

GROWING, PROSPEROUS COMMUNITY

2006 is expected to be another excellent year for businesses, industries and organizations in the Trail-Rossland community.

The community is capitalizing on its outstanding outdoor recreation attributes, providing the basis for significant investment in resort development, and attracting creative, highly skilled people.

Success in an increasingly global economy stems from a sophisticated logistics sector, meeting high standards for competition and from strong relationships with customers, suppliers and employees that build local competitive advantage.

Total annual income in Trail-Rossland's trading area is \$ 1.5 billion with a population of 70,000.

Resort development at Rossland-Red Mountain has taken full flight with \$ 1 billion of foreign direct investment expected over the next fifteen years.

Trail, Rossland-Red Mountain and the Beaver Valley community are working together to ensure a competitive business environment – an environment which is attractive for new investment, very attractive for businesses to operate, and for people to work and live.

The outlook for the local economy is rock solid and prosperous.

TRANSPORTATION

LOGISTICS – KEY TO THE REGION'S PROSPERITY

Moving people, cargo, commodities, raw materials, finished goods and packages is a tremendously important economic force. As globalization trends continue, logistics is the key to this area's many competitive advantages and investment growth.

RELIABLE AIR TRANSPORTATION

Spokane International Airport, 120 miles south of Trail-Rossland, is the US gateway to this region. It is playing an increasingly important role for local companies reaching customers throughout the U.S. Moreover, it provides an easy and guaranteed way for visitors to access the resort developments at Rossland – Red Mountain. Ten carriers serve the region, including United, Delta, Southwest, Northwest and Alaska Airlines.

The Castlegar Airport with airline service provided by Air Canada Jazz to Vancouver and Calgary, is situated 25 minutes away. With communities working together, improvements are being made to enhance its role in the region. Customs & Immigration services are provided.

NEW AIRLINE AT TRAIL AIRPORT

The Trail Airport was recently certified by Transport Canada to accommodate daily Vancouver – Trail airline service by Pacific Coastal Airlines. The area airports are working together to continually improve airline and airport services that are so important to support economic growth. The Trail Airport is also attracting the attention of private aircraft owners who own properties at Rossland – Red Mountain as well as charter flights for ski and golf vacations. The Airport is a Canpass facility for Customs & Immigration purposes.

COURIERS

E-Tailing & JIT & Global Trade

The area is served by couriers that support growing global trade including, DHL Express, FedEx, UPS, Canpar, ACE, Tiger, Greyhound and Canada Post. The Spokane Airport is a hub for DHL, UPS, FedEx and Menlo Worldwide.

RAIL TRANSPORT AT ITS BEST

The area is served by Canadian Pacific Rail and its short-line operator, Kootenay Valley Railroad, as well as Burlington Northern Santa Fe and its short-line operator, Kettle Falls International Railway. These competing railroads have served the community for over 100 years. They continue to pursue expansion opportunities.

Tarmac Transportation Services Inc., a Calgary-based company, established a major ore concentrate handling facility at Columbia Gardens south of Trail in 1990.

Today this has grown into a large inter-modal facility handling a variety of bulk, processed and specialty products. Tarmac also operates a maintenance facility servicing its own vehicles and other commercial trucks.

Westcan Bulk Transport Ltd., an Edmonton-based company, established a trucking and reload operation at Columbia Gardens to transport sulphuric acid, zinc sulphate and fertilizer from Teck Cominco onto the Burlington Northern Santa Fe railroad. The company has gradually been expanding its operation at the site and its presence in distributing fuel throughout British Columbia.

New Rail Reload Facility to Open in 2006

This year a new reload facility will be established on the Burlington Northern Santa Fe line at Columbia Gardens, providing truck to rail trans-shipment services.

Commodity & Truck Transportation companies service the region well with highly competitive services. The many companies, both Canadian and American, have demonstrated world class reliability in meeting just-in-time standards and ocean vessel cut-off times.

WORLD CLASS TECHNOLOGY COMPANIES

NEW COMPANIES in TRAIL - ROSSLAND

MCW Age Power Consultants is a Canadian company with offices in Toronto, Winnipeg, Vancouver and Trail. An office was established in downtown Trail in 2005 with 3 employees. Employment has grown to 13 technical and engineering staff as electrical power engineering work has increased.

High Time Industries Ltd. is a Calgary-based electrical engineering company which established a new office in downtown Trail. By 2006, employment has increased to 10 highly skilled technical and engineering staff.

QfinSoft Technologies Ltd. designs & distributes advanced engineering software and delivers expert solutions in the fields of thermo-dynamics, fluid flow and heat transfer. Customers are worldwide. Dr. Jan Visser, C.E.O. said his company is planning to expand its operations in the area by establishing a technical support group with additional highly skilled employees.

Flownex Simulations Inc. established an office in the region to complement their offices in South Africa, Japan, Australia and Toronto. The office distributes and supports its world class plant simulation software solutions to customers in the Western U.S. and Canada. Dr. Gideon Gravenstein, Managing Director, stated that Trail - Rossland is ideally situated to attract highly skilled personnel and to service companies in western North America.

Kootenay Metal Services Ltd. recently established a facility to manufacture an innovative industrial safety gate, which has become the industry standard in North America. The growing list of customers include large industrial companies in British Columbia, Alberta, Ontario and California. The “Can-Am Gate” is regularly specified by engineering design companies, such as AMEC. Kootenay Metal Services is CWB certified.

BEST IN THE WORLD

Firebird Technologies Inc. is a global leader in antimonide-based semiconductor production and high purity metals refining, with headquarters in Trail. Firebird continues to grow by improving product quality and process efficiencies, as well as adopting new products that complement its strengths and capabilities: metals refining, crystal growth, custom fabrication, and wafer polishing. Close relationships with customers have proved advantageous with these developments.

Firebird serves commercial, military, and research markets worldwide, including the United States, United Kingdom, France, Japan, and South Korea. The company has also benefited from strategic alliances with suppliers and customers. New products are being launched and development efforts in key areas continue. Included in the new business is a range of high purity germanium products that will magnify the company’s existence and brand in the photonics industry.

GROWING BEHIND THE SCENES in Rossland is Rackforce Hosting Inc. It is the sales department for the company providing dedicated web hosting services to customers throughout North America.

LARGEST TECHNOLOGY COMPANY IN BRITISH COLUMBIA

TELUS has an I.T. Outsourcing Centre of Excellence in downtown Trail provide world-class information technology outsourcing services to private and public clients in the region and the Phillipines. Information technology services available from this group include: business intelligence applications, knowledge management consulting, network administration and internet application development.

HIGHLY RESPECTED GLOBAL MINING, SMELTING AND REFINING COMPANY

Teck Cominco Metals Limited is a world leader in the production of zinc, lead and silver from its metallurgical operations at Trail. The unique, fully integrated process enables the production of a wide variety of specialty metals and chemicals that are in demand in the technically oriented global marketplace.

The billion dollar modernization program implemented at Trail Continuous investment over the past 30 years has been an investment not only in base metal production but has enhanced the capacity of the operations to grow value-added opportunities in specialty metals production. Sophisticated technology, upgraded facilities, and a highly skilled work force demonstrate why Teck Cominco Metals Ltd. is a significant contributor to the BC economy.

Teck Cominco Metals Ltd. is continuing development of high-tech, value-added products. These products contributed over \$6 million annually to Trail Operations’ profitability and the outlook is for even larger contributions in 2006 and beyond. Several products have been developed for the semiconductor, plastics, construction, electronics and many other industries. These include a variety of germanium and low alpha metal products. Teck Cominco has a competitive advantage of owning secure sources of the raw materials required for these products, This, combined with Teck Cominco’s reputation for quality and service, positions the company well for gaining market share and for new product development to meet customer needs.

The economic impact of Trail Operations in the community of Greater Trail is significant. Annual payroll is approximately \$110 million with 1435 individuals directly employed by the Operations. In addition the company annually purchases around \$80 million in goods and services from local suppliers.

The metal production facility is located on the Columbia River, within the community of Trail. Consequently, there is a high level of environmental awareness at Trail Operations. Trail Operations continues to spend several million each year on environmental monitoring and assessment, greening projects, demolition and other environmental programs.

Trail Operations will continue its efforts on two fronts to augment the company's business opportunities: electronic scrap recycling and enhanced indium recovery.

Electronic scrap recycling uses a slag fuming furnace to process bulk electronic scrap in an environmentally safe manner in which 100 percent of the input materials are recycled. This project addresses the critical societal environmental issue of electronic waste while providing Trail Operations a business opportunity that is independent of the metal price cycle and utilizes existing capital assets. The process has the capacity to recycle 20,000 tonnes of this material annually.

A new \$9-million tin removal process in the dressing plant will be commissioned in the second quarter, which, along with a number of in-plant operational and technical efficiencies, will increase indium capacity to over 75 tonnes per year. Actual production will depend on the acquisition of economic raw materials.

Teck Cominco's Trail Operations continuing strength in metals production combined with growth of value added new products, positions the company for future success. Trail Operations will continue as a stable driver of the local economy.

R&D KEEPS US COMPETITIVE

Teck Cominco Research, based in Trail, performs work for Teck Cominco's mining and smelting operations in North America and overseas. The Research Centre has an annual budget of \$ 6 million. Its workforce comprises 31 highly skilled scientists and technologists of whom 8 hold PhD's. It provides a valuable service, ensuring that Teck Cominco Ltd. improves process efficiencies and implements new technologies to maintain its competitive position as a world leader in its industry. Dr. Andy Stradling, the centre's Director, notes that Teck Cominco Research adds significant value to the corporation and recruits world-class metallurgical engineers and scientists to the Trail area.

GLOBAL PLAYER THAT'S MORE THAN HOT AIR ! *BOC Gases Ltd.* operates a \$70 million air separation plant at Trail. It supplies oxygen, nitrogen and argon. BOC sells to customers throughout Western Canada and to the US Pacific Northwest. For-example, liquid argon is transported from Trail to customers in the electronics industry in northwest United States. BOC also produces medical grade liquid oxygen to hospitals in Spokane, Washington, Kootenay Boundary Regional Hospital at Trail and others. BOC invested \$ 1 million in its operations in 2005 and plants another \$.5 million in 2006. BOC provides global solutions for industrial gases and applications. With its 11 employees, BOC has a positive outlook for its business at Trail.

UNIQUE IN THE WORLD *Toxco Waste Management Ltd.* is an innovative environmental technology company which established the world's first lithium recycling operation in a 45,000 square foot plant at Columbia Gardens located south of Trail. After successfully completing a US \$10.5 million contract to recycle large lithium batteries from a US Government minuteman missile decommissioning program, the company has continued to recycle lithium batteries from various sources. The largest source of batteries is the oil & gas industry. Kathy Bruce, General Manager, stated that the company will generate significant increases in new sales volumes from fifteen oil producing countries around the globe. Additional sales this year will occur from recycling electric vehicle batteries. Toxco is emerging as a global player which is further diversifying the local economy.

THE BEST IN THE PACIFIC NORTHWEST KC Recycling Ltd operates the largest lead acid battery recycling plant in Western Canada and the US Pacific Northwest in conjunction with Teck Cominco. Pete Bayley, General Manager, said the outlook for 2006 is excellent to enable them to continue operating 24 hours per day, seven days per week. The company produces poly-propylene pellets which are sold to manufacturers of various consumer products.

KC E-waste plant is under construction and will be operational early in 2006. It is designed to prepare electronic waste, such as computers, for feed into a Teck Cominco furnace. Employment in this innovative operation will grow as more antiquated electronic materials need to be recycled.

ENGINEERING-PLANNING-ENVIRON-MENTAL- PROJECT MANAGEMENT

PRESENCE OF GLOBAL CONSULTING

AMEC AMERICAS Ltd. is a highly respected consulting company with a large mining division office in Trail. It's staff of 100 engineers and technologists provide engineering design, construction and other services. As part of one of the world's largest engineering companies, the Trail office is performing work locally, in the Elk Valley coal industry, the Hanford Nuclear Reservation in Washington State, and in Salt Lake City, Utah. The Trail office completed the mine development work for Teck Cominco at their Pend Oreille mine. The office continues to provide Teck Cominco's Trail Operations with specialized engineering services. Rick Lewin, Vice-President, stated that 2006 will be another extremely busy year with further work in the U.S. Pacific Northwest and Europe. AMEC is also optimistic about the \$ 1 billion in potential energy, infrastructure and mining projects in the local region. Recently, AMEC established a new environmental service in the region.

Nature Works Remediation Co. is an experienced Trail based environmental company that specializes in using natural processes to remediate damaged water and soil on contaminated sites. Heavy metals, arsenic, hydrocarbons and other toxins are removed using processes including phytoremediation, bacterial digestion, rhizofiltration and photostabilization. Nature Works also provides solutions for the re-vegetation of historically damaged land as well as slope stabilization and remote area greening.

SPECIALIZED EXPERTISE

Various engineering, planning and construction management firms are resident in the Greater Trail area. These include Northom Engineering & Construction Ltd.(Civil / Structural), Newman Engineering Ltd. (Civil / Transportation), Hil-tech Contracting, Kilmory Metallurgical Consulting, Kootenay Consulting and Engineering (Mechanical), Highland Development Consultants (Planning & Design), Pennco Engineering (Civil), E & I Consulting, Harold Stanley Consulting (Urban Planning), Hudu Hydraulics & Engineering Ltd., Wildcat Precision Measurement Ltd. (Civil Engineering), Jim Reese Engineering, Verdeck Management Consulting, CavCom Tek Inc. (telecommunications engineering) and I / O Design Services (Mechanical engineering). The Trail area is serviced by a full range of engineering services resident or in adjacent West Kootenay communities.

FORESTRY

VALUE-ADDED FORESTRY

Atco Lumber, an independent forest products company, has been operating in the Beaver Valley, south-east of Trail, for over 40 years. It has 55 employees and provides 40 additional jobs for dependent contractors.

Atco produces a variety of veneer products sold to domestic and US markets. Some cores from veneer production are manufactured on-site into landscape ties. An increasing percentage of the veneer production is sold to manufacturers of engineered wood products. Some wood is chipped and sold to Celgar Pulp. In order to maximize value added production, Atco engages in log trading with several operators in the area. Atco has continued to invest in multi-million dollar plant upgrade. Atco has a

reputation as a well –managed company, a responsible business citizen and a company that has contributed to the region’s economy for four decades. Atco continues to expect that 2006 will be successful for its operations.

VALUE-ADDED FOREST PRODUCTS

Jones Ties & Poles Ltd operates a sawmill, dry kiln, planer mill, and pole plant at Patterson, near Rossland. After several years of significant capital investment in new plants, the company’s employment stands at 25. The company also supports several logging contractors. Jones Ties and Poles is a major contributor to the local economy of Rossland. The company recently supported the establishment of an outdoor furniture manufacturing operation called Spirit Tree Wood Co. which produces furniture for a growing number of US customers. The company employs up to 12 people.

Nordic Spirit Woodworks recently established a plant to produce timber frame products, including timber frame components to builders constructing resort dwellings in Rossland – Red Mountain. The company also produces full timber frame buildings for sale throughout North America.

ENERGY

DYNAMIC ELECTRIC UTILITY

FortisBC Inc. is a dynamic company with its main engineering and operations office located in Trail. The company is spending over \$ 100 million annually for a five year system-wide capital upgrading program.

Current employment in the greater Trail area is about 175, the majority of which are in engineering, information technology and managerial positions. FortisBC established a customer contact centre in its Trail office with a staff of 30 which will increase to 40 by the end of 2006.

GENERATING AN ECONOMIC BOOST

Columbia Basin Power Projects is a joint venture between the Columbia Basin Trust (CBT), and the Province’s representative, Columbia Power Corporation (CPC). Together, the two companies form a joint venture partnership, and undertake the construction of various hydroelectric projects. The first project was to construct a hydroelectric generating plant at the Hugh Keenleyside Dam on the Columbia River.

The construction of the second major hydroelectric project, the Brilliant Expansion, began in the spring of 2003. The 120-megawatt powerhouse is located just downstream of the Brilliant Dam, which is owned by the joint venture partners. The project is scheduled to be completed in the Spring of 2007 at a cost of \$ 167 million.

Planning for the third major construction project is underway. The proposed Waneta Expansion Project will see the construction of a powerhouse just below the Waneta Dam, near Trail, which is owned by Teck Cominco Ltd, on the Pend’Oreille River. While the design has not been finalized, the plant could generate up 435 MW. Construction of the project is scheduled to begin in 2008 and be completed by 2012.

INDUSTRIAL SUPPLIERS

A WORLD CLASS SUPPORTING CAST

There are many industrial suppliers in the Trail region providing a full range of services to manufacturers, industries, public agencies and utilities. 2005 was a tremendously successful year for most of these firms, with 2006 expected to be even busier. For a complete list of these businesses consult the Greater Trail Industrial Supplier’s Directory on the website: www.trailedc.ca.

FINANCIAL SERVICES

PROSPERITY BRINGS MORE SERVICES

Greater Trail has over the years enjoyed an exceptional range of financial services.

Kootenay Savings Credit Union, a financial institution with over \$ 1 billion under management, has its head office in Trail. KSCU is a leader in personal mortgages and commercial lending. 2005 was an exceptional year with 2006 expected to be similar. Employment in Greater Trail in 2005 was 126 which will increase by 20 in 2006 because of further centralization of administrative and training services.

Trail is a centre of financial services, both banking, insurance and related services.

In fact, there has been rapid expansion recently in this sector and this trend is likely to continue. Most of Canada's chartered banks are represented here as well as the Rossland Branch of Nelson & District Credit Union.

HEALTH CARE

A GROWING ECONOMIC FORCE

Health Care, both public and private, employs 1300 people and contributes significantly to the Trail-Rossland economy. Trail is the center of specialist medical services at the Kootenay Boundary Regional Hospital. The accessibility, quality and range of medical services is unequalled in other similar sized communities. A \$ 6.4 million upgrade and modernization project of the Regional Hospital was completed including new operating theatres and an emergency department. A new portable MRI became operational in 2005 on a shared basis with two other hospitals. Other new medical equipment, such as the new CT Scanner, are continuously being purchased to ensure high quality care. A third radiologist, two additional general surgeons, a plastic surgeon, a neurologist and an ENT are the most recent additions to the medical staff. About \$ 4 million of facility upgrades will be completed in 2006 including renovations to the oncology wing, the lab, diagnostic and renal facilities. The Regional Hospital will continue to be a valuable health care serving the region.

A new residential psychiatric facility adjacent to the Hospital became operational recently.

77 physicians have privileges at KBRH. 65 physicians are situated in Greater Trail, of which 31 are specialists and 34 are general practitioners.

The Interior Health Authority, in partnership with BC Housing and a private developer constructed a new 30 bed Residential Care facility adjacent to the Waneta Mall. In conjunction with this project 35 Assisted Living units were constructed. The developer is planning a major expansion to the Assisted Living facility. Across from the Trail Aquatic Centre a 30 bed Supportive Living Residence was completed in association with Canadian Mental Health and BC Housing. The Interior Health Authority invested \$ 1 million in upgrades to Columbia View Lodge which will create 70 units for those with a higher level of need.

There is a growing need for health care professionals and technical staff at all levels within the public and private health care system.

TOURISM

A LAND OF OPPORTUNITY

There is optimism among tourist operators for further growth in 2005. This is partially because of the strengthening economy. Marketing efforts by Red Mountain Resorts for alpine skiing is having a positive effect on skier traffic in the winter season. Rossland has established itself as the mountain biking capital of Canada. Also, Rossland continues to attract high profile events for alpine and cross-country ski racing.

The mighty Columbia River is a pristine international waterway which is navigable for a distance of 300 miles from the Grand Coulee Dam in Washington State north to Revelstoke, British Columbia. Trail is strategically situated along the Columbia River at the B.C. – Washington international border. Recreational and commercial development of the waterway in the U.S. has been robust while usage and development on the Canadian waterway has been limited.

It is noted that the Columbia River is a world class fishery which attracts many visitors annually.

DEVELOPMENT

OWNERSHIP CHANGE HAS BEEN A BIG DEAL

Red Mountain Resort was purchased in mid-2004 by an investment group headed up by San Diego, California businessman, Howard Katkov. While a number of exciting improvements have been made to the ski area, planning is underway for lift development, construction of a beautiful new ski services complex which includes commercial and residential development. Red Mountain has attracted investors from Central Canada, West Coast of the United States, Australia and Europe. An Australian property investor continues with the development of Red Mountain Properties. Quality units have been constructed and sold to US, European, Australian and Canadian buyers.

EXCITING RESORT COMMUNITY DEVELOPS

Rossland Over \$ 150 million has recently been invested in transforming Rossland-Red Mountain into a unique and highly desirable alpine resort. It is expected that \$ 1 billion of foreign investment will flow into Rossland over the next fifteen years. Around \$ 50 million of construction will occur during 2006 by the Ash's at Red Mountain Village, Red Mountain Ventures, Redstone Developments and others.

Ferraro Foods recently opened its large new store which has been a most welcome addition. This store follows the construction of a new credit union and adjacent medical and retail businesses. The "heritage" Rossland Firehall has been rehabilitated to accommodate a unique coffee business and a gallery. The old Gospel Hall on Rossland's main street has been renovated for a number of tenants. Rossland's hardware store expanded into the historic "Hunter Bros" General Store on the corner of Columbia and Washington. A new furniture store has been established across from the new Prestige Mountain Resort & Convention Hotel. A new alpine design office building was completed in 2005 to accommodate several world class technology companies and technology associations. Finally, a fitness centre was established along with several coffee houses.

Residential development will also continue throughout the City and will likely attract buyers who will use the properties seasonally. The Rossland Golf Course has been acquired and an expansion of the golf course is underway with 400 integrated residential lots to be developed over a ten year period. 97 of these have been approved with about half being serviced during 2006. This development has been of interest to local as well as out of town buyers.

RESURGENCE OF DOWNTOWN TRAIL

Trail Downtown With the technology businesses, health clinics, public health unit, School District office, growing financial services companies, and a completely renovated movie theatre, Trail's downtown is being revitalized. Growing engineering companies, FortisBC's new customer service centre and new national retailers have reinvigorated the downtown. The City of Trail undertook an attractive riverfront improvement program. Also, the superb "communities in bloom" program has been a tremendous success. The flowerbeds and plantings are absolutely gorgeous. The City of Trail is undertaking a major initiative with downtown business, to explore ways to reinforce Trail downtown as the region's urban centre. A 200-seat performing arts theatre has been proposed along the Esplanade, which will generate additional interest and activity.

GROWING AS THE REGION'S SHOPPING CENTRE

With around \$ 1.5 billion in annual income in the Community's trading area, Trail is the region's shopping centre. Commercial development companies, commercial real estate firms and national retailers are establishing or have recently established stores in Trail. Wal-Mart and Canadian Tire have recently completed construction of box stores at Waneta Junction, near the Waneta Mall. Extra Foods undertook a major expansion at the Waneta Mall. Full urban services have been constructed by the City of Trail. At present, many national retailers are considering stores in Trail. Trail has emerged as the preferred shopping destination in the region. These retailers are also catering to the resort development at Rossland – Red Mountain. New residential developments will likely proceed in the Waneta area this year.

BEAVER VALLEY GROWTH

Commercial and residential development continue at Fruitvale and Montrose. New residential development, including a proposed 60 unit seniors housing project and a proposed 22 unit seniors housing project are planned for 2006. A recent development in Montrose has 17 remaining single family lots starting at \$39,500.

An aggressive campaign to further promote downtown Fruitvale will be implemented in 2006 reflecting the community's "country" image.

HIGHWAY COMMERCIAL DEVELOPMENT AT GENELLE

Genelle continues to experience commercial growth because of the availability of flat land and good highway access. The Genelle Business Park is thriving. Star Transfer is establishing a new transportation and storage depot at Genelle.

WARFIELD DEVELOPMENT

Emerald Ridge is nearing build-out with 8 lots remaining at \$42,500 each and a 27 single lot subdivision to be developed in 2006.

THE FUTURE IS BRIGHT

The economy of the Trail, Rossland, Beaver Valley community is strong, vibrant and prosperous. Its future is bright.

Information provided courtesy of the Regional District of Kootenay Boundary