

Mining Report



June 2007

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NOTABLE QUOTES...

"It really has been a spectacular year for the industry in B.C. and the results are at a record level. There was over \$8 billion in gross revenues reported this year, and \$6.6 billion in net mining revenues. Those are just spectacular results compared to what we've seen over the past few years."

Michael Cinnamond,

PricewaterhouseCoopers mining partner, discussing the tremendous success of the province's mining industry. Vancouver Sun, May 16, 2007.

MINING WEEK CELEBRATED IN B.C.

Good news in a major industry report gave British Columbia a lot to celebrate during Mining Week in B.C., held May 14 to 21, 2007.

According to a report for the Mining Association of British Columbia completed by PricewaterhouseCoopers, British Columbia's net mining revenues soared to a record \$6.6 billion in 2006, an increase of 34 per cent from the previous high of \$4.92 billion in 2005. PricewaterhouseCoopers described the results as "nothing short of spectacular."

B.C. has 25 potential mines in development. The PricewaterhouseCoopers report attributed the increase in claims staked to the improved efficiency and effectiveness of the permitting process.

Other highlights from the report include:

- ▶ Gross revenues up 29 per cent to \$8.1 billion in 2006 from \$6.29 billion the previous year;
- ▶ Net income increased by \$507 million to \$2.3 billion in 2006, by far the highest annual earnings recorded in the history of the survey;
- ▶ An increase in shareholders' return on investment, from 54.1 per cent in 2005 to 64.8 per cent in 2006; and
- ▶ Cash flow from operations increased by 39 per cent, from \$2.07 billion in 2005 to \$2.89 billion in 2006.

The excellent health of the mining industry benefits all British Columbians with billions of dollars in economic spin-offs and tens of thousands of jobs. Mining is the highest-paying resource sector employer in the province, providing average compensation of \$99,900 per year.

Mining Week celebrated the strong, steady growth of the B.C. mining industry and the numerous contributions mining makes to communities.

SAFETY SKILLS SHOWCASED

Mine rescue teams from across B.C. demonstrated their skills at the 52nd annual Provincial Mine Rescue and First Aid Competitions on June 9 in Williams Lake.

Competitions simulating real life situations tested nine teams' first aid, extrication, fire fighting, rope work and general mine rescue knowledge.

The competition gives teams the opportunity to hone skills and heighten their ability to respond to a rescue situation.

MINISTER'S MESSAGE

Building a mining sector that encourages exploration, investment and job creation requires the partnership of government, mining companies, First Nations, communities, industry associations, educational institutions and other experts. We have that partnership in British Columbia, and we are seeing a tremendous resurgence of mining in this province as a result.



Honourable Kevin Krueger
Minister of State for Mining

Sixteen per cent of exploration investment in Canada is in B.C. (up from six per cent in 2001), 25 of 52 major mining projects are in B.C. and there are currently 750 exploration projects underway.

I had the opportunity this spring to participate in several events which highlighted for me the variety and value of collaboration among mining stakeholders in British Columbia. The Kamloops Exploration Group Annual Mining Conference brought together prospectors, geologists and mining companies for the exchange of technical information. The Kamloops Exploration Group makes important year-round contributions to geoscience education through public lectures, the Geologist in the Schools program, prospector training courses and other initiatives.

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MINISTER'S MESSAGE (CONTINUED FROM COVER)

Mine industry representatives from across the province also gathered in Victoria for the Annual Mine Safety Awards. Ministry staff are involved in safety training, inspections and audits throughout a mine's development and eventual reclamation, and it is our goal to improve B.C.'s already impressive mining safety record. With this dedication shared by mining companies, unions and workers, we can expect mining to continue to be one of the safest heavy industries in the province.

The Cariboo Forestry and Mining Show held in Williams Lake drew a crowd of 3,000. With 196 exploration projects in northern B.C. the economic benefits of mining are obvious. But awareness of the long-term commitment that mining companies make to a community – through environmental protection, mine site reclamation and stabilization work – relies upon the collaborative educational efforts of all industry partners.

Mining in B.C. has been boosted by not only great geology, high commodity prices and the support of government, but also a tremendous spirit of partnership. As our mining and mineral exploration industry thrives, I'd like to credit all of our partners for supporting economic growth and making the best place on earth an increasingly attractive place to invest.



Minister of State for Mining Kevin Krueger (left) presented \$100,000 to Rob Pease, chairman of the Association for Mineral Exploration B.C., at the Kamloops Exploration Group mining conference on April 3, 2007 to support First Nations participation in B.C.'s booming mining and minerals sector.

MINISTER HELPS LAUNCH INTERPRETIVE CENTRE AT SULLIVAN MINE



Minister of State for Mining Kevin Krueger (right) joined Teck Cominco President and CEO Don Lindsay and Sullivan Mine and Railway Historical Society President Mick Henningson (left) to cut the ribbon for the official opening of the Sullivan Mine Interpretive Centre.

The Sullivan Mine sustained the municipality of Kimberley for nearly 100 years, and it continues to support the community as a tourist attraction. On May 3, 2007, Minister Krueger and Mick Henningson, President of the Sullivan Mine and Railway Historical Society, cut the ribbon at the official opening of the Sullivan Mine Interpretive Centre.

Visitors to the interpretive centre take a train to a 750-foot underground tunnel where they are invited to explore what it was like to work in the Sullivan Mine, which was once the largest underground lead/zinc mine in the world. The interpretive centre is expected to be one of the biggest tourist attractions in the area, and it will give Kimberley the opportunity to showcase mining to the world.

The Sullivan Mine Interpretive Centre was jointly funded by the Canada/British Columbia Infrastructure Program and Teck Cominco Ltd. The creation of this tourist attraction demonstrates how government, industry and the community can work together so that a mine continues to bring benefits to the community.

\$7.5 MILLION INVESTMENT IN EDUCATION WILL MEET THE NEED FOR SKILLED MINING PROFESSIONALS

The Province is helping meet the mining industry's demand for skilled professionals by investing in learning and research.

At the University of British Columbia's Norman B. Keevil Institute of Mining Engineering, \$75 million in provincial funding will expand faculty and student spaces. The Norman B. Keevil Institute is the only school of mining engineering and research in British Columbia, and its graduates are world-renowned.

The Ministry has also provided funding to the Northwest Community College's mining and exploration school endowment fund and to the school's mineral exploration programs in the northwest. The school provides entry-level training for the mining industry.

Funding mining education will ensure the next generation has the skills to develop rewarding careers in the industry and is part of government's commitment to the long-term success of mining in B.C.



Minister of State for Mining Kevin Krueger (right) celebrates with Jim Allard of Allard Contractors Ltd. during the Mine Safety Awards ceremony on April 16, 2007.