

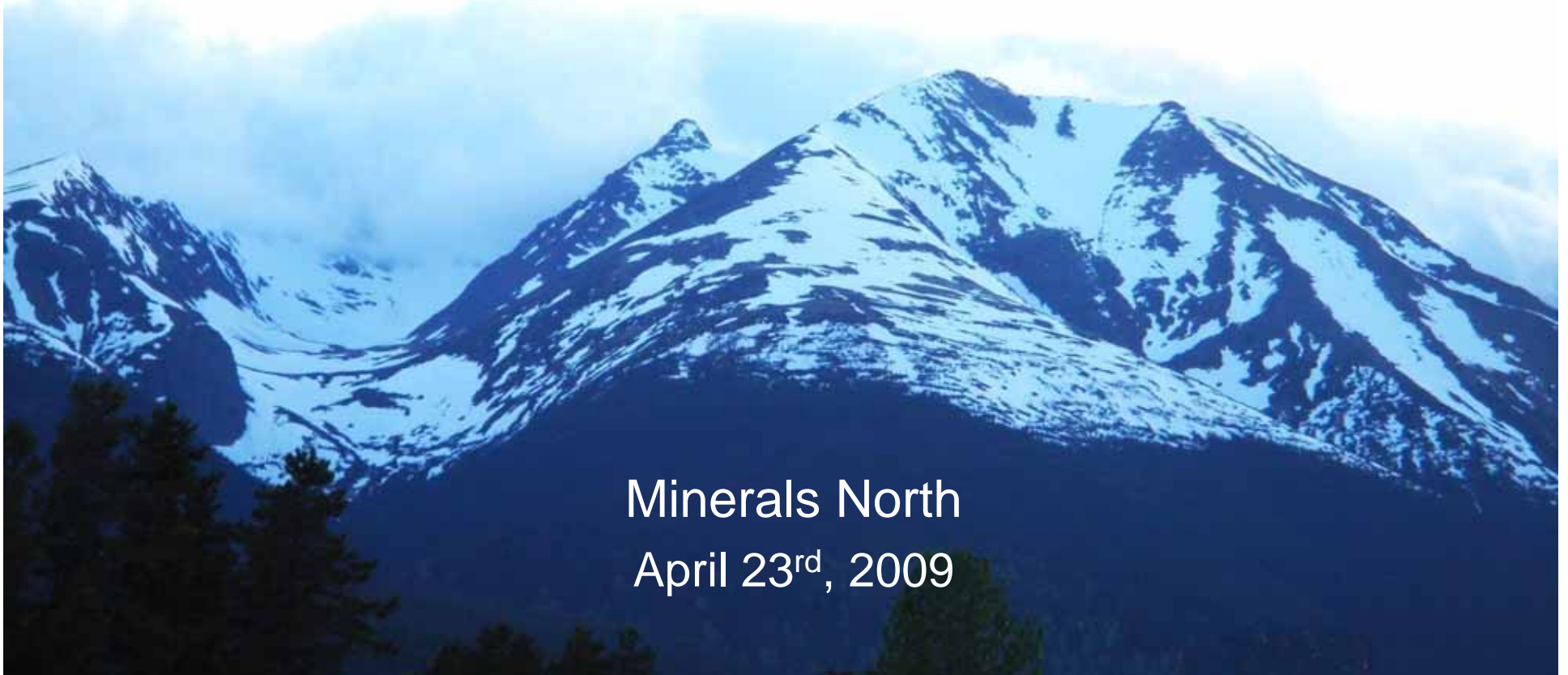
MABC

MINING ASSOCIATION OF BRITISH COLUMBIA

Mining in BC: Key Issues & Trends

Minerals North

April 23rd, 2009





The Mining Association of BC

- Represents major producers of coal, metals and industrial minerals in BC and two smelters.
- Committed to environmental protection
 - New environmental policy
 - Lifecycle stewardship
- Mining has the best safety record of any heavy industry in BC

The Industry

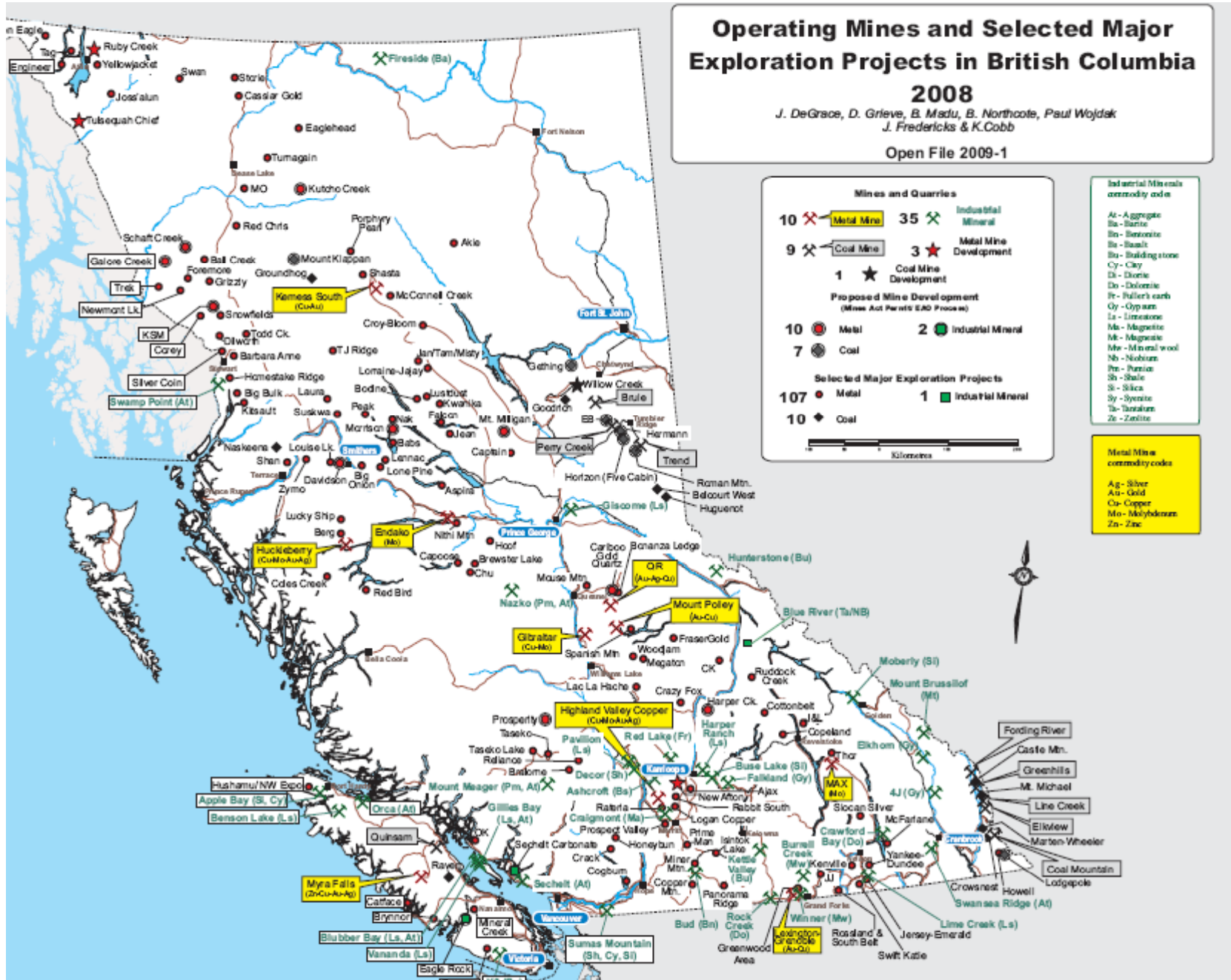


- As the Pacific Gateway, B.C. is home to over 800 mining companies and is a global centre of mining and mineral exploration expertise
- Gross revenues of \$8+ billion in B.C., with over 100,000 employees (direct and indirect) in primarily rural areas
- One of the highest paying industries in B.C., now averaging over \$100,000 including benefits
- Currently, 17 coal and metal mines, 36 industrial mineral mines and 2 metal smelters safely operate in B.C.
- Offering economic hope to communities impacted by the pine beetle epidemic

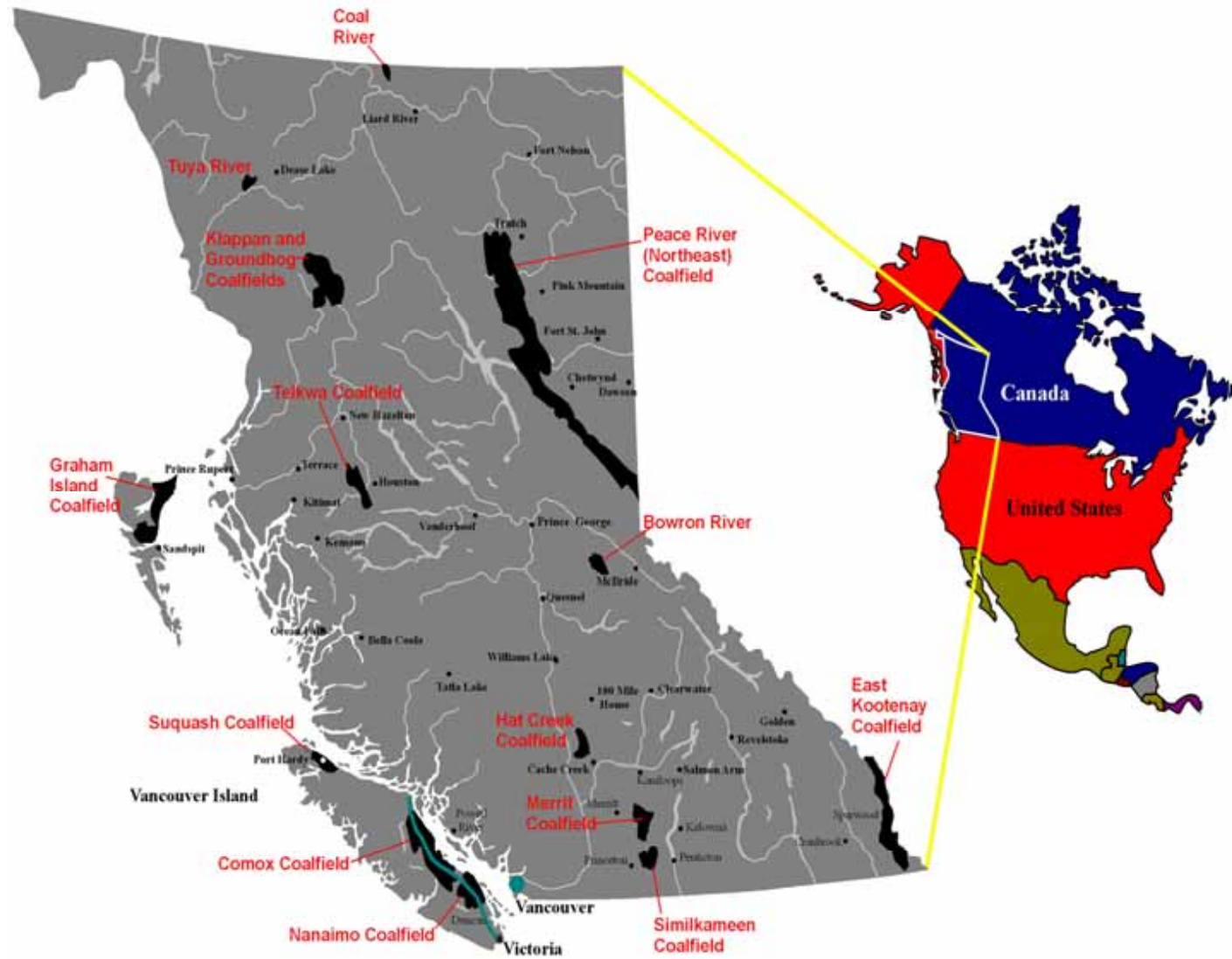
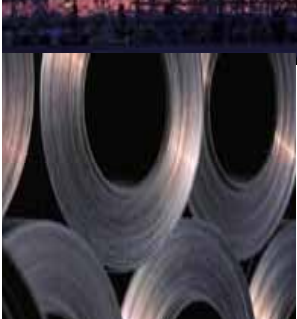
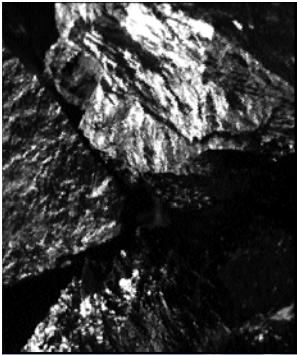
Operating Mines and Selected Major Exploration Projects in British Columbia 2008

J. DeGrace, D. Grieve, B. Madu, B. Northcote, Paul Wojdak
J. Fredericks & K. Cobb

Open File 2009-1



BC Coal Deposits





Current Economic Downturn

- Long-term outlook for mining still positive
- Access to capital critical issue
 - \$200 billion through *Extraordinary Financing Framework* in federal budget welcome
- Sharp commodity price declines
 - Speed of market collapse has added to challenges
- Copper price has recovered somewhat and 2009 coal price better than expected

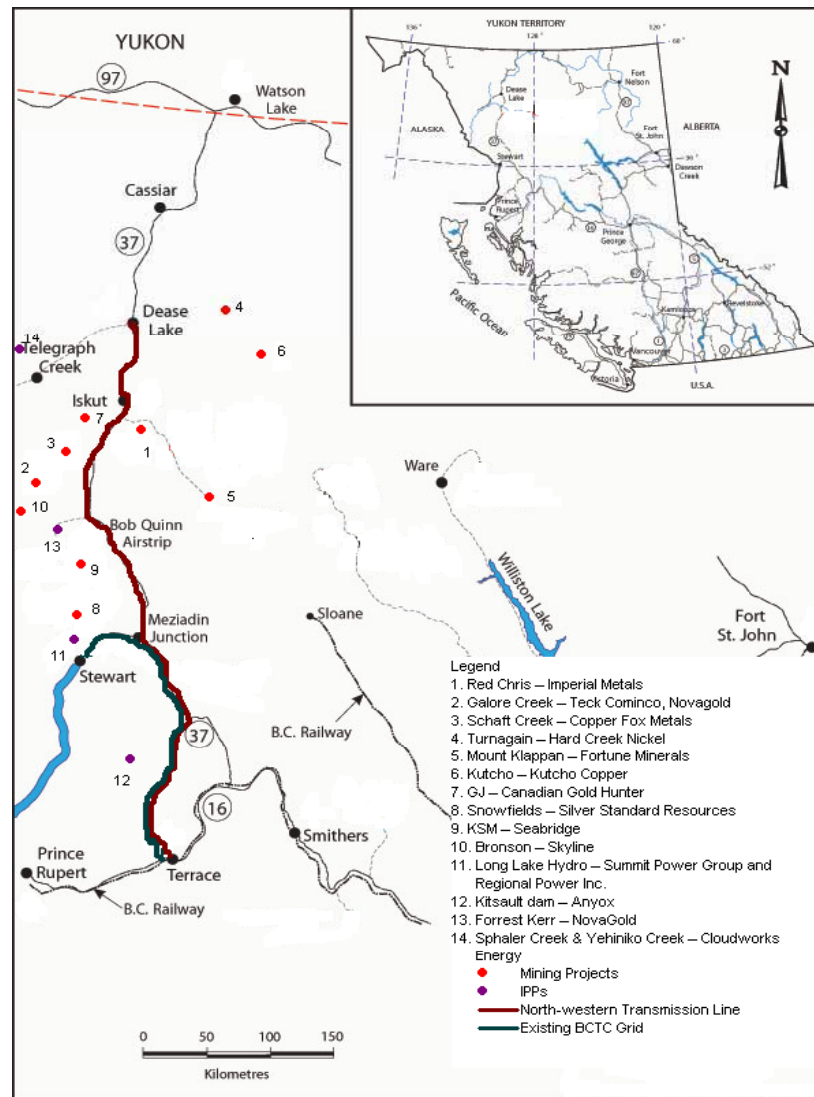
Infrastructure



- Infrastructure key enabler.
- Premier Campbell's announcement on Highway 37 good news for northern BC
- MABC Study evaluates economic potential of proposed power
 - 10,700 jobs
 - Potential for \$15 billion in capital investment
 - Improved access to clean electricity sources
 - -1700 tonnes CO2/year
 - More than \$300 million in annual tax revenues to government

North-western British Columbia

Key Projects



First Nations

- Largest FN employer in Canada
- Relations with First Nations critical challenge in mine development in BC
- Recognition Act
 - Well-intentioned, some compelling ideas
 - Need for more consultation
 - Concerns about implementation, need for certainty of process
- Mining industry must build on its success with FNs, pursue and strengthen relationships while focusing on acceptable solutions
- New dialogue with FN Leadership Council important step forward





Complex Project Review Process

BC EAO works well, but:

- lack of federal/provincial timeline harmonization (including delays in initial project scoping and review process)
- lack of legislated timelines under the Canadian Environmental Assessment Act (CEAA)
- lack of clear policies or guidelines regarding Aboriginal accommodation and consultation
- limited capacity of the federal responsible authorities (RAs) to review large volume of new projects in a timely manner
- dissatisfaction with the joint federal-provincial panel review process



The Mining Potential

- Pre-Environmental Assessment Application Projects
 - 17 Projects
 - \$9.3 billion in investment
 - 16,130 construction jobs
 - 20,437 permanent jobs
- Projects Mining under review by the EAO
 - 4 projects
 - \$1.9 billion in investment
 - 875 construction jobs
 - 700 permanent jobs
 - *Source: BC Environmental Assessment Office, Project Summary Reports, as of April 17, 2009*



Some Advanced New Projects

Mt Milligan

- Almost \$1 billion investment
- 700 construction/ 400 permanent jobs
- 60 percent of construction spending in BC, much in the north
- Total annual expenditures nearly \$100 million

Prosperity

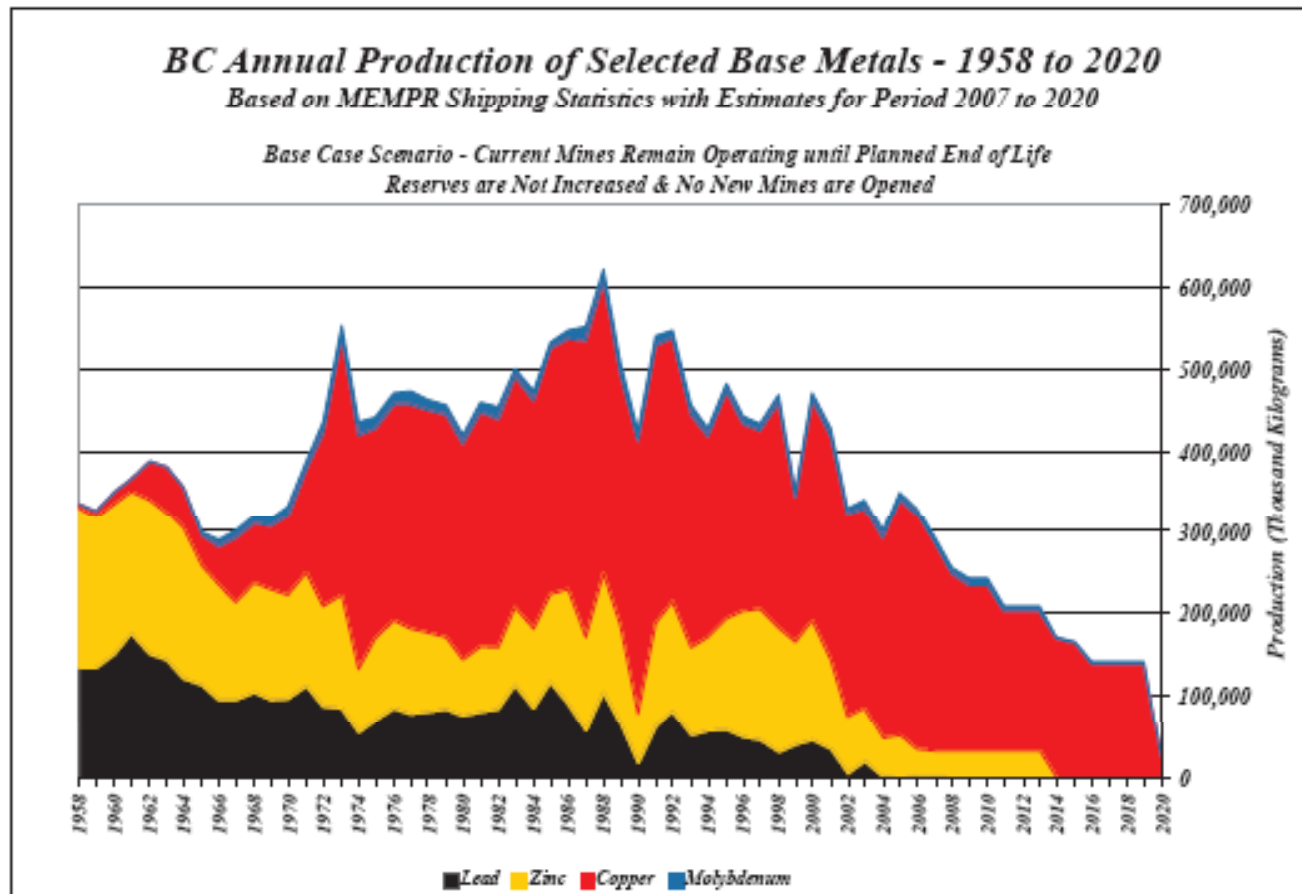
- \$9 billion GDP contribution or 5 % of current GDP
- 50000 person years and need for new people rises by 5000 over the life of the project
- \$1.9 billion to province, \$1 to federal government
- Total production revenues expected to exceed 7 billion

= 3 times entire fishing industry

= Larger than film and television industry

= As big as Olympic Games each year, every year

The Risk to BC



Vote Mining



- Ask your candidates:
 - How would they support mining?
 - What would they do to improve the efficiency of regulatory review?
 - Do they support the development and approval of the Prosperity and Mt. Milligan mines?
 - Do they support the electrification of Highway 37?

*The North needs Jobs; the North needs Mining
BC needs the North, Mining needs you*



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