



MiningWatch Canada

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Fisheries and Oceans Canada
Oceans, Habitat and Enforcement Branch
Major Projects Review Unit
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Hon. Geoff Regan
Minister
Fisheries and Oceans Canada
200 Kent Street
Ottawa, Ontario K1A 0E6

Hon. Stephane Dion
Minister
Environment Canada
121 East Block, House of Commons
Ottawa, Ontario K1A 0A6

Hon. Jean C. Lapierre
Minister
Transport Canada
Place de Ville, 330 Sparks St.
Ottawa, Ontario K1A 0N5

Re: Comments on the Proposed Tulsequah Chief Mine Project in Northwestern British Columbia, FEAI 36077

Thank you for the opportunity to comment upon this important project. We have reviewed the screening recommendation made by officials from the Department of Fisheries and Oceans and Transport Canada and our comments below are in response to those recommendations.

Given the extensive concerns and questions about the project, we respectfully request that the project be submitted to a mutually acceptable mediator for resolution.

MiningWatch Canada is a coalition of seventeen different organizations that works to support communities affected by mining, to do research about issues pertaining to mining environment and health and to advocate for responsible mining practices. We advocate for responsible mining in Canada and by Canadian mining companies operating internationally.

Our members are: Bathurst Sustainable Development, the Canadian Arctic Resources Committee (CARC), the Canadian Auto Workers (CAW) Social Justice Fund, the Canadian Environmental Law Association (CELA), the Canadian Nature Federation (CNF), the Canadian Parks and Wilderness Society (CPAWS), the Citizens' Mining Council of Newfoundland, Development and Peace, the Environmental Mining Council of British Columbia (EMCBC), the Innu Nation, Inter Pares, Kairos (a coalition of churches), Northwatch, the Sierra Club of Canada, the Steelworkers Humanity Fund, and the Yukon Conservation Society (YCS).

The proposed Tulsequah Chief Mine Project is of great significance, not only to the people of Northwestern British Columbia, but to Canadians everywhere who care about the future of their country.

As the Panel of Independent Scientists stated in their report: “The Taku River Tlingit Traditional territory is one of the largest remaining roadless areas in North America and is especially important because it is representative of the boreal forests and northern coastal ecosystems and of the regions’ wild life, including many rare, threatened and endangered species ...As such the territory represents a global ecological resource”.

The process of the project environmental assessment has become a litmus test for the credibility and effectiveness of the Canadian Environmental Assessment Agency and the Department of Fisheries and Oceans. It appears that the Government of British Columbia and the Department of Fisheries and Oceans are so intent on facilitating the access of Redcorp and Canarc (and indeed other mining companies) to the polymetallic deposits in the Taku River watershed, that they are willing to flout process, ignore science, compromise existing economies and other well-thought-out economic planning, and seriously damage the traditional livelihoods of fishers and hunters on either side of the border.

The project is a matter of serious public concern. Statements by federal government scientists as well as studies commissioned of independent and respected scientists by the Taku River Tlingit First Nation and some of the civil society groups supporting them indicate that there are serious flaws in the project proponent’s submissions. “Redfern’s plan reduces complex dynamics of ecological systems, and the management these problems pose, to statements about locked gates and limited offers to modify road-building activities.”¹

DFO has shown itself unable or unwilling to take these submissions into account. It flies the face of all reason to believe that the “Tulsequah Project” – that will spread over 16,089 hectares² including underground and open pit mining, with a substantial 162 km road through the heart of Taku River Tlingit pristine traditional territory – “is not likely to cause significant adverse environmental effects”.

Our specific comments are as follows:

1. The process for the CEAA has been subverted. Private deal-making between the mine proponent, the province and DFO have made an unbiased determination about the project’s future impossible, without a full panel assessment of the project.

In May 2004, a secret meeting was held with Terry Chandler, the CEO and President of Redcorp Ventures and Bruce Rawson, a lobbyist and former DFO Deputy Minister and with DFO Deputy Minister Larry Murray, DFO Director General of Habitat Management Richard Wex, and British Columbia’s Deputy Minister of the Environmental Assessment Office Joan Hesketh. An agreement was reached to accelerate the environmental assessment of the controversial Tulsequah Chief Mine, with Chandler and the lobbyist receiving assurances that subsequent Fisheries Act authorizations would be granted immediately thereafter.

Information obtained through an access to information request confirms that on June 1, 2004, one day after the meeting took place, instructions were sent to DFO staff to dramatically reduce the public comment period on the Tulsequah Chief assessment. Richard Wex told his staff to draft a letter providing assurances to Rawson that public consultations would be limited, with only the necessary players, and an accelerated timeline to enable DFO to reach a CEAA conclusion by September of 2004.

¹ The Independent Science Panel: Daniel B. Botkin, Ray Demarchi, Dale Frost, Anne Gunn, David Marmorek, Denis O’Gorman, Shawn Ridley. *Environmental Effects of a Mining Road through the Traditional Territory of the Taku River Tlingit First Nation*, report to the Taku River Tlingit First Nation, November 2004.

² Redcorp Annual Information Return, May 14, 2004, page 9.

The Department of Fisheries and Oceans did not consult with anyone else involved in the assessment before making the dramatic and one-sided changes, even though the assessment involves an international waterway shared with Alaska, and Alaskan and US officials as well as the Taku River Tlingit First Nation have long been involved in the assessment.

2. The project will not contribute to the sustainable development of the Taku River watershed and the lands of the Taku River Tlingit, and does not accommodate their interests. In 2003, the Taku River Tlingit published Our Land is Our Future/ Ha t atgi ha khustiyxh siti. The two volumes comprise the TRTFN Vision and Management Direction for Land and Resources and a Conservation Area Design for the Territory. The publications are the culmination of years of work by the Tlingit with Round River Conservation Studies to elicit the traditional knowledge and aspirations of the TRT and to marry this with western scientific information, bringing it into a document that would reflect the consensus they had reached. A management direction and strategies to achieve it are clearly spelled out, and endorsed by the TRT First Nation. The documents are a well-thought-out plan for the ecologically sound management of the TRT traditional territory. This plan was presented to the Standing Committee on Fisheries and Oceans in May 28, 2003, but there is no acknowledgement of either TRTFN publication in the screening report. They are not even cited in the references.

The detailed analysis by the TRTFN makes it very clear that they see their economic future bound up with the salmon fishery and the caribou in the East Atlin herd. The road proposed for the mine presents a threat to both these sources of livelihood.

The mine will only last nine years, and is not a source of sustainable employment to the community.

3. The project proponent does not have sufficient resources to deliver on his commitments with respect to road closure or reclamation of the mine site. The company has not updated its feasibility study since 1997. A study done by Mineral Economist Tom Bartek in 1999³ reviewed the economics of the project, and came to conclusions that are still applicable with the higher mineral prices today (January 2005 – copper \$1.57/lb zinc \$.60/lb, gold \$424/oz, silver \$6.70)⁴ Whether these very high commodity prices can be sustained is a matter of daily debate in the news, although it is quite clear that they will not be sustained for the twelve or so years of the mine's life. The points that Bartek makes about high smelter penalties (and therefore low prices for “pay metals”) because of deleterious elements in the ore, are still valid⁵.

This is a project that is dependent on continued high metal prices to maintain its viability. There has also been no re-evaluation of the project development costs of \$148 million since 1997, and they will have risen substantially. The company web site states:

The 1997 Feasibility Study update concluded that the Tulsequah project was feasible with positive economic results. The study estimated a total pre-production capital cost of CAN\$148 million for a 2466 tonne/day production rate with an operating cost of \$58.61/tonne of ore. In 1997 the study used long-term metal prices of \$0.95/lb of copper, \$0.57/lb of zinc, \$0.28/lb lead, \$385/oz gold and \$5.00/oz for silver, all in \$US at an exchange rate of CAN\$1.00 = US\$0.735. On a 100% project equity basis this was forecast to generate a pre-tax internal rate of return on investment (IRR) of 20.44%.

³ Bartek, Tom. Tulsequah Chief Project Economic Analysis, September 1999. published by the Environmental Mining Association of British Columbia.

⁴ LME prices as of January 13, 2005.

⁵ Bartek, 19ff.

*At present, prices for most of the pay metals contained in the Tulsequah Chief deposit are at historic lows. Offsetting this however is a substantial reduction in the Canadian dollar's exchange rate and a dramatic reduction in the smelter treatment charges, particularly for zinc concentrates. Recent changes to the provincial tax structure in BC also have a positive impact on project economics. The project continues to demonstrate a positive IRR but will likely require improvement in current metal prices and/or an expansion of the reserve base prior to project financing and a production decision.*⁶

Redfern Resources, now a wholly owned subsidiary of Redcorp Ventures, has no substantive assets. Neither does its parent company. If the company cannot meet its obligations for reclamation and road closure, how will this be ensured?

4. The mine will contribute very little in taxation and royalties to either the province or the federal government. Redfern says that the company has already accumulated almost \$29 million in losses, and they have not even started to develop the mine. However, they will be able to charge these losses as a Canadian Exploration Expense when (and if) the mine begins production. The federal government also provides Investment Tax Credits and the Accelerated Capital Cost Allowance. In British Columbia, there are a number of subsidies for which Redfern is eligible, including the Mineral Exploration Incentive Program, the New Mine Allowance, the sales tax exemption for mining equipment and machinery and Investment Allowance.⁷ No doubt the federal government and the province will also contribute to the costs of building the road, to developing the port and to monitoring the mine; evidently the province has already assisted the company in carrying out the studies required to respond to DFO queries for the Screening Report⁸. If there is not a substantial reclamation bond in easily accessible cash or securities provided against mine closure, the province may end up with an enormous liability.

Given that the company may show a loss on its books for the nine years the mine produces, it is likely that it will end with unused tax assets, and not pay any taxes at all. Any assessment of benefits to the public should include an accounting for public subsidies and actual taxes paid.

The new British Columbia Mining Plan is not reassuring in this regard, as it proposes to reduce taxes for the industry, and reduce regulation. The claims made in the plan of "\$79 million in direct payments" to the provincial government⁹, do not mention the costs and subsidies and long-term responsibility for abandoned mines on the other side of the ledger, which far outweigh the benefits. Further, There is no plan to increase or improve reclamation bonding or to clean-up abandoned mines, with the exception of plan to turn Britannia into an interpretive centre. The Ministry of Energy and Mines has already approved the elimination of more than 300 regulatory protections in the province.

5. The project will open the door to the Canarc New Polaris Mine and the Redfern Big Bull Mine and other mines in the same watershed. The Canarc website states¹⁰: "Our re-activation of the New Polaris project coincides not only with higher gold prices but also with the pending development of the Tulsequah Chief copper-zinc-gold-silver mine and road access of Redcorp Ventures, immediately adjacent to the New Polaris property." The Big Bull deposit, also owned by Redfern, is only 8.5 kilometres south of the Tulsequah Chief deposit. Both mines are old abandoned mines that have become economic with higher commodity prices. Since they all include the proposed re-mining of old tailing

⁶ http://www.redfern.bc.ca/projects/tulsequah/feasibility_study.html

⁷ Winfield, Mark, et al. Looking Beneath the Surface: An Assessment of the Value of Public support for the Metal Mining Industry in Canada, October 2002, MiningWatch Canada.

⁸ Redcorp Annual Information Return, May 14, 2004, page 10.

⁹ British Columbia Mining Plan, 2005, page 6.

¹⁰ www.canarc.com

through leaching, it is likely that, in addition to underground mining, they will include open pit production at some point in their operations

6. Redfern Resources has not shown itself to be responsible to the environment in which it wishes to operate. It has a history of delay and procrastination in addressing the persistent and acutely lethal acid mine drainage from the Tulsequah Chief and Big Bull sites. The mines last operated in the late 1950s. A Pollution Abatement Order was issued against then-owner Cominco in 1989. When British Columbia tested the site in 1990, it found considerable acid generation with high levels of copper, zinc and lead. The federal government again tested the site in 1995 and found the same outflow of toxins, noting that the company was in violation of the Canadian Fisheries Act. In 1998, after further federal testing, a Warning Letter was sent to Redfern. Redfern installed limestone dams and a disposal field, which did not change the outflow. In August 1999, Canada made further tests and required further work to deal with the AMD problem. Further sampling was done in 2000 and 2002 and Redfern was warned again to take all reasonable measures. Fearing prosecution, Redfern then hired Klohn Crippen Consultants to assess the sites and make recommendations for mitigation. A treatment plant was recommended and the plan submitted to Environment Canada, accompanied by a letter asking for an extension to June 2005.¹¹ During this fifteen-year period, untreated effluent continued to affect the salmon stocks and other aquatic life downstream in the Taku River. This is a company that does not take threats to the salmon seriously.

7. The mine will contribute to the demise of the East Atlin Northern Mountain caribou. The report from Dr. Martin Raillard of Environment Canada, Pacific Region Environmental Conservation Branch dated August 24, 2004 makes it abundantly clear. “ The number of caribou that make up the East Atlin caribou herd could decrease to the point where the herd is threatened ...As a precondition to completion of the CEAA screening, the proponent commit to participate in and abide by the recommendations of such a management plan for the East Atlin herd.” No such plan has been submitted and the key constituents who need to be brought onside for such a management plan to be effective – the TRTFN – have been marginalized from the federal assessment and from any discussions on the future of this caribou herd.

He states that:

- Northern Mountain caribou are listed as a species of special concern by COSEWIC and are expected to be added to Schedule I of the Species at Risk Act
- None of the three primary information sources for assessing the impacts of development present any population dynamics information on the herd
- The Redfern risk assessment is based on a high number of relocations of a few animals, and no assessment of how typical the sample years are
- The use of harvest measures for mitigation if the herd declines does not take into account the role of the TRTFN in harvesting
- The Assessment of caribou distribution near the road is restricted to the populated area near Atlin and not near the mine site.
- Environment Canada is not aware of any substantial industrial access roads entering new territory that were decommissioned after the life of the project.
- Existing legislation and policy direction in British Columbia, as well as other industrial interests over the life of the mine make final decommissioning of the road extremely unlikely

8. The mine will deplete the salmon in the Taku River, destroying a viable commercial fishery. The salmon fishery, worth over \$10 million US annually, supports local sport and commercial fishermen. The study by Ecofish Research Ltd, dated October 21, 2004 is the only thorough evaluation the fisheries component of the proponent’s assessment of fisheries impacts from the proposed road. The Ecofish

¹¹ Redcorp Annual Information Return, May 14, 2004, p. 10.

study conducted a field assessment at three stream crossings. At two of the three, the proposed road design failed to protect fish habitat and Ecofish concluded that a HADAD of fish habitat is likely to occur. “These observations demonstrate that stream crossings and some portions of the road are not properly designed to adequately protect fish habitat”. Ecofish also concluded that confidence in mine proponent’s baseline studies is “low” given the project proponent’s failure to identify spawning habitat and the consequent improper prescription of stream crossing technique. Furthermore, the confidence in the impact assessment is confirmed to be low given the project proponent’s failure to identify a potentially significant impact to fish habitat at Chasm Creek, which may have the highest quality spawning habitat in the Tulsequah drainage.”¹² Ecofish goes on to say that “This project is likely to lead to Harmful Alteration, Disruption or Destruction of fish habitat and Fisheries Act violations impacting an important, shared commercial and subsistence fishery.”

9. A panel of independent scientists convened to respond to concerns about the road, and to review the proponent’s Adaptive Management Plan, came to disturbing conclusions. They issued their report in November 2004.¹³ They concluded:

- The Taku River Tlingit traditional territory is “one of the largest remaining roadless areas in North America and is especially important because it is representative of the boreal forests and northern coastal ecosystems and of the region’s wild life, including many rare, threatened and endangered species ...As such the territory represents a global ecological resource”.
- Redfern’s Adaptive Management Plan “will not prevent ecologically unacceptable effects. The plan is deficient in approach and in proposed implementation”. “All proposed adaptive management measures are of marginal utility or none at all.”
- “[T]he link between monitoring and mitigation is unsound, and the mitigation recommendations are either uncertain or ineffective.”
- “Redfern’s plan reduces complex dynamics of ecological systems, and the management these problems pose, to statements about locked gates and limited offers to modify road-building activities.”
- The road is actually a highway, with one large and two heavy ore-bearing trucks every two hours, plus a returning empty ore truck every two hours and an estimated 22 additional vehicles a day.
- “Our experience leads us to believe that this road will never be fully or properly decommissioned.” Once the road is in place, any other entity that has a right to some resource accessible from the road has a right under BC law to use the road. This represents the opening up of the land to a variety of users.
- “The Panel concludes that the development of the road as proposed in the Redfern report would have significant negative effects on the natural environment an on the aboriginal economy and culture of the TRTFN.”

I close by asking the Minister to exercise his authority to protect this important region of the country from the predations of irresponsible mining, and appoint a mediator to hear this case.

Respectfully submitted,

Joan Kuyek, National Co-ordinator

¹² Ecofish Research, Review of the Tulsequah Chief Mine Access Road – Fisheries Issues, October 21, 2004.

¹³ The Independent Science Panel: op cit.