

Hon. Richard Neufeld, Minister of Energy, Mines and Petroleum Resources

**Toronto Investment Mission Luncheon
April 19, 2006**

Thank you very much and good afternoon everyone. I bring you greetings from beautiful British Columbia and thank you very much for taking the time out of your busy schedules to be here with us today.

My mission here in Toronto – along with 14 B.C.-based mining companies and their executives, along with Chief Jerry Asp of the Tahltan First Nation – is to talk to the Toronto business community about opportunities in British Columbia mining. This is the second “Investment Trade Mission” that the ministry has embarked upon along with industry. The first one was two years ago to London and I can assure you this will not be the last investment and trade mission that we will have.

Mining has always been a huge opportunity in the province of British Columbia with over 100 years of activity. Sadly, during the 1990s, investment and job creation by the industry was discouraged by high taxes and an inhospitable government.

That, folks, has changed. It changed in 2001 with the election of a new government and a re-election in 2005 of the B.C. Liberal party led by Premier Gordon Campbell. And the Premier sends his best wishes along to all of you.

When he appointed me as Minister of Energy and Mines in 2001 and again in 2005, he instructed me to revive the interest in mining and mining investment in the province. And so we started out on that journey by doing a number of significant things. We knew that taxes, red tape and access to land were barriers to investment.

On the positive side, B.C. has great geology, a good cluster of exploration and mining professionals and still has many mining company head offices.

Our job was no small task, but along with both the Mining Association of British Columbia and the Association of Mineral Exploration of B.C. and individual companies, we began the job of instilling confidence once again in British Columbia. And it is working – in five short years, investment and confidence in B.C. has returned in spades.

Obviously, high commodity prices have helped enormously, but those commodity prices are world-wide and investment capital will almost always migrate to where the best returns are. So not only high commodity prices are required to attract investment, but also a hospitable tax, sound regulatory regime and stable government needs to be in place.

Check Against Delivery

So let me briefly state some of the things we did as a government to attract investment. First off, taxes:

- We lowered the corporate tax rate to 12 per cent.
- We eliminated the capital tax.
- We eliminated the sales tax on machinery and equipment for the mining industry, saving tens of millions of dollars for the industry.
- We lowered personal income tax to the lowest of any Canadian jurisdiction for the first \$85,000 of earnings.
- And, we instituted the ‘flow through’ shares till the year 2015 and we are working with the federal government to increase that again to the ‘super flow through’ shares.

Regulations:

- We reduced or eliminated 38 per cent of all needless red tape across government.
- We instituted the two-zone system. One zone as a ‘no go’ and the balance open to exploration.
- We created MapPlace – an online geological database for B.C. recently recognized as the best in the world by the Fraser Institute.
- And we created Mineral Titles Online, a first in Canada and yes - very, very successful.
- And we created a Mining plan. Another first for B.C. to help guide the industry over the next decade.

I’m proud to have with me today Chief Jerry Asp of the Tahltan First Nation, from northwestern British Columbia. You’ll be hearing from Jerry a little later. Jerry and I actually have a bit of history together – we attended high school in northeastern British Columbia together and got to know one another at that point. Never did either one of us dream that he would at some time be a chief of the Tahltan Nation and that I would be a minister, but here we are today together to talk together about the benefits of mining across the province of British Columbia and the benefits in mining for First Nations.

Check Against Delivery

Premier Campbell has worked very hard with First Nations in the province of British Columbia. He called it the “New Relationship” and we’re moving forward on that. That’s a trust fund of \$100 million put in to First Nations Trust to actually start building capacity in First Nations to deal with all the things that are happening with the land base across the province of British Columbia. It is in its infancy, but I am sure it’s going to work.

So we should just briefly review the results of just some of the things we have done to re-encourage the industry back to British Columbia:

- Exploration spending has increased from \$29 million in 2001 to \$220 this past year, an increase of over 660 per cent.
- B.C. is once again a global leader in exploration in mining. We are the world’s #1 cluster of exploration and mining professionals – 61 per cent of Canada’s mining companies are B.C.-based.
- There are now more B.C.-based TSX mining companies than Toronto-based mining companies on the TSX.
- In 2005, B.C.-based companies raised \$3.2 billion – 24 per cent more equity capital than Toronto-based companies at \$2.6 billion.
- We have attracted several large companies to locate their offices in British Columbia. To mention a couple of them: BHP Biliton and DeBeers.
- Over 650 exploration projects, up 38 per cent from just last year.
- Mineral tenures up about 400 per cent from 2004.
- The number of major exploration projects with budgets in excess of \$100,000 is up 200 per cent.
- Number of exploration project with budgets in excess of \$1 million is 43.
- The number of new mineral discoveries in 2005 was 28.
- 17 projects are now in the environmental review process. When we entered government in 2001, there was zero. None.
- And there are 20 significant projects happening in the province.
- Two mines reopened: Gibraltar and Mount Polley.
- There are about 4,000, plus, seasonal exploration jobs in the province now with over 10,000 permanent jobs in the mining industry.
- One of the safest industries that we have in the province today is the mining industry.

Check Against Delivery

- Our exports to China are approximately \$1.3 billion this last year. And, we should remember, we are the Pacific province. Our ports are close to China and we have great geology - that should work together very well.
- \$2.3 million investment in training this year alone just from my ministry.
- Three new coal mines in the last two years opened in the province with one more opening this coming year.

And we have a new model for geoscience – we call it Geoscience BC. It had an investment of \$25 million from the Province of British Columbia and it has an independent board that decides where that money is spent and how it should be spent, in conjunction with industry. I believe that is working very well and that is an initiative that I don't think has taken place anywhere else.

So far, the results have been great: average unemployment in the province of British Columbia is about four and a half per cent.

These, folks, are just some of the things this government is doing to encourage mining and investment back into the province and we have only just begun.

We will continue to be innovative and open to all sorts of ideas on how we can attract more investment to British Columbia.

To work with industry, investment companies, First Nations, people in the province - to actually continue to grow this industry - which is an industry that's going to be around for a long, long time.

All of you know that all the things that are mined – regardless of where you mine them, but we are talking about British Columbia – we use in our everyday life, from the time we get up in the morning until we go to bed at night and even while we are sleeping. They are important to our life blood, they're important to the Province of British Columbia; in job creation. In wealth creation for the province so we can continue to provide much needed health care and education to people that live in B.C.

So we're shamelessly here to ask and to bring to you – from speeches from other individuals about the benefits of being in British Columbia – why we would encourage you to invest your dollars in British Columbia.

Before I close, I want to thank the companies that are here, but also the companies that are not here that have invested in British Columbia: Because they've shown confidence in a short period of time.

Check Against Delivery

If you think about no investment happening in mining in the Province of British Columbia to speak of for 10-years, and then in the last three years to see the investment that we've seen in the Province of British Columbia, it shows that the mining industry has great confidence – again – in the province and that's because of commodity prices, because we have great geology and we have actually a government in the Province of British Columbia that encourages mining and wants mining in the Province of British Columbia because we recognize it as something that's very important to our province.

So, thank you very much for coming out today. I appreciate it and I hope that you have a good afternoon.

Thank you.

- 30-