

Northern Interior Mining Cluster Muster

November 26, 2008

Coast In of North

3:30 p.m.

Introduction:

Kevin Neary, Acting Chair of the Northern Interior Mining Group and CEO, Mackenzie Hose and Fitting, introduced the Northern Interior Mining Group Leadership Committee and 16-97 Economic Alliance Chair, Susan Stearns, purpose of the organization:

- Identify regional issues, collaborate, develop and implement strategic solutions with the goal of increasing the range of regional services/ products to support mining development in north central BC and elsewhere.

Northern Interior Mining Group:

Fraser Deacon. Fraser works with 16-97 Economic Alliance and currently facilitates the mining cluster implementation since April 2008.

Fraser provided an overview of Industry Cluster Identification Project (December 2007), and position of mining as an emerging regional cluster, and background of the April 2008 Mining Cluster.

Clusters have been found as early as the 1800's. Porter's theory from the 1990's defines clusters as co-located and linked industries, government, academia, finance and institutions for collaboration.

A cluster initiative is a structural means for business to retain, expand and grow a local region's comparative advantage.

Cluster initiatives are especially important in the global economy and require businesses to think strategically, develop working relationships adaptable to changing global economies.

Cluster initiatives are thriving in Europe and America, and important in Alberta/ Saskatchewan, but are new here.

Spent time identifying each respective business and role supporting the NIMG cluster initiative:

- Core—Businesses that lead participants in the cluster (I.e., Manufacturing/ services related to mining)—source income from beyond the region--pull wealth into the region—businesses are large to "sme"

- Support—Businesses that directly or indirectly support the businesses e.g., supplier, providers of debt, accounting, etc.
- Soft support—community reps; schools (CNC, UNBC, high schools), associations, edo's.
- Hard support infrastructure—supporting infrastructure—roads, ports, communication links

Participant attendees represented the following: 12 core, 12 support, 10 soft and 0 hard.

Reviewed process of mining cluster development and implementation moves through the stages of assessment, mobilization, plan development and implementation:

- The Alliance contracted Meyers Norris Penny to assess north central BC through a cluster study (December 2007). Nine potential clusters were identified; due to funding availability, mining has been identified to move forward quickly
- Based on the discussions at the April 29th workshop, the focus for mining has been further narrowed to a core: manufacturers and mining-related services
- Developed a Northern Interior Mining (NIMG) Group assembled to move from assessment to mobilization stage
- Ground rules for NIMG are developed
- Cluster initiatives industry defines direction and priorities for moving forward
- NIMG Leadership Group established a future whereby:

The “Northern Interior Mining Group” believes north central BC can be the regional goods and service hub to support and increase manufacturing, fabrication and services related to mining.

Short term:

- Identify regional manufacturers and service providers in an eight (8) Chamber region, develop promotional tools to increase awareness of regional manufacturers/ fabricators and service providers for mining: (e.g., Develop a Directory, a website) so that mine developers, procurement agents, and mine maintenance personnel know who and where regional services are located to support mine development;
- Increase regional awareness of mine procurement processes and contacts; and
- Increase awareness of mine human resource requirements to enable mine development to grow and prosper.

Long term:

- De-electrifying the Province: Regional issues have arisen over the Province's desire to remove power transmission lines to the Kemess Mine. The Group

believes developed and invested infrastructure of this kind should remain to enable and support other industrial and community developments

- Highway 97 infrastructure development especially north of Prince George is an important business development priority. Many regional businesses provide support services to Northeast BC (Ft St John/ Chetwynd/ Tumber Ridge), but business decisions have shifted to western Alberta because the highway 97 highway system is comparatively poor. The NIMG believes highway 97 needs improvement for the benefit of all British Columbians.
- Mine approval permitting processes are slow, poorly understood, and inefficient. Serious consideration is required to improve decision timelines so communities, businesses, and investors are able to make better decisions.

Next steps: A third-party researcher has been hired to identify regional business able to provide goods and services for mine development

Reviewed business issues that are challenges for mine and business development identified April 2008 were:

What are some of the key issues affecting that industry?

- Broad based industry and industry knowledge is limited in this area
- Cyclical nature of industry
- Goods/services suppliers are limited – building a supply chain in the region
- Infrastructure – electrification and transportation
- Difficult to get past ‘competitive line’
- Connecting with decision makers
- Regulatory and political issues
- Stakeholder engagement and consultation, including with Aboriginal organizations
- Labour market

During September-October 2008—business reps attending April 2008 were asked to prioritize business issues as it relates to them:

Top 4 – 5 business priorities:

1. Connecting with decision makers (8 of 10 ranked as very important)
2. Broad-based industry and industry knowledge is limited in the region (6 of 10 ranked as very important)
3. Stakeholder engagement and consultation, including Aboriginal organizations (6 of 10 ranked as very important)
4. Regulatory and political issues (6 of 10 ranked as very important)
5. *Based on the NIMG Leadership Group—Added a 5th....Finances*

Each table was asked to pick an issue

- How do we connect with decision makers?
- How do we increase our regional mining industry knowledge?
- How do we engage with Aboriginal organizations?

- How do we deal with regulatory issues?
- **How do we deal with financing challenges?**

Table Questions: What do we need to do to overcome the “issue”? Who needs to be involved? Why is the issue important for to your business, to mine development, and the NIMG?

How do we do with the current financial melt down challenge?

Commodity speculation is an issue

Media’s perception

- Solutions:
- Reduce costs
 - Improve regulatory/ permitting process
 - Involve the media with business communication
 - Match stock price with regulatory processes

How do we do with the current financial melt down challenge?

What Not possible to over come the issue

- Establish and build a cluster—working relationships is key—be in a position to capture the opportunity when things improve
- International demands will occur from India and China
- Mine approval process must improve—federal, provincial jurisdictions
- Cost escalation, poor management practices kill opportunities
- Financing is a function of cost—get rich quick mentality is an issue
- Local suppliers must be diligent
- Reduce regulatory uncertainties = Strengthened finance chance
- Be in a position when cycle is good

How do we connect with mine decision makers?

Who Stay away from human resources and deal with mine principals

Identify the key decision makers—project managers, procurement specialists

What Set-up face to face meetings rather than work virtually

Work to establish long-term relationships

Provide company profile and what makes our operation different

Follow-up

Follow regulations and work safely and productively

How do we engage with Aboriginal organizations?

Understand the multiple jurisdictions

Understand the interests of aboriginal interests are

Provide good opportunities for communication and build productive relationships

May need to find an aboriginal champion

How do we increase our regional mining industry knowledge?

By knowing who the players are (core, support, soft, etc.)

What Need to expand our tracking of core businesses to include soft, support and hard, etc.

Who Increase knowledge of mining within the region with schools—
Kamloops has a an effective initiative

Why Important to increase awareness to generate community support—to raise awareness of regulations and new and improved ways to develop mines

How do we deal with regulatory issues?

What Overcome representation
Streamline process to remove redundancy
Work with governments to streamline

Who—First Nations, Policy makers, Governments—municipal, provincial, federal

Why—Cost time and money

NIMG: Could hinder growth
Acts as a resource by working through regulations

Fraser described that the NIMG would work to re-connect with business on a bi-annual basis—bring procurement specialists forward and after the completion of the regional database project (Spring 2009)

Gibraltar Mines, Stephen Anderson

Kevin Neary thanked Stephen Anderson and participants and the meeting was adjourned until Spring 2009.