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MINISTRY OF ENERGY AND MINES

ISSUE: NOVEMBER 12, 1998 CLOSURE NOTICE TO THE ENDAKO MINE'S EMPLOYEES - EFFECTIVE FEBRUARY 5, 1999

TGS - Endako

BACKGROUND:

- Endako was developed by Placer Dome Inc. and commenced operation in 1965. Estimated reserves, at "normal prices", could support operations for at least another ten years. Market conditions caused mining to be suspended from June 1982 to June 1986.
- Molybdenum prices have declined sharply from approximately US\$4.00 per pound in June 1998 to US\$2.00 to US\$2.25 per pound at present.
- Thomson Creek Mining Ltd., of Colorado, and Nissho Iwai Moly Resources of Japan purchased the Endako Mine from Placer Dome Inc. in June 1997. On October 6, 1998 Thomson Creek announced production reductions and layoffs at Endako and at its Idaho molybdenum mine. Chinese producers have also announced production cutbacks and layoffs. Molycorp, based in the United States, is expected to do likewise before year end.
- The November 12, 1998 closure announcement is pursuant to the Employment Standards Act which requires a two-month termination period and that the Minister of Labour be notified. Approximately 190 employees are affected. Depending on market conditions, the closure notice may be extended or withdrawn. In the early 1990's molybdenum prices recovered quickly from similarly low levels and a mine closure did not occur.

RESPONSE:

- The measures undertaken by the mine are entirely due to the extremely difficult conditions that currently prevail in world molybdenum markets. Primary molybdenum mines in the United States and China have also announced production cutbacks and employment reductions.
- The Job Protection Commission (JPC) is currently working with all stakeholders to develop an Economic Plan that might allow continued operation of Endako through this downturn. The JPC has successfully developed plans to enable the Mount Polley and Huckleberry mines to continue operating during the current period of weak copper prices.
- Should closure be necessary, it is unlikely that it will be permanent. Molybdenum markets are characterized by periods of weak and strong prices. Endako's large reserves and efficient operation will allow mine operations to resume when prices recover.

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November 12, 1998

**BRITISH
COLUMBIA**

VOS → Endako

NEWS RELEASE

For Immediate Release

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Feb. 12, 1999

Ministry of Employment and Investment

Ministry of Energy and Mines

202 JOBS SAVED AT ENDAKO MINE IN FRASER LAKE

FRASER LAKE—An economic plan put together by the Job Protection Commission has been endorsed by all major stakeholders, saving more than 200 jobs at the Endako mine in Fraser Lake, Employment and Investment Minister Mike Farnworth and Energy and Mines Minister Dan Miller announced today.

“Severely depressed world prices for molybdenum have resulted in financial challenges for the Endako mine,” said Farnworth. “At the request of the company, the Job Protection Commission put together an economic plan to resolve short-term difficulties and help the mine achieve long-term viability. That plan has now received final approval from all stakeholders and, as a result, the mine will continue to operate.”

“The Endako mine has been an important contributor to economic growth and employment in northern British Columbia for more than 30 years,” said Miller. “With this plan in place, the mine will continue to provide long-term employment for more than 200 workers as well as stability for the communities and residents who depend on the mine for their livelihood.”

The Endako mine is located 190 kilometres west of Prince George and 8.5 kilometres southwest of the village of Endako. It began production in 1965 and is one of the world’s largest and Canada’s only primary molybdenum producer. The mine produces 27,000 tonnes per day. The economic plan outlines the commitments from the various stakeholders required to enable the mine to continue operating while metal prices are low.

“The economic plan developed to keep this mine open is only one example of our government’s strong commitment to assist B.C.’s mining industry as it deals with challenges caused by world market conditions,” said Miller. “In addition, last month I appointed the province’s first mining advocate who will work with government to help the mining industry overcome its challenges and capitalize on opportunities.

The mining advocate was appointed as part of government’s B.C. Mining Initiative, a plan that offers financial incentives for mineral exploration and development, fair compensation for mineral titles expropriated for parks creation, streamlined permitting and approval processes for mineral exploration and timely permitting for mining projects. Miller said the plan provides a foundation for the industry’s long-term growth and security.

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The Job Protection Commission works with companies that are experiencing short-term difficulties but are viable in the long run. The Endako mine economic plan put together by the Job Protection Commission represents the efforts and co-operation of major stakeholders including: the Ministry of Finance and Corporate Relations; the Ministry of Energy and Mines; B.C. Hydro; all employees of Endako mine; the village of Fraser Lake; the Bulkley-Nechako Regional District; mine suppliers, and mine owners Thompson Creek Mining Ltd. and Nissho Iwai Moly Resources.

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For Immediate Release

035

October 19, 1998

NEWS RELEASEMinistry of Energy and Mines and
Ministry Responsible for Northern DevelopmentJCS → 1) Endako
2) Post**MILLER RESPONDS TO ENDAKO MINE'S CUTBACKS**

VICTORIA—Energy and Mines Minister Dan Miller today expressed concern for workers affected by Thompson Creek Metal Co.'s plans to reduce production at the Endako Mine, near Fraser Lake, and criticized Prince George-Omineca MLA Paul Nettleton for trying to politicize the situation.

On Oct. 14, Thompson Creek Metals announced it would lay off 39 Endako Mine employees and reduce the mine's production by a third. The mine is expected to go from a seven- to a five-day work week.

"This puts Endako's employees, along with their families and other residents in the community, under a great deal of stress," Miller said. "I understand their concerns, and I promise our government will do everything it can to help the community through this difficult, uncertain time."

Miller noted company officials have stated that their decision to reduce mine operations is in response to world market conditions—that an over-supply of molybdenum, combined with a sharp decline in molybdenum prices, makes it economically unfeasible for Thompson Creek Metals to continue producing at its current rate.

"The company has been very clear about its reasons for this difficult decision. But Mr. Nettleton has chosen to use inflammatory language and point the finger at the provincial government, even though he knows the provincial government has no control over world prices or over how much moly is stocked in the global marketplace.

"He's tried to blame the government for the company's decision, even though Thompson Creek Metals is more dramatically cutting production and jobs in Idaho. The fact is that moly is selling for less than the company spends to produce it. As a result, the company has had to make some very tough business decisions. Mr. Nettleton knows that. And I'm extremely disappointed that he'd attempt to distort the facts on a subject that so seriously impacts residents in the Fraser Lake area," said Miller.

He added that, through the Job Protection Commission, the government and Thompson Creek Metals' officials are exploring ways to improve the mine's financial position. He also noted that B.C.'s mining initiative, which government unveiled earlier this year, will help B.C.'s mining industry capitalize on opportunities when world market conditions improve.

- more -



T. Schreiner

*TCB → DE -
Smithers*

MAY 5 1994

MONTHLY REPORT - APRIL 1994

Geological Survey Branch
MEMPR

by

Paul Wojdak, NORTHWEST REGIONAL GEOLOGIST

HIGHLIGHTS

* **MINERALS NORTH** in Mackenzie on April 6-8 had a modest but enthusiastic attendance of 66 delegates. The goal of communicating mine development issues to people outside the minerals industry is slowly being realized; Mayors, Councillors and Chamber of Commerce representatives from Mackenzie, Tumbler Ridge, Fraser Lake, Smithers and Stewart were present. **Honourable Anne Edwards** banquet speech was well received. Concern about changes to the Environmental Review process were expressed by proponents involved in the process, Homestake Canada Inc. in particular. Panel discussion comprised the mining industry (Steve McAlpine- Homestake, Dave Copeland- El Condor and John McManus- Quintette), forestry, Native interests (Vernon Salonaš- McLeod Lake band), education, local business and environmental interests. There is great concern in Mackenzie for B.C. Hydro's plan to drop water level in Williston Reservoir below the level necessary for barge transportation. Development of Cirque (Stronsay) by Teck/Cominco would be negatively impacted.

* **Mineral potential** assessments of Stikine River, Atlin, Hakai, Fiordland and Rainbow/Lindquist Recreation Areas received from GSB and will be presented to IAMC in early May. Sincere thanks to **Jim Logan, Mitch Mihalnyuk, Kim Bellefontaine** and **Larry Diakow**.

* Attended **Kamloops Exploration Conference** on April 11-12, exhibited display on Exploration in Northwest B.C.

FIELD ACTIVITIES

Endako
* **Endako mine** visited on April 6 (en route to Minerals North), tour provided by Mine Geologist Gary Wong. Reserves are 128 million tonnes at 0.128% MoS₂ sufficient for 12 years of production at 30,000 tons per day, based on Mo price of \$3.50 per pound. Current break-even grade is 0.073% MoS₂ and the mine works to a 0.07% cut-off. Definition drilling and stripping of the Denak West zone have been completed preparatory to open pit development. Current concern at the mine is poor Mo recovery (60% versus 80%) from Endako Pit ore. The cause is not clear (higher clay content? molybdenite grain size?) and is being investigated.

* **Bell Copper mine** visited on April 28 to identify geological material that EMPR considers worthy of ensuring preservation by means of company donation to the Ministry. Maps, plans and sections that were selected will be reviewed/approved by Noranda Exploration staff (Gerry Bidwell) during a site visit in late May.