area. During fall 2001, a test mining and site evaluation program was completed that confirmed the coal resource, continuity, open pit mining criteria, washability and quality. In addition, a feasibility study earlier this year concluded the project could be developed to produce thermal coal at a competitive price

developed in British Columbia since the Huckleberry copper mine came on stream in 1997.

Jim O'Rourke, P.Eng., president, says the partners plan to sell their product to local cement companies and power plant operators. Other markets could include greenhouses and offshore sales. Iwai is the marketing agent for Asia. So far, the company has received letters of intent from potential customers based on Compliance's attractive coal samples.

O'Rourke says the operation, which is about the size of a gravel pit, has minimal negative environmental implications. The mine site, which was logged years ago, will be totally reclaimed after mining operations are completed. Mining operations will be conducted on a contract basis. The company's nine coal licenses cover 2,172 hectares and, according to BC government reports, hosts a coal resource of 240 million tonnes in situ. The reports classify the coal resources as to 20 million tonnes measured, 60 million tonnes indicated and 160 million tonnes inferred.

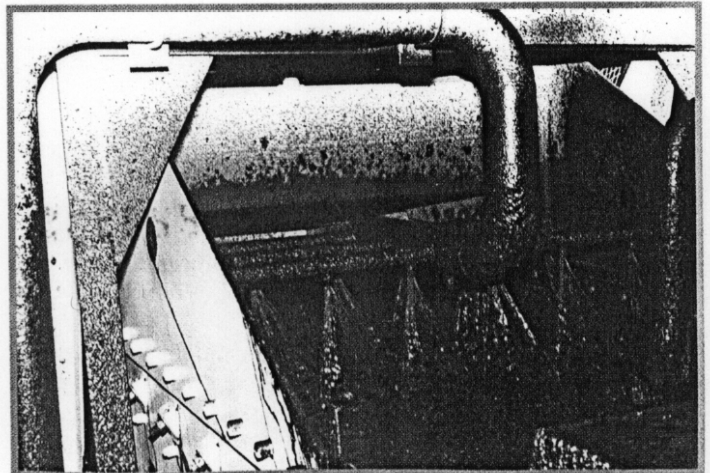
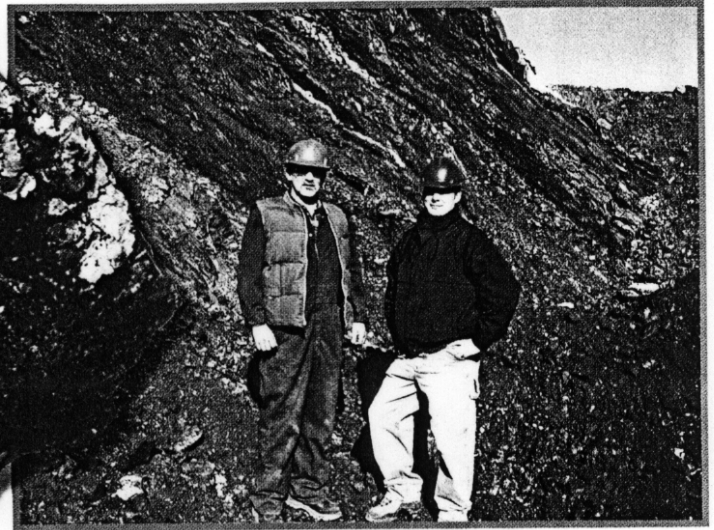
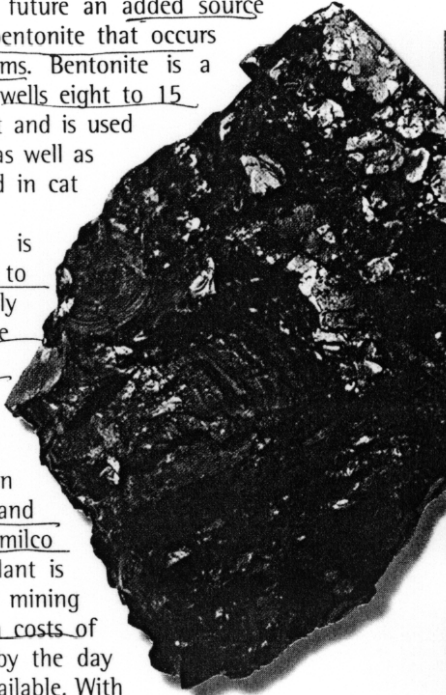
A 1,500-metre section of the west flank of the deposit has been extensively drill tested and will form the initial

open pit. The coal zone itself is about 30 metres thick and dips between 28° and 40° into the basin.

To support the coal washing plant and other infrastructure, Compliance Energy purchased a 13-acre site at the Similco copper mine, located about 15 km west of Princeton. Larry Belik, Site Manager, says in the future an added source of revenue could be the bentonite that occurs adjacent to the coal seams. Bentonite is a unique type of clay that swells eight to 15 times its volume when wet and is used in drilling for oil and gas as well as for odour control jobs and in cat litter boxes.

Currently, Compliance is switching from test mining to production. Coal is currently being shipped in 42-tonne double trailer trucks from the mine site to the washing plant at the old Similco mine site. The plant, formally operating in Kentucky, was purchased and shipped in pieces to the Similco site. Since the washing plant is still being "tuned" and mining operations optimized, cash costs of production are dropping by the day and a final figure is not available. With about 15 years worth of coal reserves, it looks like Compliance Energy will be around for some time. 🏠

The coal mining process: (Top) Larry Belik, left, Site Manager, and Paul Dickson, Resource World staffer, in front of the coal seam that dips about 45°. (Middle) The backhoe's teeth extract the coal and place it into stockpiles. The coal is then dumped into trucks and transported to the Similco mine site for washing (bottom) and processing. A conveyor belt outputs the cleaned coal and stacks it for shipment. (opposite page). Photos by Ellsworth Dickson.



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