

M-COLDWATER 74(10)A

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IMPERIAL METALS & POWER LTD.

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December 11, 1974

Minister of Mines and Petroleum Resources  
Parliament Buildings,  
Victoria, British Columbia

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Attention: Mr. A. Corner, Coal Administrator

Dear Sir:

In accordance with Section 39 of the Coal Act 1974, we submit data on the Merritt coal property for which Imperial holds the right to mine coal on a "freehold" basis. The legal description of the coal rights held and the approximate property boundaries are shown on the accompanying property map. Imperial does not hold the surface rights.

The information requested in items 2 to 6 of the Mineral Resources Branch Notice dated November 26, 1974 is contained in the reports enclosed herewith. These reports are:

1. Rough Planning of Coal Mine Development on the Merritt Lease - by Sumicol Consultants Company Ltd. April, 1970.
2. Location and Log of Drill Holes by M.K.Lorimer - August, 1960
3. Preliminary Report on the Merritt Coalfield by W. J. Blackstock - August, 1959
4. Evaluation Report, Coldwater Coal Mines, Merritt, B.C. by James Dickson, - May, 1948
5. Excerpts from the Report of the Minister of Mines of B.C. 1907 - 8th Edition
6. Excerpts from the Report of the Minister of Mines of B.C. 1946

At present the washed coal has a value as a fuel in the range of \$25 to \$30 per net ton F.O.B. Vancouver. Measured and indicated reserves are sufficient to furnish about 500,000 short tons per year for at least fifteen years. The coal must be mined entirely by underground methods. The present cost to develop and equip the mine and coal washing plant is estimated to be in the order of 12 to 14 million dollars. Mining and processing costs per net ton of clean coal F.O.B. Merritt is estimated to be in the order of 13 to 16 dollars. Rail transportation cost to Vancouver will be between 5 and 7 dollars per net ton. If we can obtain a firm offer to purchase the coal on a long term basis

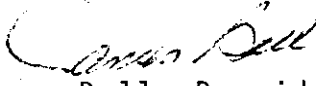
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at a price near \$30 per ton, a detailed feasibility study would be warranted if present uncertainties in government policies toward mineral resource development are removed. In the present circumstances, even with very favourable indications of before tax profitability, it would be most difficult to obtain the necessary risk capital.

Our present plans are to continue to keep in close touch with potential purchasers of coal and to seek financing for further development.

Yours truly

  
James Ball, President



COAL IN AND UNDER THAT PART OF:

1. DIST LOT 166 KDYD BEING NORTH AND WEST OF R/W PLAN A 215 SAVE AND EXCEPT PLAN 10584
2. DIST LOT 166 LYING SOUTH AND EAST OF R/W PLAN A 215
3. LOT 1 DIST LOT 166 KDYD PLAN 10584
4. PART NORTH 1/2 OF SECTION 4 TSHR. 91 KDYD LYING NORTH AND WEST OF R/W PLAN A 215
5. PART NORTH 1/2 LYING SOUTH AND EAST OF R/W PLAN A 215 SECTION 4 TSHR 91 KDYD

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MERRITT COAL

PROPERTY MAP.