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## Exploration & Development in BC Messages, Background & Benefits

### APRIL 2017

Exploration, discovery and development of mineral and coal deposits is the lifeblood of mining. Between 2010 and 2016 over \$2.7 billion was spent exploring for, and discovering additional mineral and coal resources in the province.

Early-stage exploration leading to new discoveries is the future of the multi-billion-dollar mining industry.

Exploration and development is an important contributor to economies throughout BC. There are 800 global mining and exploration companies with headquarters in BC's urban areas where the majority of the money for exploration is raised. But the vast majority of the money is spent, and local employment opportunities are created, in more rural areas and remote communities in BC and around the world.

Vancouver is renowned as a global centre for mineral exploration and development; the companies headquartered here explore throughout BC and around the world. These companies depend on the extensive network of service firms – from legal and audit to engineering and environmental – and suppliers located throughout the province.

The mining industry is currently recovering from a five-year downturn in commodity prices and capital markets. During this time, many companies were unable to raise the capital necessary to explore and develop new mineral deposits and the \$205 million spent on exploration in the province in 2016 was the lowest since 2005.

*2017 is the time for the Province to affirm competitive policies and take steps that encourage exploration for a strong economic future for every region of BC. You can help to advance this goal by supporting candidates that recognize the*

*importance and benefits, both provincially and internationally, of BC being the global centre of the exploration and development industry.*

### **Successful exploration and development needs:**

- ❖ **access to land:** as much of the land base as possible needs to be open to low-impact and temporary exploration to increase the opportunity to find valuable mineral and coal discoveries that benefit everyone.
- ❖ **access to capital:** a strong investment climate is the foundation of attracting new exploration investment.
- ❖ **effective and efficient permitting:** from the initial exploration stage through to environmental assessment of late-stage projects, clear rules and effective project reviews that balance economic and environmental objectives and reasonable timelines support exploration and development.

### **Support a candidate who:**

- ❖ *clearly and publicly affirms that land in BC should be kept open to provide the opportunity for explorers to discover a new deposit.*
- ❖ *sees the need to create certainty of access to land to conduct temporary, low-impact exploration for valuable mineral and coal resources.*
- ❖ *will work to attract investment for exploration and development.*
- ❖ *understands that a thriving exploration and development industry provides British Columbians with a wide variety of well-paying jobs in urban and rural areas, including aboriginal communities.*

## SUCCESSFUL EXPLORATION REQUIRES:

### ACCESS TO LAND

Economic mineral and coal deposits are hidden and rare. Exploring for new deposits is expensive and is not always successful. The industry needs access to large tracts of available land to have the best opportunity to make new discoveries.

Provincial lands are subject to all provincial and federal regulations and policies. Nevertheless, ongoing discussions around local, regional and First Nations interests have led to withdrawals and restrictions, eroding the overall land base available for mineral exploration and development in BC by 10% each decade since the early 1990s. In early 2016, these additional restrictions covered over 50% of the land base:

- ❖ **18%** of the total land base in BC is closed to exploration and development.
- ❖ **33%** of the land in BC is open but subject to overly restrictive conditions beyond the regular precautions and environmental safeguards.

Land access restrictions reduce the opportunity of explorers of finding new valuable deposits and sources of economic development for British Columbians. Also, land access uncertainties and restrictive conditions significantly deter investment in BC's exploration and development industry.

It is also that third party interests are fully considered in any discussions of withdrawals or restrictions of the land base.

***Support a candidate** who clearly and publicly affirms that land in BC should be kept open for explorers to conduct temporary, low-impact exploration for valuable mineral resources.*

### ACCESS TO CAPITAL

British Columbia has a long history of exploration, development, and mining and Vancouver is a hub for national and international exploration and mining companies. Having evolved from humble beginnings, the province is renowned as a global centre of excellence for exploration, mining, and mineral production.

BC is the host to some 800 public and private exploration and mining companies; **58%** of the mineral exploration and mining companies listed on the TSX and TSX Venture Stock Exchanges are headquartered in BC. The sustained strength of these listings means that BC is developing and building local expertise, creating local demand for goods and services, and supporting thousands of family-sustaining jobs in both aboriginal and non-aboriginal communities. In fact, the largest "mining town" in BC is Vancouver.

Exploration is a competitive, global industry. A significant proportion of global exploration is done by junior companies. Further, recent research showed that 71% of all major discoveries in Canada over a ten-year period to 2014 (Schodde, 2014) were made by juniors. These exploration-focused companies have no revenue to fund their exploration activities, so they must raise money from investors.

Flow through shares and the BC Mining Exploration Tax Credit (BC METC), combined with federal tax credits, are important incentives for British Columbians to invest locally instead of internationally.

However, positive land access policies and regulations, coupled with an effective permitting regime that demonstrates projects can be advanced efficiently, without undue roadblocks are the foundation of an investment climate that attracts and supports exploration and development.

Now, as markets are beginning to return for the industry, there is a real opportunity for government to support policies and take further steps to support the exploration industry and ensure the province and nation thrive in a highly competitive global environment.

***Support a candidate** who will work to attract investment in exploration and support the vision of a prosperous and sustainable future that benefits British Columbians.*

***Support a candidate** who also understands the importance of tax incentives like flow through shares and BC METC, combined with federal tax credits, that keep investment dollars in BC.*

## **EFFECTIVE & EFFICIENT PERMITTING & ENVIRONMENTAL ASSESSMENT**

Investors are attracted to a jurisdiction with an effective regulatory regime where exploration projects can be advanced efficiently, without undue delays or roadblocks.

Since 2011, there have been improvements to timelines for approval of Notice of Work applications for exploration permits. Continuing improvements in this area would decrease costs, increasing the opportunities to make new discoveries.

In 2016, the Province extended an exemption for explorers to require a water use permit under the Water Sustainability Act. If this exemption were made permanent, it would be a positive sign for the industry.

The Canadian environmental assessment process is currently being reviewed by the federal government. It is essential that industry and the BC government work together to ensure that changes are reasonable and workable for projects in BC.

***Support a candidate** who understands and supports clear, effective rules that advance the*

*ability of companies to explore and develop deposits while protecting the environment.*

## **BENEFITS OF SUCCESSFUL EXPLORATION:**

### **ECONOMIC DEVELOPMENT**

Sustained investment in exploration is the only path to successfully discovering and developing new deposits that result in new mines.

Exploration and development is central to BC's export driven economy, spurring positive regional socio-economic activity. The industry provides thousands of family-sustaining jobs, produces the commodities that we use every day and contributes hundreds of millions of dollars every year to support education, health care and social services.

A government that invests in the exploration industry for project permitting and oversight, financial and tax incentives and funding of geoscience for exploration will see activity taking place in every region of the province and more jobs and economic growth for remote and rural areas.

***Support a candidate** who welcomes the economic contributions that the exploration industry makes to community, regional and provincial economies and will take steps to keep the industry competitive.*

### **JOBS**

Exploration and development offers entry level and highly skilled careers, employing **6,000** people in all regions of BC. The industry will need to replace up to **33%** of these workers over the next ten years.

Diverse job opportunities exist in geology, prospecting, geophysics, geochemistry, drilling, environmental science and engineering, as well as a number of entry level jobs.

Exploration is time-consuming and expensive; therefore, the industry develops and uses innovative technologies that drive discovery of the highest quality deposits. The result is well-paid, knowledge-based jobs can be found throughout the province.

Education and skills training take place at universities and colleges across the province.

Additionally, BC has eight regional exploration and development groups who work to support the industry. These groups have partnered with the Province, colleges, First Nations and others to train new explorers.

Examples include:

- ❖ the Northwest Community College and Smithers Exploration Group for job-ready skills;
- ❖ Prince George Exploration Group training for local and First Nations mineral prospectors;
- ❖ education and training scholarships offered by the Kamloops Exploration Group; and
- ❖ annual prospecting course hosted by the Chamber of Mines of Eastern BC.

The industry in Canada also has an excellent safety record. The injury rate is 1 incident per 230,000 hours – a better-than-average incident frequency compared with other Canadian industries (AME-PDAC data compared with data from Association of Workers Compensation Boards of Canada). In fact, the average worker can expect to have a full career in exploration without a lost-time injury.

***Support a candidate who understands that a thriving exploration and development industry will provide a wide variety of safe, well-paying jobs in both urban and rural areas throughout British Columbia.***

## **ABORIGINAL PARTICIPATION**

The exploration and mining industry is the largest private sector employer of Aboriginal people in Canada.

Exploration and development activities primarily occur in remote regions. Participation of local people in exploration work is a priority for the industry, and this commonly means people from the nearest Aboriginal community.

The 2016 AME-Ernst & Young-BC Ministry of Energy and Mines exploration survey indicates that 25% of employees working at BC exploration projects are First Nations. This is significant when compared to the overall BC labour force which is made up of 5% Aboriginal people.

All exploration projects in BC are referred to First Nations for review. Exploration companies also actively engage the people on whose traditional territories they are exploring. This work has important benefits to the community. There are at least 55 agreements between Indigenous communities and exploration or mining companies in BC, ranging from impact and benefit agreements for advanced projects to surface lease agreements.

***Support a candidate who understands that a strong exploration and mining industry will contribute to Aboriginal peoples' employment opportunities and provide economic activity to sustain rural communities.***