



TECK CORPORATION

FEB 5 - 1982

February 5, 1982

HAND DELIVERED

Mr. J.D. Little
President
Brinco
Suite 2000 - 1055 West Hastings
Vancouver, B.C.
V6E 3V3

Re: Mining Development in Northwestern
British Columbia

Dear Mr. Little,

In compliance with your request for information on proposed mine development projects in the Stikine area, I have enclosed several copies of a descriptive map taken from a publication by the Alaskan Geographical Society.

Teck Corporation has delineated about 1 billion tons (mineable reserves) of open pit material grading 0.3% copper and 0.02% molybdenum plus minor gold-silver, at its Schaft Creek property. The location is 30 miles southwest of Telegraph Creek or about 45 miles in from the Cassier Highway. It stands to become one of the largest copper-moly deposits in the world. Our plan is to ultimately bring the property into production at 50,000 TPD with a probable capital cost of \$600,000,000. Roughly 500 tons of concentrates would leave the mine every day, posing a major transportation problem. About 750 people would be employed.

Another major deposit (Stikine Copper) lies a further 30 miles southeast of Schaft Creek. The logistics of access and transportation are more formidable than at Schaft Creek.

The major impediment to development at Schaft Creek and Stikine Copper, aside from abnormally low metal prices, is the long lead time for adequate electric power. B.C. Hydro has indicated that 12 - 14 years is required for hydro-electric installation on the Iskut-Stikine river systems.

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Mr. J.D. Little cont'd;

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We then commisssioned a study by B.C. Hydro on the feasibility of extending their grid about 300 miles northward from Terrace or Telkwa. Much to our dismay, we are told this scheme would take 7 years excluding the approval or regulatory process, which could add 1 to 4 years to the 7 year construction period.

Clearly, it is not economics that will govern investment decisions in that area. It is whether any decision could be made, with changing metal markets, if power is 8 to 14 years away.

In desperation, we will also look at running natural gas northward from the grid and generating electric power on site. This could make the time frame more reasonable but hurt the economics. We only need 3 years to construct mine and townsite after deciding to proceed; therefore, the power time frame has to be shortened.

Road access is another major problem. About 45 miles of new road is required into the mine and proposed townsite. The best route crosses Mt. Edziza Provincial Park. We are exploring right-of-way questions with the Parks Branch at present and anticipate their cooperation; however, if road access is in doubt, all development is jeopardized.

In conclusion, natural resource development in northwestern B.C. is dependent on power, roads and/or rail, and metal prices. If government will help us overcome those obstacles, the mining companies will move forward and pay their share.

Yours very truly,

TECK CORPORATION



Lee Bilheimer,
Assistant to the
Senior Vice President.

LB/se
Encl.