

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

SPEAKING NOTES

**MINERAL EXPLORATION ROUNDUP 2009
OPENING**

Date: Monday, Jan. 26, 2009

Location: Stanley Park Ballroom, Westin Bayshore, Vancouver

Time: 8:30 – Event start
8:50 – Minister Hogg’s speech

Speech: 15 mins.

Check against Delivery

INTRODUCTIONS

- Thank you Chief Ian Campbell for your opening remarks, and to the Coast Salish peoples, whose traditional territory we are on today.
- Thanks also to everyone who traveled to be at this conference; I know many of you have traveled a considerable distance to be here.
- It is a privilege to be here at the 2009 AME BC Mineral Exploration Roundup.
- The Ministry of Energy, Mines and Petroleum Resources is proud to be a founding partner and ongoing supporter of Roundup.
- Congratulations to AME BC for hosting and organizing this conference, now in its 26th year.
- I know this is going to be an interesting and informative week for all.

MINERAL EXPLORATION EXPENDITURES

- Two weeks ago, 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 percent since 2001, when exploration expenditures sat at just \$29 million.
- To put this into further context: there were 98 exploration projects in 2008 with budgets in excess of \$1 million.
- This is the second-highest number in B.C. history.
- This is remarkable considering the global economic downturn the industry faced in the last quarter of 2008.
- Exploration drilling, another strong indicator of activity and success, reached about 1.050 million metres during the year.
- And exciting results were reported from many of the 388 exploration and development projects.
- In 2008 there were 10 metal mines, nine coal mines and 35 industrial mines in production.
- We have 26 new mine development proposals in the works for 14 metal mines, seven coal mines, three industrial mineral operations and two aggregate quarries.

- As for tenure acquisitions, they are still close to the all time high at 5.2 million hectares, showing ongoing interest in future exploration activity in British Columbia.

ANNOUNCEMENT —EXCITING NEW MINERAL FINDS BY MINISTRY GEOLOGISTS

- There are many reasons why B.C. is one of the top jurisdictions for mining.
- We have one of the most competitive tax and regulatory systems in the world.
- Over half of the mineral exploration companies in Canada are based right here in B.C.
- We are ranked among the best in the world for the quality of our geological database.¹
- We have a growing inventory of more than 12,000 mineral occurrences.
- And today, I am pleased to announce new discoveries by the BC Geological Survey.
- Field crews led by ministry staff Mitch Mihalynuk and Paul Schiarizza found two new mineralized areas located in the central part of the Province that will help attract new mineral exploration.
- The discoveries are in the Murphy Lake region, 50 km east of Williams Lake, and Chilanko River area, about 200 km west of the Williams Lake area, and have been under explored for minerals in the past.
- The BC Geological Survey team discovered the exposed mineral showings in the course of their geological mapping. As of January 21, none of these discoveries were covered by mineral tenure.
- More information will be distributed by news release this morning, and is available on the Ministry website.
- I invite you to join our BC Geological Survey team at the poster session downstairs starting at 10 a.m. to learn more about these discoveries and other geoscience data.

OUTLOOK FOR MINING IN 2009

- Of course, the mood here this week is significantly different than last year.
- Last year, commodity prices were high.
- Fannie Mae and Freddie Mac hadn't happened; there was no credit crisis.
- The downturn in the global financial markets has affected all sectors, including the mining industry.
- Commodity prices have slowed demand for metals – in particular, zinc, lead, molybdenum, and aluminum.
- The price of copper has dropped as well, but still is trading at higher values than it was six to 10 years ago.

¹ 2007 Fraser Institute World Survey of Mining

- At meetings with industry and First Nations leaders at the Minister's Council on Mineral Exploration and Mining, we discussed these and other issues.
- The clear message brought to that table was that we need to stay the course, keep doing what we're doing, and keep doing it better – so that when this crisis is over, British Columbia will be ready to take advantage of the opportunities that lie ahead.
- We know that in the short term there will be challenges, both here in B.C. and around the world.
- We've seen the impacts emerge over the last few months in the form of slowdowns and, in some cases, layoffs and temporary mine closures.
- Our hearts go out to workers and families affected by these events.
- I know that you are doing all you can to move your companies and projects forward.
- Companies are working to retain their workforce while shoring up capital, reducing spending and in some cases, delaying expansion plans.
- I'd like to thank you for your hard work in the face of challenging circumstances.
- Together, we have laid a strong foundation for B.C.'s mining industry.
- And our government will continue to do all it can to help this industry remain competitive during this challenging time.

HOW GOVERNMENT IS HELPING INDUSTRY WEATHER THE ECONOMIC CRISIS

- Last fall, we established the Minister's Council on Mineral Exploration and Mining to ensure that industry and First Nations are informed and involved in the formation of public policy.
- In December, the Premier announced the creation of the Economic Task Force for Mining, to bring together key industry leaders to monitor the economic situation and recommend measures to mitigate the effects of the global downturn.
- The newly-formed Economic Task Force met for the first time last month, and will soon present its recommendations to the Minister's Council on Mineral Exploration and Mining.
- Our British Columbia Geological Survey will continue to work in partnership with Geoscience BC to ensure industry has the best geoscience data and expertise available to attract investment in B.C.
- We will continue to press the Federal government for greater regulatory harmonization.

- In June of last year, we committed \$10 million to start the environmental assessment process and First Nations consultation for the Northwest Transmission Line.
- And with \$250 million on the table, we encourage industry to bring forward financing to make the Northwest Transmission Line a reality and open up new opportunities in the north.
- We look forward to seeing industry continue to reap the benefits of the Flow-Through Share Tax, extended through Dec. 31, 2009, as well as the enhancement of the Mining Exploration Tax Credit, and other tax and business incentives.
- British Columbia has also reduced corporate and personal taxes, and eliminated the PST on production machinery and equipment.

FIRST NATIONS

- We will continue to work with First Nations to follow through on our commitment to being the first Canadian province to share direct revenues generated from new mines that are developed.
- This is a significant step forward for new mine development in British Columbia.
- And a clear demonstration of the Province's commitment to the principles in the New Relationship.
- There is no cost to the mining industry – this is a commitment by the Province to resource revenue sharing from new mines.
- The key benefits from resource revenue sharing will be a strong focus on community development to assist First Nations in meeting their social and economic goals.
- Resource revenue sharing will help to build a more inclusive and prosperous future for all British Columbians.

ASIA PACIFIC

- Asian investors will play a key role in the development and continued prosperity of B.C.'s minerals sector.
- Despite the economic situation around the world, China's economy continues to grow.
- The country is embarking on an enormous infrastructure program.
- Even with this current economic situation, China's GDP is predicted to hit over eight per cent.
- In Late November, China slashed interest rates to boost its economy.
- China and other Asian countries are still keenly aware that they need to import coal and metals to sustain their economies.
- And British Columbia's mining sector is definitely on their radar.

- Asian investors are anxious to invest in joint venture partnerships with British Columbia companies.
- They see a real opportunity with the current lower market prices.
- We will continue to build and nurture relationships in Asia to stimulate interest and investment in the B.C. mining industry.

SUPPORTING GEOSCIENCE WORK IN B.C.

- We are very supportive of the work Geoscience BC is undertaking in its efforts to deliver much needed geophysical and geochemical surveys of the province.
- To date, the Province has provided a total of \$37 million to Geoscience BC.
- Their QUEST/QUEST- West project is helping to:
 - unlock the province's mineral potential.
 - diversify communities.
 - support the economic diversification of pine beetle affected communities
 - stimulate new economic activity and attract new investment
- This funding has helped to attract mineral exploration companies by completing geoscience projects in pine-beetle affected areas of B.C.
- QUEST is the largest public geoscience project in the history of the province.
- Geoscience BC will be presenting data from the QUEST West Project today at 10 a.m. in the Map Tent. Please join us to learn more about QUEST's progress.

PRESENTATION OF PROCLAMATION

- The B.C. Government is proud to proclaim January 25 – 31, 2009 as Mineral Exploration Week.
 - This is the second year we've made this proclamation.
 - I would like to invite Dr. Robert Stevens, Chair of the Association for Mineral Exploration British Columbia (AME BC) to join me here on the stage. 2
 - I am pleased to present you with this proclamation.
 - This proclamation recognizes the valuable contribution that prospectors and mining exploration companies make to B.C.'s economy and all British Columbians.
 - Thank you to AME BC and its membership across the province.
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CONCLUSION

- I know that this room is full of optimists who believe in the future of mineral exploration and mining.
- These days we need to retain our optimism, but combine it with careful planning.
- We need to control those things we can control as we together work through this difficult economic time.
- It will take a cooperative effort to weather this economic storm.
- I look forward to speaking with you throughout the week and spending some time on the trade floor.
- We also have a large ministry booth downstairs and I encourage you to visit with your questions and comments. We want to hear from you.
- B.C.'s mining industry is resilient. When the economy recovers, B.C. will be ready.
- Thank you again, and enjoy your week at Roundup.