



Lynn Canal Conservation

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## **SECURITIES COMPLAINT ALLEGES CONSTANTINE METAL RESOURCES IS MISLEADING INVESTORS ABOUT ITS PALMER PROJECT**

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**(HAINES)** Three Alaska conservation organizations filed a [complaint](#) this week with securities regulators in Ontario, Alberta and British Columbia alleging statements from Constantine Metal Resources Ltd. (CMR) in regard to its Palmer project, located on a tributary of the Chilkat River near Haines, Alaska and the Tlingit village of Klukwan, are not “full, true and plain” and leave out material information, thus violating securities regulations. The complaint alleges CMR’s statements about road access and access to a port that can handle ore concentrates for ship transportation are not accurate or complete and mislead the public and investors. The complaint asks securities commissions in the three provinces to direct CMR to fix the inaccurate disclosures to date and to ensure they are not repeated, and to also put CMR on the re-filing and errors or default lists.

“CMR has repeatedly claimed there is paved road access from the Palmer project to a port in Haines that can load ore concentrate for export. This is demonstrably false,” said Chris Zimmer of Rivers Without Borders. “There are no facilities in Haines to export ore concentrates, no ore terminal. About 12 miles of the project access road is an unpaved [gravel road in poor shape](#) that frequently washes out. It is very unlikely this is an innocent oversight by CMR; it seems much more an attempt to obfuscate and avoid admitting that the company does not have an economical and reliable way to export its product.”

Reliable road access and an export port are critical to the Palmer project, and neither exists. The Lutak Dock in Haines is [unsafe and largely unusable](#). Discussion is underway as to how to replace the Lutak Dock, but any [replacement is decades away](#). Part of the access route, the Porcupine Road, would need a significant and expensive upgrade for ore trucks. CMR has made no attempt to explain the costs, timeline and logistics of creating reliable road access and building an ore terminal. The company has also [refused to answer questions](#) from the local community about the [Preliminary Economic Assessment for](#) the Palmer project, despite a wide range of [uncertainties and risks evident in the Assessment](#).

“Constantine has not been honest with the local community about its overall plans, schedule, and costs and has not at all accurately characterized the condition of its access road and the Haines port facilities. CMR seems to think Haines will foot the bill for road and port improvements needed for the Palmer project, and doesn’t explain the impacts to the company’s bottom line if the company had to pay. We simply cannot trust them,” said Jessica Plachta of Lynn Canal Conservation. “The repeated use of similar, and misleading, language about port and road access seems a deliberate and concerted effort to avoid the fact that there is no export port or reliable access road for the Palmer project.”

Canadian mining companies must by law provide a full description of issues that are material to the company and its projects. The condition of the access road and the existence of an ore terminal and export port are clearly material to the Palmer project, and also to CMR itself. Unless the problems with this

company's disclosures are remedied promptly, investors and others will continue to base decisions on deliberately inadequate, inaccurate, and confusing information from CMR.

"Constantine's significant exaggerations of critical aspects of the Palmer Project and boasting of such "assets" like road access and the availability of a deep water port have not only misled investors, it has fed the myth of the project's viability and inevitability. This myth has encouraged State officials to authorize bogus permits needed to control pollution from the exploration, and split the local community politically with false promises of jobs and shared wealth," said Gershon Cohen of Alaska Clean Water Advocacy.

Chilkat means "winter storage container for salmon" in the Tlingit language, and true to its name the Chilkat River sustains high-value rearing and spawning areas for all five species of Pacific salmon. Unique late salmon runs through February attract the largest concentration of bald eagles in the world to the Alaska Chilkat Bald Eagle Preserve, just downstream of the Palmer deposit. Department of Fish and Game data shows more than 90% of Chilkat Valley residents rely on salmon for subsistence. Chilkat River salmon also support important sport and commercial fisheries.

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