
**Participant Funding Program – Regular Funding Envelope
Canadian Environmental Assessment Agency**

Taseko Prosperity Gold-Copper Project

**POTENTIAL IMPACT ON
WILLIAMS LAKE AND AREA**

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September 15, 2009

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EXECUTIVE SUMMARY

The Williams Lake & District Chamber of Commerce accessed funding from the Canadian Environmental Assessment Agency (CEAA) “Participant Funding Program” to enable this study and accompanying report. The CEAA are:

- to play a role in the successful evolution of the proposed project.
- to prepare the overall community, especially the Chamber of Commerce members, for the changes the mine project will bring.
- to ensure that all parts of the community, urban and rural, First Nation and non-First Nations, are given an equal opportunity to engage in the indirect benefits of the proposed project

In April 2009, the Chamber approved a proposal from Inland Timber Management Ltd. and Westcoast CED Consulting Ltd. to undertake the following objectives.

- to focus on the indirect economic impact of the Taseko Prosperity project and make suggestions as to how the chamber can assist the business community to position itself to take advantage of the Taseko Prosperity project to enhance or increase business and employment levels.
- to update economic measures/coefficients and, where able to, make recommendations in regards to future activities to better understand the direct, indirect and induced economic and employment measures and opportunities represented by the Taseko Prosperity proposal.

The Taseko - Gibraltar operating mine legacy information indicates that for 2005 \$7.5 million (13.6%) of a total of \$55 million and for 2006 \$15.0 million (16.7%) of a total of \$90 million of goods and services were purchased within the Williams Lake and local area. As additional information, for fiscal 2007 a total of \$22.1 million (82.5%) of a total of \$26.7 million and for fiscal 2008 a total of \$30.0 million (81%) of a total of \$37.0 million was spent on wages in Williams Lake.

For comparison purposes the operating budget for the City of Williams Lake for 2005 was \$15.6 million and for 2006 was \$16.7 million.

An important part of this study was to revisit the indirect and induced BC Stats coefficients. The Taseko prosperity report employed the 2001 coefficients and since their report work was completed the coefficients were updated in 2006. For the indirect impacts the annual jobs/after tax income for the construction phase did not change and the jobs/after tax income for the operations phase increased by just under 14% (110 to 125). For the induced impacts the annual jobs/after tax income for the construction phase changed by 3% (29 to 30) and the jobs/after tax income for the operations phase increased by just under 6% (118 to 125).

A critical component of the study was to interview local businesses in regards to their awareness of and preparedness for the Taseko Prosperity opportunity. An information backgrounder regarding the Taseko Prosperity project was provided to the businesses prior to the interview, as were the questions to be discussed at the interview. The interviewed businesses represent a very broad and varied cross section of the business community.

There were seven questions and an open discussion session at the end of the interview process. A brief summary of the results follows:

-What goods and services do you provide currently: each business provided a description of their services, ranging from accommodations to finance, consulting, construction, electrical to transportation related services.

-Are you currently providing goods and services to a mine in the region; Of the total of 33 businesses interviewed, 15 (64%) assessed themselves as providing goods and services ‘directly’ to the mining sector while the remaining 18 (54%) considered themselves ‘indirectly’ serving the mining sector.

-If providing services are you planning to expand your current services (greater volume) or to offer new services: For both Direct and Indirect the vast majority of businesses (approximately 90% for both groups) indicated that they plan to expand their existing services. This should not surprise anyone who is aware of the impact of the global economic crisis on rural communities.

-If not providing services have you investigated the potential to do so: Both groups indicate that they are interested in doing further investigative work, but are unsure of how to go about it, waiting for a stronger indication that the mine will go forward, or are willing to wait for the overall business activity to increase before reacting.

-Do you have plans to access the potential market that the Taseko Prosperity mine represents: 9 (60%) of Direct businesses have plans to access the opportunity while on 2 (11%) of the Indirect businesses have plans to do so

-What is your current level of activity: Virtually all businesses indicated having ‘available’ capacity due to the global economic crisis. Direct businesses reported a 21% reduction in staff from early 2008 to mid 2009 and projected a 13% increase in 2012 relative to 2008 staffing levels to address potential Taseko Prosperity activity. Indirect businesses reported a 2% increase in staff from early 2008 to mid 2009 and projected a 24% increase in 2012 relative to 2008 staffing levels to address potential Taseko Prosperity activity.

-Do you have the technology and equipment and access to manpower that you would need to maximize production: All respondents indicated that they have excess capacity/capability at this time.

-Do you have access to debt and equity financing required for any proposed increase in production: 30 (91%) of respondents indicated that financing is not an issue at this time.

-Do you support someone sponsoring a ‘collaboration’ or ‘consortium’ of local business interests to work with Taseko Prosperity to increase the potential for success: 28 (85%) indicated conceptual support, and 26 (79%) indicated personal support (ex: time, effort).

-Open discussion session: 5 of 12 respondents commented on observations or concerns regarding First Nations. 3 of 12 respondents commented on observations or concerns regarding worker availability.

The report concludes that the global economic crisis has brought about a degree of change that few of us would have imagined possible, and suggest that most resource dependant communities across this nation would welcome the opportunity that the Taseko Prosperity mine represents. Local businesses are well positioned to take advantage of this opportunity should the mine go forward, and business owners are just now able to stop living from day to day and able to look past the next month end. Surviving through the global economic so far has generated a sense of awakening and willingness to reach out to opportunities.

Direct businesses are the most engaged in the Taseko Prosperity opportunity, and indirect are the least engaged. Almost all businesses want to utilize existing capacity before expanding capacity or investigating the provision of new services. For most of the businesses interviewed, the Chamber initiative is the first time they were able to investigate the Taseko Prosperity project from a business perspective.

The successful businesses that operate within the sector are large industrial corporations that are very complicated, competitive, and operate at a global scale. Taseko Prosperity has stated its philosophy in regards to how it will work with local communities to provide maximum mutual benefits. The Taseko Prosperity words offer tremendous opportunity, but they also require tremendous responsibilities at the same time. Williams Lake and the surrounding area have a distinct advantage due to its strategic location in regards to the Taseko Prosperity project, however this does not mean that success is assured.

The report concludes with several recommendations for the Chamber to consider. Leadership and action are at the base of these recommendations, and the report suggests that the Chamber can and should play a leadership role on behalf of the business community.

The first recommendation is for the Chamber to address the information gap that currently exists and is likely to continue for some time if someone does not address it.

- The Chamber can make the remaining process for the Taseko Prosperity project more visible and understood in order to manage expectations, and assist Direct and Indirect businesses to address their unique and specific needs.

- The Chamber can address important aspects of how Taseko Prosperity perceives the local business community by sending a strong message that the business community is serious and determined to be the best that it can be, by focusing on specific goods and services available at this time, by investigating potential goods and services that may be provided that are not currently, by communicating these to both Taseko Prosperity and the contractors that will work for Taseko Prosperity if the mine goes forward.

- The Chamber can facilitate on behalf of the business community important aspects of the relationship between Taseko Prosperity and the business community. For example collaboratively with Taseko Prosperity the Chamber could champion or sponsor goods and services 'open houses'

The second recommendation is for the Chamber to go beyond information and actually become involved in preparing the groundwork to roll out the Taseko Prosperity opportunity. Through some form of consortium or coalition focus on activity or action, businesses want to see something proactive done. Some of the attributes of this group are: business to business initiative, fast, focused, time sensitive, decision making capability, set objective/goals, direct engagement with Taseko Prosperity.

Some potential early actions for this group are: immediate engagement with Taseko Prosperity regarding their commitment, their processes, their timelines, etc. Sponsoring information meetings, workshops, open houses on behalf of the local business community with Taseko Prosperity directly and with large international and national contractors that Taseko may be engaging in the near future. Create an inventory of specific goods and services for each phase of the Taseko Prosperity project, and a complementary inventory of goods and services currently available in the community.

INTRODUCTION

In the fall of 2008, the Canadian Environmental Assessment Agency (CEAA) provided funding for the “Participant Funding Program”. The Williams Lake and District Chamber of Commerce (Chamber) mission/mandate, provided in Appendix 1, is summarized as follows: businesses working together towards economic and social well-being to make our community a better place to live and work.

The Chamber’s December 2008 submission to the “Participant Funding Program” focused on the following components:

- assessing secondary industry/business awareness and preparation for the opportunity that the Taseko Prosperity project may represent;
- revisiting the ‘indirect’ and ‘induced’ labour needs for the project;
- investigating the current status of housing, land availability, construction capabilities, servicing, support services, trades, etc; and,
- engaging First Nations directly in developing improved business relations among all business interests.

The “Participant Funding Program” proposal was for a total of \$30,000. See Appendix 2 for the Chamber proposal.

In April 2009, the CEAA provided \$15,000 to the Chamber to complete the approved work plan. The objectives of the work plan are:

- to play a role in the successful evolution of the proposed project.
- to prepare the overall community, especially the Chamber of Commerce members, for the changes the mine project will bring.
- to ensure that all parts of the community, urban and rural, First Nation and non-First Nations, are given an equal opportunity to engage in the indirect benefits of the proposed project.

The Chamber will complete a local business readiness assessment in order to fulfill its goals and submit to the review panel this report on the local business environment assessment. See Appendix 3 for the CEAA response to the Chamber proposal.

In April 2009, the Chamber approved a proposal from Inland Timber Management Ltd. and Westcoast CED Consulting Ltd. to undertake the following objectives.

- The primary objective of the project will be to focus on the indirect economic impact of the Taseko Prosperity project and make suggestions as to how the chamber can assist the business community to position itself to take advantage of the Taseko Prosperity project to enhance or increase business and employment levels.
- The secondary objective is to update economic measures/coefficients and, where able to, make recommendations in regards to future activities to better understand the direct, indirect and induced economic and employment measures and opportunities represented by the Taseko Prosperity proposal.

See Appendix 4 for the consultants’ proposal.

Specifically, the work was to update the expected *direct*, *indirect* and *induced* employment impacts of the Taseko Prosperity project on Williams Lake and surrounding area. This was accomplished as follows:

- confirmed expected *direct* impacts of the Taseko Prosperity proposal;
- determined operations related ‘supplies and services’ purchasing breakdown between local and non-local providers taking place at this time of operating mines within the region for extrapolation to the Taseko Prosperity project;
- using this information, meet with individual goods and service suppliers and discuss the potential of them meeting these new demands;
- the Taseko Prosperity analysis was completed using the BC Stats 2001 regional impact coefficients. The BC Stats 2006 regional impact coefficients are available now and a comparison of the differences between the 2001 and 2006 coefficients can be made to determine if there is any difference, or the order of magnitude of difference if one exists.

1. IMPACTS

1.1 HISTORICAL/PROJECTED GOODS AND SERVICES INFORMATION

Taseko Gibraltar (located between Williams Lake and Quesnel) has provided the following legacy information in regards to the monies spent in fiscal years 2005 and 2006, by economic region. Taseko Gibraltar defines regions as follows:

- Williams Lake and Gibraltar
- Cariboo Region
- BC Central Interior
- BC Interior – Other
- BC Lower Mainland & Island
- Canada – Prairies
- Canada – Eastern
- United States
- International

The following tables identify the monies spent for fiscal year 2005 and 2006, and a combined column for both years.

Table 1: Taseko Gibraltar Operations—Accounts Payable Analysis (\$)

Total Expenditures By Region - Fiscal 2005 and 2006				
#	Economic Region	F 2005	F 2006	Combined
1	Williams Lake	7,521,803	15,039,947	22,561,750
2	Cariboo Region	1,016,275	2,852,786	3,869,061
3	BC Central Interior	4,133,728	6,678,956	10,812,684
4	BC Interior – Other	397,564	1,219,910	1,617,474
5	BC Lower Mainland & Island	20,504,117	22,913,123	43,417,240
6	Canada – Prairies	12,916,928	20,670,234	33,587,162
7	Canada – Eastern	8,122,281	18,351,312	26,473,592
8	United States	605,863	2,061,018	2,666,881
9	International		479,439	479,439
	Total Expenditure	55,218,559	90,266,725	145,485,283

Table 2: Taseko Gibraltar Operations—Accounts Payable Analysis (%)

Total Expenditures By Region (%) - Fiscal 2005 and 2006				
#	Economic Region	F 2005	F 2006	Combined
1	Williams Lake	13.6%	16.7%	15.5%
2	Cariboo Region	1.8%	3.2%	2.7%
3	BC Central Interior	7.5%	7.4%	7.4%
4	BC Interior – Other	0.7%	1.4%	1.1%
5	BC Lower Mainland & Island	37.1%	25.4%	29.8%
6	Canada – Prairies	23.4%	22.9%	23.1%
7	Canada – Eastern	14.7%	20.3%	18.2%
8	United States	1.1%	2.3%	1.8%
9	International	0.0%	0.5%	0.3%
	Total Expenditure	100.0%	100.0%	100.0%

Table 3: Taseko Gibraltar Operations—Graduated and Consolidated Expenditures

Fiscal 2005 and 2006				
#	Location	F 2005	F 2006	Combined
A	Williams Lake and Cariboo	8,538,078	17,892,733	26,430,811
B	British Columbia	33,573,487	48,704,722	82,278,209
C	Canada	54,612,695	87,726,269	142,338,964
D	Total - Global	55,218,559	90,266,725	145,485,283
#	Location	F 2005	F 2006	Combined
A	Williams Lake and Cariboo	15.5%	19.8%	18.2%
B	British Columbia	60.8%	54.0%	56.6%
C	Canada	98.9%	97.2%	97.8%
D	Total - Global	100.0%	100.0%	100.0%

For additional information Table 4 below provides the wages payable for the Taseko Gibraltar operations for fiscal 2007 and 2008. The ownership of the Gibraltar mine changed prior to 2007 and therefore the wage information for fiscal 2005 and 2006 is not available.

Table 4: Taseko Gibraltar Operations—Wages Payable Analysis (\$)

Total Wages By Region - Fiscal 2007 and 2008				
#	Economic Region	F 2007	F 2008	Combined
1	Williams Lake	22,051,163	29,029,642	52,014,611
2	Cariboo Region	2,323,421	3,898,876	6,222,297
3	BC Central Interior	280,036	622,369	902,406
4	BC Interior – Other	1,417,939	1,649,213	3,067,152
5	BC Lower Mainland & Island	372,803	795,897	1,168,701
6	Canada – Prairies	180,903	59,246	240,150
7	Canada – Eastern	93,089	20,358	113,448
8	United States/International	0	20,232	20,232
	Total Expenditure	26,719,358	37,029,642	63,749,000

Observations:

- For the Williams Lake and Cariboo region approximately 15.4% of the 2005 expenditures, 19.9% of the 2006 expenditures, with an average of 18.2% of total operations costs are spent within this region for fiscal 2005 and 2006 combined.
- For information purposes: the Taseko Gibraltar mine is located between Williams Lake and Quesnel, accessing goods and services from both communities and the surrounding area. The proposed Taseko Prosperity mine is located south west of Williams Lake which may decrease the opportunity for goods and services purchases from the northern part of the region, may increase the opportunity for goods and services purchases from the southern part of the region or from the greater Vancouver area.
- Taseko Prosperity is projecting that approximately 20% of operations phase goods and services purchases for the Taseko Prosperity project will take place with the Regional Service Area (RSA). See section ‘C’ of the Taseko Prosperity Backgrounder in Appendix 5 for Taseko Prosperity opportunity projections. Given the legacy of purchasing for the Taseko Gibraltar mine, it is not unreasonable to consider the 20% projection as reasonable.
- Approximately 97.5% of wages for fiscal 2007 and 2008 were spent within the Cariboo region / Central Interior of the province.
- For information purposes the City of Williams Lake Operating and Capital budget for selected years is as follows:

Budget Component	Year		
	2005	2006	2009
Operating	\$15.6M	\$16.7M	\$20.7M
Capital	\$9.0M	\$11.9M	\$14.0M
Total	\$24.6M	\$28.6M	\$34.7M

1.2 EXPECTED DIRECT IMPACTS (FROM TASEKO PROSPERITY SE REPORT)

As outlined in the Taseko’s socio-economic report on the Prosperity project, expenditures during construction with local businesses is expected to be \$55 million annually in goods and supplies over the 2.5 year construction period.¹ This direct spending will generate approximately 95 person-years of work locally each year.

During operations, and based on the local purchases made at Gibraltar, and recognizing that Prosperity will be a larger facility with a workforce 25% larger than Gibraltar, total purchases during operations are estimated to be in the range of \$100 to \$112 million annually with \$20 to \$22 million of that potentially going to suppliers and businesses in the local area.² The direct local operational labour force is estimated at 355 person-years per year over the 21 year life of the project.

¹ Taseko Prosperity Mine Ltd. March 2009. Taseko Prosperity Gold-Copper Project: Volume 6 Socio-Economics, Human Health and Ecological Risk Assessment. Prepared as part of the Environmental Impact Statement/Application.

² Ibid.

1.3 INDIRECT IMPACTS

Indirect ratios are concerned with additional employment generated in a community because of other spending associated with the direct employment.³ Using the indirect multipliers for the Williams Lake area the employment benefits are estimated to be:

- Construction – an additional 124 person-years annually (same as the EA report using 2004 coefficient) with associated after-tax income of \$2.7 million per year for the 2.5 years.
- Operation – an additional 125 person years annually up from 110 reported in the EA report (based on the 2001 coefficients) with associated after tax income of \$2.7 million per year for the 21 year operation period.⁴

1.4 INDUCED IMPACTS

Induced ratios are based on formula, but in addition to the indirect employment they assign some portion of the nonbasic employment in the community to the income source generating the direct employment.⁵ Using the induced employment multipliers for the Williams Lake area the employment benefits are estimated to be:

- Construction – an additional 30 person-years annually (up from 29 based on the 2001 coefficient) with associated after tax income of \$660 thousand per year for the 2.5 years.
- Operation – an additional 125 person years annually (up from 118 based on the 2001 coefficients) with associated after tax income of \$2.5 million per year for the 21 year operation period.⁶

³ BC Stats. Mach 2009. British Columbia Local Area Economic Dependencies: 2006.

⁴ The 2006 multipliers for Williams Lake local area highlight a slight increase in the multiplier effects over the 2001 multipliers produced by BC Stats.

⁵ BC Stats. Mach 2009. British Columbia Local Area Economic Dependencies: 2006.

⁶ The 2006 multipliers for Williams Lake local area highlight a slight increase in the multiplier effects over the 2001 multipliers produced by BC Stats.

2. INTERVIEWS WITH LOCAL BUSINESS OWNERS

The Chamber members represent a very broad cross section of the local business community. The consultant proposal included an interview of local business in order to determine the ‘awareness’ of local business in regards to: the Taseko Prosperity project; their expectations in regards to the impact the Taseko Prosperity project may have on their businesses; their state of readiness or planning in regards to the Taseko Prosperity project should it go forward; and to provide an opportunity for the local businesses to state any issues or concerns that they may have on this project or related issues.

The Chamber/consultants agreed that between 30-40 interviews should be achievable given the budget, timing of the contract, and the interest within the community in regards to the Taseko Prosperity project. The Chamber provided a short list of 55 individual businesses from their records, Chamber members and non-Chamber members were selected.

The number of businesses interviewed for this study totalled 33, distributed as follows:

Accommodation	1	Finance	2
Association	1	Insurance	1
Community Service	3	Real Estate	1
Construction	5	Transportation	6
Consulting	2	Retail Goods and Services	7
Electrical/Mechanical	4		

Several (3) business declined the interview request, some (5) businesses did not respond to requests for an interview and a few (4) businesses agreed to be interviewed but were unable to complete arrangements for the actual interview itself.

2.1 INTERVIEW PROCESS

In order to ensure that the business owner or manager to be interviewed was as informed as possible about the Taseko Prosperity proposal, an information backgrounder (see Appendix 5) and generic interview questions (see Appendix 6) were provided via e-mail before the actual interview took place.

The backgrounder summarizes information from the detailed Volume 6: Socio-Economic, Human Health and Ecological Risk Assessment, Section 2 Economic Issues, Subsection 2.3.4.4 Project Effect of Regional Economic Development on Economic Issues.

Very few of the interview candidates indicated that they had read or reviewed the Volume 6 material. Many people commented that they have not had the time or the inclination to investigate the proposal materials directly themselves, many indicated that they have attended public meetings on the Taseko Prosperity proposal, and the majority expressed their appreciation for the information backgrounder / interview process. This process has sparked their interest and they could see themselves starting to consider the Taseko Prosperity proposal within their ‘business planning and thinking’ in the immediate future.

This process has sparked their interest and they could see themselves starting to consider the Taseko Prosperity proposal within their ‘business planning and thinking’ in the immediate future.

The generic interview questions were somewhat of a challenge to develop as the target audience is so varied and broadly based. Perhaps more importantly, the interview process was meant to stimulate the business owner or manager to think about and to consider the opportunity that the Taseko Prosperity project may represent.

To allow for and encourage a more open process, the interview process included a ‘general discussion’ section at the end of the generic interview process.

2.2 INTERVIEW RESULT BREAKDOWN

The interviews themselves were varied and different as the persons and businesses being interviewed. For the greater majority of businesses interviewed, the owner of the business wanted to be involved personally in the interview process. On average, the interviews lasted between 20 to 90 minutes (a few lasted over 2 hours), with an average length of 45 minutes. Some businesses initially stated that they were not going to be impacted by the Taseko Prosperity project, but after discussion of topics such as overall labour availability/costs, changes in real estate values, etc, they agreed that even though they are not involved with the sector in any manner, the project may affect their businesses in some manner.

It should not be a surprise to anyone that the businesses that are ‘directly’ engaged with the mining sector were the most aware and active in regards to the Taseko Prosperity opportunity should the project go ahead. Somewhat surprisingly, the majority of indirect businesses are aware of the Taseko Prosperity but had not contemplated or incorporated the Taseko Prosperity opportunity into their thinking or business planning to date.

The individual generic interview questions are provided below. For each question the results are summarized by ‘direct’ and ‘indirect’ businesses where applicable. Individual interviewee comments are provided to give the reader a sense of the variety of issues and perspectives of the interviewed businesses.

1. What goods and/or services do you provide currently:

The goods and services component of the 33 interviewed businesses is as follows:

-Accommodation	1	-Association	1
-Community Service	3	-Construction	5
-Consulting	2	-Electrical/Mechanical	4
-Finance	2	-Insurance	1
-Real Estate	1	-Transportation	6
-Retail	7		

2. Are you currently providing either goods or services to a mine in the region?

Definitions:

- ‘direct’ is defined as providing goods and services to the mining sector (mining companies pay the bills)
- ‘indirect’ is defined as providing goods and services to contractors, employees, service providers to the mining sector (someone other than the mining companies are paying the bills)

Businesses interviewed providing direct services to the mining sector:	15 (46%)
Businesses interviewed providing indirect services to the mining sector:	18 (54%)

Individual Respondent Comments:

mining sector activity has slowed recently, expectations for it to recover soon
can't seem to get on the 'select' contractors list for local mines
sector purchases special items only from this business
mining sector is 'very' cost conscious, for example the mining sector pays less on an hourly basis than the forest sector, for the same service
mining sector pays their bills on time, all the time
very busy working for mining sector, scheduling of steady workflow is always a challenge
significant increase in volume with this sector over the past few years, working hard to grow business with this sector further
contractors and sub-contractors are the most important aspect of the mining sector for small businesses ('indirect' is more important than 'direct')
mining sector will always purchase from the lowest cost provider, regardless of the goods or services involved, regardless of the source (ex: local, regional, provincial)
corporate/head office 'centralized purchasing' within the forest and mining sectors is hurting Williams Lake
have made changes to business to enhance mining sector contracting opportunities, we will continue to support the sector, provide whatever services are needed when asked to do so
involved for the past 2 years, eager to grow and expand services if possible

a) If yes, what are you currently providing? Are you planning to expand either your current services (greater volume) or to offer new services?

Direct businesses (15 respondents):

Broad range of goods and services provided directly to the mining sector

Plans to offer new services to the mining sector: 1 (7%)
Plans to expand existing services (greater volume) to the sector: 14 (93%)

Indirect businesses (18 respondents):

Broad range of goods and services provided to the community, which includes the mining sector

Plans to offer new services to the mining sector: 2 (11%)
Plans to expand existing services (greater volume) to the sector: 16 (89%)

b) If no, have you investigated the potential to do so? If no, why not? If yes, provide a brief summary of their expectations.

Direct businesses (15 respondents):

Have plans to investigate the potential to serve the expanded mining sector: 2 (13%)
No additional comments 13 (87%)

Individual Respondent Comments:

- almost all respondents indicated that they were unsure of how to go about investigating the potential, but have plans to do so
- many respondents indicated their concern regarding waiting until the mine is given the green light to start would be too late to begin the investigation or planning for the Taseko Prosperity opportunity (see Question 7 for action flowing from this concern of how and when to start this engagement).

Almost all respondents indicated that they were unsure of how to go about investigating the potential, but have plans to do so

Indirect businesses (18 respondents):

Have plans to investigate the potential to serve the expanded mining sector: 2 (11%)
 No plans to investigate the potential to serve the expanded mining sector: 16 (88%)

Individual Respondent Comments:

- in general, this group is ‘reactive’ in regards to market changes. Virtually all respondents have strong expectations for growth if the Taseko Prosperity opportunity goes ahead, but generally they are going to wait for the opportunity to present itself and then adapt or respond as required
- some indicated that they are very busy and do not have the time to investigate the Taseko Prosperity project opportunity

Virtually all respondents have strong expectations for growth if the Taseko Prosperity opportunity goes ahead, but generally they are going to wait for the opportunity to present itself and then adapt or respond as required

3. Do you have plans to access the potential market that Taseko Prosperity mine represents?
 a. If yes, obtain as much detail as possible about those plans.

Direct businesses (15 respondents):

Have plans to access the Taseko Prosperity opportunity: 9 (60%)
 No plans to access the Taseko Prosperity opportunity: 6 (40%)

Individual Respondent Comments:

- willing to locate ‘on-site’ goods and service facilities
- have tried unsuccessfully to engage Taseko Gibraltar in business, hope to be successful with the Taseko Prosperity project opportunity
- Taseko Prosperity opportunity is the reason for recent business model changes
- within business capabilities will look for opportunities
- have contacted engineering firms, meeting with other suppliers, active involvement to date
- very interested, but not sure how to go about getting involved

Indirect businesses (18 respondents):

Have plans to access the Taseko Prosperity opportunity: 2 (11%)
 No plans to access the Taseko Prosperity opportunity: 16 (89%)

Individual Respondent Comments:

- haven’t thought about it

looking at providing new services for the Taseko Prosperity project opportunity
 very interested, but not sure how to go about getting involved
 interested in building structures on mine site and spin-off construction within communities

4. What is your current level of activity?

a. What was your maximum level of activity over the last 5 years?

i. Obtain a measure that they are comfortable with in either employees or \$\$

Most respondents were more comfortable discussing employee numbers than gross receipts. Therefore we requested changes in employee numbers from early 2008 before the global economic crisis, late 2008 during the global economic crisis, and their projected employment if the Taseko Prosperity opportunity was realized. The responses are summarized below.

ii. Ascertain if it is important to know capacity by product or service, then follow with appropriate questions.

Due to the global economic crisis, virtually all businesses interviewed have ‘un-met’ capacity or capability at this time. The majority of interviewees indicated that they would provide the same services as today, hopefully in greater volume in order to meet any Taseko Prosperity project opportunity.

Due to the global economic crisis, virtually all businesses interviewed have ‘un-met’ capacity or capability at this time

b. What could be the maximum level of activity in two years time assuming that there is an appropriate local market available?

Summary of change in employment for the following three timeframes:

- 2008 (pre global economic crisis)
- 2009 (current)
- 2012 (Taseko Prosperity mine in ‘operations phase’)

Direct businesses (15 respondents):

Year	2008	2009	2012
Full time equivalents:	392	309	443
Change from 2008	-	-21%	+13%

Indirect businesses (18 respondents):

Year	2008	2009	2012
Full time equivalents:	422	423	524
Change from 2008	-	-%	+24%

Comments:

very wide range of responses
 some businesses have experienced very dramatic changes in employment levels as a result of the global economic crisis (ex: manufacturing, consulting, transportation)

other businesses have not experienced any appreciable change as a result of the global economic crisis (ex: food services, insurance, finance).

5. Do you have the technology and equipment, and access to manpower that you would need to maximize production?

a. If not do you have access to these components to increase your production?

Virtually all respondents advised that they currently have excess capacity/capability due to either reductions or slow downs brought about by the global economic crisis.

Individual Respondent Comments:

have all that is needed
same service, greater volume
many businesses indicated that they do not have any concerns regarding finding suitable workers when required to do so in regards to the Taseko Prosperity opportunity
will depend on the length of the contract that can be negotiated (longer contract allows for greater flexibility and response to needs)
we have the best equipment available now
skilled labour is a concern for specific trades
can scale business to accommodate any growth opportunity that Taseko Prosperity may represent

Many businesses indicated that they do not have any concerns regarding finding suitable workers when required to do so

b. What would assist you in ramping up your capacity if the market demand at the appropriate price point materialized?

The most common responses were in regards to determining the timing (when will it start) of the Taseko Prosperity opportunity, the ability to access the tendering process, and the length of contracts directly impacting the willingness to engage in the tendering process.

Individual Respondent Comments:

most competitive bid will drive the process
not sure at this time
may consider double shifting to meet the need and reduce costs
enough physical space (land and buildings) in order to expand production and services
plans are in place to expand location and services
no changes required
need to expand systems, efficiencies, staff training, capital purchases

6. Do you have access to the debt and or equity financing required for any proposed increase in production?

Not an issue at this time:

30 (91%)

Will require a business plan for the bank: 3 (9%)

It is interesting to note that the greater majority of businesses do not have any concerns in regards to access to capital at this time. This is probably a direct result of the global economic crisis where most businesses are experiencing reduced levels of activity, have unmet capacity and opportunity to grow almost immediately.

7. Do you support someone sponsoring a 'collaboration' or 'consortium' of local business interests to work with Taseko Prosperity to increase the potential for success (ex: greater awareness or knowledge of the goods and services required, the timing of the project, the tendering process, etc) of local businesses in regards to the Taseko Prosperity opportunity.

Conceptual support for an initiative to increase the chance of success with Taseko Prosperity opportunity:	Yes:	28 (85%)
	Uncertain:	5 (15%)
Corporate/personal support (time, effort, etc):	Yes:	26 (79%)
	No:	1 (3%)
	Uncertain:	6 (18%)

Individual Respondent Comments:

- need to do this, lets get 'hands on' as soon as is possible, need to send a strong and positive message early
- do not support this concept and it will not directly benefit my business
- mine project managers are key to this kind of initiative
- use the consortium to inform Taseko Prosperity of the range of goods and services available within the region
- focus on strategy and planning only, allow individual businesses to handle the tendering and bidding process on their own
- use consortium to meet with First Nations business people to find common ground, use the group to liaise with First Nations communities, work proactively on what can be accomplished and then agree to disagree on what cannot be accomplished
- need a results orientated process, avoid the meeting/talking model typical of economic development initiatives, look for positive action in short time frame
- avoid lobbying of politicians
- focus on lobbying politicians (focus on provincial and federal)
- if lobbying, the sooner the better, support for go ahead and then action within region to maximize the benefits of the Taseko Prosperity opportunity
- not sure how to go about it, but getting started is important
- consortium to include professional expertise (ex: financial, doctors, etc)
- how to include the 'social' perspective in the model

Need a results orientated process, avoid the meeting/talking model typical of economic development initiatives, look for positive action in short time frame

mining sector is very different from forestry, more tightly controlled, information is less public

with the addition of Taseko Prosperity opportunity, will some sort of 'critical mass' be reached as we will see a whole new range of services and business move into the region

feel that an enhanced or expanded 'welcome wagon' model (reactive) will benefit their business more than a 'consortium model' (proactive)

possible attributes of consortium (non-political), objective is to grow the City of Williams Lake/region, act as champion for maximizing the Taseko Prosperity opportunity, include business, service clubs, communities (Williams Lake, Quesnel, 100 Mile House))

8. Open discussion session:

At the end of the interview process the participant was requested to consider any topics that were of a concern or that they felt should be considered as a part of the Taseko Prosperity opportunity process. Of the total 33 interviews completed 12 respondents raised additional topics, issue, concerns or recommendations. The themes of these discussions are as follows:

a) First Nations: 5 of 12 respondents provided their perspectives regarding the First Nations / Taseko Prosperity situation. The perspectives offered are summarized as follows:

- desire to see the First Nations and non-First Nations communities working together on a large project such as the Taseko Prosperity project
- many expressed concerns that the First Nations 'rights and title' process allows for a disproportionate level of 'control' over natural resource projects, such as the Taseko Prosperity project
- it is the provincial and federal politicians responsibility to address these issues not Taseko Prosperity's
- concern that if Taseko Prosperity provides financial compensation to First Nations in some form, that other businesses will be expected to follow this example
- concern that the Taseko Prosperity project will 'divide' the First Nation and non-First Nations communities
- how much work has Taseko Prosperity undertaken to work with or build/diminish trust with the First Nations in regards to this proposal
- how much support at the First Nations community level is there for the Taseko Prosperity project
- the stage may already be set in regards to taking 'sides' for or against the Taseko Prosperity proposal. The challenge is how to bridge the issue when people are already 'dug-in'.

b) Labour: 3 of 12 people noted that they are not concerned in regards to finding workers if and when the Taseko Prosperity project goes ahead.

- generally, most business owners linked the potential for changes to the local labour market (ex: availability, costs per unit, etc) should the Taseko-Prosperity project go ahead

c) Other comments: respondents also raised the following comments or observations:

- centralized purchasing practices by large corporations (mining and forest sector participants mentioned) has created some concern, frustration, ill will towards this model. Desire to see Taseko Prosperity services and goods purchasing model when the time is right.

- concerns regarding the potential effect that the Taseko Prosperity project would have on low income housing availability (current wait list is 3-5 years, speculation in real estate (ex: apartment buildings) pre-Taseko Prosperity go ahead, etc),
- concerns with current School District downsizing and potential impacts on class room pupil numbers if new families move to town to work at the Taseko Prosperity project
- apparent lack of planning and strategy taking place in order to be prepared if the Taseko Prosperity proposal does go forward (ex: residential and commercial subdivision planning, school district, housing, services for increased workforces and families, etc). Concern that if the Taseko Prosperity project is given the go ahead, that there may not be enough time between the approval and the time when some of these goods and services are required.
- Strong support for some 'positive action' on behalf of the community towards the Taseko Prosperity project.

Apparent lack of planning and strategy taking place in order to be prepared if the Taseko Prosperity proposal does go forward

3. CONCLUSION

“CHANGE IS A CONSTANT COMPANION”

The City of Williams Lake and surrounding region, along with all other resource dependent communities throughout the world, has had to adapt and change in response to the global economic crisis. Change continues today. Businesses owners, business sectors and financial markets are both sending and receiving more positive than negative messages in recent months, and if one is optimistic this positive trend may well continue into the future.

However, at a global scale there is a significant difference in regards to Williams Lake and the surrounding region, and that is the potential opportunity that the Taseko Prosperity mine represents. Undoubtedly, many other communities and regions would welcome an opportunity of the scale and length of operation that the Taseko Prosperity project represents.

Interestingly, the global economic crisis has positioned local businesses to take maximum advantage of this opportunity. In general all sectors of the local business community currently have excess capacity or capability, do not appear to have any access to capital or capital availability issues, and are able to respond rapidly to economic opportunity.

Interestingly, the global economic crisis has positioned local businesses to take maximum advantage of this opportunity.

Business owners are still concerned about the global economic situation, and are still acting and thinking conservatively in regards to the short-term. However, there appears to be a mutual sense of relief in regards to having survived the worst of the global economic crisis, and an increasing willingness to look further into the future than the next month end. In addition, this mutual sense of having survived seems to have uplifted people’s spirits and awakened their willingness and ability to reach out to the opportunities.

The 2006 multipliers for Williams Lake local area highlight a slight increase in the multiplier effects over the 2001 multipliers produced by BC Stats thus projecting a slight increase in the expected economic impact of the project.

“WHAT HAVE WE LEARNED”

It should come as no surprise that those businesses that are most engaged with the mining sector are most aware and are the most proactive in regards to preparation for the Taseko Prosperity opportunity. Conversely, those businesses that are furthest from the sector, and those businesses that cater to the broadest public are the least aware of the Taseko Prosperity opportunity and are taking a reactionary approach, or are waiting for the opportunity to come to them.

The great majority of the businesses interviewed want to have access to the opportunity that the Taseko Prosperity project represents, but few of these businesses have any concrete action plans to do so. Similarly, the great majority of the businesses interviewed want to utilize existing excess capacity or capability before contemplating expansion, or the provision of new services, or changing their business model. Even those businesses currently in ‘survival mode’ acknowledged the need to prepare appropriately for an opportunity the scale of the Taseko Prosperity project.

The Chamber should be congratulated for undertaking this initial project as the greater majority of interviewees acknowledged that the ‘information backgrounder’ provided to them prior to the

interview process was the first time that they were actually able to investigate/consider the project in a business sense. Many commented that this interview process acted as a spark to ignite their interest in the Taseko Prosperity project and specifically their business opportunities.

“OPPORTUNITY COMES IN MANY FORMS, FOR ALL OF US”

The business sector in the Williams Lake and surrounding area has a rare opportunity to affect what happens in the future.

The business sector in the Williams Lake and surrounding area will receive both direct and indirect benefits from the Taseko Prosperity project should it go forward. To what degree is difficult to forecast. The Taseko Prosperity socio-economic analysis provides one possible future scenario.

The business sector in the Williams Lake and surrounding area has a rare opportunity to affect what happens in the future in regards to the Taseko Prosperity project. Large industrial corporations are complicated, complex, intensively competitive, employing globally sophisticated technical and operational models/approaches to ensure their success over long periods of time. In many ways, the broader mining sector, and Taseko Prosperity specifically, are looking for a ‘win-win’ in regards to this project. On page 2-30, Section 2.3.4.4: Project Effect on Regional Economic Development on Economic Issues, Project Effects, Taseko Prosperity states the following:

Mitigation:

It is the philosophy of Taseko that working in a positive and responsible manner with all local communities will provide maximum mutual benefit.

In the procurement of goods and services to build and operate the mine, decisions will be guided by the desire to deliver maximum economic value and social benefit, locally, regionally and provincially.

To facilitate the participation of local businesses and individuals in contracting for the Project, and in addition to mitigation policies already outlined in the labour market section, Taseko will:

- *consider local and regional capabilities when defining contract scope, so as to provide opportunities accessible to local and regional contractors*
- *include local contractors and suppliers in its corporate database*
- *expect suppliers to share the company’s commitment to investing in local community success through their respective purchasing, hiring, sub-contracting and logistical support*
- *work with local and regional economic development offices as appropriate*

There is tremendous opportunity within these words, as there is tremendous responsibility. The business sector in Williams Lake and surrounding area should engage Taseko Prosperity immediately in regards to the above commitment. There is no reason to delay this engagement, it will take some time to establish a strong business relationship between the business community and Taseko Prosperity.

Taseko Prosperity has sent a strong and positive message in regards to engaging with the local communities. However a good cautionary principle for Williams Lake business is to avoid the

mistake of assuming that their goods and services are the only market or source of goods and services for the Taseko Prosperity project. By their very nature, mining companies operate in distant, difficult, often hostile environments, they accept it as part of their business and in many ways it is an attribute of the mining sector that they are very proud of. They are very practised at sourcing what they need from distant suppliers. The key for Williams Lake businesses is to make their location work for them, but at the same time provide goods and services in a cost competitive manner and business like manner.

The key for Williams Lake businesses is to make their location work for them...

Communities such as Williams Lake are already ‘very’ aware, thanks to the global economic crisis, that any change to industrial/business activity will impact a wide array of social issues, such as the food bank, low income housing, school enrolment, etc. The Chamber mandate links both the business and social ‘well being’ of the community and should continue to do so. Through its engagement with the Taseko Prosperity project the Chamber should identify any potential for either social or economic issues in the future and communicate this potential to the responsible parties.

4. RECOMMENDATIONS

Leadership and Action

The Chamber can and should play a role in regards to the Taseko Prosperity project in order to increase and enhance the positive effect of the Taseko Prosperity project on the local businesses and community. There are several areas where support, assistance, strategy, planning, coordination, or just simple energy can make a tremendous difference.

a) *Information dissemination*: A critical activity at this time. The survey indicates that information is desperately needed, but not just any information, and certainly not ‘public relations’ information, rather decision making, action initiating (commercial) information that flows in a timely manner and flows very quickly between the Taseko Prosperity project proponents and the business community.

The Chamber can lead, on behalf of the broader business community, this kind of engagement with the Taseko Prosperity project proponents. The time is already here where this kind of activity can begin, and clearly the business community feels that it is ready to start.

By taking the lead, the Chamber can address many important aspects of how the local business community perceives and then hopefully understands the current Taseko Prosperity proposal situation:

- assist in making the remainder of the project approval and start up process more visible, more clearly understood and understandable to the broader business community in order to aid in establishing reasonable expectations regarding:
 - timelines of the project. There are many outstanding submissions, review processes and approvals required before the mine actually gets to a ‘start up’ status
 - as each step or phase in the mine development process is achieved, there are outstanding engineering and process development tasks specific to that step or phase to be completed, many of which limit the ability to go forward to the next step or phase
 - tendering and bidding processes and procedures are not new to those businesses that currently work in the sector but they may be new to others.
 - other information needs as they are identified.
- in support of the generalized action statement above, assist specific ‘direct’ and ‘indirect’ components of the business community with their unique information needs. The two groups have very different business models and especially timelines in regards to the Taseko Prosperity project.

By taking the lead, the Chamber can address many important aspects of how Taseko Prosperity perceives the local business community:

- begin by sending a strong message to the Taseko Prosperity project proponents that the local business community is serious and determined to be the best that it can be in regards to the provision of goods and services for the construction and operations phase of the Taseko Prosperity project
- begin by focusing on specific goods and services (ex: land clearing, earth works, electrical, plumbing, construction, electronics, computers, etc) available currently and identifying that these services are available within the community for specific phases of the project

- begin by investigating potential goods and service companies in other parts of the region / province that may expand or relocate to Williams Lake given the increase in overall regional mining activity if the Taseko Prosperity project were to go ahead. These companies or contractors will require much the same ‘business intelligence’ required by the Taseko Prosperity proponent in the above bullet

By taking the lead, the Chamber can address many important aspects of the local business community and Taseko Prosperity potential for a positive business based relationship:

- engage Taseko Prosperity to facilitate or sponsor goods and service supplier ‘open houses’ in order to assist informing and engagement by both sides of the supplier/purchaser model

The Chamber should consider, in cooperation with Taseko Prosperity, conducting a broader survey of local businesses to acquire information and to disseminate information at the same time. The survey could flow information from Taseko Prosperity to the business community, and based on this information the members of the business community could be asked to provide feedback and information that could be used by the Chamber and Taseko Prosperity in future activities (ex: inventory of goods and services required and goods and services available within the community). A wide variety of topics (ex: more detailed information on indirect and induced impacts, expansion of existing and addition of new services, potential for changes or improvements to community services, insight into pending economic development and social development issues, etc. Current technology (ex: internet, web site, e-mail, etc) have made distributing and gather information much quicker, easier and less expensive that just a few years ago.

In order to know more about this process someone needs to be prepared to ask the questions. In order to make a difference someone needs to be prepared to step up to the situation and get involved. In order to get involved someone needs to take responsibility and exhibit leadership.

b) *Opportunity roll out:* the greater majority of businesses interviewed support someone doing something, the question is who will do it and what will get done.

The concept of a consortium or coalition has strong support from the businesses interviewed.

The concept of a consortium or coalition has strong support from the businesses interviewed. It appeared that the promise of activity or actions that such a group would champion was equally or perhaps more important than the vehicle (ex: consortium or coalition, etc). People want to see something proactive done, they want to be a part of it, they don’t know how to get started, but they want someone to get started.

The interviews provided some ‘attributes’ that this initiative will require in order to be successful, they are as follows:

- business to business initiative, focused, timely, fast paced and responsive
- timelines are critical (no time for endless meetings and discussions, only time for action), decisions made in a timely manner, communications in a prompt and efficient manner
- cannot allow the undecided, the uninterested, the unengaged, or the distracted to slow the process down. Must be proactive, focused, ready to move ahead, and most importantly business like in every way
- establish objectives and set goals or targets for the local business community in regards the Taseko Prosperity project (ex: share or proportion of direct and indirect economic activity)

- engage Taseko Prosperity proponent directly

The interviews provided some potential ‘actions’ that the Chamber could undertake on behalf of the business sector and the community as a whole:

- engage Taseko Prosperity directly, starting immediately, in regards to the commitment stated on page 2-30 of Volume 6. What does Taseko Prosperity propose in regards to the processes and procedures noted here? There are many discussion, policies and procedures, etc, that remain unaddressed. The Chamber can encourage and collaborate with Taseko Prosperity on these processes in order to proactively move the process forward and support the local business community
- engage Taseko Prosperity to facilitate or sponsor goods and service supplier ‘information open houses’ in order to assist informing and engage both sides of the transaction model
- analyse the goods and services that the mining sector is currently purchasing outside the community of Williams Lake and surrounding area. This information will allow for an assessment by local goods and services providers in regards to their competitive capacity for goods and services currently offered here (existing services) and an assessment of their opportunity / ability to expand to provide services currently being provided from outside the local area
- engage Taseko Prosperity to facilitate or sponsor goods and services contractor information open houses, focusing on those contractors and companies that are located outside of the region. This action will help to introduce local goods and service providers to these businesses and encourage, as per Taseko Prosperity mitigation statement ‘*the investing in local community success*’ by all suppliers and contractors
- create an inventory of specific goods and services required for each phase of the Taseko Project, and a complementary inventory of specific goods and services currently available with the local/regional area

The Taseko Prosperity opportunity should be as current and topical with the businesses community as it currently is with the different levels of government. Through well designed and sophisticated taxing/royalty systems both the federal and provincial governments have secured a share of the project benefits already. For example the Prosperity project will generate an increase of \$1 billion in budget balances for the federal government and an increase of \$2.3 billion in budget balances for the provincial government, almost 50% of the total of slightly over \$7 billion in total production revenues over the life of the project.⁷

Clearly the federal and provincial governments are doing what they can to seek out their share of benefits from the Taseko Prosperity project, and will also do what they can to encourage the mining sector related business within the province / country to be competitive as is possible within the globally competitive mining sector. There is a tremendous opportunity for the Chamber to proactively undertake every strategy or activity possible in order for the local business community to secure maximum benefits from the Taseko Prosperity project.

⁷ The Center for Spatial Economics. The Economic and Fiscal Impacts of the Prosperity Mine on British Columbia: April 2009.

APPENDICES

APPENDIX 1: WILLIAMS LAKE & DISTRICT CHAMBER OF COMMERCE MISSION STATEMENT AND MANDATE

MISSION STATEMENT

The Williams Lake & District Chamber of Commerce "Your Chamber of Commerce: Businesses working together towards economic and social well-being to make our community a better place to live and work."

Mandate of the Williams Lake & District Chamber of Commerce

- To promote and improve trade and commerce, and the economic, civic and social welfare of the City of Williams Lake and of the surrounding districts; and
- To support and advocate the interests of its members in local, provincial and national issues; and
- To work with other complementary organizations to promote economic activity beneficial to the region.

The Williams Lake & District Chamber of Commerce was incorporated in October 1956 as a Not-For-Profit organization. The Williams Lake & District Chamber of Commerce amended our Constitution and Bylaws in 2003 (copy attached). According to our Constitution and Bylaws our financial statements are prepared by an approved accounting firm. These financial statements are brought forward to the general membership at our Annual General Meeting which is held the last week in October every year. Our Chamber of Commerce reaches out to members of our community from McLeese Lake to the North, to Lac La Hache to the South, Bella Coola to the West and Horsefly, Likely to the East. Each year during our retreat we form a business strategy for the coming year. An annual report is prepared by the President for our Annual General Meeting held in October.

APPENDIX 2: WL&DCC SUBMISSION TO THE CEAA 'PARTICIPANT FUNDING PROGRAM'

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4.1 APPENDIX 3: CEAA 'PARTICIPANT FUNDING PROGRAM' RESPONSE TO THE WL&DCC

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4.2 APPENDIX 4: CONSULTANTS PROPOSAL TO WL&DCC

Westcoast CED Consulting LTD
7816 Okanagan Landing Road
Vernon, BC
V1H 1H2

April 27, 2009

Keith Dufresne
Inland Timber Management Ltd.
Williams Lake, BC

Greetings Keith,

RE: Taseko Mine—Potential Impact on Williams Lake and Area—Detailed Assessment

Following is a draft of the action plan for the Taseko Mine project. I look forward to our telephone conversation on Thursday, April 30, 2009.

Work Plan

The initial social-economic impact assessment prepared for the Taseko Mines was based on 2001 regional impact coefficients as the 2006 coefficients were not available. They have now become available from the Province of BC and will be available to this project later this week. Therefore, the objectives of this action research plan are as follows:

1. Update the expected direct impact of the Taseko Mine on Williams Lake and area.
2. Update the expected indirect impact of the Taseko Mine on Williams Lake and area.
3. Update the expected induced impact of the Taseko Mine on Williams Lake and area.

Actions Object 1: Direct Impact

- Contact Taseko Mine proponent and obtain the latest (updated) information on the expected direct impact of the proposed mine as this information will form the basis for the analysis for the other two objectives.
 - o Research team review initial document and prepare a detailed letter to Vice President, Brian Battison requesting specific updates on a set of information related to jobs, and purchases during construction and most importantly during operations.
 - o The answers to the questions in the letter will contribute to the information base for the next steps.

Actions Objective 2: Indirect Impact

- Identify an individual in Williams Lake who is familiar with these types of mining operations who is free to have a discussion about the supplies and services that mines in the region purchase locally and provincially (if there is a Taseko Mine staff person is available so much the better).
 - o Have free flowing discussion with the individual(s) to obtain general categories of both services and supplies that mine might/does purchase locally and provincially.
- Prepare a detailed letter to the Manager of Gibraltar Mine requesting detailed information on what supplies and services (during operations) are purchased and at what volumes (usually in

\$\$) by the mine. The letter needs to stress that the information will be used to extrapolate for the Taseko Mine. Request a face to face meeting to discuss the potential results.

o Once the base purchasing information is obtained, meet and discuss with Gibraltar Mines the purchases that could be made locally IF the qualified supplier was available. This discussion needs to focus on the potential of 3x, 4x or 5x the current local demand for these products/services once Taseko Mine comes on stream.

- Obtain enough detail to enable a discussion with both existing and potential suppliers in the region as the existing/potential suppliers will need to know about the product/service and volume demand to be able to assist with the next stage of the research. All information will be generalized to protect confidentiality for Taseko Mines and for the actual/potential suppliers.
- Using the information gathered from Objective 1 and Objective 2 hold individual meetings with existing local supplies and potential suppliers (may need to be separate meetings and may need to be one on one) and discuss the potential of them meeting these new demands.
 - o If suppliers are able to meet the new demand then they will need to provide in general terms the value that they will pay in gross wages (and profit) and what will be purchased locally and what will be purchased outside the Williams Lake area as percentages of their total sales (CIF) sales. This sounds difficult but if the number of products and services can be grouped and the general percentages obtained then the resulting indirect income and employment multipliers can be used.
 - o Once again all information will be generalized to protect confidentiality for Taseko Mines and for the actual/potential suppliers.

Actions Objective 3: Induced Impact

- Once the information is available from Objectives 1 & 2, a desk top exercise using the 2006 regional coefficients will provide the “new” estimate of the expected induced impact.

Once all the results of the information are developed a comparison is made to the initial calculations and differences either rationalized or corrected.

Sincerely,

Victor Cumming
Regional Economist

APPENDIX 5: TASEKO PROSPERITY PROJECT BACKGROUNDER

TO: Interview Candidate
FROM: Keith Dufresne, Contractor
DATE: June 16, 2009
SUBJECT: Interview process with goods and services providers

First let me express our appreciation for your willingness to take the time to participate in our study.

Briefly, the Williams Lake and District Chamber of Commerce successfully applied to the Participant Funding Program of the Canadian Environmental Assessment Agency, to undertake a study of local goods and services providers regarding their perspective of the Prosperity Project.

Obviously there are many steps to complete regarding the assessment of the Prosperity Project prior to the completion of the environmental review. It is my understanding that once the environmental review is completed, and only when approval is in place, then Prosperity will begin the mining permit approval process, and only when the approval of the actual mining permit application itself is in hand can Prosperity decide to begin construction. Obviously the process has a considerable ways to go before anything actually takes place on the ground.

If local goods and services providers are willing and able to engage in the Prosperity Project, some lead time will be needed to plan, prepare, expand, consolidate, or otherwise engage in the project. Our study is meant to identify the levels of interest in the Prosperity Project among goods and service providers in the local area and to determine, for those goods and service provider that are interested, their efforts or plans to date.

The Prosperity Project review process has created a significant volume of work to date, and will probably continue to do so into the future, all of this is available on the internet. In order to set the stage for this study, we have consolidated 'goods and services' related information from the Project materials, specifically Section 2: Economic Issues, Volume 6: Socio Economics, Human Health and Ecological Risk Assessment, March 2009. This consolidated information is provided in summary form in the 'Introduction' section of the following document. Please take the time to review this information if you have not done so already.

The questions themselves are very generic and are meant to engage in a discussion regarding your perspective regarding your specific goods and service. As noted in the materials attached, the interviews are confidential, the information gathered will be summarized and your individual information will not be made public.

Introduction, Taseko Prosperity Proposal Statistics and Questionnaire for Local Goods and Services Suppliers

Introduction:

The Williams Lake & District Chamber of Commerce (WL&DCC) received monies from the Federal Government Canadian Environmental Review Agency, Participant Funding Program to undertake the following:

- Update the socio-economic regional impact coefficients for direct, indirect and induced impacts from 2001 version coefficients to 2006 version coefficients. These coefficients are used to estimate direct, indirect and induced impacts of the proposed Taseko Prosperity project
- For both the proposed construction (2.5 years) and operations (20 years) phases, identify the local/regional and total proportions of ‘employment income’ and ‘goods and services’ effects for the entire Taseko Prosperity project.
- Meet with local goods and service providers in order to ascertain their individual awareness, interest, existing/future capability in regards to the proposed Taseko Prosperity project.
- Make recommendations to the WL&DCC, Taseko Prosperity Prosperity, local communities, goods and service providers, etc, in regards to shifting and or increasing the ‘local – regional’ components of the overall proposed Taseko Prosperity project:
 - for example: shifting 1% of the overall project employment effect for the project (which is \$1.138 billion) from outside the region to inside the region is worth approximately \$11.4 million over the 22.5 year life of the mine
- Increase the awareness of local goods and service providers in regards to their ability to increase their share of the goods and services opportunities and therefore increasing their success in securing Taseko Prosperity contracts for goods and services for the proposed project.

Taseko Prosperity Project Proposal: summarized statistics:

a) Definitions

Study Areas:

Within the Taseko Prosperity proposal the **Local Study Area (LSA)** includes the area from Williams Lake to the mine site, the rural area and communities near the mine site (Alexis Creek, Big Creek, Hanceville and Riske Creek) and the 11 First Nations communities of the Tsilhqot’ in and Northern Secwepemec. The political boundaries include the City of Williams Lake and area J, K, D, E and F of the Cariboo Regional District.

Within the Taseko Prosperity proposal the **Regional Study Area (RSA)** is the entire Cariboo Regional District and include the local area, as well as the remainder of the rural portion of the Cariboo Regional District, Quesnel and 100 Mile House.

Direct, Indirect and Induced employment definitions:

Direct employment: people who receive a pay check *directly* from Taseko Prosperity (the receptionist who works in the Taseko Prosperity office or the engineer who works in the mine facility)

Indirect employment: people who *indirectly* work for Taseko Prosperity through contractors who provide services to Taseko Prosperity (ex: the receptionist who works in the contractor office or the truck driver who drives the contractor’s truck on the Taseko Prosperity contract)

Induced employment: where people who work *directly* or *indirectly* for Taseko Prosperity spend their money purchasing goods and services (ex: the receptionist who works in the doctors or dentists office or the mechanic at the local gas station who works on the personal vehicles of the *direct* or *indirect* employees)

b) Goods and Services purchased*:

The following table highlights the annual expenditure, for both the proposed construction and operations phases, for goods and services purchases for the regional service area (RSA) and the total.

Estimated Goods and Services Purchases by Project Phase (\$ millions - \$2007)
 Volume 6: Socio-Economics, Human Health and Ecological Risk Assessment, Section 2 Economic Issues, Subsection 2.3.4.4 Project Effect of Regional Economic Development on Economic Issues, Page 2-29 and 2-30

Year	Phase	RSA	Other	Total
2010	Const	27.3	376.2	403.5
2011	Const	27.3	376.2	403.5
	Subtotal	54.6	752.4	807.0
2012	Ops	22.0	90.0	112.0
2013	Ops	22.0	90.0	112.0
2014	Ops	22.0	90.0	112.0
2015	Ops	22.0	90.0	112.0
2016	Ops	22.0	90.0	112.0
2017	Ops	22.0	90.0	112.0
2018	Ops	22.0	90.0	112.0
2019	Ops	22.0	90.0	112.0
2020	Ops	22.0	90.0	112.0
2021	Ops	22.0	90.0	112.0
2022	Ops	22.0	90.0	112.0
2023	Ops	22.0	90.0	112.0
2024	Ops	22.0	90.0	112.0
2025	Ops	22.0	90.0	112.0
2026	Ops	22.0	90.0	112.0
2027	Ops	22.0	90.0	112.0
2028	Ops	22.0	90.0	112.0
2029	Ops	22.0	90.0	112.0
2030	Ops	22.0	90.0	112.0
2031	Ops	22.0	90.0	112.0
	Subtotal	440.0	1800.0	2240.0
	Total	494.6	2552.4	3047.0
	% of Total	16	84	100

* original table expanded to show annual figures

Construction Phase (2010 – 2011)

Total goods and services purchased during the 2.5 year construction period are approximately \$807 million, with \$54 million purchased within the regional service area. This is approximately 7% of the total planned expenditure on goods and services for the construction phase.

Operations Phase (2012 – 2031)

Total operations goods and services expenditures are approximately \$112 million/year for 20 years, with a cumulative value of \$2.24 billion. Initial Taseko Prosperity estimates are that the regional service area will provide \$440 million of the total \$2.24 billion in goods and services expenditure. This is approximately 20% of the total planned expenditure on goods and services for the operations phase.

For the total 22.5 year long proposed Taseko Prosperity project, approximately \$495 million of a total of \$3 billion in goods and services will be spent within the regional service area. This is approximately 16% of the total expenditure on goods and services over the 22.5 year life of the proposed project.

c) Average annual employment income*:

The following table highlights the proposed annual expenditure for both the construction and operations phases for employment income by direct, indirect and induced employment, for the regional service area (RSA) and the total.

Table 2-8 Average and Peak Direct Employment Income by Project Phase (\$ millions. Year - \$2007)
Volume 6: Socio-Economics, Human Health and Ecological Risk Assessment, Section 2 Economic Issues, Subsection 2.3.2.4 Project Effect of Income Effects on Economic Issues, Page 2-19

Year	Phase	Direct Income		Indirect Income		Induced Income		Total Income	
		RSA	Total	RSA	Total	RSA	Total	RSA	Total
2010	Const	7.6	30.4	4.3	8.6	1.0	3.0	12.9	42.0
2011	Const	7.6	30.4	4.3	8.6	1.0	3.0	12.9	42.0
	Subtotal	15.2	60.8	8.6	17.2	2.0	6.0	25.8	84.0
2012	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2013	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2014	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2015	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2016	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2017	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2018	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2019	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2020	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2021	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2022	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2023	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2024	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2025	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2026	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2027	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2028	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2029	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2030	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
2031	Ops	28.8	30.6	3.9	11.7	4.1	10.4	36.8	52.7
	Subtotal	576.0	612.0	78.0	234.0	82.0	208.0	736.0	1054.0
	Total	591.2	672.8	86.6	251.2	84.0	214.0	761.8	1138.0
	% (RSA/Total)	88%		34%		39%		67%	
	1% = 'x' million	6.7		2.5		2.1		11.4	

* original table expanded to show annual figures

It is reasonable to acknowledge that the construction phase is a critical phase. The scheduling and timelines involved in the provision of labour, goods and services, purchasing equipment, scheduling site preparation and construction activities of the mine site and plant facilities, building roads and powerline facilities will be a very complex and costly phase.

Total construction employment income related expenditures over the 2.5 year construction period are approximately \$84 million, with \$25.8 million within the regional service area. The regional expenditure is approximately 31% of the total planned expenditure on employment income for the construction phase.

Total operations employment income related expenditures are approximately \$52.7 million/year for 20 years, with a cumulative value of \$1.054 billion. Initial Taseko Prosperity estimates are that the regional service area will provide \$36.8 million of \$52.7 million annual and \$736 million of the total \$1.054 billion investment in employment income over the operations phase. This is approximately 70% of the total planned expenditure on employment income for the operations phase.

For the total 22.5 year long proposed Taseko Prosperity project, approximately \$761 million of a total of \$1.138 billion in employment income will be spent within the regional service area. This is approximately 67% of the total expenditure on employment income over the 22.5 year life of the project.

d) Goods and services sectors and subsectors:

Construction Phase

The following tables highlight the commodities proposed to be purchased during the construction phase in total and within the regional service area for labour, materials and major equipment.

Table 2-15 Estimated Goods and Services Purchases in the RSA during Construction (\$ millions. Year - \$2007)
 Volume 6: Socio-Economics, Human Health and Ecological Risk Assessment, Section 2 Economic Issues, Subsection 2.3.4.4 Project Effect of Regional Economic Development on Economic Issues, Page 2-29 to 2-30
 Additional background information added to Table 2.15

Labour

Commodity	Total Labour	% Local Labour	Local Labour
Site preparation	\$434,383	25	\$108,596
Local earthworks	\$874,726	20	\$174,945
Concrete work	\$6,763,385	15	\$1,014,508
Steel work	\$4,220,202	20	\$844,040
Siding and roofing	\$428,444	30	\$128,533
Architectural	\$257,985	30	\$77,396
Manufactured buildings	\$7,054,164	10	\$705,416
HVAC	\$443,700	15	\$66,555
Transmission lines	\$2,760,000	15	\$414,000
Taseko Prosperity scope	\$2,760,548	70	\$1,932,384
Mechanical equipment	\$21,344,885	15	\$3,201,733
Mobile equipment	\$3,729,623	50	\$1,864,811
Operations	\$3,467,478	50	\$1,733,739
Process piping	\$12,520,200	20	\$2,504,040
Mechanical platework	\$2,386,473	20	\$477,295
Pipelines and buried services	\$1,082,508	15	\$162,376
Tailings and water management	\$4,050,254	10	\$405,025
Electrical	\$14,623,560	15	\$2,193,534
Instrumentation	\$2,640,534	15	\$396,080
Communications	\$9,800	10	\$980
Indirect field costs	\$101,086,361	50	\$3,418,231
Subtotal	\$192,939,213	11.3	\$21,824,217
Contingency/ Fish Compensation	\$44,384,382	0	0
Total	\$237,323,575	9.2	\$21,824,217

Materials

Commodity	Total Materials \$	Local Materials	Local Materials \$	Local Materials Percentage
Site preparation	\$4,304,688	Culverts, fencing	\$3,105,163	72
Local earthworks	\$2,624,179	Aggregate	\$421,189	16
Concrete work	\$21,448,889	50% of concrete costs	\$10,145,077	47
Steel work	\$8,490,610		\$0	0
Siding and roofing	\$1,504,100	All from Williams Lake except heavy doors	\$839,100	56
Architectural	\$2,478,000	Paint and furniture	\$250,000	10
Manufactured buildings	\$8,420,650		\$0	0
HVAC	\$5,385,111		\$0	0
Transmission lines	\$33,242,000		\$0	0
Taseko Prosperity scope	\$8,881,306	Engineered fill	\$59,966	1
Mechanical equipment	\$282,221	3% for handling	\$8466	3
Mobile equipment	\$70,862,828	Small mobile equipment and spares of main equipment	\$7,257,115	10
Operations	\$10,402,434		\$0	0
Process piping	\$6,936,139	5% for local fabrication and supply of various	\$346,807	5
Mechanical platework	\$3,955,204		\$0	0
Pipelines and buried services	\$1,039,276		\$0	0
Tailings and water management	\$12,150,762		\$0	0
Electrical	\$16,198,840	10% of cables	\$134,926	1
Instrumentation	\$2,376,763	3% allowance for minor supplies etc.	\$71,303	3
Communications	\$1,760,000		\$0	0
Indirect field costs	\$39,503,692	Diesel, cleaning materials etc.	\$6,086,027	15
Subtotal	\$262,247,691		\$28,725,136	11
Contingency/ Fish Compensation	\$44,735,654		\$0	0
Total	\$311,983,345		\$28,725,136	9

Major Equipment

Commodity	Total Major Equipment \$	Local Materials	Local Materials \$	Local Materials Percentage
Site preparation	\$0		\$0	0
Local earthworks	\$0		\$0	0
Concrete work	\$0		\$0	0
Steel work	\$0		\$0	0
Siding and roofing	\$0		\$0	0
Architectural	\$610,000		\$0	0
Manufactured buildings	\$48,824,380		\$0	0
HVAC	\$50,000		\$0	0
Transmission lines	\$0		\$0	0
Taseko Prosperity scope	\$0		\$0	0
Mechanical equipment	\$129,655,763	3% for delivery, handling and various	\$3,889,672	3
Mobile equipment	\$5,776,677		\$0	0
Operations	\$0		\$0	0
Process piping	\$0		\$0	0
Mechanical platework	\$31,000		\$0	0
Pipelines & buried services	\$0		\$0	0
Tailings and water management	\$0		\$0	0
Electrical	\$22,853,010		\$0	0
Instrumentation	\$2,373,029	3% allowance for minor supplies etc.	\$71,190	3
Communications	\$0		\$0	0
Indirect field costs	\$14,040,185		\$0	0
Subtotal	\$224,214,044		\$3,960,862	2
Contingency/ Fish Compensation	\$33,632,107		\$0	0
Total	\$257,846,151		\$3,960,862	1

Summary (Labour + Materials + Major Equipment)

	Total \$	RSA \$	RSA %
Labour	\$237,323,595	\$21,824,217	9
Materials	\$311,983,345	\$28,725,136	9
Major Equipment	\$257,846,151	\$3,960,862	1
Total	\$807,153,090	\$54,510,215	7

Operations Phase

There is no additional information for this phase beyond what has been noted on page 2-29 of Volume 6, which has been reproduced on page 4 of this report. It is obvious that the RSA proportions are significantly higher than the hectic and timeline driven construction phase.

In the same section of the report, Taseko Prosperity lists the following goods and services that can be sourced locally:

- transportation
- trucking
- air
- rail
- consulting services
- hospitality and travel services
- medical services
- services to employees
- road and tire services
- equipment supplies and maintenance
- communications
- human resource and employment services

e) Taseko Prosperity hiring and procurement policies:

Hiring:

- hiring policies
- contract all of the major construction phases
- local firms will participate within available capacity, residual will be drawn from the larger economy
- education and training opportunities
- Taseko Prosperity is developing a program to qualify residents of the Cariboo-Chilcotin to work for the project
- worker recruitment policies
- cooperate with City of Williams Lake economic development office and the CRD on worker recruitment programs
- employment policies
- Taseko Prosperity will employ transportation and work shift measures to attract out of RSA workers needed to meet the labour demand over and above the local and regional capacity

Procurement:

- procurement policies
 - Taseko Prosperity will work closely with local suppliers to ensure equitable access is given to all contact and purchasing opportunities. As the project enters the operations phase, the company will procure goods and services from local and regional businesses, adding to the stability of the region and contributing to the growth potential for the regional economy. It will also cooperate with regional economic development agencies to encourage more local business development and supplier networks
- to facilitate the participation of local business and individuals in contracting for the project, Taseko Prosperity will:
 - consider local and regional capabilities when defining contract scope, so as to provide opportunities accessible to local and regional contractors
 - include local contractors and suppliers in its corporate database
 - expect suppliers and contractors to share the company's commitment to investing in local community success through their respective purchasing, hiring, subcontracting and logistical support practices
 - work with local and regional economic development offices as appropriate

First Nations

- Taseko Prosperity will continue to offer the people of the Tsilhqot'in and Northern Secwepemc the opportunity to help maximize local employment, training and business development opportunities.

Volume 6: Socio-Economics, Human Health and Ecological Risk Assessment, Section 2 Economic Issues, Subsection 2.3.1 Labour Market, Pages 2-8 to 2-16, Subsection 2.3.4 Regional Economic Development, pages 2-26 to 2-31

This concludes the summary of information provided to date by Taseko Prosperity.

APPENDIX 6: INTERVIEW QUESTIONS

Interview Process and Questions

It is our intention to interview approximately 30-40 businesses representing the entire cross section of the goods and services typically required by an operating mine. Mining has a long history in the Cariboo-Chilcotin; therefore, we are reasonably confident that the majority of goods and services required by Taseko Prosperity for the operations phase of the proposal will already be present within the region.

Traditionally businesses keep their future plans and activities very confidential until they are ready to move forward. This project is asking business owners to contemplate the future and to forecast what they might do in the future if the Taseko Prosperity proposal moves forward. It is important that business owners feel comfortable talking about the future, and that they are also comfortable with the intended use of the information that they do provide.

The individual interview responses will be kept confidential. The only people to see the individual interview responses will be the consultants. Interview responses will be consolidated and summarized at a goods and services subsector/sector level. The summaries will not identify individual businesses within a sub-sector or sector. The summaries will be used to compare and assess the results of this project with the projections used within the Taseko Prosperity proposal.

This project is funded by the Federal Government and therefore the project report will be public information.

Please consider these questions in regards to your current/future business. Please consider your ability or intention to participate in the potential opportunity presented by the Taseko Prosperity project. We will discuss these questions with you during our 30-45 minute interview.

1. What goods and/or services do you provide currently:
 - a. Consider information focused on:
 - design (existing ability to engineer, design)
 - management (process, product and project management)
 - products (existing)
 - services (existing).
2. Are you currently providing either goods or services to a mine in the region?
 - b. If yes, what are you currently providing? Are you planning to expand either your current services (greater volume) or to offer new services?
 - c. If no, have you investigated the potential to do so? If no, why not? If yes, provide a brief summary of their expectations.
3. Do you have plans to access the potential market that Taseko Prosperity mine represents?
 - d. If yes, obtain as much detail as possible about those plans.
4. What is your current level of activity?
 - e. What was your maximum level of activity over the last 5 years?
 - i. Obtain a measure that they are comfortable with in either employees or \$
 - ii. Ascertain if it is important to know capacity by product or service, and then follow with appropriate questions.

- f. What could be the maximum level of activity in two years time assuming that there is an appropriate local market available?
- 5. Do you have the technology, equipment and access to manpower that you would need to maximize production?
 - g. If not do you have access to these components to increase your production?
 - h. What would assist you in ramping up your capacity if the market demand at the appropriate price point materialized?
- 6. Do you have access to the debt and or equity financing required for any proposed increase in production?