

# MABC

MINING ASSOCIATION OF BRITISH COLUMBIA

## Mining in BC Key Issues and Trends

October 2008

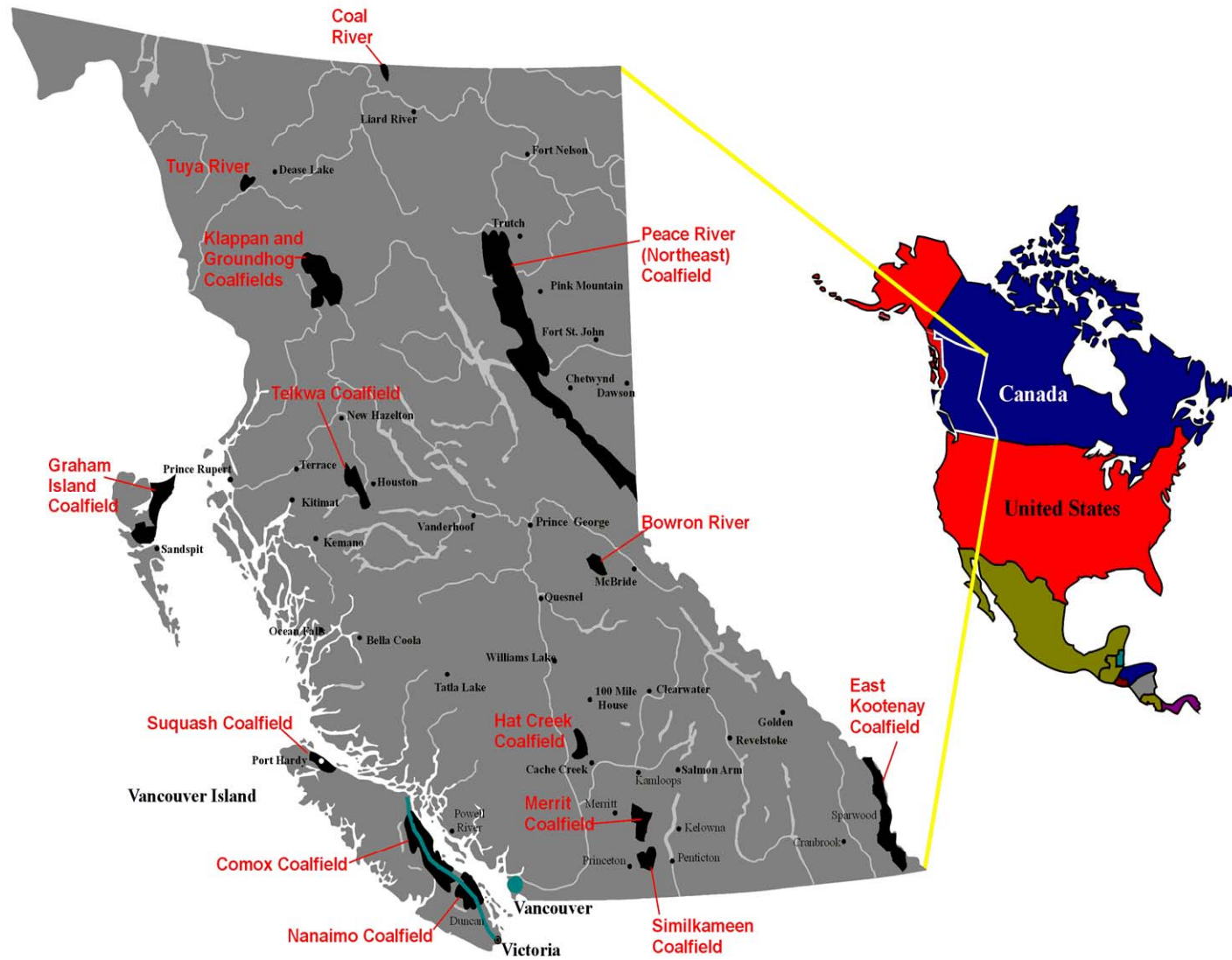
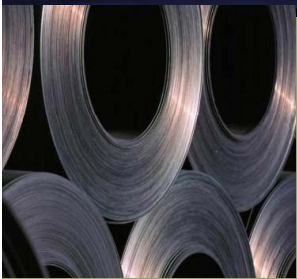
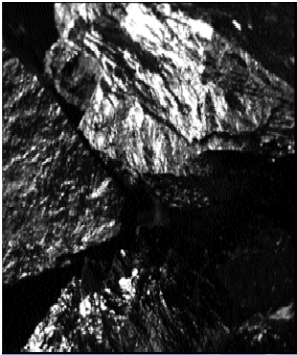


# The Industry

- As the gateway to the Pacific, B.C. is home to over 800 mining companies and is a global centre of mining and mineral exploration expertise
- Gross revenues of \$8+ billion in B.C., with over 100,000 employees (direct and indirect) in primarily rural areas
- One of the highest paying industries in B.C., now averaging over \$100,000 including benefits
- Currently, 10 coal, 10 metal, 36 industrial mineral mines and 2 metal smelters safely operate in B.C.



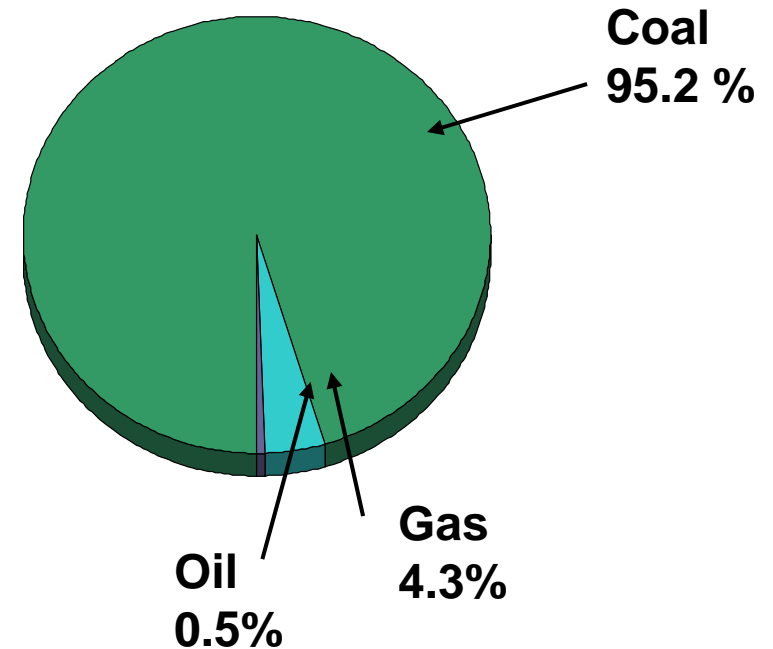
# BC Coal Deposits



# Huge Wealth in Coal in BC

- Estimated 20 billion tonnes of coal reserves
- Production comes from three regions in the province
  - Metallurgical is mined at five open pit mines in the southeast East Kootenay Coalfields
  - Metallurgical & PCI coal is mined in NEBC
  - Thermal coal is mined at the underground mine in the Comox Coalfield on Vancouver Island; Potential for Met on Island

B. C.  
Hydrocarbon  
Reserves & Resources



# The BC Mining Opportunity

- Approximately 30 major new projects in “pipeline”
- Record exploration levels & high commodity prices BC (metal, coal, industrial minerals)
- Need for 15,000 employees
- Gateway to the Pacific
- Counter the negative economic impacts of the pine beetle
- Opportunity for BC mining sector to emerge as major, global player



# Market Turmoil

- Long-term outlook still positive
- Banks risk averse making it harder for juniors to raise money
  - May affect exploration levels
  - Deferral of some projects will constrict supply, supporting price levels
- Most commodity prices still healthy, despite some declines

# Key Challenges

- Rising energy costs and climate action
- Infrastructure
- Professional development, skills and trades training and recruitment
- Access to mineral resources
- Complex project review process
- First Nations consultation and accommodation and resource revenue sharing

# Infrastructure

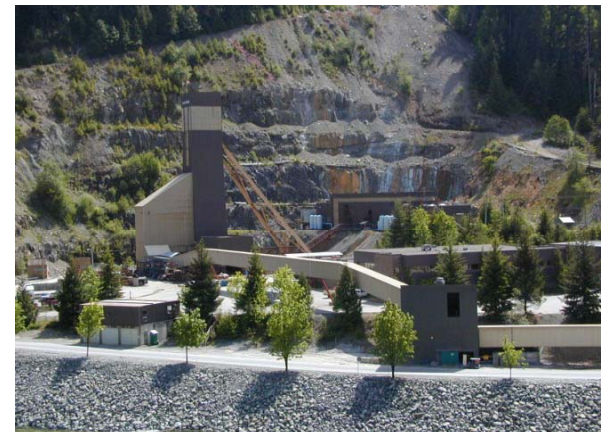
- Infrastructure key enabler.
- Premier Campbell's announcement on Highway 37 good news for northern BC
- MABC Study evaluates economic potential of proposed power
  - 10,700 jobs
  - Potential for \$15 billion in capital investment
  - Improved access to clean electricity sources
  - More than \$300 million in annual tax revenues to government

# Climate Change

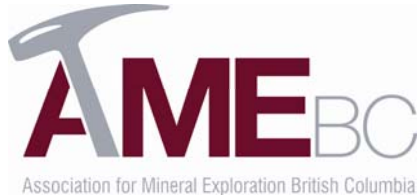
- Mining is energy-intensive, global price taker
- Good working relationship with government on this issue and we are doing our part.
  - Investments in energy conservation and best available technology to reduce GHGs where feasible
  - Fuel and equipment switching
  - Best Practice Guidance on effective energy management systems
- Need to work together to ensure industry remains economically competitive and can grow
  - Cap & trade presents much uncertainty
  - Global market competitor and price taker
  - Alternatives to carbon based fuel typically requires increased electricity
  - Need to balance government's desire for domestic value-added with energy-intensive nature of value-added activities

# BC HR Task Force Mission

- BC Mineral Exploration and Mining Labour Shortage Task Force formed to:
  - address education, recruitment and training challenges and current and potential critical shortage of skilled labour and professionals in the B.C. mining and mineral exploration industry
  - plan and develop an industry-wide human resource and labour force strategy that can be implemented by government, firms in the industry, by career information and employment service providers, and by educational institutions and other training providers
  - complement efforts of others



# Task Force Participants



# Task Force Findings

- Canada's mining sector, which is growing at twice the rate (~4%) of the economy, has forecast a shortfall of 92,000 workers in the next decade
- In British Columbia's mineral exploration & mining sector, up to 40% of the workforce will retire over the next 10 years
- The projected labour (not incl. construction demands):
  - ✓ 7,400 job openings over 5 years, or 15,000 over 10 years
  - ✓ 1,480 job openings per year to 2012 (based on replacement needs and growth in the sector)
- RioTinto Alcan's planned smelter modernization project would add 2000 construction jobs

# Task Force Focus Areas

- Labour Market Analysis (present and future)
  - ✓ *Roslyn Kunin & Associates , 3 Part Study*
  - ✓ *Mining Industry Human Resources Council (MiHR)*
- Training and Education
  - K to 12
  - Trades
  - Entry-Level / Support
  - Professional
- Aboriginal, Women & Immigrant Participation
- Human Resource Practices



# Proposed Budget

- The proposed \$40.5 M budget is over 5 years

Year 1	Year 2	Year 3	Year 4	Year 5	Total \$ millions
\$11.7	\$7.0	\$8.2	\$6.7	\$6.9	\$40.5

- Some government funding may be a re-allocated from existing budgets
- Industry could contribute approximately 25% of the budget, or \$10 M



## What's next:

- Mining Industry working with government on new Minister of Mines Advisory Council to develop mining action plan.
- Council already delivering results (e.g. Highway 37 and Resource Revenue Sharing)
- Work on other areas continues.