

Chasing Prosperity

Ottawa has already said "no" to Taseko Mines' Prosperity project, but the West Coast company plans to persevere with its massive gold play

In this four-part Full Disclosure series, *Business in Vancouver* takes a closer look at Vancouver-based Taseko Mines' proposed Prosperity project, the fate of which will have a huge impact on B.C.'s mining industry. The company says the \$800 million mine would stimulate billions of dollars in economic activity in a part of the province badly in need of it, but Ottawa rejected the project citing environmental concerns. In the first instalment of the Chasing Prosperity series, *BIV* takes a trip to the Fish Lake site of the mine to get a first-hand look at that environment.

By Joel McKay

Fish Lake: map in hand, **Tom Broddy** trudges through the snow with a look of renewed determination.

He jabs a finger at the map and explains that it would take a failure of "catastrophic" proportions for the Prosperity mine to cause any significant damage to the environment.

But that mine might never be built; Ottawa has rejected its proposal.

As a result, the work crews and environmental consultants have all left Prosperity and its neighbouring Fish Lake.

Even the First Nations are nowhere to be found.

Amid the snow and howling wind, the only signs of prosperity in that shallow Cariboo-Chilcotin valley are the few stands of trees that have managed to survive the widespread destruction of the pine beetle infestation.

And yet Broddy is proud of the mine his company proposed.

"It's one of the tightest [projects] and it's got the smallest impact that we could possibly have designed," he explained.

He should know.

As manager of engineering projects at **Taseko Mines Ltd.** (TSX:TKO), Broddy has an intimate knowledge of Prosperity's design.

Beneath his feet is the ore body that contains an estimated 3.6 billion pounds of copper and 7.7 million ounces of gold.

Prosperity is a world-class project among proposed mines worldwide.

The project would create some 400 permanent jobs and generate approximately \$4.5 billion for the provincial economy during its life, or about \$1,000 per B.C. resident.

But a few hundred metres from that would-be mine is the reason why the federal gov-



The Fraser Canyon, east of Taseko's Prosperity project, is but one part of the vast wilderness of B.C.'s Cariboo-Chilcotin region

ernment rejected the project – Fish Lake.

In order to build the project, Taseko needs to drain the lake to make way for the pit and store leftover non-acid-generating rock.

Both the provincial and federal environmental assessment reports said the destruction of Fish Lake, as well as its neighbouring Little Fish Lake and Fish Creek, would have significant adverse effects on the immediate environment.

Victoria nevertheless approved the project in light of the economic benefits it would create for a region of the province that has been hit hard by the mountain pine beetle epidemic and the forest industry downturn.

But after a lengthy campaign by First Nations and environmentalists opposing the mine, Ottawa rejected Prosperity.

"What it created in the public's mind ... perhaps in Vancouver or Eastern Canada, was that somehow a pristine mountain lake or fishery was about to be destroyed," said **Brian Battison**, Taseko's vice-president, corporate affairs. "That was a mischaracterization of the facts."

So what are the facts?

Fish Lake has an average depth of 12 feet and a footprint of 111 hectares, which is approximately one-quarter the size of Stanley Park.

It's too small to be included among a 1973 **Environment Canada** report that lists Canada's lakes and, according to Taseko, accounts for 0.04% of the lakes in the Cariboo region. But it does contain some

85,000 rainbow trout, which local First Nations say they rely on for food and recreational activities.

When Little Fish Lake and Fish Creek are added in, Prosperity would result in the destruction of some 165,000 rainbow trout.

But according to a 1994 report on Fish Lake by engineering and environmental consultant **Knight Piesold**, the trout there are small, grow slowly and have high rates of parasitism.

"It's not a desirable sports fishery," Battison said.

In exchange for the destruction of the Fish Creek watershed, the company said it would build a new lake, which would be stocked with 20,000 trout.

Taseko also plans to turn Prosperity's pit into a lake once the mine is closed.

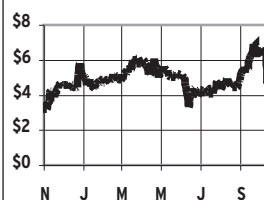
Still, **Fisheries and Oceans Canada** indicated in the federal review that Taseko's fish compensation plan didn't say when the new lakes would be open to First Nations and the public.

MiningWatch Canada, an opponent of the project, said Taseko dismissed the historical significance of the area for both sport fishermen and aboriginals.

"It boggles my mind that we would even consider the destruction of a world-class fishing lake," **Sierra Club BC** executive director **George Heyman** said in September.

But Fish Lake wouldn't be the first body of water in B.C. to be replaced by a mine. Little Divide Lake near the

TASEKO MINES LTD. (TSX:TKO)



Vancouver

CEO: Russ Hallbauer

Employees: 350

Market cap: \$873m

P/E ratio: 7.30

EPS: \$0.65

SOURCES: STOCKWATCH, TSX, GLOBE INVESTOR



Taseko Mines' engineering manager Tom Broddy says Prosperity has been designed so its environmental effects are limited to the valley where it's located

community of Logan Lake was drained in the 1960s to make way for the Highland Valley copper mine.

Today, Highland Valley has replaced that lake with a former tailings pond that hosts an annual fly-fishing tournament and, according to a 2004 report, has an aquaculture permit to raise salmon.

Yet the loss of Fish Lake and its surrounding habitat stuck out in the minds of Prosperity's federal review panel.

The panel also said the project would have an adverse effect on the local grizzly bear population and negatively affect the **Tsilhqot'in Nation's** use of the lands and its aboriginal rights and title.

Aside from that, the review found the project would not have a significant negative impact on water quality, groundwater, vegetation, deer or moose populations, air quality or human health.

In a report to the panel, bear biologist **Wayne McCrory** said increased traffic on roads to and from Prosperity would increase collisions with bears.

He added that the mine would limit grizzly bear habitat and movement corridors in the area and drive the local population toward extinction.

The province lists the bears as a "threatened" species, and McCrory said there are only about 100 of them left in the area.

He estimated that humans have killed as many as 17 in the Chilcotin area in the last nine years.

But according to a provincial grizzly bear mortality report, vehicles and trains accounted for only 79 of the 8,840 bears killed in B.C. between 1978 and 2003.

B.C.'s environment ministry questioned Taseko's mitigation plans to protect the bears, but Battison said McCrory's argument, made on behalf of the **Tsilhqot'in**, went unchallenged.

"There was nobody to refute McCrory's claims, so they went unrefuted and the panel accepted them."

Yet the most glaring issue during the federal review hearings was the relationship between First Nations and Taseko.

In the final day of hearings last May, **Bruce Stadfeld**, legal counsel for the **Canoe Creek Indian Band**, said the project was a "one-way prosperity" for Taseko.

In an interview in June, Taseko president and CEO **Russ Hallbauer** said the fight between the company and the First Nations had little to do with the environment and was really about who controlled the land.

"Our position is it's Crown land and there's one owner, one landlord and it's the province of British Columbia," Hallbauer said at the time.

In the first day of hearings last spring, **Ivor Meyers**, chief of the **Yunesit'in First Nation**, took issue with that argument.

"When you say this is Crown land, sure, you may say it's Crown land, but in our perspective it's traditional land, it belongs to the **Tsilhqot'in** people, it belongs to the **Tsilhqot'in Nation**," Meyers said. "That ... Crown land sits right over top of the traditional territory."

But whether the project is on Crown land, traditional territory or both is not for Broddy to decide. When it comes to Prosperity, his job is to come up with a design and engineering plan that works. And despite the opposition to the project, he believes he has one.

"I take it with a grain of salt," Broddy said. "I stick to the technical side of the issues and just hope that sound minds prevail." ■ jmckay@biv.com

(See "Regulators to probe Taseko stock volatility" page 5.)

Next week: *Business in Vancouver* chronicles the prickly relationship between Taseko and First Nations, a fight that was eventually broadcast nationwide.

BIV full disclosure

NOTABLE NUMBERS

\$4.5b the amount of money Prosperity would inject into the provincial economy throughout its life

\$800m the cost to build Prosperity

400 the number of long-term full-time jobs the project would create

1/4 the size of Fish Lake in comparison with Stanley Park

Chasing Prosperity

In a four-part series that began in issue 1101 (November 30-December 6), *Business in Vancouver* takes a closer look at Vancouver-based **Taseko Mines'** proposed Prosperity project. The company says the \$800 million mine would stimulate significant economic activity in an economically depressed part of the province, but the federal government rejected the project citing environmental concerns. In this second instalment of the series, *BIV* chronicles the prickly relationship between Taseko and First Nations.

By Joel McKay

Mike King was flying over Fish Lake in 1981 when he heard someone scream in the backseat.

Then he smelled smoke.

"I thought something was wrong and landed the helicopter," recalled King, owner of Tatla Lake's **White Saddle Air Services**.

But there wasn't anything wrong: in fact the helicopter's geophysical survey equipment, which was new, had detected a sub-surface ore body so large it fried the machine's circuits and alarmed the geophysicist operating it.

That ore body contained massive amounts of copper and gold, and in proceeding years earned the name Prosperity.

Last month, the federal government rejected **Taseko Mines Ltd.**'s (TSX:TKO) proposal to turn that ore body into a major new mine.

Ottawa cited the proposed destruction of Fish Lake as the reason behind its decision, though it followed a lengthy and at times virulent First Nations campaign to oppose the project.

Aboriginal groups such as the **Tsilhqot'in National Government**, which includes five communities, claim Fish Lake is part of their traditional territory, adding that the mine would infringe on their rights and title to the area.

But King, who has logged some 17,000 hours of flying time in B.C.'s Cariboo-Chilcotin region, said although First Nations claim rights and title to the area they don't spend a lot of time there.

"There was never anybody at Fish Lake ... except the guys we take there. It doesn't happen," said King.

Nevertheless, the question as to who has control over the land where the mine would be built was central in the run up to the federal decision.

Prior to that, First Nations and

environmental groups issued numerous press releases blasting the project for the negative effects it would have on their communities and the environment.

Their campaign even caught the ear of **Assembly of First Nations** national Chief **Shawn Atleo**, who reiterated his support for the Tsilhqot'in in a speech in Vancouver in September.

These days, Taseko and the First Nations don't even talk, but **Brian Battison** said it wasn't always that way.

"The consultation records that we have, records of consultation with First Nations, date back to the mid-1990s ... I think it can be argued that is when the relationship began," said Battison, Taseko's vice-president of corporate affairs.

"Our nation has to be in control of what happens or does not happen in our territory"

- Francis Lacey, chief,
Chilcotin National Congress

The company initiated the original environmental assessment in 1993, but shut the process down in 2000 due to weak metal prices.

In 2002 the company re-activated it and, in 2006, began the federal environmental process.

At that point, Battison said the chiefs asked the company to "paint a picture" of what the mine would look like and what affect it would have on the environment.

"They said, 'In order to help us to understand, we need money to help us paint the picture,'" Battison said.

Between 2006 and 2008 Taseko paid Tsilhqot'in leaders more than \$900,000 in legal and consulting

NOTABLE NUMBERS:

\$900,000 the amount Taseko paid First Nations to participate in the environmental assessment process

\$532,600 what the federal government paid to First Nations and environmental groups opposed to the project

\$20,050 the amount the federal government paid to groups in favour of the project

fees to participate in the environmental assessment process.

Some chiefs were even paid per diems to attend information meetings, and the company undertook a \$750,000 archaeological assessment to determine the project area's cultural significance.

During the assessment process, the provincial government provided \$292,000 to four local aboriginal groups to help them determine their interests in the project area.

As well, the federal government provided more than \$530,000 in "participant funding" to First Nations and environmental groups opposed to the project during its assessment process.

Groups in favour of the project such as the **Williams Lake Chamber of Commerce** and **Share Cariboo-Chilcotin Resources Society**, received \$20,050 from the federal government.

Meanwhile, the landmark rights and title case *Tsilhqot'in Nation vs. British Columbia* (the William case) wound its way through **B.C. Supreme Court**.

In 2007, the court found the Tsilhqot'in have rights to hunt and trap throughout their claim area, which included Prosperity, but aboriginal title could not be granted.

Had the case been argued differently, the court said, the Tsilhqot'in might have received title to almost half the claim area, but that half did not include Prosperity or the Fish Lake area.

After the decision was handed down, Taseko decided it was time to apply for the mining lease it needed to proceed with the project.

According to Battison, the First Nations said if the company moved ahead with the lease they would oppose the project.

Shortly after that, the provincial government backed out of a joint review panel with the federal government, effectively separating the two assessment processes.

"Once that decision was made the First Nations said, 'That's it ... we're done,'" Battison said.

In an interview, **Xeni Gwet'in** Chief **Marilyn Baptiste** said the province pulled out of the joint review process after a similar joint review rejected **Northgate Minerals Corp.**'s (TSX:NGX) proposal to build the Kemess North mine in northern B.C.

"After the Kemess North mine was shut down ... the company no longer wanted that to be one of the options," Baptiste said.

Last January, a separate provincial government decision approved Prosperity, but the federal process had yet to begin its hearings.

In March, 17 days of hearings began in communities throughout the Cariboo-Chilcotin region.

According to hearing transcripts, dozens of First Nations and Cariboo residents spoke against and in favour of the project.

In a short speech to the review panel, **Chilcotin National Congress** Chief **Francis Lacey** expressed concern that if Prosperity were approved it would be the first of many mines to come.

"Our nation has to be in control of what happens or does not happen in our territory," Lacey said.

Baptiste explained that her people consider the Fish Lake area and the nearby Nemaiah Valley an aboriginal wilderness preserve akin to a park.

The First Nations hope to develop a wilderness tourism industry in the area, which would create jobs for their people and include fishing tours to Fish Lake.

1963-64 - Phelps Dodge conducts a small drill program

1969 - Taseko acquires the property

Prosperity timeline

1930s - prospectors begin exploration near Prosperity

Full disclosure

"There's a big shiny boat going by and you can either throw eggs at it or hop on it and go work"

- Mike King, owner, White Saddle Air Services

Chasing Prosperity PART 3

Taseko's Prosperity project could generate huge economic wealth for the Williams Lake region, but First Nations say their communities are the only ones that won't reap the benefits

In a four-part series that began in issue 1101 (November 30-December 6), *Business in Vancouver* takes a closer look at Vancouver-based Taseko Mines' proposed Prosperity project. The company says the \$800 million mine would stimulate significant economic activity in a depressed part of the province, but the federal government rejected the project citing environmental concerns. In this third instalment in the series, *BIV* focuses on the economic benefits of the project and mining's current and historic influence.

By Joel McKay

After a long shift at Gibraltar, some of the mine's young engineers gather at the **Boston Pizza** in Williams Lake for a drink and a few laughs.

Soon, more workers filter in from the local mines and mills, and the quiet eatery turns into a boisterous gathering place.

But mention the word "prosperity" and the laughter fizzles.

It's not entirely because Ottawa rejected in November **Taseko Mines'** (TSX:TKO) proposal to build the \$800 million Prosperity copper-gold mine west of town. It's the overall economy of the Williams Lake region: it hasn't known prosperity in years.

In a final plea to the federal environmental review panel in May, Mayor **Kerry Cook** outlined just how poor the region's economy is.

"The people, all of our people, our youth and our grandchildren, we need this, we need this hope," Cook said. "Our future depends on it."

In 2009, Cook said, Williams Lake lost a third of its workforce, which meant a loss of \$1 million per week to the local economy.

Unemployment rose to 12% from 6.5%, consumer bankruptcies were up 70%, vacancy rates climbed 700% and there was a 500% to 600% increase in the number of families using the local food bank.

Hard times in Williams Lake were largely the result of the downturn in the forestry sector, which has long been the backbone of the Cariboo-Chilcotin economy.

These days, empty storefronts along the town's (population 10,744) main drag are the norm.

Walter Cobb, president of the **Williams Lake & District Chamber of Commerce**, said the town's two nearby mines – Taseko's Gibraltar and **Imperial Metals'** (TSX:III) Mount Polley – keep the town on life support while the local mills flounder.

Prosperity, he said, would have been a panacea.

"That basically would have helped us weather the storm during the downturn."

But the federal government's deci-



Taseko spokesman Brian Battison says the company was open to creating job opportunities for First Nations if aboriginals were willing to ask

FIRST NATIONS NUMBERS:

1,000 the approximate population of the Xeni Gwet'in, Tl'etinqox-t'in, Stone and Alexis Creek bands

31% to 46.7% the unemployment rate in those communities in 2001

sion to reject the mine means it's not likely to be built any time soon.

And there aren't any other major projects on the books.

"We didn't see anything that could fill the gap as quickly as this mine could have."

So what would the mine have done for the economy?

According to an economic impact report prepared by the **Centre for Spatial Economics**, which drafts reports for the provincial and federal governments, Prosperity would inject \$1.7 billion and \$3.4 billion into the federal and provincial governments, respectively, over a 20-year mine life.

The project would employ 700 people during a two-year construction phase, and support 400 jobs once the mine was in production.

It would generate an estimated \$6.9 billion increase in consumer spending in B.C. over its lifetime.

That means the disposable income of each household in the province would increase \$1,400 on average over the life of the mine.



Work at the Gibraltar mine near Williams Lake: the mine is a major employer in the area; Prosperity would have been another

As well, residential investment expenditures would increase \$743 million, machinery and equipment investment would climb \$1.1 billion and some 50,000-person years of employment would be added to the provincial economy.

But the First Nations say Prosperity offers no benefits for them.

"There's no reason to conclude, in [Tsilhqot'in National Government's] view, that the economic benefits of the mine project will reach ... the Tsilhqot'in Nation in any real way, and certainly not on a scale that could compensate for the loss," said **Sean Nixon**, on behalf of the Tsilhqot'in, during the final day of hearings in May.

According to the most recent statistical data from **Indian and Northern Affairs Canada**, four bands near Prosperity have a combined population of approximately 1,000.

In 2001, the unemployment rate in those communities ranged between 31% and 46.7%.

In his speech, Nixon pointed out that despite 17 years of work and \$100 million of investment, Taseko had yet to offer concrete programs or policies to increase aboriginal employment.

When asked if Taseko had laid out an employment plan for area aboriginals, vice-president of corporate affairs **Brian Battison** said it hadn't, although the project was eligible for a revenue sharing agreement between First Nations and the provincial government.

"We were prepared to try and to deliver everything we could possibly deliver ... but what you need is people who are willing," Battison said.

Sandra Harwood, mayor of Fort St. James, believes concrete agreements with First Nations are essential to any mine proposal.

"I don't see any other way it can be done," Harwood said.

Her town (population 1,355) will soon be home to a new mine.

On the same day Ottawa rejected Prosperity, it green-lighted **Thompson Creek Metals'** (TSX:TCM) \$915 million Mount Milligan copper-gold project near Fort St. James.

Terrane Metals, a Thompson Creek subsidiary, adopted the **Association for Mineral Exploration BC's** 10 principles for sustainable relationships with First Nations during Mount Milligan's development.

Terrane provided \$1.5 million to the **Nak'azdli First Nation** and **McLeod Lake Indian Band** in project-related contributions.

The company also partnered with post-secondary institutions to create a three-week environmental training program for First Nations and has provided employment to aboriginals to assist with project operations.

On top of that, the province has signed revenue-sharing agreements with several First Nations for both Mount Milligan and **New Gold's** (TSX:NGD) New Afton projects.

Since Mount Milligan was approved, Harwood said Fort St. James is barely recognizable.

"I've never seen this community blossom the way it has," Harwood said.

Not only are all the motels in town packed, but Fort St. James also has plans to build a 100-home subdivision and has interest from five hotel groups

Prosperity's numbers:

\$6.9 billion - B.C. increase in consumer spending over life of mine

\$3.4 billion - provincial revenue from the project over life of mine

\$743 million - residential investment expenditures as a result of the mine

700 - the number of construction jobs Prosperity would create

400 - the number of full-time jobs the mine would support


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Forest report sheds light on industry's downturn

In what's being called the most intensive and thorough report ever produced on the state of B.C.'s forests, the Liberal government on Thursday provided a clear view of the devastation that has strangled one of B.C.'s most historic industries.

According to the 2010 *State of Forests* report, B.C. lumber production declined 19% last year compared with 2008.

In 2009, forest product exports totalled \$7.6 billion compared with an average of \$14.7 billion between 1996 and 2004.

This while U.S. lumber consumption dropped 51% since 2005, and lumber prices hit a 40-year low in 2009.

Thursday, December 9

Raise energy rates to cut carbon: SFU report

Among 21 recommendations made in a **Simon Fraser University** report about shifting B.C. and Canada to low-carbon economies is a call for B.C. to establish a "natural capital index" that supplements our current reliance on GDP as a measure of progress.

Such an index, said the report, is similar to Norway's Nature Index, which accounts for "ecosystem services" in that country's measures of economic progress.

The report, which was funded by **Plutonic Power**, **BC Hydro**, **The Pacific Institute for Climate Solutions** and **Zurich Financial Services**, also calls for gradual increases in B.C. electricity rates so rates more accurately reflect market prices and costs associated with creating new power supplies in the province.

Thursday, December 9

Tanker traffic "feeds" Lower Mainland's economy: port

West Coast environmental groups have lauded a motion passed Tuesday in Ottawa calling on the Harper government to legislate a formal ban on oil tanker traffic along B.C.'s north coast.

But **Port Metro Vancouver** COO **Chris Badger** told *Business in Vancouver* that tanker traffic is vital to the Lower Mainland's economy.

"We as the Lower Mainland have increased our need for refined crude products ... so a considerable amount of refined fuels are coming back into B.C. in order to feed the airport, to feed the economy."

Wednesday, December 8

Williams Lake numbers:

1/3 the portion of Williams Lake's workforce lost in 2009

12% Williams Lake's unemployment rate in 2009

70% the increase in bankruptcies in 2009

500% to 600% the increase in the number of Williams Lake families who used the food bank in 2009

ternative it slid into poverty.

"To this day ... we have not seen any true benefits for the Tsi Del Del people as a whole derived from the extraction of resources," Guichon told the panel.

When asked if the Tsilhqot'in people were completely opposed to resource industries, **Xeni Gwet'in** Chief **Marilyn Baptiste** wouldn't say.

"I would be cautious with answering outright because anything I say could be twisted," Baptiste said.

To the east of Baptiste's community, Williams Lake is hungry for another mine to put smiles on its residents' faces and revive its resource-based economy.

But even though the mining industry has a long history of driving B.C.'s economy, the negative impact it's had on First Nations could be what's holding back progress.

The memory of being cut out of B.C.'s historic boom times is still very much a part of the aboriginal mindset, Barman said, and those stories are passed down to today's generation.

"Aboriginal people were completely without a voice ... they were never allowed to even be bit players in any of this," Barman said. "It's still going on to a large extent, and that's the problem." ■
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Next week: Business in Vancouver focuses on how the decision to reject Prosperity will affect the company, the industry and the province's resource permitting process.

for new developments.

The story is the same in Princeton (population 2,600) where the Copper Mountain mine is being built.

Mayor **Randy McLean** said the mine has brought hundreds of new workers to town.

"It's like night and day ... I think there's only two hotels right now that offer rooms for people passing through."

McLean added that the town is awash in development opportunities.

Yet the boom times a mine can create shouldn't be any surprise for people who know the province's history.

In addition to the gold rush that drew tens of thousands of prospectors to B.C. in the early 1900s, many of the province's lasting settlements owe their existence to mining.

"The best example is the

"To this day... we have not seen any true benefits for the Tsi Del Del people as a whole derived from the extraction of resources"

- Percy Guichon, chief, Alexis Creek Band

whole southeast of British Columbia ... that area of British Columbia only came to be settled in the 1880s and 1890s because of one of the major mining booms in North America," explained **Jean Barman**, a **University of British Columbia** professor with expertise in B.C. and aboriginal history.

She said towns such as Rossland, Nelson and Trail were founded on mining.

Yet in the Williams Lake area, forestry was the main economic driver, and although it was good for the town it did little for aboriginals.

In April, **Alexis Creek Band** Chief **Percy Guichon** told Prosperity's federal review panel that his people had once relied on a local mill for employment.

When it burned to the ground and the community was left without a viable al-


GOLDEN GOALS
BOB MACKIN
WADA lost opportunity:
No bid for big sports convention

Not only was Vancouver the world's winter sport capital in February, but it was also the battlefield in the moveable war against drug cheats in sports.

The **World Anti-Doping Agency** oversaw a temporary laboratory at the Richmond Olympic Oval, but it won't be back in 2013. The Montreal-based spinoff of the **International Olympic Committee** wasn't even invited to return for its World Conference on Doping in Sport.

On November 21, it named Johannesburg, South Africa, the 2013 host. Previous hosts include Copenhagen (2003) and Madrid (2007). Applications closed August 27. Unsuccessful bidders included Dallas, Texas; Kuwait City; Sochi, Russia; and Ljubljana, Slovenia. Vancouver wasn't on the list.

"We did consider the WADA congress," said **Tourism Vancouver** marketing vice-president **Walt Judas**. "However, as with many sporting conferences and events, the buy-in fee is beyond our means."

The Vancouver Convention Centre would have met WADA's requirement for conference facilities for up to 3,000 people and a **United Nations**-style congress. Delegates cover the cost of travel and accommodation, but bid guidelines say "WADA does not wish for conference fees to be charged to participants."

Judas also said **Tourism Vancouver's** sport committee "has been dormant for a time but will be reactivated in the near future, likely with a revised mandate."

Numbers Games

It's called "Take Out the Trash Friday" and it will be one of **VANOC's** last acts.

Governments and arms of government know they can't keep secrets forever, so they tend to release unflattering information on a Friday when they think the media aren't paying attention and the public doesn't care.

That's what'll happen on December 17 when **VANOC** finally releases its first financial report in almost a year. If the post-Games numbers were something to be proud of, why would chief financial officer **John McLaughlin** have waited until the last effective business Friday of the calendar year?

The IOC gave us a hint in

July when it disclosed 1.49 million Olympic tickets were sold for \$257 million - 110,000 tickets and \$3 million in revenue short of its forecast. That same report said 1.8 billion viewers (not 3.5 billion) tuned in to the Games.

Also expect the latest chapter in the **PricewaterhouseCoopers'** Olympic Effect economic impact report (paid for by the B.C. and federal governments). Maybe the Tories will also tell us how much more taxpayer dollars were spent on the Bailout Games.

Stadium sponsors

Strike **EA Sports** off the list of potential naming rights sponsors for BC Place Stadium.

EA Sports vice-president **Matt Bilbey** said it's "unlikely" his company name will be on the marquee. The November 29 marriage with the **Vancouver Whitecaps** is largely a content deal.

The company known for its "Get in the Game" slogan is getting in the stadium to use the building, players and fans in future editions of its **FIFA**-approved soccer video games. Since debuting in 1992, the line of games has recorded \$3 billion in global sales.

EA already sponsors Chelsea, Arsenal and Real Madrid. The Burnaby studio, which even has a soccer pitch, is the workplace for 1,200 people.

Bilbey said **EA** staff account for 5% to 10% of **Whitecaps'** ticketholders.

The **MLS**-bound **Whitecaps** have one more sponsor to announce before Christmas. Chief executive **Paul Barber** won't give any hints.

Commonwealth corruption

Could the Delhi 2010 Commonwealth Games harm India's foreign trade?

Government agencies are probing the organizing committee and its executives for corruption. Foreign companies hired to help stage the games are having a nightmare.

Veteran ceremonies producer **Ric Birch** of **Spectak** charged organizers with unpaid bills and the Indian customs department with illegally holding lighting and sound equipment. He's threatening to campaign against Delhi if it bids for the Olympics.

"It is extraordinary, because India claims to be a growing economy that's interested in exporting to the world - but the inability of Indian government agencies to handle a straightforward import/export transaction makes it doubtful whether any international company can rely upon India's ability to conduct business in a proper manner," Birch wrote in an open letter. ■

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ment factored socio-economic considerations into their decision.

He added that the 10-month time difference between the provincial and federal decisions isn't "consistent" for business, and Ottawa should allow the province to grant its own mining permits similar to the Yukon.

Meanwhile, the Prosperity decision, which highlighted B.C.'s First Nations and permitting troubles, has sent a negative message to the global investment community at a time when commodity prices are trading at record highs and mining companies are snapping up projects the world over.

"Bad reputations stay with you for a long time, and it takes a lot to change people's views," Gratton said, pointing to the B.C. government's decision to create a park and halt the development of the Windy Craggy mine in the 1990s.

"People in the investor community still talk about Windy Craggy 15 years later ... there's still doubts out there, and a 'yes' decision for Prosperity would have shattered those doubts."

According to a recent **Fraser Institute** survey, B.C. ranked 26th out of the 51 best mining regions worldwide.

That's up from 38th earlier in the year, but Alberta, Quebec, Yukon and Saskatchewan ranked first, third, fourth and fifth, respectively.

In regard to environmental regulations and land-claim issues B.C. ranked 44th and 46th out of 51.

"Impact to the investment community? No doubt there will be an impact. ... People are going to reassess their decisions to invest," Dirom said.

But both he and Gratton agree that B.C.'s mining "renaissance" will continue despite the decision to reject Prosperity, pointing to new mines such as Mount Milligan and Copper Mountain.

Yet the relationship between industry and First Nations and different aboriginal communities is so fractious that even if a mine is approved there's no guarantee the opposition will stop.

The logging road to Prosperity still bears evidence of a blockade that was under construction prior to the federal decision.

In November, members of the **Nak'azdli Band** blockaded **Terrane Metals'** Mount Milligan mine near Fort St. James, less than two weeks after Ottawa approved that project.

According to **B.C. Supreme Court** documents, the barricade blocked companies such as **Duz Cho Logging** from accessing the mine site.

Duz Cho is a logging company owned and operated by the **McLeod Lake Indian Band**, which has supported the mine.

Meantime, Taseko said it has no plans to give up on Prosperity.

The federal decision rejected the mine "as proposed," meaning the company can table a new plan.

Dirom and Gratton both believe Prosperity will one day become a mine, saying it's too valuable to be ignored.

Franco-Nevada Corp. (TSX:FNV), which had previously agreed to invest \$350 million in Prosperity, is also bullish on the project and said its funding remains committed once Prosperity is permitted.

"It's a vote of confidence in us," Battison said. "It's a vote of confidence in the deposit."

Xenti Gwet'in Chief **Marilyn Baptiste** said she was "sad" to hear Taseko plans to pursue the project.

"A proposal of that magnitude in that type of an area where it's wetlands ... can not be acceptable," Baptiste said.

None of the other **Tsilhqot'in** chiefs could be reached to provide their views.

Mayor Cook believes she might be the person to broker peace between Taseko and First Nations, but it won't be easy.

"I'm hopeful that with a 'no' decision it sends a strong message that we need to do things differently, not only from an environmental perspective, but I think it speaks to a lot of things," Cook said.

In the meantime, Taseko will await direction from Ottawa.

Without federal approval, Prosperity will not live up to its name, and its riches will remain buried.

At press time, there were an estimated 3.6 billion pounds of copper and 7.7 million ounces of gold in the ground. ■

jmckay@biv.com

The letter war

The following is a random sampling of quotes from hundreds of letters, emails and faxes submitted to the federal and provincial governments during the environmental assessment reviews. The documents are public and can be found on the Canadian Environmental Assessment Agency's website.

"The thought of sidelining potential business of this scale is worrisome. The families that will be affected and the economy that will be lost would be devastating"

- Andrew Thompson,
branch manager,
Great West Equipment, Williams Lake,
October 30, 2008

"Prosperity ... would not only generate significant economic activity in its own right, it would also stimulate the development and expansion of new and existing businesses"

- Chris Nickless,
president,
South Cariboo Chamber of Commerce, 100 Mile
House,
March 26, 2010

"Is there anything I can do from Victoria, B.C., to help prevent this project from proceeding?"

- Ben Seaman,
Eartheasy, Victoria,
March 25, 2010

"Clearly, Taseko Mines, from their responses, has absolutely no regard for their impacts nor considerations for how they will impact our lives and our business"

- Kelly Reuter,
Taseko Lake Outfitters,
April 30, 2010

"The economic crisis is real and we are living it here in Williams Lake. We need the Prosperity project to move forward"

- Cindy Watt,
president,
E.G. Woodland & Son Jewellers Ltd., Williams Lake,
November 4, 2008

"My heart will break if this project goes ahead"

- Santiago Alvarez Mesa,
January 28, 2010

"I don't want my traditional fishing/hunting or trapping habitat [being] used for a dump site. Please dump the waste in Williams Lake as they want the mine"

- Colleen Mycroft,
November 20, 2008

"Taseko's inability to build relationships with local First Nations, to understand their perspective ... are just a few more reasons why it is not in the public interest to approve this project"

- Grand Chief Stewart Phillip,
president,
Union of B.C. Indian Chiefs,
November 12, 2009

"A positive result to the review would allow even a small operator like me to retain at least five jobs, and possibly employ even more"

- Glen Holling,
owner,
RE/MAX Williams Lake,
November 1, 2008

"Our business and family support the project"

- Wes Wiebe,
February 26, 2010

BIV BC CFO OF THE YEAR 2010 awards

Finalists will be chosen based on leadership in finance, contribution to strategic decision making and growth as well as overall performance and execution. The award finalists will be featured in a special edition of **Business in Vancouver** and the winners will be announced at the gala reception to be held soon thereafter.

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Chasing Prosperity PART 4

Ottawa has shut down Taseko Mines' Prosperity project for now, but its decision has underscored one issue the company, the industry and First Nations all agree on: changes are needed in the country's byzantine resource permitting process

In a four-part series that began in issue 1101 (November 30-December 6), *Business in Vancouver* takes a closer look at Vancouver-based Taseko Mines' proposed Prosperity project. The company says the \$800 million mine would stimulate significant economic activity in a depressed part of the province, but the federal government rejected the project citing environmental concerns. In this final instalment, *BIV* focuses on the project's future and how the federal decision will affect the industry and the province's resource permitting process.

By Joel McKay

While driving back from Quesnel last summer, Williams Lake Mayor **Kerry Cook** stopped at a gas station on the Soda Creek reserve.

When she entered the store to pay for her gas, Cook noticed a peculiar sign beside the cash register: "We support the Prosperity mine."

It sounds like a contradiction of the aboriginal attitude toward Taseko's proposed project.

After all, First Nations, most notably the **Tsilhqot'in National Government**, were its most vocal opponents.

But, according to Cook, the tiny gas station sign symbolizes the complex relationships in B.C.'s central interior, a point that was largely forgotten amid the clamour of voices for and against Prosperity.

"That's the perspective that's missing in some of the bigger media," Cook said. "When you're talking to people one-on-one it's very well known we need those opportunities. There are outstanding land-use and title issues that are definitely in the way of moving forward, [but] I am hopeful that we'll be able to get people ... back to the table talking."

That's why she and nine delegates from the region travelled to Ottawa recently to ask the federal government what needs to be done for the project to be reconsidered.

What was supposed to be a half hour meeting with a few federal ministers turned into a discussion that lasted more than an hour and carried into a second meeting.

"It was clear that there were gaps in some of the information they re-



Williams Lake Mayor Kerry Cook: "I'm hopeful that with a 'no' decision it sends a strong message that we need to do things differently"

ceived," Cook said.

Walter Cobb, president of the **Williams Lake & District Chamber of Commerce**, agreed.

"They were very misinformed on not only what this project would do but the impacts it would have," Cobb said.

And that, industry experts say, is the biggest problem with the permitting process for mines in Canada today.

"Ottawa's ability to determine our destiny or growth is disproportionate to the amount of jurisdiction they should have," explained **Pierre Gratton**, president and CEO of the **Mining Association of BC**. "They're so far from here they seem, frankly, out of touch."

Gavin Dirom, president and CEO of the **Association for Mineral Exploration BC**, believes Ottawa's de-

cision to reject Prosperity is a legacy of Canada's complex permitting process.

"The decision shed light on a process that's flawed ... so let's take this moment now to ... make a change," Dirom said.

But in the wake of the Prosperity decision an even bigger problem has emerged.

Although industry experts, environmentalists and First Nations agree the permitting process is deeply flawed, they don't agree on what those flaws are.

Opponents to mining projects say the provincial process caters to the industry, pointing to the fact that no proposal handed to Victoria has ever been rejected.

During Prosperity's federal review, **Bruce Stadfeld**, legal counsel for the **Canoe Creek Indian Band**, said the provincial process is not transparent, not credible, has no meaningful First Nations component and has an inflexible timeline.

"A colleague of mine describes it as getting on the Canada Line: once you're on you're assured of your destination and businesses know that," Stadfeld said.

"That's why they opt in, but it shows First Nations that it's not a credible process because it has no flexibility."

Critics have called Ottawa's decision to reject Prosperity a blow to the provincial process, but Taseko's vice-president corporate affairs **Brian Battison** disagrees.

"Why wouldn't it be a blow to the federal process? ... The findings of the panel and the province were very, very similar, it's what the federal politicians did with it after the process concluded that is the most telling," Battison said.

He added that both processes used the same information, the same terms of reference and, largely, reached the same environmental conclusions.

The difference is that Victoria, in light of Prosperity's economic benefits,

Mayor lobbies feds to rethink Prosperity decision

By Joel McKay

Williams Lake Mayor **Kerry Cook** travelled to Ottawa earlier this month to lobby on behalf of **Taseko Mines'** (TSX:TKO) Prosperity project.

The federal government rejected the massive copper-gold project November 2 citing environmental concerns.

Cook, who believes Prosperity would generate significant economic benefits for her region, rolled into the nation's capital with a retinue of Cariboo-Chilcotin politicians who support the project.

First Nations were not among the delegates.

The group met with federal Transportation Minister **Chuck Strahl**, Environment Minister **John Baird**, Fisheries and Oceans Minister **Gail Shea** and Treasury Board President **Stockwell Day**.

"We were able to convey just how important this project is to our region, and that message was received loud and clear," said Cook.

She said the federal government committed to provide clarification about its decision to reject the mine and suggest the next steps forward before December 17.

approved the project while former federal environment minister **Jim Prentice** did not.

Dirom said the federal decision-making process is not as transparent as B.C.'s because, apart from Prosperity's environmental effects, the public doesn't know how the federal govern-

BIV full disclosure

"Ottawa's ability to determine our destiny or growth is disproportionate to the amount of jurisdiction they should have"

- Pierre Gratton, president and CEO, Mining Association of BC

