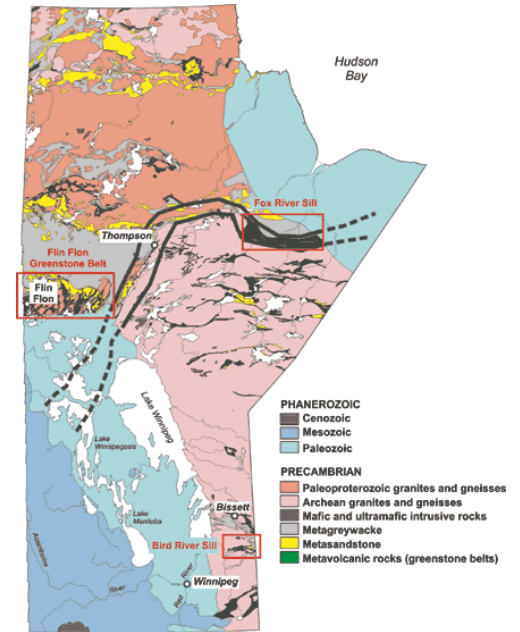


Industry Update

MINING ASSOCIATION OF MANITOBA

January 2016

Timothy Friesen
Executive Vice President



10-Year Copper Prices (Flin Flon Belt)



10-Year Zinc Prices (Flin Flon Belt)



10-Year Nickel Prices (Thompson Belt)



10-Year Gold Prices (Multiple Belts)





Canadian Exploration Expenditures

Province / Territory (Source NRCan)	2011		2012		2013		2014 estimates		2015 intentions		Change from 2011
	(\$ millions)	%	(\$ millions)	%	(\$ millions)	%	(\$ millions)	%	(\$ millions)	%	
Saskatchewan	334.6	7.9	411.1	10.6	221.7	9.4	232.8	12	303.5	15.7	-9%
Nova Scotia	13.7	0.3	14.6	0.4	12.3	0.5	7.3	0.4	11.7	0.6	-15%
Alberta	47.3	1.1	35.2	0.9	38.9	1.7	22.5	1.2	30.1	1.6	-36%
New Brunswick	27.1	0.6	28.0	0.7	27.6	1.2	26.0	1.3	14.6	0.8	-46%
BC	645.1	15.3	734.1	18.9	493.0	21	414.2	21.4	334.0	17.3	-48%
NWT	93.8	2.2	108.7	2.8	77.9	3.3	95.8	5	43.6	2.3	-54%
Quebec	833.9	19.7	620.7	16	381.8	16.2	272.3	14.1	379.0	19.6	-55%
NFLD	156.8	3.7	199.9	5.2	117.2	5	76.7	4	62.4	3.2	-60%
Yukon	331.7	7.8	233.2	6	100.6	4.3	107.1	5.5	126.4	6.5	-62%
Ontario	1,067.7	25.3	961.5	24.8	562.0	23.9	507.3	26.2	357.3	18.5	-67%
Nunavut	535.7	12.7	422.5	10.9	257.6	11	144.6	7.5	174.3	9	-67%
Manitoba	140.0	3.3	105.6	2.7	61.4	2.6	27.1	1.4	30.5	1.6	-78%
Total	4,227.4	100	3,875.1	100	2,352.0	100	1,933.7	100	1,867.3	100	-56%

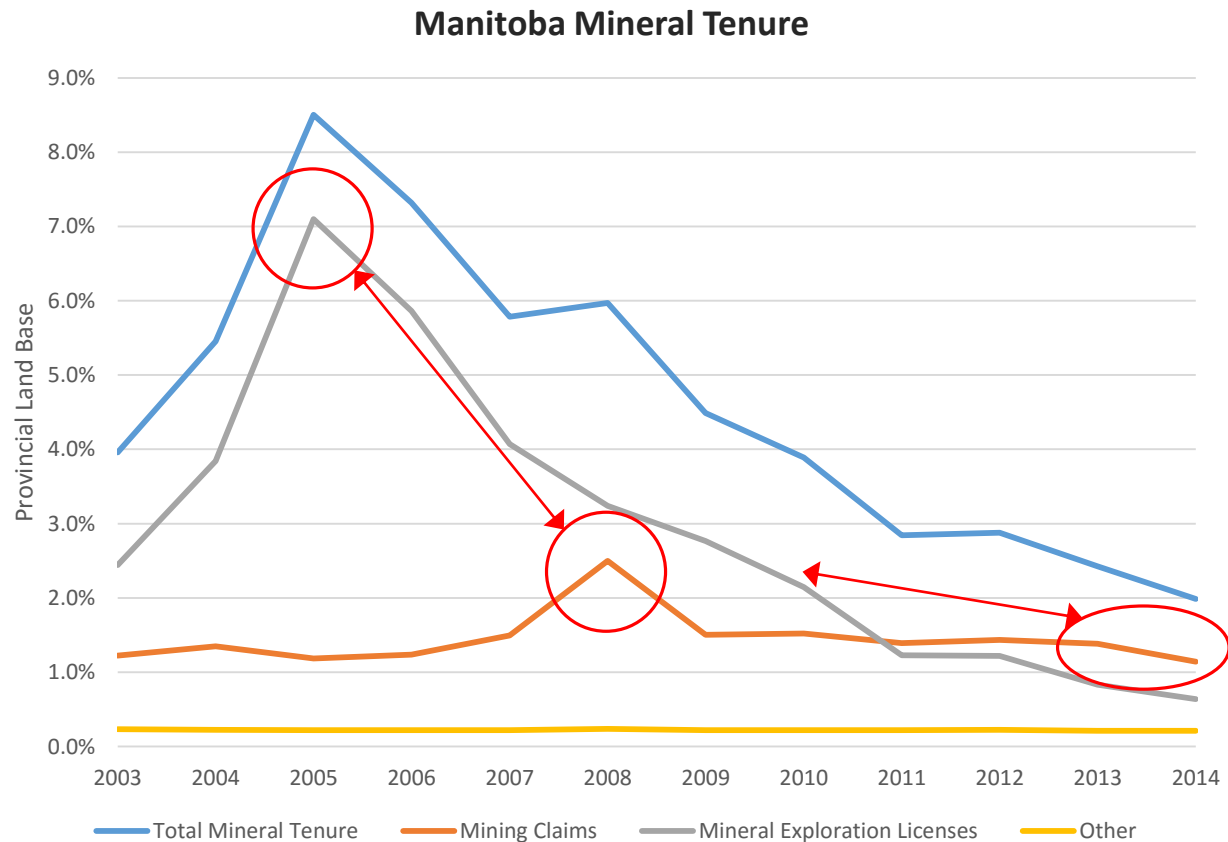
Mineral Activity in Manitoba

Peak occurred in 2005, similar to Copper / Zinc / Nickel price spikes.

MELs represent early stage / greenfield activities.

Most change is in MEL category.

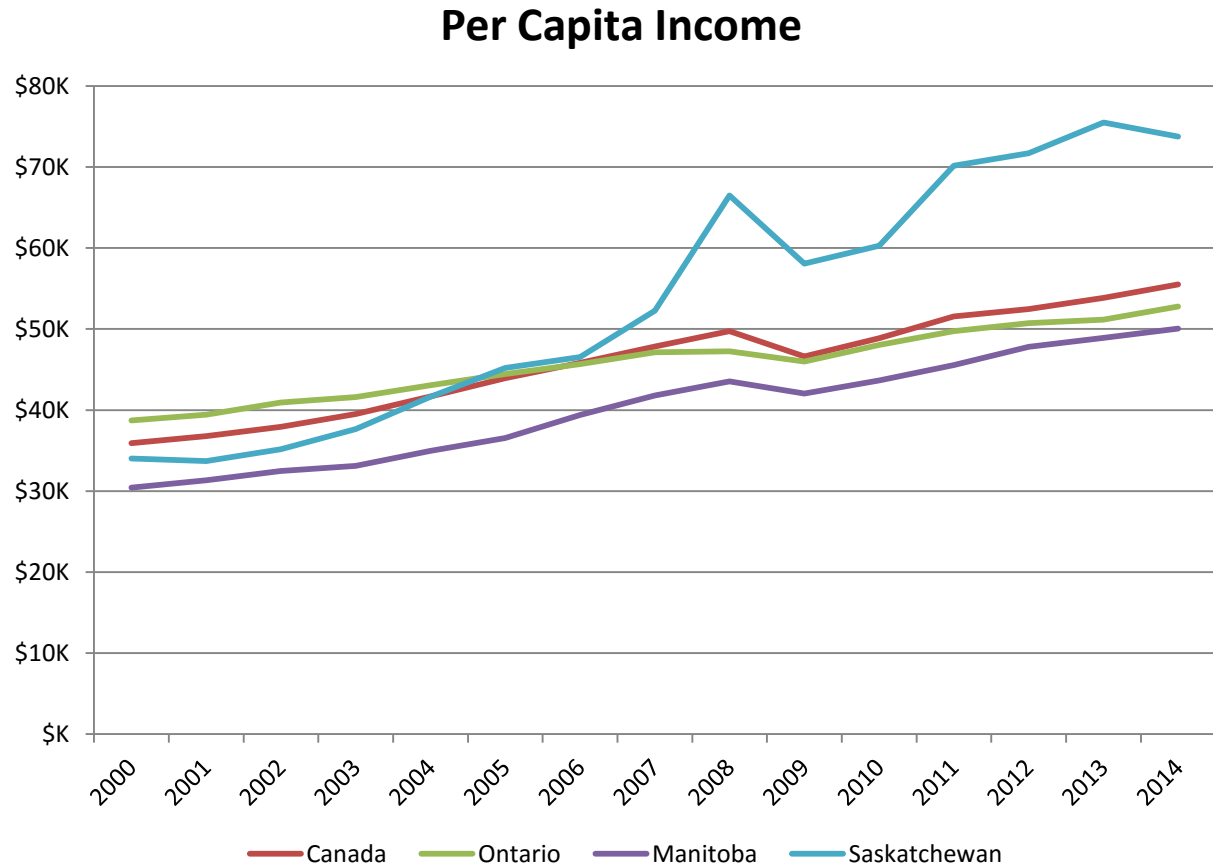
Mining claims, have now started to drop as well.



The Opportunity

Saskatchewan has a very efficient and predictable permitting system, even for greenfield projects.

Manitoba tracks with the rest of the country.





The Opportunity

Comparing Saskatchewan with Manitoba

- \$20B more GDP
- \$6.7B more mining GDP
 - Offset by \$2.1B in additional transfers.

Also in 2011 , Cameco reaches milestone

- \$1B in purchasing from First Nation contractors and suppliers.

	MB	SK	a
2011 (Source CanSim / Stats Can)			
Population (millions)	1.2	1.0	
All industries (\$B)	52.1	71.8	19.6
Per Capita Income	\$43,160	\$69,478	61%
Resource GDP (\$B)	5.3	27.3	\$22.0
Percentage of GDP	10%	38%	
Mining and quarrying (\$B)	1.1	7.8	6.7
Percentage of GDP	2.2%	10.8%	
Agriculture, forestry, fishing, hunting (\$B)	1.6	5.9	
Oil and gas extraction (\$B)	1.2	12.2	
Utilities (\$B)	1.3	1.4	
Construction (\$B)	3.3	5.2	
Manufacturing (\$B)	5.7	4.3	
Service-producing industries (\$B)	37.6	35.0	-2.6
Percentage of GDP	72%	49%	
Federal Transfers (\$B)	3.4	1.2	-2.1
Percentage of government revenues	23%	12%	



Mining Association Membership

Operating Mines (Board)

- Vale
- HudBay
- Tanco
- Graymont
- Shoreline Gold

Associate Members

- 13 Mineral Exploration Companies
- 10 Mining Contractors and Suppliers
- 7 In-Kind Memberships



SWOT (Mining in Manitoba)

Strengths

- Vast, untapped regions with high geologic potential.
- Excellent public geologic database.
- Low political risk.
- Good infrastructure to multiple known mineral belts.
- Established corps of prospectors, developed claims.
- Low-cost power.
- Growing First Nations interest in mining industry.

Weaknesses

- Uncertainty over work permit timeframes.
- High tax levels in every category compared with other Canadian jurisdictions.
- Low level of understanding / responsiveness to needs of mining and business in general from MB.
- Prospector corps is aging / moving on.
- Low level of activity in all phases of the mining cycle.

Opportunities

- When commodity cycle turns, focus goes toward early-stage companies/projects.
 - Investment tends to be rapid and frothy / speculative.
- Other jurisdictions (SK) have shown that more focused permitting results in increased investment and also in improved relations with First Nations.

Threats

- No clear end in sight for global slowdown
- Ongoing decline in commodity prices.
- Capital markets remain tight. Bay Street remains stretched for new investment capital.
- Boreal / land use planning processes.
- Federal changes that might make it difficult to shift toward a more focused permitting process.
- New park development and caribou strategy.



Mining Association Strategic Goals

Five Strategic Priority Areas

1. Safety and Mine Rescue
2. Aboriginal Relations
3. Competitive Regulatory Climate
4. Advocacy and Communications
5. Information Hub

Committees

- Finance
- Exploration
- Aboriginal Relations
- Environment
- Safety
- Mine Rescue

Committees Under Consideration

- Hydro Rate Setting



Financial Priorities

- Remove Barriers to Developing Inter-Provincial Mineral Belts
 - Allow processing at Manitoba mills from non-Manitoba mines without Processing Allowance penalty.
- New Mining Investment Tax Credit
 - Provide mining companies with the same tax treatment as other Manitoba manufacturing companies
- Limit PST Audit Cycles to 3 Years (WCC, MCC, CME)
 - PST audits cycles are up to 10 years now, resulting in wasted resources and excessive fines.

Comparing Tax Rates

2013	PST on Mining Capital Items	Mining Tax Rate	Income Tax Rate	Max Capital Depreciation Rate	Processing Allowance ⁷	Special Tax Features
Manitoba	8%	17% ²	12%	20% _(DB)	10% Max 65% of profits	No Mining Tax until payback achieved on capital items.
Saskatchewan	5%	10%	12%	100%	n/a	No Mining Tax until 150% of Exp. & Dev. costs from 10 years pre-profitability are recovered.
BC	7%	15% ³	10.75%	100%	n/a	Super deduction on 1/3 of capital and pre-production expenses.
Ontario	HST	10% ⁴	10%	30% _(SL) 100% on new mine income	8% Max 65% of profits	First \$10 million in profits exempt, during first 3 years (10 years for remote mines).
Quebec	9.975% Manufacturers rebated	16%	11.9%	100%	7-13% Max 65% of profits	Cash refund calculated from loss, pre-production and eligible exploration expenses.
NWT	0%	13%	11.5%	100%	8% Max 65% of profits	Some deductions for acquisition costs.
Nunavut	0%	13% ⁵	12%	100%	8% Max 65% of profits	Some deductions for acquisition costs.
Yukon	0%	12% ⁶	15%	15% _(SL)	Minster's Discretion	CED allowance.

Canada Mining Tax Rates

Summarized from PWC Canadian Mining Taxation (2013).

www.pwc.com/ca/canminingtax



Permitting Priorities

Association Priorities

- Address Delays for Issuing Permits. Reconcile Conflicting Data Points.
 - Average turnaround for a permit request is 12 days.
 - Approximately 10% of permit applications get stuck at Duty to Consult stage.
- Strengthen Voice of Industry in Development of Protected Areas. (MPAC)
 - Provide appropriate weight to areas of high mineral potential in developing park boundaries.
- Relief from Work Requirements until Work Permits are in Place.
 - Suspend work requirements while consultations are ongoing.
- Provide Clarity on Permit Process, Timelines and Consultation Triggers.
 - Provide more transparency of internal government processes related to permitting.



5% Targets

Mineral Tenure

- 5% of the MB land base (8.5% in 2005, declining to 2.0% in 2014)

Exploration Expenditures

- 5% of national total (Estimated at 1.9% - 2015e)

GDP from Mining

- 5% of Manitoba GDP (1.6% in 2012, down from 2.2% in 2011/10)



Finding Common Goals

Industry Goals

- **Develop a new pipeline of projects.**
 - ✓ Improve permitting certainty.
 - ✓ Reduce overall cost of doing business.
 - ✓ Encourage First Nations to participate in the economic benefits of mining.
- Secure access to capital.

Government Goals

- **Fulfill Legal Obligations**
 - ✓ Administer the Mines Act.
 - ✓ Meet Duty to Consult obligations.
 - Advance Truth and Reconciliation commission recommendations.
 - Align with UNDRIP declaration.
- **Foster mining economic development / prosperity.**
 - ✓ Encourage new government revenues from mining.

Aboriginal Goals

- **Historic / treaty issues**
 - Sharing of taxes and revenues.
 - FPIC / shared decisions.
 - Acknowledge and address current and historic injustices.
- **Foster economic development.**
 - ✓ Increase employment.
 - ✓ Develop business opportunities
 - ✓ Improve outlook in remote communities.
 - ✓ Increase training / educational levels.

Thank You

MINING ASSOCIATION OF MANITOBA

January 2016

Timothy Friesen
Executive Vice President

