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VBS → Tully
Chief

VIA E-MAIL

October 26th, 1999

Editor
The Vancouver Sun

Dear Sir:

Re: Costs and benefits of the Tulsequah Chief

In his October 26th article on the Tulsequah Chief mine proposal, mining environmental critic Allen Young brings in several large "red herrings" as well as plenty of misinformation which need clarification. The "red herrings" are the financing of the Kemess gold silver mine, somehow linking that to Skeena Cellulose and the economic viability of the Tulsequah Chief project.

The BC Taxpayers have not sunk \$166 million into the Kemess Mine. They were, however, obliged to pay a large compensation bill to Royal Oak Mines for the Harcourt Government's disastrous decision to expropriate the Windy Craggy Mineral Deposit, which sterilized that area's mining potential by creating Tatshenshini Park. Royal Oak made a corporate decision to develop the Kemess Mine and invested the proceeds of its expropriation compensation to partially finance Kemess. If you want to calculate a high rate of taxpayer dollars spent, per net job created, the Tatshenshini Park decision, at close to infinity, would probably make the Guinness Book of Records! Regarding Skeena Cellulose, the BC Taxpayers paid or committed up to \$500 million to resurrect that failing company and preserve several hundred direct jobs. This has nothing to do with Tulsequah Chief except to underline the point that BC needs capital investment.

In the case of Tulsequah Chief, the company, Redfern Resources, is not seeking a taxpayer-funded bailout. It, and the mining industry in general, have consistently asked government to use common sense in creating the type of land use and investment climate that would attract a healthy level of mineral exploration and development in British Columbia. This is obviously of interest to governments because the industry is responsible for a billion dollars per year going into government coffers.

Mr. Young's conclusions on the economic viability of the project are simply irrelevant to the project's approval process. If investors think it is too risky because of location or company experience, they won't invest and the project would not proceed until they were comfortable. It is certainly not up to some public review process to second guess

investors on project economics before granting approval. Can you imagine the paralysis that would result if this had to happen?

My final point is Mr. Young's rehashing of the environmental and socio-economic concerns would lead one to believe they had never been studied. This project has undergone three and one half years of environmental review by three Canadian Governments, two US governments, all local communities and special interest groups; it was probably the most rigorous review of any BC mining project. Issues and concerns were raised and were dealt with through this process, some times involving design changes and more complete studies. At the end of the day the groups signed off and a Project Development Certificate was issued. Only then was there a mobilization call to the international preservationist groups to try to do international "end run" on the Canadian and British Columbian Environmental Approval Processes by invoking an International Joint Commission review.

Tulsequah Chief doesn't need more environmental reviews or critics, it needs the cloud of uncertainty hanging over it to be removed. Only then can the markets and investors have an unencumbered look at this project and decide if it can proceed.

Yours sincerely

BC & Yukon Chamber of Mines

Bruce McKnight
Executive Director