



# MOTHER LODE

## CHAMBER OF MINES OF EASTERN BRITISH COLUMBIA

A non-profit bureau of information providing authentic, reliable data to the general public and the mining industry of Eastern British Columbia

215 Hall Street, Nelson, B.C. V1L 5X4

Phone: (250) 352-5242  
[chamberofmines@netidea.com](mailto:chamberofmines@netidea.com)

## NEWSLETTER

**Note: The views of contributors to this newsletter do not necessarily reflect the views of the Chamber**

January 2005

### PRESIDENT'S REPORT by Al Gerun

Last month, the Northwest Mining Association (NWMA) held its annual convention in Spokane, Washington from December 6-10. As always, it was an entertaining and educative source of information pertaining to the many facets of the Mining Industry. I am going to highlight a few topics that I thought might relate to the direction the Mining Industry in BC is taking.

Congressman and geologist Jim Gibbons (R-Nevada) stated, "Can we accept the status quo of the political environment and the status quo of the current laws and expect in 10 to 20 years down the road to have a Mining Industry in this country? Why does the US only get 8% of the exploration dollars now being spent in the Mining Industry? Why? Because we have bureaucracy, federal government and special interest groups that are quite overzealous in their attack on the Mining Industry in order to put it out of business in this country. We all know that the federal government and our activist judged judicial court systems have put barriers in front of us that have made it nearly impossible to get a mine and actually move it to production, when you look at the delays." The reason why people are investing outside of the United States is that permits in other countries (e.g. Chile) take about 18 months and not the 6 to 10 years like in the U.S. Environmental Groups are known to launch lawsuits against proponents, which not only creates lengthy delays, but also increases costs to the permitting process. Congressman Gibbons felt that now was the best time in the last 8 years for mining reform and that there was a narrow window of opportunity of 18 months, because for the first time there was a administration that was willing to interchange and support Mining Law Reform. There is an urgency for everyone to work for their industry, whether you are a prospector, an individual or a producer. Everyone, including the environmentalists must be brought to the table if mining reform is to be achieved. There will be no mining reform if the environmentalists make their case before mining does. If we do not make these changes we will be exclusively dependent on foreign sources for our future metals!

Former Washington State legislator Glen Dobbs talked about Radical Environmental Groups, who they are, what they really want and why they must be denied. He went on to explain that radical environmentalism is a political socialist movement whose intent is to shift the environment-economic balance to the extreme environmentalism, thus creating severe disruption or collapse of the economy. This is done by using tactics such as clear cutting, species at risk, acid rain etc. to halt economic activity.

Mr. Dobbs classifies the environmentalists as:

1. Useful Idiots (termed by V.I. Lenin): This is the largest group, which includes many professionals, who do not have any concept of our economic system but have a passion for nature. This group is not politically disruptive and from this group the environmentalists extract a large portion of their financing.

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2. Political Activists Leftist Liberals: These people are typically seeking power for the state, federal government as well as power for themselves. These people, who have no economic training or sense, believe they are brighter than the rest of society and believe they have the right to enforce their views.
3. Hard Core Neo Fascists: These people hate America, free market capitalism, business prosperity etc. They want to destroy or prevent any economic activity and ultimately turn modern society into some sort of simple preexisting society.

Kathleen Benedetto, from the subcommittee on Mining and Mineral Resources, reported on some similar concerns which we have in BC such as reauthorization of the Geological Mapping Act and increasing funding levels for the USGS and Energy and Minerals programs at the Department of the Interior and the Forest Service. The National Minerals Policy is to be reviewed where Administrative and Legislative changes will be required. One topic of interest with respect to revitalizing Mineral Policy in order to persuade the public to view mining projects as an asset, not a liability. People are saying, "Why do we have a policy that when you are done with mining you have to take all the infrastructure out?" We are saving history 50 years old, but infrastructure that companies have spent millions of dollars installing must be wiped off the face of the earth as soon as the work ceases.

The session entitled "Mining and Communities: Reinforcing Integrity in the Mining Industry" was chaired by Michael McPhie of the Mining Association of BC, with panelists Adrian Jackman (CEO Kennecott Minerals), Jim Kuipers (Mining Engineer and Environmental Activist with the Centre for Science in Public Participation), and Dan Jepsen of the BC and Yukon Chamber of Mines.

The panelists initiated the discussion by addressing three questions: (1) What examples of practice serve to strengthen integrity in the industry? (2) What examples of practice serve to undermine integrity? and (3) What actions can be taken by either companies or the industry as a whole to strengthen integrity from here on in?

Dan Jepsen addressed the session first with a summary of the prominent concerns between industry and public: (1) The effective engagement and consultation with communities and stakeholders, whether they are locals, or indigenous peoples and above all develop trust (2) Government relationships and how the government relates to the overall framework and balance of a project. In BC, joint solution workshops are held, where Industry and Government meet and try to clarify processes (3) Relationships with other sectors, such as the tourism accord. Mining needs all the help it can get in order to improve the public's perception of the industry. (4) The public and NGO's carefully scrutinize environmental policy and it is important that it is identified and followed. Sustainable Policy is always important to the community and it is where Industry can demonstrate commitment. (5) Certification, such as ISO 14001, where an environmental management system is established that guides all of the operational activities and more importantly they subject themselves to external audits that verifies that there is constant proof that they are meeting environmental obligations. (6) Local support is important in mine development. Let the Locals come and inspect what you are doing and let them know what you project will do for the community.

Jim Kuipers gave the perspective of the NGO sector on what effects the integrity of the Industry: (1) Open access to data discussion. When Mining Companies refuse to share data, this is what creates animosity and the NGO's and public become distrustful; and (2) The Sustainable Development process was started, but never materialized. The NGO's are saying that the Mining Community is not interested in advancing the concept.

Issues that undermine the integrity of the Industry: (1) Marginal mines when prices go down after a boom, operators take too many shortcuts and things do not get done properly (2) The small percentage of controversial mines dictates how that public views the Industry. This is what NGO's use in order to raise money; and (3) The underlying water quality issues, corporate guarantees are not there.

Actions Recommended from the NGO's: (1) Open access to provide the data and engage in discussion (2) We need adequate reclamation plans and guarantees (3) Look at how industry supports controversial mines; and (4) Changing the Mining Act via changing the way in which government allows a mine to move forward.

pointed out that (1) Business is a sustainable endeavor and it must support the interests of the shareholders (2) Mining is definitely needed, the question is how we should mine with technology that was not available 5-10 years ago and (3) Financial assurance should be part of the permitting process, possibly corporate guarantees.

The panelists engaged in a long discussion with the audience and several good ideas were discussed and I think everyone came away enlightened and glad that they attended this forum. Bruce Gilbert, from Stillwater Mining said what we all felt, "Kudos to the panel.- I think they have done an excellent job, right on target, everything they have said from Adrian to Jim has been right on target and I really appreciate it. They have been forward thinking, and I think that is where we need to go".

## MINING/EXPLORATION NEWS IN B.C.

### EXCERPTS FROM COMPANY NEWS RELEASES



In the midst of record-high coal prices, two Asian steelmakers will invest USD50 million to acquire stakes in a BC mine owned by Canada's largest metallurgical coal producer, the Elk Valley Coal Partnership. Elk Valley's two main partners, the Fording Canadian Coal Trust and Teck Cominco Ltd., said Monday that Japan's Nippon Steel and South Korea's Posco will each invest USD25 million for a 2.5% equity interest in the Elkview mine near Sparwood, B.C. In addition, the two Asian companies have signed 10-year purchase agreements with the Canadian coal producer.

[http://www.fording.ca/cache/page\\_1.html](http://www.fording.ca/cache/page_1.html)

December 20, 2004



bcMetals Corporation has filed its N.I. 43-101 compliant Technical Report for its 100% owned Red Chris porphyry copper-gold project located in northwestern British Columbia. The Report, now posted on SEDAR ([www.sedar.com](http://www.sedar.com)) is based on the Feasibility Study work performed and consolidated by AMEC E & C Services Ltd. with contributions from other independent consultants (see the Company's Press Release dated 24 November, 2004)

The FS demonstrates the economic viability for developing an open-pit mining operation and processing 30,000 tpd in a conventional flotation plant which would produce an average of 104 million lbs. copper and 71,000 ounces of gold into concentrate annually over the first five years of production. Mine life is estimated to be 25-years. Capital cost is estimated at C\$227.7 million. [www.bcmetalcorp.com](http://www.bcmetalcorp.com)

December 21, 2004



Stikine Gold Corporation announces that it is now in receipt of a preliminary report from Lamontagne Geophysics Ltd. of Kingston, Ontario. The report summarizes the results of Lamontagne's analysis and modeling of data collected in a recent downhole survey conducted at the Company's Sullivan Deeps Project, located near Kimberley in southeastern British Columbia.

The Lamontagne report concludes that the UTEM4 survey successfully delineated a strong conductive anomaly at and around the Sullivan Deeps massive sulphide intersection in SD#04-01 and confirms that it has a large scale footprint in the area previously identified by the 1996 UTEM survey carried out by previous operators. It is clear from the data that the centre of the conductor is located to the north of the drill hole, and the large anomaly amplitudes are evidence of a large conductor. Several other key characteristics of the conductor were successfully identified by the survey as summarized below.

The anomaly is extremely conductive, calculated to be in excess of 5,000 Siemens as compared to the 80-100 Siemens range estimated and used in the 1996 survey. This high value is attributed to the fact that lower frequencies employed in this survey permitted differentiation between highly conductive pyrrhotite and weakly conductive host rocks. Pyrrhotite is known to occur throughout Sullivan and is a key targeting mineral for Sullivan Deeps whereas the zinc mineral Sphalerite is not conductive. An in-hole conductor is coincident with the Sullivan Deeps sulphide interval intersected in SD#04-01. [www.stikinegold.com](http://www.stikinegold.com)

December 17, 2004



## Minerals and Metals Sector Update

MMS is a leader in the dissemination of national statistics and knowledge on the Canadian mining industry. To broaden the reach of our communications, the sector publishes a regular communiqué. Each Update provides news on three or four MMS activities, including advances in policy and mineral technology research.

Issues of the Update are available below. For more information see [www.nrcan.gc.ca/mms/hm\\_e.htm](http://www.nrcan.gc.ca/mms/hm_e.htm)

ISSUE 6, 2005 (Dec)	<a href="http://www.nrcan.gc.ca/mms/date/upddec_e.pdf">www.nrcan.gc.ca/mms/date/upddec_e.pdf</a>
ISSUE 5, 2004 (Sept)	<a href="http://www.nrcan.gc.ca/mms/date/updsept_e.pdf">www.nrcan.gc.ca/mms/date/updsept_e.pdf</a>
ISSUE 4, 2004 (July)	<a href="http://www.nrcan.gc.ca/mms/date/updjuly_e.pdf">www.nrcan.gc.ca/mms/date/updjuly_e.pdf</a>
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ISSUE 2, 2004 (April)	<a href="http://www.nrcan.gc.ca/mms/date/updaprill_e.pdf">www.nrcan.gc.ca/mms/date/updaprill_e.pdf</a>
ISSUE 1, 2004 (Feb)	<a href="http://www.nrcan.gc.ca/mms/date/update-e.pdf">www.nrcan.gc.ca/mms/date/update-e.pdf</a>

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**ASSAYING AND GEOCHEMICAL ANALYSES**



## From the Desk of Pat Bell

This past month has been another exciting one for a rejuvenated mining industry in the province of British Columbia. All indicators point to the best year for mining in over a decade. With more than 45 000 claims recorded so far this year, BC has recorded the highest number for claims staked since 1991. As well, exploration investment in BC is projected to be at its highest level since 1991, at \$120 million.

However, the good news for mining communities does not stop there. Not only can mining contribute to a sustainable and diversified provincial economy through the development of our natural resources, but also as a part of our tourism sector through the development of our mining history. A great example of this is the new Coal Discovery Center in Sparwood. This project builds on the rich tradition of coal mining in the area and celebrates the vital role that modern coal mining plays in the local community.

During my recent trip to the Kootenays I was fortunate to see the progress of this exciting project and I look forward to touring the facility in the not too distant future. I applaud the vision of Mrs. Cindy Brunel and her colleagues from the Sparwood Coal Discovery Center Society and wish them all the success in the world as they continue their hard work in this project.

### **Pat Bell, Minister of State for Mining**

See [www.em.gov.bc.ca](http://www.em.gov.bc.ca) for more information

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# *Mineral Titles Online*

## Update # 23 January 11, 2005

### Changes In Effect Wednesday, January 12, 2005 under MTO

Mineral Titles Online will be implemented at 12:00 NOON on Wednesday, January 12, 2005. Below is a summary of the major changes affecting all existing mineral and placer titles and titleholders effective January 12

#### 1. Authorized Agents

- Clients must authorize another person to act as their agent through the Client Profile Management program in MTO. An agent must be a mineral titles client with a valid BCeID.

#### 2. Claim Maintenance

- Clients will register (record) exploration and development work online, or register a payment instead of work (formerly termed cash in lieu) and make the required payment, on or before the due expiry date of the claim(s).
- Work credits can be applied to any claims that adjoin the claim(s) on which the work was done; there is no formal grouping event.
- Work carried out on a Crown grant cannot be credited to a mineral claim unless there is a cell claim over the ground.
- A report must be submitted for all work, within 90 days for technical work, or within 30 days for physical work. Physical reports must contain a detailed description of the work including results obtained, an itemized cost statement, and a 1:10,000 scale map of the claims showing where the work was done.
- Work must be registered within one year of the completion of the work program, regardless of claim expiry dates; the present requirement to record work during the same anniversary year will no longer apply.
- Road and trail work can no longer be claimed as stand-alone physical work, but may be included only when it forms part of a technical work program (geological, geophysical, geochemical or diamond drilling) with the details included in the technical report.
- Clients will no longer be restricted to recording one or multiple years of credit. In MTO, you may record any amount of work credit to advance the expiry date up to the maximum of ten years beyond the current anniversary year. This will allow you to change the expiry date (month and day) of any claim at any time.

January 11, 2005 Mineral Titles Online <http://www.em.gov.bc.ca/mtonline> MTO Project Update Map Selection Project MT.Online@gems6.gov.bc.ca MTO Update #23.doc

#### 3. Legacy Claim Conversion to Cell Claim

- Recorded holders (or authorized agents) may convert a legacy claim to a cell claim.
- For six months, all cells partially encumbered by a legacy claim are reserved to the legacy claim titleholder only for conversion of the legacy claim.
- Where there are two or more legacy claims held by different titleholders within a cell, the first titleholder to select conversion acquires the cell claim; the remaining titleholder's claim retains its existing ground but cannot be converted to the cell unless the cell claim first acquired forfeits.
- Upon registration of a conversion, the legacy claim is terminated in its entirety. The cell claim will consist of those cells selected by the titleholder; any portions of the legacy claim that extend outside of the selected cells will become open ground as part of the respective overlying cell.

#### 4. Transfer of Mineral Title

- In order to transfer all or part of their interest in a mineral title, a recorded holder must initiate a registration of a transfer in MTO. An automatic email will be generated to the purchaser.
- The purchaser must accept the transfer in MTO within 30 days, and must hold a valid FMC at the time of acceptance. The purchaser must pay the fee (\$10 per title in the transfer) to complete the registration.

#### 5. Abandonment and Relocation

- The relocation provision is no longer applicable. A legacy claim or a cell claim may be abandoned at any time by the recorded holder or authorized agent, there are no relocation or re-acquisition rights associated with abandonment under MTO.

#### 6. Reduction of Claim

- Legacy claims cannot be reduced under MTO.
- Reduction under MTO applies only to cell claims, which may be reduced by one or more cells subject to the regulatory provisions (section 6 of the new Mineral Tenure Act Regulation).

#### 7. Map Amendments of Legacy Claims

- Refer to Update No. 24

Have you registered for your BCeID? You will require it in order to transact any mineral titles business in MTO.

Please check out our website for further information: <http://www.em.gov.bc.ca/mtonline>.

If you have any questions please send them to us via the following email:

[MT.online@gems6.gov.bc.ca](mailto:MT.online@gems6.gov.bc.ca)



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## WHAT ELSE IS HAPPENING?

The following letter written by John Chapman was received at the Chamber of Mines on January 9, 2005:

Gentlemen,

Mr. Campbell must be made aware that it his office's procrastination on adopting the 2003 Mining Task Force recommendations that has once again put BC into the basement on "policy attractiveness" – world wide, and at the very bottom in Canada. One positive thing is that BC is at least slowly moving up in ranking from prior years under the NDP wrecking crew.

My personal experience is that Pat Bell and his team are working very hard to keep things moving on exploration and mine development – I see him as being an effective Cheer Leader and Fire Fighter. However, he needs to have some improved legislation and regulations (mainly less) to make his job more effective.

This Fraser Institute low rating for BC (<http://www.fraserinstitute.ca/shared/readmore.asp?sNav=nr&id=580>) will continue to put a damper on being able to raise big dollars for mineral exploration and mine development in the province. Do you know if any of the major mining companies have returned to BC in 2004?

I trust there is no truth to the rumour that the Kootenays are planning to join Alberta!

Cheers, John

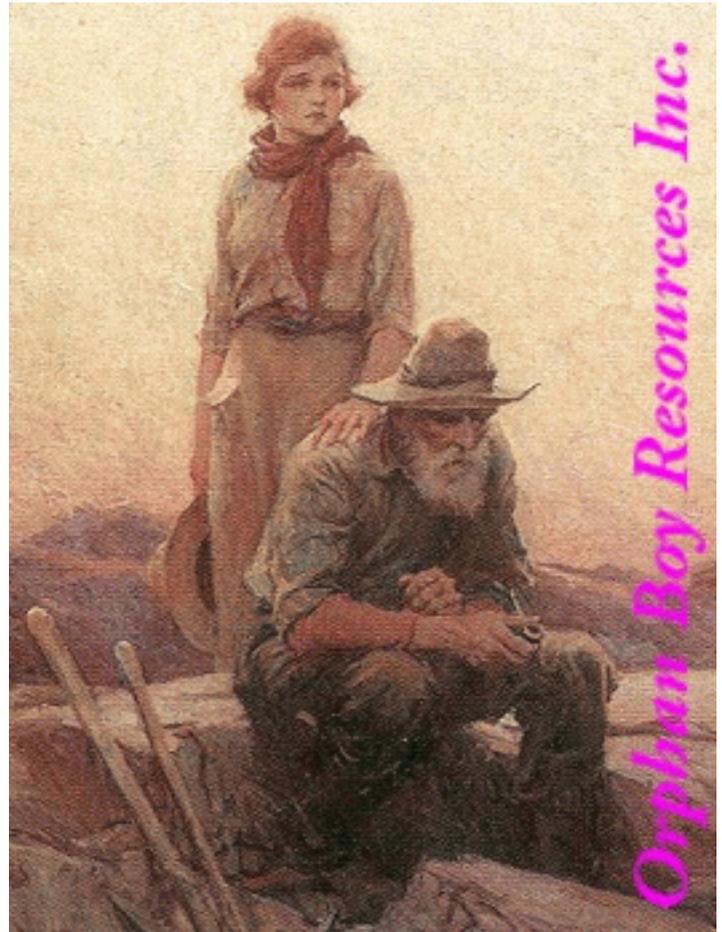
### CHAMBER REPORT by Mark Dennison

Greetings! Hope everyone's New Year is going well so far. Our annual Christmas party was a success and a good time was had by all. Mitch McLellan from Aggressive Diamond Drilling was kind enough to donate a dufflebag for auction; and Michael Graf from Christina Lake donated a large piece of amethyst. Our thanks to the both of you! It was nice to see Cathy Llewellyn back at the Chamber catering and serving drinks. Thanks Cathy-your efforts were appreciated by all!

Please remember to renew your 2005 Memberships if you haven't already.

The new Mineral Titles Online is now in operation. If anyone would like to provide some feedback, positive or negative, we would like to hear from you.

Coming up this spring, look out for our annual banquet and prospecting course that is tentatively set for sometime in April.





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## Membership Application form For the Year 2005

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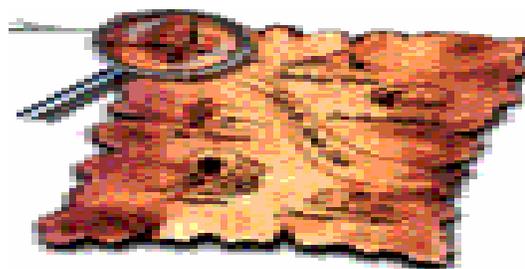
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**CHAMBER OF MINES**  
*of Eastern British Columbia*  
**Presentation by Jim Ferguson of the DFO**  
**7:00 PM**  
**JANUARY 20, 2005**  
**215 Hall Street, Nelson, BC**

**TOWN HALL MEETING**  
**with JIM GOUK, M.P.**  
**January 20, 2005**  
**7:00pm**  
**Best Western Baker Street Inn**  
**153 Baker Street, Nelson**



**CHAMBER OF MINES**  
*of Eastern British Columbia*  
**MONTHLY EXECUTIVE MEETING**  
**6:00 pm**  
**JANUARY 20, 2005**