

Exploration and Mining in the Omineca and Northeast regions



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2014 in review - Summary and Trends

The Omineca Region is prospective for metals including niobium, rare-earth elements (REE), molybdenum, nickel, copper, zinc, lead, silver and gold, whereas coal is of primary focus in the Northeast Region. The main deposit types explored for in the Omineca region were epithermal gold-silver (Nechako Plateau), porphyry copper-gold (Nechako Plateau, Quesnel Trough and Toadoggonne area), and stratiform zinc-lead-silver (Kechika Trough). Total exploration expenditure in 2014 is estimated at \$42.5 million, largely from mine evaluation-stage and advanced-stage projects, about 59% less than in 2013. Grassroots and Early-stage projects combined comprised 26% of expenditure. At 42,000 m, drilling was 48% less than in 2013.

- In 2014,
- ramp-up activities continued at the **Mt. Milligan** mine (Thompson Creek Metals Company Inc.)
 - a final feasibility study was released for **Blackwater** (New Gold Inc.), and pre-feasibility study completed for **Aley** (Taseko Mines Limited)
 - an application for an Environmental Assessment Certificate was submitted for **Blackwater**, and Project Descriptions (initiating the environmental assessment process) were submitted for **Kemess Underground** (AuRico Gold Inc.) and **Aley**
 - updated resource estimates were provided for **Capoose** (New Gold Inc.) and **3Ts** (Independence Gold Corp.); and resource and reserve estimates for **Aley** and **Blackwater**

- drilling was undertaken for porphyry copper-gold at **Kemess East** (AuRico Gold Inc.), **Col-Later** (Pacific Empire Minerals Corp.), **Blackwater South** and **Key** (New Gold Inc.); low-sulfidation epithermal or vein gold-silver at **Fawn** and **Van Tine** (New Gold Inc.), **3Ts** (Independence Gold Corp.) and **Green Gold** (0902744 B.C. Ltd.); SEDEX zinc-lead-silver at **Akie** (Canada Zinc Metals Corp.) and **Cirque** (Teck Resources Limited); and high-purity limestone at **Giscome** (Graymont Western Canada Inc.).

About 18% of the province's coal production comes from the Peace River Coalfield in the Northeast Region. Metallurgical coal has been British Columbia's biggest mineral export commodity in recent years, representing about 60% of mineral production in 2013. The low-ash, low-sulphur bituminous coal in the region is internationally recognized for producing high-quality coke, a key ingredient in steel making. In concert with international oversupply and price decreases, coal production and exploration decreased in 2014. Total exploration expenditure was \$49.9 million, mainly from mine evaluation-stage and advanced-stage projects, a 39% drop from 2013. Drilling (25,500 m) decreased 53% from 2013 levels.

- In 2014,
- the second component of the Mines Act Permit Amendment was granted for the **Roman Mountain** expansion, fully permitting the combined **Trend-Roman** operation (Anglo American plc)
 - the final two permit requirements for the **Quintette (Babcock)** mine (Teck Coal Limited) were granted, fully permitting the proposed mine
 - the decline at **Murray River** (HD Mining International Ltd.) was driven beyond 740 m, proceeding toward the length for collecting a bulk sample
 - feasibility-level exploration work began at **Sukunka** (Glencore)
 - drilling programs were undertaken at **EB** and **Hermann** (Walter Energy, Inc.), **Roman Mountain**, **Roman Northwest**, and **Waterfall** (Anglo American plc), **Sukunka** (Glencore), and **Dunlevy** (Jameson Resources Limited)
 - trenching and bulk sampling continued at **Wapiti East** (Fertoz International Inc.) and a small mine application was submitted.

TABLE 1. MINE PRODUCTION AND RESERVES, OMINECA AND NORTHEAST REGIONS, 2014

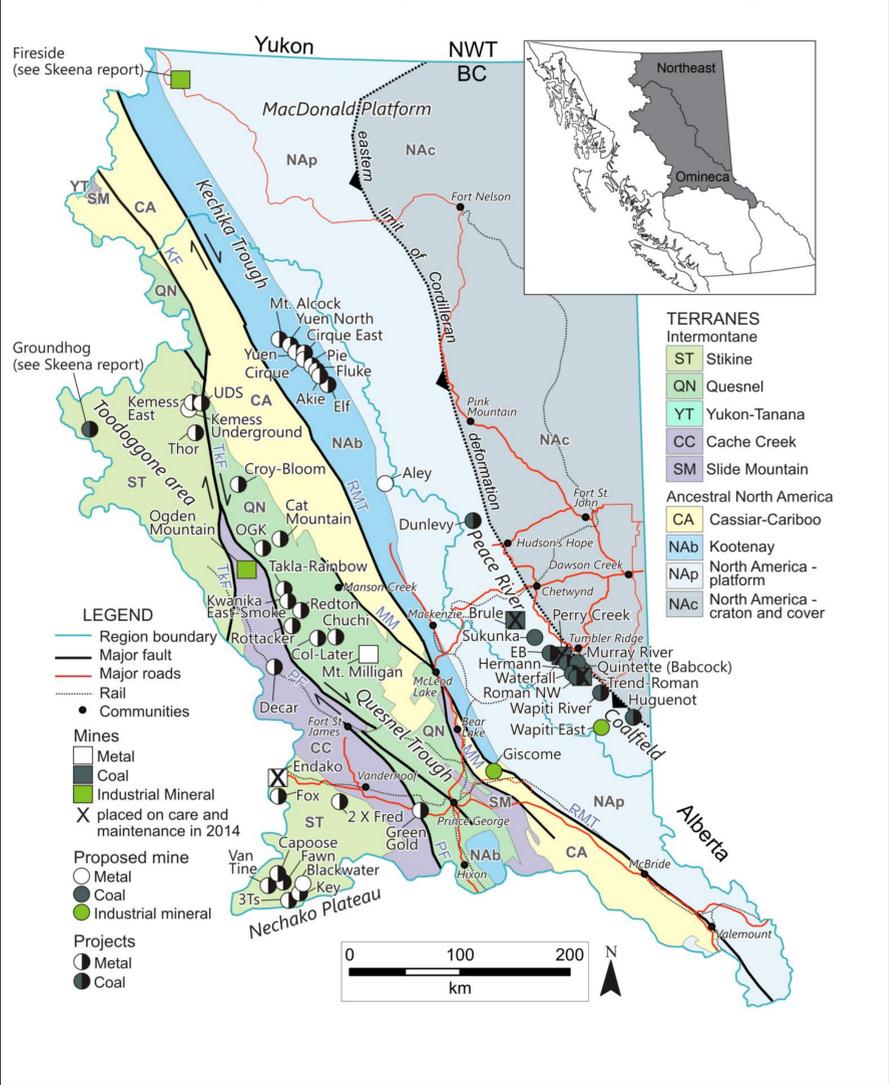
| Mine | Operator | Commodity; Deposit type | Estimated Production (based on Q1 to Q3 2014) | Reserves (Proven and Probable - Dec 31, 2013) | Additional resource (Meas. and Ind. - Dec 31, 2013) | Near-mine exploration; other |
|--------------------|--|--------------------------------|---|---|---|------------------------------|
| Endako (75% share) | Thompson Creek Metals Co. Inc. | molybdenum; porphyry | 4309 tonnes (9.5 Mlbs) Mo oxide | 65.8 Mt at 0.052% Mo | 109.4 Mt at 0.051% Mo | placed on C&M end-2014 |
| Mt Milligan | Thompson Creek Metals Co. Inc. | copper, gold, silver; porphyry | 28 395 tonnes (62.6 Mlbs) copper; 5645 kg (181 500 oz) gold | 477.5 Mt at 0.388 g/t Au, 0.199% Cu | 226.2 Mt at 0.204 g/t Au, 0.14% Cu | IP survey (31.2 line-km) |
| Trend | Anglo American plc (Peace River Coal Inc.) | metallurgical coal | 1.71 Mt | 10.0 Mt saleable (excluding Roman Mountain) | 27.7 Mt mineable in-situ (excluding Roman Mountain) | placed on C&M, end-2014 |
| Perry Creek | Walter Energy, Inc. (Western Coal Corp.) | metallurgical coal | 564 000 t | 9.4 Mt saleable; proven | N/A | placed on C&M, Apr. 2014 |
| Brule | Walter Energy, Inc. (Western Coal Corp.) | metallurgical coal | 1.02 Mt | 17.5 Mt saleable; proven | N/A | placed on C&M, Jun. 2014 |
| Ogden Mountain | Green Mountain Gemstones Inc. | nephrite jade; jade | < 5 tonnes (raw), 8 tonnes (stockpile) | N/A | N/A | placer and in situ |

TABLE 2. MINE DEVELOPMENT AND PROPOSED MINES, OMINECA AND NORTHEAST REGIONS, 2014

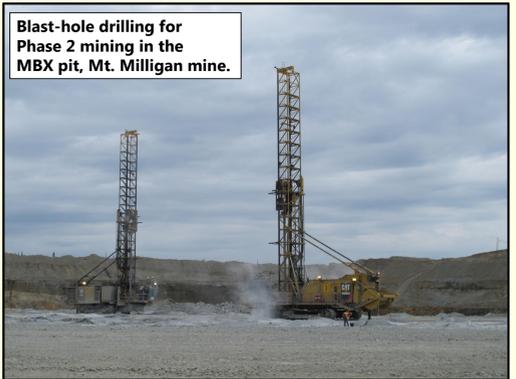
| Mine | Operator | Commodity; Deposit type | Reserves (Proven and Probable) | Resource (Meas. & Ind.) *additional to reserves | Work program | Significant results, other |
|---------------------|--|--------------------------------|---|--|--|---|
| Blackwater | New Gold Inc. | gold, silver; epithermal | 344.4 Mt at 0.74 g/t gold, 5.5 g/t silver | 396.9 Mt at 0.74 g/t gold, 5.5 g/t silver | ENG, EA (app-sub) | feasibility study released |
| Aley | Taseko Mines Limited | niobium; carbonite-hosted | 83.8 Mt at 0.50% Nb ₂ O ₅ | 258.8 Mt at 0.37% Nb ₂ O ₅ | ENG, MET, PFS, EA (pre-app), EN | >50% recovery of niobium in test processing |
| Kemess Underground | AuRico Gold Inc. | copper, gold, silver; porphyry | 100.4 Mt at 0.28% copper, 0.56 g/t gold, 2.0 g/t silver | *65.4 Mt at 0.24% copper, 0.41 g/t gold, 1.8 g/t silver | EA (pre-app), C&M (Kemess South) | initiated EA |
| Roman Mountain | Anglo American plc (Peace River Coal Inc.) | metallurgical coal | 26.6 Mt saleable | *4.2 Mt mineable in situ | drilling (PD; 7735 m) | fully permitted, placed on C&M at end-2014 |
| Quintette (Babcock) | Teck Coal Ltd. | metallurgical coal | 41.1 Mt clean coal | *124 Mt raw coal | ENG, saleable coal test sample (50 000 tonnes) | fully permitted, placed on C&M in July |
| Murray River | HD Mining International Ltd. | metallurgical coal | 261.6 Mt (proven mineable) | 314.2 Mt in Plot-1 area | decline driven for UG; BS (100 K), ENG, EN, EA (und-rev) | decline to 742 m length in October |
| Hermann | Walter Energy, Inc. (Western Coal Corp.) | metallurgical coal | 9.1 Mt clean coal | N/A (30.6 Mt in situ, Mar 31, 2010) | drilling (CD; 999 m) | N/A |
| EB (Mt. Spieker) | Walter Energy, Inc. (Western Coal Corp.) | metallurgical coal | 15.6 Mt clean coal | N/A | drilling (CD, AD; 1039 m), test pitting | N/A |
| Sukunka | Glencore plc | metallurgical coal | N/A | 140 Mt in situ | drilling (CD, PD, GD, HD; 8630 m), BS (30 tonnes), TR, CQT, FS | feasibility stage assessment |
| Giscome | Graymont Western Canada Inc. | limestone | N/A | >100 Mt of limestone (>95% calcite, <5% dolomite) in situ; Indicated | drilling (CD, AD; 1854 m), TP, EA | N/A |
| Wapiti East | Fertoz International Inc. | phosphate | N/A | 1.54 Mt at 21.6% P ₂ O ₅ Inferred | TR, BS (1250 tonnes) | 1.2 - 2.5 m width of 13 - 27% P ₂ O ₅ in mineralized zone |

Work Program Abbreviations:
 AD = auger drilling; BS (X tonnes) = bulk sample (weight in tonnes if known); C&M = Care and Maintenance; CD (X metres) = core drilling; (totalling X metres); CQT = coal quality testing; EA (stage) = Environmental Assessment (pre-application, application-submitted, under-review); EN = environmental baseline studies, remediation work; ENG = engineering studies; FS = feasibility studies; GD = geotechnical drilling; HD = hydrogeological drilling; MET = metallurgical studies; PD = percussion drilling; PFS = pre-feasibility studies; TR = trenching; TP = test pitting; UG-BS = underground bulk sample.

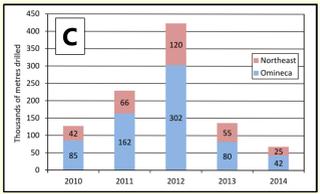
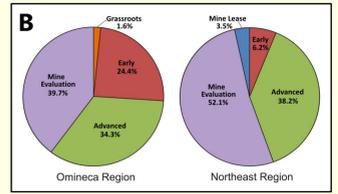
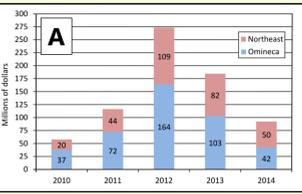
Mines and Selected Exploration Projects, Omineca and Northeast regions, 2014



Mining in the southeast corner of the Endako pit, Endako mine.



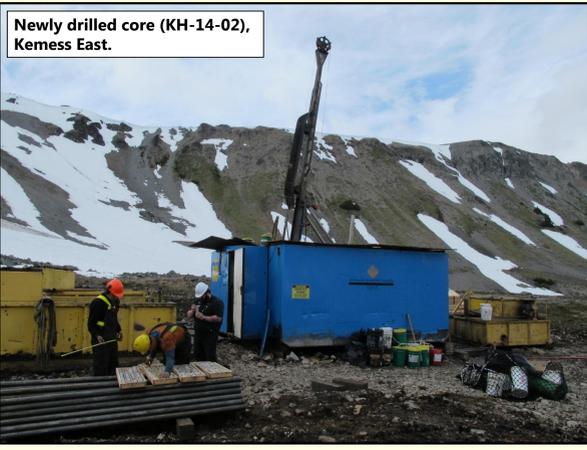
Blast-hole drilling for Phase 2 mining in the MBX pit, Mt. Milligan mine.



- Annual exploration spending estimates in millions of dollars for the Omineca and Northeast regions from 2010 to 2014. A total of \$92.4 million for the combined regions in 2014 was down 50% from 2013.
- Exploration expenditures in 2014 by exploration stage (Grassroots: initial reconnaissance; Early stage: focused work on a target; Advanced stage: resource delineation, preliminary economic assessment and pre-feasibility; Mine Evaluation: focus on feasibility studies, Environmental Assessment, and government permitting approval; Mine Lease: on-lease infill drilling and mine development exploration).
- Annual exploration drilling estimates in thousands of metres for the Omineca and Northeast regions from 2010 to 2014. A total of 67,200 m for the combined regions in 2014 was down 50% from 2013.



Walter Energy, Inc. geologist looking south over the South Brule Pit, Brule mine.



Newly drilled core (KH-14-02), Kemess East.



Propylitically altered Hazelton Group andesite at the Key property.



Drilling at the Cirque deposit. Photo by John DeGrace.

TABLE 3. SELECTED EXPLORATION PROJECTS, OMINECA AND NORTHEAST REGIONS, 2014

| Property | Operator | Commodity; deposit type | Resource *not NI 43-101 compliant | Work program | Significant results |
|---|---|---|--|--|--|
| 3Ts | Independence Gold Corp. | gold, silver; epithermal | 5.45 Mt at 2.52 g/t gold, 71.5 g/t silver; Inferred | drilling (2683 m) | none reported |
| Blackwater Regional (Van Tine, Van Tine South, Fawn, Blackwater South, Key) | New Gold Inc. | gold, silver, zinc, lead, copper, molybdenum; epithermal, porphyry, skarn | N/A | drilling (11 045 m) | broad area of porphyry-style mineralization at Key and Blackwater South; epithermal and deeper intrusive-related alteration styles at Van Tine and Fawn |
| Capoose | New Gold Inc. | silver, gold (zinc, lead, copper); epithermal | 20.3 Mt at 0.50 g/t gold and 22.4 g/t silver; indicated | NI 43-101 technical report | updated resource estimate incorporated 2013 drilling program |
| Fox and 2 X Fred | Kootenay Silver Inc. | gold, silver; epithermal | N/A | 48 grab samples (Fox) and 175 composite vein samples (2 X Fred) | 32.6 g/t gold and 6049 g/t silver peak values (Fox); 0.34 g/t gold average value and 4.31 g/t gold peak value (2 X Fred) |
| Green Gold | 0902744 B.C. Ltd. | gold; vein | N/A | drilling (388 m) | 23 m at 1.64 g/t Au, including 8 m at 4.0 g/t Au (Discovery trench, 2011) |
| Decar | Cliffs Natural Resources Inc. (60%), First Point Minerals Corp. (40%, 1% NSR) | nickel; ultramafic-hosted | 1159.5 Mt of 0.124% nickel (Davis Tube Recovered); indicated | bench scale market test | technical success in test processing of Decar concentrate |
| Chuchi | Chlormet Technologies Inc., Kiska Metals Corp. | copper, gold; porphyry | *50 Mt at 0.21% Cu, 0.21 g/t gold; inferred (Diggar Resources Inc., 1991) | ASTER satellite survey (Chlormet), field review, rock sampling (Kiska) | N/A |
| Col-Later | Pacific Empire Minerals Corp. | copper, gold, silver; porphyry | *1.81 Mt at 0.6% Cu; indicated (Kookaburra Gold Inc., 1989) | drilling (848 m), ground IP survey | N/A |
| Redton (Halobia) | Kiska Metals Corporation | copper, molybdenum; porphyry | N/A | geophysics (11 line-km; MG, IP), geochemical sampling (soil) | N/A |
| Rottacker | Serengeti Resources Inc. | copper, gold, silver; porphyry | Kwanika Central Zone: 243.6 Mt at 0.23% copper, 0.21 g/t gold, 0.69 g/t silver; indicated | geochemical sampling (rock) | 6.7% copper, 5.9 g/t gold and 464 g/t silver |
| Kwanika East-Smoke | Serengeti Resources Inc. | copper, molybdenum; porphyry | N/A | ground IP survey | N/A |
| OGK | Blackeagle Development Corp. | copper, gold | N/A | mapping and sampling (rock, soil) | N/A |
| Takla-Rainbow | Manado Corp. | gold, silver; epithermal, porphyry | *291 298 tonnes at 8.57 g/t gold; inferred and potential (Imperial Metals Corporation, 1988) | drilling (late 2013), mapping, prospecting, geochemical sampling (rock, till) | 24.52 m (drilling length) of 0.18% copper, 2.01 g/t gold, 2.0 g/t silver (TR-13-88); 5 m chip sample of 0.292% copper, 0.553 g/t gold and 10.9 g/t silver; historic core samples up to 0.811% copper, 4.51 g/t gold, 10.9 g/t silver |
| Cat Mountain | Rift Valley Resources Corp. | copper, gold, silver; porphyry | N/A | geochemical sampling (rock chip and grab), blasting, trenching | 1.2 m of 72.7 g/t gold, 11.45 g/t silver, 0.33% copper; grab samples up to 278 g/t gold, 22.92 g/t silver, 0.27% copper |
| Croy-Bloom | Serengeti Resources Inc. | gold, copper, iron, magnetite; porphyry | N/A | geochemical sampling (historic drill core) | 0.97% copper, 3.1 g/t gold (core sample); three grab samples at 0.38%, 0.84%, and 0.93% copper |
| Thor | Copper North Mining Corp. | copper, gold, silver; porphyry | N/A | ground IP survey (80 line-km) | N/A |
| Kemess East | AuRico Gold Inc. | copper, gold, silver; porphyry | N/A | drilling (16 877 m), mapping, geochemistry (rock), airborne geophysics (VTEM, 1111 line-km), metallurgical studies | 768 m of 0.442 g/t gold and 0.392% copper (KH-14-04); 304 m of 0.557 g/t gold and 0.421% copper (KH-14-09); 603 m 0.500 g/t gold and 0.391% copper (KH-13-08) |
| UDS | Serengeti Resources Inc. | gold, silver, copper, zinc, lead; porphyry, epithermal | N/A | mapping, geochemical sampling (rock, soil, silt) | 10 samples between 0.1 - 0.7% copper (August 30 target); skarn sample 0.26% copper, 1.0 g/t gold |
| Akie | Canada Zinc Metals Corp. | zinc, lead, silver; sedimentary exhalative | 12.7 Mt at 8.4% zinc, 1.7% lead and 13.7 g/t silver; indicated | drilling (2855 m), geophysics (airborne gravity) | 9.44 m of 8.93% zinc, 1.25% lead, 10.54 g/t silver (A-14-11); 7.87 m of 5.97% zinc, 0.94% lead, 8.02 g/t silver (A-14-12); 8.42 m of 7.43% zinc, 1.19% lead, 10.72 g/t silver (A-14-13); 5.72 m of 5.45% zinc, 0.94% lead, 8.49 g/t silver (A-14-11) |
| Kechika Regional (Yuen North, Mt. Alcock) | Canada Zinc Metals Corp. | zinc, lead, silver; sedimentary exhalative | N/A | airborne gravity survey (940 line-km), geochemical sampling (soil) at Yuen North | zinc-lead-barite anomaly expanded to 4500 x 500 m at Yuen North |
| Cirque | Teck Resources Limited | zinc, lead, silver; sedimentary exhalative | *24.7 Mt at 8.5% zinc, 2.3% lead and 50.8 g/t silver; indicated (Carragh Resources Inc., 1991) | drilling (5200 m), airborne VTEM survey, airborne gravity survey | N/A |
| Kechika Regional (Elf, Fluke, Pie, Cirque East, Yuen) | Teck Resources Limited | zinc, lead, silver; sedimentary exhalative | N/A | airborne VTEM survey, airborne gravity survey (840 line-km), re-logging and sampling historic core (3500 m), geochemical sampling (rock), mapping, prospecting | N/A |
| Dunlevy | Jameson Resources Limited (Energy Inc.) | metallurgical coal | N/A | drilling (1302 m) | clean coal intersections up to 1.52 m thick; unoxidized samples indicate high-volatile A bituminous coals |
| Waterfall | Anglo American plc (Peace River Coal Inc.) | metallurgical coal | N/A | percussion drilling (1410 m), core drilling (360 m), trenching | N/A |
| Roman Northwest | Anglo American plc (Peace River Coal Inc.) | metallurgical coal | N/A | percussion drilling (2121 m), core drilling (1535 m), trenching | N/A |
| Wapiti River | Canadian Dehua International Mines Group Inc. | metallurgical coal | 201.9 Mt (coal seam thickness >1.0 m); Measured and Indicated | feasibility study, baseline studies | N/A |
| Huguenot | Colonial Coal International Corp. | metallurgical coal | 132.0 Mt in situ (surface), 145.7 Mt in situ (underground); Measured and Indicated | carbonization testing, coal washing studies, baseline studies | N/A |