

Rock solid*

The Mining Industry in British Columbia 2008

Appendices

Combined Statement of Revenues & Expenses

B.C. Mining Industry

(\$ millions)	2008 ¹	2007	2006
Gross mining revenues	\$8,355	\$6,863	\$8,076
Less			
Treatment and refining charges ²	321	243	332
Freight and transportation	1,171	956	1,011
Marketing, sales and other deductions	84	109	143
Net mining revenues	6,779	5,555	6,590
Expenses			
Cost of production			
Labour and benefits	786	678	654
Supplies and other ³	2,342	2,365	2,329
	3,128	3,043	2,983
Administration	139	114	87
Depreciation, depletion and amortization	309	260	317
Exploration expenditures written-off	35	38	33
Interest on long-term debt	38	50	16
Writedown of mining assets	32	-	-
ARO Liability Accretion	33	33	23
Stock Based Compensation	14	13	17
Other expenditures	74	319	162
Other income	(257)	(55)	(87)
Total expenses	3,545	3,815	3,551
Earnings (loss) before taxes	3,234	1,740	3,039

Notes

1. The 2008 figures pertain to 18 operating mines that were in production during 2008 as well as Teck Resources Limited's smelting operation at Trail, nine operations in the active permitting stage, six mines in the reclamation stage, and seven advanced exploration staged properties. Out-of-province operations and non-mining activities are excluded.
2. Treatment and refining charges apply mainly to copper, zinc, lead, gold and silver. They are not applicable to revenues from coal or molybdenum.
3. Expense figures exclude purchases of B.C. concentrates.

Combined Statement of Financial Position

B.C. Mining Industry

(\$ millions)	2008	2007	2006
Assets¹			
Current assets			
Cash and short-term deposits	\$215	\$639	\$459
Receivables and prepaid expenses	245	363	469
Concentrate and product inventories	568	627	581
Materials and supplies inventories	194	162	158
Other current assets	306	121	96
Total current assets	1,528	1,912	1,763
Fixed assets			
Plant and equipment, at cost	6,087	5,761	5,186
Less: Accumulated depreciation and amortization	(3,301)	(3,156)	(3,481)
Net plant and equipment	2,786	2,605	1,705
Mining properties and development expenditures, at cost	1,848	1,781	1,720
Less: Accumulated depletion and amortization	(748)	(731)	(935)
Net mining properties and development expenditures	1,100	1,050	785
Asset retirement obligation, at cost	263	256	182
Less: Accumulated amortization	(100)	(65)	(88)
Net asset retirement obligation	163	191	94
Total fixed assets	4,049	3,846	2,584
Deposits and mortgages receivable	302	393	776
Other assets employed in B.C. mining operations	325	219	128
Total assets	\$6,204	\$6,370	\$5,251

Note

- Assets are stated at their book values as shown in the annual financial statements of the mines, after adjustments to exclude non-mining and out-of-province items.

Combined Statement of Financial Position

B.C. Mining Industry

(\$ millions)	2008	2007	2006
Liabilities and shareholders' equity¹			
Current liabilities			
Short-term debt	\$104	\$22	\$16
Accounts payable and accrued liabilities	631	598	540
Current portion of long-term debt	78	272	33
Taxes payable	10	25	7
Other current liabilities	126	109	133
Total current liabilities	949	1,026	729
Long-term debt due to/(from) shareholders ²	(3,657)	(2,314)	(1,630)
Long-term debt due to others	1,027	795	435
Total long-term debt	(2,630)	(1,519)	(1,195)
Future income and mining taxes ³	41	29	31
ARO Liability	472	468	435
Shareholders' equity	7,372	6,366	5,251
Total liabilities and shareholders' equity	\$6,204	\$6,370	\$5,251
Working capital⁴	\$579	\$886	\$1,034

Notes

- Some B.C. mines operate as divisions of larger companies and do not exist as separate corporate entities. Therefore, it is not possible for these mines to report the allocation of shareholders' equity in a meaningful way. The shareholders' equity for these mines included in the table is the difference between assets and liabilities (including debt) of the B.C. operations.
- Long-term debt due to/(from) shareholders consists primarily of amounts due to/(from) related companies. This figure is negative because there are more amounts due from related companies than due to related companies.
- Future income taxes do not represent taxes owing to the government. Future income taxes reflect the difference between how income tax expense is reported under GAAP (Generally Accepted Accounting Principles) and how income tax payable to the Government is determined according to the Canadian Income Tax Act.
- Working Capital represents current assets less current liabilities.

Summary of Cash Flow from Operations

B.C. Operating Mines

(\$ millions)	2008	2007	2006
Pre-tax earnings from operations for the year	3,234	1,740	3,039
Income Taxes as reported by survey participants	287	534	691
Net Earnings from operations for the year	\$2,947	\$1,206	\$2,348
Operating expenditures not involving cash outlays			
Depreciation, depletion and amortization	309	260	317
Future Income tax expense (recovery)	(3)	318	122
Stock based compensation	14	13	17
ARO accretion	33	33	23
Exploration expenditures written-off	33	33	33
Other items	121	81	2
(including change in non-cash working capital items)			
Items not relating to operations			
Loss on disposal of fixed assets	(5)	(1)	–
Other	(26)	31	23
Total cash from operations	\$3,423	\$1,974	\$2,885

Net Mining Revenues¹, By Product

(\$ millions)	2008	2007	2006
Metallurgical coal	\$3,231	\$1,369	\$1,937
Thermal coal	334	113	43
Copper concentrates	1,188	1,659	1,996
Zinc and zinc concentrates	736	1,231	1,289
Silver	272	248	371
Gold	231	205	343
Lead and lead concentrates	200	202	137
Molybdenum	472	433	412
Combined miscellaneous products ²	115	95	62
Totals	\$6,779	\$5,555	\$6,590

Notes

1. Mining revenues are reported net of treatment and refining charges, marketing expenses and freight and transportation charges to the F.O.B. point of delivery.
2. Miscellaneous products include revenues from Excess Power Sales.

Net Mining Revenues, By Market Area

(\$ millions)	2008	2007	2006	2005	2004
British Columbia	\$53	\$84	\$117	\$92	\$42
Other parts of Canada	853	844	1,046	699	733
United States	1,239	1,540	1,592	942	727
Japan	1,873	1,495	1,581	1,155	775
United Kingdom	140	86	63	72	57
Korea and Taiwan	965	362	624	349	301
Other parts of the world	1,656	1,144	1,567	1,608	853
Totals	\$6,779	\$5,555	\$6,590	\$4,917	\$3,488

Net Mining Revenues, By Economic Region

(\$ millions)	2008	2007	2006	2005	2004
Kootenays ¹	\$4,907	\$3,171	\$3,619	\$2,821	\$1,964
Okanagan	747	1,083	1,371	968	760
Cariboo/Vancouver Island - Coast	443	474	505	280	95
Nechako/Northeast	682	827	937	726	480
North Coast	-	-	158	122	189
Totals	\$6,779	\$5,555	\$6,590	\$4,917	\$3,488

Note

1. Includes Teck Resources Limited's smelting operations at Trail which are physically located in the Kootenays.

Average Metal and Coal Prices

(U.S. dollars)	Unit	2009 Q1	2008	2007	2006	2005	2004
Copper (LME Grade A)	lb.	1.56	3.16	\$3.23	\$3.05	\$1.67	\$1.30
Zinc (LME Cash)	lb.	0.53	0.85	1.47	1.49	0.63	0.48
Silver (LME Cash)	oz.	12.61	15.02	13.39	11.57	7.31	6.65
Gold (London Final)	oz.	908.71	871.71	696.66	604.34	444.88	409.21
Molybdenum (Dealer Oxide)	lb.	8.75	28.42	29.91	24.38	31.05	15.92
Lead (LME Cash)	lb.	0.52	0.95	1.17	0.58	0.44	0.40
Coal (West Coast) ¹	t.	145.00	260.63	80.18	108.00	95.24 ²	50.00
Average Annual Exchange Rate							
Cdn. to U.S. \$ (Bank of Canada)		0.7979	0.9381	0.9304	0.8818	0.8254	0.7698

Source for above metals (excludes Coal): Platts Metal Week

Notes

1. Coal prices are taken from Platt's International Coal Report
2. Does not include Thermal Coal prices

Shipments, By Port

(000's tonnes)	2008	2007	2006	2005	2004
Export shipments, by port					
Campbell River/Texada Island	407	488	493	470	581
Roberts Bank	14,764	15,750	9,202	18,933	19,739
Rupert Inlet/Stewart	64	100	135	170	155
Prince Rupert	3,066	1,410	623	152	–
Vancouver	806	489	8,338	1,543	1,461
Other ports	4,376	3,325	3,124	1,772	1,345
Total port shipments	23,483	21,562	21,915	23,040	23,281
Other shipments					
Export shipments to U.S. by land	1,252	1,187	1,235	1,529	1,978
Export shipments through					
Eastern Canadian ports	807	913	353	951	1,091
Shipments to B.C. customers	161	120	205	81	78
Shipments to other Canadian customers	1,137	1,072	1,741	1,029	1,413
Total other shipments	3,357	3,292	3,534	3,590	4,560
Total shipments	26,840	24,854	25,449	26,630	27,841

Shipments, By Commodity

(000's tonnes)	2008	2007	2006	2005	2004
Metallurgical coal	22,302	20,695	22,933	24,043	25,109
Thermal coal	806	815	977	883	1,065
Copper concentrates	850	816	1,027	978	741
Zinc and zinc concentrates	327	349	382	320	381
Lead and lead concentrates	85	76	88	69	83
Other metals	2,470	2,103	42	337	462
Totals	26,840	24,854	25,449	26,630	27,841

Mining Industry Expenditures (cash)

(\$ millions)	2008	2007	2006	2005	2004
Purchased materials, supplies & services					
Production materials and supplies	\$639	\$698	\$675	\$668	\$530
Energy and fuels	522	392	365	342	268
Professional and technical services	45	135	46	47	39
Contract work	351	367	242	214	152
Machinery, equipment and construction materials	448	479	408	264	164
Miscellaneous supplies and services	100	196	132	138	77
Outward transportation	1,171	956	1,011	1,024	826
BC concentrate purchases	49	58	131	19	6
Out-of-province concentrate purchases	630	1,025	901	451	426
Unallocated purchases	42	41	17	42	60
Total purchases	3,997	4,347	3,928	3,209	2,548
Other expenditures and dividend distributions					
Treatment, refining and marketing costs	321	243	332	255	213
Salaries and benefits	858	758	734	661	610
Taxes	365	290	648	445	185
Interest	168	143	50	19	9
Dividends (net)	407	635	1,057	642	448
Total other expenditures	2,119	2,069	2,821	2,022	1,465
Total mining industry expenditures	\$6,116	\$6,416	\$6,749	\$5,231	\$4,013

Distribution of Expenditures

(\$ millions)	2008	2007	2006	2005	2004
Suppliers, for goods and services	\$3,964	\$4,313	\$3,895	\$3,235	\$2,512
Smelters, for treatment and refining	321	243	332	255	213
Employees, as salaries and benefits ¹	710	618	616	463	487
Governments, and government agencies, as taxes and other levies ²	545	463	799	617	344
Lenders and investors	576	779	1,107	661	457
Total mining industry expenditures	\$6,116	\$6,416	\$6,749	\$5,231	\$4,013

Notes

1. Net of income taxes and other deductions from salaries.
2. Includes direct taxes, other levies and payments related to employment.

Outward Transportation Costs

(\$ millions)	2008	2007	2006	2005	2004
Road	\$57	\$63	\$63	\$46	\$44
Rail	612	604	655	646	572
Ship	171	114	112	141	57
Wharfage and handling	228	137	155	164	115
Other, including unallocated	103	38	26	27	38
Totals	\$1,171	\$956	\$1,011	\$1,024	\$826

Capital Expenditures

(\$ millions)	2008	2007	2006	2005	2004
Purchase of lands and mining rights	\$10	\$9	\$5	\$11	\$11
Surface construction	278	518	168	51	37
Machinery and equipment	438	352	290	245	156
Mine shafts, underground work, etc.	121	57	34	16	13
Other, including unallocated ¹	6	28	16	22	–
Totals	\$853	\$964	\$513	\$345	\$217

Note

1. The unallocated category includes construction-in-progress for which an accurate allocation to specific fixed asset categories was not available. These expenditures would relate primarily to surface construction and machinery and equipment.

Capital Expenditures, By Economic Region

(\$ millions)	2008	2007	2006	2005	2004
Kootenays	\$310	\$151	\$123	\$194	\$77
Okanagan	187	183	82	15	2
Cariboo/Vancouver Island – Coast	168	144	56	66	89
Nechako/Northeast	188	144	234	60	33
North Coast	–	342	18	10	16
Totals	\$853	\$964	\$513	\$345	\$217

Exploration & Development Expenditures¹

(\$ millions)	Grassroots Exploration ²	Properties under Development	Development on Producing Properties ³	Totals
1999	1	2	16	19
2000	2	4	11	17
2001	1	4	5	10
2002	1	8	2	11
2003	6	6	3	15
2004	36	22	15	73
2005	81	44	23	148
2006	83	38	8	129
2007	57	73	30	160
2008	35	33	18	86
Ten-Year Total	303	234	131	668

Notes

- Survey respondents are asked not to include any capitalized costs under Exploration and Development Expenditures. Capitalized costs are reported in Appendices 13 and 14.
- Grassroots exploration includes all exploration expenditures incurred in searching for and delineating mineral deposits on properties where no production is taking place.
- Development includes all mine development expenditures related to outlining and gaining access to ore on properties committed to production or in production. Thus, on producing properties, expenditures on drilling and excavations to extend proven ore are included.

Exploration & Development Expenditures, By Economic Region

(\$ millions)	2008	2007	2006	2005	2004
Kootenays	\$13	\$44	\$17	\$4	\$2
Okanagan	–	42	20	17	8
Cariboo/Vancouver Island – Coast	25	26	10	37	16
Lower Mainland	2	–	–	3	–
Nechako	34	11	10	7	6
Northeast	5	7	19	25	16
North Coast	7	30	53	55	25
Totals	\$86	\$160	\$129	\$148	\$73

Salaries & Benefits

	2008	2007	2006	2005	2004
Salaries (\$ millions)	\$713	\$622	\$596	\$551	\$501
Benefits (\$ millions)	145	136	138	110	109
Totals	\$858	\$758	\$734	\$661	\$610
Average number of employees^{1,2}	7,607	7,449	7,345	7,071	6,442
Average salary per employee	\$93,800	\$83,500	\$81,200	\$78,000	\$77,800
Average benefits per employee	\$19,000	\$18,200	\$18,700	\$15,600	\$16,900
Average salary & benefits per employee	\$112,800	\$101,700	\$99,900	\$93,600	\$94,700

Notes

- Participants were asked to report only the number of employees productively engaged. The number of employees represents the sum of the number actually engaged in mining operations at the end of each month divided by twelve to approximate an average “full-time equivalent” for the industry.
- Average number of employees reflects only the number of people employed by participants of this Survey.

Wages & Salaries, By Economic Region

(\$ millions)	2008	2007	2006	2005	2004
Kootenays	\$418	\$357	\$344	\$309	\$306
Okanagan	105	98	85	79	75
Cariboo/Vancouver Island – Coast	126	105	95	90	53
Lower Mainland ¹	8	6	12	9	6
Nechako/Northeast	51	40	51	43	40
North Coast	2	13	6	18	18
Unallocated	3	3	3	3	3
Total Gross Wages & Salaries	\$713	\$622	\$596	\$551	\$501

Notes

1. Includes wages and salaries for head offices of companies with global operations.

Employee Benefits

(\$ millions)	2008	2007	2006	2005	2004
Medical, dental, and life insurance	\$38	\$35	\$33	\$28	\$24
Company pension plan	44	42	50	39	43
Holiday and vacation pay	45	46	44	39	45
Workers' Compensation	13	13	15	16	17
Canada Pension Plan	17	18	16	13	12
Employment Insurance	7	8	8	7	7
Other	26	19	16	7	6
	190	181	182	149	154
Less: Holiday and vacation pay included in wages and salaries	(45)	(45)	(44)	(39)	(45)
Totals	\$145	\$136	\$138	\$110	\$109

Direct Employees, By Economic Region

	2008	2007	2006	2005	2004
Kootenays	4,352	4,106	4,075	4,034	3,856
Okangan	1,172	1,152	1,100	1,010	943
Cariboo/Vancouver Island – Coast	1,368	1,301	1,241	1,156	750
Lower Mainland ¹	70	94	103	80	71
Nechako	577	577	548	544	522
North Coast	34	182	161	175	232
Northeast	4	5	80	33	24
Unallocated	30	32	37	39	44
Totals	7,607	7,449	7,345	7,071	6,442

Notes

1. Includes head office employees for mining companies with global operations.

Direct Tax Payments

(\$ millions)	2008	2007	2006	2005	2004
Canada					
Income Tax	\$35	\$85	\$340	\$193	\$16
Tax on large corporations	–	–	1	1	2
Other	3	2	1	–	2
Total Canada	38	87	342	194	20
B.C. and Municipalities, excluding Property Taxes					
Income Tax, (B.C. portion)	19	39	118	88	52
Mining Tax	–	2	22	20	–
Mineral Tax	229	84	84	65	39
B.C. Capital Tax	–	–	–	–	–
Provincial Sales Tax	19	18	22	18	18
Gasoline and Fuel Oil Taxes	10	9	8	9	10
Leases, rentals, etc.	1	3	–	1	1
Other	20	19	22	22	18
Total B.C. and Municipalities	298	174	276	223	138
Property Taxes					
School Tax	7	9	8	8	8
Municipality Finance Authority	9	7	7	6	7
Rural Area Levy	11	11	12	11	9
All other levies	2	2	3	3	3
Total property taxes	29	29	30	28	27
Total direct tax payments	\$365	\$290	\$648	\$445	\$185

Cost of Purchased Energy

(\$ millions)	2008	2007	2006	2005	2004
Electricity	\$104	\$111	\$115	\$112	\$108
Natural gas	38	29	28	33	29
Diesel fuel	295	215	191	178	112
Gasoline	8	18	15	8	5
Coal	20	13	15	9	12
Other	57	6	1	2	2
Totals	\$522	\$392	\$365	\$342	\$268

Summary of Net Capital Inflow

(\$ millions)	New Capital Raised	Internally Generated Capital ¹	Less: Loans & Advances	Net Capital Inflow
2002	24	417	97	344
2003	43	491	15	519
2004	283	655	157	781
2005	393	1,429	224	1,598
2006	408	1,778	537	1,649
2007	1,069	1,415	1,317	1,167
2008	12,290	3,098	1,131	14,257

Note

1. Internally generated capital includes the net earnings of British Columbia mining operations adjusted for expenses which do not require a current outlay of funds, and items which do not relate to operations. Deducted from this total are dividends paid, amounts invested in or set aside for mining activities outside British Columbia, and amounts invested in non-mining activities.

New Capital Raised by Participating Companies for use in B.C.

(\$ millions)	2008	2007	2006	2005	2004
By Type of Capital					
Equity Capital, other than flow-through shares	\$200	\$342	\$172	\$275	\$106
Flow-through shares	2	258	9	22	40
Long-term debt	12,071	201	136	60	77
Advances	17	268	91	36	60
Totals	\$12,290	\$1,069	\$408	\$393	\$283
By Country of Origin					
Canada	\$146	\$805	\$313	\$190	\$259
United States	12,017	–	3	15	3
Other	127	264	92	188	21
Totals	\$12,290	\$1,069	\$408	\$393	\$283

Loan Capital & Advances Repaid

(\$ millions)	2008	2007	2006	2005	2004
By Type of Capital					
Loans	\$352	\$111	\$139	\$52	\$1
Advances (includes redemption of shares)	779	1,206	398	172	156
Totals	\$1,131	\$1,317	\$537	\$224	\$157
By Country of Origin					
Canada	\$353	\$688	\$28	\$19	\$92
United States	583	472	302	124	49
Japan	195	157	207	81	16
Totals	\$1,131	\$1,317	\$537	\$224	\$157

Interest on Long-term Debt

(\$ millions)	2008	2007	2006	2005	2004
Capitalized/Deferred	\$14	\$24	\$34	\$1	\$ –
Expensed	154	119	16	18	9
Totals	\$168	\$143	\$50	\$19	\$9

Return on Shareholders' Investment

B.C. Operating Mines

(\$ millions)	Shareholders' Investment ¹ (Average)	Return to Shareholders ²	Return on Shareholders' Investment (%) ³
2001	2,114	150	7.1
2002	2,656	271	10.2
2003	2,626	362	13.8
2004	2,830	1,125	39.8
2005	3,378	2,189	64.8
2006	3,621	3,039	83.9
2007	3,800	1,740	45.8
2008	3,317	3,234	97.5
Eight-year averages	\$3,043	\$1,514	49.7%

Notes

- Shareholders' Investment is taken to be the share capital, retained earnings and contributed surplus of the companies together with the amount of long-term loans provided by parent companies, affiliates and shareholders.
- Return to Shareholders is measured in current dollars.
- The Return on Shareholders' Investment is defined as the ratio of pre-tax earnings to total investment made by the shareholders. Included in the Return to Shareholders is that portion of the interest on long-term loans which was paid to lenders who were also parent companies, affiliates or shareholders.

Dividends Paid by Participating Companies

(\$ millions)	Dividends Paid
1999	78
2000	45
2001	133
2002	134
2003	108
2004	448
2005	642
2006	1,057
2007	635
2008	407
Ten-year totals	\$3,687

Training Dollars and Hours

	2008	2007	2006	2005	2004
Total hours	199,785	175,318	101,569	99,000	71,000
Total dollars (000's)	\$14,503	\$10,414	\$5,159	\$4,000	\$3,000
Dollars per hour	\$73	\$59	\$51	\$40	\$42

Reclamation and Environmental Management

(\$ millions)	2008	2007	2006	2005	2004
Capital	\$16	\$21	\$13	\$21	\$28
Operating line	50	44	50	49	55
Total	\$66	\$65	\$63	\$70	\$83

pwc.com/ca/mining

© 2009 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity. 1435-02