

- Transportation is key! (i.e. road(paved) → railroad) - to Stewart
- Commute to minesite from probably Smithers
- Cost to produce coal on-site ~ \$35 / would not want to sell for less than \$44 / Realistic market price? - \$87/tonne
- Competition comes from South Africa, Vietnam, Belgium, U.K.
- South Korea says they need 1 million tonnes this year (Gulf feel they really need 3 million tonnes.) → 2-500,000 tonne shipments.

MOUNT KLAPPAN

ANTHRACITE PROPERTY

885522

SITE VISIT BROCHURE

SEPTEMBER 12 AND 13, 1984

Visit with: Hon. Stephen Rogers
 Lorne Sivertson
 Ms. Penelope Chandler
 Joel Connelly - Reporter - Seattle

Larry Pitman } Gulf
 Keith ? }
 Al Johnson }
 Brian Flynn }

The Mount Klappan coal licences are located in northwestern British Columbia, approximately 150 kilometres northeast of Stewart (population 1445) and 530 kilometres northwest of Prince George (population 69 300).

MT. KLAPPAN COAL PROPERTY LOCATION



SCALE: 0 200 400 km.

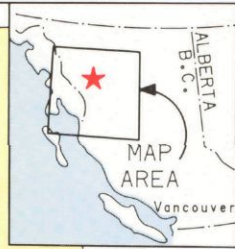
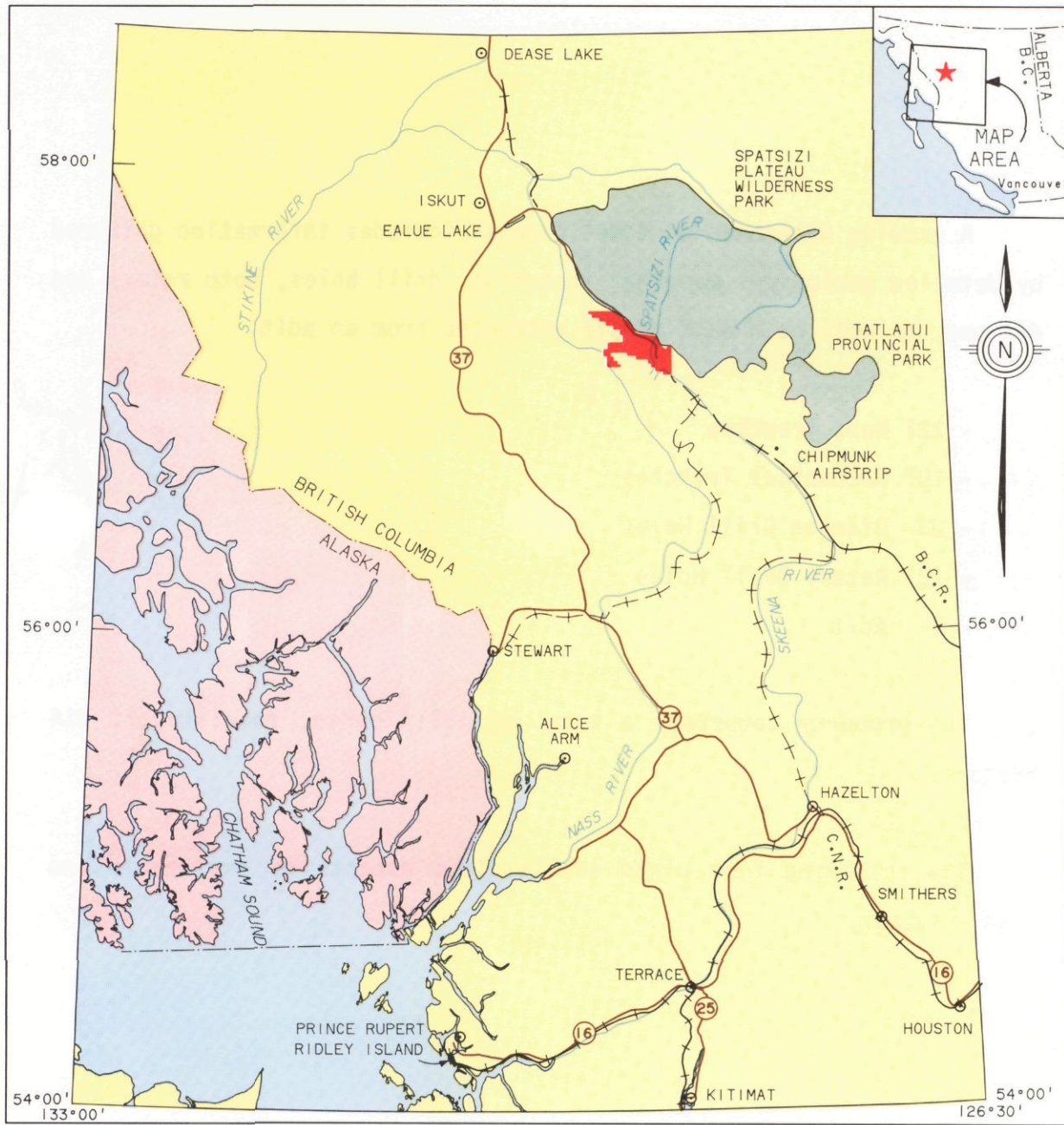
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The Mount Klappan property straddles the partially completed British Columbia Railway line between Prince George and Dease Lake. Prior to cessation of work on the construction of the line, steel was laid to within 85 kilometres of the property, and, with the exception of a short stretch south of the licences, the subgrade was constructed through and beyond the property to the Stikine River just south of Dease Lake.

At present, road access to the property from Highway 37 via Ealue Lake road, is provided along the British Columbia subgrade. Road distances from Terrace and Stewart to the property are ⁵⁷⁵450 km and ⁴²⁶300 km respectively. A 1000 metre gravel airstrip is located on the property.

MT. KLAPPAN COAL PROPERTY ACCESS



LEGEND

- ROAD ACCESS
- EXISTING RAILWAY
- EXISTING RAILWAY SUBGRADE
- POSSIBLE RAILWAY ROUTES
- MT. KLAPPAN LICENCE AREA

SCALE



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A growing data base on Mount Klappan includes information gathered by detailed geological mapping, trenching, drill holes, both rotary and diamond, as well as a bulk sample extracted from an adit.

- 227 Hand Trenches
- 107 Mechanical Trenches
- 23 Diamond Drill Holes
- 12 Rotary Drill Holes
- 1 Adit

+ 95

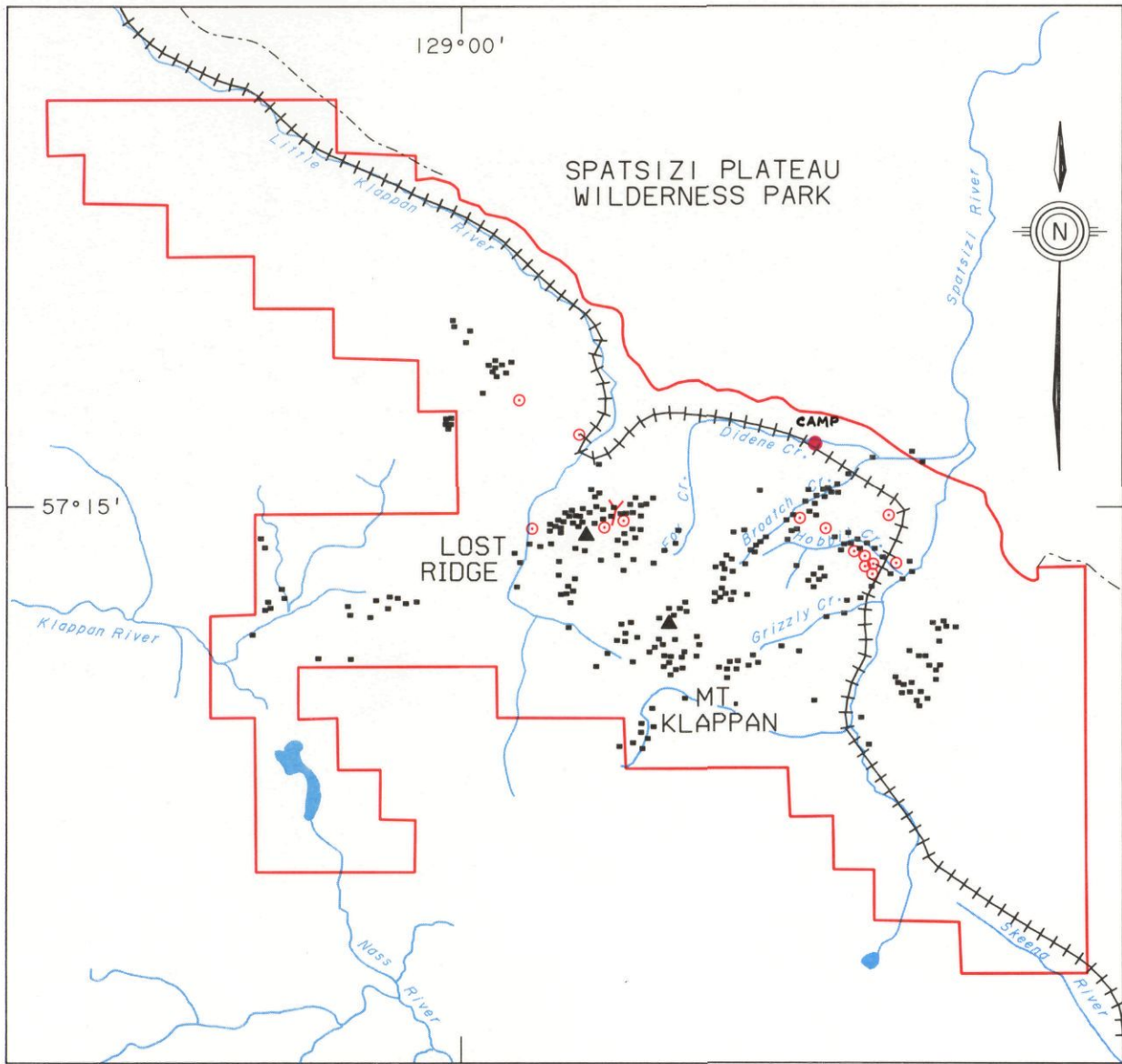
1989
~~188~~ mechanical trenches
276 ddh
- 17 rotary

The property comprises a total of 189 license, totalling 50 014 hectares.

The following four plats show various aspects of exploration on Mount Klappan.

MT. KLAPPAN COAL PROPERTY

DATA POINT DISTRIBUTION



LEGEND

- +++++ PREPARED RAILBED/ROAD
- PROVINCIAL PARK BOUNDARY
- HQ DIAMOND DRILL HOLE
- Y ADIT 1983
- COAL OCCURRENCES

SCALE



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Didene Creek Camp



Backhoe Trenching in
Lost-Fox Pit



UC
Diamond Drilling

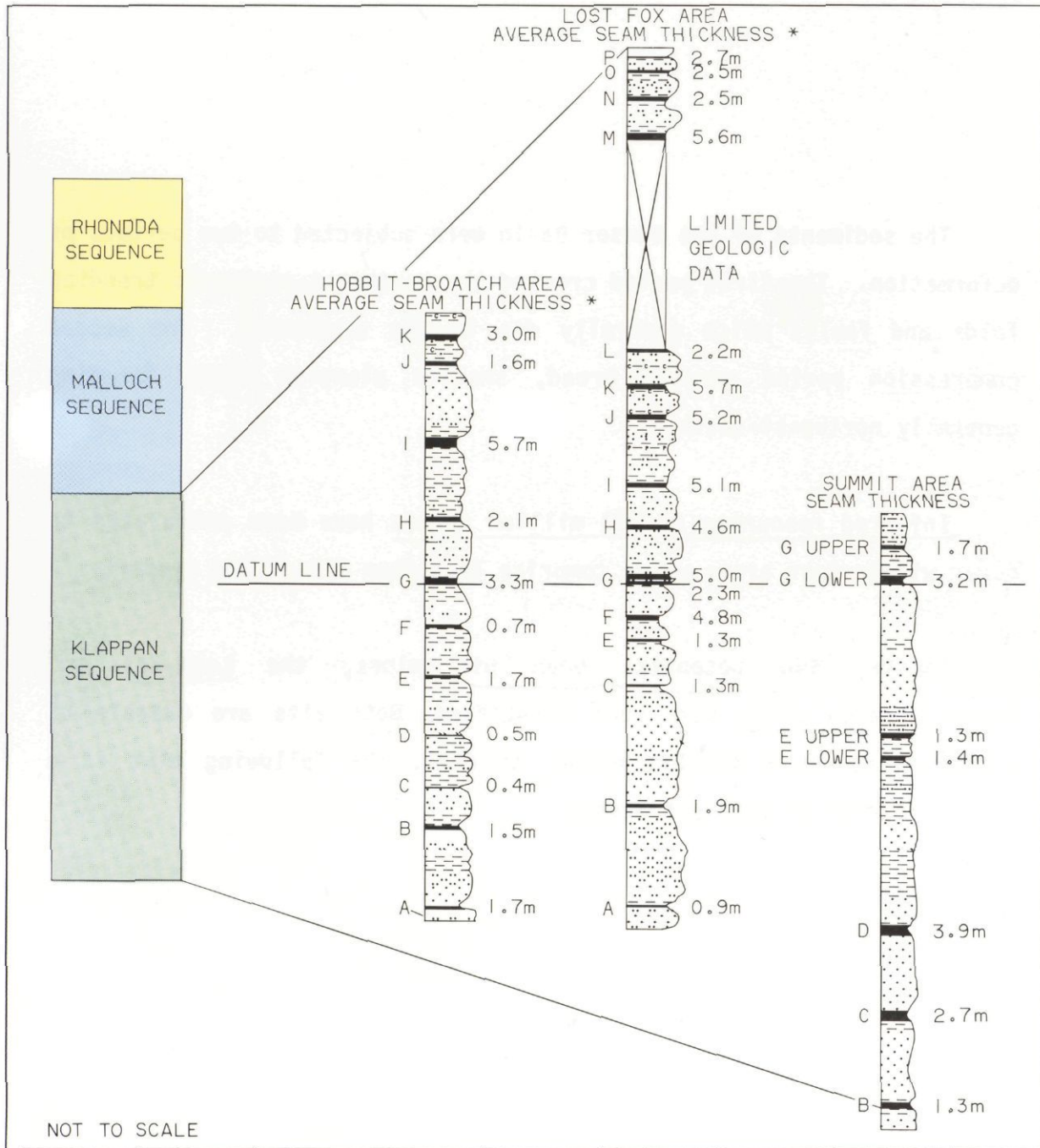


Portal of Adit in
Lost-Fox Pit

The coal measures of the Mount Klappan property are contained within a series of sediments deposited in the Bowser Basin during Middle Jurassic to Early Cretaceous time. Gulf geologists have subdivided the Upper Jurassic - Lower Cretaceous sediments locally into three sequences, which, in ascending order are: the Klappan, Malloch and Rhondda Sequences. The Klappan Sequence is the main coal-bearing unit.

MT. KLAPPAN COAL PROPERTY

KLAPPAN SEQUENCE



* INCLUDES SEAMS <0.5m



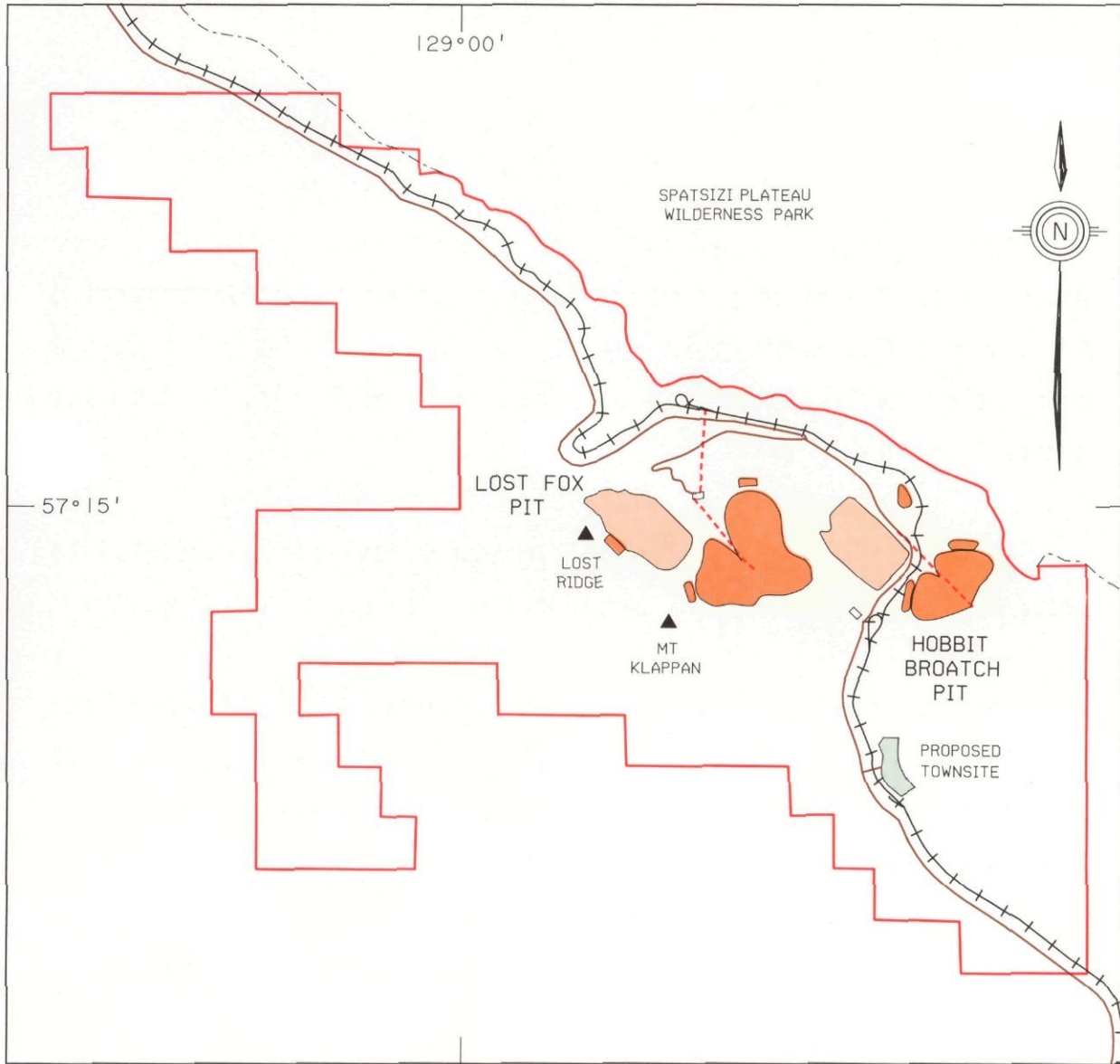
The sediments of the Bowser Basin were subjected to two periods of deformation. The first period created the northwest-southeast trending folds and faults which generally dip to the southwest. The second compression period created broad, shallow plunging folds trending generally northeast-southwest.

Inferred resources of 960 million tonnes have been calculated to occur within four areas which comprise less than 10% of the property.






To date, two potential open pit mines, the Lost-Fox and Hobbit-Broatch pits, have been identified. Both pits are capable of producing up to 5 million tonnes of coal. The following plat is a panoramic view of both pit areas.

MT. KLAPPAN COAL PROPERTY

PROPOSED OPEN PIT MINES AND SITE INFRASTRUCTURE



LEGEND

- | | |
|---|-------------------------|
|  | OPEN PIT MINE |
|  | WASTE AND TOPSOIL DUMPS |
|  | CONVEYOR BELT |
|  | RAILROAD |
|  | ROAD |

SCALE



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Mount Klappan - Looking S.W.
from Spatsizi Park

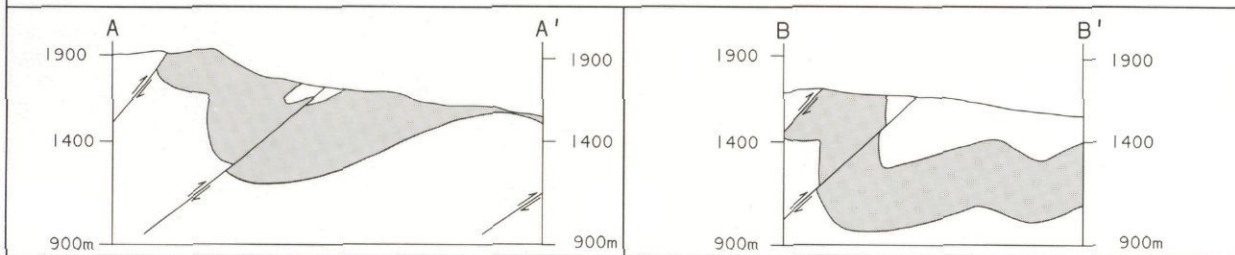
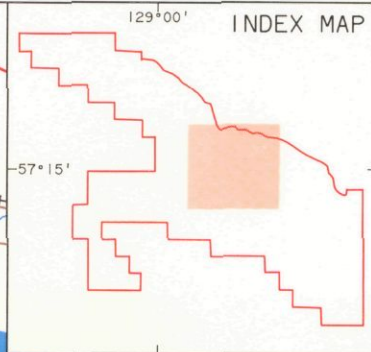
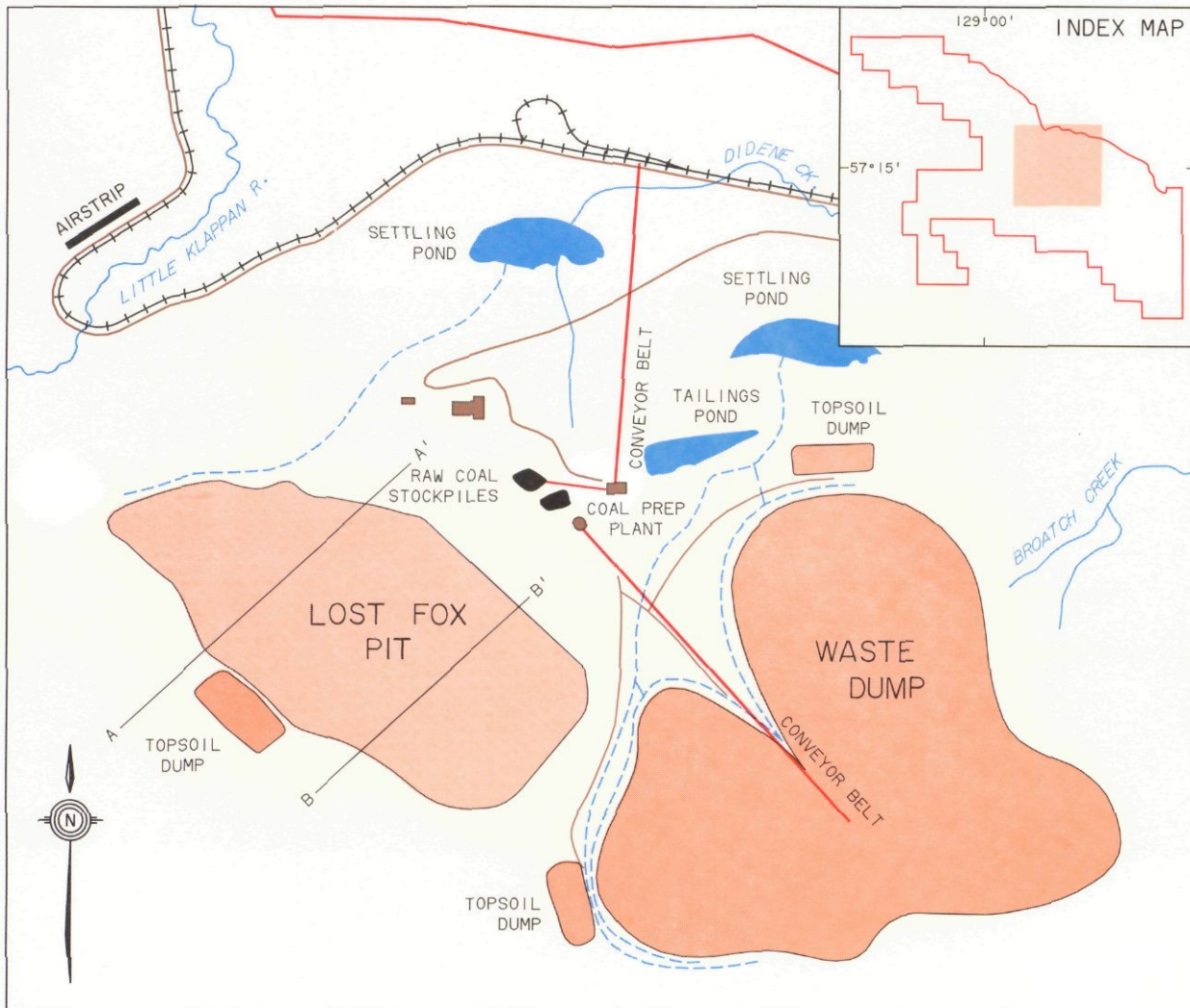
The Lost Fox Resource area covers 8.2 square kilometres and contains an inferred resource of 330 million tonnes.

Based on a pre-feasibility study of this area, 94 million tonnes of mixed product anthracite can be produced from an open pit mine over a 20-year period. *(i.e. very high grade anthracite + mixed ash)*

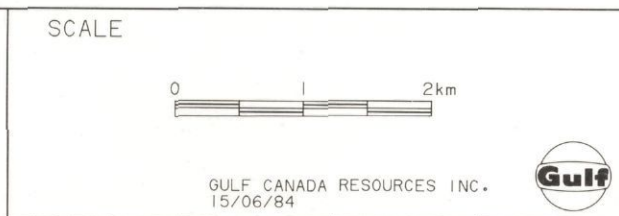
The following two plats are views of the Lost-Fox pit area with the third plat showing the adit face in anthracite.

MT. KLAPPAN COAL PROPERTY

PROPOSED LOST FOX PIT AREA

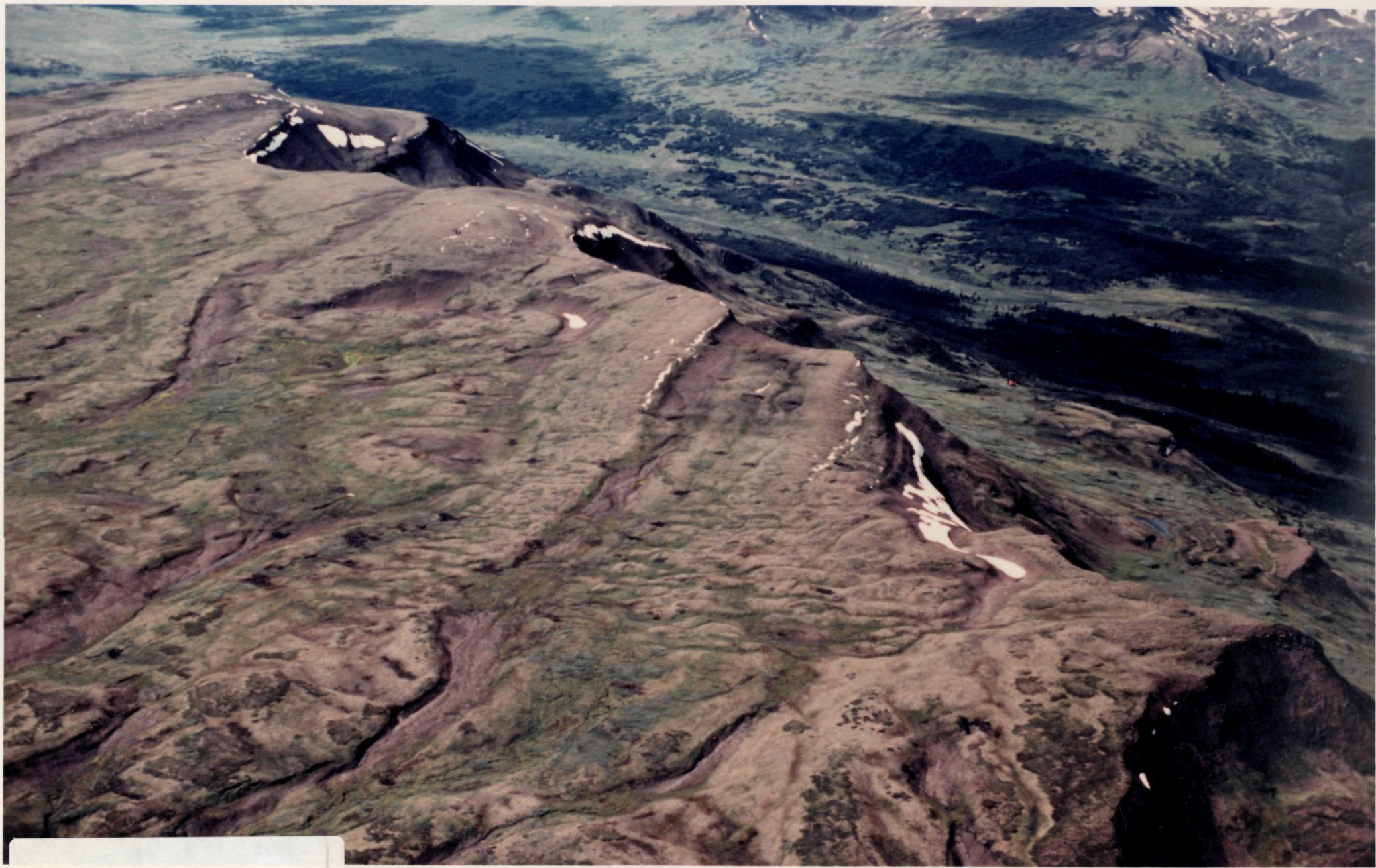


LEGEND	
	COAL MEASURES SEAMS E - L
	LICENCE BOUNDARY
	RAILROAD
	ROADS





Lost-Fox Area
Mount Klappan in Background



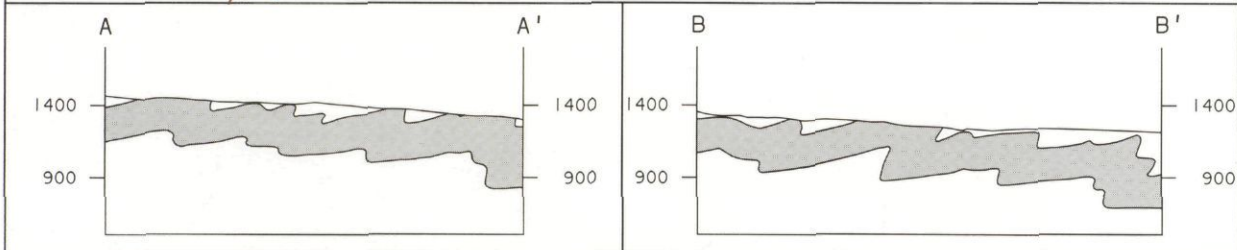
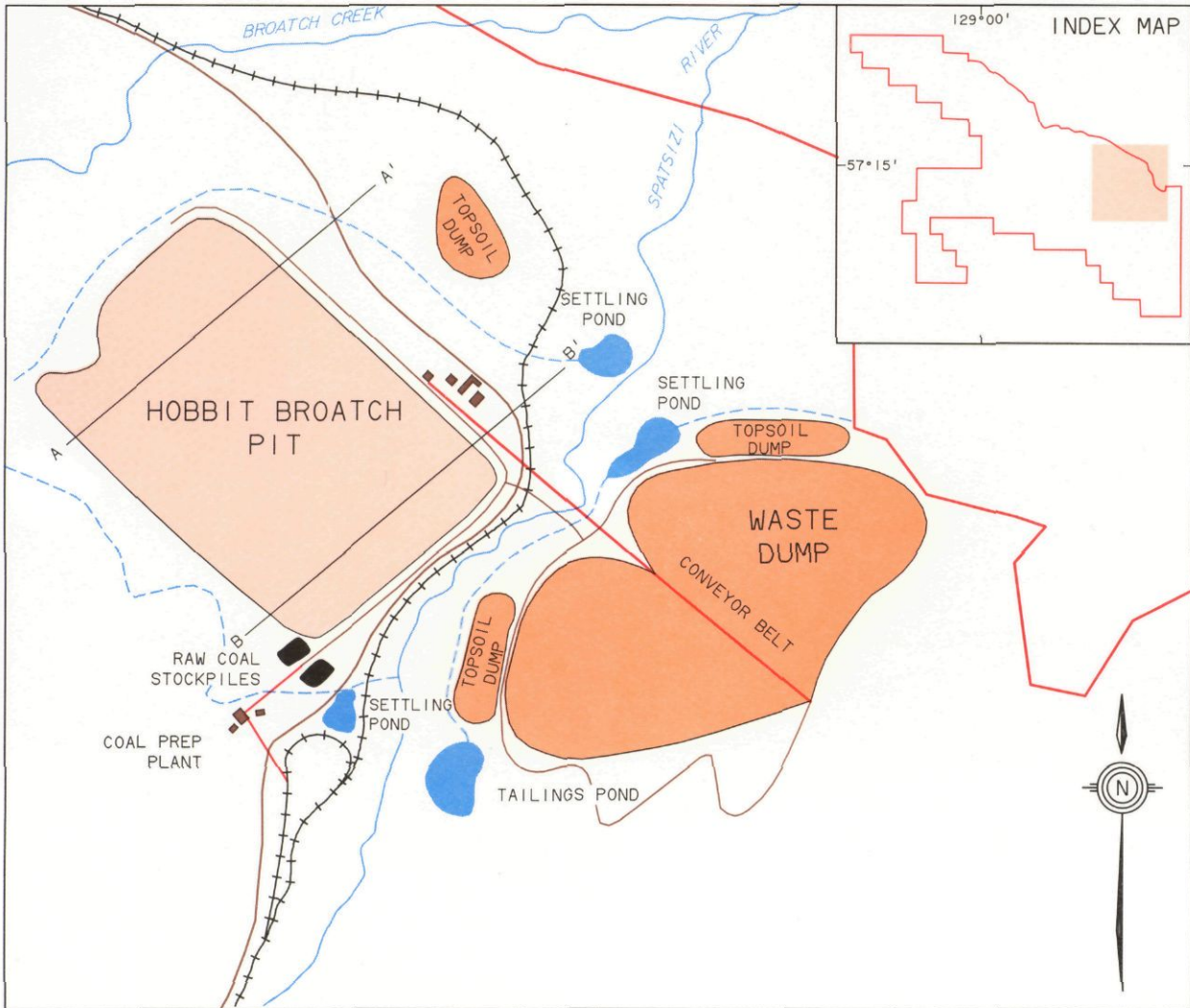
Lost-Fox Pit Area
Looking Northwest







Lower Two Metres of I Seam
in Adit - Lost-Fox Pit


MT. KLAPPAN COAL PROPERTY

PROPOSED HOBBIT BROATCH PIT




LEGEND	
	COAL MEASURES SEAMS A - K
	LICENCE BOUNDARY
	RAILROAD
	ROADS

SCALE



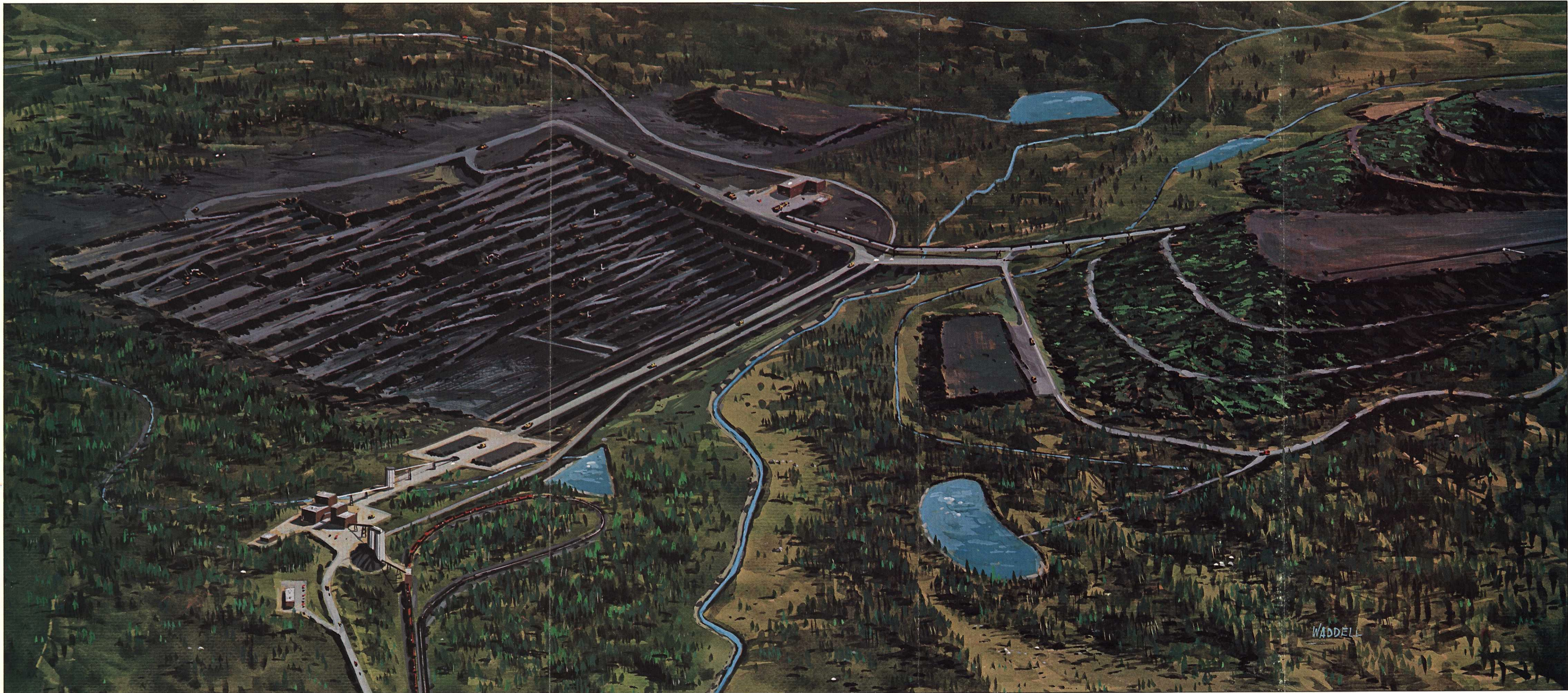
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Hobbit-Broatch Area
Looking Northwest

30,000 Tonnes
Test Pit



WADDELL

The following plats show views of transportation and shipping facilities already in place.



Haul Road North



Bear Pass

52



Port of Stewart



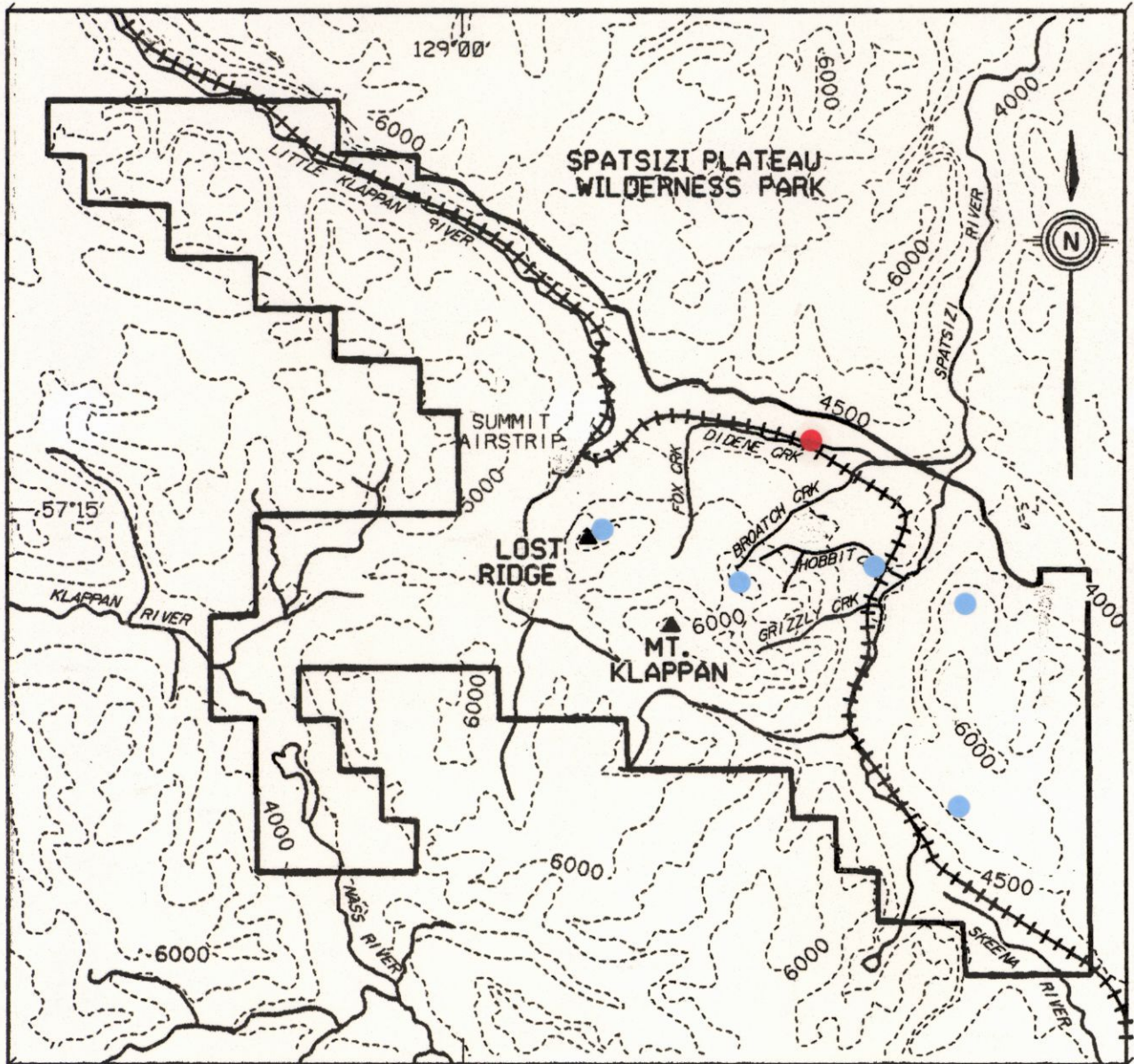
Esso Loading Facility
at Stewart




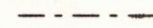
Railway Track
South of Property



MT. KLAPPAN COAL PROPERTY

EXPLORATION INFRASTRUCTURE CAMP LOCATION



LEGEND

 PREPARED RAIL BED
 PROVINCIAL PARK BOUNDARY

 CAMP
 SITE VISIT STOPS

SCALE



GULF CANADA RESOURCES INC.
02/02/84

