

# NORTHEAST REGION

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## SUMMARY AND TRENDS

Exploration and mining activity in the Northeast Region continued at a robust level throughout 2006. The highlights for the year were the commissioning of two new coal mines. The Trend coal mine of NEMI Northern Energy and Mining Inc opened in January followed by the Wolverine coal mine of Western Canadian Coal Corp in July. The Dillon mine exhausted its reserves, but operator Western Canadian Coal Corp plans to use the mine infrastructure to exploit the adjacent Brule deposit which has an Environmental Assessment certificate. At the Willow Creek mine, rising mining costs and weakening coal prices forced owner Pine Valley Coal Corp to suspend operations indefinitely.

NEMI Northern Energy and Mining Inc (NEMI) applied for approvals to significantly increase production at its Trend coking coal mine. Four other coal projects, Gething (Canadian Dehua International Mines Group Inc), Hermann (Western Canadian Coal Corp), Horizon (Hillsborough Resources Limited) and Wapiti (as part of the AESWapiti Energy Corporation power project) entered the pre-application phase of the Environmental Assessment process.

Late in the year the northeast British Columbia coking coal assets of Anglo Coal Canada Inc (a subsidiary of the international mining conglomerate Anglo American PLC), NEMI and Hillsborough Resources were consolidated into a new limited partnership called the Peace River Coal Limited Partnership (PRCLP). Under the arrangement Anglo Coal Canada received a 60% interest in the PRCLP, and NEMI and Hillsborough Resources each received a 20% interest. The operating entity for the PRCLP is Peace River Coal Inc.

Exploration spending decreased to an estimated \$20 million (compared to \$27.1 million in 2005) and exploration drilling dropped to approximately 66 000 metres (compared to 94 000 metres in 2005) from the totals accrued in 2005, but remained well above the ten-year average. A modest decline in demand for metallurgical coal resulted in a drop in prices which played a part in tempering exploration enthusiasm. One of the more encouraging aspects of the 2007 exploration projects was a renewed interest in coal seams in the Gething Formation and Minnes Group.

The advanced exploration projects in the Peace River Coal Fields included: Belcourt-Saxon, Burnt River (Dillon and Blind), Goodrich-Central South, Hermann, Horizon-North Ridge and Horizon-Waterfall, Quintette-

Babcock Mountain, South Cirque, South Ridge, Trend-Roman Mountain, Wapiti and Wolverine-Perry Creek. Other major projects include Hudson's Hope, Murray River, Reesor, Sukunka, Table and Tentfire / Prospect. The majority of these projects evaluated coking coal deposits.

The lone metal exploration program of significance was the **Trident** copper project located west of Fort Nelson. Sand and gravel and aggregate deposits are important in the Northeast Region, primarily for building roads and construction of buildings; however, they are not addressed in this report.

Locations for mines, developments and exploration projects are shown on Figure 3.1.

## COAL MINES

The **Willow Creek** mine operated by Falls Mountain Coal Inc, a 100% owned subsidiary of Pine Valley Mining Corp, endured a tough year. As PCI and coking coal prices fell, the mine's production costs rose and plant yield dropped from 75% to 50-60%. Ultimately, the company suspended mining operations in October due to economic difficulties and the parent company, together with its subsidiaries, was granted creditor protection under the *Companies' Creditors Arrangement Act*.

Coking coal was mined from the 4 Pit and PCI coal was mined primarily from the 7C Pit (Figure 3.2). Coal production at Willow Creek for the first 9 months of 2006 totaled 202 129 tonnes of clean PCI coal and 147 769 tonnes of clean coking coal. Forecast production for each of the four coal mines is presented in Table 3.1. In-place coal reserves totaled 12.62 million tonnes as of March 30, 2006. Prior to closure, minesite improvements included upgrading of haul and mine access roads and expanded sediment control structures. It is anticipated that Pine Valley Mining will move forward by restructuring the company or will sell the Willow Creek mine.

Reserves at the small **Dillon** mine of Western Canadian Coal Corp, located 55 kilometres southwest of Chetwynd, were mined to exhaustion by September, 2006. Careful mining techniques pulled coal from the Lower and Upper seams in the Gething Formation (Figure 3.3) and produced a raw, low-ash coal product that met contract specifications. The deposit contained 1.37 million tonnes of PCI coal at start-up in December, 2004. Total production for the year was approximately 500 000 tonnes of PCI coal.



Figure 3.1. Operating mines, development projects and major exploration projects, Northeast Region, 2006.

**TABLE 3.1. FORECAST MINE PRODUCTION, NORTHEAST REGION, 2006**

Mine	Operator	Deposit Type / Commodity	Workforce	Forecast Production (2006); tonnes	Proven and Probable Reserves (effective date)
Dillon	Western Canadian Coal Corp	PCI coal	~80	500 000 t	0
Trend	NEMI Northern Energy & Mining Inc	Coking coal	~60	200 000 t	1.68 million tonnes (saleable tonnes for Trend Small Mine; January, 2006)
Wolverine	Western Canadian Coal Corp	Coking coal	~200	550 000 t	32.73 million tonnes (Perry Creek deposit; January, 2006)
Willow Creek	Falls Mountain Coal Inc (Pine Valley Mining Corp)	PCI coal and coking coal	~60	200 000 t PCI coal 150 000 t Coking coal	12.62 million tonnes (in-place measured and indicated; July, 2005)

The adjacent, and much larger, **Brule** deposit, another Western Canadian Coal Corp project, was granted an Environmental Assessment Certificate in July, 2006. The Gething Formation coal measures are preserved in the Owl syncline. The three seams to be mined, the Lower Seam, Upper Seam and Seam 60, have an aggregate thickness of 12.2 metres. The total measured in-situ resource for the Brule deposit is 36.2 million tonnes. Development of the deposit is expected to commence the first quarter of 2007. The project plans include development of a 2 million tonne per annum (Mtpa) open pit PCI coal mine and a rail loadout located to the north in the Falling Creek Flats area on the CN Rail mainline. Coal from the Brule mine will be trucked to the Bullmoose loadout facility until the Falling Creek Flats loadout, and the development of road access to it, is completed. Capital cost for the project is an estimated \$200 million. The mine is expected to employ 250 workers and be in operation for 11 years.



Figure 3.2. Stacker and rail loadout, Willow Creek mine.

The Trend mine of NEMI Northern Energy and Mining Inc (NEMI) was commissioned in January, 2006. The mine is located approximately 25 kilometres south of Tumbler Ridge and about 12 kilometres south of the dormant Quintette mine. The Trend tenures cover coal-bearing stratigraphy of the Gates and Gething formations on the northeast flank of Roman Mountain and Quintette Mountain. A proven and probable reserve of 21.2 million run-of-mine tonnes of medium-volatile bituminous coal is contained in the South and Extension blocks. The initial pit is designed to produce 240 000 tonnes per year by exploiting a coal reserve of 1.68 million tonnes from a narrow, 2.5 kilometre long, trough-shaped pit within the South block. Coal is being mined from five seams in the Gates Formation (D, E, F, G/I and J) that have a cumulative thickness of 15 metres (Figure 3.4). The project includes development of a two-phase open pit mine, construction of a wash plant, development of a dedicated coal loadout facility and laying of approximately 16 kilometres of steel rails to connect the loadout to the Anzac rail line.



Figure 3.3. Dillon pit near end of mine life (photograph courtesy of Bruce Milligan).



Figure 3.4. Production drilling and mining, Trend mine (photograph courtesy of Bruce Milligan).

Clean coal production from start-up to the end of July totaled 160 000 tonnes. Production was limited by the wash plant that performed below expectations. The plant was temporarily shut down in the fall while a coal fines recovery circuit was added at a budgeted cost of \$6.5 million. The upgraded plant was re-commissioned in mid-December and is expected to produce an 8.5% to 9.0% ash product at an anticipated yield of 75%. The lower ash product will be more marketable and will command a higher price. Development of the phase 2 pit began in May and mining of coal commenced in September with raw coal being stockpiled for processing in early 2007.

During the year the company applied for approvals to expand the mine and increase production to 2.0 Mtpa. The larger mine would extract coal from both the Gates and Gething formations. Late in the year Peace River Coal Inc became the operator of the mine reflecting the change in majority ownership.

The **Wolverine** mine, of the Western Canadian Coal Corp, is the newest operation in the Northeast Region. Start-up commenced in July, 2006 (Figure 3.5) and the mine is permitted to produce 2.4 million tonnes of clean coking coal per year. The mine is located in the Wolverine Valley about 25 km northwest of Tumbler Ridge and is strategically positioned adjacent to the Tumbler Ridge Branch Line of CN Rail. The coal measures of interest occur within the Lower Cretaceous Gates Formation in a gently southeast plunging open syncline. Four seams (E, F, G and J seams) have a maximum cumulative thickness of about 15 metres and occur over a stratigraphic interval of 90 metres within the Middle Gates member. The coals have a rank of medium-volatile bituminous and are generally categorized as high quality, hard or premium coking coals. The measured plus indicated in-place resources of immediate interest for the E, F, G and J seams at Perry Creek total 32.73 million tonnes. The Perry Creek pit is expected to produce 17.1 million tonnes of run-of-mine coal during its 8-year mine

life. The nearby EB pit has received an Environmental Assessment certificate, but has not been advanced to the permitting stage. The company has also proposed to develop the Hermann deposit located south of the Wolverine Valley. Coal from that operation could be trucked to the Wolverine plant site for processing.

Through October, the company had shipped about 189 000 tonnes of hard coking coal from the operation to customers in India, Europe and Asia, and secured contracts for an additional 1.1 million tonnes. The mine employs a workforce of about 200.

## COAL EXPLORATION PROJECTS

There were 19 major exploration projects (Table 3.2), some of which were rapidly being advanced to the pre-development or development stage.

### *Hudson's Hope Area*

Kennecott Canada Exploration Ltd completed a single drillhole to investigate the underground coking coal potential of one coal seam on its large **Hudson's Hope** property located northeast of Hudson's Hope.

The **Gething** property, located about 25 kilometres west of Hudson's Hope, was the subject of a thorough literature and data review by Canadian Dehua International Mines Group Inc. The company is a subsidiary of Beijing Shuailing Group, a large international resource company based in China. Various companies drilled 40 bore holes in the Gething Formation of the Lower Cretaceous Bullhead Group in this area between 1971 and 1980. They identified 8 significant coal seams in the upper 150 metres of the formation. The upper two seams of the gently south-dipping succession, Superior and Trojan, collectively average about 2.9 metres in thickness; they are reported to contain an inferred resource of 98 million tonnes of coal. The company has submitted a report to the Environmental Assessment Office that outlines a proposal to develop an underground mine and an onsite preparation plant capable of producing 2 million tonnes of clean metallurgical coal per annum. The proposed operation would employ 400 workers. It is expected that 2007 exploration will comprise confirmatory drilling, required to bring the deposit into the indicated category in compliance with NI 43-101, and an underground bulk sampling program.

### *Chetwynd – Pine River Area*

The private company First Coal Corp conducted major exploration drilling programs on its **Goodrich-Central South** and **South Cirque** coal properties, located south of the Willow Creek mine. The two properties are part of the former Goodrich property explored by Gulf



Figure 3.5. Aerial view of the Wolverine mine.

Canada Resources Inc in the early 1980s. Much of the work completed by First Coal targeted coal measures in the upper Minnes Group (specifically the Bickford Formation or Brenot Formation). These coal measures occur beneath the Gething Formation, the traditional target for coal exploration in the northern Peace River Coal Fields, and are separated from it by the barren Cadomin Formation.

The **Goodrich-Central South** property covers a ridge between Lemoray Creek and Beaudette Creek south of Highway 97. Exploration focused on coal measures in the Gething and underlying Bickford formations. The coal measures were traced by diamond drilling, air rotary drilling and trenching along their northwest strike for about 10 kilometres (Figure 3.6). The coal is reported to be a high-reflectance medium-volatile coking coal. The company proposes to extract a 100 000 tonne bulk sample from the northern end of their tenure in mid-2007. The bulk sample is designed to extract coal from three Gething Formation seams and two Bickford Formation seams, ranging from 1.5 to 3.3 metres thick.

Along trend to the southeast at the **South Cirque** property, First Coal completed a similar-scale project

focusing on coal measures within the Brenot Formation. The program was designed to confirm the geological interpretation of Gulf Canada Resources work conducted in the 1980s. The 2006 program identified numerous seams having a cumulative thickness of more than 30 metres; four seams average more than 2 metres thick and many other seams range from 0.9 to 1.1 metres thick. The coal measures are regarded to be high-volatile bituminous and suitable for blending for the coking coal market.

Further to the southeast First Coal completed five diamond-drill holes on its **Table** prospect to evaluate coal measures in the Bickford Formation.

### ***Sukunka River Area***

Western Canadian Coal completed three short rotary holes to test for the possible southeast extension of Gething Formation coal measures at the Dillon mine prior to closure. The company also drilled a dozen rotary holes on the Blind deposit (part of the proposed Brule mine development) to assist in geological and deposit modeling.

**TABLE 3.2. MAJOR EXPLORATION PROJECTS, NORTHEAST REGION, 2006**

Property	Operator	MINFILE (NTS)	Commodity	Deposit Type	Work Program
Belcourt-Saxon	Belcourt Saxon Coal Limited Partnership	093I 014, 016	Coking Coal	Sedimentary	G; GP; RD (430 m); CQ; PF; FS
Burnt River (Dillon & Blind)	Western Canadian Coal Corp	093P 007, 008	PCI Coal	Sedimentary	RD (1510) m; GP; CQ; PF; FS
Goodrich Central-South	First Coal Corporation	093O 034	Coking Coal	Sedimentary	A; G; GP; DD (6500 m); RD (4000); CQ
Hermann	Western Canadian Coal Corp	093I 031	Coking Coal	Sedimentary	RD (2940 m); DD (1575 m); CQ; EN; PF; FS
Horizon (Five Cabin)	Hillsborough Resources Ltd	-	Coking Coal / PCI Coal	Sedimentary	A; G; TR; RD (10 532 m); CQ; EN; PF
Hudson's Hope	Kennecott Canada Exploration Inc	-	Coking Coal	Sedimentary	G; GP; CQ; RD (470 m)
Murray River	Kennecott Canada Exploration Inc	-	Coking Coal	Sedimentary	G; GP; CQ; RT (512 m)
Quintette-Babcock Window	Elk Valley Coal Partnership	093I 011	Coking Coal	Sedimentary	A; G; GP; RC (3262 m); RD (2559 m); CQ
Reesor	Anglo Coal Canada Inc	093P 017	Coking Coal	Sedimentary	A; G; GP; RD (1250 m)
South Cirque	First Coal Corporation	093O 034	Coking Coal	Sedimentary	A; G; GP; DD (4500 m); CQ
South Ridge	Anglo Coal Canada Inc	-	Coking Coal	Sedimentary	A; G; GP; RD (9900 m); DD; CQ
Sukunka	Canadian Dehua International Mines Group Inc	093P 011	Coking Coal	Sedimentary	G; RT (460 m)
Table	First Coal Corporation	-	Coking Coal	Sedimentary	G; GP; DD (1500 m); CQ
Tentfire/Prospect	Anglo Coal Canada Inc	-	Coking Coal	Sedimentary	G; GP; RT (1200 m); CQ
Trend	NEMI Northern Energy & Mining Inc	093I 030	Coking Coal	Sedimentary	A; G; GP; TR; DD (1237 m); RD (4993 m); CQ; EN; PF; R
Trident	Action Minerals Inc / Aries Resource Corp	094K 005, 006, 008, 010, 011, 013, 018, 037, 043, 049, 056, 070, 073, 088	Copper	Mesothermal Vein	G; GC; DD (~2000 m)
Wapiti	Hillsborough Resources Ltd	093P 021	Thermal Coal	Sedimentary	A; G; RD (1622 m); TR; CT; EN; PF
Waterfall	Hillsborough Resources Ltd	-	Coking Coal / PCI Coal	Sedimentary	A; G; TR; RD (4860 m); CQ;
Wolverine (Perry Creek)	Western Canadian Coal Corp	093P 015, 025	Coking Coal	Sedimentary	RD (4860 m); GP; GT; CD

Work Program Abbreviations:

A = access; trail, road construction on claims; AB-EM = airborne electromagnetics; AB-MG = airborne magnetics; AB-RD = airborne radiometrics; BU (X tonnes) = bulk sample (weight in tonnes if known); CD = condemnation drilling; CQ = coal quality testing; CT = carbonization test (coal); DD (Xm) = diamond drilling totaling X metres; EN = environmental baseline studies/monitoring, remediation work; FS = feasibility studies; G = geology, mapping, etc; GC = geochemical sampling (rock, soil, silt, etc); GD = geotech drilling; GP = geophysics (general); IP = Induced Polarization; 3D-IP; MG = magnetics; MK = marketing-primarily for industrial mineral products; MS = metallurgical studies; OB = overburden drilling; OP-BU = open-pit bulk sample; P = prospecting; PD = percussion drilling; PF = pre-feasibility studies; R = reclamation; RC = reverse circulation drilling; TR = trenching, UG (X m) = X metres of underground development; UG-BU = underground bulk sample; UT = UTEM; VLF; WT = washability test (coal)



Figure 3.6. Trench exposing coal seams, Goodrich-Central South project.

Canadian Dehua International completed a modest drill program on its **Sukunka** coal property.

### *South of Tumbler Ridge*

Kennecott Canada Exploration Ltd completed a one-hole rotary drill program on its **Murray River** metallurgical coal property located south of Tumbler Ridge.

Elk Valley Coal Corporation completed a rotary drilling program that it began in 2005 in the **Babcock Mountain** area of the idle Quintette mine site. The program focused on the 'Window' area along the east flank of Babcock Mountain. The new data will enable the company to increase its confidence in the property's coal resource.

NEMI continued to explore the coal measures of the Gates Formation on the **Roman Mountain** block, about one kilometre due south of its operating Trend mine. The company's 2006 program focused on the higher elevation areas along a southeast trend from work it completed on the tight syncline in 2005. The program consisted of significant trenching, more than 6000 metres of air rotary and core drilling, and the development of a new access road from the minesite. The program confirmed the structural model for the deposit including the location, number and thickness of seams and the quantity of coal. The data will ultimately support calculations that will lead to an increase in the reserve base for the property. The Roman Mountain block currently contains 26.2 million tonnes of coal classified as 'inferred'.

Hillsborough Resources Limited continued to evaluate its **Horizon** (formerly Five Cabin) metallurgical coal property centered 15 kilometres southwest of the Quintette minesite. The property covers the coal-bearing strata of the Gates and Gething formations. On the property both formations are folded into a northwest-trending asymmetrical syncline, part of the regional-scale

Five Cabin syncline, with typically gently dipping limbs. An extensive infill air-rotary drilling program, begun in 2005, further defined the Horizon block and expanded resources in the North Ridge area (Figure 3.7). The program identified six Gates Formation coal seams and three Gething Formation coal seams of economic interest. The density of drilling enabled an in-place coal resource to be calculated. In July, the company released a combined surface and underground measured plus indicated coal resource for the Horizon property of 143.1 million tonnes. An underground measured plus indicated coal resource of 49.66 million tonnes was determined for parts of the three thickest seams exhibiting shallow dip angles (less than 16 degrees) above a depth of 400 metres. Seams 1.1 and 6.1 of the Gates Formation average 2.15 metres and 3.17 metres thick, respectively, and seam B2 of the Gething Formation averages 3.85 metres thick. Also, the company initiated exploration drilling on the **Waterfall** block in an effort to delineate more steeply dipping coal seams.

The Horizon project entered the pre-application stage of the Environmental Assessment review process in 2005. Hillsborough Resources completed environmental baseline studies towards the end of 2006. A scoping study outlined the potential for a 1.0 to 1.7 Mtpa operation with a 15 year mine life. Additional in-fill drilling, in support of a full feasibility study, and an underground bulk sample program are planned for 2007.



Figure 3.7. Air-rotary drilling to delineate coal resources, Horizon project.

Anglo Coal Canada Inc conducted a major air-rotary drilling program on its **South Ridge** coking coal property located to the southeast and along strike from the Hillsborough Resources' Horizon-North Ridge property. The program tested a 4.5-kilometre strike length of coal-bearing sedimentary rocks of the Gates and Gething formations. Like Horizon-North Ridge, the stratigraphy is folded into anticline syncline pairs which have fold axes following a northwest trend. Results from the project have not been made public, but the continuity of seams and consistency of seam thicknesses observed on the Horizon-North Ridge property likely extend onto the South Ridge ground.

Anglo Coal Canada completed smaller air-rotary drilling programs on the **Reesor** and **Tentfire/Prospect** properties and examined the **Turning Mountain** property.

Exploration on the large **Belcourt-Saxon** coking coal project, located toward the southeast end of the Peace River Coal Fields, extended into 2006. Fieldwork by operator Belcourt Saxon Coal Limited Partnership was confined to the completion of air rotary drilling on the **Belcourt South (Holtslander)** property and geotechnical assessment of a potential access corridor. However, significant geological modeling, coal quality testing, scoping and feasibility studies were conducted throughout the year on all of the properties that comprise the Belcourt-Saxon project (*i.e.* Belcourt North, Belcourt South, Omega, Saxon East and Saxon South).

### ***Wolverine Valley Area***

Western Canadian Coal Corp explored two areas near the **Perry Creek** pit, the current source of hard coking coal at its producing Wolverine mine. Rotary drilling evaluated one area about 4 kilometres northwest of the Perry Creek pit and a second area along the W14 drainage immediately south-southeast of the current pit design. Both areas may receive follow-up exploration in 2007. A limited in-pit drilling program was also completed.

The **Hermann** coking coal property of Western Canadian Coal Corp is located south of the Wolverine Valley and about 16 kilometres southwest of Tumbler Ridge. The property has been the subject of extensive exploration programs through 2005-2006 and the company has proposed to develop the property as a satellite mine to its Wolverine operation, located 12.5 kilometres by road to the north. Drilling in 2005 elevated the Hermann deposit to the indicated reserve level. Additional rotary drilling was completed in 2006 to improve reserve definitions and large diameter core drilling of the seams obtained samples for coal quality testwork. Project planning and feasibility studies took place throughout the year and engineering and environmental work will continue into 2007. The Hermann project formally entered the province's Environmental Assessment (EA) process in July, 2006.

Western Canadian Coal submitted its application for an EA Certificate in December, 2006. The proposed mine plan includes the development of four pits (Hermann North 1, 2 and 3 and Hermann Syncline) to access coal from five seams (E, E4, F, G and J with an aggregate thickness of about 14.8 metres) in the Early Cretaceous Gates Formation. The estimated total clean coal production for the mine is 9.0 million tonnes at an annual rate of 0.8 to 1.1 Mtpa. The estimated capital cost of the Hermann project is \$55 million and the operation would employ a workforce of 60. An estimated 110 workers would be required during the 15 month construction period.

### ***Dawson Creek to Tumbler Ridge***

Hillsborough Resources Limited re-commenced exploration on its **Wapiti** thermal coal property centered about 40 kilometres northeast of Tumbler Ridge. The company intends to develop a 0.6 Mtpa coal mine that could supply a coal and biomass-fueled 184-megawatt power generation plant proposed by AESWapiti Energy Corporation, a joint-venture between power-giant AES Corp and Hillsborough Resources. The energy project, comprised of a technologically advanced, circulating fluidized bed generation plant, powerline and thermal coal mine, is in the pre-application phase of the EA review process. AESWapiti plans to bring the plant on-stream in 2010 and has already signed binding power agreements with BC Hydro.

The coal measures occur within sandstone, siltstone, mudstone and conglomerate of the Late Cretaceous Wapiti Group. The surface mineable coal resource for the property is 31.1 million tonnes of measured and indicated coal of immediate interest (NI 43-101 compliant). The coal has a rank of high-volatile C bituminous with a calorific value of 20 MJ/kg for raw coal, is low in sulphur and other trace metals, and has an ash content of approximately 29%.

Exploration in 2006 targeted the No. 1 seam, a near surface, shallow north-northeast dipping seam that ranges between 1.6 – 2.1 metres thick. A slot-trench exposed the seam allowing the company to extract a 40-tonne sample of coal that has been earmarked for local markets (Figure 3.8). A small sample was also sent away for combustion testing. A total of 34 shallow rotary-drill holes tested the seam and the new data is expected to enhance the property's resource base.

## **METAL EXPLORATION PROJECTS**

Action Minerals Inc (50%) and joint venture partner Aries Resource Corp conducted a helicopter-supported diamond drilling program on several high-grade copper veins at their **Trident** project, centered 170 kilometres west of Fort Nelson in the Muskwa-Kechika Management



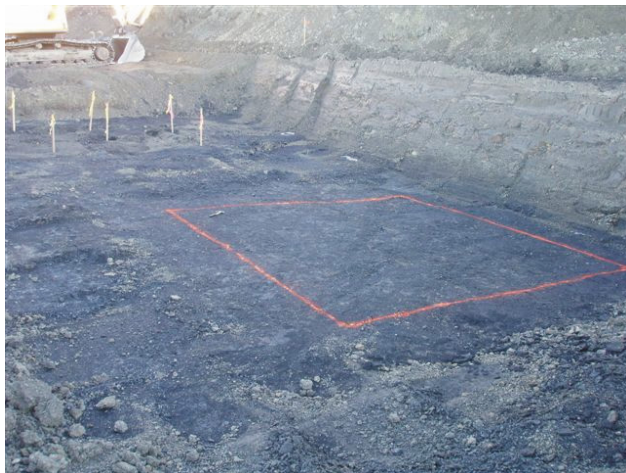


Figure 3.8. Trench exposing hangingwall of Seam No. 1 prior to excavation, Wapiti project (photograph courtesy of Ed Beswick).

Area (Figure 3.9). The Trident project consists of numerous properties, including the historic Churchill Copper / Magnum mine, the Davis Keays advanced prospect, and a large block of tenure optioned from Twenty-Seven Capital Corp. The tenure encompasses about 1000 square kilometres of Proterozoic stratigraphy that Twenty-Seven Capital covered with an aeromagnetic survey in 2005. Preliminary data from that survey outlined magnetic anomalies that coincide with hematite- and siderite-rich breccias, features consistent with the Iron Oxide-Copper Gold (IOCG) deposit model. Prospecting by Action Minerals at one of the anomalies discovered the Missy high grade copper vein. The vein is reported to be more than 6 metres wide and grab samples of vein material assayed up to from 5.2% to 26.3% copper. Drilling of the vein took place prior to the end of the season. The company has established a winterized camp on the property and intends to continue its program throughout the winter.

## OUTLOOK FOR 2007

Coal production from the Peace River Coal Fields is expected to increase in 2007 as the new Wolverine and Trend mines mature. The proposed Brule PCI coal mine and the proposed Trend coking coal mine expansion are expected to proceed. The Willow Creek mine might reopen and contribute to the total production figure for the region.

One or more of the coal projects currently in the Environmental Assessment process could be certified in 2007 and begin the permitting phase. Bulk sample projects are anticipated at the Horizon-North Ridge and Goodrich-Central South projects. Large resource definition drilling programs, possibly leading to pre-feasibility or full feasibility studies, are expected for several projects that were active in 2006.



Figure 3.9. Erecting diamond drill on newly constructed pad, Trident property (photograph courtesy of Victor Koyanagi).

Confidence in the region was also demonstrated by the aggressive positioning of Anglo Coal Canada Inc. The company's consolidation of important coking coal properties may provide a more financially stable platform that is more resilient to market fluctuations.

The Trident copper project is expected to continue in 2007 and may include a drilling program that will test some of the IOCG targets.

Overall, 2007 is expected to be another very busy year in northeast British Columbia.

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