The Sun.

HURSDAY, JULY 9, 1998

Mount Polley

Huckleberry

884102

# Financial breaks keep Imperial's mine open

**Concessions that include tax deferrals and lower power costs will save 167 jobs at Mount Polley.**

ROD NUTT
SUN BUSINESS REPORTER

Imperial Metals Ltd. says it has worked out an economic plan with its stakeholders that will keep its Mount Polley copper-gold mine open, saving 167 jobs.

The Vancouver company has now rescinded its plans to suspend operations at the mine July 31, Imperial Metals president Pierre Lebel said Wednesday.

Working with British Columbia Job Protection Commissioner Eric van Soeren, Imperial Metals has won certain financial concessions, including property tax deferrals and a reduction in power costs.

The plan will reduce Imperial Metals' operating costs by up to $7 million a year.

Van Soeren said the reduction in electricity rates is based on a formula involving the prices of copper and gold and the value of the Canadian dollar against its American counterpart.

If gold and copper prices rise substantially, Imperial Metals will have to repay the break it will receive on the price of electricity.

Gold reached an 18-year low in January and copper for delivery in three months hit a four-year low in February.

LEBEL

Gold is currently trading at about $292 US an ounce and copper is about 72 cents US a pound.

Certain principal payments owed Imperial's Japanese partners and the B.C. government have also been deferred and the company's unionized employees have taken a 10-per-cent wage deferral, to be repaid after two years.

Lionel Railton, a business representative with the International Union of Operating Engineers, Local 115, confirmed the 10-per-cent wage deferral.

"We held a ratification vote July 3, 4 and 5 and the members voted 70 per cent in favour of the the economic plan," Railton said.

Local 115 represents 105 unionized members at the Mount Polley mine, located 60 km northeast of Williams Lake.

In return for the concessions, Van Soeren said Imperial Metals has agreed to employ all reasonable commercial efforts to keep Mount Polley running.

"Obviously, if metals prices

SEE IMPERIAL D13

**IMPERIAL** from D1

## Huckleberry talks continue

crash then it wouldn't be able to keep the mine open," van Soeren said.

Imperial owns 55 per cent of Mount Polley.

Mount Polley produced 17,552 ounces of gold and 4.1 million pounds of copper in the first quarter, recording a loss of $2.37 million or four cents a share on revenue of $13.2 million.

The company is still negotiating with its stakeholders to complete a similar economic package that will allow it to keep open its 60-per-cent owned Huckleberry copper-gold mine just south of Houston.

Japanese partners own the rest of both mines.

In April, Princeton Mining Corp. shareholders overwhelmingly approved a merger with Imperial Metals, in a deal worth about $15 million, bringing the Huckleberry mine into the Imperial fold.

Imperial will produce a combined 55 million pounds of copper and 57,000 ounces of gold in the first full year of operations from the Mount Polley and Huckleberry mines.

Imperial lost $9.6 million or 16 cents a share in the year ended Dec. 31, compared with net income of $6.6 million or 12 cents a share in the previous year.

Revenue increased to $10.5 million from $6.1 million in 1996.

The price of Imperial Metals shares fell a cent to close at 74 cents in Toronto on volume of 27,000 shares.

# Court dismisses bands' Huckleberry petition

The Sun Feb. 4/98

ROD NUTT
SUN BUSINESS REPORTER

A petition by the Cheslatta and Wet'suwet'en Indian bands claiming that a project development certificate was improperly issued for the Huckleberry copper mine has been dismissed by British Columbia Supreme Court.

"The gist of the case was that the government issued a development certificate without following due process under the B.C. Environmental Assessment Act," Paul Sweeney, Princeton Mining Corp. chief financial officer and senior vice-president, said Tuesday.

"But Justice [Bryan] Williams is saying that all the issues raised in the petition were, in fact, addressed by the project committee and environmental assessment office."

The bands couldn't be reached for comment Tuesday.

Vancouver-based Princeton Mining owns 60 per cent of the $141.5-million copper mine 120 km southwest of Houston.

Sweeney said development and operation of the mine continued uninterrupted during the court hearing.

"The mine is already up and running with an operating permit. So it [the petition] was kind of stale."

Huckleberry will ship its fourth load of copper concentrate through the Port of Stewart this month.

The mine produced 13.9 million pounds of copper in the last three months of 1997, the mine's first quarter of operation.

A consortium of four Japanese trading houses and mining companies owns the remaining 40 per cent of Huckleberry.

Sweeney said Princeton's partners have contracted to buy all Huckleberry's copper production during the life of the mine.

The Japanese consortium also provided the debt financing to develop the mine.

→ Huckleberry

The Sun Mar. 27/96

*MINE from page 1*

# Environmentalists upset

Marchi's decision is a major disappointment to environmentalists in B.C.

"The B.C. environmental review was not completed appropriately and we'd hoped the federal process would cover it," said Madsen.

"Every level of government has now done such a poor job on this.

"We definitely don't think this project has been subject to an appropriate and full environmental review."

Jim O'Rourke, president of Princeton Mining Corporation, said Tuesday night he was still waiting to hear from the federal government.

O'Rourke said he knew the matter was on Marchi's desk and had expected a decision by today.

The Huckleberry project sparked controversy earlier this month when Natural Resources Minister Anne McLellan wrote Marchi, pressing him to fast-track the project.

Donald Campbell, Canada's ambassador in Tokyo, was also drawn into the controversy when copies were released of a letter he'd written to the federal deputy environment minister.

Campbell had warned that delays in approving Huckleberry were upsetting a Japanese consortium investing in the project and that could jeopardize future Japanese investments in Canada.

Environmentalists say the letters by McLellan and Campbell were examples of unacceptable lobbying on behalf of the mining industry.

The $137-million Huckleberry project is expected to create 220 jobs during the construction phase and 200 full-time jobs during operations.

Critics, however, say that most of the benefits from the project will go to Japan.

# Indians angry minister deems mine process sufficient

MARK HUME
*Vancouver Sun*

Federal Environment Minister Sergio Marchi has removed a major hurdle for a controversial mining project in north-central British Columbia, saying no further environmental assessment is needed on the Huckleberry mine.

Jean Blane, of the Canadian Environmental Assessment Agency, confirmed Tuesday night that Marchi has given his blessing to the gold and copper project near Houston.

"He's given the go-ahead in terms of saying no further federal environmental assessment is needed on this project," said Blane.

She said the department of fisheries and oceans is now free to issue permits that would give final authorization for the project to proceed.

Chief Marvin Charlie, of the Cheslatta Carrier band, said he was bitterly disappointed with Marchi's decision.

The Cheslatta are challenging the project before the B.C. Supreme Court, arguing that a full and proper environmental process has not been undertaken.

"It doesn't surprise me," Charlie said of Marchi's decision. "The government makes all kinds of rules and then it breaks them when it sees fit.

"It's obvious that what's important here is the money — not the well-being of native people."

He said he's not sure what the Cheslatta can do to fight the project other than proceed with the court case, which seeks to force the mine to go through the full environmental process from the beginning.

"I don't think it's a great idea that a mining project like this should go ahead without an environmental review," said Charlie.

"If this mine goes ahead, it'll open the

The Sun Oct-31/97

(11)

# Princeton Mining loses $3.6 million

**The company's Huckleberry copper mine southwest of Houston is virtually complete with commercial production beginning in early October.**

ROD NUTT
SUN BUSINESS REPORTER

Princeton Mining Corp. lost $3.6 million, or three cents a share, in the third quarter of 1997, compared with a profit of $522,000, or one cent a share, in the year-earlier quarter.

The Vancouver company took a charge of $2.2 million in the three months ended Sept. 30 relating to the writeoff of some of its properties in Chile.

Revenue fell to $204,000 from $18.16 million in the 1996 third quarter, the result of the closure of the Similco copper mine near Princeton in November of 1996.

In the first nine-months, Princeton lost $7.45 million, or seven cents a share, compared with a loss of $3.5 million, or four cents a share, in the corresponding period of 1996.

Revenue fell to $494,000 from $49.47 million.

Princeton president and chief executive officer Bill Myckatyn said construction of the 60-per-cent owned Huckleberry copper mine 86 km southwest of Houston in west-central British Columbia is virtually complete with commercial production beginning earlier this month.

A consortium of Japanese companies owns the other 40 per cent of Huckleberry.

The first load of concentrate is scheduled to be shipped from the port of Stewart on the northern B.C. coast Nov. 1.

"The ship is scheduled to arrive in Stewart at noon on Friday and should leave for Japan around 7 a.m. Saturday with 7,000 tonnes of copper concentrate," Myckatyn said.

The capital cost of Huckleberry was $141.5 million, or 3.7 per cent above the original budget of $136.5 million.

Myckatyn attributed the increase mainly to the higher cost of building the tailings dam.

For all of 1998, the Huckleberry mine is projected to produce 82 million pounds of copper and 1.5 million pounds of molybdenum at a direct cash cost of 64 cents US a pound of copper.

Production for the first four years is expected to average 73 million pounds of copper and 1.4 million pounds of molybdenum a year at a cash cost of 66 cents US a pound of copper.

Princeton (TSE: PMC) closed down one cent at 29 cents in Toronto Thursday on volume of 70,000 shares.

→ Huckleberry

13

# Princeton Mining looking for acquisitions, official says

ROD NUTT
*Sun Business Reporter*

Cash-starved Princeton Mining Corp. let it be known Thursday that it is eager to acquire money-generating assets, either by outright purchase or through a merger.

"When successful, this approach will provide the two items that we need to grow: critical mass and cash flow," president and chief executive Bill Myckatyn told shareholders.

He said his reputation in the marketplace will enable Princeton to raise the cash for an acquisition or merger.

"When we find the asset or assets, we will restructure the company's capitalization."

Shareholders have twice approved a one-for-five consolidation of the company's 93 million shares outstanding. But Myckatyn said the market requires "good news" for the consolidation to be effective.

"We're a 40-cent stock. We don't want to consolidate into a $2-stock only for the share price to slip back, losing value for shareholders."

Princeton (TSE: PMC) closed just under 40 cents Thursday on volume of 86,600 shares.

Myckatyn said the reason for consolidation is to attract institutional investors that ignore penny stocks.

He also said the value of Princeton's Chilean properties, held through 100-per-cent owned Aquest Minerals Corp., are not reflected in the company's share price.

"The plan was, and still is, to take Aquest public in Canada and use the funds to advance the projects."

Princeton's $137-million Huckleberry copper project near Houston, B.C. is 75-per-cent complete and on schedule to come into production this fall.

"The Huckleberry project has good economics and will be a long-term cash generator," Myckatyn said. "However, in the short to medium terms there will not be a large amount of free cash flowing back to Princeton."

He said the six-year, $60-million loan from Princeton's Japanese partners could be paid off within four years if the lenders opt to take up to 80-per-cent of any excess cash that is left over after scheduled payments.

The company also has a $15-million infrastructure loan from the provincial government.

Princeton owns 60 per cent of Huckleberry which will produce an average 65 million pounds of copper over the first 10 years of its16-year life at a cash cost of 65 cents US a pound.

The remaining 40 per cent is owned by Mitsubishi Materials Corp., Marubeni Corp., Furukawa Co. Ltd. and Dowa Mining Co. Ltd., all of Japan.

Princeton's remaining asset, the Similco copper mine near Princeton, was shut down last November because of the mid-year drop in copper prices, the inability to hedge copper forward and the lack of capital to develop nearby Copper Mountain.

Myckatyn said Similco will remain closed on a care-and-maintenance basis for the rest of this year.

The company is currently studying several options for Similco, including a joint-venture partner, re-opening the mine and shutting it down permanently.

Princeton lost $2.2 million, or two cents a share, in the first three months of 1997 compared with a loss of $3.7 million or four cents a share in the year-earlier quarter.

Revenues dropped to $97,000 from $13.1 million.

Judge reverses earlier decision to postpone hearing in copper mine case until September

# Huckleberry wrangle nears end

ROD NUTT
*Sun Business Reporter*

Hearings into the Cheslatta Indian band's application in B.C. Supreme Court for an injunction to halt construction of a $137-million Huckleberry copper mine will wrap up Friday, but it isn't known if the judge Justice Robert Hutchison will make a decision that day.

Hutchison will hear closing arguments Friday from opposing lawyers for the Cheslatta and Princeton Mining Corp., which is part of a consortium developing the copper mine.

Last Friday, Hutchison abruptly ended the four-hour injunction hearing before the completion of closing arguments.

He said he would not resume until September which would have allowed Princeton to continue building the mine south of Houston through the summer.

But Huckleberry environmental affairs manager Peter Campbell confirmed that Hutchison has now decided to reconvene the hearing Friday. Campbell said he didn't know whether he would make a ruling that day.

However, Hutchison's comments during last week's hearing indicated he has little intention of issuing an injunction to stop construction of Huckleberry, which is being developed by a consortium of Princeton and several Japanese companies.

Hutchison said the Cheslatta had failed to show that construction this summer would cause irreparable harm.

The B.C. mining industry, already concerned with land claims issues and other political uncertainties in this province, is monitoring the outcome of the Cheslatta's legal action carefully.

The Huckleberry mine has gone through environmental hearings with both the federal and provincial governments and received all necessary approvals.

But the Cheslatta argue that insufficient study has been done on the environmental impact on water and wildlife.

Princeton has said any delay caused by an injunction would add to the costs of building the mine.

Princeton president Jim O'Rourke said in a recent meeting with *The Vancouver Sun* editorial board that current weak copper prices don't threaten the mine.

The company's Japanese partners have agreed to take all of Huckleberry's output, he said.

# Huckleberry copper project receives Victoria's blessing

ROD NUTT
*Sun Business Reporter*

A $137-million copper mine near Houston, B.C., has received provincial approval but the Huckleberry project still requires the go-ahead from the federal government.

An environmental group has filed a pe   n in B.C. Supreme Court on behalf of the Council of Cheslatta Nation asking the court to review the recommendation of the environmental assessment office that a project approval certificate be issued to Huckleberry Mines Ltd.

Both the minister of mines and minister of environment have signed a project development certificate approving the large copper deposit, 86 km southwest of Houston.

"The project has gone through an extensive review by the Huckleberry project review committee consisting of representatives from local, provincial and federal government agencies and First Nations," Environment Minister Moe Sihota said Wednesday.

"The review process has demonstrated that mine development can take place in B.C. in an environmentally sound manner. All concerns raised during the process have been adequately addressed and monitoring will ensure the development continues to meet project approval certificate conditions."

The property was acquired by Princeton Mining through the purchase of New Canamin Resources Ltd. last July.

A consortium of Mitsubishi Materials, Dowa Mining, Furukawa Co. and Marubeni will develop the project with Princeton.

Princeton's agreement with the consortium calls for a long-term concentrate-purchase contract for total output of the mine under competitive terms for the first five years of operation.

The agreement also calls for $60 million US in financing repayable over six years and the consortium to acquire a 40-per-cent stake in Huckleberry Mines for $6 million plus a proportionate share of future equity funding.

Earlier, Princeton president and CEO Jim O'Rourke said the mine will produce 65 million pounds of copper a year in the first five years and one million pounds of molybdenum a year over the projected 16-year mine life.

The mine will create about 220 jobs during the construction phase followed by 200 full-time jobs during operation.

"There are too many unknowns for us to make a decision to approve the mine and the environmental review has done little to address many of our concerns," said chief Marvin Charlie in a statement released by the Sierra Legal Defence Fund, which claims the mine would be on traditional Cheslatta territory.

The petition asks the court to consider "serious errors made in the process of the environmental review."

"This review will set the tone for all that follows," said Sierra Legal lawyer Karen Wristen.

The Huckleberry project is also subject to federal approval under the Environmental Assessment Act.

VOS → Huckleberry

The Sun Sept 2/95 **BUSINESS**

**LAND USE**

# Halt Huckleberry, Cheslatta urge

GORDON HAMILTON
Sun Forestry Reporter

## Environmental study on copper mine site fast-tracked, flawed

The Cheslatta Indians want the provincial government to put the brakes on a new mine in northwestern B.C., claiming environmental studies done so far are flawed.

The Cheslatta also want a share of the mine's wealth, if it is approved, claiming the land is within their traditional territory.

They have accused the government of using the new Environmental Assessment Act to "fast-track" the proposed $1.3 billion Huckleberry copper-molybdenum mine 86 kilometres south of Houston.

A report prepared for the Cheslatta by a government-recommended consultant points out the inadequacy of acid rock drainage data.

"We don't think it is unreasonable to demand more time," said Cheslatta natural resource advisor Dana Wagg.

The 80-member band says it is not opposed to the mine but is demanding assurances that environmental issues such as acid rock drainage and heavy-metal leaching are adequately addressed first, Wagg said.

The Cheslatta are on the committee reviewing the mine application, along with government and other local representatives.

"If we don't have a good handle on it in the first place, how can we assess it?" said Wagg.

The Cheslatta have also noted that a company consulting on the Huckleberry project designed a tailings pond that failed in Guyana, causing serious environmental damage.

Researcher John Hummell has told environment ministry officials the Guyana disaster reinforces his misgivings.

The mine was first proposed in 1993 by the Princeton Mining Corp. and in April the project was included under the Environmental Assessment Act, which was proclaimed June 30. The fast-tracking began then, said Wagg, when a critical review period was squeezed into seven weeks.

The Environmental Assessment Act imposes deadlines on project stages to ensure resource development applications are dealt with in a timely fashion according to Leslie Hildebrandt, of the Environmental Assessment Office.

The seven-week review period was within the 45- to 60-day period allotted.

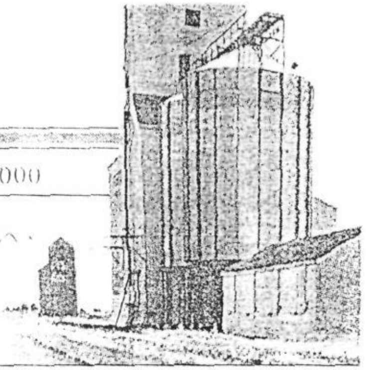
The next deadline is Sept. 15, when the committee is to make its recommendations to the Environment Minister Moe Sihota and Mines Minister Anne Edwards.

The government has balked on the Cheslatta revenue-sharing demand, noting the neighboring Wet'sewet'en Indians also have a claim on the land.

The Cheslatta were forced off their traditional territory in 1952 when Alcan's Kemano project flooded Cheslatta Lake.

They fought the Kemano completion project and say they will fight further resource development on territorial lands that does not include them.





EDITOR HARVEY ENCHIN 605-2520 / E-mail henchin@pacpress.southam.ca THURSDAY, SEPTEMBER 21, 2000

**CUBIC CHANGE**

The designer of the office cubicle has created a new concept. Page D6

**GRAIN PAIN** The Sun

CWB demands that Vancouver grain terminals be forced to unload grain. Page D3

# Mines revive as copper climbs

B.C. mining industry pleased as tumbling inventories and rising demand push the price of the metal to about 90 cents US a pound.

By ROD NUTT

Copper prices — at their ighest levels in two years — re breathing life into an industry that was threatened with extinction just months ago.

Plummeting inventories and ncreasing demand have ushed up the price of copper o about 90 cents US a pound from 61 cents two years ago.

Revenues at Highland Valley Copper, B.C.'s biggest copper mine, increase by about $5 million for every one cent rise in the price.

"We're really pleased with the stability of the price of copper," Highland Valley superintendent for safety and public affairs Trevor Phelps said. "The usual third-quarter slowdown in consumption didn't happen, resulting in a decline in London Metal Exchange inventories."

This year, Highland Valley Copper near Kamloops will produce about 400,000 tonnes of copper, or more than one million pounds a day.

About a year ago, Highland Valley was negotiating with the B.C. government's jobs protection commissioner for breaks on power rates and taxes in an effort to reopen the mine after a labor dispute.

Highland Valley is owned by Cominco Ltd., Teck Corp. and Rio Algom.

"Copper inventories have been declining through the summer, which is normally a slow period," said IPO Capital partner Dorothy Atkinson. "There's a lot of demand, especially from Asia."

The copper market is expected to be in a small deficit this year and to flirt with small deficits in 2001 and 2002.

As a result, prices are expected to hold steady during the next two years.

Atkinson said the current price levels represent a healthy oper-

SEE COPPER, D2

# Many mines benefiting from rise

ating margin for most producers and will likely spark a consolidation in the industry.

"Both Billiton and Noranda are bidding for Rio Algom and I expect more consolidation."

U.S.-based Phelps Dodge has offered $1.8 billion US for Cyprus Amax, also of the U.S., and Grupo Mexico of Mexico has made a $1.2 billion US bid for Asarco of the U.S.

"Major factors for the higher price are the strong North American economy and the recovery in Asia," said David Duval, a Vancouver mining consultant and former technical adviser to the United.

Pacific International Securities analyst Richard Elbl said London Metal Exchange inventories have been falling rapidly.

"Copper consumption is up six per cent over a year earlier whereas production is only 2.5 per cent higher year-over-year," he said.

LME stockpiles, about 800,000 tonnes in September 1999, are now down to about 445,000 tonnes, and falling.

Other B.C. mines benefiting from the higher price are Imperial Metals Corp.'s Mount Polley mine near Williams Lake and Huckleberry mine near Smithers, and Northgate Exploration Ltd.'s Kemess mine north of Mackenzie.

Imperial's operating income increases by $680,000 for every one cent rise in the price of copper.

"Both Huckleberry and Mount Polley are healthy mines on an operating basis," Imperial Metals president Pierre Lebel said. "But they still carry debt that has to be serviced."

Huckleberry and Mount Polley kept operating last year with help from the jobs protection commissioner.

A 10-per-cent rise in the price of copper increases the Kemess mine's operating income by $6 million, based on an average annual production of 55 million pounds of copper and a copper price of 80 cents US a pound.

Gibraltar Mines at McLeese Lake north of Williams Lake plans to reopen early next year, according to Bruce Jenkins, the director of government affairs at parent Taseko Mines.

"We're taking start initiatives and if the copper price holds up, Gibraltar should reopen in the first quarter of next year," he said.

The mine closed two years ago.

rnutt@pacpress.southam.ca

# Plan worked out to keep Huckleberry open

## Imperial Metals says it has won concessions such as property tax and loan deferrals to reduce mine costs.

ROD NUTT
SUN BUSINESS REPORTER

Vancouver-based Imperial Metals Corp. said Tuesday that it has worked out an economic plan with its stakeholders that will keep its Huckleberry copper-molybdenum mine open, saving 172 direct jobs.

Working with British Columbia job protection commissioner Eric van Soeren, Imperial Metals said it has won a number of financial concessions, including property tax and loan deferrals and a reduction in power costs for the operation 120 kilometres south of Houston, B.C.

The plan will reduce Huckleberry's operating costs by up to $7 million a year, according to Imperial Metals president Pierre Lebel.

Van Soeren said the reduction in the electricity rate is tied to a formula based on the price of copper and molybdenum as well as the value of the Canadian dollar.

The company, which receives payment in U.S. dollars, will generate more revenues if the Canadian dollar falls and metals prices increase.

The workforce, which isn't unionized, will also take a combination of permanent and deferred pay cuts of about 10 per cent.

Lebel said the company has won "financial reductions today which will be paid back later" when metals prices are stronger.

Gold reached an 18-year low in January and copper for delivery in three months hit a four-year low in February.

Gold is currently trading at about $290 US an ounce and copper is about 78 cents US a pound.

Van Soeren said there is a deferral of certain payments of a $60-million US loan to develop the Huckleberry mine provided by its Japanese partners.

"We are effectively stretching the loan to eight years from five," said Lebel

The Japan Group is made up of Mitsubishi Materials Corp., Marubeni Corp., Dowa Mining Co. Ltd. and Furukawa Co. Ltd.

The Huckleberry mine has proven reserves for an operating life of 14 years, but Lebel said he expects the mine to operate for at least 20 years.

He said the company expects copper to average $1.05 US a pound over the life of the mine.

Huckleberry, 60-per-cent owned by Imperial Metals and 40-per-cent by the Japan Group, is currently producing at the rate of 70,000 to 72,000 pounds of copper a year.

In April, Princeton Corp. shareholders overwhelmingly approved a $15-million merger with Imperial Metal, a deal that brought the Huckleberry mine into the Imperial fold.

Earlier this month, Imperial Metals worked out a similar economic plan with the help of the job protection commissioner to keep its 55-per-cent owned Mount Polley gold mine operating.

That plan also included tax and loan payment deferrals, wage cuts and a break on the cost of electricity worth a combined $7 million in savings.

Mount Polley is 60 kilometres northeast of Williams lake.

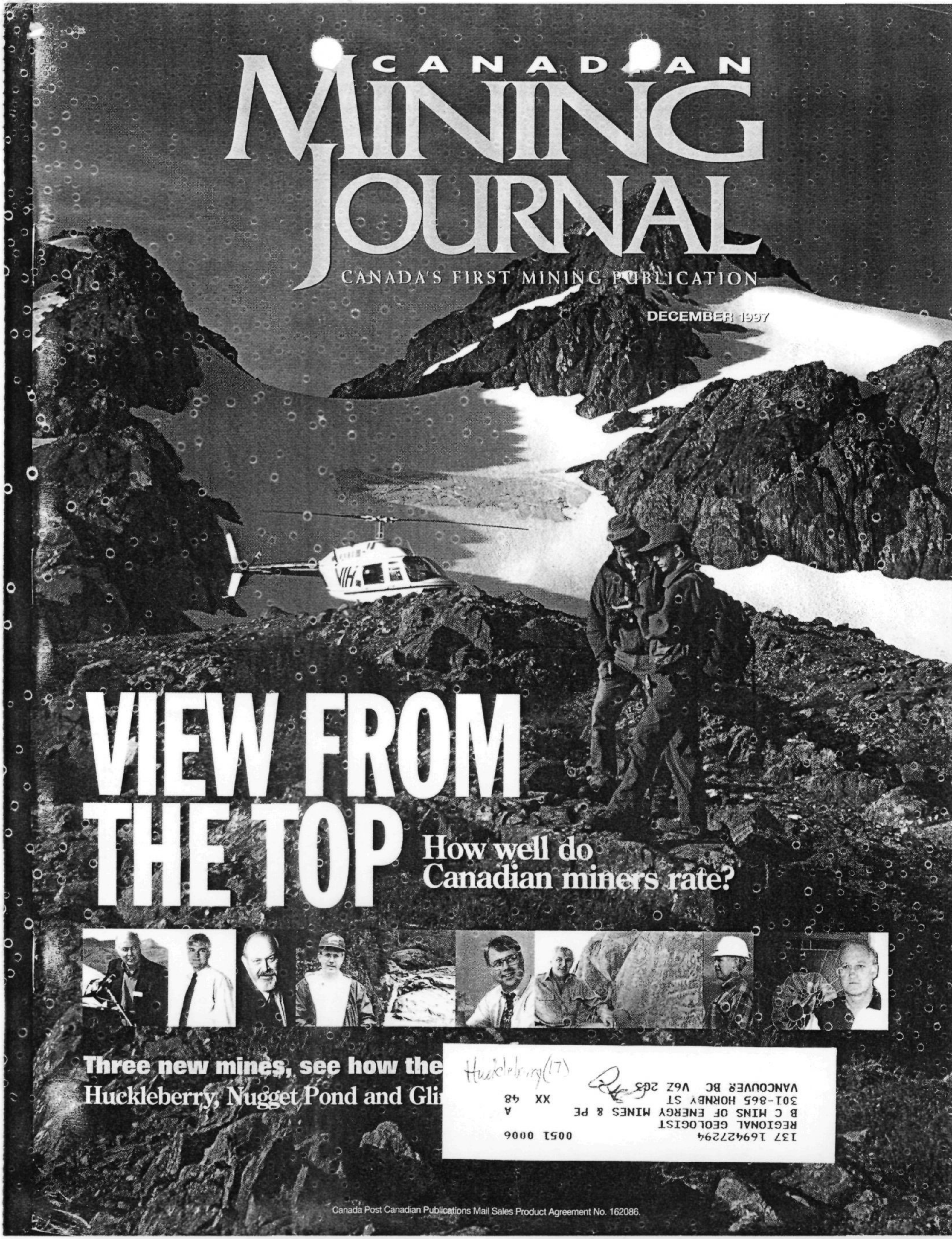
This year, Huckleberry and Mount Polley will provide on Imperial Metals' account 55 million pounds of copper, 57,000 ounces of gold, 571,000 pounds of molybdenum and 38,000 ounces of silver.

According to Lebel, a $10 US change in the price of an ounce of gold affects Imperial Metal's operating income by $850,000 Cdn annually; a one-cent US change in the copper price affects operating income by $327,000 Cdn.

The impact of a one-cent change in the value of the Canadian dollar versus the U.S. dollar on the company's operating income is $800,000 Cdn.

Imperial Metals closed unchanged Tuesday at 70 cents on thin volume of less than 3,000 shares.

CANADIAN MINING JOURNAL
CANADA'S FIRST MINING PUBLICATION
DECEMBER 1997



# VIEW FROM THE TOP

How well do Canadian miners rate?

Three new mines, see how the
Huckleberry, Nugget Pond and Gli

Huckleberry (17)

137 169427294 0051 0006
REGIONAL GEOLOGIST
B C MINS OF ENERGY MINES & PE A
301-865 HORNBY ST XX 48
VANCOUVER BC V6Z 2G3

Canada Post Canadian Publications Mail Sales Product Agreement No. 162086.

CANADIAN MINING JOURNAL

# NEW BASE METAL MINE FOR BC

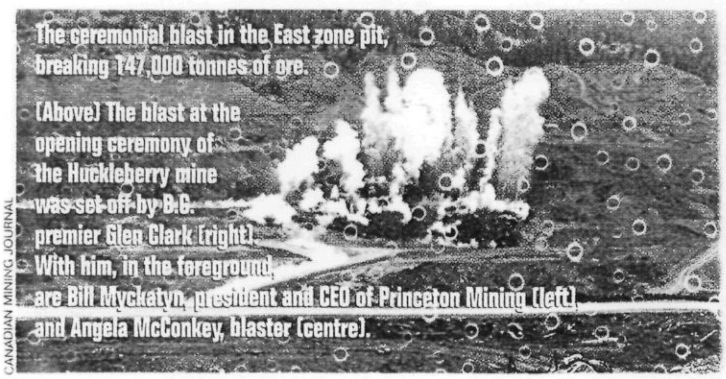
**Huckleberry promises copper and moly for at least 16 years**

by Jane Werniuk

British Columbia has long been home to large open pit, low grade base metal mines. Lately, the province's mining fortunes have been characterized by mine closures and regions being withdrawn from exploration. This year, however, has seen the opening or development of several moderate-sized mines, among them Princeton Mining's Huckleberry copper-molybdenum mine in the west-central part of the province.

The Main zone of the deposit was found in 1962 by Kennco. Ownership passed to Granby Mining and then to New Canamin Resources which discovered the East zone deposit in 1993. In June 1995, New Canamin amalgamated with Princeton Mining Corp. Huckleberry received the first Project Approval Certificate issued under the new British Columbia Environmental Assessment Act, along with approval under the Canadian Environmental Assessment Act as well. With the PAC and CEAA approval in hand, the owners decided to put it into production. A strategic alliance was finalized in June 1996 with a consortium of four Japanese companies—Mitsubishi, Dowa Mining, Furukawa and Marubeni—which purchased 40% interest; Princeton retains 60% interest. Huckleberry Mines Ltd. (HML) is the operator.

The Huckleberry mine lies 1,000 m high, 86 km southeast of Houston. The site is reached by 113 km of existing forest service roads plus an 8-km connector road built by HML. The company built a 1500-m airstrip about 13 km north of the minesite. Power is supplied by BC Hydro via a 122-km line constructed by HML.



CANADIAN MINING JOURNAL

The ceremonial blast in the East zone pit, breaking 147,000 tonnes of ore.

(Above) The blast at the opening ceremony of the Huckleberry mine was set off by B.C. premier Glen Clark (right). With him, in the foreground, are Bill Myckatyn, president and CEO of Princeton Mining (left) and Angela McConkey, blaster (centre).

Site development and road construction began in March 1996, and construction of the camp, mill, tailings dam and powerline commenced in June 1996. Ore stockpiling began in July 1997, and the first concentrate was trucked to port for shipment overseas at the end of September. All facilities were expected to be in place by mid-November. Production for the first four years should average 73 million pounds of copper and 1.4 million pounds of molybdenum at a direct cash cost of US$0.66 per pound of copper.

The mine was developed at a capital cost of Cdn$141.5 million, 3.7% over the original budget. Initial financing for the project was by way of a US$60 million loan arranged by the Japanese partners and a total contribution of US$26.7 million from all five partners. As well the

**The East zone pit will be mined initially up to year two. Then the Main zone will be mined from years two to seven.**

Government of B.C. loaned Cdn$15 million for infrastructure development. The Japan Group required the government's financial commitment before it would become involved in the project.

The ore is biotite-feldspar granodiorite porphyry containing chalcopyrite and molybdenite, with lesser gold and silver values. Total mineable reserves in the Main and East zones, based on a 0.30% Cu cutoff, are 90.3 million tonnes grading 0.513% Cu, 0.014% Mo, 0.062 g/t Au and 2.812 g/t Ag, with the East zone being richer than and almost three times the tonnage of the Main zone. This is sufficient for a 16-year mine life.

The East zone pit will be mined initially up to year two. Then the Main zone will be mined from years two to seven. The East zone pit will be mined again from year seven. The waste rock from the East zone is fairly high in sulphides that could cause acid leaching, so it will be dumped into the mined out Main zone pit and permanently covered with water to prevent acid generation. The waste from the Main zone is non-reactive, so can be used in constructing the tailing dam. Therefore, there will be no exposed waste rock dumps at closure, which is unique for an open pit mine.

Bucyrus Erie 60R drills make 13-m long blastholes that are loaded with a combination of Anfo and emulsion. One P&H 1900 AL electric shovel, a Demag H185S hydraulic shovel and a 992 Caterpillar loader fill the fleet of five 86-tonne Caterpillar 777 trucks that haul ore 1,200 m to the primary crusher at the mill.

Fluor Daniels Wright of Vancouver designed the 18,000 tonnes/day, standard flotation mill. After two stages of grinding, slurry is mixed with potassium xanthate and frothers to yield a bulk Cu-Mo conc. The moly circuit takes the thickener underflow and floats off the molybdenum. The copper concentrate is dried by filter press to 9% moisture and then loaded into 44-tonne capacity B-train trucks for transport by Arrow …ing Services 540 km to the Port of Stewart, BC. The moly concentrate is dried by disc filter and Holoflyte dryer to 4% moisture and then loaded in 1-tonne bags for shipment by truck.

Milling began in mid-September, while the circuits were still being fine-tuned, and the molybdenum circuit was to begin production in early November. The copper conc (27% Cu) will be shipped year-round to a smelter in Onahama, Japan jointly owned by Mitsubishi, Dowa and Furukawa, and the molybdenum conc (54% Mo) will be shipped to Derek Raphael & Co. in Vancouver.

Discharge from the mill is piped 2,500 m to the tailings impoundment area, which has an impervious clay-till core. This is a closed system with no discharge to the environment. About 70% of the mill water comes from reclaimed supernatant. Temporary diversion ditches have been constructed around the very compact, 400-hectare site for water management, especially during spring runoff. The design ensures that the site will return to a productive wildlife habitat. **CMJ**

# Huckleberry bailout expected

## *Mine manager confident of Job Protection Commission deal*

A debt-restructuring plan to save Huckleberry Mine from the plummeting metals market that has claimed several other B.C. mines is close to being signed.

Mine manager Emile Brokx says a deal is crucial to ensure the operation survives, although he wouldn't confirm the open-pit operation 180 kilometres south of Houston would close if the deal falls through.

"It's hard to figure out what would've happened," he says.

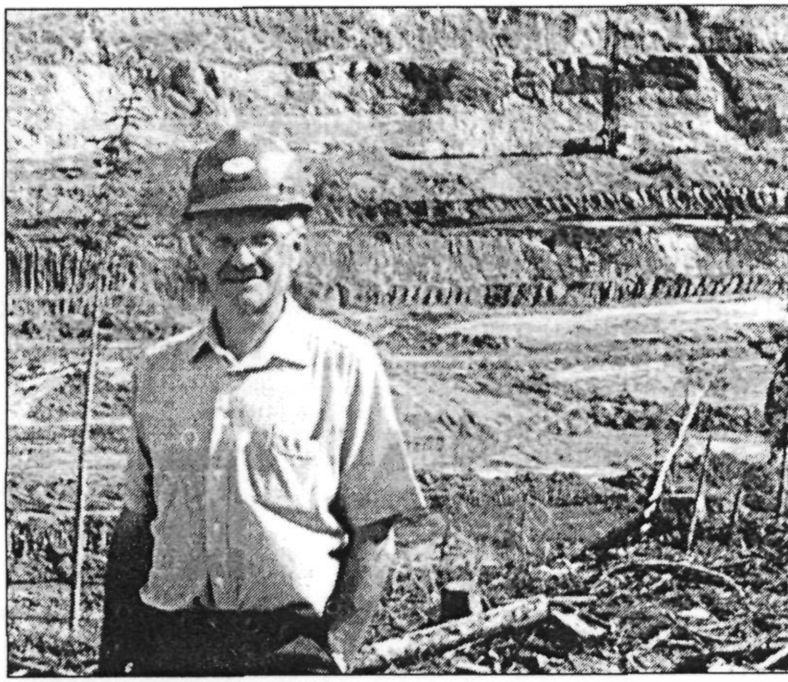
But Brokx says it looks like the plan, brokered by the province's Job Protection Commission, is going ahead.

"We're pretty confident we'll get a deal. it looks like all the stakeholders have agreed."

The major holdouts had been BC Hydro and the provincial government, but Brokx says they've agreed to give concessions to the mine. Huckleberry had been asking for reduced energy rates and a deferral on taxation.

The document has gone out to all stakeholders for signing, he said, and he hopes to see a final deal this week.

Huckleberry has been having problems meeting its loan re-payment schedule because of low demand for metals in Asia, low copper and gold prices, and startup problems at the mine.



**PRICES THE PITS:** Huckleberry Mine manager Emile Brokx is looking for a way to keep the operation going despite low metal prices.

File photo

Although the mine is an efficient operation, it requires some breaks from suppliers and government to get through the present downturn, Brokx told a group of community leaders in Houston last month.

"As a copper mine, we have a very good ore body and good operating costs. A lot of other copper mines in B.C. would be out of business before Huckleberry," he said.

Huckleberry Mine applied for assistance from the province's Job protection Commission in April. Brokx said the Commission "helps companies get over a short term problem as long as the company is viable in the long term."

All stakeholders are participating in the process, brokered by the commission.

An official with the commission confirmed an agreement is close to being signed. "Hopefully a solution is imminent," he said.

Brokx said mine employees have already given up wage concessions. As well, the mine's owners, Vancouver-based Imperial Metals and a consortium of four Japanese corporations, have increased equity and deferred loan principal payments, he said.

"We need help to get over this period of pain," said Brokx. "Hopefully we will all come to our senses and in the long run we will all benefit."

Brokx said that with the help of the Job Protection Commission the future of Huckleberry Mine will be more secure until July 2000. He said stakeholders will be paid back when copper prices rise.

### Current Stats:

- Huckleberry now employs 207 people, 185 men and 22 women. Of those, 19 are First Nations people. Of the total, 109 were hired from the Bulkley Valley, 60 moved to work here and 38 commute from out of the valley.
- Each day Huckleberry produces 480 tonnes of copper concentrate that also contains lesser amounts of gold and silver. Eleven truck loads of concentrate are hauled daily to the port of Stewart for shipment to Japan. Each truck load is worth about $30,000.
- The mine also produces 2,200 kilograms of molybdenum concentrate each day, which amounts to about $15,000 worth of moly metal.
- The mine is 60 per cent owned by Imperial Metals Corporation and 40 per cent owned by four Japanese corporations.
- Imperial Metals Corporation chairman and CEO, N. Murray Edwards, has extensive holdings in the Alberta oil patch and also owns the Calgary Flames hockey team.

commercial and recreational fishermen, who are bracing for widespread harvest bans this year.

Since 1992—a year before Canada's Pacific Salmon Treaty with the U.S. expired— the U.S. fleet has taken roughly 26 million B.C.-spawned salmon, compared to the province's catch of 11 million U.S.-spawned fish in this same period. Scientists say that this year the state of Alaska's harvest of B.C.-spawned salmon could be 6 million fish in excess of sustainable levels. The UFAWU's Brown calls the Americans' posture "arrogant and bullying."

In 1994 talks aimed at renewing the Pacific Salmon Treaty broke down when the Americans ignored B.C.'s call to reduce their interception of chinook. Mr. Tobin, then fisheries minister, declared: "We are not going to give free passage to a nation that has indicated its intention to take....more fish." He then imposed a $1,500 transit fee but dropped it after U.S. Vice-President Al Gore agreed to appoint a new mediator for the treaty talks. In February, the U.S. government rejected proposals (which remain undisclosed) by mediator Christopher Beeby for a renewed treaty. On March 5, Ottawa announced that Mr. Beeby had stepped down.

Believing these developments are a prelude to another year of overharvesting by Alaska, Mr. Brown maintains that Canada ought to consider tough countermeasures, such as a re-examination of the downstream benefits provided by the Columbia River Treaty.

He says the Roberts Creek chinook run, which is expected to have only 5,000 spawners this year, demonstrates how desperate the situation has become. "We need 30,000 on the spawning grounds, so we agreed to stop fishing that run." But Alaskans could easily "savage" the stock.

Reformer Cummins argues that any retaliatory proposals will be countered by Washington: "They could nail us with levies on our ferries going from Tsawwassen to Swartz Bay to the Gulf Islands and briefly crossing U.S. waters or fish the hell out of this season out of sheer spite."

The Reformer is lobbying Ottawa to appoint John Fraser as a special ambassador to take on the task of finding a resolution to the fishing dispute. He notes that Mr. Fraser's 1995 report, on the disappearance of Fraser River salmon, gives the former speaker of the House of Commons a lot of credibility. "I'm certain if he's given the mandate, he'll turn us away from what has become a dead end," Mr. Cummins says. "But if people like Clark are listened to, we're sunk."

*—Robin Brunet*



VS → HUCKLEBERRY

# Buried by Canadian regulations

## *Investors seek swift approval of the Huckleberry mine*

Next to forestry, mining is British Columbia's most valuable resource industry. Nevertheless, of late, mining proposals have received a hostile reception in Victoria.

Fear of antagonizing environmentalists led to the NDP ruling vast swaths of the province out of bounds to mining. And in 1993, the government's cancellation of the Windy Craggy project served notice that the era of untrammelled mine development was officially over.

Now the federal government has joined in the anti-mining crusade and foreign investors are beginning to realize just how unfriendly Canada has become.

The Huckleberry copper mine project, 85 kilometres southwest of Houston, has become the lightning rod for foreign concerns. The open-pit mine will create 220 jobs during construction and 180 jobs at the site over a 17-year period. The copper concentrate is to be transported to Prince Rupert where it will be shipped to Japan, and the overall value of the mine's deposits is estimated at $1.3 billion.

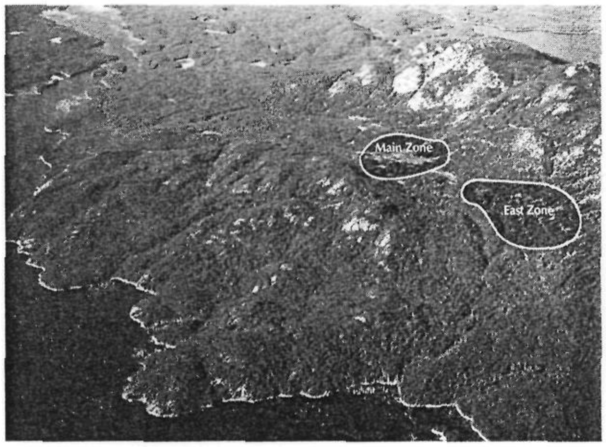
Princeton Mining Corp., the mine's co-owner, wants to get underway with 18 months of construction work before the spring thaw (mill buildings and foundation works have to be completed to allow for closing in the structures by next winter) in order to begin mining by mid-1997.

Time is running out and the mine's Japanese investors, led by Mitsubishi Materials Corp., are afraid that a delay in the federal approval process of just a few more weeks will lead to a delay in the opening by another full year.

These worries were relayed by Canada's ambassador to Japan, Donald Campbell, after a mining symposium in February. "The nature and complexity of the environmental assessment process in Canada and its potential impact on the critical path of mining investment projects is of considerable concern," wrote the ambassador in a letter to deputy federal environment minister Mel Cappe.

The Huckleberry project is the first mine to go undergo the process dictated by new federal and provincial environmental assessment acts. Huckleberry received provincial approval on December 22—after two years of environmental studies. An eight-volume, 1,100-page project report was released in May 1995 followed by seven months of further review. The federal department of fisheries and oceans, too, gave its approval.

But once this process was completed the federal government launched another public review through the federal Environmental Assessment Act. This is




**The mine site:** *Construction would create 220 jobs.*

scheduled to end this month; however, the mine is facing a brand new challenge: the Cheslatta Carrier Indians, the same native band that was instrumental in stopping Alcan's Kemano Completion Project. They have filed a lawsuit in B.C. Supreme Court seeking to put a halt to the project on the grounds that it is on their traditional territory and is subject to a land claim. They also contend that the environmental review underestimated contamination risks for fish and humans, and ignored social and economic impacts on the Cheslatta.

Ken Sumanik, a director of the B.C. Mining Association, says the mining industry has become a victim of "regulatory swarming." He complains that much of the federal government's review process duplicates the province's laws. And even the NDP government agrees that the federal process is often redundant and sluggish.

Ambassador Campbell has concluded that these "unnecessary delays" will "place the [Huckleberry] project and, more importantly, other downstream Japanese mining investment in Canada in jeopardy."

*—Steve Vanagas*

VOS → HUCKLEBER[illegible]





# Mine nod expected

**Canadian Press**

The owners of a mine site in northwestern B.C. do not share the concerns expressed by a Canadian ambassador about potential federal delays in approving their project.

Princeton Mining expects prompt federal approval of its Japanese-backed project once the required public review concludes Friday, spokeswoman Susanne Gallant said yesterday.

Donald Campbell, Canada's ambassador to Japan, said in a recent letter that Japanese investors might pull out of the Huckleberry copper and gold mine if approval is delayed beyond mid-March.

Gallant said the Japanese consortium involved in the $137-million mine project is not that impatient.

"We have had tremendous support," she said. "The notion that on Friday they are going to back out because of delays is just not the case."

She said Campbell's letter, written Feb. 7 to Canada's deputy environment minister but made public only this week, is out of date.

The letter irked environmentalists, who said Campbell had made an improper attempt to influence the process and should be recalled.

But a foreign affairs department spokeswoman in Ottawa said his actions were appropriate and were not a bid to win approval of the mine.

"He was simply trying to fulfil his duty to report information from abroad," said Catherine Lappe. "I think we should differentiate between the passage of information and trying to put undue pressure on someone."

Gallant said the company expects federal approval within two weeks and is ready to start construction immediately. Production is to begin in mid-1997.

# No tax cuts ahead

**Associated Press**

NEW YORK — Finance Minister Paul Martin doesn't foresee any tax cuts in the next few years.

"There'll be no tax cuts because we're focusing on cleaning up the balance sheet and keeping our social programs intact," Martin said yesterday.

"Our priorities are job creation, deficit reduction and preservation of social programs."

## UPDATE

**SENIORS' CRISIS PLA[illegible]**

A lot of stressed-out wa[illegible] earners yearn for the day t[illegible] can retire to enjoy the good [illegible]

But many retirees are finc[illegible] their life doesn't necessa[illegible] match those expectations.

"I think there is a percept[illegible] in society that retirement ye[illegible] are peaceful, stress-free ye[illegible] for seniors," says **Arthur D[illegible]** executive director of the V[illegible]couver Crisis Centre.

"The more we learn about [illegible] financial struggles of seni[illegible] and the rising prevalence[illegible] seniors abuse, the more [illegible] need to share information [illegible] resources on managing [illegible] latter years of life."

The Crisis Centre and Citiz[illegible] Trust are sponsoring a pu[illegible] forum this Saturday to prov[illegible] seniors with advice on ma[illegible]ing their health, finances [illegible] changing family relationshi[illegible]

**Dr. Ray Baker** will prov[illegible] information and tools in st[illegible] management and general v[illegible]ness for all people as t[illegible] approach the latter years of [illegible]

**Bob Saunders**, manage[illegible] retirement and tax plannin[illegible] VanCity Credit Union, will [illegible]vide information on maint[illegible]ing financial independence [illegible]

And **Susan Silver** of Fa[illegible] Services of Greater Vanco[illegible] will share her knowledge of [illegible] "new" family unit and the ch[illegible]ing role of grandparents.

The forum, called "Avoi[illegible] the crises of the senior yea[illegible] runs from 9 a.m. to 1 p.m. [illegible]urday at the Bonsor Recrea[illegible] Centre, 6550 Bonsor Ave., B[illegible]aby. It's free and open to ev[illegible]one. To register, call the Cr[illegible] Centre at 872-1811.

## AT A GLANCE

| | | |
|---|---|---|
| Prime | → | 7.[illegible] ste[illegible] |
| $Cdn | ↘ | 73.05¢ off 0.[illegible] |
| U.K.£ | ↗ | $2.0[illegible] up 0.[illegible] |
| VSE | ↗ | 1,03[illegible] up 1[illegible] |
| TSE | ↗ | 4,93[illegible] up [illegible] |
| Dow | ↗ | 5,58[illegible] up [illegible] |
| Gold | ↗ | $396.15 up [illegible] |

## INTEREST RATES