

# Future is bright for B.C. mining sector

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The success of the B.C. mineral exploration and mining industry is something all British Columbians should be proud of. Encompassing the largest part of the Canadian Cordillera — a mountain belt rich in minerals and coal — B.C. produces and exports a significant amount of copper, coal, gold, silver, lead, zinc, molybdenum and other industrial minerals every year.

In 2008, the mining industry generated over \$8 billion in revenues, and, over the past five years, has paid over \$2 billion in taxes to government. This economic activity has created jobs and helped to pay for the important programs and services that British Columbians count on.

Unfortunately, the mining industry in B.C. is currently experiencing a period of economic uncertainty. The global economic slowdown has put downward pressure on commodity prices. This, combined with tight credit markets, has decreased investment in mineral exploration activities. In addition, higher costs for labour, energy and materials and a strengthening Canadian dollar have impacted profitability.

In looking ahead to what the next decade may hold for the mining sector, there are four fundamentals that tend to emerge when considering what the future of the industry might be:

• **Commodities:** The minerals produced by the mining sector in B.C. will continue to be needed by society. Metallurgical coal, B.C.'s most valuable mineral commodity, will continue to be in high demand from emerging markets in Asia. In addition, the markets for copper, molybdenum, zinc and industrial minerals, including aggregates, all look promising into the next decade. Gold and silver, the two commodities that have performed well throughout the recession, will remain important to investors and will spur exploration in the province.

• **Supply:** There is a limited number of known major mineral deposits that are economically viable in politically stable regions of the world. These supply constraints, as demand increases, will put significant upward pressure on long-term prices. B.C. is endowed with rich mineral potential and a reasonably stable policy environment. This should encourage further investment into the province.

• **Social licence:** Increasing expectations and scrutiny by the public, interest groups and investors, combined with stronger government regulations, mean that companies must not only meet but, in many cases, exceed environmental and social performance standards. Companies that are willing to embrace this challenge head-on will thrive in the coming years and those that do not will find it more and more difficult to do business in B.C. and around the world.

• **International Activity:** There are some 800 junior mining companies that call B.C. home and operate in some 65 countries around the world. The B.C. mining industry also employs

thousands of people in the service, supply and manufacturing sectors and those are areas in demand both here in the province and from organizations operating in every region of the world. Steps should be taken to better understand and support this part of the sector. These are high paying value-added jobs and these are companies that contribute tremendously to the vitality of the province.

Of course there are risks in B.C., particularly when it comes to investor confidence. For example, despite significant exploration spending over the past six years, and a large number of major projects entering the permitting process, there has not been a major new mine opened in B.C. since 1996.

The reasons for this range from delays in permitting, uncertainty around first nations land claims and consultation requirements, to a lack of needed infrastructure, particularly power.

However, the overall prospects for mining in B.C. are positive. It requires government, community leaders and industry to work together to address the key issues that will facilitate positive economic development and improve B.C.'s investment attractiveness.

At the end of the day, the mining sector in B.C. represents an economic cluster that is the envy of many other regions of the world.

*Special to The Sun*

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