

NORTHEAST COAL

The current 15 year contract between the northeast coal operations and the Japanese steel industry expires in September, 1998 for Quintette and in 1999 for Bullmoose. Discussions with lenders, rail companies and port facilities are underway. Quintette and Bullmoose currently receive quite a premium over world prices for their metallurgical coal and the contracts provide for sales to continue beyond the expiry dates based on a renegotiation of coal sale price in a more competitive market. Reserves already identified should be sufficient for production to 2003 pending agreements on commercial arrangements.

1995 COAL PRODUCTION

Bullmoose: The 61% Teck-owned operation produced 1,859 tonnes of clean coal during 1995. Three mining methods, depending on coal seam dip angles, are now used at the South Fork pit, which has a mineable reserve of 13.5 million tonnes (sufficient until 2003). The mineral resource in the nearby West Fork zone is an estimated 14.1 million tonnes area.

Quintette: The Teck-operated coal mine produced 3,691 tonnes of clean coal in 1995, down from the 1994 total of 4,075 tonnes. The reduction in output was a result of an aggressive pre-stripping program of 65 million tonnes, the loss of a large shovel for 4 months, delays caused by weather, and high employee turnover (14%). Clean coal reserves, of 12.0 million tonnes, are contained mainly in the Shikano pit. Exploration in 1995 identified two areas, Mesa Extension and mining along contour at Babcock, that would add approximately 19 million tonnes of clean coal to the reserve total. These areas could be developed for production, following the completion of the contract with the Japanese Steel Industry.

FIELD ACTIVITIES

Bullmoose

A tour of the coal mining operation was provided as part of the Minerals North conference.

EXPLORATION MONITORING:

Several meetings were conducted in Vancouver (in consort with Tom Schroeter) with companies planning exploration programs in the NE-Central Region.

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