

Valley/Kornex "Amalgamation" - Highland Valley 86/01/14  
meeting - Terry Va-Thomas / LES / WJM --- Bruce <sup>McKay</sup> A late

## ISSUES

- ① Pb/Zn Smelter -  
Feds offered \$70M - payable back later
- ② Water Rentals -  
Prov. reluctance - but has offered option with ~some
- ③ Comenco / Kornex - Rating Lx 80K Valley, 25K  
Employment stays the same
- ④ Comenco - own<sup>ed</sup> West Kootenay light + power (now has carried interest)
- ⑤ - thru CRR - has right of way problem in lower  
mainland with ~~CRR~~ BCHKydro (BCR)  
Relocate Hwy / water / power lines / build conveyor: \$100M cost  
Highland Valley  
Critical industries - was in, then out - now back in  
again.  
- Gov't wants Lx, Valley and Highmont back in.

Bruce says Art Phillips said Teck now wants to get involved  
again [earlier wanted \$50M for their mill]

Agreement between Comenco / Kornex was a surprise to gov't

Critical industries Commissioner - not likely to be involved  
in the Comenco / Lx deal but will be with Highmont

Terry will require a prospectus + to go thru  
the Guideline process again. <sup>will be necessary</sup>  
problems - Tailings / storage may be a problem.

- Valley presently in stage 2.

Issues - Regulatory Approvals / Union issues  
- consider suggesting a conveyor to Hmt mill to get it going

again - say 20 000 TPD, or 25 000 TPD.

# Correspondence/Notes

Cominco conversation results:

- In-pit crusher 100k TPD
- Regulatory - needed - Cominco expected that
- Letter of intent signed last night - agreement must be made by April 30
- Valley - Indep<sup>U</sup> Union / LX - Steelworkers
- Premier informed last night
- Art Phillips - may be asked to expedite tax ruling & labor rels board rulings.  
(want one union only in the pit)
- construction asap after April 30/86
- Highmont - does not figure in at present
- Art Phillips study probably superseded (move Hmt smelter or put in conveyor belt)
- Japanese on-side & happy with the deal

Our involvement

- ① Regulatory issues - inspection mainly
- ② Highmont issue - hold off action for now -

86/81/10

## Bruce Mc Cray: Mineral Policy

### Theme 1

Diversification of Mineral Industry for strength

- Coal + base metals - growth/prospects SLOW

What are the emerging growth opportunities

- a minor metals / ind. mins. /  
bar fs bldg stone
- offshore / sands, gravels, placer

### Comparative Competitiveness

- large scale mines / conc sales - competitive
- transport costs / tariffs form barriers
- some commodities must be close to manufacture sites

Gov't - catalyst role i MDA

What we can do?

- us { fund geol resource analysis
- " market factor studies
- reform ind. mineral sector
- " tax structure

### Gov't Trade missions

- Incentives - power
- push for lower tariffs

COORDINATION Try to attract foreign co's?  
encourage local companies?

### Theme 2

Preserving what industry that we have i.e. Copper industry  
possible closures - Gibraltar / Copper Mtn ... 1990's  
Island Copper

- should develop incentives for exph around existing mines  
or link power incentives to cessation of high grading + more  
exploration
- NW mine prospects - are there better prospects near infrastructure?

# Correspondence/Notes

Theme 3

Exploration + Development incentive programs are poor here relative to other provinces

Must make cabinet more aware of expln + expln focus (ie gold)

- Ron - encourage grassroots expln - ie mapping, prospector's training + assistance  
could it be revived? probably.
- Bruce - industry partly at fault - focus too much on short term gain, not enough attention to long term (bureaucrats)  
politicians <sub>sp?</sub>

prop. tax costs 5¢/lb of copper - can be selectively reduced ..... Critical Industries Commission

Andre - area of neglect - area "within sight of the headframe" rarely adequately explored.

Ron - what do we import (ind. minerals)  
- perhaps we should fund market studies ourselves