

## **BRITISH COLUMBIA:**

### **The International Centre of Excellence for Mineral Exploration and Mining**

*By Gavin C. Dirom, President and Chief Executive Officer*

*Association for Mineral Exploration in British Columbia (AME BC)*

The mineral exploration and mining industry was a cornerstone of British Columbia's economy long before the province joined the Canadian Confederation 138 years ago. Today the modern industry safely contributes more than \$7 billion of revenue annually and directly employs more than 28,000 skilled professionals and technicians in a broad range of disciplines. The resource wealth and new economic opportunities generated over the past century have also attracted world-class technical expertise and global investment capital for the benefit of the province, the nation and the world. British Columbia has earned its status as the international centre of excellence for mineral exploration and mining. Our industry is socially and environmentally progressive, safer, and more open and inclusive than ever before. The challenge now is to preserve this hard-won position under market conditions that have changed profoundly from just one year ago.

January is a "taking stock" month for B.C.'s mining and exploration community, a process that begins with the mid-month release of the latest provincial exploration expenditures and employment numbers, which are further scrutinized at month's end at the annual Mineral Exploration Roundup in Vancouver. As expected, exploration expenditures were lower in 2008, but were still the second highest on record. Companies of all sizes spent \$367 million to explore a total of 388 projects in 2008, down from \$416 million in 2007, which marked a seven-year period of increased spending in the sector. In contrast, exploration spending in 2001 totaled a mere \$29 million, or 8% of current expenditures. Nineteen mines are in operation, and there are 26 in the provincial and federal approval process.

Looking ahead, exploration spending in the province may decline as companies curb spending in order to weather the current economic crisis. But the latest numbers clearly show that many junior companies are exploring grassroots projects in underexplored terrain with remarkable success. With 32 reported new mineral discoveries in 2008, and 98 projects with budgets exceeding \$1 million, the future looks promising. The challenge at hand, however, is to convert exploration

expenditures into feasible and permissible mining operations that can safely produce materials we all need and depend on in the 21<sup>st</sup> century. The windows of such opportunity are quite small and must be capitalized on by all stakeholders, governments and First Nations. Most analysts expect a recovery in commodity prices starting in mid-2009, with some predicting a second wave in the commodity cycle driven by the continued industrialization of China, India, and other emerging nations. British Columbia is uniquely positioned to benefit from commodity price appreciation because of its resource wealth, technical expertise and geographic proximity to Asian markets. But until this turnaround begins, we must prepare for a difficult period of financial restraint without losing sight of the opportunities for recovery in the next phase of the cycle.

The success of our industry will depend on our collective will to strengthen British Columbia's status — and by extension, Canada's status — as an international centre of mining and exploration excellence. To achieve this goal, we must continually expand our technical knowledge and expertise, implement world-leading environmental, health and safety standards, forge new social and economic partnerships at home and abroad, engage local communities and First Nations at the earliest possible stage, attract more young people to our industry, and better communicate its social and economic benefits to the general public and governments.

AME BC is doing its part to usher in a new era in mineral exploration by working with all levels of government to improve permitting and maintain B.C.'s competitive advantages in securities regulation, taxation, and flow-through share programs, including the creation of private sector investment incentives to explore the mineral potential of pine-beetle-ravaged areas. We're looking at ways to improve access to credit and capital in weak financial markets. We're encouraging the development of new roads, power lines and infrastructure in remote mineral-rich areas of the province. AME BC is also developing initiatives such as an Aboriginal Engagement Toolkit to help communities increase their awareness and understanding of other cultures and build strong, mutually beneficial partnerships with First Nations. Together with government, mining and aggregate associations, First Nations and labour unions, we've established a Labour Shortage Task Force focused on how to attract new talent to our industry. Our industry has met many tough challenges in the past, starting in the days of the gold rush that helped build the province. With

the same pioneering spirit, I am confident that we have the fortitude to successfully meet the challenges now and in the future.

*ABOUT THE AUTHOR: Gavin C. Dirom is the President and CEO of the Association for Mineral Exploration British Columbia, which is hosting Mineral Exploration Roundup from January 26 to 29, at The Westin Bayshore, Vancouver.*