

# There are endless ways to kill a mine

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 21.**

The government was in command and control of Minto Explorations' business and decision-making affairs. It was reminiscent of company president Lutz Klingmann's early days on the Zambian copperbelt.

The formula seemed to have been transferred from Africa to Canada.

The Minto was ready to proceed but most of the 1997 construction season had to be forfeited due to bureaucratic apathy and permitting delays.

The federal Liberal minister of the Department of Indian Affairs and Northern Development (DIAND) wouldn't sign the water licence.

Jane Stewart had already made her biases clear. Early in her mandate, she crassly chose a Dawson City International Gold Show to announce the environment wouldn't be sacrificed for mining.

Ironically, it was the economic development minister of the Yukon's New Democratic Party government who lobbied Stewart for 15 months and visited her parliamentary secretary in Ottawa to hasten the signing.

Trevor Harding, who called the Minto site "a bright light for the Yukon", may have been somewhat politically grandstanding. But he did demonstrate a good understanding of the unsavoury snafu DIAND had created.

"The whole assessment process has to be clear in establishing goal posts," Harding told the media in 1998.

"We all believe there has to be solid due process for environmental assessment and it has to be rigid. But once the processes are complete, they have to be clear, consistent and timely, and there shouldn't be any bureaucratic delays that cost us jobs in the territory."

He pointed out that the Minto project was the first mining project taking place on Category A settlement land. A first nation group owned the rights to surface and underground mineral rights, although the orebody was alleged to be legally protected under land claim agreements.

Minto Explorations had garnered support and developed a serious working relationship with the Selkirk First Nation.

The two parties had a co-operation agreement in terms of employment opportunities and provisions for training. Minto Explorations had included a unique, undisclosed component which would always benefit the band as a positive flow-through for the whole community.

Harding thought it would have been incredible to show investors in the territory that federal, territorial and first nation governments could work together harmoniously and be environmentally responsible on projects involving both settlement and non-set-



Star file photo

**OPTIMISTIC AIR – Trevor Harding, the economic development minister in Piers McDonald's 1996-2000 NDP government, called the Minto plans 'a bright light for the Yukon'. Meanwhile, the mammoth lead-zinc mine in Harding's Faro riding had closed for what's now regarded as the final time in February 1998.**

tlement land.

Yet it appeared Minto mine development was lost for another year, at a time when the territory badly needed it, Harding fumed.

DIAND officials admitted to a problem but weren't fixing it. High-paid senior bureaucrats thought "streamlining the process" meant striking a new committee or forming another board to talk about it.

A time-wasting meeting was set for March 25, 1998. Nothing materialized except more verbiage.

Harding didn't think the problem-solving could wait any longer. He had been approached by industry officials and had raised the issue for over a year as a major concern. Meantime, all he saw was a loss of jobs, he said.

Then Harding went off the rails. He promised that his NDP government's brainchild, the Development Assessment Process Commission, was working diligently to design another process pursuant to the Yukon Umbrella Final Agreement land-claim settlement document.

He guaranteed the new process would implement speed. Whenever Parliament passed the legislation into law, the so-called "made in-the-Yukon" act was intended to replace the federal Canadian Environmental Assessment Act (CEAA).

That is another laughable saga. Authoring the Development Assessment Process (DAP) proved a ponderous, labourious time-waster that made

navigating the CEAA process seem simple.

Harding fell back on tiresome political mantra. He said his NDP government had to ensure DAP was clear, a better process, better defined, more timely.

"Otherwise, we end up with the Western Coppers of the world, who have been four years in the permitting process," he told Whitehorse reporter Adam Killick (March 13/98).

Harding was referring to the company that couldn't get approval to proceed with its Carmacks Copper Project at Williams Creek. It had no legal security of tenure. (Western Copper no longer exists after being re-organized into Western Silver, which still owns the Williams Creek property).

The chief problem, according to Harding, was the lack of communication between the environmental assessment process and the Yukon Territory Water Board.

"The processes are backed up one against the other," he said.

Harding gave lip service to wanting to solve a problem that was never resolved. His idealistic attitude was that companies capable of providing timely research and good information to the environment directorate and the water board should get through the process quickly and appropriately.

He supposedly received a commitment from DIAND minister Stewart's member of Parliament helper, Bernard Patry was alleged to have promised the

cumbersome screening situation would improve before the federal government devolved mining and other Northern Affairs responsibilities to the territorial government on April 1, 2000.

(The transfer didn't come to pass until April 2003, and the problem grew exceedingly worse when inherited by Premier Dennis Fentie's Yukon Party government.)

After a lot of coercing and consulting, Stewart signed Minto Explorations' Type A water licence in April 1998.

"Minto Explorations spent many months going through the mine regulatory process," *Star* reporter John McHutchison wrote on July 7, 1998. "At times, Klingmann, the company founder, spoke openly about his frustrations with the system."

More than four months later, in November 1998, a perturbed Klingmann curtly addressed a government-sponsored First Nations Mining Conference in Whitehorse.

"A healthy mining industry of a half dozen or so producers – companies with a cash flow – can create true wealth," he advised.

"I don't think that point should be missed. The producers must be profitable. It's no good having an operation scratching for dollars."

He noted that a healthy mining industry needs profitable producers. When the producers generate true wealth, a flow of profits creates revenues for royalties, he said.

"I would like to encourage the first nations as a group to work with the mining industry and create an environment and create a set of rules and regulations that would permit mining companies to put a mine into production and permit us to operate properly and do these things on a timely basis," he urged.

"I agree very much with what has been said at this meeting about environmental protection and working with first nations, but I am quite concerned that a lot of the things I see are really creating wars between sectors," he concluded.

By the time the project was blessed with a freshly-autographed water licence in April 1998, Klingmann wanted to forget the past and get on with business.

But the next phase of construction hinged on how much money the ASARCO board would approve for the 1999 budget.

*Tempus fugit.* While the government had dallied around with its industry-stopping regulatory regime, the major financing partner had lost its appetite for releasing another portion of the total \$25 million US it agreed to invest up to production stage.

About \$2 million US of the overall \$6.5 million US spent had gone for pouring the mill's foundation, installing a permanent camp facility and power supply during the 1998 summer season.

With copper prices down to 72 cents US and money hard to find, ASARCO was singing the blues and reluctant to release the remaining \$18.5 million US.

There was no dearth to the number of "unforeseen circumstances" that could stall or kill a Yukon mining project.

Additionally, Klingmann and project manager Jim Proc didn't know at the relevant time that the RCMP would be filing criminal charges against



JIM PROC

Minto Explorations and Pelly Construction for the Big Creek floods.

Like the British Columbia beavers couldn't compensate the government for their dam breaking inadvertently and flooding an area, Mother Nature refused to pay for her Big Creek sins.

The companies were held accountable. The charges, filed on July 29, 1999, were not specific but spanned a 10-month timeframe:

"On or between the 01st day of August, 1997, and the 28th of May, 1998, (the sinners) did use waters in a water-management area by altering the bed and bank of Big Creek..." and therefore committed sin pursuant to the federal Yukon Waters Act.

The matter was resolved out of court to the tune of \$23,400 on Jan. 26, 2000 (series part 14, *Star*, Nov. 5, 2004).

There's a need for industry regulations, of course. But industry can be over-regulated to the point of the government regulating perfection, which is impossible, unless the government intention is to regulate industry out of business.

"I want to be quite clear," Klingmann tersely told a Yukon mining advisory committee workshop in November 1999.

"Yes, we have a series of 35 to 50 permits and approvals that had to be in place. It becomes really difficult to keep track of them."

He pointed out that all the people who work on permits are in offices.

"I think they should move their work to the field. That's where all the action takes place that's being regulated."

He didn't try to cover up his irritation about the unjust treatment.

"Yes, we had inspections; yes, we do everything we can but we're working out in nature. Yes, we have floods. If you're working in mining, you must expect the unexpected.

"We had a flood at Big Creek and it basically washed every portion of the bridge away in 1997. I think we should have regulatory meetings in the field. We have a mining project. (Most) of the action has to take place in the field; not in an office."

In November 1998, Minto Explorations project manager Jim Proc outlined the sorry situation to 200 delegates attending the Yukon Geoscience Forum in Whitehorse.

"We were in a catch-22 situation," he lamented about the 1997 season.

While waiting on the water licence, "We couldn't drive across Big Creek

**Continued on page 9**

# 'Why aren't Yukoners up in arms?'

Continued from page 8

with equipment because of a Fisheries window. And we couldn't do any construction on the Yukon River because of a Fisheries window and a lack of ability of working in streams."

The Department of Fisheries and Oceans "allowed" the company to push some material into the far side of the Yukon River to build a temporary barge landing downstream.

From the lower barge landing, the contractor built a road backwards to Big Creek.

"It involved 50 kilometres of travel to get equipment from one side of the river to the other, which was only 120 feet away," he exclaimed.

The full-scale construction season anticipated for 1997 didn't happen. Minto Explorations wasn't in control of its own business affairs, much less its destiny.

Due to more government permitting delays, the road job was stopped in March and all equipment demobilized until August 1997.

Big Creek flooded its banks again in the spring of 1998. Water sloshed over the top of the road at the corner of the Yukon River. Due to the permitting delays, the entire demobilized project had left no equipment available to do repairs and cleanup.

During the 1998 construction season, the 16 kilometres of road couldn't be used because the bridge over Big Creek was inaccessible.

Supplies and equipment were again barged to the lower landing.

"Again, with Fisheries' window, we were stuck for a full year without being able to do work on the access road," added Proc. "Again, the level of 1998 construction was influenced by permitting procedures."

In early March, the company postponed further development due to yet more delays in permitting waiting on the final water licence that wasn't signed in Ottawa until April 1998. By

May 1998, Big Creek flowed all over the place again.

It was logical to believe that the Type B water licence that authorized work on the access road was sufficient for continued work on Big Creek.

The water resources branch boys differed in opinion, said Proc.

"We had to submit for an amendment to the Type B licence, an additional permitting delay.

"We weren't able to do the work until we got a licence, which was just before the Fisheries window opened May 9 to allow us to do instream work. It was touch-and-go to try to get everything done."

They had hauled riprap (broken rock) from near the mine site the previous fall to stabilize the creek and installed ditch blocks to prevent the water from flowing toward camp and causing more damage.

Eventually, repairs exceeded nature's standards. The creek water now flows happily beneath the company's bridge and presumably will never wash out again, said a hopeful Proc.

The Minto project was important to the Yukon's small economy, continued Proc, who was deeply concerned about the open-ended permitting process which had no timelines attached and could delay a project forever.

"Small mining projects need better support and encouragement from all levels of government," he stressed.

"Permitting delays, resulting in financial and budgetary constraints, have frustrated construction and delayed project completion."

This had been Falconbridge's precise complaint in its 1992 annual report. A company could jump through all the hoops and waste thousands of dollars waiting. The process in Canada remained inconsistent and without timelines. There was no guarantee that permits would ever be issued.

Despite setbacks and Proc sounding discouraged, he gave assurances



JANE STEWART

that Minto Explorations remained committed to completing the project and would continue supporting local businesses.

However, he warned that events must occur as planned without any further delays and interferences if the Minto was to be operational by the new target date set for October 1999.

He and Klingmann were adamant that mining companies had to be permitted to operate properly so mines could be put into production on a timely basis. Otherwise, what was the use of doing exploration work, which is the precursor for finding a deposit worthy of developing into a revenue-generating mine?

Until concentrate trucks began

rolling to market, nobody was realizing any profits. Stalling a project was a disadvantage to Yukoners in general and the Selkirk First Nation specifically.

The Minto project needed allies. But the Yukon mining industry, which should have been hollering support from the rooftops, only opened its collective mouth to yawn.

"Why aren't Yukoners up in arms over this?" wondered Gerry Carlson in a 1998 interview. "Everything I hear is what an excellent job Minto Explorations is doing."

Carlson, a Vancouver-based geological engineer and former University of British Columbia professor, had managed Yukon exploration programs for junior companies for more than 30 years. He had experienced the infamous Big Creek, too.

"Big Creek floods every year banks wash in. Water gets dirty and muddy. It's just Mother Nature doing her job."

Carlson was referring to the unusual amount of run off that resulted in the 100-year flood in 1997.

Minto Explorations was of the understanding that a Type B water licence that authorized construction was good for repairs and clean-up. Nope.

A water resource bureaucrat told the industry engineers that humans were not "allowed" to tamper with nature in an attempt to save their bridge, road or other handiwork. Cleaning up after Mother Nature is what culminated into police raids on camps and

offices, search and seizures and the laying of criminal charges.

"Here's a junior company fighting nature and the lowest copper prices in a long time," said an incredulous Carlson.

"Lutz Klingmann thought he could still make a profit and provide jobs for Yukoners. Instead, he just keeps getting kicked in the teeth.

"Why are the government guys chasing him? We need Yukoners on our side, and I'm not convinced they are."

Everything hinged on production. If Minto Explorations had held legal security of tenure on the property, the company would have been into production by its 1998 target date, and the extraneous events wouldn't have mattered.

Without secure tenure, both the regulators and extraneous events played devastating roles in preventing Minto Explorations from going into production in 1999, 2000... on up to 2004, which is another chapter in the Minto saga.

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Next week: endless complications ensue as Minto's senior partner is bought by a Mexican mining conglomerate and the government won't stop writing regulations.

## HOLIDAY GREETINGS

*We would like to wish all our valued clients a Merry Christmas with their families and friends as well as a happy and prosperous New Year. Peace on Earth and goodwill towards all from Alex, Maureen and Grant.*

*Your Financial Consultant professionals at Investors Group.*

*Alex Belcourt, B.S.B.A. C.F.P.  
Maureen Belcourt, Assistant  
Grant Westman, C.F.P.*

## In Loving Memory

### *Jennifer Dawn Rose-Ellen Clease*

After her long battle with Hodgkins Lymphoma, Jennifer Dawn Rose-Ellen Clease passed away on December 12, 2004.

During her last days Jennifer was surrounded by her spouse John Patrick Loretz, her parents Don & Debbie Clease, her sisters Jamie (Kevin & daughter Halli) and Roni (Remi & sons Kayden & Connor), her Aunties Sandie & Diana (Marvin), Uncle Gerald (Dawn & son Kyle), Grandparents Patricia, Glenn, & Jerry, Aunty Shirley & Uncle Dave, & Trina.

At only 27 years of age, Jennifer had battled her cancer for the past 5 years (2 of which were undiagnosed). Jenn loved her Yukon life with JP and their home out of town at the Bed & Breakfast with their dogs, Brody, Kalluk, Aipa and the entire dog team. JP was her soul mate and they shared a love that few are destined to receive. Over the past 3 years Jennifer spent many months in Edmonton with her parents & family, undergoing many different treatments. Jenn was a free spirit who put great effort into building friendships and family unity. It meant a great deal for her to keep in touch with everyone she knew and to help out in any way she could. Jennifer was acknowledged on the Dean's list in her high achievement in Business Administration during this time and enjoyed working at the Yukon Water Board. Her cancer prevented her from fulfilling her dreams of traveling, which now her spirit can soar and complete.

Jenn will be missed by many including her close friends in Whitehorse; Teresa (her mom Pat), Erin (Eddie), Chelsea, Jessica, Beth, Rose (Clarence) & Darlene. Family Friends; Bob & Sandra, Richard & Brenda (& daughters), Ruth & Patrick, Robert & Vanessa (& kids), Jonathan & Julie Joanne (& kids) and many more. Jennifer was always in the thoughts and prayers of her second cousins; Nicole, Steven, Lanny (Linnea), Thomas, Steve, Linda, Brent, & Gail. Aunty Kerry (Chuck), Aunty Joyce & Grandma Mildred. Her Grandpa Art & brother-in-law Jason predeceased her. To all those who knew & loved her, her memory will soar forever on the wings of each butterfly we see.

We would like to thank Dr. Avery & nurses Mary, Dawn, Claire, Shawn, Linda, Margaret & Adeline at the Whitehorse General Hospital. As well, thanks to the Dr's and care giving nurses at the Cross Cancer Institute (units 30 & 31) for the special bonds created in her care. Specifically, Jeanette, Tracy, Pat, Elaine, Sue and Consuelo, who made our last days with Jenn and all her family very special. Her time spent in their care was always comforting and cheerful.

At Jennifer's request there will be no formal service or memorial. In lieu of flowers, donations can be made to the cancer society or will be accepted by the family in providing a joint contribution to each hospital to assist future cancer patients and their families. Contributions could be sent to:

*Don & Debbie Clease  
Box 14 Site 330, Range Road 3,  
Stony Plain, AB  
T7Z 1X3*