

KOOTENAY REGION

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SUMMARY AND TRENDS

The level of exploration activity in Kootenay Region in 2004 increased significantly over the previous year. Much of the investment in mineral exploration for metals was directed to sedimentary exhalative (sedex) zinc-lead targets, and to gold in a number of geological settings. High-profile programs included: the Sullivan Deeps deep-drilling project near Kimberley (Stikine Gold Corporation); the Greenwood Gold program (Gold City Industries Ltd); the Willa/LH program near Silverton (Bethlehem Resources Corporation); and a second deep-drilling program in the vicinity of Cranbrook (Klondike Gold Corp and/or Golden Chalice Resources Inc).

New investments in coal resulted in major projects being carried out at coal properties at some distance from the current mine production areas.

After five straight years in which exploration expenditures in the Kootenay region averaged about 7 million dollars per year, exploration expenditures in 2004 saw a significant jump to approximately 11.5 million dollars (Figure 5-1). The portion of this total devoted to metals exploration was about 81%; the remainder was for coal (15%) and industrial minerals (4%). Exploration for metals almost doubled that of the previous year, from \$4.9 million to \$9.3 million.

An estimated 61,000 metres of exploration drilling was carried out in the Kootenay region in 2004, a healthy increase of about 30% over the previous year (Figure 5-2). The year-to-year increases in drilling and related expenditures are actually even more pronounced, because in-pit development drilling at the five coal mines has not been included in the exploration totals for 2004, as they had been for previous years.

Of the estimated 61,000 metres of exploration drilling in 2004, an estimated 18,654 metres, or 31%, was for coal, while 880 metres was for industrial minerals. The remainder of the drilling was for metals. Not included in the exploration totals is an additional 13,000 metres of reverse circulation, in-pit drilling at coal mines

There were 29 major mineral exploration projects in the Kootenays (defined as programs with greater than \$100,000 in expenditures with ground disturbance). This number is over double the thirteen similar projects noted for 2003. Four of these major programs in 2004 were for

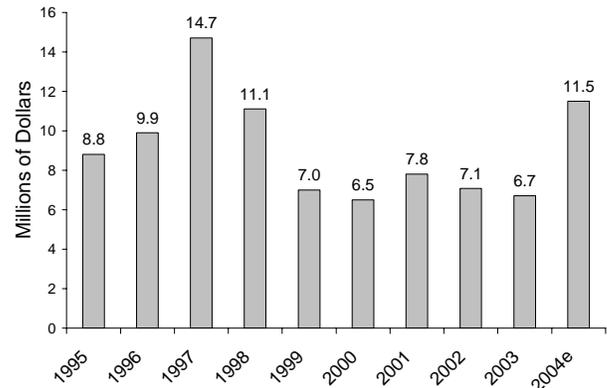


Figure 5-1: Annual exploration spending, in millions of dollars, Kootenay Region.

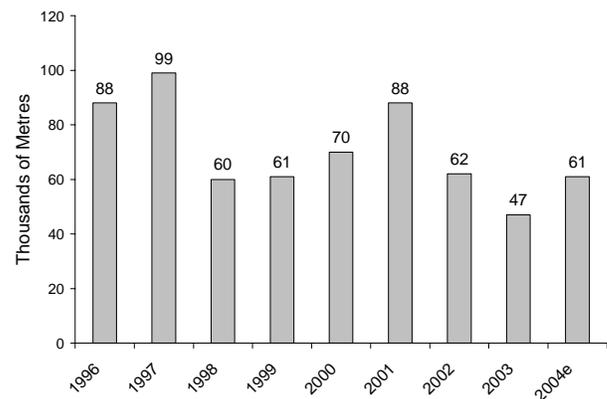


Figure 5-2: Annual exploration drilling, in thousands of metres, Kootenay Region.

coal, one was for barite, and the remaining were for metals.

As a result of staffing changes in the Kootenay Regional Office during 2004, time available to monitor regional exploration activity by the Regional Geologist was significantly reduced. Consequently, the write-up for 2004 is much less comprehensive and detailed than is normally expected for the regional review of mining and exploration.

OPERATING MINES AND QUARRIES

Current major producing mines and quarries in the Kootenay Region are shown on Figure 5-3 and Table 5-1.

- ★ MINE / QUARRY
- Exploration Project
- City / Town



Figure 5-3: Mines, quarries and major exploration projects, Kootenay Region, 2004.

TABLE 5-1: PRODUCING MINES AND QUARRIES, KOOTENAY REGION, 2004.

Mine	Operator	Deposit Type / Commodity	Forecast Production in 2004 (tonnes or kilograms)	No. of employees	Proven and Probable Reserves (at Jan. 1, 2004)
Metals					
Coal					
Coal Mountain	Elk Valley Coal Partnership	Metallurgical coal	2,500,000 t	176	30,000,000 t
Elkview	Elk Valley Coal Partnership	Metallurgical coal	5,800,000 t	698	259,000,000 t
Fording River	Elk Valley Coal Partnership	Metallurgical coal	10,000,000 t	825	265,000,000 t
Greenhills	Elk Valley Coal Partnership	Metallurgical coal	5,200,000 t	470	103,000,000 t
Line Creek	Elk Valley Coal Partnership	Metallurgical and thermal coal	2,500,000 t (including 300,000 t thermal)	290	12,000,000 t metallurgical and 1,000,000 t thermal
Industrial Minerals					
4J	Georgia-Pacific Canada Inc	Gypsum		8 to 9	
Crawford Bay	Imasco Minerals Inc	Dolomite			
Elkhorn	BPB Canada Inc	Gypsum		21	
Lime Creek	Imasco Minerals Inc	Limestone			
Moberly	Dynatec Corp	Silica sandstone		13	
Mount Brussilof	Baymag Inc	Magnesite		25	
North Fork	Roxul (West) Inc	Monzonite (mineral wool)			
Rock Creek	Mighty White Dolomite Ltd	Dolomite		15	
Winner	Roxul (West) Inc	Diorite (mineral wool)			

METALS

The Kootenay Region had no metal mines operating during 2004.

COAL

Elk Valley Coal Corporation, the world's second-largest supplier of metallurgical coal, operates five large open pit coal mines in the Elk valley area. Elk Valley Coal Corporation is currently 62% owned by the Fording

Canadian Coal Trust and 38% by Teck Cominco Limited. Teck Cominco, as managing partner, is responsible for directing the management of the corporation.

Coal mines in the Kootenay Region benefited from strong international markets and high prices in 2004, as well as the efficiencies derived from their recent merger. Projected coal production at the Coal Mountain, Elkview, Line Creek (Figure 5-4), Greenhills and Fording River mines is shown in Table 5-1. Total coal production for the region for 2004 is forecast to be 26.0 million tonnes, an



Figure 5-4: Elk Valley Coal Corporation's **Line Creek** mine, looking west from *Horseshoe Ridge*, with the edge of the *Burnt Ridge* exploration area in the middle-distance on the right side of the photograph.

increase of 3.5 million tonnes from 2003; the significant component of this production is metallurgical coal.

INDUSTRIAL MINERALS

The Kootenay Region continues to be an important source of a variety of industrial minerals, including magnesite, gypsum, silica, dolomite, limestone, graphite, tufa, flagstone, slate, dimension stone and aggregate. Highlights of this production follow (*also see* Table 5-1 and Figure 5-3).

Baymag Inc produces high-quality magnesite from its open pit mine near **Mount Brussilof** (Minfile 082JNW001), northeast of Radium (Figure 5-5). The 2004 production of 190,000 tonnes of magnesite was transported by truck to Exshaw, Alberta where the company has facilities for producing calcined and fused magnesia (MgO).



Figure 5-5: Baymag Inc's magnesite mine east of Radium



Figure 5-6: BPB Canada Inc's **Elkhorn** gypsum operation near Invermere.

There are two gypsum producers in the Kootenay region. BPB Canada Inc operates the **Elkhorn** mine east of Windermere (Minfile 082JSW021; Figure 5-6), and Georgia-Pacific Canada Inc operates the **Four J** mine (Minfile 082JSW009) southeast of Canal Flats. Production at the Elkhorn mine was projected to be between 560,000 and 570,000 tonnes for 2004. Production for the Four J mine was projected to be between 200,000 and 250,000 tonnes.

Silica is produced by Dynatec Corp from the Mt. **Moberly Mine**, north of Golden (Minfile 082N001; Figure 5-7). 2004 production was predicted to be 63,000 tonnes.

Imasco Minerals Inc produces a variety of crushed and ground rock products at its Creston Operations Plant at Sirdar; rock types include limestone, dolomite, granite and quartzite. Raw sources for these products include the underground dolomite mine at **Crawford Bay** (Minfile 082FNE113), the Lime Creek limestone quarry at **Lost Creek**, east of Salmo (Minfile 082FSW307) and a granite quarry at **Sirdar** (Minfile 082FSE072).



Figure 5-7: Dynatec Corporation's silica operation north of Golden.

Mighty White Dolomite Ltd produces a range of crushed and ground dolomite products from its quarry (Minfile 082ESE200) and plant at **Rock Creek**.

Stock-piled material was shipped from the **Winner** diorite quarry west of Grand Forks (Minfile 082ESE265) to the Roxul (West) Inc mineral wool manufacturing plant in Grand Forks. At the North Fork quarry, north of Grand Forks, about 30,000 tonnes of syenitic-monzonitic rock was crushed and stockpiled in preparation for shipment to the same plant.

Crystal Graphite Corporation announced the commencement of shipments of high-purity flake graphite from its **Black Crystal** property and mill, west of the Slocan valley.

EXPLORATION HIGHLIGHTS

Major 2004 mineral and coal exploration projects in the Kootenay Region are listed in Table 5-2. These 29 major exploration programs (Figure 5-3) involved expenditures in excess of \$100,000 on work that included ground disturbance, e.g. drilling, trenching, bulk sampling, underground drifting. The following descriptive material is organized by geographic area and provides summary of activities for those major and other programs considered significant for the region. Much of the following information was extracted from relevant company press releases.

EAST KOOTENAYS

Mineral exploration for metals in the East Kootenays in 2004 was dominated by programs targeting the Middle Proterozoic Purcell Supergroup. The bulk of work was focussed on sedex targets, analogous to the closed oSullivan Mine.

The successful first phase of the Sullivan Deeps deep-drilling project (Stikine Gold Corporation), near Kimberley, was completed by early fall. Diamond drillhole SD#04-01 (Figure 5-8) intersected its target, a UTEM geophysical anomaly, at a drill depth of 2735.9 metres. The target was identified as the predicted concentration of sulphide minerals located along the Sullivan horizon within the Aldridge Formation (Figure 5-9), the stratigraphic interval hosting the **Sullivan Mine** zinc-lead-silver deposit (Minfile 082FNE052), approximately 4 km to the southeast. The newly discovered sedex-style mineralization includes five discrete bands of laminated or massive sulphides over an interval of 10.5 metres. Phase 2 was commenced in late 2004, and will include a down-hole UTEM survey, a wedge hole from the first hole, and a second hole sited 1.5 km to the northeast. The purpose of Phase 2 is to test the hypothesis that the sulphide-rich interval discovered in SD#04-01 is part of a new sedex deposit located within

the same Sullivan structural basin, and to the north of the Sullivan mine.

Klondike Gold Corp (and/or, related company Golden Chalice Resources Inc on some projects) continued their major campaign of deep drilling to locate sedex-style mineralization in the Purcell Supergroup near Cranbrook. The foci of their activities are structural basins in the Aldridge Formation, similar in characteristic to the Sullivan basin. Drillholes in the Payday and Panda basins did not penetrate to the Sullivan horizon, and will be deepened during 2005. Two holes were drilled in the Fran-Davent basin. The first, on the Fran property, at the north end of Moyie Lake, intersected a stratigraphically thickened Sullivan horizon with disseminated pyrrhotite and sphalerite. At the Davent property to the north (Figure 5-10) a thickened and mineralized sequence was also intersected. A drillhole to test a new target on the Pakk property had to be temporarily discontinued because of weather but will be extended in 2005. Work on the Sully property, near Fort Steele, included drilling four holes to test a gravity anomaly apparently located within the Middle Aldridge Formation. Stringers and laminae of sulphide minerals recovered within long intervals within the Sully drill cores are encouraging.

Eagle Plains Resources carried out airborne geophysical surveys and autumn drilling programs on the Bohan and Iron Range properties east of Creston. Drilling on the **Bohan** property (Minfile 082FSE125) was



Figure 5-8: Sullivan Deeps phase 1 drill.

TABLE 5-2. MAJOR EXPLORATION PROJECTS, KOOTENAY REGION, 2004

Property	Operator	MINFILE	NTS	Commodity	Deposit Type	Work done	Metres of drilling (estimated in some cases)	Riding
Bingay Creek	Hillsborough Resources Ltd	082JSE011	82J/02W	coal	sedimentary	RC EN	1316	East Kootenay
Bohan	Eagle Plains Resources Ltd	082FSE125	82F/07E	Pb, Zn	sedex	DD AB-MG, AB-EM	522	Nelson-Creston
Burnt Ridge	Elk Valley Coal	082JSE001	82G/15W	coal	sedimentary	RC	8843	East Kootenay
Davent	Golden Chalice Resources		82G/05W	Zn, Pb, Ag	sedex	DD	1040	East Kootenay
Elkview	Elk Valley Coal	082GNE013	82G/15W	coal	sedimentary	RC	4457	East Kootenay
Fran	Klondike Gold Corp		82G/05W	Zn, Pb, Ag	sedex	DD	963	East Kootenay
GK	Bitterroot Resources Ltd	082ESE175	82E/07W	Au, Ag	intrusive-related Au-Ag; polymetallic veins	G DD GC IP, MG	1500	West Kootenay-Boundary
Gold Canyon	Columbia Yukon Explorations Inc	-	82F/13W	Au, Ag, Pb	polymetallic skarn	A TR GC AB-MG, AB-EM IP, MG DD	396	Nelson-Creston
Golden Crown	Gold City Industries Ltd	082ESE032, 033	82E/02E	Au	mesothermal vein	TR MG, EM GC DD	230	West Kootenay-Boundary
Iron Range	Eagle Plains Resources Ltd	082FSE014-028	82F/01W	Cu, Au; Pb, Zn, Ag	IOCG; sedex	G DD AB-MG, AB-EM GC	1000	Nelson-Creston
IXL	New Cantech Ventures Inc	082ENE033	82E/09W	Au, Ag, Cu	porphyry/skarn	TR IP, MG DD	1830	West Kootenay-Boundary
Jazz	Emgold Mining Corporation	082FSW229	82F/06W	Au, Ag, Cu, Pb, Zn	polymetallic veins	G GC DD	600	Nelson-Creston
Kena	Minerals Inc	082FSW237, 331, 332, 379	82F/06W	Au	intrusive-related Au veins	G DD	600	Nelson-Creston
Lapin Barite	Rock Creek Minerals	082ESW256	82E/03E	Barite	veins	DD	408	West Kootenay-Boundary
Lexington	Gold City Industries Ltd	082ESE041, 042	82E/02E	Au, Cu	mesothermal vein/ polymetallic vein	DD, RC TR	5100	West Kootenay-Boundary
Marten-Wheeler	Elk Valley Coal	082GNE006	82G10/W	coal	sedimentary	RC	1596	East Kootenay
Max	Roca Mines Inc	082KNW003, 004	82K/12E	Mo	porphyry	A, G DD	1134	Nelson-Creston
Old Nick	Jantri Resources Inc	082ESW055	82E/03E	Ni, Co	magmatic	GC DD	2152	West Kootenay-Boundary
Pakk	Golden Chalice Resources/Klondike Gold Corporation	082FNE115, 117	82F/08E	Zn, Pb, Ag	sedex	A DD	1062	East Kootenay
Panda-Payday	Klondike Gold Corporation	082FSE110	82F/08E	Zn, Pb, Ag	sedex	DD	2733	East Kootenay
Remac	Redhawk Resources Inc	082FSW024	82F/03W	Zn	oxide	DD	346	Nelson-Creston

TABLE 5-2. CONTINUED

Property	Operator	MINFILE	NTS	Commodity	Deposit Type	Work done	Metres of drilling (estimated in some cases)	Riding
Ruth Vermont	Jasper Mining	082KNE009	82K/15W	Ag, Pb, Zn, Au	vein, sedex	GP DD	2000	Columbia River-Revelstoke
Sullivan Deeps	Stikine Gold Corporation	-	82F/16E	Zn, Pb, Ag	sedex	DD UT	2800	Columbia River-Revelstoke
Sully	Klondike Gold Corp	-	82G/12E	Zn, Pb, Ag	sedex	G GP DD	1630	East Kootenay
Tam O'Shanter	Kettle River Resources	080ESE130	82E/02E	Au	Epithermal vein	DD	1415	West Kootenay-Boundary
Union Mine	Solitaire Minerals	082ENE003, 009	82E/09W	Au	epithermal vein	G GC TR DD	1643	West Kootenay-Boundary
Wildrose	Mineworks Resources Corp	082ESE116	82E/02E	Au	Mesothermal veins	UG	0	West Kootenay-Boundary
Willa/LH	Bethlehem Resources Corporation	082FNW071, 212, 213	82F/14W	Au, Cu, Ag	porphyry	P, G GC GP DD (ug & sfc.)	6500	Nelson-Creston
Zip Mill Site	Gold City Industries Ltd	-	82E0/2E			G TR GC	200	West Kootenay-Boundary

intended to test a geochemically anomalous zone for sedex or manto-style mineralization within the upper strata of the Purcell Supergroup. The **Iron Range** (Minfile 082FSE014 to 028) has potential for iron ore copper-gold mineralization, associated with the Iron Range fault, and sedex mineralization, associated with the mapped trace of the Sullivan horizon. Only the potential for copper-gold mineralization was tested during the 2004 drilling campaign.

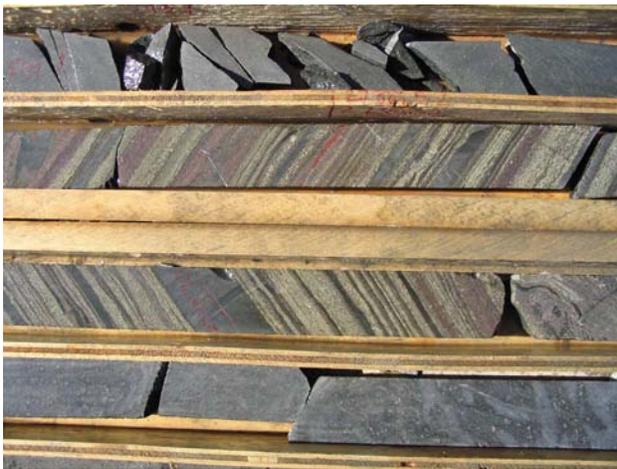


Figure 5-9: Laminated and massive sulphides in Sullivan Deeps SD#04-01 drill-core.



Figure 5-10: Drilling on the Davent property.

Other interesting projects in the East Kootenays in 2004 included those carried out by Klondike Gold Corp, or its related company Sedex Mining Corp, on gold targets in the Purcell Supergroup near Cranbrook and Kimberley. These included drilling programs on the Thea, MW and St. Joe properties. Industrial minerals programs included drilling for additional gypsum resources at the Elkhorn West Extension area at BPB Canada Inc's Elkhorn Mine near Windermere.

EAST KOOTENAY COALFIELDS

In-pit development drilling at the five Elk Valley Coal Corporation mine sites was not included in the exploration drilling category in this report. There were four major coal exploration projects in 2004 (Table 5-2). Three of these were at locations not immediately adjacent to active mining areas.

Hillsborough Resources Ltd carried out a drilling program on the Bingay Creek property in the Elk Valley Coalfield north of Elkford (Figure 5-11). The company also began environmental and technical studies in preparation for bulk sampling and possible production in 2005.

Also in the Elk valley coalfield, Elk Valley Coal Corporation undertook a large drilling program on Burnt Ridge, northeast of Sparwood and on-strike to the north with coal seams at Line Creek mine (Figure 5-4). Resources identified at this location would become part of Line Creek Operations.

In the Crowsnest coalfield (Ferne Basin), Elk Valley Coal Corporation carried out a drilling program on the Marten-Wheeler property southeast of Sparwood (Figure 5-12). This area is considered a potential source for future reserves for the Coal Mountain Operation.



Figure 5-11: Drilling on the Bingay Creek coal property. Photo courtesy of Steve Gardner, Hillsborough Resources Ltd.



Figure 5-12: Drilling on the Marten-Wheeler coal property.

WEST KOOTENAYS

Gold was the main, but not sole, focus in the West Kootenays in 2004. The region may see its first operating metal mine in some time, the Willa, put into production during 2005.

Underground and surface diamond drilling was carried out at Bethlehem Resources Corporation's **Willa/LH** property (Minfile 082FNW071 and 213) near Silverton (Figure 5-13). The underground drilling program at the Willa totalled 5284 metres, and was designed partly to update a 2003 resource calculation and earlier feasibility study. This gold-copper-silver deposit is hosted by an intrusive breccia within a Rossland Group roof pendant within Nelson intrusives. The Willa/LH is a component of parent company Orphan Boy Resources Inc's Big Bend Metals Project (*also see* Cathro, this volume). Ore mined from the Willa/LH at a rate of 500 t/day, will be trucked to the company's Goldstream mill 75km north of Revelstoke. A feasibility study was due at the beginning of December 2004.

Roca Mines Inc released a resource estimate for its **Max** molybdenum property near Trout Lake (Minfile 082KNW003 and 004; formerly the Trout Lake deposit). A total measured-plus-indicated resource of 42.94 million tonnes, grading 0.20% molybdenite at a cut-off grade of 0.10% molybdenite, was calculated. At a cut-off grade of



Figure 5-13: 1025 level portal, Bethlehem Resources Corporation's *Willa/LH* project near Silverton.

0.50% molybdenite, the total measured-plus-indicated resource is calculated to be 1.01 million tonnes grading 1.01 % molybdenite. An initial surface diamond-drilling program will be followed by fill-in underground diamond drilling during 2005.

Emgold Mining Corporation carried out a diamond-drilling program on the Jazz property, west of Ymir, and its adjacent **Stewart** property, Minfile 082FSW229, is considered part of this project. Drilling was designed to test geophysical and geochemical anomalies in the Craigtown Creek area. Polymetallic veins are the main targets on the Jazz property.

Sultan Minerals Inc carried out structural mapping and a diamond-drilling program on its **Kena** property south of Nelson (Minfile 082FSW237, 331, 332, 379). The target is gold related to the Silver King porphyry intrusion. Earlier in the year, initial resource calculations for portions of the property were released, based on the extensive drilling results acquired previously. The resource totals, in the measured and indicated categories, are 5.49 million tonnes containing 1.04 g/tonne gold and 6.33 million tonnes containing 0.960 g/tonne gold in the Gold Mountain and Kena Gold zones, respectively, using a 0.5 g/t gold cut-off grade. A new structural interpretation may enhance the economics of the property.

Columbia Yukon Explorations Inc carried out trenching and diamond drilling on its Gold Canyon property east of Burton and near Tillicum Mountain. The drilling was designed to test potential extensions of known mineralization indicated by the geophysical and geochemical surveys carried out earlier in the year. Sulphides containing gold and silver are within a polymetallic skarn-type and replacement setting.

Redhawk Resources Inc conducted a diamond-drilling program on its **Remac** Zinc property, which includes the site of the closed Reeves-McDonald Mine (Minfile 082FSW024) south of Salmo. The targets here

are both zinc oxides (weathered zones) and zinc sulphides.

Other interesting gold exploration projects in the West Kootenays in 2004 included the Auremex Resource Corp drilling program on the **Summit** and **Oldtimer** property near Ymir (Minfile 082FSW081, 313), the Cream Minerals Ltd mapping and sampling program on the **Goldsmith** property near Poplar Creek (Minfile 082KSW087, 088), and the Kootenay Gold Corp mapping and sampling program on the JJ property northwest of Rosland. Work was also carried out at the Wonderful property, part of Klondike Gold Corp's holdings in the Sandon silver-lead-zinc camp.

Industrial minerals programs in the West Kootenays included the **Rosswoll** wollastonite (Minfile 082FSW341) diamond-drilling project north of Rosland by Grid Capital Corporation, and the Superior graphite mapping and sampling (including a bulk sample) program west of Winlaw by Worldwide Graphite Producers Ltd. The Kootenay Gemstone beryl (emerald) property near Salmo was sampled and mapped by Cream Minerals Ltd.

BOUNDARY DISTRICT

The Grand Forks-Greenwood-Rock Creek area was arguably the busiest sector of the Kootenay Region in 2004. Gold was the most sought-after commodity, and the most active company was Gold City Industries Ltd. All of Gold City's assets in British Columbia were to be transferred to Jantri Resources Inc by the end of 2004.

Gold City Industries Ltd's Greenwood Gold project, which incorporates the **Lexington** (Minfile 082ESE041, 042) and **Golden Crown** (Minfile 082ESE032, 033) properties, was extremely active again in 2004. Trenching and diamond drilling were carried out at both sites, which are between Grand Forks and Greenwood. The company also received permission to construct a 200-tonne per day mill on the Zip property, in the same area. Following commissioning of the mill, a 10 000-tonne bulk sample will be collected from the Lexington property via the Grenoble deposit adit. Mineralization on both properties is vein-hosted. A positive production decision is anticipated in 2005 following processing of the Lexington bulk sample.

Work at the Lexington in 2004 included 4847 metres of diamond drilling, some of which resulted in a significant extension to the length of the Grenoble deposit. Work on the Golden Crown (which includes the JD and Winnipeg properties) included trenching and diamond drilling.

Two programs explored gold-bearing quartz veins in the Greenwood area. Mineworks Resources Corp carried out 60 metres of underground drifting on the **Wildrose** property (Minfile 082ESE116). On the nearby **Tam O'Shanter** property (Minfile 082ESE130) Kettle River Resources Ltd carried out a diamond drilling program.

The Wildrose Zone, which includes one to three veins, and is associated with a shear structure on the Tam O'Shanter property, was a target on both properties.

There were two major programs in the Franklin Camp, north of Grand Forks. Work on the **IXL** property (Minfile 082ENE033) by New Cantech Ventures Inc, included trenching, geophysics and diamond drilling. The targets on this property are gold, silver and copper associated with both skarn and copper-gold porphyry mineralization. On the nearby **Union Mine** property (Minfile 082ENE003, 009) Solitaire Minerals Corp carried out a program of mapping, trenching, sampling and diamond drilling, in part to attempt to locate the faulted-off extension of the gold-bearing polymetallic Union vein

Jantri Resources Inc carried out a diamond-drilling program on the **Old Nick** property (082ESW055) farther to the west in the Bridesville area. The drilling on this nickel-cobalt property was successful in providing better definition to, and extending the known mineralization along strike as well as identifying new mineralized areas. Economic mineralization appears related to hydrothermal alteration associated with faults in sedimentary rocks.

Bitterroot Resources Ltd carried out a program of mapping, geophysics, geochemistry and diamond drilling on the **GK** property (Minfile 082ESE175) east of the community of Beaverdell in the Beaverdell camp. Drilling was intended to test coincident IP and soil geochemical anomalies on this intrusive-related gold-silver property.

Rock Creek Minerals carried out diamond drilling at its Lapin Barite property near Bridesville.

OUTLOOK FOR 2005

All indications are that 2005 will be an even busier year for exploration in the Kootenays. Many of the major metals exploration programs will continue, which means significant levels of activity in the East Kootenays, West Kootenays and Boundary District. In the East Kootenays the positive results of Phase 1 from the Sullivan Deeps project will ensure it is continued and accelerated, and will attract additional interest to Purcell Supergroup potential in general, especially to the other, relatively untested structural basins associated with potential sedex-style mineralization within the Aldridge Formation.

Exploration for gold in the Cranbrook area is also expected to expand. There are anticipated increases in activity at properties near Nelson, Ymir, Salmo and Kaslo, as well as at the Sandon camp, in the West Kootenays. Similarly, positive results in 2004 in various parts of the Boundary District should spur heightened activity levels, especially in the Greenwood-Grand Forks area.

There is a strong possibility that production decisions will be made in 2005 with respect to the Willa/LH (Bethlehem Resources Corporation) and Greenwood Gold

(Gold City Industries Ltd/Jantri Resources Inc) projects, which may provide the first metal production in the region since the closure of the Sullivan Mine in 2001.

Production will continue to increase at the five Elk Valley Coal Corporation mines, which can take advantage of the strong markets for metallurgical coal. A possible sixth coal mine, Hillsborough Resources Ltd's Bingay Creek project, may come on stream in 2005. There should also be increased exploration for coal at sites which are well removed from current operational areas, including Cline Mining Corporation's Lodgepole property.

ACKNOWLEDGMENTS

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