

Mining Report



November 2006

IN THIS ISSUE:

- ▶ Minister's Message
- ▶ Wolverine is open for production in Northeast B.C.
- ▶ Report on Ottawa Trade Mission
- ▶ It's about sustainability at the 2nd Annual Coal Forum

COMING EVENTS

- ▶ China Marketing and Investment Mission, November 13-21, Beijing, China
- ▶ 2006 Sustainability Workshop and Award Ceremony Banquet, November 28, Vancouver, B.C.

WOLVERINE IS OPEN FOR PRODUCTION IN NORTHEAST B.C.

Flanked by dignitaries, Minister of State for Mining Bill Bennett was on hand to celebrate the official opening of the Wolverine Coal mine, located near Tumbler Ridge, B.C.

Despite a blustery and menacing sky, the official opening of Wolverine by Western Canadian Coal Corporation provided a great backdrop for what will be numerous years of operation and job creation for the area.

Over 200 invited guests were on the site, including those from federal, provincial and municipal offices, First Nations representatives, customers, key suppliers, and the general public toured the Wolverine mine during the ribbon cutting ceremonies. The facility at Wolverine is the first of its kind built in Canada in more than 20 years.

This state-of-the-art facility will employ over 250 full-time high paying jobs over 11 years of the life of the mine with the company investing up to \$116-million to get the mine operational.

Wolverine is composed of two rich deposits of hard coking coal: Perry Creek Pit and EB Pit. It's expected to produce 1.35 million tonnes of hard coking coal in the company's fiscal year ending March 2007.

"Wolverine" continued on Page 4 ▶



Minister Bill Bennett flanked by dignitaries at the official opening of the Wolverine Coal mine; just east of Tumbler Ridge, B.C.

From left to right: Gary Livingstone, P.Eng., President & CEO of Western Canadian Coal Corp.; Jay Hill, MP Prince George-Peace River; Shoichiro Yonezawa, President of Mitsui-Matsushima Co., Ltd., Tokyo; Bill Bennett, Minister of State for Mining; John Byrne, Chairman of Western Canadian Coal Corp.; John Hogg, Chief Operating Officer of Western Canadian Coal Corp., and Blair Lekstrom, MLA Peace River South.

(Photo credit: Western Canadian Coal employee, Victor Zhang, and Western Canadian Coal Corp.)

MINISTER'S MESSAGE

It's been an incredibly busy fall for me. During the month of October I was fortunate to do a bit of travelling in the province and showcase some of the accomplishments in our vibrant mining industry. Ottawa was also on my list of places to visit as I led a Mining Trade Mission to meet federal ministers and officials – but more on that in a moment.



Honourable Bill Bennett
Minister of State for Mining

As many of you may know, on October 6 I attended the opening of the Wolverine Coal Mine, which is located northwest of Tumbler Ridge. Western Canadian Coal Corporation will be operating the mine. Their goal is to be the lowest cost producer in B.C. This is yet another example of our province's success in the mining sector, and it highlights the importance of our coal industry as a vital part of our robust economy.

Also in early October, I led a Mining Trade Delegation back east where we met with federal officials in Fisheries, Natural Resources and the Environment. Specifically, we wanted to talk about where we see overlapping jurisdictions between the federal and provincial governments.

"Minister's Message"
Continued on Page 4 ▶

DID YOU KNOW?

- ▶ **FrontCounterBC provides information services across the province on topics like natural resources, accepts applications and fees for up to 100 permits, licenses, tenures and related authorizations. Visit www.frontcounterbc.gov.bc.ca online or call toll-free 1-877-855-3222.**
- ▶ **MapPlace is an interactive, database-driven, web-based map site that allows users to define map views, print or paste information into other graphic programs, and create reports and downloads of geoscience data. Check it out, www.MapPlace.ca**
- ▶ **61 per cent of Canada's mining companies are based in B.C. They utilize geologists, engineers, prospectors, metallurgists, assayers, lawyers, accountants, and financiers.**

REPORT ON OTTAWA TRADE MISSION

The federal government and B.C. must agree to try to harmonize and accelerate processes for approving new mining ventures in B.C.

That's the message Bill Bennett carried back to B.C. in early October after two days of meetings with representatives from the Federal government in what Bennett is hoping will be an accelerated process for mining opportunities.

"We've an unprecedented opportunity to gain from the opening of new mines, to share the wealth and the new jobs that go along with these new deposits as they are developed," Bennett said from Parliament Hill in Ottawa. "But we need to get these mines built while commodity prices are strong."

Of the 52 major mining projects in the country right now, 25 of them are in B.C. These projects are worth more than \$4 billion in spending to the province.

Some of the projects are at risk as it can take several years to obtain approvals from two federal

ministries – environment and fisheries. The B.C. Environmental Assessment Office is expected to decide within 180 days of accepting an application, but the federal process has no such timelines.

The B.C. delegation and federal ministers, and officials have agreed to set up a working group with representatives from both levels of government to streamline the permit process, avoid duplication and overlap. Both groups said they are optimistic they could make progress without undermining environmental standards.

Minister Bennett wants to continue attracting international investment to B.C.'s mining industry, but says we must create some certainty that people will be given a fair shake. Investors must know their projects won't be held up unnecessarily.

"We are not saying we're going to shortcut the review process or lower our environmental standards," Bennett added. "We're just saying the process of the federal reviews needs to

be less cumbersome. Projects are often asked exactly the same questions by both levels of government in two different processes; that doesn't make a lot of sense. It's not a good use of taxpayer resources, and it holds up projects."

Gross revenues from B.C.'s mining industry have increased by more than 35 percent to over \$6 billion in 2005 and according to the B.C. Mining Association companies expect to create 4-5,000 jobs in the province over the next three to five years.



While in Ottawa, Minister Bill Bennett (far right) meets with Prime Minister Stephen Harper and Kootenay-Columbia MP Jim Abbott

DID YOU KNOW?

- ▶ In 2005, mineral exploration expenditures surpassed \$220 million with more than 650 projects in B.C.
- ▶ In 2005, companies raised \$3.2 billion in equity capital for mining, or about 50 per cent of the total equity raised for Canadian listed exploration companies.
- ▶ B.C. is one of the world leaders in developing and using new exploration and mining technologies both at home and abroad.

IT'S ABOUT SUSTAINABILITY AT THE 2ND ANNUAL COAL FORUM



It was up to Chetwynd for Minister Bennett to attend the 2nd Annual Community Coal Forum on October 20th where the Minister addressed an audience of approximately 100 guests, including elected officials, industry reps, First Nations and government agencies.

Sustainability was the theme of this year's forum and Bennett emphasised that coal mine development will be economically and environmentally sustainable in northern communities if it's done properly.

That was one of the messages Bennett brought to Chetwynd, where there are significant coal reserves to be tapped into. Roughly 20 billion tonnes of coal deposits exist in B.C. today, with about eight billion of it in the northeast part of the province.

The minister said coal mining accounts for about 30 percent of the B.C. mining industry and has the potential to play an even bigger role for the economy of the province. Communities like Chetwynd and Tumbler Ridge need to diversify their economies

through industries such as coal mining, in addition to oil and gas and forestry.

An ongoing challenge for the coal industry is fluctuating prices for the various types of coal. Past experience in the northeast taught us that operating costs, such items as strip ratio's and transportation rates, are the key to long term success.

The mature coal industry in the southeast has worked for decades to keep its costs in check - in other words, competitive. The emerging coal industry in the northeast will have to do the same. Western Canadian Coal's goal of being the lowest cost producer in B.C. is bang on.

The other major concern that came out of the conference is the industry's need for skilled workers. Dan Jepson, President and CEO of the Association of Mineral Exploration BC, spoke at the conference and highlighted both the opportunity for good jobs and the challenge of filling those good jobs - especially in the hot economy of B.C. today. The minister related to the

attendees the government's pledge to create 25,000 new post secondary spaces by 2010 and the recent announcement that a higher share of these new seats will be for trades training. Today, B.C. has 17,000 more apprentices working than the province had in 2001, so progress is being made.

Minister Bennett also told the conference that the province is working closely with the federal government on some changes to immigration and temporary foreign worker rules that will also help. The ministry continues hosting its Mining Rocks: Career and Job Opportunities Tour 2006, linking job seekers with employers. Job fairs that target the mining sector as well as the oil and gas sector are turning out to be a huge success. News from some of the job fairs show workers being hired on the spot to work for companies like Ledcor, Western Canadian Coal and First Coal Corporation.

B.C. is second only to Australia when it comes to being an exporter of coking coal.

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MINISTER'S MESSAGE (CONTINUED FROM COVER)

The Hon. Jim Abbott, MP for Kootenay-Columbia, realizes the need for full cooperation between various levels of government and has been working with me to establish a system which would initially focus on B.C. and eventually could be used across the country. I will keep you posted on our progress.

I travelled to Chetwynd on Oct. 20, where I spoke to the Northeast Community Coal Forum. This was the second annual forum that was held, and it's a great opportunity to talk about our vibrant coal industry and the enormous opportunities it provides people for investment and job prospects. This year's theme was sustainable communities and the coal industry has helped rural communities in B.C. enjoy a good lifestyle for decades.

I'm off to China in November to attend the 2006 China Mining Congress in Beijing. It's going to be a fantastic opportunity to highlight our mining sector and to demonstrate to Chinese investors that we welcome their investment in it. This trip is also one of the key elements to our government's Asia-Pacific Strategy that will see more investment and greater trade opportunities with not only China, but India as well.

In next month's newsletter, I'll give you an overview of how the trip went.



WOLVERINE (CONTINUED FROM COVER)

Testing of coal samples indicates a high quality at Wolverine, which meets or exceeds expectations derived from earlier, pre-production tests conducted by steel mills worldwide.

The long-term plan for the mine is to produce the material and then deliver it to Prince Rupert's Ridley Terminal and onto customers in India and China. China, in particular, has a thirst for steel, as their economy moves forward at a demanding rate. Other ports of call for the coal will be destined for a major steel mill in Eastern Europe.

Coal transportation charges also benefit the regional transportation network, supporting the operation of not only Ridley Terminal, but also for the BC Rail line. First Nations and local communities have indicated a high level of support for this project.

The Northeast has an abundant supply of high-quality coal, enough to support potential production in excess of 25 million tpa. Realizing that potential, which could be achieved in the next 10 years, will establish the northeast as a major new source of high-quality coal.

Western Canadian Coal was founded in 1997 and its current focus is bringing high quality, low cost assets in northeast B.C. into production.