

THE MINING ASSOCIATION OF BRITISH COLUMBIA

"The voice of mining in BC since 1901"

Will Budget Stimulate Mine Development?

February 21, 2006

Victoria BC -- Does this budget improve the condition for building mines? On balance, the mining industry thinks it will.

For ten years the priority for mining was to increase mineral exploration. We did that, hitting \$220 million in 2005, back to a level of investment needed to sustain the industry. The goal now must be to build mines. It is in that context that we measure this budget.

Six specific actions included in this budget that will encourage BC's mining industry are:

Taxation:

- Extension to the BC Mining Flow-Through Share Tax Credit
- Changes to colored fuel tax exemption eligibility

Infrastructure:

- The commitment to maintain provincial ownership and control of Vancouver Wharves

Training and Community Relations:

- Commitment to further supporting First Nations to take advantage of the opportunities associated with natural resource development in the province
- \$2 million for mineral exploration and mining training program
- \$50 million for a Natural Resources and Applied Science endowment to support research, sciences and engineering through grants and fellowships

Government Capacity:

- \$6 million to enhance capacity of the Ministry of Environment which encompasses building capacity of the EAO to address environmental assessments in a timely manner

Currently there are 25 mine development projects in the regulatory review process. The provincial objective must now be to find ways for as many of those projects to be built while the economic conditions, including strong commodity prices, are favorable.

Collectively these projects represent over \$4 billion in investment potential and thousands of new, high paying jobs throughout the province.

“We are pleased to hear the Minister of Finance specifically acknowledge the importance of mining to BC. National and International investors look for those signals, words of commitment and fiscal prudence, when assessing jurisdictional investment risk,” said Michael McPhie, President & CEO of the Mining Association of BC.

The budget will be disappointing to some who were hoping to hear news on funding for the construction of a new power line along highway #37 to serve the economic and social needs of communities in BC’s northwest while at the same time acting as a catalyst for mine construction in the area.

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