

File: F-09

February 24, 2010

Honourable Gordon Campbell
Premier of British Columbia
PO Box 9041 Stn Prov Govt
Victoria, BC V8W 9E1

Via email

Dear Premier Campbell:

Re: Regaining Investor Confidence in B.C.'s Mineral Exploration & Mine Development Sector

On behalf of the Association for Mineral Exploration British Columbia (AME BC), I am writing to you about the urgent and serious issue of regaining investor confidence in British Columbia's mineral exploration and mine development sector given the recent decision taken to ban mineral exploration and mining in B.C.'s Flathead Valley and to create, in our view, a de-facto park. We are very concerned that this decision will set a new precedent with how other land use decisions will be made in B.C. in the future.

We respectfully understand that the political decision is final and that the land use plan for the Flathead Valley and the south-east B.C. region will not be revisited. Nonetheless, the following are key reasons why we are disappointed with the decision:

- There are no major environmental threats to the Flathead Valley from mineral exploration;
- No evaluation of the socio-economic impact of the decision was provided to the public;
- Due process and consultation with the public and industry did not occur;
- The provincial permitting and environmental assessment processes, which were not utilized here, are scientifically sound and defensible; and
- Two-zone land use planning supposedly exists and this particular region of B.C. has a disproportionately high amount of land already protected from industrial development (28% in parks and special management zones).

Major Impacts of the Decision:

The major impacts (perceived or real) of the decision to ban mineral exploration and mining in the Flathead are:

- Confidence in land use planning amongst informed citizens has been undermined;
- Reduced security of mineral tenure;
- Increased risk to global investors and reduced investor confidence; and

- Considerably less certainty about where responsible mineral exploration and mining can occur in B.C.

Billions of investment dollars are raised annually by B.C. based mineral exploration companies. However, mineral exploration expenditures within B.C. have actually decreased disproportionately compared to other Canadian and international jurisdictions. Although the province reported record high expenditures in 2007 of \$416 million, with spending down to \$154 million in 2009, B.C.'s share of national mineral expenditures has now fallen from a high of 18% to 10.5%. We are losing market share and the global recession cannot explain the relative drop between competing jurisdictions. Serious concerns related to certainty of process related to permitting, land use planning, and Aboriginal relations in B.C. are significantly increasing investor apprehension of risk of investing in B.C.

Recommended Next Steps:

To help regain investor confidence in B.C.'s mineral exploration and mine development sector, we urge your government to consider the following ten recommended measures to mitigate the real or perceived damage from the Flathead decision and publicly encourage investment elsewhere in B.C.'s other high potential mineral exploration properties:

1. Ensure timely, fair and reasonable compensation for mineral tenure holders that have been negatively impacted by this decision;
2. Clearly re-confirm and communicate that the "two-zone land use" policy exists in B.C. and that mineral tenure held elsewhere in B.C. is secure;
3. Publicly share the percentage of the provincial land area that is still open to responsible mineral explorers and geoscientists to prospect and possibly develop mine projects as well as identify the areas restricted and alienated to mineral exploration and development;
4. Commit to developing a joint industry/government commission or committee to:
 - a. Publicly monitor, track and report out on the statistics regarding B.C.'s mineral land use and access issues; and
 - b. Undertake mineral potential and socio-economic impacts of proposed no staking and conditional reserves, special use zones, parks, protected areas, First Nation land claims, and encroachment by other land users.
5. Continue working to resolve the many other B.C. land use issues or challenges facing the mineral exploration and mine development sector, specifically:
 - a. Atlin- Taku land use plan
 - b. South Chilcotin
 - c. Uranium and Thorium Exploration ban
 - d. Increased wildlife habitat area/ungulate winter range designations
6. Continue to communicate your well-received announcements to renew the flow-through share program for an additional three years and to invest in the Highway 37 Northwest Transmission Line;

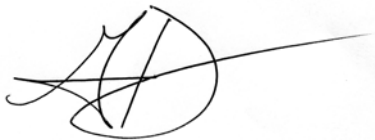
7. Ensure the continuance of Geoscience BC and develop a long-term mechanism for annual funding of \$5 million for Geoscience BC as previously requested during pre-budget consultation meetings;
8. Provide adequate resources for Ministry of Energy, Mines and Petroleum Resources, such as:
 - a. Funding for the B.C. Geological Survey (this relates to our pre-budget consultation \$2.5 million additional annual funding request to supplement the base funding of the BCGS);
 - b. Sufficient resources for permitting projects efficiently, effectively, and consistently (this relates to our pre-budget consultation \$2 million additional annual funding request for Ministry operations);
 - c. Re-introduce a prospector's investment program (\$500,000 annually) or develop a prospector's tax credit such as a capital gains exemption. Either of these initiatives would ensure that this important segment of the sector (the group that historically has made the majority of discoveries) is better able to participate in any proposed higher front-end cost mineral tenure fee system;
9. Resource public outreach and education in mineral resources, earth sciences and the fundamental purpose and benefits of mining to all citizens of B.C. and the continual need to explore (this relates to a recent request for \$500,000 in annual funding); and
10. Once most of these recommendations are implemented, initiate an international public relations campaign to welcome the world to B.C. as the best place on earth to explore for, invest in, and develop, new mines.

We appreciate the seriousness of the government's current fiscal situation, but please bear in mind that many of these suggestions carry no, or relatively little, monetary cost and will in fact spur economic development, job creation and increase revenue to government.

Mineral explorers are by nature rather self-reliant. Our one main standing request of government is to help foster a business climate where private investment in our industry can continue to create wealth for all British Columbians and in fact help fund the government services that we all depend upon and enjoy.

Thank you in advance for your time and serious consideration of these recommended next steps to help regain investor confidence in B.C.'s mineral exploration and mine development sector.

Sincerely,



Gavin C. Dirom, M.Sc., P.Ag.
President & Chief Executive Officer
Association for Mineral Exploration British Columbia

cc: Honourable Randy Hawes, Minister of State for Mining
Honourable Blair Lekstrom, Minister of Energy, Mines and Petroleum Resources
Honourable Colin Hansen, Minister of Finance
Honourable Bill Bennett, Minister of Community and Rural Development
Greg Reimer, Deputy Minister, Minister of Energy, Mines and Petroleum Resources
Board of Directors, AME BC