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MINISTRY OF ENERGY AND MINES

Roundup 2001
Briefing Note

I. Prepared for Glenn Robertson, Minister of Energy and Mines, for INFORMATION

II. Subject: Tulsequah Chief Mine Project

III. Background:

- Redfern Resources Ltd. (Redfern) proposes to develop the Tulsequah Chief underground mine in the Tulsequah Valley to produce zinc, copper-lead, silver and gold concentrate. The projected production rate is 900,000 tonnes per year with estimated reserves of 8,932,077 tonnes. Mine life is projected at 10 years, with potential for expansion of reserves and increased mine life. The mine site is located 100 kilometres south of Atlin and access to the mine would be via a proposed 160 kilometre road connecting with Highway 7 north of Atlin.
- During construction the maximum workforce would be 399 persons with approximately 700,000 person hours of work. During operations the company forecast 199 direct employment positions at the mine with an additional 60 direct employment positions for transportation of concentrate from the mine to the port at Skagway.
- Direct revenue to the Province is estimated at \$191 million over the projected 10-year mine life.
- The mine site is located at an historic mining location. Previous mining activity has left behind some acid rock drainage and metal leaching. As part of their proposal Redfern Resources would "clean up" the old drainage problems.
- The project underwent a comprehensive review through British Columbia's *Environmental Assessment Act* Process and a Federal review under the Canadian *Environmental Assessment Act* (CEAA) Process. Review of the project by both Federal and Provincial agencies showed that all issues could be satisfactorily resolved through permitting processes.
- On March 6, 1998 the Project Committee recommended issuance of a Project Approval Certificate.
- On March 13, 1998 the Environmental Assessment Office forwarded recommendations regarding the Tulsequah Project to the Ministers of Environment Lands and Parks (MELP), and Energy and Mines (MEM), for consideration.
- On March 19, 1998 the Honourable Cathy MacGregor, then Minister of Environment Lands and Parks, and the Honourable Dan Miller, then Minister of Energy and Mines, signed the Project Approval Certificate giving Redfern approval-in-principle to proceed to the permitting stage with the Tulsequah Chief mine project.
- Federal agencies also approved the project under the CEAA.
- At the conclusion of the overall review, and prior to the issuance of the Project Approval Certificate, the State of Alaska (SOA) and US Federal Agencies (USFA) involved in the project review informed the Province that they did not believe all issues had been identified and addressed during the review process.

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- SOA and USFA then proposed a timeline extension to review the Project Committee Recommendations or referral of the project to the Province's Environmental Assessment Board for a public hearing. SOA and USFA also indicated that they might pursue a request for referral to the International Joint Commission (IJC) on Transboundary Waters.
- In March 1998, Governor Terry Knowles of Alaska wrote to the US Department of State pressing strongly to have the project reviewed by the IJC. The SOA's contention is that the project could impact on transboundary waters and in particular impact on Alaskan fishing interests.
- British Columbia was and remains opposed to referral of the project to the IJC. Then Premier Glen Clark wrote to Prime Minister Chrétien informing him of the Province's position that the project had been subject to full and proper review under British Columbian and Canadian legislation and did not warrant referral to the IJC.
- British Columbia conducted a series of bi-lateral meetings with USFA and SOA to attempt to resolve their technical concerns. The meetings were productive and British Columbia believes all technical issues were resolved through these meetings.
- British Columbia has extended to SOA and USFA the opportunity to sit as members of the permitting process to ensure their concerns are addressed. SOA and USFA have to date refused to participate in these processes, as they are still pushing for a full review of the project under the IJC.
- The US position has also changed from a review of the project under IJC to a full watershed planning exercise for the Taku River Valley before any development is permitted in the area. They wish the watershed planning exercise to be conducted under the IJC.
- The local First Nation, the Taku River Tlingit (TRTFN), are somewhat split on the project. A portion of the TRTFN want it to proceed, as they perceive economic benefits that may be derived from the mine's operation. A similar sized portion are opposed to the project, as they believe the mine and in particular the access road will impact on their traditional way of life.
- The TRTFN filed a court challenge in the Supreme Court of British Columbia against the Project Approval Certificate and on June 28, 2000, The Honourable Madam Justice P.A. Kirkpatrick quashed the Certificate.
- Madam Justice was very complimentary of Redfern's efforts through the EA Process and in general was complimentary of the EA Process review of the project.
- However, Madam Justice did determine that the final two months of the process were not conducted correctly in that the final decision was rushed. She also concluded that the review of the road and the final project report did not adequately address the concerns of the TRTFN, in particular the impact of the road on their traditional way of life.
- Madam Justice ordered that the Project Committee be re-established to address, in a meaningful way, the concerns of the TRTFN with respect to the impact of the road on their traditional way of life.

- The Project Committee reconvened in September 2000, at which time it was determined that a sub-group would develop terms of reference for a contractor who would provide input on potential impacts on the TRTFN traditional way of life.
- The Project Committee reconvenes on November 30, 2000 for five days of meetings.
- The SOA and USFA have taken Madam Justice's decision as a sign that the entire project is open for further review and have pressed that point strongly at the Project Committee meetings. They have also taken the position that because the Project Approval Certificate was quashed, the entire review should be placed on hold until the IJC has conducted a complete watershed assessment and planning process. Such a process could take up to five years to complete.
- British Columbia takes the position that Madam Justice's direction was clear. The Project Committee is to review the impacts of the road on the TRTFN traditional way of life and redraft the report so that the TRTFN concerns are adequately addressed or represented in the final report.

IV. Discussion:

- Uncertainty surrounding the final outcome of SOA and USFA push for review of the project under IJC, and the court challenge filed by the TRTFN made it extremely difficult for Redfern to raise capital for the project.
- Delays in the process over the last two years have placed Redfern in a precarious financial position. The project may fail merely as a result of time and delay.
- Although they went silent once the TRTFN filed their court challenge, there was a strong movement of environmental organizations to kill the project and protect "the last pristine area of the Province". This movement will start up again if a new Project Approval Certificate is issued.

V. Recommendation:

- The Ministry of Energy and Mines should continue to take part in the project review.
- The Government of British Columbia should continue to oppose any move toward an IJC process.

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