

Engineer hears about the DEF/Minto deposit

By JANE GAFFIN

Keno, the venerable old gentleman mine, refuses to die a natural death as long as a probable hundred million ounces of silver keep its heart beating. Yet, the federal government is bent on subjecting the mine to euthanasia.

I believe the mine deserves a dignified burial.

In a series of articles being published in the Star each Friday, I'm saying last rites and farewell to a great mine that served as the Yukon's lifeblood off and on for more than 80 years.

Here's part 18.

The DEF/Minto copper-gold-silver deposit had been heralded as the next shining light for the Yukon's economy.

But following a 1976 jointly-funded feasibility study, the project was considered uneconomical at the relevant time. It was not practical to invest a large chunk of capital into the mining project when copper prices were slumping.

The problem was further exacerbated by a harsh regulatory framework and a deficient transportation system.

Besides, the main players could never agree who owned the most value in the property, which was a sight more crucial than who owned the lion's share of ground.

Silver Standard/ASARCO (American Smelting and Refining Company) owned nearly 60 per cent; the remaining 40 per cent, known as the DEF, was owned by United Keno Hill Exploration, Falconbridge Nickel and Canadian Superior Explorations.

The "shining light" was shut away like a rare artifact and practically forgotten... until one day 13 years later.

In the southwestern state of Arizona, an independent mine developer happened to be working on his Oracle Ridge copper project near ASARCO's Hayden smelter north of Tucson.

Hans Lutz Klingmann happened to meet Sal Anzalone, who happened to have been ASARCO's Vancouver-based exploration manager when field work on the Minto was in full cry during the 1970s.

"A project is like a calling card that leads to the next one," said Klingmann, a Johannesburg-educated civil engineer.

"You can have a business card, which is a piece of paper. What you need to survive in this business is an

actual operating mine, a project. One business acquaintance then leads to the next one. But you never know where the next one is coming from."

Klingmann had just described the phenomenon called fate that would lead him north to the Yukon to revive the DEF/Minto deposit from its quiet repose.

He was honest, forthright, fair, persistent, reliable, paid his bills, mannerly, agreeable, aggressive, a tough negotiator, ambitious, smart, educated, creative, articulate, co-operative and had a positive attitude and a sparkling personality.

If Klingmann couldn't navigate the regulatory labyrinth and bring the Minto into production on a timely basis, nobody could.

He was not a geologist; he didn't need to be. The geology had been done. He was an engineer and had learned to question each project in which he played a role, seeking innovative and cheaper solutions to bringing independent projects to fruition.

"When you go to university, leave university, go into mining, (you learn) the things you are taught are fairly short-sighted and narrowly focused," instructed Klingmann, accenting his words with an interesting hint of Afrikaans.

Klingmann was born in Berlin, Germany, in 1939, just after the start of the Second World War. In 1950, the family joined an uncle in South West, Africa, which was subsequently renamed Namibia.

The German and native languages were prominent, but the unique, Dutch-rooted Afrikaans was the primary speech.

However, Afrikaans was restrictive. He wanted to switch to English, a secondary language he had studied in high school that allowed him to converse in it. But he was far from fluent in the technical subjects of math, chemistry and physics.

Namibia had no university, so he spirited off to Johannesburg, South Africa, to study engineering at an English-speaking university.

He and another Afrikaans-speaking fellow met and saved each other from sinking as they struggled through the first years of learning technical terminology in English.

"It was difficult," Klingmann recalled in a 1997 interview in Whitehorse. "Nevertheless, we survived."

Obviously, he survived very well.

He earned his civil engineering degree in the normal four years, then took a one-year post-graduate degree, too.

One of his first major engineering jobs was on the Zambia copperbelt, which hosted some of the world's largest groupings of open-pit mining operations. The gigantic pits were often plagued with slope stability problems. It was right up Klingmann's alley.

Zambia had secured its independence in 1964. Through "Zambianization", the mining companies, though able to continue operating, were denied the ability to efficiently run their own business affairs.

Indigenous Zambians, who lacked managerial skills, were replacing the white men who had traditionally managed the country, government, police, mines, schools, post office.

The problem with any type "Africanization" — regardless of where in the world it occurs — were the restrictions, especially in the running of the highly-technical, complex mining industry.

Mining has to employ top geologists, engineers, managers and other professionals such as accountants and computer wizards.

There were never enough Zambians qualified to run the mines or the government. And there was no local education facility to train them. The university at the capital of Lusaka was considered "laughable".

The task fell to the mining companies. In the 1960s, while Canada was still languishing behind in the technical Middle Ages, Anglo American was already running advanced IBM computerized punch-card and research data-bank systems and bringing the Zambians along in proficiency training.

While the country fell into a complete shambles and the mining industry suffered deeply, Klingmann thrived. His five-year tenure in Zambia was "absolutely fantastic". As a young man, he was able to rapidly climb the career ladder because Zambia couldn't supply senior managers.

By age 29, he was the assistant manager of open pits, responsible for six directly.

"Very exciting. Tremendous exposure. After five years, time to move on. I was young."

In 1968, he returned to South Africa to work for a large mining outfit. Gencor (General Mining and Financing Corp.) was having the identical problems as what was happening to Zambia. There was always a shortage of qualified professionals.

By late 1971, Gencor was favouring its foreign business division. One gold project struck Klingmann's fancy.

The plan was to form a typical junior mining company in Venezuela and bring one of the South American gold projects into production. To add to the challenge, the deposit was out in the middle of no-man's land.

Klingmann had no ties and was anxious to leave South Africa's political problems behind. He sold his belongings and bought a plane ticket to Caracas with a return ticket to Johannesburg for personal security.

Venezuela was another Third-World country rendered dysfunctional by corruption, crime, bribes, extortion and crooked politics.

It was one of life's adventures Klingmann would have preferred skipping.

"I actually lost six months in

Venezuela," he noted.

There were two political parties. An election in the spring of 1972 changed the government. Anybody remotely associated with the outgoing government was on the leaving list as soon as the new administration came to power.

He was working south of the Orinoco River, in a lawless zone beyond military and police protection.

The gold venture collapsed, which was undoubtedly a godsend.

"I was really naive, really green," offered Klingmann, who had breezed into the country. Obtaining clearance to leave was a scary matter that involved blessing the authorities' palms with money.

"You do things sometimes without being totally aware."

When finally authorized to go, he converted his Johannesburg return ticket to take him to the farthest new place on the same airfare.

A one-day flight carried him from Caracas, New York, Toronto and Vancouver, where he stepped off the plane safely.

"I had one suitcase and some wits about me," he remembered as the sum total of his possessions.

He checked into a nearby airport hotel on Friday night. Early the next morning, he took a bus downtown. He bought the latest copy of the weekly, Toronto-based *Northern Miner*, the Bible of the mining business he had read for years.

For the next few days, he walked in tight circles to familiarize himself with the city's downtown core. Every weekday morning and afternoon, he knocked on doors trying to get audience for job interviews.

Discouraged and financially desperate, he forced himself to repeat the ritual twice a day. Some companies wouldn't let him inside the door. After what could be considered a half-dozen bona fide interviews, he happened upon the historic Granby Mining Co.

Thus began his mining career in Canada.

Granby had recently commissioned Granisle Copper Ltd. The town of Granisle was on the mainland while the open-pit mine was on an island in Babine Lake. The name Granisle was coined from "Granby on the Island".

The Englishman mine manager had worked on the Zambian copperbelt in the early 1950s. When he heard of an applicant with copperbelt experience, he was confident Klingmann's background would be an asset to Granisle.

The company flew him to Smithers, B.C. From there, he drove to Granisle for his interview and job offer.

Then came the details about his expectations for money. "I don't care what you pay me or what the conditions are," he accepted, gratefully. "I need a job, and I'm sure you'll pay me fairly."

Klingmann returned to Vancouver, obtained his landed immigrant status within six weeks and returned to work at Granisle for five years. He started as a mining engineer and progressed to mine superintendent before being elevated to assistant mine manager.

It was interesting work and a good mine, he praised, except the first computer didn't materialize until Klingmann was leaving in 1977.

Next, he made a dramatic departure from hardrock mining. He spent three years in southern Alberta as general superintendent of Northern Energy Resource's Coleman Collieries in

Crow's Nest Pass.

When the coal company decided not to extend the Japanese contract, the big underground mine and two big open pits were closed. Senior management was given an excellent send-off.

"I love golden handshakes," beamed Klingmann. Instead of looking for another job, in 1980, he bundled up his family and went to Europe for a year.

For nine months, he attended a prestigious Swiss business school to earn a master's degree in business administration. While in Geneva, he was introduced to Adolf Lundin, an ultimate entrepreneur whose mining and oil-and-gas exploration interests were scattered around the globe.

Back in Vancouver in 1981, Klingmann established offices and developed projects under the banner of the Lundin Group. Each junior company operated as a separate entity.

All five of his mining projects went into production. A couple were in Ontario; three in the United States. Each was similar to the Minto project he hadn't heard of yet.

The Lundin Group did financing, feasibility, permits, construction, hired the operating crew.

"Hugely successful," enthused Klingmann, who collected 10 years of wonderful memories from those enterprises.

The Oracle Ridge copper project took Klingmann to Arizona in 1989. He made connections with ASARCO, Inc., which owned a nearby copper smelter at Hayden.

During a long mining career in North America and Zambia, Klingmann had never had occasion to do business with ASARCO, a company with roots growing from the New York's Guggenheims, who dredged gold near Dawson City before going mining on Keno Hill in 1920.

Klingmann became acquainted with a few ASARCO officials who visited his nearby Oracle Ridge.

Eventually, he met Sal Anzalone, who had been ASARCO's Vancouver-based exploration manager during the 1970s. Through his independent exploration undertakings, Anzalone retained an association with the Vancouver-based Silver Standard Resources, Inc.

It was Silver Standard's geologist, Roy McMichaels, and his prospecting partner, John Kozic, who discovered the Minto copper deposit in July 1971, while United Keno Hill Exploration's geologist, Dick Joy, and his field assistant, Peter Pangman, were bearing down on the DEF side of the deposit.

An eight-million-ton deposit was not particularly attractive for a large company to develop. The Minto had been shelved as mineral inventory before the entire mining industry was severely paralyzed in 1982.

One day, Anzalone and Klingmann were chatting. Anzalone suggested: "If you think you can do Oracle Ridge, you really should have a crack at Minto."

"Say no more," responded a keen Klingmann, who immediately set out on a Minto data-collecting odyssey.

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