

TOPIC: WHITEHORSE GEM & MINERAL CLUB SUBMISSION

BRIEFING FOR: A-2

PURPOSE: Information

ISSUE: PROTECTION OF LAZULITE DEPOSITS IN NORTHERN YUKON

BACKGROUND:

- (1) In 1984 the Whitehorse Gem & Mineral Club submitted to YTG a proposal to protect occurrences of rare phosphate minerals, including Lazulite, Yukon's "official gemstone", at three localities in the northern Yukon.
- (2) This department analyzed the proposal, and concluded that it would be more appropriate for YTG to develop a management plan for these deposits within the framework of our existing legislative mandate. Such a management scheme should include
 - (a) application to DIAND for a reservation of the area prior to the lifting of the northern Yukon land withdrawal;
 - (b) on the basis of the report provided by the National Museum of Natural Sciences, designation of one or more of the three potential sites as a "Natural Features" park under the Parks Act;
 - (c) negotiation of a block land transfer of the chosen lands, including the management and control of the mineral rights, to YTG;
 - (d) establishment of an Advisory Committee pursuant to Section 13(1) of the Parks Act in order to advise the government on matters concerning the management, protection and possible commercial development of these deposits;
 - (e) issuing of collecting permits under the Scientists and Explorers Act;
 - (f) passage of a Gemstone Act, analogous to the Flag Act and the Floral Emblem Act.

Future consideration could also be given to managing the site under the terms of the proposed Historic Resources Act. There has also been some discussion of the potential for establishing a wilderness lodge in the area to enable collectors to come and collect their own specimens.

- (3) A Cabinet submission was prepared to this effect (copy attached). However, as soon as the word "park" was mentioned the entire issue was turned over to Renewable Resources. They did not take the matter to Cabinet, but did pursue it as far as applying to DIAND for a reservation over the three areas identified by the Gem & Mineral Club. DIAND responded to the effect that they could not issue reservations because the land was withdrawn from disposition. (Earlier they had indicated that they would be prepared to make a "notification" that the lands would be reserved as

soon as the land withdrawal was lifted.) Nothing further appears to have been done.

- (4) The proposed land use plan for northern Yukon was subsequently put on hold and is only just getting underway now, being the second area (after Kluane) that is receiving attention under Yukon Land Use Planning.

ADVICE/ANALYSIS:

Mr. Dorward's assertion that no definitive action was taken on their submission is not quite true, although the action that was taken did not really accomplish anything. It is true that they were not sent any formal reply.

Mr. Dorward has suggested that a meeting be arranged among all interested parties to discuss what might be done to preserve and develop the deposits, and this suggestion has some merit. An alternative approach might be to attempt to address the issue through the land use planning process.

Approved: _____	Originator: R. Hill
	Branch: Energy & Mines
	Program: Mines
	Phone: 5384
	Date: 89.04.14.
	Branches Consulted: n/a.

Attachments: (list)
Draft Cabinet submission dated 84.07.06.

PROTECTION OF LAZULITE DEPOSITS IN NORTHERN YUKON

OBJECT: To obtain Cabinet approval for a proposal to provide protection for and management of deposits of lazulite, Yukon's official gemstone, in the Blow River area, northern Yukon.

- BACKGROUND:
- (1) In 1962 specimens of lazulite, a rare phosphate mineral, were discovered at the headwaters of Blow River, northern Yukon, by B. Campbell. The widespread occurrence of a very unusual sedimentary phosphatic ironstone of Cretaceous age in this area was subsequently reported by F. G. Young of the Geological Survey of Canada in 1972. In May 1974 the potential of this formation as an iron resource was examined by Al Kulan of Welcome North Mines Ltd. He staked two claim groups covering the thickest development of ironstone (see location map, Figure 1). Welcome North, in a joint venture with Bethlehem Copper Corporation, carried out geological mapping and sampling programs over these claim groups during the summer of 1974.
 - (2) It turned out that these occurrences were of little interest as an iron resource because of their low grade, the intimate admixture of clay and phosphate minerals with the iron, and their remote location. However, this work resulted in the discovery in veins of several deposits of exotic phosphate minerals, including lazulite and several new minerals (one of which was named kulanite).
 - (3) On February 26, 1976, in recognition of this important discovery, Commissioner James Smith proclaimed lazulite to be Yukon's official gemstone, although such a "proclamation" has no basis in law.
 - (4) In July 1978 the entire northern Yukon was withdrawn from disposition by Order-in-Council PC 1978-2195, pending the establishment of a Northern Yukon National Park and the settlement of native land-claims, therefore individuals and companies were prevented from staking claims, prospecting or legally collecting specimens of lazulite. New legislation enacting the COPE land claim and establishing the National Park has recently been proclaimed, and a land-use plan for the remaining area is in preparation.
 - (5) In March 1983 the Yukon Government was contacted by Mr. Patrick W. Collins of Ottawa, proprietor of Upper Canada Minerals, dealers in mineral specimens. He indicated that he had been refused permission by DIAND to visit the area and collect specimens, and wanted to ascertain whether he would be permitted to collect specimens under the auspices of the Yukon Government. Mr. Collins submitted a proposal for carrying out a study aimed at defining the lazulite resource and assessing the potential for development and marketing of the mineral.
 - (6) Recently it has emerged that several individuals and groups, some representing supposedly reputable institutions, have been pillaging these deposits by collecting large quantities of specimens and selling them to mineral dealers for personal gain, in violation of the terms of

the land withdrawal and with no apparent benefit to Yukon. As well, Mr. Collins staked mineral claims covering these localities, but DIAND refused to record them because of the land withdrawal. Mr. Collins is reported to be contemplating legal action against DIAND over this matter.

- (7) In April of this year the Whitehorse Gem & Mineral Club made a submission to the Yukon Government which declared their concern about the pillaging of these deposits. The Club identified three deposit areas which they consider worthy of protection and regulation, and proposed that they be given the responsibility for protecting and managing the deposits.

FACTORS:

- (1) Because of the land withdrawal no-one may legally collect specimens from the Blow River area. The federal government has apparently permitted certain institutions including the Royal Ontario Museum, the Geological Survey of Canada and the University of Saskatchewan to collect specimens for the purpose of scientific study, although Heritage Branch was forced to deny a scientists and explorers licence to the Glenbow Museum because DIAND would not allow their representative into the area. Now that legislation enacting the COPE land claim and establishing the Northern Yukon National Park has been passed by Parliament, once a land use plan for the northern Yukon is put in place it is expected that the remaining land, including these important deposits, will become open to staking again soon unless some kind of reservation is put in place.
- (2) A study of these minerals and their host rocks carried out by B.T. Robertson of the University of Saskatchewan suggests that this occurrence may be unique. There are several features which set this particular iron formation apart from all others. Of 20 rare minerals found in these deposits 11 are new species which have never been found anywhere else in the world. Consequently there is a widespread demand for specimens from museums, universities and collectors, and if specimens of gem quality are present there is also likely to be a strong demand from lapidarists.
- (3) There are many examples of unique or unusual fossil or mineral assemblages which have so captured the interest of collectors that most if not all the deposit has been removed. Nowadays it is generally recognized that there is a necessity to preserve a quantity of such unusual material in situ both for posterity and for future scientific study. Examples of important deposits which have been protected include the famous Burgess Shale fossil locality near Field, B.C., and Dinosaur Valley in Alberta. Hence it is considered highly desirable to protect the source of these minerals and to regulate the collection of specimens, in order to prevent the rapid depletion of this unique and important resource. The prime considerations at this time therefore are:
- (a) to police the site so that the land withdrawal is respected and these deposits are protected from illegal pillaging;

- (b) to make sure that the area is not thrown open to claim staking after the land withdrawal is lifted, and
 - (c) to develop a strategy for protecting the site and regulating the collection of specimens.
- (4) It may be necessary to carry out a study aimed at identifying the sites or areas worthy of preservation. Mr. Collins had proposed to carry out such a study for a flat fee of \$20,000 (\$7,000 in advance), including the supply of "as much lazulite as possible..... delivered to Whitehorse", or else the same study for a fee of \$1.00 without a supply of lazulite. However the Whitehorse Gem & Mineral Club has already identified three areas which might be considered for protection, and the National Museum of Natural Sciences has applied to DIAND for permission to carry out a study of these deposits this summer. After consultation with Economic Development DIAND will grant permission for this study subject to the following conditions:
- (a) a limit of 100 kg of specimens to be collected;
 - (b) the samples must not be used for commercial trade or exchange;
 - (c) National Museums will provide the Yukon Government with specimens of the minerals collected, and
 - (d) National Museums will provide DIAND and YTG with a comprehensive report on the deposits including location, mineral composition, reserve potential, potential for commercial development, and protection and management alternatives.
- It is likely that this latter study will provide all the information necessary in order to select the area or areas which should receive protection.
- (5) Preliminary discussions have been held with DIAND regarding methods of managing and policing these deposits. In particular they have expressed their support for measures aimed at improved protection of the deposits, and have indicated that they will consider an informal reservation of the area as an interim measure pending completion of a land use plan for northern Yukon. It has not yet been established whether they will consider transferring the land in question, together with the mineral rights, to YTG. However, until such time as the area is reserved for YTG and the land withdrawal is lifted the responsibility for policing the area rests with DIAND. Unfortunately to date DIAND appears to have made little effort to prevent pillaging of these deposits.
- (6) The Whitehorse Gem and Mineral Club has submitted a proposal whereby they would be willing to assume the responsibility for managing the site and controlling the collection of specimens on behalf of the Yukon Government. However it has been suggested that this would be akin to putting a fox in charge of a henhouse. We feel that it is more appropriate for the Yukon Government to assume this responsibility itself, with an Advisory Committee of representatives from the Club, interested territorial departments, DIAND and the Yukon Chamber of Mines.

ALTERNATIVES:

- (1) Do nothing, in which case no-one may collect specimens legally until such time as the land withdrawal is lifted, when any interested individuals or groups would be able to stake claims and collect as much of the material as they wish. Under these circumstances one individual or group might be in a position to monopolize the supply of these minerals, and the possibility exists that the entire supply may be removed with none remaining for posterity or for future scientific study.
- (2) Make representation to Parks Canada for designation of the area as a National Historic site. It is unlikely that Parks Canada would have any particular interest in this type of site. If they did the federal government would then become responsible for regulating the collection of specimens, and it is conceivable that the Yukon Government would be unable to obtain specimens (for the purpose of presenting to visiting dignitaries, for example).
- (3) The Yukon Government could develop a management scheme for these deposits within the framework of our existing legislative mandate. Such a management scheme should include
 - (a) application to DIAND for a reservation of the area prior to the lifting of the northern Yukon land withdrawal;
 - (b) on the basis of the report provided by the National Museum of Natural Sciences, designation of one or more of the three potential sites as a "Natural Features" park under the Parks Act;
 - (c) negotiation of a block land transfer of the chosen lands, including the management and control of the mineral rights, to YTG;
 - (d) establishment of an Advisory Committee pursuant to Section 13(1) of the Parks Act in order to advise the government on matters concerning the management, protection and possible commercial development of these deposits;
 - (e) issuing of collecting permits under the Scientists and Explorers Act;
 - (f) passage of a Gemstone Act, analagous to the Flag Act and the Floral Emblem Act.

Future consideration could also be given to managing the site under the terms of the proposed Heritage Act.

CONCLUSION:

The Yukon Government should develop a management scheme for these deposits as outlined above and apply to DIAND for a block land transfer of those areas considered most worthy of protection.

IMPACT OF CONCLUSION:

- (1) Reservation of the area and transfer to YTG will secure the area from claim staking under the Yukon Quartz Mining Act;
- (2) Protection of the areas in question under the Parks Act (or under the proposed Heritage Act) would give the Yukon Government considerable flexibility to protect one or more of the sites for posterity, to regulate the supply of specimens in order to ensure that enough remains in situ for future scientific study, and to control the commercial development of one or more of the

sites for collectors, dealers and lapidarists. In addition the Government would be guaranteed a supply of lazulite for its own purposes.

- (3) Passage of a Gemstone Act will legitimize the status of lazulite as Yukon's official gemstone.

FINANCIAL
CONSIDERATIONS:

- (1) Prior to establishment of a park in the area it will probably be necessary to carry out a brief survey of the area in order to locate the areas most suitable for protection and to locate the boundaries of the proposed block land transfer(s). It is estimated that such a survey might cost approximately \$15,000 to \$25,000, of which the greater part would be for helicopter charter.
- (2) At this stage it is not considered appropriate for the Government to set up an interpretative centre or any other facilities on the site. Such a development might become desirable and necessary at some point in the future if access to the area improves and the number of visitors increases. It would be necessary, however, to erect some signs indicating that the site is protected, and it would be necessary for someone to carry out regular inspections of the site. Therefore some funding will be required for site monitoring within the Parks Branch budget.

INTERDEPARTMENTAL
CONSIDERATIONS:

This submission was prepared by Economic Development in collaboration with Heritage Branch, Renewable Resources, Lands, and Intergovernmental Relations.

PUBLIC RELATIONS
CONSIDERATIONS:

A move by the Yukon Government to protect such a unique and unusual occurrence should be viewed favourably by the public in general and by the scientific community in particular.

POLITICAL
CONSIDERATIONS:

These occurrences lie within the area covered by the northern Yukon land withdrawal, therefore if the Yukon Government does not move quickly to indicate its interest in the area it may become opened to staking. Any individual or firm could then stake claims and end up with a controlling interest in the site, hence monopolizing the supply of lazulite. This would be politically unpopular.

POLICY AND/OR
LEGISLATIVE
CONSIDERATIONS:

This proposal is consistent with the existing Yukon Government policy as set out in the Parks Act and in the Scientists and Explorers Act. A new Gemstone Act could be drafted very quickly and passed at the fall sitting of the Legislature.

INTERGOVERNMENTAL
CONSIDERATIONS:

- (1) There may be some conflict with the federal government if it is perceived that the mandate for setting up this type of Park or Historical Site on federal crown land lies with Parks Canada.
- (2) DIAND has indicated that they will consider the withdrawal of the area of interest as an interim measure aimed at protecting the lazulite resource. It will be necessary to negotiate a

block land transfer in order to implement the proposed management plan for the site.

- (3) Normally when block land transfers are made to YTG the mineral rights are reserved by the Crown in right of Canada, therefore it is likely that DIAND will want to retain the mineral rights, and hence management control, to these deposits. If DIAND does agree to transfer the mineral rights to YTG they would be setting a precedent with significant constitutional implications.

SECURITY
CLASSIFICATION:

Confidential.

PRIORITY:

Urgent.

RECOMMENDATIONS:

That Cabinet approve the development of a management scheme for the lazulite deposits in northern Yukon. Such a management scheme would include

- (a) application to DIAND for a reservation of the area prior to the lifting of the northern Yukon land withdrawal;
- (b) designation of one or more of the three potential sites as a "Natural Features" park under the Parks Act;
- (c) negotiation of a block land transfer of the chosen lands, including the management and control of the mineral rights, to YTG;
- (d) establishment of an Advisory Committee pursuant to Section 13(1) of the Parks Act;
- (e) issuing of collecting permits under the Scientists and Explorers Act;
- (f) passage of a Gemstone Act, analagous to the Flag Act and the Floral Emblem Act.