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MINISTRY OF EMPLOYMENT AND INVESTMENT

I. Prepared for Dan Miller, Minister of Employment and Investment for
INFORMATION

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II. **Subject:** Meeting with Pierre Lebel, President, and Brian Kynoch, Senior Vice-President and Chief Operating Officer, Imperial Metals Corporation

III. **Background:**

Stikine Deposits

The Galore Creek copper-gold deposit is one of the largest underdeveloped copper deposits in BC (284 million tonnes at 0.67 percent Cu.) It was discovered in 1959 by Kennecott during a helicopter-supported regional geochemical survey.

It is located along Galore Creek, a tributary of the Scud River which flows westward into the lower Stikine River. It is about 40 kilometres southwest of Mt. Edziza park. The overall region is currently included in the Cassiar-Iskut-Stikine Land and Resource Management Plan process which will take another 18 months or so to complete its recommendations to Government. The LRMP is mandated to recommend new protected areas and broad land use zones of management intent.

It has ~~been~~ extensively drill tested and a detailed mining reserves have been calculated. Renewed exploration in 1990-1991 focused on the previously untested gold potential, which was found to be significant: between 0.35 and 1.03 grames/tonnes Au over the deposit.

Access is the major challenge for development. Options include barging concentrate down the Stikine River to the Port of Wrangell, Alaska or an overland all BC route, probably through Mt. Edziza park. Apparently when this park was created an OIC was approved that would permit mine access.

The deposit is within the Iskut-Stikine LRMP and there will be pressure to gain maximum protection for the "un-parked" section of the river downstream of Telegraph Creek.

The company will need encouragement to consider this challenging project. They should be queried about their access plans and made aware of the Iskut-Stikine LRMP.

There are no protected areas candidates in the vicinity of the Galore Creek deposit which would impinge on its potential development. The most critical issue would be the future management regime for the lower Stikine River; regarded as a strategic access corridor by government and industry, but also prized for its wilderness values by environmental groups. The latter group would like to see a protected area covering the lower Stikine, which would pose potentially severe access constraints on deposit development.

Mount Polley Mine

Imperial Metals Corporation presently owns and operates the Mount Polley Mine. There are two issues which they would like to discuss.

- Power for Jobs

When Imperial Metals developed the Mount Polley mine they had an understanding that they would be eligible for any future deals on power should they become available during the mine life.

- Forest Practices Code, billing for immature timber

The Ministry of Forests has billed Mount Polley \$173,811.86 for the destruction and damage of immature timber. Imperial has raised technical and philosophical concerns. The technical concern is that the Forest Act requires an assessment of timber under section 139 which was not done.

The philosophical concern is that Mount Polley is being assessed charges for the destruction of immature timber while the mine's permit requires that the site be reclaimed and security posted to ensure that is done. Imperial regards the charges as unfair and would like relief and recognition that a resource use decision was made when the Mine Development Certificate was granted. The Mine Development Assessment Process carefully considered the costs and benefits of this mine and concluded that the mine was the best use for this land. Forestry resources will be temporarily displaced during mining and reclaimed after mine closure.

However, the charges are the result of Ministry of Forests policies. Similar concerns regarding Ministry of Forests policies have been raised by other B.C. mining companies. Measures to address the various concerns require time to develop, could have widespread policy implications, and may entail significant impacts on provincial revenues. To develop more equitable, mine-specific policies for the Ministers' consideration, Ministry staff expect to begin working on these issues with the Ministry of Forests, the MABC, and affected companies, such as Imperial, later this month.

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