

Murray River Group  
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## BUSINESS

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# B.C.'s coal rush gathers momentum

**ENERGY** | Hillsborough Resources will buy 11 properties in the northeast part of the province

BY MICHAEL KANE  
VANCOUVER SUN

opes of a renewed northern rush were fuelled Monday by couver-based Hillsborough resources' announcement it will 11 mining properties in northern British Columbia.

ne move indicates the confidence the resource sector is showing both in B.C. and in northeast , said Michael McPhie, president of the Mining Association of

otentially, it could be quite a

big deal," McPhie said, citing growing demand for coal in Asia at a time when Australia, Canada's chief competitor, is struggling with infrastructure bottlenecks.

"I think one of the things it points to is the vision of the '80s when a lot of the infrastructure was put in place with both rail at Tumbler Ridge and the Ridley Coal Terminal in Prince Rupert."

The acquisitions will allow Hillsborough to grow into a significant force within the Canadian coal industry, David Slater, president and CEO, said in a release.

Shares in Hillsborough rose 22 cents, or 17 per cent, to \$1.52 on the Toronto stock market Monday on trading of 3.7 million shares, about four times normal volume.

Drilling and regulatory tests are still required to determine the feasibility of the projects, which could take several years to be put into production, Hillsborough CFO David Whittle said Monday.

The portfolio of coking, pulverized coal injection and thermal coal properties will be purchased from current owner David Fawcett, of Aurora Coals & Minerals Inc., for an amount to be disclosed when the parties sign a definitive agreement.

Whittle said the ratio of coal types is not known but the largest

of the properties has metallurgical coal, which is required for steel-making and commands high prices in Asia.

Coal prices are expected to remain strong for at least two years.

"After that, like any commodity, there is a lot of uncertainty that comes into play," Whittle said. "Anytime you build a mine you look at the long-term pricing prospects as opposed to current spot market prices."

He said it is too early to talk about production costs — some properties suit open-pit mining and some will be underground — but the area's infrastructure is a positive element.

The 11 properties include the

Murray River Group, about 15 kilometres southwest of the Quintette railhead; the Reesor Property, which is closest to the rail line running through the Wolverine River Valley, the Bickford and Bullmoose Properties about 45 kilometres west of Chetwynd; and the Wapiti Property, about 40 kilometres north of Tumbler Ridge and adjacent to the Heritage Highway which connects Tumbler Ridge with Dawson Creek.

Hillsborough's principal asset is the Quinsam Coal Corp., a thermal coal producer employing about 75 people near Campbell River. On Dec. 30, the company announced completion of \$6.6 million in private placement financing.

"The funds necessary for the

first phase of exploration already been raised, an hopeful that by next year we be able to announce and confirm of a significant metallurgical resource within the Murray group," Slater also said in day's news release. "Much has been shown in this Indian and other Asian steel producers."

Slater was travelling in t on Monday and could reached for further comment.

Analysts who follow the ny at both Salman Partners couver and Spratt Securities Toronto were unable to co because both companies involved in the recent fina

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