



# BLUE PEARL MINING INC.

A subsidiary of the Thompson Creek Metals Company

FALL 2008





## WHAT IS MOLYBDENUM?

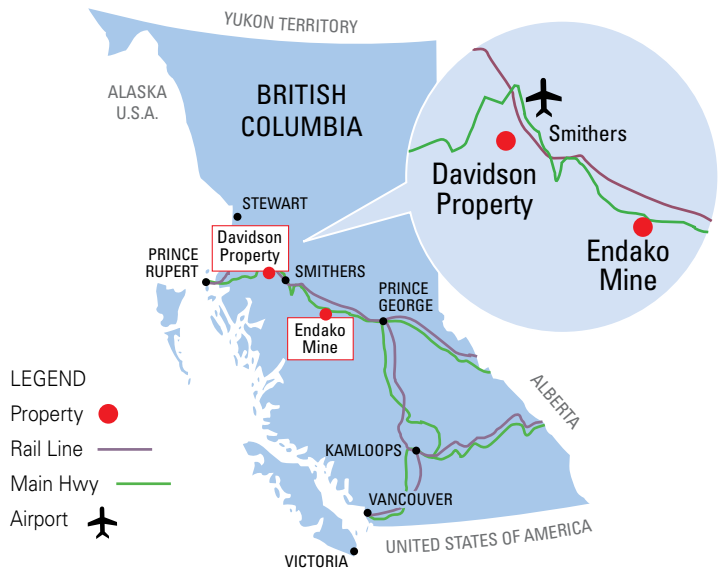
Molybdenum, often referred to as moly, is a very hard, silvery metal most often used in high-strength steel alloys and as a lubricant. Molybdenum has an extremely high melting point, 2,623 degrees Celsius, making it a key ingredient for manufacturing aircraft parts, electrical contacts, industrial motors and tools. Tools such as drill bits, saw blades or gear cutters contain anywhere from 0.5% to 9.5% molybdenum. It is the molybdenum in the tools that increases their hardness, wear and corrosion resistance. Canada is one of the world's top producers of molybdenum, along with the United States, China, Chile and Peru.

# DAVIDSON PROJECT UPDATE

## PROJECT INTRODUCTION

Blue Pearl has submitted its environmental assessment (EA) application. The EA application outlines Blue Pearl's proposal to develop the Davidson Project, an underground molybdenum deposit first discovered in 1944. The Davidson Project (named after local resident Don Davidson) was originally called the Yorke-Hardy deposit. The mineral deposit is located approximately nine kilometres northwest of Smithers, on the east side of Hudson Bay Mountain. The deposit is situated 300 to 450 metres below ground and is currently accessed by a two kilometre tunnel which was installed around 1966. The Davidson deposit is Canada's largest undeveloped molybdenum deposit. It is expected to be a producing mine which will provide employment for 125 people.

Over the past three years, Blue Pearl has worked to build a good relationship with the people of Smithers and the Wet'suwet'en First Nation. The deposit is located on the traditional territory of the Wet'suwet'en.



## THE DAVIDSON PROJECT'S SMITHERS TEAM

The Davidson Team is working hard to make sure the project is a success for the town of Smithers, providing opportunities for training, employment and business development. The team brings together unique skills and backgrounds resulting in a dedicated and well rounded group of people who continue to move the project forward.

Right: Jim Hutter and Julie Froese in the Smithers' office →



### **Jim Hutter** *Exploration Manager*

Jim has lived and worked in the Smithers area for over 30 years. Prior to joining the Davidson team in 2005, Jim worked at the Huckleberry Mine and at New Cantech Ventures' Lucky Ship project. Since graduation in 1976, Jim has worked in many capacities within the mining exploration industry, gaining an overall understanding of what it takes to move a project towards production.

### **Julie Froese** *Community Liaison Coordinator*

Julie was born and raised in the farming community of Evelyn. Julie brings local history and knowledge of the area to the Blue Pearl Mining Team as her family first came to the Smithers area in 1921. She was a business owner for eight years before changing to the career of raising her three children. Prior to joining the Davidson Project team, Julie was part of the Bandstra Transportation Systems team in Smithers.

### **Martina Namox** *Administrative Assistant*

Martina brings over 15 years of administrative experience to the team having worked with both provincial and federal governments as well as the private sector. She is of Wet'suwet'en Ancestry (which means

"People of the lower hills") she belongs to the Laksilu (small frog) clan. She grew up in the Bulkley Valley and raised four children in Moricetown, BC which is on the Wet'suwet'en Territory. She loves the fact that her back yard is surrounded by wildlife and is connected to the land and her culture. Outdoor adventures are her past time and you will often find her fishing, boating, hiking, camping and snowmobiling.

### **Randy MacGillivray**

*Vice President Environmental Affairs*

Randy is an Environmental Geoscientist with 20 years of geological and environmental management experience based in Alaska, Nevada, Canada, New Zealand, Chile, Guyana, and Bolivia. Randy has mine project management experience involving the full-spectrum of permitting, compliance, landslide remediation, groundwater contamination, and water quality planning involving both active chemical and passive biological treatment systems. He has experience in mine site feasibility studies and resource calculations for advanced stage exploration and mining operations, as well as due-diligence project evaluations and environmental audits.



## WORKING WITH THE COMMUNITY

Since early 2005, Blue Pearl has worked with people to understand their position on the project. Blue Pearl has heard comments relating to environmental and water protection, to economic development and job creation. Blue Pearl has listened to the community by hosting open houses, meeting with community-based organizations, and providing information through the local Smithers office.

Based on community comments, the project has changed. For example:

- Blue Pearl started out with seven different haul route options. Based on people's comments and an extensive assessment, the haul route with the lowest potential for impacts was chosen and the road alignment was moved away from homes.
- People commented on how the mine entrance would look from downtown. Based on people's suggestions, the mine entrance was moved to below the tree line.
- Input on Blue Pearl's water quality program led to an on-site water treatment facility.

## BLUE PEARL'S NEW COMMUNITY ADVISORY PANEL

Blue Pearl's Community Advisory Panel (CAP) is an important part in building community participation in the project. The group will include representatives from local resident groups, recreational clubs, business group leaders, educators, conservation groups and a company representative. Committee members will rotate every year to ensure a wide group of people and organizations can be involved in the project.

The committee will meet on a regular basis and will be asked to participate in activities like:

- Creating a community development plan
- Developing a Community Sponsorship plan
- Increasing awareness about business opportunities, and
- Giving input on recreational and educational needs in the community

For more information please email Julie at [jfroese@tcrk.com](mailto:jfroese@tcrk.com)

## PROTECTING THE ENVIRONMENT



Before Blue Pearl can start construction, it must complete the environmental assessment (EA) process and receive the necessary permits. Part of receiving those permits is based on Blue Pearl's environmental management plan. This plan outlines how the company will protect the environment and minimize its potential effects on the environment.

Here are just a few examples of plans and approaches aimed at minimizing the mine's potential effects:

- A detailed water quality plan will protect the local water supply. This will include erosion and sediment controls, water treatment and monitoring.

## PROJECT DETAILS

Blue Pearl is proposing to build a 2,000 tonne-per-day (tpd) underground mine operating year-round. The Project will include mine site and loadout, underground mine, utilities and ore hauling.

### Mine Site and Loadout

*In addition to the underground mine there will be an ore loadout facility, rock storage pile, water management facilities, water treatment facilities, office, change-house, shop, mine site roads and parking lot, power supply and ancillary facilities.*

### Water Treatment Plant

*The water treatment plant is a key part of the Project. The treatment plant will ensure all water is clean before being released into the environment.*

### Underground Mine

*The deposit will be mined using a traditional underground mining technique called open-stoping.*

### Utilities

*The Davidson Project will require electrical and natural gas supply. In addition, there will be a water pipeline to the Bulkley River.*

### Power line

*An extension to the existing power line (traveling alongside Highway 16) is proposed to service the mine site. The power line will follow the newly proposed haul road and will not be readily visible.*

### Pipelines

*The Davidson Project will require a natural gas supply line and a water pipeline to take treated water to the Bulkley River. Treated water will be released into the river via a diffuser submerged in the river floor.*

### Ore Hauling

*The ore from the mine will be processed at the Endako Mine located near Fraser Lake. Trucks will make approximately 50 trips a day, hauling approximately 40 tonnes of ore per trip. Many of the new jobs created by the Davidson Project will be truck driver positions.*

### Haul Road

*Based on people's feedback, a new 7.2 kilometre haul road route was chosen. The gravel road will be constructed from the mine site north to Highway 16. This means the road will avoid homes and areas of heavy recreational use.*

- Aquatic life will be protected by using sediment control buffers close to streams and by protecting fish passages.
  - Regular monitoring will ensure air quality fall within provincial guidelines.
  - Measures will be taken to minimize truck noise.
  - Several approaches will be used in the wildlife management plan to ensure animals are not affected by mine activities. A few of these approaches include avoiding calving areas and keeping vegetation near the mine site to ensure adequate habitat.
  - Progressive reclamation will be a key component of Blue Pearl's environmental management approach. This means the company will gradually re-seed and/or re-forest areas that are no longer being used in a phased approach.
- These are just some of the ways Blue Pearl aims to minimize its potential effects on the environment before, during and after operations. Community members will have access to its environmental monitoring reports and, through the CAP, suggestions and comments on the company's environmental performance will be encouraged.



## CORPORATE SOCIAL RESPONSIBILITY

Blue Pearl and the Davidson Project are owned by Thompson Creek Metals. The Davidson Project team is committed to being responsible developers. We are working with everyone to make sure the Davidson Project provides employment and economic opportunities and is a good example of how industry and community can share benefits and support a vibrant northern British Columbian community.

## ENVIRONMENTAL ASSESSMENT (EA) PROCESS

Blue Pearl officially began the EA process in 2005, when it received the Section 10 Order requiring an application be prepared. The Section 10 states that the project needs an environmental certificate and the Project cannot proceed without an assessment. In July 2008, Blue Pearl took the next major step in the EA process by submitting their application. The application includes the environmental baselines studies, management plans and in-depth details on how the project will be designed. During the next several months members of the public, stakeholder groups, First Nations and all interested parties will have a chance to review the application and provide comments to the Environmental Assessment Office (EAO). The EA process reviews the project from environmental, economic, social, health and heritage perspectives. In order to review all perspectives, the EA includes participation from people in communities, First Nations and any other group involved in the project.



The review period is expected to last eight months. All of the stakeholders will have an opportunity to comment on the application. There will be a 55-day public comment period on Blue Pearl's EA application, as well as many open houses and information sharing sessions. During this time the public can comment on any part of the application.

Below: Project phases ↙

| 1 YEAR       | 2 YEARS | 3 YEARS | 4 YEARS | 5 YEARS | 6 YEARS | 7 YEARS | 8 YEARS | 9 YEARS | 10 YEARS |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| PERMITTING   |         |         |         |         |         |         |         |         |          |
| CONSTRUCTION |         |         |         |         |         |         |         |         |          |
| OPERATIONS   |         |         |         |         |         |         |         |         |          |
| RECLAMATION  |         |         |         |         |         |         |         |         |          |

## Permitting

*Some permits will be applied for at the same time as the EA. Permits to begin construction; however, are only issued after an Environmental Assessment Certificate (an approval from the province) has been awarded. Federal agencies make their own, independent decision on the Project. The Canadian Environmental Assessment Agency (CEAA) is the agency that coordinates the federal review. Blue Pearl will apply to a number of provincial and federal departments to build and operate the mine. The permitting phase of the project is anticipated to take up to eight months.*

## Construction

*Once the permits have been granted, it will likely take 14 months to build the complete project. It is anticipated that 200 jobs will be created during construction. In addition to the mine things like the haul road, pipeline and water treatment facility will need to be built. During construction Blue Pearl will keep people well informed of its activities.*

## Operations

*The mine is planning on producing 2,000 tonnes-per-day (tpd) of ore from the underground mine. The ore will be mined using a standard process called underground open-stopping (see glossary). Once mined, the ore will be processed at the Endako mill near Fraser Lake. Once the project is in operation, no waste rock will be produced or stored on the surface.*

## Reclamation

*Once operations are over, Blue Pearl will bring the mine site back to its pre-mine setting. This will be done by closing the mine entrance, planting trees, re-seeding the area and moving out equipment. Blue Pearl will also help staff and community adjust to mine closure.*

## GLOSSARY

Below are some definitions to provide more explanation of commonly used terms and acronyms.

### **Audit:**

An almost horizontal entrance to an underground mine.

### **Ancillary Facilities:**

Additional on-site buildings required for operations (First Aid station, offices, lunch room, etc.).

### **Canadian Environmental Assessment Agency (CEAA):**

CEAA is a federal agency that reports to the Minister of Environment. The agency applies the federal Canadian Environmental Assessment Act. To apply the act, CEAA consults with the public and works with other federal and provincial departments to review an environmental assessment application.

### **Diffuser:**

A diffuser releases treated water into an existing waterway. Blue Pearl's diffuser will be located at the end of the pipe coming from the water treatment facility. Treated water will move down the pipeline to the diffuser. The diffuser will be located under the bottom of the river and will gently release water into the river. The gentle release means the river current will not change.

### **Endako Mine Facility:**

Located near Fraser Lake, the Endako Mine Facility processes approximately 28,000 tonnes of ore per day from mines on-site. Once mined, the Davidson ore will be processed at the Endako mill near Fraser Lake.

### **Environmental Assessment (EA):**

An environmental assessment is required by law for major development projects. The EA evaluates a project based on its total effects on people, the environment and the community.

### **Environmental Assessment Office (EAO):**

The EAO works independently and coordinates the assessment of projects in British Columbia. The assessment process examines major projects for potential effects.

**Mitigation:** During the EA, environmental effects are studied. Some effects can be minimized or improved on by changing part of the project. Mitigation is a way of avoiding negative effects.

### **Open-Stopping:**

This is a conventional mining technique that is used when the rock is strong enough to allow drilling, blasting and the removal of ore below the surface, leaving an underground opening that may or may not be filled in at a later time.

### **Ore Loadout:**

After ore has been moved to the entrance of the mine it must then be loaded onto highway trucks.

### **Reclamation:**

Reclamation is the way mining projects return to pre-mine settings. The process of reclamation generally happens step by step. As the mine is done with an area, it will re-seed and/or re-tree the area. Once operations are completely finished, a full reclamation plan will be put in place.

### **Rock Storage Pile:**

Rock storage piles hold rock that does not contain economic amounts of mineralization. This rock is stored so it can later be used to fill in a slope in the underground mine. At the Davidson Project the rocks are on a liner so the rainwater can be collected from them and treated prior to being released.

### **Tonnes per day (tpd):**

Tonnes per day indicate how large a mine operation will be by the volume of ore that is removed.

## JOBS AND LOCAL SUPPLIERS

Blue Pearl wants the people of Smithers and surrounding Bulkley Valley area to benefit from a new mine. To make sure this happens Blue Pearl will work with local organizations and suppliers early on so jobs and business opportunities are well advertized.

The Davidson Project anticipates hiring 125 full time positions. These will include positions such as:

- Drivers
- Miners
- Mechanics
- Electricians
- Surveyors
- Water Treatment Plant Operators
- Office Administrators
- Environment, Health and Safety Specialists
- Engineers and Technicians, and
- Geologists

When price and quality are comparable, Blue Pearl will use local suppliers. Already, Blue Pearl has contributed to the local Smithers economy through:

- Local employment
- Training programs; and
- Local procurement of supplies and services.



Blue Pearl works hard to provide information through its office at 1260 King Street, by hosting open houses and giving regular updates on the project. If you would like more information, or to be added to our mailing list to receive news updates, please contact Julie.

### Julie Froese

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For more information on the environmental assessment process, please visit:  
Environmental Assessment  
Office of British Columbia  
[www.eao.gov.bc.ca](http://www.eao.gov.bc.ca)

Canadian Environmental  
Assessment Agency  
[www.ceaa.gc.ca](http://www.ceaa.gc.ca)



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