



March 23, 1988

Mr. Ronald E. Adie
Skyline Explorations Ltd.
#301 - 675 West Hastings Street
Vancouver, British Columbia
V6B 1N2

LOG NOMAR 28 1988	VAN 4
ACTION:	
TGS	
FILE NO: MDRP	REF

Dear Mr. Adie:

Re: Johnny Mountain (REG) Gold Project

On behalf of other representatives of the Mine Development Review Process, I wish to thank Skyline and its consultants for a productive meeting in Vancouver on 1988-03-15.

While not intended to be an exhaustive record of our discussions, the following is a listing of my understanding of some of the key points which emerged from the meeting.

Overall Project Status

- o Skyline continues to envisage an initial milling rate of 200 mtpd (about 65,000 mtpy), with eventual doubling to 400 mtpd.
- o Ideally, Skyline would like to be in a position to commission the mill/tailings system in mid-May.
- o Prior to this, Skyline intends to file the requested Stage II submission as early as possible in April.
- o The milling process has been substantially revised, with production of a copper concentrate to precede cyanidation of residual ore.
- o This will result in a major reduction in the amounts of cyanide to be used.

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Project Construction Status

- o Substantial progress has been made on project construction.
- o Airstrip lengthening and widening are complete.
- o The Hercules airlift of construction equipment/supplies began on 1987-10-01 and was completed in early January, 1988, including all steel.
- o Much of mill building has now been erected.
- o On-site accommodation is now in place (106 men can be housed).
- o Other surface components which are now completed include warehouses, coreshack, tank farm (other than one large diesel tank), water reservoir and septic tank.
- o A second adit has been initiated, has passed the Discovery Zone, and is approaching "16" vein.
- o Raising and stoping work in "16" vein are now underway.
- o Construction started on the tailings pond on 1987-09-24.
- o Moss and unacceptable fine granular materials (about 2 feet depth) were stripped from the site, and fill placement began in late October, 1987.
- o The base on the pond consists of dense basal till.
- o Owing to winter construction difficulties (i.e. "contamination" with snow and ice), some sections of fill have had to be rebuilt and progress has been slower than desired.
- o However, Terry Martin (Engineering and Inspection Branch's geotechnical engineer) has indicated that Bob Dick's construction approach should be adequate to overcome winter construction difficulties.

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- o Thurber Consultants Ltd. have been hired to provide an informed second opinion on this, based on site inspection.
- o Impoundment construction is continuing, but major snow clearing is needed to allow completion.
- o The design level is 3540 metres, and the structure is complete to just above 3520 metres, with progress above this level in places.

Stage II Work on Tailings Disposal

- o Bill Alderton of Pan Canadian Consultants Ltd. is completing the Stage II report on a sub-contracting basis for Hatfield Consultants.
- o Skyline hopes to file the report with the Mine Development Steering Committee in the first week in April.
- o Robinson, Dames and Moore have re-evaluated the Stage I precipitation projections for the minesite, and have concluded that annual precipitation will be significantly higher than estimated in the Stage I report.
- o Although Skyline had committed to provide adequate tailings storage capacity to avoid the need to discharge for 18 months, this cannot be achieved, based on revised precipitation figures.
- o Already some of that capacity is occupied by snow, and the pond, which would not be in full use until June, would also have to accommodate all precipitation for the next 18 months (until 89/90 winter) to meet this commitment.
- o In addition to climatic analysis, Robinson, Dames and Moore is making use of new field data to re-calculate hydrometeorological estimates and the overall water balance for the mill/tailings system.

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- o In the meantime, test data on the expected effectiveness of the INCO SO₂/air cyanide destruction process are now more complete, leading to better estimates of mill effluent quality.
- o Bill Alderton feels that greater data reliability coupled with a reduction in cyanide use should obviate the need to meet the 18-month storage commitment.
- o Acid mine drainage tests on waste rock have been commissioned, and at the meeting, Skyline agreed to commission such tests on the residual tails at the Lakeview testing facility.

Government Feedback

- o Jim Hofweber commented that changes in the milling/tailings system may well make it possible to waive the 18-month storage requirement.
- o Peri Mehling indicated that federal agencies will likely agree, although still wanting no discharge for at least a few months (duration to be determined during Stage II review).
- o It may be that federal and provincial environmental agencies will not insist that receiving water quality standards be met in Johnny Creek, although existing water quality in Bronson Creek will have to be maintained.
- o Environmental agencies will be seeking firm tailings pond abandonment plans in the Stage II report, whether based on a "wet" or "dry" approach.
- o The company's schedule is very tight, and Skyline is urged to refile its reclamation permit applications as soon as possible.
- o The notice of application must be advertised for 30 days, and then the Minister has up to another 30 days to adjudicate the application.

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- o Advertising in the B.C. Gazette and local newspapers (in Stewart, Terrace, Smithers, etc.) is expected.
- o Jim Hofweber believes that applications for all Water Act and Waste Management Act approvals have been filed and advertised, and that statutory waiting requirements have been met.
- o However, he and Dave Parsons indicated that the Waste Management Branch may find it difficult to allocate staff resources to the review of the Stage II submission.
- o Ray Crook commented that, if this problem seemed likely to delay the Stage II review, he could arrange for his own Ministry to intercede with senior management in the Ministry of Environment and Parks to allocate staff for this review.
- o Ray Crook also noted that review of a Stage II submission normally takes at least 14 weeks:
 - 2 weeks to screen a draft submission in confidence;
 - 8 - 10 weeks for formal detailed review; and
 - 2 weeks for Cabinet decision making.
- o In this case, Cabinet decision making is not required.
- o Skyline may wish to waive the screening to save further time, but there is an unknown element of risk involved, in that the Stage II document would become a public document on receipt, without any opportunity to upgrade.
- o This approach can lead to needless public controversy if the report does contain obvious deficiencies which a screening would have intercepted.
- o Ray Crook felt that he could reduce detailed review duration to 6 weeks, but reducing it to 4 weeks would be difficult, given the large number of other projects presently in review.

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- o If the report is received around 1988-04-01, Ray Crook would like to have until 1988-05-15, if possible, to complete Stage II review.
- o Processing of permit applications could proceed simultaneously, although statutory approvals would not actually be issued until the Stage II report is accepted.
- o Skyline agreed to this, and also appeared inclined to waive screening as a necessary time-saving measure.
- o Finally, Ray Crook suggested that a few more days could be saved if Skyline were to forward the Stage II report directly to reviewers.
- o 26 copies are required for internal government review, and these should be sent to the following reviewers:
 - Ray Crook, MDSC/MEMPR - 2 copies
 - John Dick, MOEP - 10 copies
 - Earl Warnock, MOEP - 1 copy
 - Jim Hofweber, Waste, MOEP - 1 copy
 - Wilf Dreher, Water, MOEP - 1 copy
 - Gordon Wolfe, Fish and Wildlife, MOEP - 1 copy
 - Peri Mehling, DOE - 2 copies
 - Wayne Knapp, DFO - 2 copies
 - Ralph McGinn, MDSC/MEMPR - 3 copies for
 - self
 - John Errington
 - Terry Martin
 - Doug Flynn, MEMPR - 1 copy
 - Eric Denhoff, B.C. Native Affairs Secretariat - 1 copy
 - Rabi Alam, INAC - 1 copy
- o Attached to this letter is the necessary name/address information for these reviewers.
- o Skyline will let Ray Crook know as soon as it is ready to forward these submissions so that he can mail out his letter of direction on the review simultaneously.

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- o At the same time, Skyline should forward copies to:
 - Andrew Webber (Kitimat-Stikine Regional District)
 - John Parnum (District of Stewart)
 - Geoffrey Pearce (Town of Smithers)
 - Robert Hallsor (District of Terrace)
 - Vernon Marlon (Tahltan Tribal Council)(see previous Steering Committee correspondence for addresses).

- o Please copy Ray Crook on your letters of conveyance, and indicate in these letters that any comments can be forwarded to him as Chairman of the Mine Development Steering Committee.

- o Copies should also be forwarded to the public libraries in Stewart, Terrace and Smithers.

Stage III Issues

Before closing, I wish to make one additional series of points not mentioned at our meeting. In the compendium of Stage I review comments which I conveyed to Mr. Norm Anderson under cover of my 1987-07-29 letter, a wide range of outstanding matters had still to be addressed, only some of which are to be addressed in the Stage II submission. In brief note form, I would draw your attention to the following:

- o The Geological Survey Branch, MEMPR, is seeking additional geological data.

- o Some Forest Act approvals must be obtained from the Forest Service.

- o Land Act tenures are required from the Lands Division for construction borrow pits.

- o Information commitments made by Skyline to the Heritage Conservation Branch have to be met.

- o Both the Ministry of Municipal Affairs and local governments are interested in up-to-date operating workforce and settlement/transportation/rotation information.

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- o Skyline was referred to the Ministry of Labour and the Ministry of Advanced Education and Job Training on some workforce recruitment/training matters.
- o Health Act approvals are required for on-site accommodation facilities.
- o Native Affairs agencies wish Skyline to keep the Tahltan Tribal Council appraised of progress with project planning, including progress in resolving the Council's technical concerns.

The above items, if not already resolved, should be addressed during the next few weeks while the Stage II submission is finalized and reviewed. It is possible that Skyline has made some progress on these issues, but that I am unaware of it.

Concluding Comments

In closing, I want to assure you that the Steering Committee will do its best to facilitate Skyline's schedule, recognizing that, to some extent, this depends on Skyline's ability to do its part in a timely manner. The general feeling is that the most important issues are now well in hand, and government agencies have been impressed with their recent contacts with Skyline. Please contact me (Victoria 356-2230) if you have comments or concerns, or wish to amend any points in my summary of our 1988-03-15 meeting.

Yours truly,



Raymond L. Crook

Chairman

Mine Development Steering Committee
c/o Mineral Policy & Evaluation Branch
Mineral Resources Division

- Attachments - list of attendees, 1988-03-15 meeting
- name/address information for Stage II review contacts.

ccs: See attached list

Distribution List

Bruce McRae

Ron Smyth

✓ Tom Schroeter

Ralph McGinn

Doug Flynn

Terry Martin

Murray Galbraith

Peri Mehling

Wayne Knapp

John Dick/Dave Parsons

Earl Warnock

Jim Hofweber

Wilf Dreher

Eric Denhoff

Rabi Alam

Vic Preto

Dave Lefebure

Jim Crover

Jim Munn

Daryl Brown

Jim Pike

Cynthia Hawksworth

Johann Schuyff

Cynthia Lukaitis

John Philton

Ron Craig

MINE DEVELOPMENT REVIEW PROCESS
JOHNNY MOUNTAIN (REG) GOLD PROJECT
MEETING OF 1988-03-15
LIST OF ATTENDEES

Ron Adie, Skyline
Bill Alderton, Pan Canadian Consultants (environmental)
Angus McGowan, mill consultant
Bob Dick, geotechnical consultant
Ray Crook, MDSC/MEMPR
Ralph McGinn, MDSC/MEMPR
Doug Flynn, MEMPR
Murray Galbraith, MEMPR
David Parsons, MDSC/MOEP
Jim Hofweber, Waste Management, MOEP
Peri Mehling, DOE
Benoit Godin, DOE
Blythe Chang, DFO

JOHNNY MOUNTAIN (REG) GOLD PROJECT

COURIER DISTRIBUTION INFORMATION FOR STAGE II SUBMISSION

1. Mr. Raymond L. Crook
Chairman
Mine Development Steering Committee
c/o Mineral Policy and Evaluation Branch
Ministry of Energy, Mines and Petroleum Resources
Room 430A
617 Government Street
Victoria, British Columbia
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2. Mr. John Dick, Manager
Planning & Mine Impact Review Unit
Planning and Assessment Branch
Ministry of Environment and Parks
3rd Floor
777 Broughton Street
Victoria, British Columbia
V8V 1X5

3. Mr. E. Warnock
Regional Director
Ministry of Environment and Parks
1011 - 4th Avenue
Prince George, British Columbia
V2L 3H9

4. Mr. Jim Hofweber
Waste Management Branch
Ministry of Environment and Parks
Bag 5000
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3726 Alfred Avenue
Smithers, British Columbia
VOJ 2N0

5. **Mr. Wilf Dreher**
Water Management Branch
Ministry of Environment and Parks
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2nd Floor
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6. **Mr. Gordon Wolfe**
Fish and Wildlife
Ministry of Environment and Parks
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Smithers, British Columbia
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7. **Ms. Peri Mehling**
Engineer, Mining and Metallurgy
Environmental Protection Service
Environment Canada
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Kapilano 100, Park Royal
West Vancouver, British Columbia
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8. **Mr. Wayne D. Knapp**
Senior Biological Technician
Department of Fisheries & Oceans
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9. **Mr. Ralph McGinn**
Regional Manager of Mine Inspection - North
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10. **Mr. Doug Flynn**
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11. **Mr. Eric Denhoff, A.D.M.**
Native Affairs Secretariat
Ministry of Transportation and Highways
548 Michigan Street
Victoria, British Columbia
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12. **Mr. Rabi Alam**
Director
Resource, Economic and Employment Development
Indian and Northern Affairs Canada
P.O. Box 1000
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Vancouver, British Columbia
V6Z 2J3



Province of
British Columbia

Ministry of
Energy, Mines and
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August 3, 1988

Mr. R. Davis
Skyline Exploration Ltd.
675 West Hastings
Vancouver, B.C.
V6B 1N2

Dear Mr. Davis:

Thank you for approval to visit your Johnny Mountain and McLymont properties. The hospitality of your crews on the properties was excellent, and useful discussions were held.

The underground tour led by James Smith at Skyline and discussions and review of core and outcrops led by Patrick Gannen at McLymont were the highlight of the visit and are much appreciated.

We wish you every success in your venture.

Yours sincerely,

W.J. McMillan
A. Panteleyev
T. Schroeter ✓
Geological Survey Branch
Mineral Resources Division

WJM/hjg

LOG NO: AUG 5 1988 VAN
ACTION: TBS → see appropriate files
FILE NO: REG ok.