

KOOTENAY REGION

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SUMMARY AND TRENDS

Exploration expenditures increased for the third straight year in 2006. Major projects included exploration for coal, tungsten, molybdenum, gold, lead, zinc and silver.

Exploration expenditures in 2006 are projected to be about \$15.5 million, a 10% increase over the previous year (Figure 7.1). The portion of the total devoted to metals exploration was about 56%; the remainder was for coal (a significant 42%) and industrial minerals (2%).

An estimated 66 000 metres of exploration drilling was carried out in the Kootenay Region in 2006, an increase of 20% over 2005 (Figure 7.2). Of this total the vast majority, 70%, was drilling for coal (not including mine in-pit drilling), 27.5% was for minerals and 2.5% for industrial minerals. All of the coal exploration drilling was carried out by Elk Valley Coal Corporation.

Construction of the MAX molybdenum mine continued throughout the year. The projected start-up date is March 2007. The Lodgepole coal project entered the Environmental Assessment process.

OPERATING MINES AND QUARRIES

Current major producing mine and quarry locations in the Kootenay Region are shown on Figure 7.3 and basic data concerning these sites are listed in Table 7.1.

METALS

There were no metal mines operating in the Kootenay Region in 2006. As noted above, Roca Mines Inc.'s MAX molybdenum mine is expected to open in early 2007 (see below for details).

COAL

Elk Valley Coal Corporation, the world's second-largest supplier of seaborne metallurgical coal, operates five large open pit coal mines in the Elk valley area. Projected total 2006 coal production at the company's **Coal Mountain** (Figure 7.4), **Elkview**, **Line Creek**, **Greenhills** and **Fording River** operations is approximately 21.3 million tonnes of clean, predominantly metallurgical coal (see Table 7.1 for individual production and reserve statistics).

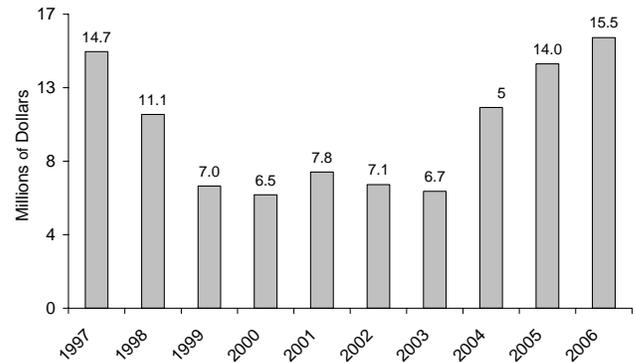


Figure 7.1. Annual exploration spending, in millions of dollars, Kootenay Region.

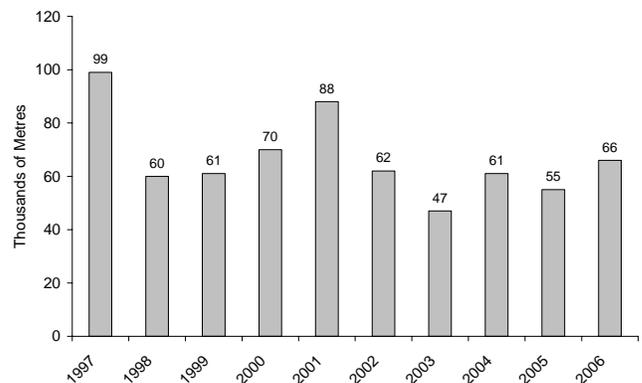


Figure 7.2. Annual exploration drilling, in thousands of metres, Kootenay Region. Note that prior to 2004 coal definition (in-pit) drilling at operating coal mines was included in the total.

INDUSTRIAL MINERALS

The Kootenay Region continues to be an important source of a variety of industrial minerals, including magnesite, gypsum, silica, dolomite, limestone, tufa, flagstone, slate, dimension stone, crushed stone and slag. Highlights of this production follow.

Baymag Inc. produces high-quality magnesite from its open pit mine near **Mount Brussilof** (MINFILE 082JNW001), northeast of Radium (Figure 7.5). Magnesite is transported by truck to Exshaw, Alberta, where the company has facilities for producing calcined and fused magnesia (MgO). Production in 2006 was projected to be approximately 120 000 tonnes.

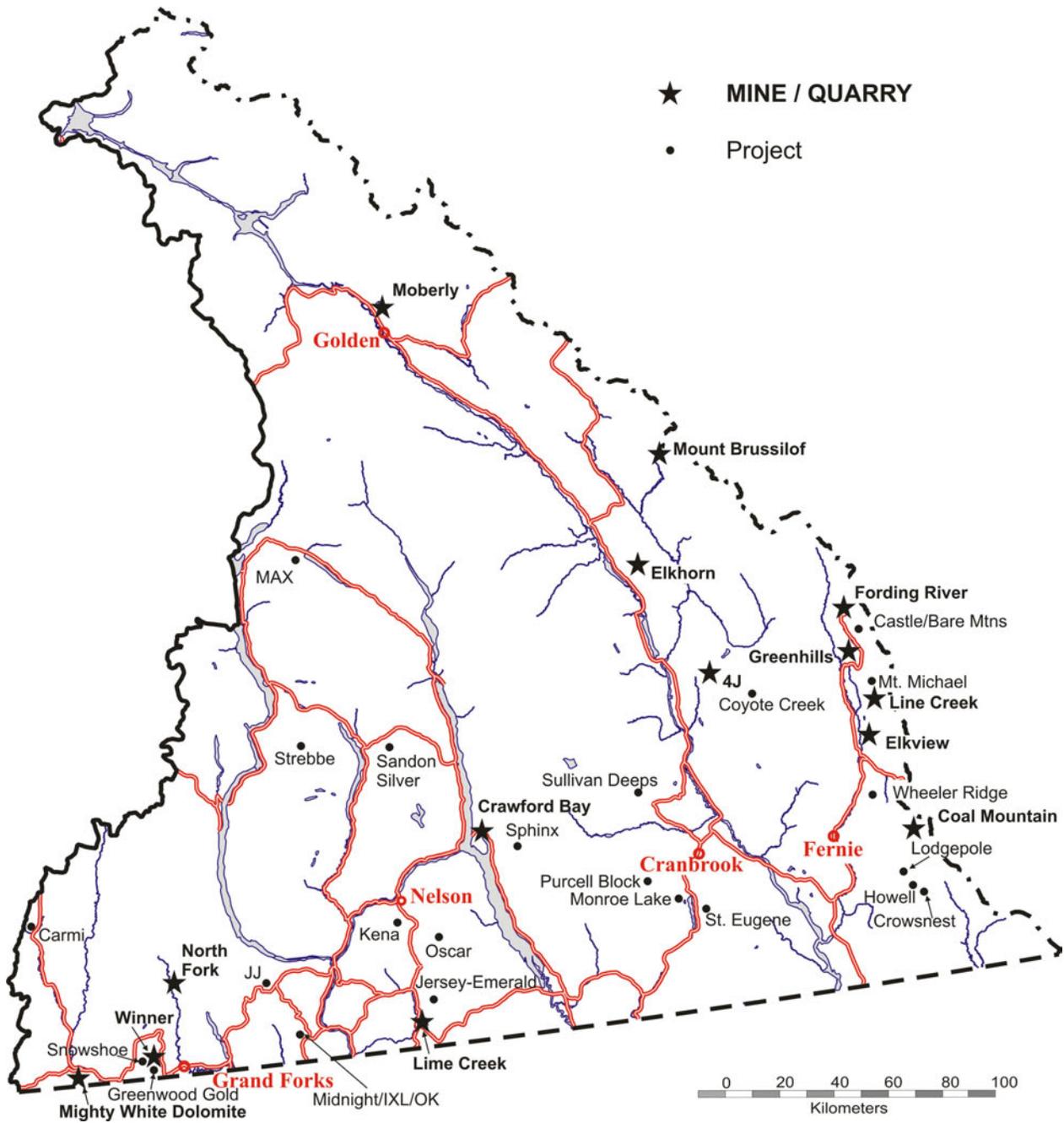


Figure 7.3. Mines, quarries and major exploration projects, Kootenay Region, 2006.

TABLE 7.1. PRODUCING MINES AND QUARRIES, KOOTENAY REGION, 2006

Mine	Operator	Deposit Type / Commodity	Forecast Production in 2006 (million tonnes)	Proven and Probable Reserves as of December 31, 2005 (million tonnes)	Reference for Reserves
Coal					
Coal Mountain	Elk Valley Coal Corporation	Metallurgical coal	2.0	26	Annual Information Form
Elkview	Elk Valley Coal Corporation	Metallurgical coal	4.8	246	Annual Information Form
Fording River	Elk Valley Coal Corporation	Metallurgical coal	8.1	239	Annual Information Form
Greenhills	Elk Valley Coal Corporation	Metallurgical coal	4.1	100	Annual Information Form
Line Creek	Elk Valley Coal Corporation	Metallurgical and thermal coal	2.3	17	Annual Information Form
Industrial Minerals					
4J	Georgia-Pacific Canada Inc.	Gypsum			
Crawford Bay	Imasco Minerals Inc.	Dolomite			
Elkhorn	BPB Canada Inc.	Gypsum			
Lime Creek	Imasco Minerals Inc.	Limestone			
Moberly	HCA Mountain Minerals (Moberly) Ltd.	Silica sand			
Mount Brussilof	Baymag Inc.	Magnesite			
North Fork	Roxul (West) Inc.	Monzonite (mineral wool)			
Rock Creek	Mighty White Dolomite Ltd.	Dolomite			
Winner	Roxul (West) Inc.	Gabbro (mineral wool)			

There are two gypsum producers in the Kootenay Region. BPB Canada Inc. operates the **Elkhorn** mine (MINFILE 082JSW021) east of Windermere, and Georgia-Pacific Canada Inc. operates the **Four J** mine (MINFILE 082JSW009) southeast of Canal Flats (Figure 7.6). Production at the Elkhorn mine was projected to be approximately 550 000 tonnes for 2006. Production for the Four J mine was projected to be 175 000 tonnes.

Silica is produced by HCA Mountain Minerals (Moberly) Ltd. from the **Moberly Mine** (MINFILE 082N001) and plant, north of Golden. 2006 production was predicted to be 90 000 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 an underground dolomite mine at **Crawford Bay** (MINFILE 082FNE113), a limestone quarry at **Lime Creek** (MINFILE 082FSW307) east of Salmo, and a granite quarry at **Sirdar** (MINFILE 082FSE072).

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

The **Winner** gabbro quarry (MINFILE 082ESE265), west of Grand Forks (Figure 7.7), and the **North Fork** monzonite quarry, north of Grand Forks, both supply feed for the Roxul (West) Inc. mineral wool manufacturing plant in Grand Forks.



Figure 7.4. Coal Mountain Operations, Elk Valley Coal Corporation.



Figure 7.5. Mt. Brussilof magnesite mine, Baymag Inc.



Figure 7.6. 4J Gypsum mine, Georgia-Pacific Canada Inc.

EXPLORATION HIGHLIGHTS

Major 2006 mineral and coal exploration projects in the Kootenay Region are listed in Table 7.2 and their locations are shown on Figure 7.3. Each of these major exploration programs involved expenditures in excess of \$100 000 on work that included ground disturbance, for example, drilling, trenching or bulk sampling. Most of the following information was derived from discussions with industry project staff, as well as company reports, presentations, press releases and Internet websites.

EAST KOOTENAYS

Stikine Gold Corporation's **Sullivan Deeps** project, one of the more exciting programs in the region over the past two years, was active again in 2006 with the commencement of their third deep drill-hole (known as SD3) targeting the Sullivan horizon north of the Kimberly Fault, approximately 8 km north of Kimberly (Figure 7.8). The Sullivan Deeps project is targeting a postulated "sister deposit" to the Pb-Zn Sullivan ore body (MINFILE 082FNE052), which sustained the Sullivan Mine and the town of Kimberley for over 90 years, until its permanent closure in late 2001. Both the Sullivan deposit and the Sullivan Deeps target are within a fault-bounded Middle Proterozoic structural sub-basin within the Aldridge Formation (Purcell Supergroup).

Deep drilling to the north of the Sullivan Mine, and north of the Kimberley normal fault, dates back to the 1970s. Stikine Gold's first deep hole, SD1 in 2004, was sited at the same location as the last hole drilled by Cominco in the mid 1990s, and was oriented to intersect a down-hole UTEM geophysical anomaly. SD1 intersected bands of massive and laminated zinc- and lead-bearing sulphides, reminiscent of the Sullivan deposit, at the Sullivan horizon and at a drill depth of 2736 metres. A follow-up geophysical survey suggested that this 10.5-metre zone containing sedex-style mineralization might

be on the edge of a large new deposit. Drill-hole SD2, in 2005, located 1.3 km to the northeast of SD1, was sited to test this hypothesis. The Sullivan horizon was intersected at a drill depth of 2365 metres in SD2. The target turned out to consist of a 0.8-metre interval of laminated and semi-massive and brecciated sulphides mainly composed of pyrrhotite. This is believed to be analogous to the barren sulphide sheet found to the east of the Sullivan Mine. Based on results and interpretation of all drilling and geophysical surveys to date, Stikine Gold Corporation collared SD3, the third hole in the program, approximately 1.5 km north of SD1 in October 2006, at a site believed to be near the core of the target. It is expected to reach target depth in early 2007.

St. Eugene Mining Corporation is exploring two large Ag-Pb-Zn properties in the Moyie Lake area. The **St. Eugene** property, which includes the past-producing **St. Eugene Mine** (MINFILE 082GSW025) and the **Society Girl** (MINFILE 082GSW030) and **Guindon** (MINFILE 082GSW027) occurrences, is approximately 25 km south of Cranbrook (Figure 7.9), and the **Monroe Lake** property (MINFILE 082GSW035) is approximately 18 km southwest of Cranbrook. Both projects are targeting non-sedex-style mineralization (predominantly vein-type) in the lower portions of the Purcell Supergroup, in particular the Aldridge Formation. Work in 2006 included airborne geophysics, structural mapping and diamond drilling. Northwest-southeast-trending structures, including the St. Eugene break, appear to control mineralization on these properties, and mineralized targets potentially coincide with the intersection of these structures with north-south-trending synrift faults (associated with the sub-basins in the Aldridge Formation mentioned with respect to the Sullivan Deeps project above). Results on the Monroe Lake property included 5.0 m of 6.3% Zn, 4.04% Pb and 62 grams per tonne Ag. At the Society Girl target on the St. Eugene property drilling results included 1.6m with 13.8% Zn, 4.3% Pb and 44 grams per tonne Ag.



Figure 7.7. The Winner gabbro quarry near Grand Forks, which provides feed for the Roxul (West) Inc. rock wool plant in Grand Forks..

TABLE 7.2. MAJOR EXPLORATION PROJECTS, KOOTENAY REGION, 2006

Property	Operator	MINFILE	NTS	Commodity	Target Type	Work program	Metres of drilling (estimated in some cases)
Carmi	Hi Ho Silver Resources Ltd.	082ENW036	82E/11E	Mo	porphyry	IP, DD	2000
Castle Mountain/Bare Mountain	Elk Valley Coal Corporation	082JSE006, 008	82J/02W	coal	sedimentary	A, RC	23871
Coyote Creek	Eagle Plains Resources Ltd./CGC Inc.	82FNW071, 077, 078	82G/14W	gypsum	evaporite	DD	1614
Crowsnest	La Quinta Resources Corporation	082GSE070	82G/2E	Au	intrusion-related	A, TR	0
Greenhills Mine (Cougar North)	Elk Valley Coal Corporation	082JSE007	82J/2W	coal	sedimentary	RC	5115
Greenwood Gold	Merit Mining Corp.	082ESE032, 033, 041, 042	82E/2E	Au, Cu	mesothermal vein/polymetallic vein	TR, PF	0
Howell	La Quinta Resources Corporation	082GSE037, 048	82G/2E	Au	intrusion-related	DD	1070
Jersey-Emerald	Sultan Minerals Inc.	082FSW009, 010, 011, 218	82F/03E	Mo, W	porphyry (Mo) skarn (W)	DD	389
JJ	Astral Mining Corp.	082E083, 084, 085, 086, 087	82F/5W	Au	intrusion-related	G, GC, AB-GP, TR	0
Kena (Silver King zone)	Sultan Minerals Inc.	82FSW176	82F/6W	Ag, Cu, Au	polymetallic veins	DD	496
Line Creek Mine (Horseshoe Ridge)	Elk Valley Coal Corporation	082GNW021	82G/15W	coal	sedimentary	RC	2076
Midnight/IXL/OK	West High Yield (W.H.Y.) Resources Ltd	082FSW119, 116, 117	82F/4W	Au	mesothermal vein	DD	2725
Monroe Lake	St. Eugene Mining Corporation	–	82G/5W	Pb, Zn, Ag	polymetallic vein	AB-GP, DD	624
Mt. Michael	Elk Valley Coal Corporation	082GNE022	82G/15W	coal	sedimentary	A, RC	9051
Oscar	Dajin Resources Corp.	082FSW022	82F/6E	Zn, Pb	oxide	A, GC	0
Purcell Block	Ruby Red Resources	082FSE116	82F/8E	Au	various	G, GC, A, TR	0
St. Eugene	St. Eugene Mining Corporation	82GSW023, 025, 030	82G/5W	Pb, Zn, Ag	polymetallic vein	AB-GP, DD	1421
Sandon Silver	Klondike Silver Corp.	082FNW043	82F/14W	Ag, Pb, Zn	polymetallic vein	GC, AB-GP, MG, GC, TR	0
Snowshoe	Kingsman Resources Inc.	082ESE011	82E/2E	Au, Ag	mesothermal vein	A, DD	3000
Sphinx	Eagle Plains Resources Ltd.	082FNE004, 094, 095	82F/10E	Mo, W	porphyry	DD	1700
Strebbe	S. Strebchuk, Galena Construction	082FNW255	82F/13E	Au	skarn	A, UG (110m)	0
Sullivan Deeps	Stikine Gold Corporation	–	82F/16E	Zn, Pb, Ag	sedex	A, DD	1200
Wheeler Ridge	Elk Valley Coal Corporation	–	82G10/W	coal	sedimentary	A, RC	5869



Figure 7.8. Drillhole SD3 on the Sullivan Deeps property, Stikine Gold Corporation.

Eagle Plains Resources Ltd. carried out its second diamond-drilling program on the **Sphinx** molybdenum property (MINFILE 082FNE004, 094 and 095) near Gray Creek Pass, 45 km west of Kimberley. The Sphinx property is underlain by sedimentary strata of the upper part of the Purcell Supergroup, including the Dutch Creek and Mt. Nelson formations, which have been intruded by Cretaceous quartz monzonite. Molybdenum (and associated tungsten) mineralization is associated with the intrusive contacts, and occurs as disseminations and within quartz-pyrite stockwork veins hosted by both sedimentary and intrusive rocks. A technical report submitted this year (prior to the 2006 drilling) outlined an inferred resource of 62 million tonnes grading 0.035% Mo, using a cut-off grade of 0.01% Mo.

Eagle Plains Resources Ltd., in a joint venture with CGC Inc., also drilled the **Coyote Creek** gypsum occurrence (MINFILE 082GNW071, 077, 078), 33 km southeast of Canal Flats. Gypsum in this part of the Rocky Mountains is associated with Devonian dolomitic carbonate rocks of the Burnais Formation. CGC Inc. has the right to earn a 100% interest in the property.

La Quinta Resources Corporation undertook exploration programs on each of two gold properties in the Flathead valley known as the Crowsnest (MINFILE 082GSE070) and Howell (MINFILE 082GSE037, 048) properties, located approximately 40 and 50 km southeast

of Fernie, respectively. Mineralization at both properties is related to Cretaceous alkalic intrusions in Paleozoic and Mesozoic sedimentary rocks, including Paleozoic carbonates.

Ruby Red Resources worked on two blocks of claims in the Cranbrook area, the **Purcell Block** to the west and the **Rockies Block** to the east. Individual properties in the Purcell Block (includes MINFILE 082FSE116) that were the focus of exploration activity in 2006 include the **Gar** and the **Lov**. Ruby Red's holdings in the East Kootenays are mainly underlain by the Proterozoic Purcell Supergroup and are prospective for gold and base metals.

EAST KOOTENAY COALFIELDS

Exploration in the coal-bearing Jurassic-Cretaceous strata of the Mist Mountain Formation (collectively known as the East Kootenay coalfields where they occur in British Columbia) in 2006 was carried out exclusively by Elk Valley Coal Corporation. Their work contributed greatly to the overall exploration figures in southeast BC. Not including in-pit drilling at Elk Valley Coal's five mines, exploration expenditures totalled nearly \$6.5 million and the exploration drilling totalled nearly 46 000 metres. Four of the five operations carried out major exploration programs in 2006, all aimed at establishing reserves outside the active pits.

Beginning in the south, Coal Mountain Operations continued to assess the potential of the **Wheeler Ridge** area in the Crowsnest Coalfield, roughly 19 km northeast of Fernie and immediately south of Parcel 73 of the Dominion Coal Block (MINFILE 082GNE008). This site is well removed (approximately 18 km to the northwest) from Coal Mountain, and is not structurally contiguous. Surface-mineable coal at Wheeler Ridge is of higher volatile-matter content than current typical products from Elk Valley's mines.

The other major coal exploration programs were in the Elk Valley Coalfield. Line Creek Operations drilled on **Horseshoe Ridge** (MINFILE 082GNE021), to extend



Figure 7.9. Drilling on St. Eugene property, Society Girl target, St. Eugene Mining Corporation.

reserves in the current Horseshoe Ridge pit. Line Creek also drilled on **Mt. Michael** (MINFILE 082GNE022), approximately 5 km north along strike from Horseshoe Ridge and 9 km southeast of Elkford. Surface-mineable coal-bearing strata on Mt. Michael are on the east limb of the Alexander Creek syncline and dip moderately to the west.

At the Greenhills Operations (MINFILE 082JSE007) drilling took place north of Cougar North Pit in an area referred to as the **Cougar North Extension**. Coal occurrences on the Greenhills Range are part of the Greenhills syncline.

Fording River Operations drilled on both **Castle Mountain** (MINFILE 082JSE008) and **Bare Mountain** (MINFILE 082JSE006), 5 and 10 kilometres, respectively, south of and along strike from active pits on Eagle Mountain (MINFILE 082FSE009), and 10 to 12 kilometres northeast of Elkford (Figure 7.10). Coal-bearing strata at these locations are preserved in the Alexander Creek syncline.

Cline Mining Corporation entered the Environmental Assessment Process with its **Lodgepole** coal project (082GSE028) in 2006. The Lodgepole property, which is 30 km southeast of Fernie in the southeastern part of the Crowsnest coalfield, comprises a dip-slope in Mist Mountain Formation. Cline Mining continued baseline environmental monitoring in 2006, but carried out no exploration activities.



Figure 7.10. Drilling on Castle Mountain, Elk Valley Coal Corporation.

WEST KOOTENAYS

Roca Mines Inc.'s **MAX** molybdenum project (MINFILE 082KNW003 and 004) is near the community of Trout Lake (Figure 7.11). The project has been in the construction phase throughout 2006 after receiving its Small Mine permit in late 2005, and should open in early 2007.

Metasediments of the Lower Cambrian to Middle Devonian Lardeau Group at the MAX property are intruded by the Cretaceous Trout Lake stock. The deposit is a pipe-like quartz vein stockwork that extends from surface to a depth of at least 1000 metres, in which molybdenite occurs mainly along margins of veins. The vein stockwork is best developed in close proximity to the margins of the intrusive and its associated offshoots.

A 2004 resource assessment of the MAX ore body calculated 1.01 million tonnes measured resources grading 1.01% MoS₂ at a cut-off grade of 0.50% MoS₂. Initial production will be from a high-grade zone containing 280 000 tonnes grading 1.95% MoS₂; production rate will be 500-tonne-per-day on a campaigned basis, for a total annual production of 72 000 tonnes. An on-site concentrator with a 1000 tonne-per-day rated capacity will be part of the operation.

The focus on Sultan Minerals Inc.'s **Jersey-Emerald** property (MINFILE 082FSW009, 010, 011 and 218) 10 km south of Salmo expanded to include tungsten as well



Figure 7.11. MAX molybdenum mine portal, Roca Mines Inc.

as molybdenum in 2006. Sultan has held the Jersey-Emerald property, which includes important past producers of zinc, lead and tungsten, for more than ten years. Exploration related to known occurrences of molybdenum was initiated in 2005, in response to rising prices; this work included a large underground drilling program. Molybdenum-bearing, granitic intrusion-hosted quartz stockworks were found to lie beneath the old tungsten mine workings in the East Dodger Mine area. The East Dodger Molybdenum Zone has been demonstrated to cover an area 975 metres by 120 metres over a vertical depth range of 150 metres, open in all directions.

Sultan Minerals personnel were also aware of six unmined tungsten targets reported by operator Placer Dome at the time of mine closure. These targets occur as broad linear bands trending for more than 1500 metres to the north and south of the old mine workings. In addition, another target referred to as the East Emerald Tungsten Zone, associated with a unit referred to historically as the "Lower Skarn Horizon", was identified by Sultan Minerals from historic mine plans and drill logs. This new zone lies between the Invincible and Dodger tungsten zones, and has been shown to extend more than 1100 metres in length and up to 300 metres down dip. Diamond drilling in 2006 focused on defining this zone; intersections included 16.6 metres grading 0.15% WO₃, and indicated that the zone ranges between 1.2 metres and 20 metres in thickness. Newly acquired resource calculations for the Invincible and Dodger zones, based on past diamond drilling, include just over 2.5 million tonnes averaging 0.37% WO₃ in the combined measured and indicated categories at a cut-off grade of 0.15% WO₃.

Sultan Minerals Inc. also drilled at the **Kena** property, 8 km south of Nelson. The Kena in recent years has been explored for gold associated with the Silver King intrusions. The focus in 2006 shifted to an extension of the Silver King zone, host to the historic copper-silver Silver King Mine (MINFILE 082FSW176), that was discovered by trenching in 2005. The drilling was designed to test the extent of disseminated copper and silver mineralization in Rossland Group footwall rocks adjacent to the Silver King, which was known for high-grade veins.

Astral Mining Corp. carried out a trenching, mapping and sampling program on the **Jumping Josephine**, or **JJ**, gold property. The main focus, and all of the trenching, in 2006 was on the JJ main zone, a relatively new (2003) discovery north of highway 3 and approximately 22 km west of Castlegar. Mineralization in the JJ main zone consists of quartz stockworks, vein-breccias and sheeted veins associated with a northeast-trending shear zone in mid-Jurassic Nelson-suite intrusions. Assays of channel samples from trench exposures included 21.43 grams per tonne Au over 5 metres in Trench T02. The JJ property also includes other recently-discovered mineralized zones as well as the historical Granville Mountain Mining Camp (MINFILE 082ESE083 through 087).

Klondike Silver Corporation continued to expand its holdings in the Sandon silver-lead-zinc camp (**Sandon Silver** project), including the addition of the past-producing **Payne** (MINFILE 082KSW006) and **Jackson** (MINFILE 082KSW015) mines. Work in 2006 included soil geochemistry, airborne and ground-based geophysics and trenching, and included work on the **Wonderful** (082FNW043), **Stenson** and **Hinckley** (082FNW013) properties. Klondike Silver's objective is to apply modern exploration techniques to geologically-favourable areas with overburden. The project plan calls for ore to be processed at the company's **Silvana** mill at the Sandon town-site. The Wonderful occurrence is hosted by argillite and slate of the Triassic Slocan Group intruded by granodiorite and quartz monzonite dikes. Mineralization occurs in a sheared and mineralized fracture, with brecciated zones of galena, sphalerite and country rock with siderite.

Related company Klondike Gold Corporation drilled the **Red Point** (MINFILE 082FSW366) gold-copper property, 3.5 km southwest of Trail. Known mineralization on the property includes massive sulphide gold-copper veins (similar to the Rossland camp), and an area of disseminated and fracture-controlled mineralization.

Dajin Resources Corp. undertook a large soil geochemical sampling program on the **Oscar** (or Oxide) property (MINFILE 82FSW022), 5.5 km east of Ymir. Soil sampling outlined a large area anomalous in zinc and lead, in an area with known occurrences of oxide mineralization in addition to potential for Kootenay Arc-style zinc and lead-sulphide mineralization. Soil samples with up to 8000 ppm Zn and 5000 ppm Pb were collected. A zone of Zn in soils consistently over 1000 ppm extended over a length of 950 metres.

BOUNDARY DISTRICT

There were numerous mineral exploration programs in the Boundary District, which includes the Kettle River, Midway-Greenwood, Grand Forks and Rossland areas, in 2006.

A large drilling program at the **Midnight, IXL** and **OK** properties (MINFILE 082FSW119, 116 and 117) on the western outskirts of Rossland was carried out by West High Yield (W.H.Y.) Resources Ltd. (Figure 7.12). Gold mineralization is associated with an ultramafic contact (OK ultramafic body) and a regional tectonic boundary, and consists of gold-bearing quartz-carbonate veins as opposed to the more typical Rossland-style Au-Cu sulphide-rich veins. Initial results included 30.45 grams per tonne Au over 5.64 metres in drillhole SR06-8. Assays of the OK ultramafic also suggest there is nickel potential on the property.

Merit Mining Corp. continued its preliminary assessment of its **Greenwood Gold** Project. Updated resource estimates on both the **Lexington-Grenoble**



Figure 7.12. Drilling on the Midnight property, West High Yield (W.H.Y.) Resources Ltd.

(082ESE041) deposit and **Golden Crown** (MINFILE 082ESE032, 033) property formed the basis for the assessment. Lexington-Grenoble deposit resources include 297 000 tonnes combined measured and indicated resources, containing 8.36 grams per tonne Au and 1.35% Cu at a cut-off grade of 6.0 grams per tonne Au equivalent. The Lexington-Grenoble deposit is hosted by an altered package of dacitic to andesitic tuffs. Mineralization, which is believed to have been emplaced during development of the Republic graben, is hosted by sub-parallel lenses of disseminated to narrow veins of pyrite, chalcopyrite and quartz (with or without native gold) within tuffs adjacent to a fault contact with serpentinite.

Merit Mining Corp. has approval for removal of a 10 000-tonne bulk sample from the Lexington-Grenoble deposit, as well as approval to construct a 250-tonne per day concentrator on the **Zip** property, also part of the Greenwood Gold Project. The company may soon make a production decision pending outcome of the ongoing preliminary assessment and the results of bulk sampling and processing.

Kingsman Resources Inc. carried out a diamond drilling program on its **Snowshoe** gold property (MINFILE 082ESE011), 3 km southeast of Greenwood in the Phoenix camp. Mineralization on the Snowshoe property is known to be associated with low-angle Eocene faulting, including the regional Snowshoe fault, and is hosted by quartz veins and breccia zones. Drilling in 2007

was targeted at geophysical anomalies and lows identified during airborne surveys flown in 2006.

Hi Ho Silver Resources Ltd. undertook an IP survey followed by drilling on its **Kettle River** molybdenum (also known as the Carmi) property (082ENW036), 11 km northwest of Beaverdell in the Kettle River valley. The Kettle River property is a porphyry-style molybdenum occurrence with copper, silver and gold.

OUTLOOK FOR 2007

There is every reason to believe that exploration and development activity levels will continue to increase in the Kootenays.

The highlight of 2007 will be the opening of the Roca Mines MAX molybdenum mine. The MAX will be the first metal mine in the region since the closure of the Sullivan in late 2001.

The intersection of Stikine Gold's SD3 drillhole with the Sullivan horizon, near the contact of the Lower and Middle Aldridge Formation, is being eagerly anticipated. A significant intersection of zinc and lead sulphides would have important implications for future exploration and development in the Purcell Basin.

Sustained high zinc prices will drive activity on several properties in the Kootenay Arc, including some past producers. This activity will likely include Sultan Minerals' Jersey-Emerald property, which, as noted above, is also a potential source of W and Mo, as well as further activity on the Oscar property.

A production decision on Merit Mining's Greenwood Gold project is possible in 2007, based on results of its preliminary assessment.

Continuing and expanding programs will probably take place at several well-known mining camps, including the Rossland, St. Eugene, Beaverdell and Beaton-Camborne camps.

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