

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

SPEAKING NOTES

2008 Mineral Exploration Expenditures Announcement

Date: Jan. 15, 2009

**Location: BCIT
Town Square Rooms A & B
Building SE2
3700 Willingdon Avenue
Burnaby**

Time: 10:30 am

Speech: 5 minutes

Check against delivery

INTRODUCTIONS

- I'd like to thank my colleagues and industry partners for joining me at this event.
- I would also like to thank BCIT staff and students for welcoming us here today.

ECONOMIC CLIMATE

- As we all know, much has happened since we announced the 2007 numbers at this time last year.
- Recent volatility in the global financial markets has affected all sectors, including the mining industry.
- Commodity prices have been affected which, in turn, is slowing the demand for metals – in particular, zinc, lead, molybdenum, and aluminum.
- The price of copper has dropped as well, but still is trading at much higher values than four years ago.
- These challenges were reflected in the last quarter of 2008.
- At last month's meeting with industry and First Nations leaders at the Minister's Council on Mineral Exploration & Mining, I received a clear message 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 poised to take advantage of the opportunities that lie ahead.

EXPLORATION EXPENDITURES IN 2008

- How did we perform through the ups and downs of 2008?
- In British Columbia in 2008, total mineral exploration expenditures reached \$367 million.
- And while not quite the record-breaking levels experienced in 2007, this is still the second best year in British Columbia ever, by a large margin.
- Investment in exploration spending is over 1,200 percent above 2001, when exploration expenditures sat at just \$29 million.
- That's \$102 million above the 2006 numbers, a healthy 39 percentage gain.
- To put it into further context: there were 98 exploration projects in 2008 with budgets in excess of \$1 million.
- Exploration drilling, another strong indicator of activity and success, reached about 1.050 million metres during the year.
- In 2008, exciting results were reported from many of the 388 exploration and development projects.
- This includes a growing inventory of more than 12,000 mineral occurrences.
- 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.

REGIONAL HIGHLIGHTS

- Regionally, every area of the province has experienced exploration growth in recent years.
- While the northeast has been a hotbed for development of new coal mines over the last several years, other parts of the province have also prospered.
- Northwest alone benefited from over \$140 million in exploration expenditures, on 110 projects.
- The Northeast had over \$22 million in exploration and 10 projects.
- North-Central B.C. had \$80 million in exploration on 64 projects.
- The South-Central B.C. had 108 projects totalling over \$68 million.
- The Southeast region of B.C. had 63 projects totalling \$42 million in exploration.
- And Southwest B.C. brought in impressive numbers as well, with 33 projects equaling \$15 million.
- That's a total of \$367 million and 388 projects for 2008.
- For those of you who wish to get more details about the 2008 British Columbia mining and exploration industries, you can refer to two ministry publications prepared by the regional geologists:
 - British Columbia Mines and Mineral Exploration Overview 2008, and;
 - Map of Operating Mines and Selected Major Exploration Projects in B.C. in 2008
- These are available on the B.C. government website and can be accessed via links included in your press materials.

LOOKING TO THE FUTURE

- As for the coming year:
- In the short term it looks like there will be challenges.
- We've seen some of those challenges emerge over the last few months in the form of slowdowns and, in some cases, layoffs and temporary mine closures.
- Thank you to the mining and mineral exploration industry for your hard work in the face of challenging circumstances.
- Our government will do all it can to help industry remain competitive in the global marketplace.
- The newly-formed Economic Task Force met for the first time last month, and will in the coming weeks 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.
- We will 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.
- 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 NTL a reality and open up new opportunities in the north.
- We look forward this year to receiving the Labour Task Force's recommendation to address future human resources needs.
- Thanks to the work of Sheila and MREP BC [*Mineral Resources Education Program of BC*] and the faculty here at BCIT, the next generation of mining professionals will be ready to take advantage of the many opportunities ahead.
- We are continuing to build and nurture relationships in Asia to stimulate interest and investment in the B.C. mining industry.
- And 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.

CONCLUSION

- I believe in the B.C. Advantage.
- We have one of the most competitive tax and regulatory systems in the world.

- We were ranked among the best in the world for the quality of our geological database.¹
- We're the second largest exporter of metallurgical coal in the world, and one of Canada's largest producers of copper.
- Over half of the mineral exploration companies in Canada are based right here in B.C.
- And, despite the economic climate in the last quarter, in 2008 B.C.-based companies raised \$2.9 billion in equity capital for mining or about 40 per cent of the total equity capital raised for Canadian listed exploration companies.
- To the students here today, let me say that the future is bright for mining in B.C.
- The people and the companies in the mineral industry in British Columbia are among the best, if not the best, in the world. They have been through tough economic times before and continued to contribute to B.C.'s economy in virtually all regions.
- When commodity prices recover and the economic situation stabilizes, the B.C. mining industry will be ready.

- END -

¹ 2007 Fraser Institute World Survey of Mining