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KERR ADDISON MINES LIMITED

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To D.A. Lowrie

From W.M. Sirola

Subject CARMACKS COAL - DISCUSSION WITH GORDON DAVIS

Date May 13, 1977

During his last visit here, Bud Rowsell asked me to speak with Gordon Davis regarding the known and potential coal reserves at Carmacks. Apparently he and John Carrington were left with the impression that the reserve outlook was rather bleak but this impression was not shared by John Bruk, who apparently took a more optimistic view.

I won't be able to get into the technical details until Anvil's coal geologist returns on May 24th, but Gordon summarized the situation for me as follows:-

Drilling on the north side of the river on the Laberge seam has located 50,000 tons of open pitable coal and there are possible extensions to this reserve. *THIS SEAM has not been located south OF RIVER*

On the south side of the river, they have located approximately 500,000 tons which is steeply dipping coal, varying in width from 10 to 40 ft. and containing a somewhat higher ash content than the seam on the north side of the river. Possibly then this is a different seam from the one on the north side.

In their underground workings, Anvil has encountered structural problems and have done some drilling below their production level to determine whether or not it would be feasible to start another level. Apparently another level could be considered but Gordon is not optimistic about low costs in the underground mining process.

Tentative Conclusions

If a really concerted effort were made to find more coal reserves, it would seem within the realm of reason to anticipate the possibility of several million tons of additional coal, but it might be difficult to find tens of millions of tons without involving rather high cost underground mining.

Until I have an opportunity to scrutinize this situation more closely with Anvil's geologist, I can only conjecture that there exists the possibility of finding sufficient reserves to fuel a thermal plant which would be adequate for both Anvil and Grum.

Bill Smith will follow this up

W.M. Sirola

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