

**HONOURABLE GORDON HOGG
MINISTER OF STATE FOR MINING**

SPEAKING NOTES

**KAMLOOPS EXPLORATION GROUP (KEG)
CONFERENCE**

Date: April 7, 2009

Location: Kamloops Towne Lodge

Time: 8:15 a.m. (event start)
8:45 a.m. (speech)

Speech: 15 minutes

Check against delivery

INTRODUCTIONS

- I'd like to acknowledge Chair and KEG President John Dormer, Mayor Peter Milobar, Chief Shane Gottfriedson, MLA Kevin Krueger.
- A special acknowledgement to the Tk'emlúps Indian Band, on whose traditional territories we are gathered today.
- I'd also like to acknowledge Joe Seguin and staff from the ministry's regional office.

LOOKING AHEAD IN 2009

- 2009 has been a challenging year for the mining industry.
- Despite the current economic situation, there have been some significant bright spots.
- In January, we announced the mineral exploration expenditures for B.C. in 2008.
- The numbers – while not quite hitting the previous year's record-breaking \$416 million – were still very strong, at \$367 million.
- Investment in exploration spending has increased over 1,200 per cent since 2001, when exploration expenditures sat at just \$29 million.
- To put this into a local context: the South Central region closed the year at a very strong \$68 million in investment, and 108 projects.
- In 2008, there were 98 exploration projects across the province with budgets in excess of \$1 million.
- This is the second-highest number in B.C. history.
- All of this is remarkable considering the global economic downturn the industry faced in the last quarter of 2008.
- As for tenure acquisitions in 2008, they were close to the all time high at 5.2 million hectares, showing ongoing interest in future exploration activity in British Columbia.
- Today, commodity prices are starting to bounce back and input costs like those in the gold sector are starting to fall.
- Just one example – copper is around the \$1.80 mark today – up from a \$1.30 just three months ago.

- Coal prices remain strong, settling between \$125 and \$130 a ton.
- That is good news for everyone in this room and for all mining companies and related suppliers across B.C.
- Another piece of promising news - Mt. Milligan has just received Provincial EAO approval. It would be great to see this mine coming online in the near future.
- We know how critical an efficient permitting process is to the future of mining in B.C.
- The Province has made a gain at the federal level, with Ottawa's firm commitment to making the environmental assessment process for infrastructure projects less cumbersome
- We will continue to press for this harmonization for all reviewable projects, including mining.
- That's good news for advanced exploration projects like Abacus and Yellowhead.

KAMLOOPS AND MINING

- Kamloops may be known as the Tournament Capital of Canada, but everyone in this room knows that mining and industrial minerals play a huge role in this area's economy.
- Highland Valley employs over 1,000 people and in 2008, produced over 115,000 tonnes of copper and 1,911 tonnes of molybdenum.
- Teck and Highmont are investing \$300 million to extend the mine life at Highland Valley to 2019, which is great news for resource workers in this region.
- IG Machine and Fibers employs about 55 people at its Ashcroft Mine.
- New Gold Inc. is continuing development on the New Afton copper-gold mine, with production due to begin in 2012.
- Just east of the New Afton project, Abacus Mining and Exploration Corp continues its exploration at the Ajax site.
- Yellowhead Mining's Harper Creek copper project near Clearwater and the Selkirk Metals' Ruddock Creek zinc-lead project southeast of Blue River are both now in the EA process.
- And Commerce Resources has undertaken its most aggressive campaign to date in 2008 exploring for tantalum and niobium at its Blue River project.

- All great projects, and all reliant on strong, reliable geoscience data.

BC GEOMAP QUEST AREA UPDATE

- It has been shown that every dollar invested in geoscience activities leads to three to five dollars invested in exploration.
- And this is why we support public geoscience to encourage prospectors, geologists and exploration companies to invest in B.C.
- Today, the Ministry's BC Geological Survey Branch, the Geological Survey of Canada and Geoscience BC are pleased to announce the BCGeo Map is being updated.
- The digital map will now incorporate:
 - New bedrock mapping from the BC Geological Survey branch of our ministry, representing years of data gathering;
 - New gravity, electromagnetic and geochemical data from Geoscience BC's QUEST project;
 - New magnetics geophysical data from the Geological Survey of Canada.
- To date, the QUEST project has resulted in 820,000 hectares of mountain pine beetle-infested forest being staked for mineral exploration.
- The new map will encourage further mineral development in areas affected by the Mountain Pine Beetle infestation by providing new information about the rocks that are under cover in this area.
- The BC GeoMap will be available, free of charge, on the ministry website at the beginning of the summer.
- Ministry, Geoscience BC and Geological Survey of Canada staff will be on hand to discuss the updated map as part of the technical poster session here at KEG.

NEW GEOSCIENCE BC INITIATIVE

- Since 2005, government has invested \$36.5 million in Geoscience BC.
- I am pleased today to announce, on behalf of Geoscience BC, the launch of Phase 1 of its new regional project: QUEST-South.

- Quest-South will focus on the Quesnel Terrane, and extend the QUEST Project south to the US Border.
- Phase 1 of this project will include:
 - The reanalysis of over 9,000 archived stream sediment samples taken from Williams Lake to the B.C.-USA border and west from Revelstoke to Pemberton.
 - The analysis of over 1,000 new stream and soil geochemical samples in an area centered on Princeton, Merritt and Ashcroft.
- The QUEST-South area has a long history of mineral exploration and mining.
- This includes the Highland Valley Copper mine, the Gold Bridge gold-quartz vein camp, Taseko Mines Ltd's Prosperity deposit and Copper Mountain
- Further to that exciting news, Geoscience BC is also currently looking for projects to follow-up on the QUEST-West and QUEST datasets and will issue an open request for proposals on Wednesday, April 8th.
- For you in the audience, this means soliciting submissions for projects that involve more "boots on the ground" in the over 40,000 square kilometers from Vanderhoof and Fort St. James to Terrace and Kitimat.
- QUEST and QUEST-West projects have brought leading edge technologies to large regional surveys in B.C.'s interior.
- New airborne geophysical data generated by these two programs include:
 - over 50,000 line-kilometres of new airborne gravity data, collected on 2 km line-spacing, and
 - over 25,000 line-kilometres of new time-domain electromagnetic data, collected on 4 km line-spacing.
- Geoscience BC has also contributed significantly to modernizing the Province's geochemical database through:
 - re-analyzing over 11,000 archived stream sediment samples, and
 - collecting and analyzing over 7,500 new drainage sediment samples.
- In addition, Geoscience BC continues to fund a number of research projects with universities, industry, government and facilitate partnerships with First Nation and community groups.

- These announcements will help us to continue to unlock the province's mineral potential and drive future employment opportunities in communities affected by the mountain pine beetle.

HISTORIC SSN SIGNING CEREMONY

- Later this morning, I will be heading off to sign a historic mining and minerals agreement with the Tk'emlups Indian Band and Skeetchestn Band.
- The agreement was initiated last March with the signing of the Mining and Minerals Accord by my colleague, former Minister of State for Mining and current Minister of Community Development Kevin Krueger, who is with us in the audience today.
- The March 2008 Accord committed both governments to defining a long term consultation process.
- It also committed us to developing new approaches for implementing shared decision making and benefit and revenue sharing.
- The Ministry sees this signing as further development of a great working relationship.
- It also paves the way for many more discussions regarding mining and First Nations in the province.
- I am also pleased to announce that after signing the agreement the province and the SSN are also initiating negotiations on a revenue sharing agreement for the New Afton mine project.
- This will be the first of its kind in B.C. and is the implementation of the October announcement that the province would share revenue on all new major mining projects.

MINING AND SUSTAINABILITY AWARD

- The mining industry is leading the way from the past toward an environmentally responsible, socially inclusive and economically viable future.
- We can be proud that our mining community is working hard at protecting the environment and also the sustainable development of our natural resources.
- In fact, other provinces in Canada have now adopted some of our guidelines.
- In 2005, MABC launched the Mining and Sustainability Award to publicly recognize the diverse companies, communities, First Nations, non-governmental

organizations, government agencies and individuals committed to advancing and promoting sustainable development in the B.C. mining sector.

- This prestigious award is now a joint initiative between MABC and the Ministry of Energy, Mines and Petroleum Resources.
- I am pleased to announce that there are two Mining and Sustainability Award winners for 2008 – both from the Kamloops area.
- The first is Absorbent Products Ltd. (APL).
- APL is a producer of over 140 branded and private label Pet, Agricultural and Industrial products.
- They have been able to create niche products which have solidified their ability to sell products internationally.
- And they are continuously researching and developing new products to strengthen their competitive edge.
- APL takes their reclamation obligations very seriously.
- For example, the company is ahead of schedule in completing its mine reclamation.
- Throughout the years the company has also improved its processing efficiencies.
- They now use about six per cent less natural gas per tonne and about 10 per cent less electricity in terms of kwh/tonne than in 2002.
- The second winner of the Mining and Sustainability Award is The Upper Similkameen Indian Band (USIB).
- The USIB has contributed significantly to the careful and responsible management of B.C.'s resources and the environment.
- The USIB has remained committed to economic growth, environmental stewardship and education and social progress.
- They have demonstrated vision and a commitment to job creation and management through the Mascot Mine project and have created a dynamic tourism opportunity.
- They have expanded their economic base and enabled their community to pursue a balance between a traditional and contemporary lifestyle.

- Their accomplishments with industry and government have become a model of success in mining and sustainability in the Province of British Columbia.
- Both winners will be on hand to receive their awards at the MABC Gala Reception on May 4 in Vancouver as part of Mining Week.

FUTURE OF MINING

- AME BC and MABC have been working hard on your behalf, bringing forward your issues and concerns.
- In a few minutes, Gavin will be on hand to present his thoughts on the Current Trends in BC Mineral Exploration.
- Our government continues to work on your behalf.
- Many measures are already in place. We've:
 - Eliminated the PST on production machinery and equipment;
 - Eliminated the Corporate Capital Tax;
 - Reduced Corporate Tax rates from 16.5 per cent to 11 per cent and by 2011 British Columbia's general corporate income tax rate will be 10 per cent – a reduction of 39 per cent;
 - Introduced the Mineral Exploration Tax Credit Program, including enhancing the credit to 30 per cent in mountain pine beetle affected areas; and,
 - Extended the New Mine Allowance.

In Budget 2009, we've also committed to:

- Introduced the industrial property tax credit at 50 per cent of school property taxes payable for major and light industrial properties.
- This will increase the tax credit to 60 per cent in 2010.
- Increase the industrial property tax credit from 50 per cent to 60 per cent;
- Reduce the corporate income tax rate from 11 per cent to 10 per cent by 2011;

- Extend the BC Mining Flow Through Tax Credit until the end of 2009; and,
- Clarify and expand the exemption for production machinery and equipment.
- We will consider additional opportunities during the next taxation policy review.
- We'll continue to press the federal government for a better, more streamlined permitting process.
- With industry, we will continue to advocate for competitive tax measures that are within the federal purview.

CLOSING

- I believe in the future of mineral exploration and mining, and I know you do as well.
- As I've said many times, we need to control those things we can control as we work through the rest during this challenging economic period.
- I know B.C.'s mining industry is resilient. I also know we have built a strong foundation since 2001.
- We're starting to see gains already, and when the economy recovers, I know the B.C. mining sector will once again continue its upward trajectory.
- Thank you, and enjoy the conference.

– END –