



The Canadian and Global Mining Scene: Contributions, Opportunities, Issues

Kamloops, May 10, 2012



MABC
MINING ASSOCIATION OF BRITISH COLUMBIA



Hydrogen



Lithium



Beryllium



Sodium



Magnesium



Potassium



Calcium



Scandium



Titanium



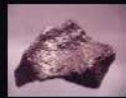
Vanadium



Chromium



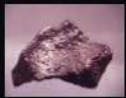
Manganese



Iron



Cobalt



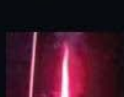
Nickel



Copper



Rubidium



Strontium



Yttrium



Zirconium



Niobium



Molybdenum



Technetium



Ruthenium



Rhodium



Palladium



Silver



Cesium



Barium



Hafnium



Tantalum



Tungsten



Rhenium



Osmium



Iridium



Platinum



Gold



Francium



Radium



Rutherfordium



Dubnium



Seaborgium



Bohrium



Hassium



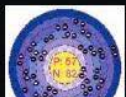
Meitnerium



Darmstadtium



Roentgenium



Lanthanum



Cerium



Praseodymium



Neodymium



Promethium



Samarium



Europium



Gadolinium



Actinium



Thorium



Protactinium



Uranium



Neptunium



Plutonium



Americium



Curium

ABOUT MAC

The national voice of the mining industry in Canada:

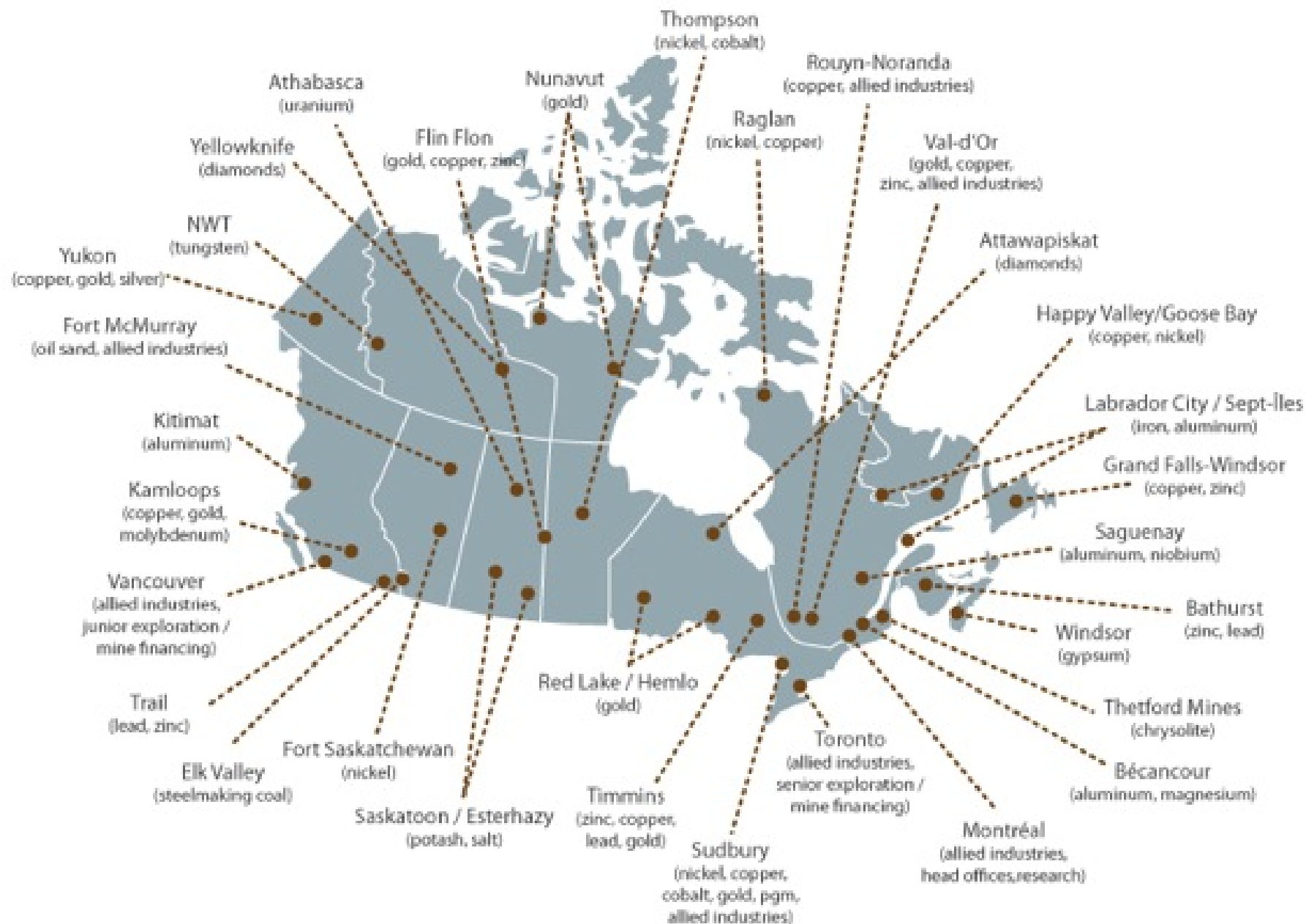
- Advocacy - to advance the business of mining
- TSM Initiative – stewardship and social license
- 30 members in iron ore, gold, diamonds, oil sands, met-coal, base metals, uranium
- 50 members in engineering, environment, finance
- Members engaged in exploration, mining, smelting, semi-fabrication, supply

INDUSTRY'S DOMESTIC CONTRIBUTION

- 300k employees;
Wages 30-60%
above other sectors
- 220 producing mines,
33 smelters and
refineries
- \$8.4B in taxes and
royalties paid to
governments in 2010
- \$20B capital
investment annually
- Largest private
employer of Aboriginal
Canadians
- Core supplier to clean-
technology sectors



CANADA'S MINING INDUSTRY NATIONAL AND REGIONAL PRESENCE



Source: Natural Resources Canada

mining.ca

Environmental Performance



“One cannot report on the industry’s performance without noting the significant progress in environmental protection.”

“The mining sector, through multi-stakeholder initiatives, regulatory and financial instruments, and science and technology has demonstrated its environmental commitment through reductions in energy intensity, air emissions, and GHG emissions, as well as increases in environmental expenditures, including remediation and decommissioning.”

TOWARDS SUSTAINABLE MINING (TSM)

- MAC members commitment to Sustainable Development
- A strategy for improving the mining industry’s performance by aligning its actions with the priorities and values of Canadians.
- A process for finding common ground with our communities of interest, to build a better mining industry today and in the future.
- It is about Stewardship and industry’s Social License to operate



CANADA AS A GLOBAL MINING PLAYER

- Attracted 19% of world exploration spending in 2010 – draws on useful tax measures
- Efficient TSX processes - 1400 mining companies listed, ~50% of their mineral projects are outside Canada
- Minerals account for 21% of value of Canada's goods exports
- Top 5 World Producer in uranium, potash, nickel, platinum, aluminum, diamonds, zinc, met coal
- Large direct investment stocks – 14% of all FDIC and 10% of CDIA

CHINA AS A MINERAL PRICE DRIVER

- 30 consecutive years of 8-15% annual growth (exception '89-'90)
- China consumed 5% of world's base metals in 1980s versus ~30% today
- Shift toward feed-intensive diets (potash), nuclear power (uranium), infrastructure and manufacturing (base metals), middle-class (diamonds, gold)
- Mineral price increases in decade have been ~3-25 times larger than inflation

Mineral Prices	2000	2007	2008	2009	2010	Apr. '12	'00-'12 (%)
Aluminum (\$/lb)	0.70	1.20	1.17	0.76	0.98	.92	60
Copper (\$/lb)	0.82	3.23	3.15	2.34	3.40	3.65	378
Gold (\$/oz)	279	697	872	973	1225	1641	489
Uranium(\$/lb)	8.29	98.81	63.17	47.00	48.00	51.00	518
Nickel (\$/lb)	3.92	16.88	9.57	6.50	9.85	7.98	108
Zinc (\$/lb)	0.51	1.47	0.85	0.75	0.98	.89	75
Iron Ore (c/dmtu)	12.45	36.60	60.80	105.30	125.90	144.70	1062

CHINA'S LONG-TERM DEMAND

- 2020-2025, China growth will still be in the 6-9% range
- Autos: 76 per 100 people in US versus 10 in China
- Personal computers: 76 per 100 people in US versus 4 in China
- India lags China - 30% of world's metals demand versus 3%
- Next 25 years - as many minerals and metals consumed worldwide as in all of history to date





STRONG FEDERAL GOVERNMENT ACTIONS

- Corporate tax competitiveness
- Strategic infrastructure investments – Highway 37
- Amendments to Canadian Environmental Assessment and Fisheries Acts
- Responsible Resource Development
- Aboriginal Skills and Employment Partnership and other programs
- Other Tax measures (flow through and accelerated capital cost allowance)
- Investment in northern geoscience



CANADIAN OPPORTUNITIES

MAC estimates that approximately \$140 billion in mining-related projects are presently proposed in Canada, including multi-billion dollar investments in:

- Nunavut gold and iron ore projects – Agnico Eagle, Newmont, Baffinland (ArcelorMittal)
- NWT rare earths, diamonds, gold – De Beers, Avalon, Fortune, others
- BC coal, copper mines - Teck, Capstone, Walter Energy, Imperial, Taseko, Xstrata, others
- Alberta mined oil sands projects – Suncor, Syncrude, Shell, CNRL, others
- Saskatchewan diamonds, potash, uranium – Shore Gold, BHP, Cameco
- Ontario nickel, gold, palladium – Vale, Xstrata, Goldcorp, others
- Quebec diamonds, nickel, gold – Stornoway, Xstrata, Agnico-Eagle, others
- Newfoundland and Labrador nickel processing plant – Vale
- Labrador/QC Iron ore – Rio Tinto IOC, ArcelorMittal, Cliffs, Tata, Labrador Iron Mines, Alderon



Mining in BC

- Contributed \$8.9 billion to BC economy in 2010
- Third largest mining jurisdiction in Canada
- More than doubled value of production in the past decade
- 9-fold increase in mineral tax & mineral land tax revenues to BC government in a decade
- Generated over 45,000 jobs in 2010: over 21,000 direct jobs and over 24,000 spinoff jobs
- BC has 20 major mines, over 30 industrial mineral producers and 2 smelters
- \$1.5 billion new mine development in 2010 (#4 position in Canada)
- Supports a substantial mining supplier sector
- Vancouver is global centre of mineral exploration and financing expertise
- Largest Canadian producer of copper, only Canadian producer of molybdenum; largest exporter of steelmaking coal in Canada

BC Mining Opportunity

- Copper Mountain – first major metal mine in BC since 1997
- Major mine expansions:
Line Creek, HVC, Gibraltar, Endako, Huckleberry
- 2 major mines in construction:
New Afton, Mt. Milligan
- \$2.5B Kitimat smelter modernization (\$300M 2011)
- 5 major mines in advanced development:
Red Chris, Roman, Morrison, New Prosperity, Ajax
- Close to 20 mining projects in earlier stages of environmental assessment
- New mines developing in all regions of BC
- Expanding metallurgical coal industry in northeast and southeast
- [Northwest Powerline](#) will open up new mining opportunities for the future
- Estimated over \$30 billion in investment in 30 projects over the next 10 years



KEY CHALLENGES

- Inefficiencies in government review processes for natural resource projects; lack of compliance mechanisms
- Human resource/skills constraints
- Remote regions, inadequate or uncompetitive infrastructure

Key Opportunities

- BC leadership in one project/one review
- Deepen Mining/First Nations partnerships (IBAs, AMTA, revenue sharing)
- BC as a gateway, strong links to Asia
- Northwest BC



TAKE AWAY MESSAGES

- Global mineral price increases, particularly in past decade, have been driven by China's development – in turn these are driving global investment
- Canadian mining industry has strengths in all regions
- Mining is central to northern economic development
- Approximately \$140 billion in mining-related projects are proposed in Canada over the coming years - \$30 billion in BC
- A range of policy challenges face governments and the mining industry. These will require all of us to work together



**FOR MORE INFORMATION
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