

# **interoffice**

MEMORANDUM

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**To:** John Stard

**From:** Larry Connell

**Subject:** Proposed Sulphur Dioxide Regulations

**Date:** July 17, 1996

**CC:** Brian Penney, Graham Eacott & Sadek El-Alfy

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Please find attached copies of letters faxed out on July 15<sup>th</sup> and 16<sup>th</sup> along with a copy of our submission to the N.W.T. Department of Renewable Resources regarding the proposed "Gold Roaster Discharge Control Regulations". This ensures that our position on this pending regulation is placed in front of the Yellowknife community.

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July 15, 1996

Mackenzie Media  
News Department,  
Box 1469  
Yellowknife, NWT,  
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CANADA

FAX # 403 920-2331

Dear Sir:

**Re: Stakeholder Comment on the Proposed "Gold Roaster Discharge Control Regulations" under the N.W.T. Environmental Protection Act**

Please find attached a copy of a submission made by Royal Oak Mines to the NWT Department of Renewable Resources in response to the proposed "Gold Roaster Discharge Control Regulations" issued earlier this summer by the NWT Department of Renewable Resources for public comment.

The proposed regulation will have a significant impact on the future viability of the Giant Mine. In reality the proposed regulation has the net effect of establishing June 30, 2006 as the probable date for closure of the Giant mine.

The proposed regulation stipulates that emissions of sulphur dioxide from the Giant mine must be reduced by 90% on or before June 30, 2006. This level of reduction cannot be achieved using the existing roaster and gas cleaning plant. To remain in compliance with the law, Royal Oak would be forced to shut down its concentrate roasting facilities under this regulation.

Suitable replacement equipment would cost in the order of \$50 to \$60 million dollars. The remaining economic ore reserve at the Giant Mine will not sustain this level of capital expenditure. In essence complying with the regulation would render the mine uneconomic.

Concurrent with this initiative, the federal Department of Environment is considering new regulations that would require arsenic emissions from the Giant roasting plant to be reduced. The combined impact of the Territorial and Federal initiatives in this area may have the impact of further shortening the expected mine life.

Royal Oak, as a law abiding corporate citizen will make future business decisions on the economic viability of the Giant Mine in accordance with the legislation passed by the NWT and Federal Governments. Royal Oak will only continue to operate the Giant mine if there is potential to make a profit in the future. Royal Oak will not invest further capital into the Giant Mine unless there is a real prospect of recovering that investment from future earnings. We only ask that government consider all of the socio-economic benefits and tradeoffs from the imposition of these new regulations in making its decisions. We have offered to share economic information to assist them in such an evaluation.

Over the years the Giant Mine has successfully managed to find ways and means to replace the ore reserves as mined. Employees and management have worked hard in the past years to reduce the cost of producing gold at the Giant mine thereby keeping the mine profitable in times of diminishing ore grades and rising costs. The cost of complying with new regulations will make this process much more difficult as to be economic new reserves will now have to bear the cost of a major capital investment in a replacement plant. It is anticipated that the proposed regulation will make it almost impossible to continue the replacement of the existing economic ore reserves as it is exhausted

Ultimately governments must decide what is in the best interests of the people they represent. Similarly a company has a duty to act in accordance with what is right for the shareholders which it represents.

Sincerely,  
Royal Oak Mines Inc.



Larry Connell  
Manager of Environmental Services

cc: Mayor and City Council of Yellowknife  
Yellowknifer & News of the North  
CBC North  
CAW Local 2304