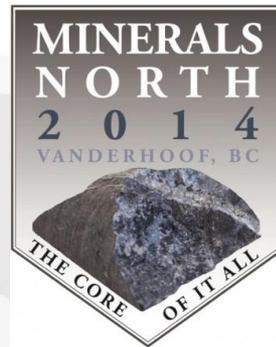




Association for Mineral Exploration British Columbia

BC Mineral Exploration Sector Update



May 22, 2014

Gavin C. Dirom

President & Chief Executive Officer, AME BC



About AME BC

Leadership, Advocacy, Partnerships

- AME BC is an industry association with almost 5,000 members
- Serving members since April 23, 1912 (Robert R. Hedley, first president – once manager of the Hall Smelter in Nelson)
- Non-profit association funded by industry, not government
- Non-partisan advocates for successful and socially responsible exploration and development
- Proud host of Mineral Exploration Roundup conference
 - over 6600 delegates at Roundup 2014 (last year at Westin Bayshore)

AME BC at Work

Launched new tools to facilitate exploration in BC, and elsewhere

- Aboriginal Engagement Guidebook
- Safety Guidelines – 5th Edition
- Mineral Exploration Life Cycle

AME BC booth is at Minerals North trade show entrance



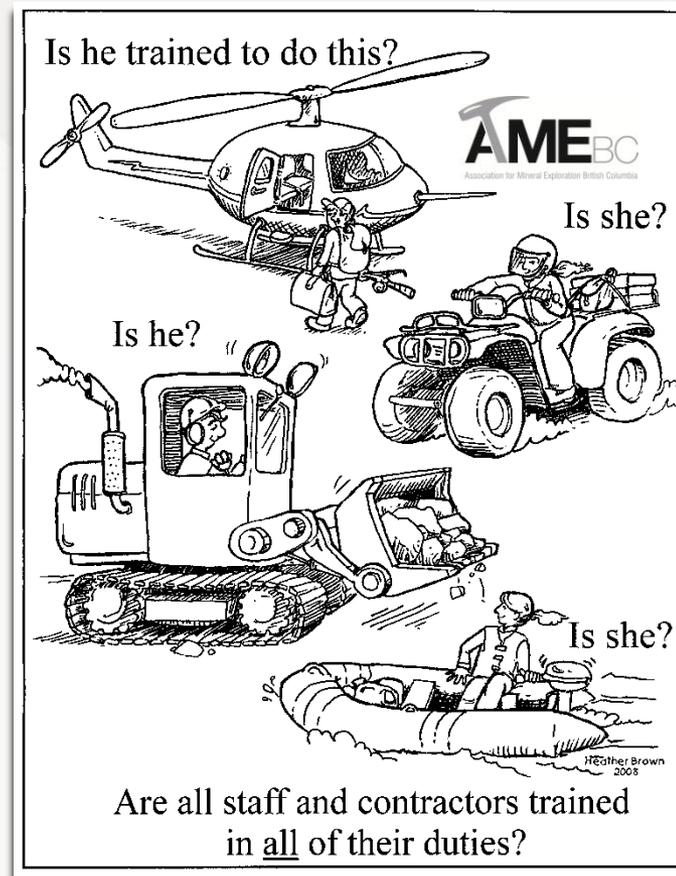
ABORIGINAL ENGAGEMENT GUIDEBOOK

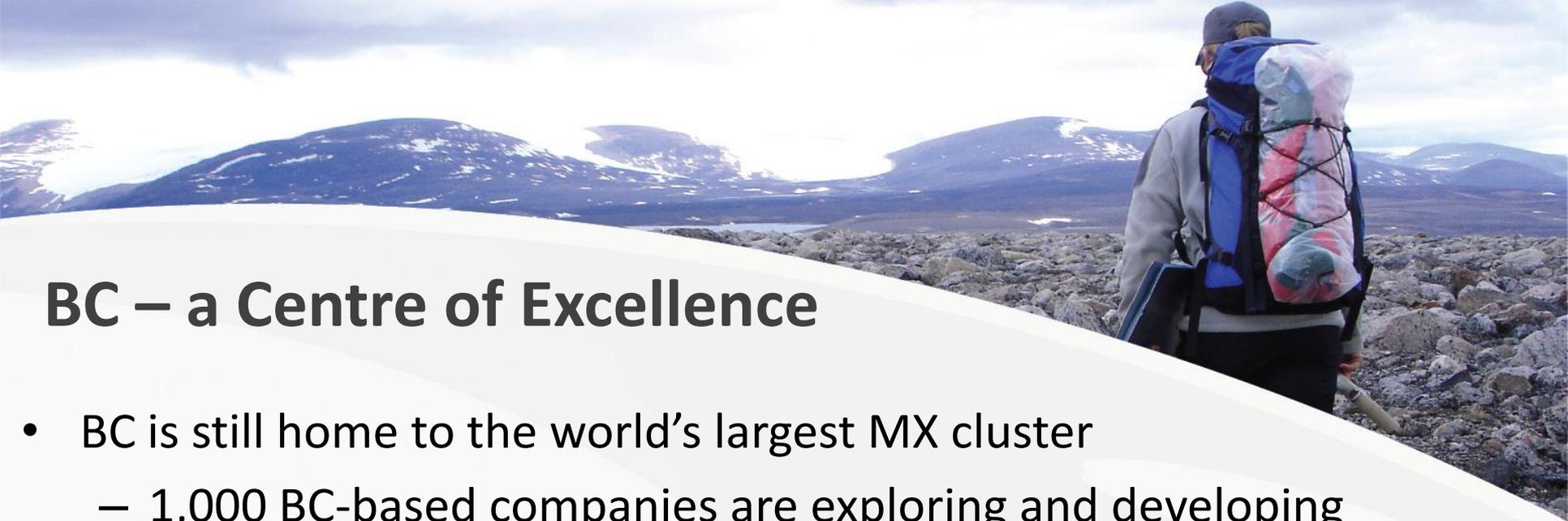
A Practical and Principled Approach for Mineral Explorers



Promoting a Culture of Health & Safety

- ✓ Guiding Principles / Policies
- ✓ Safety Guidelines for Mineral Exploration in Western Canada
- ✓ Annual Survey (AME BC / PDAC)
- ✓ Health and Safety Awards
- ✓ Safety workshops
- ✓ Safety stickers





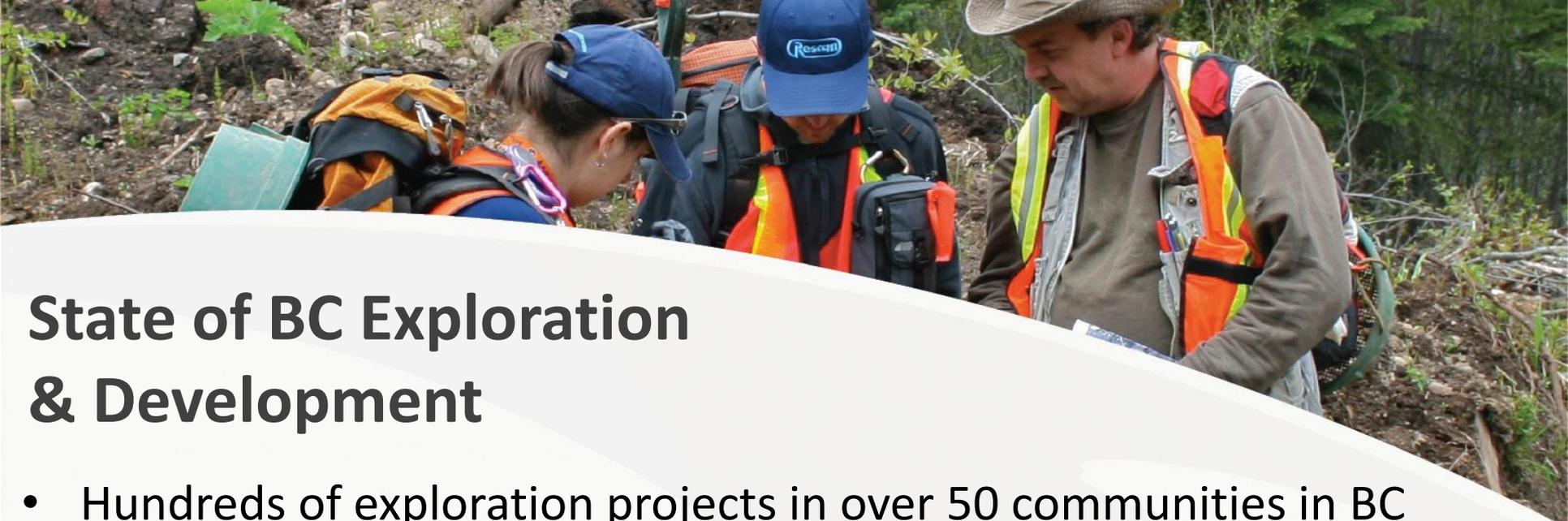
BC – a Centre of Excellence

- BC is still home to the world's largest MX cluster
 - 1,000 BC-based companies are exploring and developing mineral & coal resources around the globe
 - 2,400 service consultants and supplier companies support the sector (technical, legal, financial)
- BC has top academic and research facilities
 - Leading schools and programs in engineering, geosciences and related science & technology
 - NWCC, TRU, BCIT, UBC, SFU, UVIC, Royal Roads



BC's Competitive Advantages

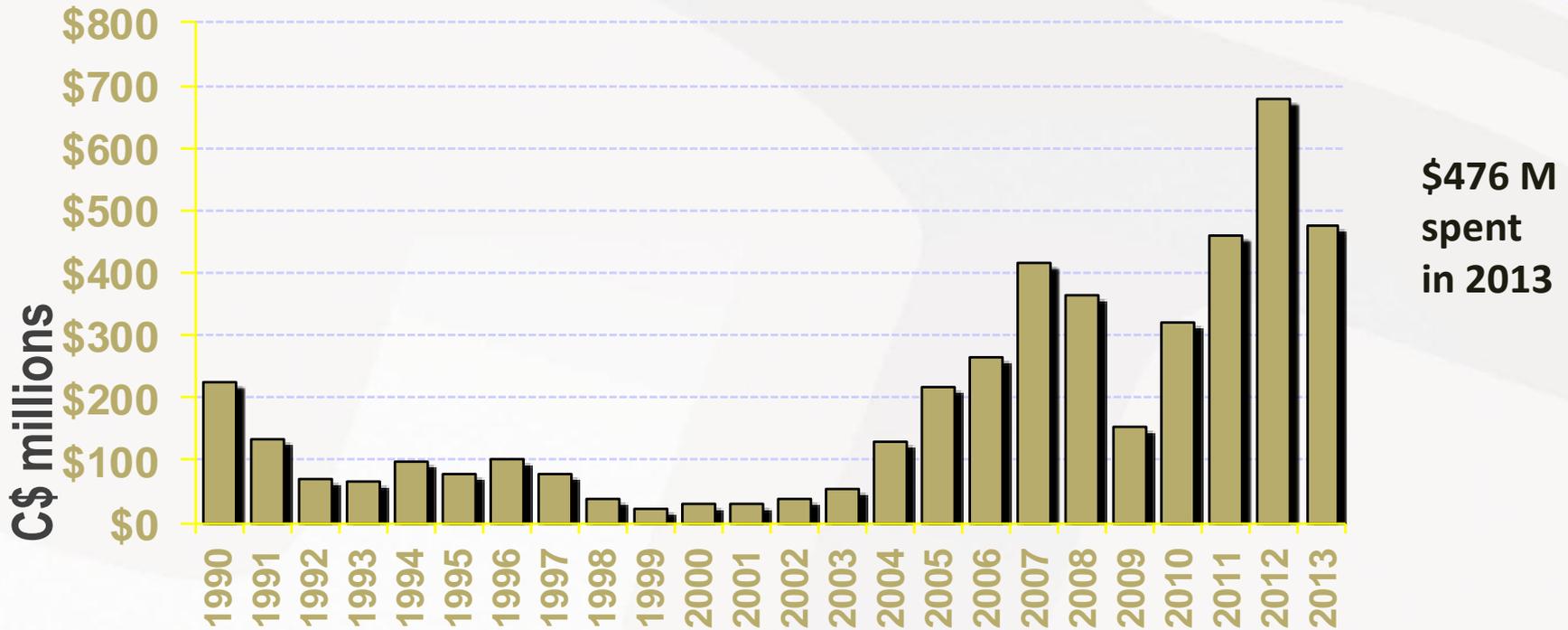
- Large under-explored area, high mineral & coal development potential
- World-class prospectors, geoscientists & public geoscience database (BCGS & Geoscience BC)
- Proximity to Asia Pacific markets (2-day advantage)
- Relatively low cost electrical power
- Tax incentives, such as MFTS and METC



State of BC Exploration & Development

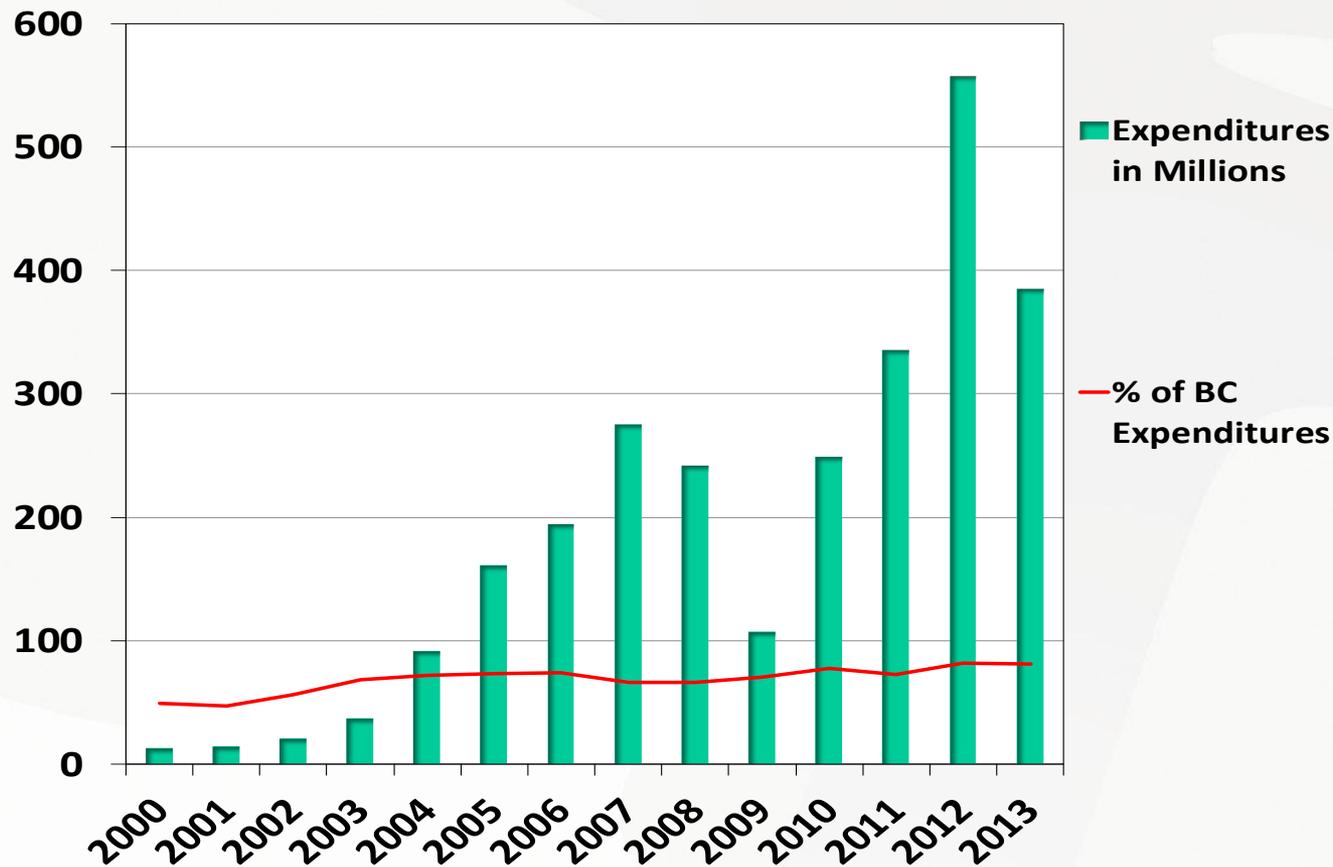
- Hundreds of exploration projects in over 50 communities in BC
- 30 mining projects currently in permitting or environmental assessment process in BC (est. \$30 billion in capital investment)
- Exploration expenditures are at historically high levels
 - \$476 million in 2013
 - \$680 million in 2012
 - \$462 million in 2011
- Diamond drilling at historically medium levels
- Very limited grassroots exploration activity (1-2%)

Exploration Spending in BC

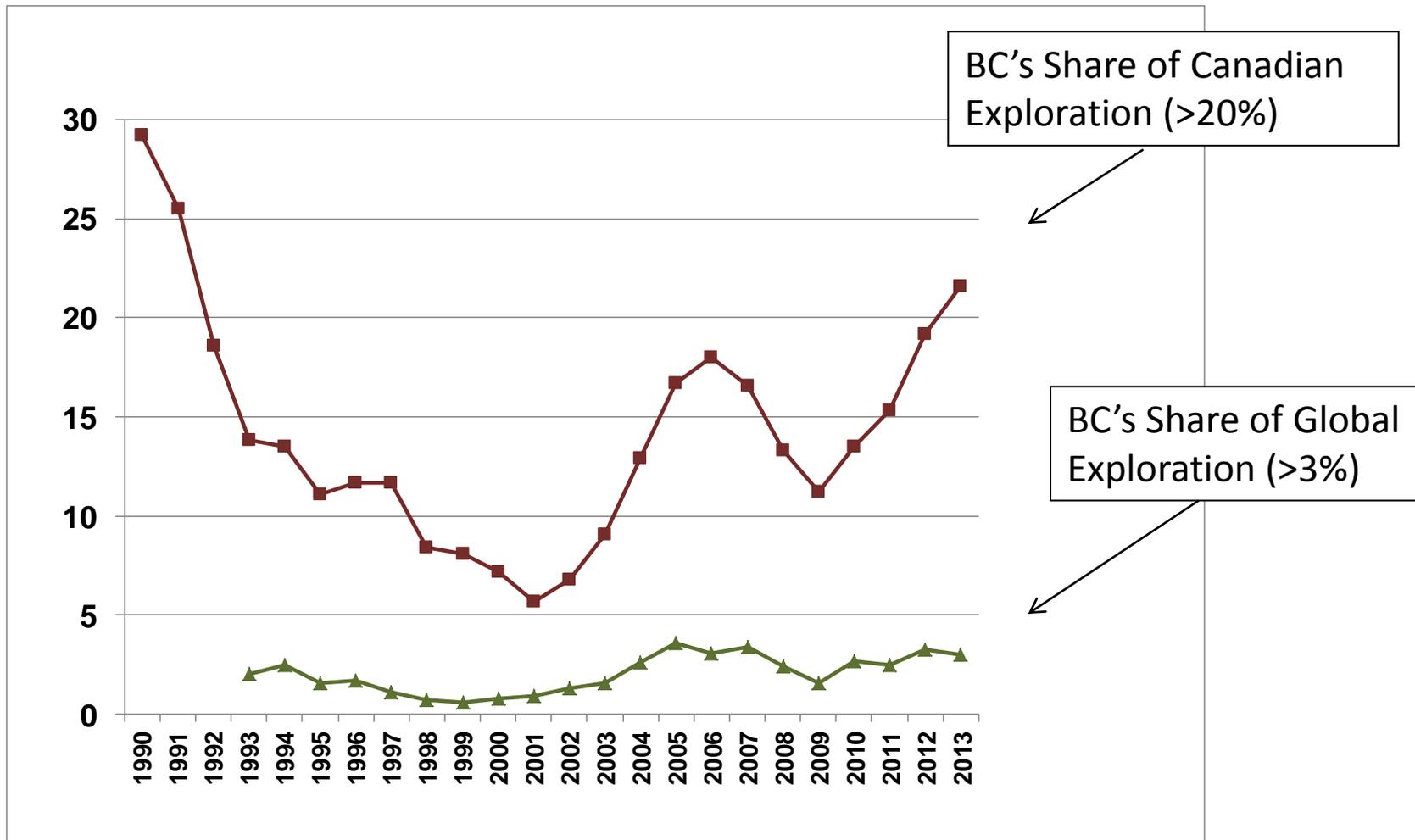


Data: BC Ministry of Energy and Mines

Northern BC Exploration Spending



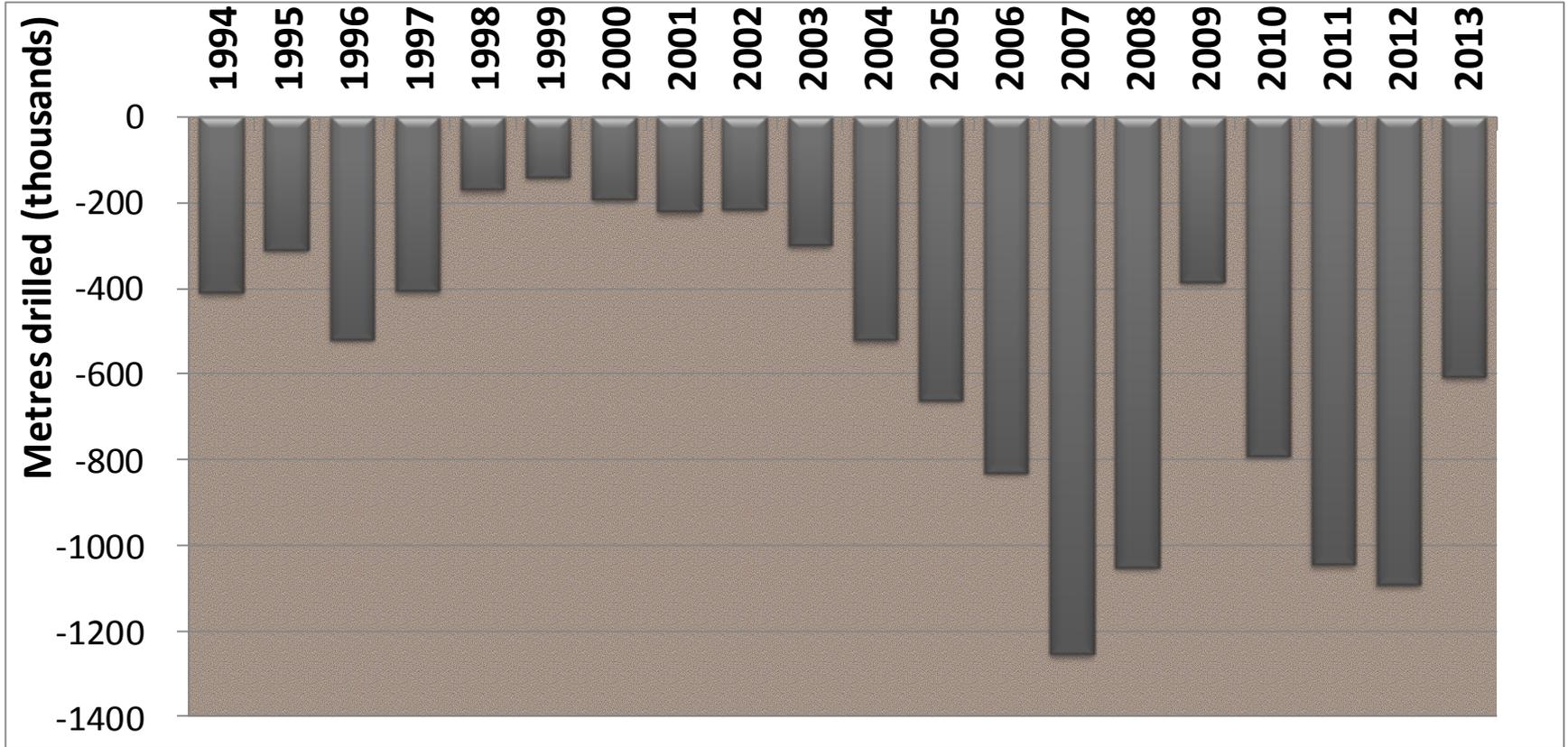
BC's Share of Canadian and Global Exploration



Data: % of Canada – Natural Resources Canada

% of world – adapted from BC MEMG, Metals Economics Group

Metres Drilled in BC by Year (1994-2013)



Data: BC Ministry of Energy and Mines

Mines Act Permit Fees



- **Background (February Discussion Paper)**
 - NOW permitting issues identified in 2009/2010 (avg 110 days)
 - \$31 million committed to addressing staffing and permitting issues (\$24 million in Fall 2011; additional \$7 million at Roundup 2013)
 - Government is seeking to raise \$5.5 million to augment their budget
 - Notion of cost recovery and permit fees was in the 2012 *BC Mineral Exploration and Mining Strategy*
- **Industry Concerns**
 - Prospecting and exploration work by itself does not generate cash flow
 - Government already collects significant revenue from the industry
 - Permit application fees would not provide any promise of improved service or any guarantee of having a permit application approved
 - Permits are not a tangible financial asset

Mines Act Permit Fees

AME BC Recommendations



- That all prospecting and exploration activities be exempt from any *Mines Act* permit fees given that these activities produce no revenue for prospectors and explorers and are necessary to sustain the industry;
- That the BC Government rebuild the Ministry of Energy and Mines, including re-incorporation of First Nation consultation, by allocating an additional \$10 million annually to address permitting and regulatory issues in a timely manner; and
- That the BC Government continues to undertake focused work with industry towards reducing red tape and increasing permitting efficiency.

Mines Act Permit Fees



- **Government consultation paper released May 14**
 - Revise the fee structure eliminating fees for small scale junior exploration, placer, aggregate and quarries
 - Propose a revised fee structure based on activities and production capacity rather than area of disturbance to better reflect the scale and cost of the mining program
 - Clarify criteria for all fee categories
 - Engage in further consultation with industry regarding fees proposed for advanced exploration, large placer, aggregate, quarries, and major mines
- **Next steps for AME BC**
 - Establish a small industry-government technical working group
 - Keep AME BC members and regional exploration groups informed of the permit application fee consultation process with government



Environmental Assessment

“One Project, One Process, One Decision”



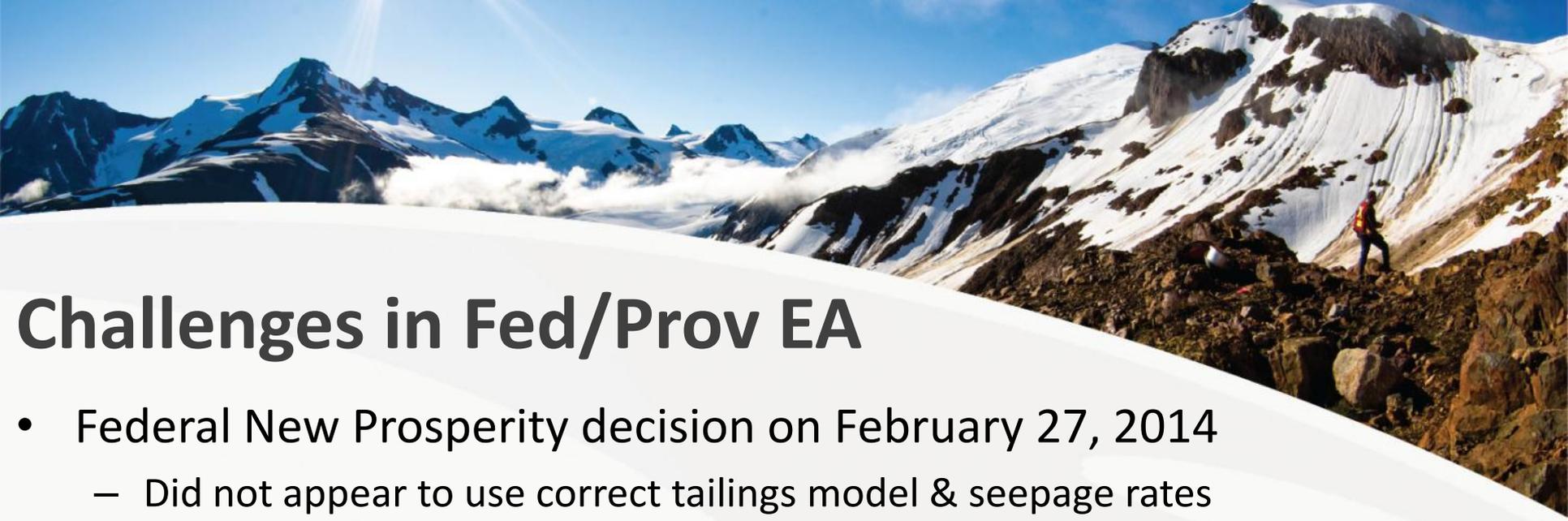
Provincial

- BC Environmental Assessment (“one project, one process”)
- New EA fees introduced (up to \$150K)



Federal

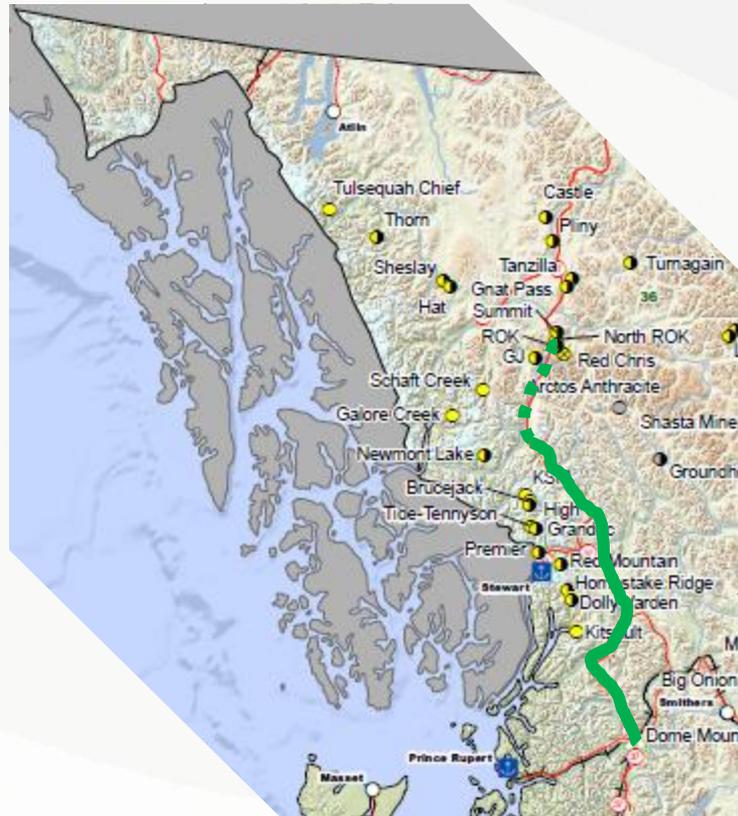
- New CEAA includes move toward equivalency and substitution
- MOU announced re. substitution between fed/prov governments (March 15, 2013)
(e.g. AuRico Gold’s Kemess Underground)



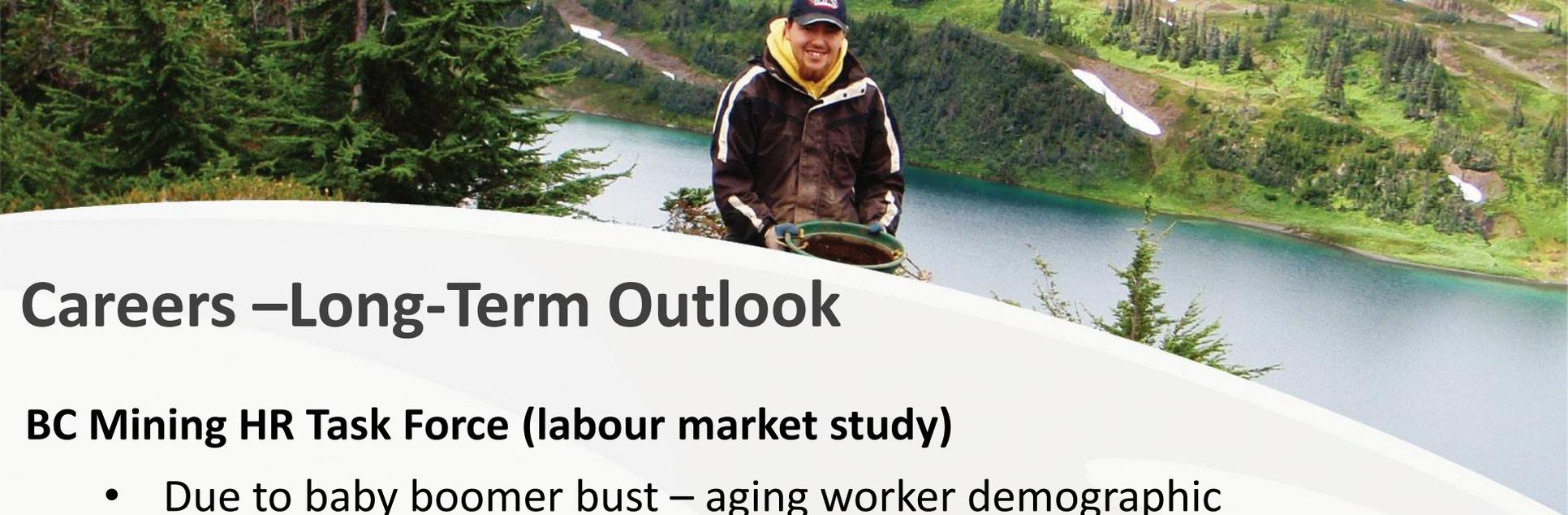
Challenges in Fed/Prov EA

- Federal New Prosperity decision on February 27, 2014
 - Did not appear to use correct tailings model & seepage rates
 - legal challenge is now underway
- Challenges to projects in northwestern BC
 - Major ENGO movement led by Rivers without Borders to protect Alaska's interests from potential new mine developments in NW BC
 - AME BC is working to rebuild NW Coalition to counter this movement
- AME BC's Land Use Committee is actively engaged on these files

Northwestern BC



- Area of active AME BC advocacy
 - Northwest Transmission Line
 - Atlin Taku Land Use Plan
 - Dease Liard SRMP
- Northwest Transmission Line completion summer 2014
- Red Chris opening 2014
- Current issues: Klappan, Todagin



Careers –Long-Term Outlook

BC Mining HR Task Force (labour market study)

- Due to baby boomer bust – aging worker demographic
- Even in a no-growth industry scenario, over 4,000 jobs will need to be filled in BC's exploration sector over the next 10 years
- 600 university and college students attended Roundup 2014 – the next generation are actively involved and engaged
- Geoscientists, engineers, lab technicians and supervisors will be in demand
- Training youth, women, new Canadians and aboriginals will be key to the industry's long-term success.



MINERAL
EXPLORATION
2015

ROUNDUP

Join us under the Canada Place sails January 26-29, 2015

- More room for Technical sessions, Core Shack and Prospectors Tent
- New Showcase sessions in Land Use, Aboriginal Relations, CSR, Government, Health & Safety
- Public Outreach
- Expanded trade show



For further information, visit us at the booth or

Association for Mineral Exploration BC

Suite 800 – 889 West Pender Street
Vancouver, BC V6C 3B2

Tel: 604.689.5271

Fax: 604.681.2363

www.amebc.ca



@AME_BC