

GREAT PACIFIC PUMICE INC.

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The Mt. Meager Pumice project has commenced its fifth year of operation. The mine is located 65 km northwest of Pemberton, B.C. It is the only pumice mine in Canada. The project is operated by Great Pacific Pumice Inc., a company established by Sharon and Garth Carefoot of Vancouver, B.C. to stake claims, permit and bring the mine into production. During 2000 the direct and indirect payroll peaked at eleven with three employees from Pemberton, three from Squamish and the balance from other areas of the province and this would increase if we were able to establish a permanent processing facility in Squamish.

From 1989 to 1991 claims were staked over the pumice deposit which has been estimated to be as large as 25 million cubic metres. From 1992 to 1994 a number of test programs were undertaken to evaluate the pumice's suitability as a soil amendment, an aggregate for lightweight concrete, a denim stonewashing agent, an oil spill absorbent, a cosmetic stone and as a pozzolan. A feasibility analysis confirmed the viability of the project.

A Project Prospectus was submitted to the Ministry of Energy and Mines during January, 1994, an Application for a Mine Development Certificate was forwarded during July, 1994 and the Mine Development Certificate was issued in March, 1995. A 60 hectare Mineral Lease covering the main pumice deposit and a 6 hectare Mineral Lease over a processing and stockpiling site 14 km toward Pemberton were issued in May, 1995 and the Mine Permit in June, 1995. Production commenced in 1996.

The mine is located on the north slope of Mt. Meager and access to the mine can be as short as four months of the year and access to the processing and stockpiling site can be as short as eight months. It was always recognised that, as customers require deliveries throughout the year, a stockpiling and processing site would be required somewhere below the north side of Squamish. To spread the trucking more evenly over the year the Squamish area was most suitable.

In this regard we approached the Mayor, several Councillors and staff at the District of Squamish during 1995 to see if they would be receptive to us locating a pumice stockpiling and processing operation in their community. We would be bringing the same jobs to Squamish (trucking, operating and mechanics) that they were losing in the declining forest products sector. We received strong encouragement to locate in Squamish. A number of meetings were held with staff and Councillors culminating in a meeting in December, 1996 where staff identified five sites in Squamish, all which they advised would permit stockpiling but not processing rock and would therefore require rezoning. An area along the Mamquam River in which there already was an asphalt plant, a soil and wood waste operation, a gravel pit, a concrete plant and a Highways stockpiling and storage yard was suggested by Mayor Lonsdale.

The Ministry of Highways and Transportation had a gravel pit/reserve in the Mamquam River area and were agreeable to releasing a six hectare site subject to us obtaining tenure from the Crown. The Ministry of Lands and Environment was approached to obtain a lease and they, in conjunction with Mineral Titles in the Energy and Mines Division of the Ministry of Employment and Investment, concluded it would be preferable for Mineral Titles to issue the lease because they had permitted the previous two Mineral Leases for Great Pacific Pumice. Squamish was kept in the information loop at all times.

A survey of the site was undertaken and an application was made for a Mineral Lease with all required notices made. An application for an Amendment to our Mine Permit was made in May, 1997.

It was recognised that we, as a tenant on Crown Land, would not be subject to the provisions of municipal zoning bylaws. Because of the strong support received from the District of Squamish and our suspicion that they would not react favourably if we did not apply for rezoning, we decided to apply for a rezoning. On June 5, 1997 we applied to the District to amend the OCP and change zoning from Resource (gravel, rock and earth removal) to I-7 (rock processing). Although the site was situated on the former river bottom of the Mamquam River, Council requested a detailed Environmental Review of the site. Required legal notices were made and a public information meeting was held August 7, 1997. In addition to reviewing Great Pacific's proposed stockpiling and processing operations and the Environmental Review report, Al Ludwig, District Manager, Energy and Mines Division summarised the Health, Safety and Environmental requirements of the Mines Act and the procedures for providing approval for the Mines Permit. He also advised all those in attendance that, providing Great Pacific met the requirements of the Mines Act, we would receive our permit and that was the only permit we required.

Some members of the local Rod and Gun Club, which seriously encroached on our site, were strongly opposed to our operations. A proposed residential developer in the area was not supportive of the project and there were a couple of residents located more than 600 metres from our site who were concerned about "dust and noise".

After the public meeting the Mayor called me and told me that everything was on track with First and Second Reading on September 6, 1997 and Fourth and Final Reading by September 26, 1997. Squamish staff provided me with a copy of their unanimous recommendation for the project. On attendance at the September 6, 1997 Council Meeting and, without any hint that the Mayor and Council's support had changed, they defeated the motion to rezone. It would appear from subsequent references in the local newspaper that influence from the land developer was a significant factor.

After a thorough review of the situation with the Energy and Mines Division we proceeded with our Mineral Lease and Mines Act applications. On January 8, 1998 we received a Lease from Denis Lieutard, Chief Gold Commissioner for five years and which was subject to municipal bylaws. I met with Denis and Rick Conte later that month to explain that the two conditions were unacceptable. On March 2, 1998 a revised Lease was received extending the term to fifteen years and deleting the reference to bylaws. It was the intent that compliance with the bylaws would not be required.

The Amendment to the Mines Permit was done on June 4, 1998 and an application for a Licence to Cut trees on the property was made immediately with the Ministry of Forests as required under Section 14(3) of the Mineral Tenure Act. The Mayor of Squamish illegally interfered with the process causing the Ministry of Forests to "withhold the issuance of the licence to cut until you have resolved your differences with the District of Squamish" notwithstanding the assurances of Energy and Mines that we held all required permits. Only on the threat of personal suit against the District Manager of Forests did we receive our Licence to Cut on July 24, 1998. The delays and interference have added tens of thousands of dollars to our site preparation costs.

Because we had been advised that we could stockpile on the site but not process under the existing zoning, we determined that we could maintain year around deliveries if we could only stockpile on the site, if only temporarily. On June 17, 1998 the District of Squamish requested and received a Letter of Opinion from their lawyers advising that storage of pumice is not permitted under the zoning on our site notwithstanding the District of Squamish's numerous written and spoken advices to the contrary. (Being as there is not a specific provision for stockpiling in Squamish's zoning bylaws it follows that stockpiling is not permitted anywhere in Squamish?).

On July 2, 1998, Hon. Dan Miller wrote to the Mayor of Squamish (in reply to a letter from her) that Great Pacific has "therefore been advised that the processing site must be rezoned before processing activities can be carried out." This is absolutely incorrect as we had insisted that these references be deleted from our permits. This letter, unfortunately, gave Squamish the "legs" to proceed with legal action.

Squamish's lawyers sought a declaration from the Court that , amongst other things, "the storage and or processing of pumice on the lands contravenes the zoning bylaw." The hearing took place on February 1, 1999 with Chief Justice Bryan Williams and Squamish's claim was dismissed with costs. The Reasons for Judgment were issued on February 17, 1999 and are available (16 pages) at [www.courts.bc.ca/](http://www.courts.bc.ca/) and they are a must see because they provide much more information.

Squamish filed for an appeal and the hearing was held during April, 2000. The Attorney General appeared as an intervenor in support of Squamish. Squamish was successful on the appeal and the Supreme Court of Canada declined to hear an appeal. The matter has been referred to the Supreme Court of B.C. to determine if our site is "a mine or mineral belonging to the Crown" and if so it would be exempt from the definition of Land in the Municipal Act and thus exempt from zoning bylaws. The Mining Association of B.C. and the Aggregate Producers of B.C. will be intervening on our behalf. Clearly this is an issue being followed by literally hundreds of companies and individuals. And they are all puzzled by the role and lack of support of the Ministry of Energy and Mines.

We approached Mike Farnsworth, the Mines Advocate, for support from the Ministry prior to the appeal and he was gagged, Al Ludwig was gagged, the Assistant Deputy Minister was gagged, the whole Ministry was gagged and the Deputy Minister did not return calls. We were referred to the Ministry of Attorney General for any answers to our questions as to how and why the Crown could possibly be appearing against their own permit.

I cannot emphasize the importance of this site this site to our operations. It does not appear that there are any other suitable sites available and the mine is not viable without a year around operating site. Our financial resources have been stretched to the point where we have been liquidating equipment to pay bills and may have difficulty sustaining operations to meet the demand for our products. As discussed, prior to the appeal, one of the lawyers in the Ministry of Attorney General admitted that they considered that the weight of the legal costs and serious constraints on our operations might bankrupt Great Pacific Pumice Inc. thus solving the Ministry's and Squamish's problems. Our account manager at the Credit Union at which we bank advised the Mayor has lobbied senior officers of the Credit Union and they now are not prepared to support our growth as they previously indicated. With this lawsuit and Squamish's continued interference we will have difficulty obtaining new financing let alone retaining our existing loan facilities.

Should we lose this action the implications to many tenants of Crown land in organised areas appear serious to us. It is extremely frustrating that we are not receiving support from our Ministry and paradoxical and perverse that the Province has appeared against its own Lease.

Please call if I can provide further information

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August 20, 2001