



President & CEO's Message

October to December 2011

While at the Northwest Mining Association conference in Reno, Nevada in November, I witnessed 'gold rush fever' and excitement in the mineral exploration and development potential of British Columbia. The word is out that B.C. is a great place to look for, and develop, new mineral deposits. And with an estimated \$450-500 million spent in 2011, last year could go down in history as a record breaker for mineral exploration expenditures in the province. Even with the turbulent global economic conditions and the prolonged permitting challenges that many AME BC members faced in 2011, this level of investment is significantly higher than the \$322 million recorded in 2010 and represents a level of spending not seen since the 1980s. In addition, B.C.'s share of the overall Canadian investment in mineral exploration is increasing as well. Today, thousands of people are working at more than 350 mineral exploration sites and 25 potential new mine projects spread throughout every region of the province. And there's a very real trend emerging with major mining companies returning to B.C., making venture agreements with junior exploration companies and undertaking advanced drilling programs. In 2011, for instance, an estimated one million metres were drilled in search of that very rare and special mineral deposit that just may develop into a viable mine.

In the fourth quarter of 2011, AME BC continued to advocate for the two-zone land use model and worked tirelessly to help protect mineral tenures, enhance security and ensure a fair market compensation process in the event mineral tenures are expropriated. We know that mineral exploration is the lifeblood for mining - its research & development. While explorers require access to large areas to search for elusive new deposits, actual mining in B.C. has used much less than one percent of the provincial land base, or an area smaller than Greater Victoria (540 square kilometres), and created well over \$600 billion in gross revenues. B.C. is vast and under-explored, covering over 944,700 square kilometres (or an area equivalent to 1,750 Greater Victorias; or put another way, larger than France and Germany combined), yet more than 40 percent of B.C. (an area almost equal to the size of the State of Montana at 380,838 square kilometres), is restricted in such a way that mineral exploration and resource development might never take place.

Members of AME BC understand that minerals are a public resource and that a mineable deposit is a rare and special gift, but increasing demands for protecting additional areas of B.C. by some well-funded, special interest organizations are further threatening land access for mineral exploration and development. Often, very little science or economics are applied to the land use decision. Of course, everyone is entitled to their own opinion, but not to their own facts. This is a serious public interest issue and the consequences are real. The province's mineral wealth and future economic development are at stake. Where is the reasonable balance? AME BC believes that more of the province's mineral lands should be protected by government to enable responsible mineral exploration and development. In the public interest, we must establish a deeper appreciation and a more common understanding of the value of minerals and their development to everyone's daily lives. Put simply, if we can't grow it, we need to explore for it and mine it.

This is why AME BC expressed its strong support of the B.C. government's \$30 million out of court settlement with Boss Power Corp in October and its move to resolve the consequences of the politically driven ban on uranium and thorium exploration in British Columbia. We appreciate the provincial government's clear signal and commitment to follow well-established permitting laws, including payment of fair market value, when mineral explorers are prohibited from working on their mineral tenure and reasonable compensation is therefore required. Fundamentally, as with the Flathead Valley decision, we believe bans on uranium and thorium exploration and the creation of de-facto parks without due process or public consultation are unsound public policy based on very little science or objective research.

During the last quarter of 2011, AME BC members were pleased to see that government had taken measures to fill the vacant regional geologist positions, which is a critical acknowledgement of the importance of having public geologists. We were also very pleased to see Steve Rowins hired as B.C.'s new Chief Geologist, replacing the now retired Dave Lefebure. The government also introduced Bill 19, which will provide the Chief Inspector of Mines more discretion regarding the determination of what work activities will require permits under the Mines Act. These amendments to the Mines Act will give the government the power to introduce regulations that would exempt some lower-risk activities from the permitting process. This approach should help reduce the regulatory burden on industry. AME BC understands that regulations will be developed in consultation with First Nations, industry and the public.

Of note, a discussion paper for B.C.'s proposed Natural Resource Road Act (NRRRA) was released this fall for broad public consultation. Knowing this, AME BC established an Ad Hoc Committee on September 15 to prepare for the NRRRA and opened communication with a broad coalition of concerned parties. You can see AME BC's December 15 submission to government about the NRRRA at www.amebc.ca/policy/Infrastructure/resource-roads.aspx. AME BC also understands that the B.C.'s Mineral Titles Branch continues to work towards an amendment to the Mineral Tenure Act Regulation scheduled for early spring 2012. The amendments will involve fees, annual work commitments and measures to ensure the appropriate use of a claim.

While we know that some very important challenges still need be addressed, particularly in land access and use matters, it's fair to say that since the spring of 2011, the B.C. government has taken a number of coordinated and proactive measures to address many of the challenges identified by AME BC, such as committing \$24 million to improving the permitting process, maintaining favourable tax incentives, committing \$12 million to Geoscience BC, adding public geoscientist capacity and beginning to address human resource challenges through joint initiatives with industry, aboriginal communities and educators. Fortunately, many urban, rural and aboriginal communities in B.C. are now progressively embracing mineral resource development as a means to build capacity, improve training, provide jobs and deliver financial independence and security. As such, throughout the fall of 2011, AME BC continued to strengthen relations with the BC First Nation Energy and Mining Council, and at the community level, AME BC staff members provided information and support to First Nations to enhance their understanding of mineral exploration and development opportunities.

In 2012, AME BC members will be considering a new set of bylaws for the Association to address issues relating to basic definitions and general governance matters. It is believed that these changes, while not major, will help with future succession planning, bring the bylaws up to date and provide more clarity and consistency between sections within the bylaws. AME BC will also be increasing its outreach and education efforts. One way we will do this is through continued support of regional exploration groups

and their outreach efforts. As well, we will be reaching out far and wide to help set a new five-year strategic plan for AME BC for the 2013 - 2017 period, starting with AME BC's 3rd annual Policy Forum to be held during Roundup 2012. And AME BC's 100th anniversary commemorative book, *Into the Mountains*, is scheduled to be sent to members as well as community libraries and schools in spring 2012.

With excitement, we expect over 7,000 people to join us at AME BC's flagship conference, Mineral Exploration Roundup from January 23 to 26, 2012 in Vancouver as we begin to celebrate the Association's 100th anniversary. The theme for Roundup is accordingly "Celebrating Our First Century of Global Discovery". Check out <http://www.amebc.ca/roundup/overview-2012.aspx> and see what makes Roundup the world's premier technical mineral exploration conference.

On behalf of the staff and board of AME BC, I thank all the volunteers and the 4,000 individual and 360 corporate members of the Association for their valuable contributions in building a more unified and successful mineral exploration and development industry in 2011. I look forward to seeing you at Mineral Exploration Roundup 2012 and beginning the Association's 100th anniversary celebrations!

Finally, please remember to have a safe day, every day wherever this message finds you.

Best regards,



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