

Bob Piusenit
Tom Schroeter

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TO: The Chief Executive Officers of;
The Brokerage and Mining Companies of British Columbia.

Gentlemen,

PLEASE TAKE TIME FROM YOUR BUSY SCHEDULES TO READ AND ACT ON THIS MATERIAL.

Non-personal liability clauses within company articles now provide little protection for even the most diligent of directors.

A negative political climate and protest from environmental groups are killing our resource industries and placing all directors, entrepreneurs and the doers of this province in extreme personal jeopardy.

Such is the case of Dr. Robert Seraphim, former Director and President of Sumac Ventures Inc. Dr. Seraphim was charged and found guilty on criminal charges because of a leak in a liner which is alleged to have raised the level of cyanide in the company test well above the allowable limits set by the Ministry of Environment.

Mr. Seraphim's fine was \$75,000.00 which he is currently appealing. Now he has been slapped with a civil suit for \$1,000,000.00.

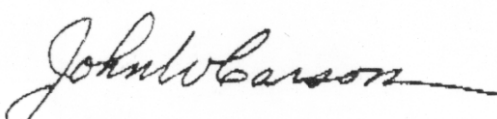
There was no environmental damage caused by the weak cyanide solution and no cyanide was detected in Burrell Creek which is the drainage area.

The Ministry of Environment acted in haste and are pursuing this situation as a test case which will further prevent mining operations in British Columbia.

Dr. Seraphim needs your help! The Mining Industry needs your help! The time has come to fight back!!

Please send your donations to the Seraphim Appeal Fund, P.O. Box 1977, Grand Forks, B.C. V0H 1H0. Thanking you in advance for any co-operation you may extend.

Yours truly,



John W. Carson
Boundary & District Prospecting & Mining Assn.

Editor,
Grand Forks Gazette,
Grand Forks, B.C.
VOH 1H0

February 15, 1993

Re: Sumac Ventures, 24K and Dr. Robert Seraphim

The convictions and fines levied against Dr. Seraphim and Companies has left the B.C. Mining Industry and many individuals in shock and dismay.

While the injustice may be in tune with environmental hysteria and the politics of the day, the underlying information remains the same.

1. Cyanide is a very unstable compound which breaks down and dissipates very quickly. It forms naturally and breaks down naturally without known harm, as part of the ongoing environmental process.

2. At the Sumac operation, the Ministry of Environment approved all engineering, all back up contingency plans and issued the permits. (Who did their engineering? Who did their "due diligence"? What was their responsibility and what should they pay for their mistakes?)

3. The Ministry of Environment did not perform an act of conservation when they destroyed several hundreds of thousands of dollars in precious metals by dumping sulphuric acid and copper sulphate on the leach pads. These chemical compounds are far more toxic to the environment than the weak soluble cyanide solution used for gold extraction.

4. Despite much local misrepresentation, the only water well that had any detectible levels of cyanide (in parts per billion) was the well on site which Sumac used for monitoring it's own operation.

5. Also, despite much local propaganda, there was no loss of wildlife proven to be associated with the use of the weak cyanide solution at the Sumac operation.

Despite press reports, there was no increase in cyanide levels in Burrell Creek and there was never any deluge of cyanide solution that was about to enter our watershed.

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I appreciate and enjoy nature and I believe in conservation and looking after our environment to the best of our abilities. But, we must deal with reality, economic development, livelihood, productivity, change and the creation of jobs.

Current Government policies, fees and regulations have now lost between 7,000 to 10,000 mining related jobs in British Columbia. On top of this 1500 jobs a year for thirty years have been lost because our government wants to make a park out of a World Class Mineral Deposit in Northwest British Columbia. Billions of exploration and development dollars have left B.C. to develop mines in other countries which we will now have to compete against on the world market.

Wouldn't it be a great "Utopia" if we did another bond issue to allow for more welfare or we all had government jobs, or cultured exotic plants on the hillsides or sold popcorn to the tourists???

But....the reality is, we need jobs in the mining industry and in the forest industry. We should be encouraging exploration and development of all our resources.

Hanging up people like Dr.Seraphim may be pleasing to special interest groups, but the injustice does not accomplish anything !!!

I herein donate \$500.00 to the Seraphim Appeal Fund and encourage the Boundary Prospecting and Mining Association, The B.C.Mining Association, The B.C.Yukon Chamber of Mines and various mining companies and individuals to do the same. Please send your donations to: The Seraphim Appeal Fund,
Box 1977,
Grand Forks, B.C. V0H 1H0

Your donation will be acknowledged by receipt if you will kindly send your return address/

Yours truly,

John W. Carson
Prospector

Liability worries corporate directors

TSE hearings told board members denied legal protection they had for years

BY MARGOT GIBB-CLARK
Workplace Reporter

TORONTO — Canadian corporate directors are willing to assume more personal liability for actions by boards they sit on — if they are given some legal protection.

That is the message the Toronto Stock Exchange's committee on corporate governance has been hearing across Canada, chairman Peter Dey said yesterday.

As the committee's public hearings moved to Toronto, former prime minister John Turner, now a partner with the Toronto law firm of Miller Thomson, argued that board members are being denied protection they have had for years.

"The Industrial Revolution was made possible by limited liability," Mr. Turner said. "But we are now denying it to men and women who are asked to run our corporations. We are going back 300 years to personal liability."

Recent legal cases against corporations have increasingly named indi-

vidual directors as well as their companies. Just last week, 11 former directors of Peoples Jewellers Ltd. were named in a suit over a prospectus.

In the past year or so, directors have resigned en masse from the boards of Westar Mining Corp. of Vancouver and PWA Corp. of Calgary over liability concerns.

Some observers fear that such developments will discourage good directors accepting board positions. They face liability under an estimated 200 different statutes.

"Why should I put my life savings on the line to serve on a board," committee member David Leighton asked at one point yesterday. Dr. Leighton is a business professor at the University of Western Ontario and a director of several companies.

There were some common themes among the dozen presenters yesterday — calls for simplifying proxy voting procedures to make it easier for shareholders to communicate with one another, and for splitting

the roles of chairman and chief executive of a company.

Executive compensation proved a controversial area. Surveys by Sibson & Co. consultants showed that institutional shareholders, CEOs and directors were almost diametrically opposed on whether the pay of senior executives should be revealed as it is in the United States.

Seventy-two per cent of institutional shareholders and 30 per cent of directors said it should be, but only 15 per cent of CEOs agreed.

Stan Stewart, managing director of Strategic Associates, said boards sometimes let management engage in overly risky activity to keep short-term profits up.

"There is no sense in giving the CEO, who is only around an average six years and who is a racehorse to begin with, the keys and telling him to take the enterprise in whatever direction he wishes."

Suits against Canadian boards come much more frequently from customers than from shareholders, reported Joseph Tortini of Wyatt Co.

consultants. The American situation is the reverse.

In Canada, 48 per cent of suits are from customers while 25 per cent are from shareholders and 10 per cent from employees. The U.S. figures are 18 per cent, 47 per cent and 22 per cent respectively.

Insurance claims involving directors' and officers' liability were three to four times more frequent in the United States and also much larger. The average Canadian claim was for \$430,000 with attached legal costs of \$338,000 to defend it. The average American claim was for \$3-million and cost \$600,000 to defend.

Perhaps not surprisingly, claims were more frequent when companies had had an after-tax loss or been through a merger in the past three years.

Earlier, researcher Kathryn Montgomery reported that institutional investors in Canada feel that the huge growth in their power has not been matched by a growth in control over their investments.

Ms. Montgomery surveyed and in-

terviewed representatives of 100 institutions who control an estimated \$364-billion in assets.

There are several ways for them to try to exert their influence, she said, but each has drawbacks. Voting proxies is their most common tactic, but many would like to see procedures revised so it is easier to communicate with other shareholders without triggering proxy solicitation rules.

Dialogue with company management is good for dealing with concerns as they come up, but there is no guarantee management will respond to those concerns. Appealing to regulatory agencies or seeking legal remedies are adversarial and can be expensive.

Mr. Dey said the committee may propose a code of conduct for boards, similar to one established in Britain after studies by the Cadbury committee on corporate governance there. The committee's final report should be ready by spring, he said, with a possible draft out for comment in January.

The Rise of the Radical Egalitarians and Their Effect on the Minerals Industry

The following is a summary of a speech given by David Johnston, Vice-President, Mine Operations of Cominco, at the Vancouver CIM Mineral Economics Symposium, January 25, 1993.

The lack of long-term government support for the resource industries in general and mining in particular in British Columbia and Canada, has become increasingly evident over the past thirty years. We have been living in a period of exponential growth in governmental regulation which has caused substantial harm to our resource industries.

How did this happen? The American cultural revolution of the 1960s was quickly transferred into Canada. The civil rights movement in the United States predated the start of egalitarian radicalism. The cultural revolution that followed that period grew into a force which has seriously eroded the traditional relationships between government and industry, between citizens and politicians and between institutions of traditional expertise and the public. These gaps have been filled with inspectors, regulators, lawyers, environmental consultants and the media.

A political scientist, Aaron Wildavsky, has written a book entitled "The Rise of Radical Egalitarianism", in which he mentions five cultural groupings in society, each with its own beliefs: individualists, hierarchists, egalitarians, fatalists and hermits —

these latter opt out of political affairs.

In the past, the mainline political parties were largely coalitions of the three main cultural groups. Results were achieved through discussion, negotiation and power brokering. Events over the last decade have changed all that: industry leaders complain about the anti-business stance of government; pressure groups revile government for being niggardly in financial support for their favoured causes; the media pontificates on excesses within government and big business; the general public does not know whom to trust. Egalitarian causes enjoy easier media access and receive more favourable press coverage than either government affairs or business events.

The radical egalitarians are adversaries who do not want compromise: they want the resource industries killed. Much of their dogma has either been a corruption of previously-held beliefs such as equal rights before the law, or the humanization of animals and nature. The preoccupation of our governments with short-term popularized social issues has brought them to the point of insolvency, and the public to the point of tax revolt. The Canadian economy has spent billions of dollars on bogus environmental issues such as asbestos removal and destruction of PCB-containing oils and electrical equipment.

The financial resources that remain are inadequate to deal with real problems, such

as renewal of our crumbling infrastructure, the construction of municipal sewage treatment plants and the inadequate preparation of our youth for a competitive future. Tax levels have reached the point where industry is relocating to lower-cost areas rather than renewing investment in Canada.

How can we get our political and economic system back on track? I believe we are going to have to identify political leaders with vision who understand the negative aspects of media bias and have the courage to get rid of their pollsters. We all have a big job to do in our homes, in our communities, and in our places of work. Equality of opportunity must become the norm and competition to achieve a decent living must be fostered. Individual contribution and responsibility must become magic words. Our regulations must be made fewer and more realistic to obtain a proper balance between environmental protection and sustainable industry economics.

Government must represent the public interest in the broadest sense. We need to continue the short-term political struggle to protect economic access to minerals to fulfil our societal mandate. Protection of the environment is important but so is the protection of the future of our country. In the final analysis, environmental health and economic health are interdependent. Rationality in regulation, not radicalism, will achieve both.