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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

July 1, 2009

The Honorable Gordon Campbell  
Premier of British Columbia  
P.O. Box 9041  
Station Provincial Government  
Victoria, BC V8W 9E1  
CANADA

Dear Premier Campbell:

I wish to draw your attention to a situation at the inactive Tulsequah Chief Mine in northwestern British Columbia, near Juneau, Alaska. For decades the mine has been a source of pollution draining into the Taku River watershed, which hosts valuable fisheries on both sides of our border.

Redcorp Ventures, Ltd. and Redfern Resources, Ltd., the companies seeking to reopen the Tulsequah Chief Mine, were placed in receivership by the B.C. Supreme Court on May 29, 2009. This action effectively brought to an end the near-term prospects for reopening the mine and thereby eliminated the site's acid mine drainage (AMD), which has been ongoing since mine production ceased in the 1950s. In order to protect downstream water quality and assure the continued health of the valuable Taku River fisheries, the state of Alaska feels other means must be promptly implemented for remediating the Tulsequah Chief AMD drainage.

Enclosed is a letter from Department of Natural Resources Commissioner Tom Irwin providing more extensive information. Alaska stands ready to work with you and your staff to address the problem. I am confident that the close working relationships that have been established will provide a firm foundation for collaboration between our governments on how to remediate the Tulsequah Chief AMD discharge in as timely a manner as possible.

Sincerely,

A handwritten signature in black ink that reads "Sarah Palin".

Sarah Palin  
Governor

Enclosure

# STATE OF ALASKA

**DEPARTMENT OF NATURAL RESOURCES**  
**OFFICE OF THE COMMISSIONER**

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July 1, 2009

Ms. Melanie MacKenzie, Redcorp/Redfern Interim Receiver  
McIntosh and Morawetz, Inc.  
c/o Alvarez & Marsal  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 2000  
P.O. Box 22  
Toronto, Ontario M5J 2J1  
CANADA

RE: Tulsequah Chief Mine and Redcorp /Redfern Receivership

Dear Ms. MacKenzie:

For many years, the State of Alaska (State) has been actively engaged with Redcorp Ventures Ltd and its subsidiary, Redfern Resources Ltd. (collectively, Redcorp), and both Federal and Provincial Canadian agencies regarding Redcorp's efforts to reopen the Tulsequah Chief Mine (Tulsequah). State agencies reviewed and commented on Redcorp's development plans that had previously called for the construction of a ~100 mile-long access road. More recently, State agencies had been working with those parties in the review and permitting of Redcorp's proposal to employ an air cushion barge to access the Tulsequah site via the Taku River.

Alaska's involvement with the Tulsequah project stems from its concern to protect the valuable downstream fisheries resources and water quality in the Taku River, which according to a 2004 McDowell Group study annually contributes about \$7.5 million to the area economy. The State has enjoyed a close and cooperative relationship with Federal and Provincial Canadian agencies, which have welcomed State representatives' participation in the Technical Working Groups reviewing project proposals. The State's authority to review and comment on project proposals derives from the 1909 Boundary Waters Treaty, as well as other international treaties (Migratory Bird Species Act, North Pacific Salmon Treaty).

Of special concern to the State, as well as Alaska fisheries interests and the Native community, is the on-going discharge of acidic, metal-laden waters (Acid Mine Drainage or AMD) to the Tulsequah River that has continued since the closure of Cominco's mining operations at the site in the 1950's. Recent testing confirms the toxicity of this discharge to Rainbow Trout, the test species. The discharge has been the subject of clean-up orders by Canadian agencies, most recently an Inspector's Direction on May 22, 2009 from Environment Canada under the Fisheries Act, but has continued largely, if not wholly, unabated. Redcorp's re-development plans for Tulsequah would have addressed the AMD discharges, but this solution no longer appears to be tenable due to that company's financial difficulties.

*"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans"*

Based on Redcorp documents and discussions with British Columbia agencies, the State understands that Redcorp purchased an Interim Water Treatment Plant (IWTP) and mobilized it, unassembled, to the Tulsequah site in late 2008. Redcorp had petitioned the Court-appointed Monitor for funding to install, commission, and operate the IWTP, but the May 29 Appointment Order by Justice Brenner effectively left Redcorp without resources to accomplish these tasks. As a consequence, the AMD discharges continue with no mechanism in place for bringing them to an end.

The State understands that the financial and legal issues regarding Redcorp and the Tulsequah project are complex and in a state of flux. As these issues are resolved it is imperative that the need to address the long-standing AMD drainage not be overlooked. The State is especially concerned that options for addressing the Tulsequah AMD not be eliminated through the disposition of potentially crucial assets. Therefore, the State hereby requests and strongly recommends that the Receiver, McIntosh and Morawetz Inc., protect and preserve the on-site IWTP until the applicable authorities have determined the appropriate means for addressing and ceasing the Tulsequah AMD discharge. The State similarly recommends that no expenditures or disposition of assets occur that might serve to reduce or limit access to the Tulsequah site from either the airstrip or the exploration road connecting the site to the barge landing site at Big Bull Slough.

The State of Alaska appreciates your attention to this letter, and any steps that you as the Court-appointed receiver can take to ameliorate the AMD discharge at the Tulsequah Chief Mine site. If we can be of any assistance, please don't hesitate to contact me.

Respectfully,



Thomas E. Irwin  
Commissioner