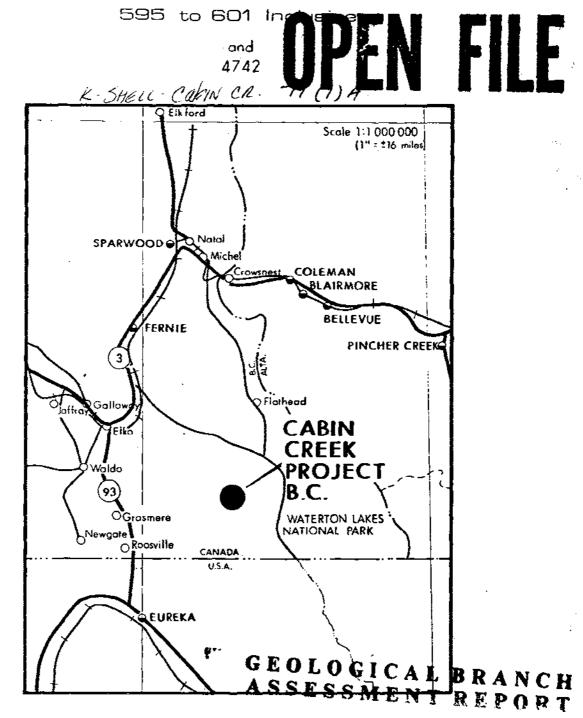
CROWS NEST RESOURCES LIMITED

SHELL CANADA RESOURCES LIMITED

Report on Coal Licences



CABIN SPEEK 9

KOOTENAY DISTRICT B.C.

CABIN CREEK

COAL EXPLORATION, 1979

COAL LICENCES: GROUP 244: licences 595 - 601 INCLUSIVE and 4742 (8 Licences)

KOOTENAY LAND DISTRICT, SOUTHEAST BRITISH COLUMBIA

49° 08' NORTH LATITUDE

114° 43' WEST LATITUDE

NATIONAL TOPOGRAPHIC SERIES: FLATHEAD, B.C. 82-G-7

OWNER: SHELL CANADA RESOURCES LIMITED

OPERATOR: CROWS NEST RESOURCES LIMITED

CONSULTANT: DENNIS E. BELL, P. GEOL. (ALBERTA)

FIELD WORK: 15-OCT. to 17-OCT.-1979

SUBMISSION DATE: MAY 28, 1980

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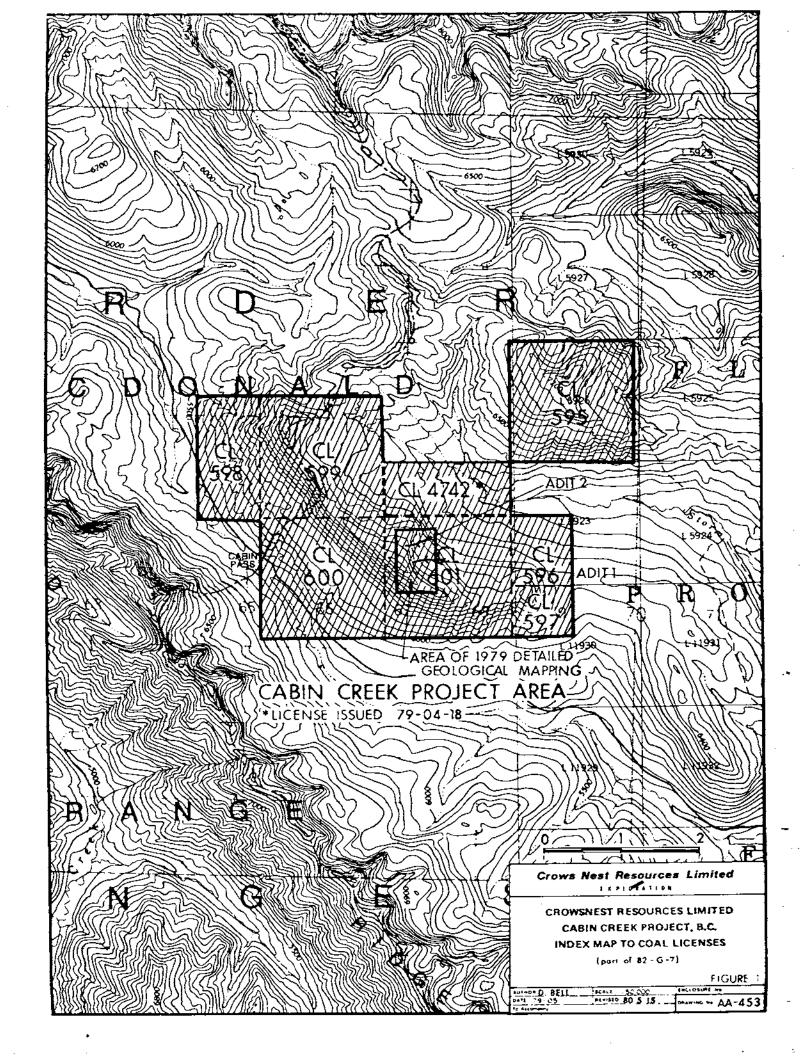
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1.0 INTRODUCTION

The 1979 field work on Cabin Creek consisted of two days of aerial and foot reconnaissance and three days of detailed geological mapping by one mapping pair in mid-October (15 - 17). Continued traversing was planned, but snow arrived and ended the season.

This report presents a geological map of this work, and it also includes coal quality data from the adit analyses which were not available in time for submission with the 1978 report.

For geographic and physiographic position, access, property definition, economic assessment, etc., the reader is referred to the 1978 report, "Report on Exploration of the Cabin Creek Project" by J. Horachek, P. Eng. The index map (Fig. 1, following) shows the area of detailed mapping and the locations of the two adits from which samples were analyzed. The further page entitled "B.C. Coal Licences Tenure Standing, Cabin Creek Project" summarizes tenure.



CROWS HEST RESOURCES LIMITED EXPLORATION

B. C. COAL LICENCES TENURE STANDING

BLOCK: CABIN CREEK PROJECT:
GROUP: No. 244 CABIN CREEK

Koolenoy Land District DATE : February 28

YEAR: 1979-80

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GENERAL REMARKS: FILL NECESSARY LINES AND COLUMNS ONLY: SHELL'S DEVELOPPENT POTENTIAL CLASSIFICATION IS "Y" (PRIME) UNLESS OTHERHISE STATED. SHELL CANADA RESOURCES LIMITED IS THE OPERATOR OF ALL LICENCES UNLESS OTHERHISE STATED. THIS TABULATION SHOWS CROWN COAL LICENCES ONLY. FREEHOLD LANDS ARE TABULATED SEPARATELY. IF SUMMARY OF EXPENDITURES SINCE THE LAST ANNIVERSARY IS AVAILABLE. IT IS ENTERED IN BRACKETS () UNDER REQUIREMENT HORK-CURRENT YEAR AND IS INCLUDED IN THE TOTAL EXPENDITURES, OTHERHISE THE MORK REQUIREMENT IS SHOWN IN THIS COLUMN, WHICH IS NOT INCLUDED IN THE TOTAL EXPENDITURES. SHELL-CHARL EXPENDITURES ARE ENTERED ACCORDING TO ACCOUNTING AND THE SHEETS (#125 PER MAIN-DAY). THE ACQUISITION COST OF CNI'S COAL MOLDINGS IS ENTERED ACCORDING TO SHELL'S COAL PREMIUM ALLOCATION. CNI'S #800,000 INITIAL ACQUISITION COST OF CROWN HIM., CENTRAL BLOCK (EXCEPT CL.1299-1302 INC.) AND NORTH BLOCK LICENCES IS DISTRIBUTED ON AREA BASIS: #62.51 PER HECTARE. OTHER CMPOC/CNI EXPENDITURES PRIOR TO FEBRUARY 24,1978 (FIRE APPROVAL OF CNI'S TAKEGYER BY SHELL) ARE INCLUDED AS REPORTED TO THE B.C. GOVERNMENT. IF LICENCES WERE RE-ISSUED THE ORIGINAL ACQUISITION YEAR IS SHOWN IN BRACKETS ()

1.1 Summary of Work Done

1,375 m of detailed chain-and-compass geological traverse were done; this is presented on the geological map (enclosure). No other work was performed, other than two days of aerial and foot reconnaissance, which confirmed the general geology as outlined by the 1978 report.

1.2 List of Licences on Which Work Was Performed

- (a) Aerial geological reconnaissance: all eight licences.
- (b) Foot geological reconnaissance: 596, 600, 601, 4742.
- (c) Detailed geological mapping: 601
- (d) Adit sample analyses: 601 (work done in 1978 but results not available at time of submission of 1978 report and so included in this 1979 report). → See 1978 report.

2.0 GEOLOGY

2.1 General Geology and Formational Terminology

The reader is referred to the 1978 report for general geology and formational terminology. A description of the coal seams is included in that report.

2.2 Detailed Geological Mapping

2.2.1 Objectives

The 1978 report describes Cabin Creek as a 4 to 8 million tonne two-seam coal reserve, of small surface extent and simple geology, with little apparent structural complication. It recommended as further work "more accurate" seam subcrop delineation and more trenching to increase the number of locations at which precise seam thicknesses are known (the main reserve block is an erosional remnant and is completely surrounded by air; therefore the approach would be to trench at selected intervals around the edge of the reserve).

The seam descriptions and reserves in the 1978 report are derived from the information and samples from the two adits (one into each seam), and a few surviving incomplete trench descriptions from the four pre-1978 hand trenches.

The point of the 1978 recommendations is that, considering there is a relatively small, relatively isolated low-ratio reserve of simple geology with two well-detailed adits in hand, what is needed is a geological map and sections showing strikes, dips, the geological units, and the three-dimensional position of the seams, including actual elevations, on which to base pit feasibility, bench delineation, etc.

The 1979 detailed geological mapping (cut short by snow) was oriented to providing the data needed to draw this more detailed

2.2.2 1979 Geological Map

geological map and sections.

The 1978 geological map was plotted on the old 1":200' topographic base, and the positions of the various sandstone units and coal seams were hand sketched as to location. There were no strikes or dips plotted.

For the 1979 topographic base this report uses the new 1:5,000 topographic sheets prepared by Crows Nest as part of their overall southeast British Columbia topographic coverage, blown up to 1:2,000.

The basic approach of the author was to conduct careful chain and compass traverses, with corrections incorporated for elevation control using hand-held clinometer. As it was obvious that the approaching winter would cut short the work, the author decided to commence traversing from the two known survey points (the adit portals), and thence to branch out, using the topography to best advantage (the property is fairly rugged and outcrop of the resistant sandstones sandwiching the two coal seams is plentiful and easily followable). Further work in 1980 or beyond can thus be continued on an already-established base from the traverses that were completed.

By traversing and plotting carefully the Top, Middle, and Basal Sandstones (i.e. "longitudinal" traverses) and similarly plotting the recessive units (including the coal seams where trenched) where they are exposed across the ridges (ie. "cross-sectional" traverses), and combining

,

the resulting elevations into thickness calculations for the units, a much more accurate seam subcrop delineation and reserve calculation may be prepared.

Further, when this mapping is completed, stereographic analysis may be done using the strikes and dips collected to determine average seam strike and dip, from which more accurate overburden ratios, pit outline, and bench orientation may be derived.

On the geological map the chained traverses are plotted, with tick marks indicating stations, and strikes and dips plotted where taken along these lines. Due to the lateness of the season, there was no attempt made to re-excavate the old caved trenches encountered; they were not so caved, however, that the tops and bottoms of the seams and the major partings could not easily be seen. The author places an accuracy of 10 m horizontally and 5 m vertically on information plotted along these lines.

2.3 Coal Quality

Results of the adit coal analyses were not available at the time of submission of the 1978 report. They are included here.

3.0 ITEMIZED COST STATEMENT

The following Application to Extend Term of Licence for Cabin Creek contains detailed cost figures.



DEPARTMENT OF MINES AND PETROLEUM RESOURCES Coal Act (Sec. 19)

APPLICATION TO EXTEND TERM OF LICENCE

BOLTON AGNEW	agent for CROWS NEST	RESOURCES LIMITED
(Name)		(Name) 699, Stn. 'M'
· (Address)		(Address) LBERTA T2P 2M7
	Valid FMC No	187621
hereby apply to the Minister to extend the	term of Coal Licences No(s)	
595 to 601 incl. and 4742		
or a further period of one year.		
I have performed, or caused to be perfor	med, during the period April	19, 1979 to
February 28	19.80 , work to the value of at least	s 19,134
on the location of coal licences as follows:		
CATEGORY OF WORK		
·	Literace No(s). 505 to 601 incl 4742	Apportioned Cost
Geological mapping	595 to 601 incl., 4742	0,44 <u>D</u>
Surveys: Geophysical		
Geochemical		
Other		
Road construction		
Surface work		
Underground work	· · · · · · · · · · · · · · · · · · ·	
Drilling		
Logging, sampling, and testing	601	7,278
Reclamation	601	1,774
Other work (specify) Geol. Report	595 to 601 incl. 4742	2,060
Geol. Report wish to apply \$ 19,134	of this value of work on Coal Times	-a/c\#
	of this value of work on Coal Licens Ol incl. and 4742	.~(3)
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I wish to pay cash in lieu of work in the		on Coal Licence(s)
No(s)		
I wish to apply \$of ti	nis value of work to claim a refund	of cash in lieu of work in
the amount of \$which	was paid to extend the term of Coal	Licence(s) No(s)
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for prior payment of cash in lieu of work		
	-	
The work performed on the location(s) is - Annual Reclamation Repo	•	ed Cabin_CrProject
- Geological Report, 1979	being submitted under	separate covers
	101.	
January 22, 1980 (Date)		Signalure and position)
*Applications to group licences may be filed to apportion	cosus de a maximum of 10 licences.	Land Cago
(FORMS TO	BE SUBMITTED IN DUPLICATE)	hand i-nfo
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DEPARTMENTAL USE ONLY		
e of work reported \$		cences \$
se of work approved \$	Value of credit remaining \$.	

No 🖂 Work performed. Yes [7] The program of operations detailed hereunder was carried out during the period from April 19, 1979 to January 31 19.80. Total costs are \$ 19,134 an average 13.41 ...per HECTARES GEOLOGICAL MAPPING No □ Cost \$ 8, 445 Yes X 2 man-days Reconnaissance 400 1:2000 8 man-days Detail: Surface Underground Other (specify) GEOPHYSICAL OR GEOCHEMICAL SURVEYS Yes [] No X Line miles___ OTHER SURVEYS Yes 🔲 No [] Cost \$_____ Topographic _____ ROAD CONSTRUCTION Yes No X Cost \$_____ Length: On Licences Access (off licences) SURFACE WORK No 🔯 Cost \$_ Yes 🗍 Length Trenching Scam tracing Crosscutting Other UNDERGROUND WORK Yes 🖂 No 🔀 Cost \$_____ Test adits: Number _____ Average length _____ Total footage _____ Other workings: Area___ _____Total footage___ DRILLING Yes [No X Cost \$. Core: Diamond | Wireline | _ Rotary: Conventional Reverse circulation Other_ __ Where core stored_ LOGGING, SAMPLING, AND TESTING (check) Cost \$____7,278__ Yes 📝 No [7 Core samples Lithology: Drill samples Bulk samples Logs: Gamma-Neutron Density [FSI 📆 Testing: Prox. analysis 17 Washability [7] Carbonization [7] Petrographic 🗀 Plasticity X Other [] OTHER WORK (specify details)_____ Cost \$___ REPORTS: Reclamation work (Permit No. C-120) Detail of work. clean-up, seeding and fertilizing last year adit sites Geological Report OPERATIONS: P. Geol. (Alberta) Dennis E. Bell Work was supervised by Frank Martonhegyi Position Senior Staff Geologist ls this person a registered or licensed Professional Engineer in British Columbia? Yes 🔲 No 🔀 NOTE-Where the licensee intends to perform, during the extended term of his licence, work not set out in the plan of operations filed under section 15 (2) (c), a supplemental plan of operations is to be attached.

^{*} If rectamation work reported in separate report give details of report identification.

VALUATION OF WORK: COST STATEMENT (Sec. 27, B.C. Reg. 436/75)

	ES, AND WAC Average Number of Employees	Avetage Rate	Average Number of Days	A mount
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Machine operators and support	· · · · · · · · · · · · · · · · · · ·			
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4.0 BIBLIOGRAPHY

Horachek, J., 1978, "Report on Exploration of the Cabin Creek Project": Crows Nest Resources internal. 5.0

PROFESSIONAL VERIFICATION OF REPORT

Entitled: Cabin Creek Coal Exploration, 1979

Kootenay Land District, Southeast British Columbia

B.C. Coal Licences

Nos. 595-601 Inclusive, and 4742

Mr. Dennis E. Bell carried out the 1979 geological field program on Cabin Creek, British Columbia coal licences held by Shell Canada Resources Ltd. and operated by Crows Nest Resources Limited.

Dennis Bell, B.S.c., graduated in Geology from Dalhousie University in 1965. Since 1968 he has specialized in basic field mapping, structural interpretation, and exploration equipment supervision in the coking coal belt of British Columbia and Alberta. He has worked on projects similar to Cabin Creek for such major coal companies as Manalta Coal Ltd., Luscar Ltd., Petrocan, and Fording Coal Ltd. Mr. Bell is registered as a Professional Geologist in the Association of Professional Engineers, Geologists, and Geophysicists of Alberta.

I consider the aforementioned Geologist to be well qualified to undertake responsibilities he was assigned for this project. I am satisfied that the attached report dated May 28, 1980 has been competently prepared and justly represents the information obtained

from this project.

J. J. Crabb, P.Eng.

