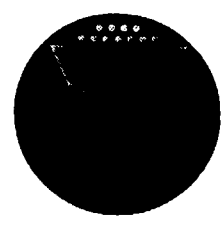




MINING IN BRITISH COLUMBIA: ELIMINATING UNCERTAINTY & ENCOURAGING INVESTMENT



OCTOBER 22, 1996
VANCOUVER, CANADA

CONFERENCE

CONFERENCE PAPER

THE WINDY CRAGGY EXPERIENCE

by

MARY PAGE WEBSTER
President,
Raventures Inc.

Session III -
The Importance of a Stable Investment
Climate



For conference information contact:
The Fraser Institute,
Second Floor, 626 Bute Street,
Vancouver, B.C., Canada V6E 3M1

Fax: (416) 601-7322; Phone: (416) 363-6575
or
Fax: (604) 688-8539; Phone: (604) 688-0221

THE WINDY CRAGGY EXPERIENCE

By Mary Page Webster, B. Sc. (Geology)

Raventures Inc.

I was first introduced to the Windy Craggy copper-cobalt deposit as a student, working towards my degree in Geology. Geddes Resources Ltd., was exploring the property and the president of Geddes also known as my father showed me some surface samples. These showed the massive sulphides which indicated that Windy Craggy was one of the most important mineral finds in North America.

I first visited Windy Craggy as part of an exploration team several years after graduating and I was to spend much of the next 10 years working in the area including the Yukon and B.C.

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Four years of this tenure as exploration manager for Geddes Resources.

For those of you who haven't been in the area, Windy Craggy is in the Tatshenshini Area of Northwestern British Columbia, about an hour west of Whitehorse by helicopter.

The area is isolated with no ready surface access and no permanent residents. It is not prime hunting and fishing territory. In fact, the only person working a trapline in the area was a chap named Yurg Hoffer who had emigrated from Switzerland. His trapline extended along the west side of the Haines Road from about the Yukon Border to the Alaska border near Haines - a distance of about 40 miles. It's a remarkable made feasible only by its great extent with sparse support for wildlife.

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From a scenic point of view, the area is typical of the Rocky Mountains which extend northwestward through Alaska and southward through all the western United States and into Mexico.

Geddes Resources spent about \$50 million on exploration. However, the Company, its investors, BC workers and Canadians in general will never benefit from that discovery and work to delineate the massive copper reserve or any of the other ore bodies that most certainly exist in the area. Today they are part of a 5 million hectare United Nations World Heritage Site. By far the largest World Heritage Site in North America.

The now unreachable deposits in the Tatshenshini mineral province are among the largest known in the world and we will now never know their true extent and economic importance to

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Canada and British Columbia. The Ministry of Energy, Mines and Petroleum Resources placed a value of \$15 billion on metal contained in the Windy Craggy deposit. Geddes Resources estimated the gross recoverable value of the metal at \$8.5 billion. (These figures are based on the indicated and proven reserves without taking into consideration the extensions and probable reserves of Windy Craggy).

The economic impact of the mine would have been immense. The Commission on Resources and Environment of British Columbia indicated that initial capital investment would have been \$550 million plus an additional \$150 million average on annual expenditures. Employment would have been 500 direct jobs plus another 1,500 indirect. Some estimates gave the mine a minimum life of 50 years. Geddes estimated the gross

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direct taxes to federal and provincial coffers at almost \$1.3 billion. The Ministry's estimate was even higher at \$1.6 billion.

All those billions of dollars were tied to Windy Craggy alone. Many millions of acres remain unexplored.

What happened next. Premier Harcourt's government introduced project review legislation. This of course, introduced elements of uncertainty into Geddes' plans for Windy Craggy and every other mining project in British Columbia.

Initially, it appeared the review process would take only months to complete. In fact, it ran for years and was never completed. My initial perception was based on what the government bandied about as the one window approach.

However, a streamlined permitting process was never delivered. While into the process we learned that Geddes

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Resources would have to meet US environmental standards as well as Federal and Provincial standards.

Another surprise was the lack of readily available government data. In order to obtain what I thought would be considered basic information, I ended up installing and personally managing, the first weather, seismic and river gauge stations in the region. Topographic maps were not available as the region was classified as unsurveyed and many times my geologic talents at the Company's expense were drawn upon to count goats, moose and wolves many miles away from the deposit itself.

During this period company's capital was tied up and our investors were put at a disadvantage. The review process took a major portion of executive time and added hundreds of

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thousands of dollars in costs for lawyers, experts, support staff and travel.

After a couple of years the first submissions were delivered. We will never know what happened to all that information. Soon after, it was reported by the press reported that Sheila Copps in consultation with Al Gore had endorsed the creation of a massive World Heritage Site.

I would be cynical if I suggested that the Tatshenshini / Wrangell-St.Elias National Park and Preserve or World Heritage Site which includes Windy Craggy, and the adjacent parks, were a tradeoff to allow logging in Clayquot Sound.

Many people were aware that there was some movement to expand the national park system. Even so, it was beyond my comprehension that the B.C., US and Canadian governments

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really wanted to close an area about the size of Vancouver Island. Moreover they would do so without any public discussions or hearings, without parliamentary debate and with only minimal last minute discussions with First Nations.

What happened to Windy Craggy is indicative of trends that have been affecting the mining industry in North America. The result is that much of Canada's exploration and mining expertise is finding its way to areas as far abroad as the former Soviet Union, Latin America, Indonesia, and subSahara Africa.

What are some of the other implications? First, the sulphide deposits in the Tatshenshini area are now unreachable. They are among the largest known in the world and are now part of a World Heritage Site under the control of bureaucrats appointed by a UN agency.

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They have been removed from Canadian administration and we will never know their true extent and economic contributions they could have made to Canada and British Columbia.

This was a “taking” without fair process and without good reason.

All mining company managements are responsible to their shareholders. Given the example of Windy Craggy many companies shifted the bulk of exploration budgets out of BC. Some exploration continues, of course, by companies with BC Government financing or with large operations such as smelters in the province which obviously cannot be moved. Also, it is a fact that many companies maintain a small presence in the hope that someday a government and electorate more receptive to

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mineral exploration, responsible development and employment will return to power.

Mining companies cannot shut down existing programs overnight. But it is apparent the number of jobs in mining in British Columbia will certainly tumble as reserves are depleted and not replaced.

In contrast, exploration in the Yukon has exploded as exploration expenditures have fallen in B.C..

Many of you are aware of the demand for Canadian exploration and mining expertise overseas including jurisdictions which have managed to have both ongoing exploration programs and tough environmental rules. Already these countries are marketing the minerals discovered and produced using Canadian expertise. Offshore producers are

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filling the void left by a declining Canadian mining industry and are meeting the world demand for metals..

What have Canadians gained from the establishment of this World Heritage Site? Very little. The world now has a park which can be visited by helicopter one hour from Whitehorse. But don't go to the airport and expect to charter a flight. You have to apply for a permit to fly into the area. Alternatively you might try to sneak in by raft or on snowshoes.

As I stated, we have lost access to a major coastal mineral terrain which extends North and South through Alaska. The loss of this area may have long term implications on Canada's competitive position as a supplier of resources in the world market.

Yurg Hoffer, the trapper, moved to Dawson. And some
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members of the First Nations who agreed to the Word Heritage designation are may be beginning to understand the implications of a global or world government organization and its obligations to satisfy the rules of all nations.

The mining industry is both expected and required to open its books and offer full disclosure to the public through discussions, reporting, research and hearings prior to permitting.

In the case of Windy Craggy, all governments acted behind closed doors, held no open hearings, requested no submissions from the general public. Such action does not generate investor confidence in BC's mining industry nor are citizens afforded the opportunity to understand and speak.

A major Canadian resource that we will need in the years ahead is now under the jurisdiction of a committee appointed by

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UNESCO that does not necessarily have Canadian participation.

There was no Canadian representative on the committee in 1994 this same year of this unnecessary expropriation.

I am well aware that there have been over the decades instances of irresponsibility involving the mining industry and the environment. Some was out ignorance. Some was out of greed. I think I can speak for most people in mining when I say there is no malice towards Mother Nature. Everyone has learned alot over the years. All one has to do is look around the Province. There are many areas where mining coexists with other land uses.

We can always hope that at some point the public and the politicians will reverse the decision and allow the Windy Craggy property and other significant reserves of the

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Tatshenshini region to be developed responsibly and in the best interests and to meet the needs of all interested parties.

Looking abroad once more, some Americans are taking a close look at what their governments have done along these lines and are trying to prevent alienation of lands. In late June, Congressman Don Young introduced a bill called the American Land Sovereignty Protection Act. The Act is designed to restore the Constitutional role of the U.S. Congress in the rules and regulations governing lands belonging to the United States.

The Tatshenshini World Heritage Site is bi-national including portions of Alaska to the north and south. The site was proposed by the B.C.'s Premier's office and was endorsed by the Prime Minister's office. The US park was established by the executive branch. In other words, elected officials on both sides

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of the border were not involved in the massive UN protectorate. The Sovereignty Protection Act if passed, will require the specific approval of Congress before any area within the U.S. is made subject to an international land use designation.

Bills like this require discussions and public input.

Witnesses will include officials from the U.S. Interior Department and UNESCO as well as private property rights activists and elected officials. Not one of the half-dozen or so major environmental groups contacted wanted to testify.

World Heritage Sites undoubtedly have a place. But prior to their designation there is a place for public hearings so that all parties and interest groups can be heard and make a difference.

It's all a matter of playing by the rules. The problem for the mining industry is that the rules are still being developed

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and at this point it seems that some of the rules don't apply to all the players.

Some final points, the total area of British Columbia is approximately 95 million ha. All the mines ever developed in British Columbia total less than 1 tenth of one percent of the this total land mass. In other words you could tuck all the land disturbed by mining into a corner of the greater Vancouver area. Provincial parks and National parks total about 6% of the Province.

Without new exploration and access to land, our mining industry will languish. Mining itself represents only about 5% of economic activity but with out mining and the encouragement to develop new and large mines all industries that support such as transportation, utilities, banking, the service sectors ranging

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from catering to equipment manufacturing and sales will suffer immensely.

Thank-you for the opportunity to speak to you today.

Mary Page Webster is a geologist and president of Raventures Inc. a resource asset-management company. As well she is president of Round Table Inc., a First Nations owned and controlled resource company. She worked for most of a decade in exploration, primarily in Northern British Columbia, the Yukon and the Northwest Territories.