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Keays

**MINISTRY OF ENERGY AND MINES**

I. Prepared for Honourable Dan Miller, for INFORMATION

II. Subject: B.G.M. Diversified Energy Inc. to acquire former Churchill Copper mine in the Muskwa-Kechika Management Area.

III. Recommendation:

Promote a positive mineral investment climate for the Muskwa-Kechika Management Area by ensuring that government communications on the Muskwa-Kechika Management Act are sensitive to B.G.M. Diversified Energy Inc.'s investment in the Churchill Copper properties.

IV. Background:

The former Churchill copper mine and Davis Keays copper deposit are located 30 kilometres south of Muncho Lake Provincial Park and north of the new Northern Rocky Mtn Provincial Park in the Muskwa-Kechika Management Area. Churchill Copper mine operated intermittently between 1970 - 1975 prior to closing in response to low metal prices. Former road access to both deposits from the Alaska Highway has been partly deactivated or is otherwise in disrepair.

B.G.M. Diversified Energy Inc. is the majority owner of the Davis Keays property and is undertaking a due diligence report for the VSE prior to finalizing its purchase of the nearby Churchill Copper property from Teck Corporation. A multi-year program of further exploration and metallurgical test work is being considered. B.G.M.'s consultant met with ministry officials on May 12 to establish background information on geology, permitting, access and First Nations considerations for reference in the due diligence report.

Issues identified as important to establishing a positive investment climate include: a) status of existing reclamation liabilities at Churchill Copper mine site; b) road access status, especially the existing Davis Keays mine access road requiring 8 km. of access through Muncho Lake Provincial Park; and c) need to establish positive working relationships with First Nations.

V. Discussion:

The Churchill Copper and Davis Keays deposits are two significant mineral deposits in the Muskwa-Kechika Management Area. B.G.M.'s ability to be able to access and develop the deposits will be closely watched by the mining industry as an indication of government's commitment to support mining in the Muskwa-Kechika Management Area. To this end, ministry officials will need to proactively develop a supportive working relationship with the company to ensure that key land use, First Nation and permitting issues are identified and resolved in a timely manner and that the Muskwa-Kechika Advisory Board is fully informed of activities.

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952-0520  
May 26, 1998

