

CASE STUDY OF A MODERN
INDUSTRY/FIRST NATIONS
MINING PARTNERSHIP:

882548

Eagle Rock

The Eagle Rock Quarry Project



Eagle Rock signing: (l-r) Eddie Mack, chief, Ucluelet First Nation; Marco Romero, CEO, Polaris Minerals Corporation; and Judith Sayers, chief, Hupacasath First Nation.

EAGLE ROCK MATERIALS IS A PRIVATE B.C. COMPANY formed in 2002 to hold the interests of a partnership between Polaris Minerals Corporation, the Hupacasath First Nation and the Ucluelet First Nation. The Eagle Rock Quarry has the potential to become one of the largest-volume and lowest-cost producers of high-quality construction aggregate materials on the west coast of North America. The quarry site on Vancouver Island's Alberni Inlet holds a high-grade granite deposit of about 710 million tonnes, has deep-water port access and is suitable for long-term development with minimal environmental and social impacts. Eagle Rock's long-term development plan calls for an annual marine shipment of up to six million tonnes (from Vancouver Island to major construction industry markets along the Pacific coast – primarily San Francisco Bay and the Los Angeles Basin), with the project's lifespan estimated at more than 100 years.

In fall 2003, Eagle Rock obtained its provincial Environmental Assessment Certificate and Mining Permit following an extensive public consultation and hearing process. Eagle Rock is now moving to secure marketing partnerships, strategic locations and regulatory approvals for California dockside terminals.

THE PARTNERSHIP AGREEMENT

The Hupacasath and Ucluelet First Nations, both part of the ancient Nuu-chah-nulth Nation, and the Tseshaht First Nation all include the Eagle Rock Quarry site in their traditional territories. All three First Nations have been invited to join the Eagle Rock partnership. In July 2002, Polaris executed a business agreement with the Hupacasath and Ucluelet First Nations under which Polaris holds a 70 per cent interest in Eagle Rock, and the Hupacasath and Ucluelet First Nations a 10 per cent interest each; a further 10 per cent interest is held in trust for the Tseshaht First Nation.

The agreement contains features that separate this partnership from more traditional industry/aboriginal ventures. Polaris has agreed to finance Eagle Rock until a construction decision is made. On the 25th anniversary of the project development financing,

each First Nation partner will have the one-time right to increase its ownership in Eagle Rock by 50 per cent – potentially increasing First Nations equity in the project to 45 per cent. In the event that treaties are settled over the quarry area, the First Nation partners have agreed that, for a term of at least 25 years from the date of such treaties, they will not impose a tenure or tax regime on Eagle Rock with terms less favourable than what would apply without such treaties. Finally, an Impacts and Benefits Agreement will provide Eagle Rock's First Nation partners with business development opportunities, employment/training and community funding.

KEYS TO PARTNERSHIP FORMATION

Marco Romero, Polaris's president and CEO, identified several principles adhered to by Polaris during negotiations:

- respect for the asserted traditional rights and claims of its First Nation partners
- acknowledgement that those rights include unextinguished aboriginal rights and, potentially, title
- early and sustained engagement by senior management in communication and relationship-building
- impartiality in dealing with First Nation partners, and refraining from taking positions on issues between them

"Polaris approached its potential Eagle Rock partners very early in the process of research," Romero says. "We asked for permission to conduct field research on their traditional territories and to meet with them to explain our project concept. We encouraged them to engage consultants of their choice to evaluate the information we presented, at our expense. We answered all their questions and provided all the information they asked for."

Judith Sayers, chief councillor of the Hupacasath First Nation, confirms the importance of Polaris's early and open introduction of the project proposal. "Polaris showed us respect and patience," Sayers says. "We laid our fundamental priorities of protecting the environment and creating capacity for our community on the table, and Polaris worked with us to build those priorities into the parameters of Eagle Rock. The smart companies will continue to see consultation and accommodation as building blocks for establishing positive, enduring relationships with aboriginal communities." ■

For more info, refer to the Aboriginal Community Engagement Guidebook, available at the offices of the B.C. & Yukon Chamber of Mines at 800-889 West Pender Street, Vancouver, B.C.