



Ridley Terminals is roughly **36 hours'** steaming time closer to Asia than other West Coast North America terminals

Coal will be shipped through federally-owned Ridley Terminals at the Port of Prince Rupert (pictured)

# Korea's Posco seals deal to access Canadian coal

Coal volumes from British Columbia to South Korea are poised to rise, reports **Leo Quigley**

Korean steelmaker Posco has signed an agreement that gives it access to what may be the largest coal mine in Canada.

The Mount Klappan coal property, located in northwestern British Columbia, was purchased by Ontario-based Fortune Minerals in 2002. It is believed to be one of the world's largest undeveloped deposits of anthracite coal, with speculative reserves of 2.2Bn tonnes and measured resources of 107.9M tonnes.

Anthracite has the highest carbon and energy content of any coal. Together with its other properties, this allows for its versatile usage in a number of important metallurgical, chemical, manufacturing, agriculture and thermal applications.

Posco Canada (Poscan), a division of Posco International,

## The Fortune Minerals/Posco JV at a glance

The joint venture was formed – to be owned 80% by Fortune and 20% by Poscan – to accelerate development of Mount Klappan by combining Fortune's local development and operations expertise with Poscan's market knowledge and financial backing. Poscan will contribute funding for 20% of the total development and capital cost of the project, which under current estimates, equates to C\$154M (\$162.6M). In all, Poscan could provide a total contribution of C\$181M. Poscan will fund 20% of operating costs and receive 20% of the coal produced by the project. Fortune will serve as manager of the joint venture and will be compensated, on a recovery basis, for providing operational, technical and administrative support over the life of the mine.

**107.9M**

tonnes of anthracite coal measured at Mount Klappan

**1,390**

km: rail distance from Mount Klappan to Ridley Island Terminal anthracite coal

will acquire 20% of the project at a cost of C\$30M (\$31.7M) upfront. Poscan estimates that it will make total contributions of C\$181M.

Fortune Minerals investment relations manager Troy Nazare-

wicz told *Fairplay* that the mine is scheduled to begin production in 2014. Coal will be shipped through federally-owned Ridley Terminals at the Port of Prince Rupert. That terminal is now in

the process of doubling capacity to 24M tonnes/year by 2014.

The fact that the terminal is roughly 36 hours' steaming time closer to Asia than other West Coast North America terminals was a deciding factor in choosing Ridley. The ice-free terminal operates 24 hours a day, is capable of loading Capesize vessels and can arrange to share or blend cargoes with other Western Canada coal producers.

Fortune Minerals had planned to truck the coal to Ridley but has now decided to take the cargo via rail using Canadian National, which will involve using an existing rail bed and constructing new track capable of handling heavy coal trains.

Fortune is currently looking for a third partner in the project, confirmed Nazarewicz. Posco is fully engaged in the process and has already introduced Fortune to other interested parties.

However, Nazarewicz noted that the company has not necessarily limited itself to finding another Korean partner.

Initially, the mine and railway are scheduled to deliver about 3M tonnes/year to Ridley. But, according to Nazarewicz, volumes could ultimately expand to 8M-10M tonnes/year as other coal deposits in the Mount Klappan property are accessed. ■