



The Mining Association of Canada
ADVOCACY STEWARDSHIP COLLABORATION

Annual Report 2013



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Photo: Teck Resources Limited, Greenhills Operations, British Columbia

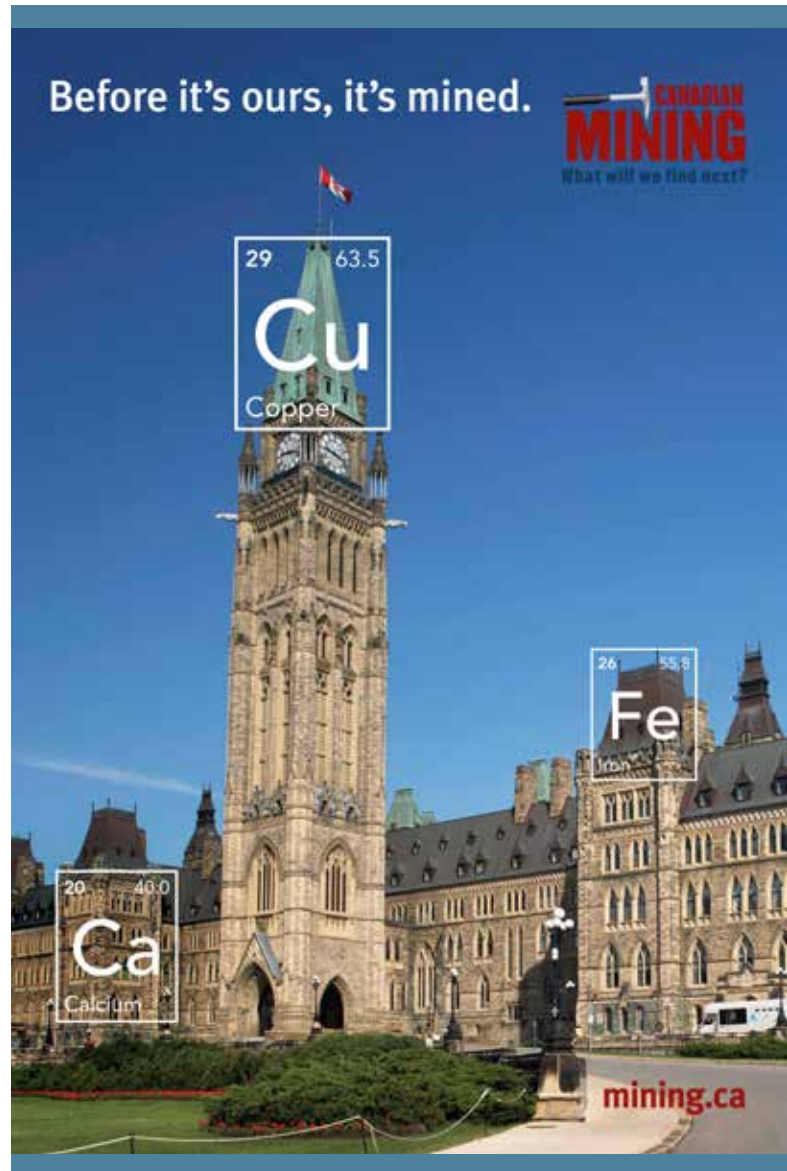
Introduction

About the Mining Association of Canada

THE MINING ASSOCIATION OF CANADA

The Mining Association of Canada (MAC) is the national organization of the Canadian mining industry. It comprises companies engaged in mineral exploration, mining, smelting, refining and semi-fabrication. Member companies account for the majority of Canada's output of metals and major industrial materials.

MAC promotes the interests of the industry nationally and internationally, works with governments on policies affecting minerals, informs the public, and promotes collaboration to solve common issues and foster progress. MAC works closely with provincial and territorial mining associations and other industries, as well as with environmental and community groups across Canada.



Message from the Chair and the President and CEO

Zoë Yujnovich, Chair of the Board of Directors and Pierre Gratton, President and CEO

The last couple of years have kept the Canadian mining industry on its toes as companies faced volatility in the commodity market and a still uncertain global economy. Despite the challenges thrown its way, recent data shows that the mining industry remains a significant player in Canada's economy, contributing \$52.6 billion to the GDP, accounting for 20% of Canadian goods exports, and employing some 400,000 people in cities and remote areas across the country in 2012.

With the industry facing such uncertainties, it became even more important to communicate that the industry's current contributions and presence in Canada could not be taken for granted. Canada's strength in the mining industry - and the jobs and economic contributions that go along with it - are not a given. Canada is only one of many attractive countries to mine or to list, and the industry needs the right economic and regulatory ecosystem to thrive.

Throughout the year, Canada's need to compete for highly-mobile global mining investment became a central message in MAC's advocacy and communications efforts. It also became the theme of our *Mining Day on the Hill* lobby day in November 2013, where 60 of our mining delegates carried this message to senior government and political officials throughout the National Capital Region. In our keynote speech that day, we identified three areas where industry and government can work together to enhance our competitive advantage and seize the growth opportunities in the future. This included overcoming our skills shortage and increasing diversity in our workforce, building critical infrastructure to enable new mining development in increasingly rural and northern areas, and ensuring taxation and regulatory systems encourage responsible mining development.

MAC was very active on regulatory issues throughout the year, largely as a result of significant legislative changes that the federal government introduced in 2012. This included the enactment of a new *Canadian Environmental Assessment Act*, changes to the *Fisheries Act* and *Navigable Waters Protection Act*, and the review of the *Metal Mining Effluent Regulations*. Throughout 2013, MAC advocated for the mining industry's needs at the federal level for a reasonable, timely and efficient environment assessment and permitting process, as well as federal-provincial coordination and a smooth implementation of the legislative changes. Although federal environmental assessments are much better managed today than they were five years ago, much still needs to be done to ensure the promised reforms achieve their intended outcomes.

Looking beyond our borders, the mining industry's competitiveness and growth prospects also rely on the ability to access important and emerging markets. In 2013, we commended the federal government for continuing its active trade agenda by concluding Foreign Investment Promotion and Protection Agreements with several African countries and finalizing the Canada-European Union Economic and Trade Agreement.

Industry also knows it has to do its part. We know that our ability to mine also rests on maintaining



Zoë Yujnovich
Chair



Pierre Gratton
President and CEO

our privilege to operate with the communities that surround our operations. We do this by limiting environmental impacts where possible and engaging with communities throughout the mining life cycle. This includes engaging with Aboriginal communities, hundreds of which are situated close to mining projects across the country. In 2013, MAC formally established a dedicated committee that will focus on Aboriginal affairs. Going forward, the committee will look at ways the mining sector can enhance mutually-beneficial partnerships with Aboriginal communities, increase skills training and employment opportunities for Aboriginal people, and will monitor relevant policy developments as the federal government ramps up activity in this space.

In 2013, MAC and its members continued to raise the bar in corporate responsibility. In its ninth year of reporting, results for the Towards Sustainable Mining (TSM) initiative show MAC members have made significant and meaningful progress in environmental and social practices. The latest results, found in the 2013 *TSM Progress Report*, help to reinforce our confidence that TSM is taking the Canadian mining industry in the right direction. What's more, in 2013, MAC and Stratos Inc. were jointly recognized with the Excellence in Corporate Responsibility Award for the TSM initiative by a group of highly-reputable sustainability experts. In 2014, TSM will be celebrating its 10th year of driving performance at mining operations across Canada and beyond.

Last year also saw a flurry of activity by the Resource Revenue Transparency Working Group to develop a framework for a transparency standard in Canada that would require Canadian mining companies to report payments to host governments both domestically and internationally. Comprised of MAC, the Prospectors & Developers Association of Canada, Publish What You Pay-Canada and the Revenue Watch Institute, the group finalized its recommendations by the end of 2013. The framework was released in January 2014 and the mining industry's leadership was recognized in Canada and internationally for working proactively to improve transparency, for pushing Canada to become aligned with the global transparency movement, and for collaborating with NGOs throughout the entire process. The Working Group will continue to advocate for the adoption of its recommendations as the federal government looks to develop and launch Canada's transparency standard by 2015.

MAC's membership continued to grow in 2013 with the addition of six new full members – Dominion Diamond Corporation, Eldorado Gold Corporation, Excellon Resources Inc., HD Mining International, KGHM International Ltd., and Noront Resources Inc. We also welcomed three new associate members – Ausenco, MIRARCO and RWDI. MAC's membership is now at the highest level in its history, which is indicative of the industry's need to engage with Ottawa decision-makers to shape the national public policy environment during this critical period of legislative and regulatory reform.

MAC's achievements in 2013 were due to the collective efforts of many people. These individuals include our Board of Directors, Executive Committee and TSM Governance Team, and the committed industry representatives who lend their expertise to committees and working groups. We also boast one of the strongest association staffs in Ottawa, composed of individuals who are recognized for their expertise and professionalism by government and other associations. With their mix of skills, experience and teamwork, they deliver tangible outcomes that benefit the entire industry. Their work is much appreciated by the Board and members of MAC.

For more details on the topics discussed here, and on other aspects of MAC's work, we encourage you to read the Annual Report in full.

Report from the Chair of the Towards Sustainable Mining Governance Team

Louise Grondin, Senior Vice President, Environment and Sustainable Development, Agnico Eagle Mines Ltd.

The Towards Sustainable Mining (TSM) Governance Team examines opportunities for improving the mining industry's performance and reputation with key stakeholders.

HIGHLIGHTS

- The 2013 *TSM Progress Report* showed aggregate performance improvement for all indicators within the original four TSM protocols and marked the first year of reporting for the two newest protocols, biodiversity conservation management, and safety and health.
- TSM was honoured with an Excellence in Corporate Responsibility Award in the Resource Sector category.
- Interest in and uptake of TSM continues to grow. In 2006, 15 companies reported facility-level performance and, in 2012, this number grew to 23 companies. MAC has also seen a greater level of interest from the financial community in TSM as a tool to evaluate social and environmental risks.
- TSM is gaining global recognition. Interest has come from a wide range of countries to learn more about TSM, including Finland, Norway, Nigeria, Sweden, Zimbabwe, Botswana, India, Armenia, Greece and others.



Louise Grondin
Chair

TSM PERFORMANCE IMPROVEMENTS

In 2013, the membership continued to demonstrate performance improvements across the original four TSM protocols. The ninth annual *TSM Progress Report* showed steady improvement in company results, including such highlights as:

- An average increase of 10% year-over-year in the number of facilities reporting a Level A or higher across the indicators for Aboriginal and community outreach, crisis management planning, energy use and greenhouse gas (GHG) emissions management, and tailings management.
- In the area of tailings management, 92% of facilities reported implementation of an operation, maintenance and surveillance manual that adheres to industry best practices. This is an increase of 18% from 2011.
- The number of facilities assessed at a Level A or higher for demonstrating best practices in communicating and engaging with communities of interest, including Aboriginal communities, increased by 19% to 88% from 2011 to 2012.

For the first time, performance data for the TSM Biodiversity Conservation Management Protocol, and the TSM Safety and Health Protocol were presented in the report. These results will be published on a facility-by-facility basis in the 2014 *TSM Progress Report*.

TSM GOVERNANCE

In September 2013, a sub-committee of the TSM Governance Team met to discuss the membership's current obligations under TSM and the future of the program. This meeting resulted in a clarification to the TSM conditions for MAC membership, the adoption of a dispute resolution mechanism, and a revision to the reporting and verification framework.

Revised Condition of Membership Statement

In the past, the condition of membership did not require members to meet a particular performance level, but all members were encouraged to achieve a Level A across all indicators. In 2013, MAC conducted an analysis of the results since 2008 and found that there were no facilities that remained at a Level C for any given protocol over multiple years. In fact, the overall trend for the membership showed that performance was continuously improving across all indicators. However, the TSM Governance Team felt it was timely to develop a mechanism to proactively address potential performance issues in the future.

As such, the condition of membership statement was revised to articulate that members are expected to demonstrate continuous improvement over time. Assistance would be provided to members that consistently report at lower levels. The membership would also be able to use the dispute resolution process outlined below in instances where a facility consistently reports at a Level C for any indicator.

Dispute Resolution Mechanism

The TSM Governance Team agreed that a formal process to address non-conformance was warranted to provide additional credibility and rigour to the initiative. It was also agreed that there should be a system in place that would allow the membership to work with companies that may be struggling to implement TSM. The following describes the new five-step dispute resolution mechanism that was developed and adopted in 2013:

1. Company Initiative Leader (individual responsible for implementing TSM within the company) and MAC staff discuss the issue.
2. MAC's President and CEO and/or MAC Board Chair discusses the issue with the company Board of Directors representative.
3. The issue is brought to the full TSM Governance Team.
4. The issue is brought to the Executive Committee of the MAC Board of Directors.
5. The Executive Committee of the MAC Board of Directors develops a recommendation for the MAC Board of Directors.

Revised Reporting and Verification Framework

A revised reporting and verification framework has been approved for facilities that consistently achieve high levels of TSM performance. These changes will reduce reporting burdens and will provide sites with more flexibility to align TSM verification requirements with other audit and verification commitments.

The revised framework has been retroactively applied to the last reporting cycle (2009 results) for Aboriginal and community outreach, crisis management planning and tailings management. All members will need to report for biodiversity conservation management, and safety and health. As well, given the significant changes made to the energy use and GHG emissions management indicators, the Board decided that the new reporting framework will not be retroactively applied for this protocol.

TSM PROTOCOL CHANGES

Biodiversity Conservation Management

In 2013, important changes were made to the biodiversity conservation management protocol. The criteria for the first indicator was revised from requiring that companies have a biodiversity conservation policy to requiring that companies demonstrate that they have made commitments to biodiversity. This change recognizes concerns that commitments to biodiversity conservation are not always demonstrated through a stand-alone policy. The indicator was also reworded to require that the biodiversity commitments be communicated to “relevant employees” rather than to “all staff.” This change recognizes that the term “staff” could have different interpretations and that the intent of this requirement is to ensure employees who have responsibilities related to biodiversity management are familiar with the company’s commitments. Guidance was also added to clarify how regional biodiversity conservation approaches should be reflected within a TSM assessment.

Energy Use and GHG Emissions Management

In 2013, the membership worked to implement the significant changes to the energy use and GHG emissions management protocol that were introduced in 2012 (more information is available in the 2013 *TSM Progress Report*). The 2014 *TSM Progress Report* will include performance data for the revised protocol, which includes the following three indicators:

- 1. Energy Use and GHG Emissions Management Systems:** To confirm that systems are in place to manage energy use and GHG emissions. This indicator applies to facilities and/or business units for which energy use and GHG emissions are deemed material.
- 2. Energy Use and GHG Emissions Reporting Systems:** To confirm that energy use and GHG emissions tracking and reporting systems are in place for internal use and for public reporting. This indicator applies to all facilities whether or not energy use and GHG emissions are deemed material.
- 3. Energy and GHG Emissions Performance Targets:** To confirm that energy and GHG emissions performance targets have been established at each facility or business unit level. This indicator applies to facilities and/or business units for which energy use and GHG emissions are deemed material.

TSM COMMUNICATIONS AND OUTREACH

Communicating the benefits of TSM throughout the industry, as well as to communities and governments, remains a top priority. To this end, MAC worked in 2013 to enhance communications,

which included the introduction of two new TSM Awards – the TSM Environmental Excellence Award and the TSM Community Engagement Award – to showcase projects that promote sustainable development within the mining sector. Beginning in 2014, companies, facilities and individuals that have raised the bar for the industry will be recognized with TSM Awards at the Canadian Institute of Mining, Metallurgy and Petroleum's Annual Awards Gala.

In 2013, MAC launched a short video on the TSM initiative, which is available on the MAC website and is available for members to use in their communications. The video features Pierre Gratton (MAC), Alan Young (Canadian Boreal Initiative) and Stephanie Meyer (Stratos Inc.) who discuss how TSM works and the initiative's benefits to both mining companies and communities. MAC has also made efforts to better highlight TSM and achievements made by members in corporate responsibility in regular communications. In 2014, a new MAC website will prominently feature TSM and MAC member performance.

International interest in TSM has grown significantly in recent years. MAC is regularly receiving inquiries on TSM from other mining associations, international organizations and governments. In 2013, MAC was invited by Debswana – a joint venture between De Beers and the Government of the Republic of Botswana – to provide training on TSM implementation. MAC also responded to inquiries about TSM from governments and mining associations in Finland, Norway and Turkey. The Government of Canada also invited MAC to present on TSM at the Intergovernmental Forum (IGF) on Mining, Minerals, Metals and Sustainable Development during its annual general meeting. The IGF is a forum that brings together representatives from over 50 countries to discuss mining policy issues and build governance capacity in developing countries.

The initiative has also been generating interest within the financial sector. Over the last two years, investors have begun to see TSM as a valuable tool to measure how well key environmental and social risks are being managed at mining facilities. Increased interest from investors led MAC to focus on outreach to the financial sector in 2013. This included discussions with the Caisse de dépôt et placement du Québec, the Bank of Montreal, Fiera Capital, Batirente and Valeurs Mobilières Banque Laurentienne in Montreal.

TSM RECOGNIZED WITH EXCELLENCE IN CORPORATE RESPONSIBILITY AWARD

In November 2013, MAC and Stratos Inc. were honoured with an Excellence in Corporate Responsibility (ECR) Award in the Resources Sector



Photo: MAC's Ben Chalmers and Tara Shea with the 2013 Excellence in Corporate Responsibility Award

category for their ongoing work on the TSM initiative. The ECR Awards celebrate Canadian corporations for outstanding work and dedication towards creating sustainable and ethical practices in business. They are a collaboration of Green Living Enterprises, Canadian Business for Social Responsibility, CIRAI (Interuniversity Research Centre for the Life Cycle of Products, Processes and Services), The Natural Step Canada, Jantzi-Sustainalytics, Corporate Knights, Pembina Institute, SustainAbility and Bob Willard.

COMMUNITY OF INTEREST ADVISORY PANEL

In 2013, the Community of Interest (COI) Advisory Panel held two meetings. The first was held in March in Toronto and focused on three main topics: biodiversity conservation, human rights and social net impact. On biodiversity, Inmet Mining (now First Quantum Minerals) met with the Panel to discuss how it integrated the TSM biodiversity conservation management protocol into its operations, including exploration sites and closed mines. The purpose of this session was to explore the complexity of biodiversity conservation at different stages of the mining life cycle. At the meeting, the Panel was also briefed on the work of MAC's International Social Responsibility Committee, particularly in the area of human rights. Panel members discussed what actions a company would need to take to be identified as a Human Rights Defender, as defined by the United Nations. In general, many members thought that this was something that the mining industry could work towards. On social net impact, IAMGOLD Corporation discussed how a company can quantify and report on the net impact of a mine's presence and investments on a community.

The Panel's second meeting took place in October in Sudbury. The primary focus of this meeting was the Post-Verification Review (PVR) process for Teck Resources and Vale, which presented their verified TSM results. At the Panel's request, the companies focused on performance in two priority areas of interest, biodiversity conservation and energy efficiency. During the two-day meeting, the Panel also met with members of the local community and toured Glencore's Nickel Rim South facility.

TSM TRAINING WORKSHOPS

Over the last year, MAC hosted a series of training workshops that focused on building capacity around the implementation of the TSM performance protocols. In addition to general TSM self-assessment workshops, MAC also organized specific workshops on the following:

Crisis Management Planning Training

In 2013, MAC commissioned an external consultant to facilitate a workshop on crisis management planning and communications. The workshop included training on developing crisis management plans and applying the TSM protocol using the updated 2012 version of the MAC Crisis Management Planning Reference Guide. It also included table-top simulation exercises to prepare participants for a real-life crisis.

Verification Service Provider Training

In 2013, MAC hosted two re-certification workshops for TSM Verification Service Providers (VSPs). The purpose of these workshops were to update VSPs on changes to the program, to provide guidance on areas of the protocols that may be misinterpreted, and to ensure consistent

application of the new and recently-revised protocols. The workshops also provided VSPs with an opportunity to discuss experiences and best practices in TSM external verification, and to identify specific techniques that can enhance the process. MAC will continue to provide VSP certification workshops each fall.

Biodiversity Conservation Management

In September 2013, MAC conducted its first TSM biodiversity workshop at the BC Reclamation Symposium in Vancouver. MAC was joined by a former Parks Canada employee who developed the biodiversity management system for Canada's network of national parks, a representative from the Bar Code of Life and a representative from New Gold's New Afton mine to provide an overview of how the TSM Biodiversity Conservation Management Protocol can be applied at mine sites to drive performance. The workshop also included a case study of a biodiversity management plan from an exploration perspective by Avalon Rare Metals. The workshop attracted more than 50 participants from governments, consultants, First Nations and industry.

PLANS FOR 2014

In 2014, MAC will continue to enhance outreach on the TSM initiative by developing new communications material. A new video will be developed to explain how the investment community can use TSM to help evaluate environmental and social risks at mining facilities. Building investor awareness is an important opportunity to increase the uptake of TSM within the industry. MAC will also focus on developing a new brochure to be distributed at trade shows and meetings.

Building on work that was initiated in 2009, MAC will look for opportunities to include a water stewardship component to TSM. Before initiating this work, MAC will take a necessary first step in early 2014 to understand the landscape of what initiatives already exist. To avoid duplication and ensure that MAC's work on water and mining adds value, MAC has commissioned Stratos Inc. to conduct a review and analysis of current and emerging expectations and requirements for mining companies in the area of water management. The results of this work will be used to inform MAC's approach to this important issue. This background research includes a review of initiatives and guidance developed by organizations such as the World Wildlife Fund, the Carbon Disclosure Project, the International Petroleum Industry Environmental Conservation Association and the International Council on Mining and Metals.

In 2014, MAC will continue to seek opportunities to align with other standards and initiatives. Specifically, MAC will focus on developing a tool that recognizes equivalencies between the TSM Safety and Health Protocol and OHSAS 18001. MAC will also continue to seek opportunities for equivalency and will work to avoid duplication with other standards and initiatives.



Photo: Glencore Canada, Raglan Mine, Quebec

Committee Reports

Environment Committee

Chair: Marc Butler, Director of Regulatory Affairs, Sudbury Integrated Nickel Operations, Glencore Canada

The Environment Committee addresses general environmental issues and legislation affecting the industry.

HIGHLIGHTS

- › Highly active engagement with the federal government to raise industry's concerns stemming from the significant regulatory reform initiated in 2012.
- › Amendments to Regulations triggering the *Canadian Environmental Assessment Act* were published to address concerns raised by MAC.
- › Understanding of navigable waters common law and application to mining activities was improved through intensive task force work with Transport Canada.

In 2013, the Environment Committee met jointly with the MAC Science Committee in Toronto in February and in Ottawa in June and October. To ensure productive discussions and decision making in a large group, the meetings allow in-person participation only. Committee meetings were augmented by post-meeting webinars and work by smaller task forces. Committee work continued to focus on the major changes in federal legislation begun in 2012, and on the review of the Metal Mining Effluent Regulations (MMER). A description of the work on the MMER Review is found in the report of the Science Committee.

The new *Canadian Environmental Assessment Act* (CEAA 2012) had come into force in July 2012. An important change was a move to triggering the Act through *Regulations Designating Physical Activities* (Project List). These triggering regulations were amended in October 2013, addressing concerns that MAC raised with the original list.

Overall, slightly more mining projects (new mines and major expansions) are subject to CEAA 2012 compared to its predecessor, and mining projects are now the predominant type of project subject to the Act. Throughout 2013, the committee monitored members' experience with CEAA 2012. No assessment begun under CEAA 2012 has yet to come to completion, so the workability of several new provisions of CEAA 2012 is still unknown, including enforceable decision statements, substitution and equivalency.

Amendments to the *Navigable Waters Protection Act* (NWPA) were enacted in 2012, but did not come into force in 2013. Preparatory committee work with Transport Canada officials shed light on the difficulties of interpreting the Act and the common law concepts underlying it in the context of mining activities. The Environment Committee formed a Navigable Waters Task Force, commissioned legal analysis, and held several meetings with officials. A full day workshop was held in the summer, which helped to improve mutual understanding and led to policy guidance expected to be published by the department when the amended Act, the *Navigation Protection Act*, comes into force in 2014.

The committee reviewed draft regulations and a discussion paper published by Fisheries and Oceans Canada (DFO) in preparation for *Fisheries Act* amendments coming into force and expressed concern about inadequate clarity and detail. DFO officials also met with the committee in October. The amendments came into force in November 2013 and presented particular challenges to mining projects that were already undergoing environmental assessments and had been preparing *Fisheries Act* plans based on the predecessor Act. Work to achieve greater clarity and workable approaches will continue into 2014.

The committee heard presentations from the Canadian Wildlife Service on the *Species at Risk Act* and on the caribou recovery strategy. Members were also briefed by the Committee on the Status of Endangered Wildlife in Canada (COSEWIC) on how it functions and gathers information. Officials from the Major Projects Management Office and from Aboriginal Affairs and Northern Development informed the committee about new guidance and tools being developed for Aboriginal consultation in the context of federal environmental assessment and approvals.

Discussions with Environment Canada continued in 2013 on proposed Environmental Performance Agreements on air pollutants and greenhouse gas regulations for base metal and iron ore pelletizing facilities.

MAC monitors international developments that may affect domestic policy or world markets for mineral products. As part of this monitoring, the Environment Committee considered the implications of the United Nations' Environment Programme, *Minamata Convention on Mercury*. The Convention was signed in October 2013, with negotiations of important details expected to continue for several years. The important issues for the mineral industry include emission requirements for non-ferrous smelters, avoiding inadvertent effects on movement of non-mercury ores and concentrates, and the long-term implications for safe disposal of by-product mercury captured by smelters.

MAC continued to monitor Canada's Chemicals Management Plan (CMP) under the *Canadian Environmental Protection Act* (CEPA). The second phase of CMP includes the assessment of cobalt, selenium, and boron and their compounds. The remaining metals will be assessed from 2016 to 2020.

Health Canada is working to adjust Canada's Workplace Hazardous Materials Information System (WHMIS) to reflect the Globally Harmonized System of Classification and Labeling (GHS). Health Canada's goal is three-fold: (1) implement the GHS in Canada; (2) align GHS requirements with the United States; and (3) not reduce the current level of protection offered by the existing WHMIS regulations. Consultation documents were released in 2013 in which MAC provided comment and engaged with Health Canada on the content. The changes are expected to take place in 2014, with implementation beginning in 2015.

To boost its effectiveness, MAC belongs to several formal and informal industry groups. They include the Industry Coordinating Group on the *Canadian Environmental Protection Act*, the Industry Steering Committee on Climate Change and Clean Air, the Environmental Health Industry Coordinating Group, the North American Metals Council and the International Council on Mining and Metals. Mike Dutton (Vale) represented MAC on the Industry Coordinating Group on CEPA, Lyle Safronetz (Vale) represented MAC on the Workplace Hazardous Materials Information System Current Issues Committee and the Transportation of Dangerous Goods General Policy Advisory Council and Justyna Laurie-Lean (MAC) was the representative on the Environmental Health Industry Coordinating Group and the North American Metals Council. Justyna Laurie-Lean is also the mining industry representative on the multi-stakeholder National Pollutant Release Inventory Work Group.

For more information on MAC's environmental initiatives and the reduction of releases from member facilities, please see the *Towards Sustainable Mining (TSM) Progress Report*, available on MAC's website at www.mining.ca.

Aboriginal Affairs Committee

Chair: Bob Steane, Chief Operating Officer and Senior Vice President, Cameco Corporation

The Aboriginal Affairs Committee works to identify, evaluate and offer informed advice to the MAC Board of Directors on strategies to foster and strengthen the relationship between Aboriginal people and the mining industry in Canada.

HIGHLIGHTS

- › Creation of the Aboriginal Affairs Committee in March 2013.
- › Participation in the Canadian Aboriginal Mineral Association's annual Convention.
- › Outreach activities with Aboriginal groups on the mining sector.
- › Partnership with the Macdonald-Laurier Institute on its research project, *Aboriginal People and the Natural Resource Economy in Canada*.

With the intent of fostering and strengthening MAC's Aboriginal affairs strategies and stakeholder relationships, the Board of Directors approved the creation of the Aboriginal Affairs Committee (AAC) in March 2013. The committee is chaired by Bob Steane, Chief Operating Officer and Senior Vice President of Cameco Corporation, and is comprised of approximately 20 member representatives of MAC.

The committee held four meetings during the year that included participation of invited guests, including key government officials and Chief Earl Klyne (Seine River First Nation), who is a member of MAC's Community of Interest Advisory Panel.

In 2013, the committee entered into a multi-year partnership with the Macdonald-Laurier Institute regarding its research project that proposes to lay out a pragmatic approach to ensure the full participation of Aboriginal Canadians in the natural resource economy.

ADVOCACY ACTIVITIES

During 2013, MAC advocacy activities regarding Aboriginal affairs focused primarily on Aboriginal employment and Aboriginal skills training programs and the Crown's duty to consult and, when appropriate, to accommodate.

OUTREACH ACTIVITIES

Throughout 2013, MAC participated in targeted outreach activities involving Aboriginal groups and the mining sector, including the PDAC Convention's Aboriginal Program in March, the Canadian Aboriginal Mineral Association Convention in November, and the Assembly of First Nations' Special Assembly Session on Energy and Natural Resources in December.



Photo: Cameco Corporation, Cigar Lake Mine, Saskatchewan

Public Affairs Committee

Chair: Kara Flynn, Vice President, Government and Public Affairs, Syncrude Canada Ltd.

The Public Affairs Committee provides advice and guidance on MAC's public affairs and communications programming.

HIGHLIGHTS

- Ongoing advocacy, guidance and strategic support for MAC's federal public policy agenda.
- Regional outreach events, including those in partnership with provincial mining associations.
- A successful Mining Day on the Hill lobby event, themed "Mining for Opportunities in a Changing Landscape."
- Enhanced communications for the Towards Sustainable Mining (TSM) initiative.
- New ad campaign depicting the Canadian mining industry's leadership, the sector's contribution to daily life through contemporary products and the positive impacts it is making overseas through community investments.

FEDERAL ADVOCACY

MAC's advocacy efforts in 2013 predominantly focused on the regulatory and economic environment. This includes ongoing challenges related to the regulatory reform introduced in 2012 and the review of the Metal Mining Effluent Regulations, as well as taxation issues, international trade, the need for critical infrastructure and R&D, transportation challenges, human resources needs, Aboriginal peoples' participation in mining, and corporate responsibility.

General outreach to parliamentarians and members of their staff to communicate the mining industry's opportunities and challenges within Canada and abroad was a priority in 2013. Ongoing outreach was also conducted with government officials in various departments and agencies relevant to mining, including the Prime Minister's Office, Natural Resources Canada, Fisheries and Oceans Canada, Environment Canada, Aboriginal Affairs and Northern Development Canada, Transport Canada, the Privy Council of Canada, Employment and Social Development Canada, Finance Canada, and Foreign Affairs, Trade and Development Canada. Engagement with the above-mentioned stakeholders often involved sourcing input and participation from members of the Public Affairs Committee.

As an indication of the high degree of advocacy conducted throughout the year, *Maclean's Magazine* named MAC in its 2013 *Power List*, which highlighted organizations that had the most contact with some of Ottawa's most powerful departments over the course of the year. MAC topped the list of groups that lobbied the PMO, and was the second most active group that lobbied on environment and natural resources as measured by the number of meetings with Environment Canada, Natural Resources Canada and the Canadian Environmental Assessment Agency. What's more, MAC President and CEO, Pierre Gratton, was once again listed by the *Hill Times* in its latest *Top 100 Lobbyists List* for 2013 activity.

MAC's own lobbying records echo that 2013 was very active on the advocacy front with more than 140 meetings with senior bureaucrats and political stakeholders on a wide range of policy issues, such as regulatory reform, trade, transparency and CSR, finance, northern development and Aboriginal affairs.

MAC AGM AND REGIONAL EVENTS

In June 2013, MAC dedicated a large portion of its AGM to discuss how responsible mining development can be a catalyst of positive change for Aboriginal communities by boosting employment levels, providing skills training opportunities, generating local economic development and by investing in community services. During the AGM, MAC hosted a dinner for politicians and their staff, government officials and industry representatives at the Canadian Museum of Nature. The event featured Brian Lee Crowley, Managing Director of the Macdonald-Laurier Institute, as the keynote speaker. Brian discussed the Institute's new research project that will examine how the natural resources economy can re-shape engagement with Canada's Aboriginal people and how resource wealth can be shared by all Canadians.

The AGM also saw the election of Zoë Yujnovich, President and CEO of the Iron Ore Company of Canada, as Chair of MAC. She is the association's first female Chair in its near 80-year history. In recognition of this milestone and the mining industry's progress in promoting diversity, her appointment generated significant media attention and requests for Zoë to speak at conferences on advancing women in mining and other sectors.

Throughout the year, MAC participated in several major mining conferences across Canada, including the PDAC Convention, CIM Conference and the Mineral Exploration Roundup. MAC President and CEO, Pierre Gratton, also presented at several events across the country in partnership with provincial mining associations to communicate the contributions and needs of the industry at the regional level. This included events in Kamloops, Saskatoon, Montreal, Williams Lake, Ottawa and Yellowknife.

MINING DAY ON THE HILL

MAC's annual Mining Day on the Hill lobby event was once again a highlight, and provided an excellent opportunity for MAC members to connect with parliamentarians and senior-level civil servants. It was the largest Mining Day to-date with 60 MAC member delegates from across the country participating in a record 64 meetings across the National Capital Region. This year's event was developed around the theme "Mining for Opportunities in a Changing Landscape" in recognition of the challenging domestic and global environment that the Canadian mining industry is facing. For the industry to continue its contributory role to Canadians by way of jobs, business development and community investments, it must remain as competitive as possible to continue attracting highly-mobile global mining investment.

The Mining Day luncheon included remarks from MP Kelly Block, Parliamentary Secretary to the Minister of Natural Resources, and a keynote address from Zoë Yujnovich. In her speech, Zoë discussed how Canada can remain a top choice for mining by using three key areas to its



Photo: MP Kelly Block, Parliamentary Secretary to the Minister of Natural Resources, at the Mining Day on the Hill luncheon, November 19.

competitive advantage – a diverse workforce, effective taxation and regulatory systems, and by building critical infrastructure to enable new mining growth in increasingly remote regions. As a champion of women in mining, she also focused on diversity and shared her early experiences as a female mining professional in a male-dominated industry and highlighted the industry’s progress in this realm since she began her mining career. The day concluded with MAC’s Annual Reception at the Château Laurier, featuring spectacular mining exhibits from the Royal Canadian Mint that generated a great response from attendees. This included the Olympic medals from the 2010 Vancouver Winter Games, a record-setting 100-kilogram gold “Million Dollar Coin” and a 400-ounce gold bar.



Photo: MAC Chair, Zoë Yujnovich, at the Board of Directors and Mining Day on the Hill Reception, November 19.

PUBLICATIONS

Throughout the year, MAC issued seasonal newsletters to communicate new developments in the industry and positive news from MAC and our member companies. The newsletter is sent to Ottawa-based decision-makers in a high-quality print format, and electronically to industry stakeholders across the country. The 2013 edition of our flagship publication, *Facts and Figures*, was launched in January 2014 in both print and electronic versions. For a copy of the report, please visit the MAC website at www.mining.ca.

COMMUNICATIONS SUPPORT FOR TSM

Throughout the year, the Public Affairs Committee supported the TSM initiative by helping to develop enhanced communications materials for the program. This included key messaging and a video to be able to concisely describe what TSM is and its strengths. A brochure was also produced to provide audiences with high-level information about the TSM initiative and its components, and to highlight the progress made in key environmental and social indicators during the program’s 10-year history.

The Public Affairs team also assisted with designing a new structure for the TSM Awards. In 2014, mining companies participating in the TSM initiative will be able to nominate their corporate responsibility projects for two new awards—the TSM Environmental Excellence Award and the TSM Community Engagement Award. The award winners will be announced at the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Awards Gala at the 2014 Convention in Vancouver.

MEDIA AND SOCIAL MEDIA ENGAGEMENT

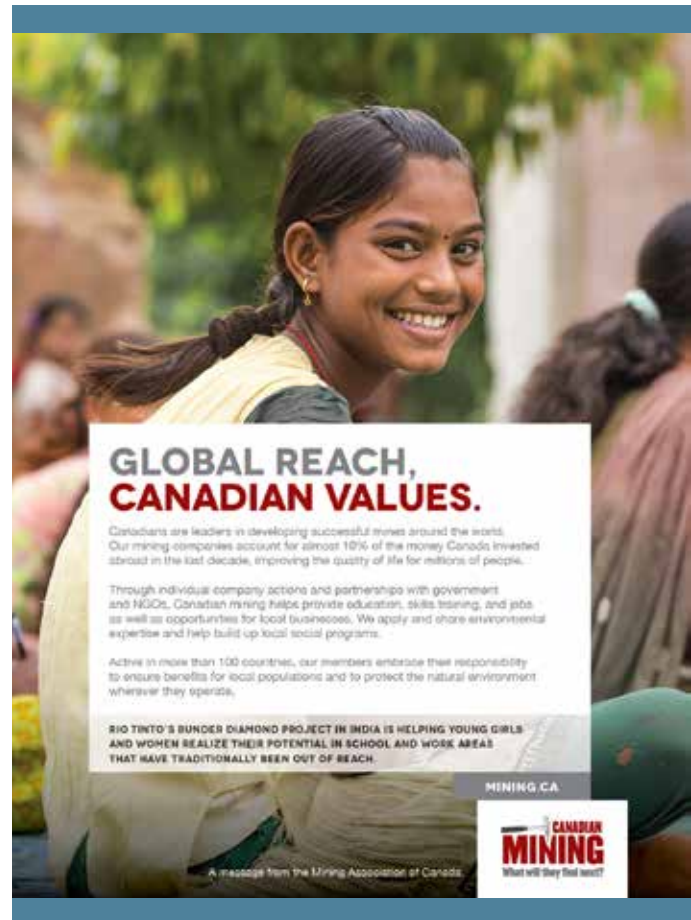
MAC continued to maintain a high level of proactive and reactive media engagement on mining-related news and issues. In 2013, MAC was quoted in approximately 220 media stories in outlets across the country. MAC’s Twitter presence has also continued to grow with approximately 2,500 followers

by year-end. Tweet content includes factoids about the Canadian mining sector, positive media coverage, and links to MAC and member company news. MAC's President and CEO, Pierre Gratton, is also on Twitter, with close to 400 followers. We invite you to follow us at @ [theminingstory](#) or @ [GrattonPierre](#).

In 2013, MAC undertook a project to completely re-design its website on new back-end infrastructure to make the site more user-friendly through enhanced web navigation and robust in terms of content offerings. The site was developed in partnership with Vancouver-based Red Rocket Creative and was launched in early 2014.

CANADIAN MINING AD CAMPAIGN

MAC's 2013 ad campaign depicted mining's contribution to daily life by linking various minerals and metals to the products that Canadians rely on. The campaign also introduced a series of new ads illustrating the Canadian mining industry's commitment to responsible mining and international community investments featuring projects and images from MAC members, including Barrick Gold Corporation, Rio Tinto and IAMGOLD Corporation. The ads ran in national political media outlets and select out-of-home locations in the National Capital Region during the fall. The ad posters can be viewed at www.mining.ca.



PAUL STOTHART MEMORIAL SCHOLARSHIP IN MINERAL ECONOMICS

In 2013, Briana Brownell (Carleton University) was selected as the first recipient of the Paul Stothart Memorial Scholarship in Mineral Economics (\$3,500 value). Amongst a group of highly-qualified applicants, Briana stood out for her interest and experience in the mining industry and for being a top student in finance and economics. The scholarship was established in 2012 from the generosity of MAC member companies in memory of the late Paul Stothart, MAC's former Vice President of Economic Affairs, and will be awarded annually. For eligibility and application requirements, please visit the MAC website at www.mining.ca.

Science Committee

Chair: Kent England, Manager, Environment and Licensing, Cameco Corporation

The primary focus of the Science Committee is on the application of sound science and technology towards mitigating and/or minimizing the impacts of mining on aquatic and terrestrial ecosystems.

HIGHLIGHTS

- A major focus of the MAC Science and Environment Committees was the review of the Metal Mining Effluent Regulations. MAC played a strategic coordinating role with industry stakeholders, and worked closely with Environment Canada on key issues arising from the review.
- The Federal Court dismissed an application by the Sandy Pond Alliance, which sought to declare specific sections of the Metal Mining Effluent Regulations contrary to the *Fisheries Act* and ultra vires the authority of the Governor in Council.
- The Canada Mining Innovation Council successfully secured \$13.1 million in federal and in-kind industry funding to launch its Exploration Footprints Project.

In 2013, the MAC Science Committee and the MAC Environment Committee met jointly during February, June and October to collaborate on issues related to the *Fisheries Act*, the Metal Mining Effluent Regulations and the Environmental Effects Monitoring Program.

METAL MINING EFFLUENT REGULATIONS REVIEW

During 2013, the primary focus of the Science Committee, in collaboration with the Environment Committee, was on science and technology issues related to the 10-year review of the Metal Mining Effluent Regulations (MMER). The review was announced in the March 2012 federal budget, but did not get underway until after Environment Canada published a discussion paper in December 2012 outlining a multi-stakeholder review process to consider proposed changes to the regulations. The proposed amendments include expansion of the MMER to coal and diamond mines, the lowering of limits for existing substances in Schedule 4, the addition of new substances for Schedules 4 and 5 (with new limits for those in Schedule 4), the requirement for mine effluent to be non-acutely lethal to *Daphnia magna* and selected changes to the Environmental Effects Monitoring (EEM) program.

The review process was initiated in March 2013 with a three-day working group meeting, which included the establishment of four sub-groups to be focused essentially on: (1) selenium; (2) diamonds; (3) new and existing substances; and (4) EEM and acute lethality. During the balance of the year, focused sub-group workshops were held on selenium, acute lethality and EEM. MAC played a coordinating role with industry participants and was instrumental in procuring presentations on the sub-group topics by several expert speakers. In all, 22 formal meetings and teleconferences were convened in 2013 by Environment Canada on the MMER Review. Throughout the review, MAC met with Environment Canada on several occasions, as well as with other departments on a number of related issues. Environment Canada had intended to complete the process by late fall of 2013, but with industry's insistence that science and related treatment technologies be considered in the review and feedback be sought from other stakeholders, the process will continue well into 2014.

A key component of government's rationale for the proposed amendments to the MMER review was the results of the *2012 Second National Assessment of EEM Monitoring Data from Mines Subjected to*

the MMER. This report concluded that there are significant effects resulting from the release of mine effluent. MAC subsequently commissioned two third-party peer reviews of the report, which found deficiencies in the report's methodology and interpretation. Environment Canada followed up with a third peer review, focused on the Bray-Curtis Index calculation, which department officials presented to the Science Committee in June. That study also found deficiencies and corroborated earlier criticism put forward by MAC. The Science Committee encouraged MAC to continue to seek access to the EEM data through the *Access to Information and Privacy Act*, with the objective of completing our own independent studies. However, by the end of 2013, despite repeated dialogue with the department, the requested data had still not been received from requests made in mid-2012. Under the MMER Review, a proposed amendment to the EEM program would make all future EEM data publicly available.



Photo: Agnico Eagle Mines Limited, Meadowbank Mine, Nunavut

SANDY POND ALLIANCE FEDERAL COURT CHALLENGE

On October 31, 2013, the Federal Court dismissed an application by the Sandy Pond Alliance seeking a ruling that the *Fisheries Act* does not allow the deposit of tailings in natural water bodies. This was an important ruling for industry and its compliance under Schedule 2 of the MMER. In 2010, MAC and MABC filed a joint Notice of Motion for Leave to intervene in the challenge, which was granted in 2011. The decision is available on the MAC website at www.mining.ca.

Background: In June 2010, an environmental NGO coalition called the “Sandy Pond Alliance to Protect Canadian Waters Inc.” filed a challenge against the federal government to declare Sections 5, 27.1 and Schedule 2 of the MMER to be contrary to the *Fisheries Act* and ultra vires the authority of the Governor in Council. A key component of the MMER is the authority to designate natural water bodies frequented by fish as tailings impoundment areas by amending Schedule 2 of the regulations. Such amendments are brought into effect only after a robust assessment of alternatives has been completed on all other tailings disposal options.

CANADA MINING INNOVATION COUNCIL

A primary objective of the Canada Mining Innovation Council (CMIC) is to develop and implement strategies towards investment in mining innovation and R&D in Canada, with a comprehensive focus on the mining life cycle. MAC is a member of CMIC, participating as a member of the Board of Directors, the Governance Committee and the Environmental Stewardship Working Group. Working groups have been established in the areas of exploration, mining, processing, environmental stewardship and energy.

In May 2013, CMIC procured \$5.1 million of federal funding over five years through the National Sciences and Engineering Council for CMIC's Exploration Working Group Footprints Project. This funding has been matched by cash and in-kind contributions from 27 industry sponsors, and includes a commercialization component, for an overall budget of \$13.1 million. Work continues in the other areas towards project design and feasibility, ranging from early stage strategy in mining extraction, communitation and regrinding in the processing group, and tailings, water and closure in the environmental stewardship group. The energy group has produced a draft report on technology gaps, alternative fuels and strategies to reduce energy costs in mining.

The CMIC Board and executive met in May, October and December. In addition to the above areas, work is directed to funding opportunities and partnerships, expanding membership, governance structure, HQP-Highly Qualified People, as well as maintaining partnerships with other mining R&D organizations. MAC works with CMIC to facilitate advocacy for funding submissions, and was instrumental in arranging meetings with several departments at the ministerial and senior officials' levels. For further information, visit the CMIC website at www.cmic-ccim.org.

NATIONAL ORPHANED/ABANDONED MINES INITIATIVE

MAC is a member of the National Orphaned/Abandoned Mines Initiative (NOAMI) Advisory Committee. The initiative has been jointly funded through contributions from MAC, the Prospectors & Developers Association of Canada, and the federal and provincial governments. Administration is handled by a small secretariat housed at CANMET, part of Natural Resources Canada. The initiative is overseen by an advisory committee comprised of representatives from the Canadian mining industry, federal, provincial and territorial governments, Aboriginal groups and environmental NGOs. NOAMI's primary objective has been to facilitate work towards policy development for the elimination of future mine abandonments and for governing mine closure, long-term liabilities and the potential return of remediated lands to the public domain. The recent focus of NOAMI work has been on the following two projects:

National Inventory Interactive Database Website

The National Inventory project was intended to be finalized during 2013; however, there remain a few key tasks to be completed related to the database, the web portal and an interactive user's map. When completed, the project will establish an interactive web-based, accessible database inventory through an integrated single portal. The goal is for all mining jurisdictions in Canada to be able to access and update individual site information. There have been challenges in obtaining final approval and required data by some jurisdictions.

Return of Mining Lands to the Crown

The Return of Mining Lands project was completed in 2013 and is a compilation of case studies of closed mining properties selected for their return to the Crown. The final draft report, *Case Studies and Decision Making Process for the Relinquishment of Closed Mine Sites*, was submitted in June 2013 by Cowan Minerals Ltd.

MINE ENVIRONMENT NEUTRAL DRAINAGE PROGRAM

Since its establishment in 1989, the Mine Environment Neutral Drainage (MEND) program has served as a credible driver of research to enhance understanding of acidic drainage and its prevention. It has accomplished this through a strong focus on innovative, peer-reviewed research driven by a multi-stakeholder steering committee that has maintained two objectives: increasing information and technology transfer. By focusing on technologies that meet Canadian needs within an international context, the MEND program attempts to reduce these costs to both existing and future operations.

MEND has made great progress in addressing research priorities identified by the Canadian mining industry, civil society, and federal, provincial and territorial governments. The annual funds that MAC provides act as seed capital to fund research proposals. All funds contributed by MAC are matched or exceeded by monies and/or in-kind contributions from other organizations, including companies, consultants, universities and government departments.

Acidic drainage remains a significant environmental issue, with potential liability reaching hundreds of millions of dollars. Every year, the mining industry continues to bear ongoing costs associated with the perpetual treatment of acidic drainage. At the same time, there are increasing challenges being driven by new concerns about water quality and mine drainage that are not linked to acid drainage. These include substances such as selenium, sulphate and ammonia, which require new ways of thinking if we are to develop treatment and management techniques that are both economical and effective.

In 2013, MEND was brought into the 10-year review process for the Metal Mining Effluent Regulations (MMER). MEND was asked to conduct a study to determine what constitutes best available mine effluent technology that is economically achievable. As such, MEND hired HATCH to conduct a detailed survey of mines operating across Canada to identify treatment technologies that are currently being employed. The study will also help identify technologies that could assist the industry in achieving reductions for substances either currently covered or being considered to be covered by the MMER. The first draft of this study is scheduled for delivery early in 2014.

Tailings Working Group

Chair: Vacant

The Tailings Working Group (TWG) reviews the management of tailings and mine waste to develop industry guidelines for the safe and environmentally responsible operation of tailings and water management facilities. It also promotes effective facility management and risk assessment at MAC member facilities as well as throughout the broader mining industry. The TWG contributes to MAC's Towards Sustainable Mining (TSM) initiative, specifically with the development and implementation of the tailings management protocol, and with joint delivery of TSM and Tailings Management workshops.

HIGHLIGHTS

- › Four tailings management workshops were delivered during 2012.
- › Interest has been developing internationally in the application of the MAC Tailings Management Guides and they have been recognized as industry best practice.
- › Tailings management performance has improved significantly as a result of joint TSM and tailings management workshops.

The Tailings Working Group did not meet formally during 2013; however, MAC participated in six events promoting the use of the MAC Tailings Management Guides in conjunction with industry events and in collaboration with the TSM initiative as follows:

- › CIM Annual Conference, Toronto, May 2013
- › World Mining Congress, Montreal, August 2013
- › International Commission on Large Dams Conference – Mining Dams Workshop with the Canadian Dam Association, Seattle, WA, August 2013
- › Canadian Dam Association Annual Conference, Montreal, October 2013
- › Presentations on tailings management were also included in TSM workshops in Vancouver (MABC, August 2013) and Whitehorse (Northern Latitudes Reclamation Conference, September 2013)

Over the past few years, there has been a notable improvement in tailings management performance at MAC operations as indicated in recent TSM reports. This is reflected in the commitment of operations staff in their participation in training workshops on the MAC tailings management guides and their application to the TSM protocol requirements.

The workshops are designed to promote the implementation of the MAC Tailings Management



Photo: HudBay Minerals Inc., Lalor Project, Manitoba

Guides and, thereby, assist operations in meeting their objectives for safe and secure tailings facilities, as well as achieving TSM performance and reporting requirements. In recent years, interest has been developing internationally in the application of the MAC guides and they are being recognized as industry best practice. The guides may be found on the MAC website at the links below:

- › [*A Guide to the Management of Tailings Facilities \(2011\)*](#)
- › [*Developing an Operation, Maintenance and Surveillance Manual for Tailings and Water Management Facilities \(2011\)*](#)
- › [*A Guide to Audit and Assessment of Tailings Facility Management \(2011\)*](#)

The French versions of the guides are as follows:

- › [*Guide de gestion des parcs à résidus miniers \(2011\)*](#)
- › [*Comment rédiger un manuel d'exploitation, d'entretien et de surveillance des parcs à résidus miniers et des installations de gestion des eaux \(2011\)*](#)
- › [*Guide de vérification et d'évaluation de la gestion des parcs à résidus miniers \(2011\)*](#)

The Spanish versions of the guides are as follows:

- › [*Guía para la administración de instalaciones de relaves \(2011\)*](#)
- › [*Guía para la auditoría y para la evaluación de la administración de instalaciones de relaves \(2011\)*](#)
- › [*Elaboración de un manual de operación, mantenimiento y vigilancia para las instalaciones de gestión de relaves y de recursos hídricos \(2011\)*](#)

Earlier in 2013, the MAC guides were recognized by Sustainalytics, one of Canada's leading ethical fund research companies, in its commentary in *Maclean's Magazine's* annual Top 50 Socially Responsible Corporations list. IAMGOLD was recognized in the same list for its exemplary work in biodiversity and tailings management, the latter aligned with MAC's Tailings Management Guides.

The Taxation Committee monitors tax issues of national importance, lobbies for tax changes to enhance industry competitiveness and serves as a useful network for members to exchange information on tax and fiscal issues.

HIGHLIGHTS

- › Provided input to the federal budget through pre-budget submissions, mines ministers briefings and other activities.
- › Commissioned ENTRANS to conduct the annual study of mining industry payments to Canadian governments that found the sector contributed an estimated \$71 billion during the decade preceding 2012.
- › Advocated for changes to the federal government's Foreign Affiliate Dumping Measures and achieved measurable success.
- › Initiated and advanced a quantitative study assessing the cost differential between remote and northern and centrally-located mining projects, and the economic implications that result.

FEDERAL BUDGET 2013

Former Finance Minister Jim Flaherty tabled Budget 2013 on March 21, 2013. It was the eighth budget tabled by the Conservative government. With the government seeking to rebalance its books, the budget did not contain much new spending, and also announced the government's intention to undertake two mining-related tax changes. First, while the Accelerated Cost of Capital Allowance (ACCA) was maintained for manufacturing for two years, the ACCA for capital assets used in new mines and major mine expansions will be phased out over the 2017-2020 period (other than for oil sands, which is phased out in 2015).

Second, the deduction rate for pre-production mine development expenses was reduced. Certain pre-production mine development expenses that were previously eligible for the Canadian Exploration Expense (CEE) – eligible for 100% deduction – will be moved to the Canadian Development Expense (only eligible for 30% deduction). Transitional provisions will permit the existing CEE treatment to apply for pre-production mine expenses incurred before 2017 either under a written agreement entered before March 21, 2013 or as part of the development of a new mine where construction, engineering and design work was started by March 21, 2013 and is evidenced in writing.

Beyond these tax measures, the 15% Mineral Exploration Tax Credit was renewed for another year – an important tax incentive for the junior exploration sector.

ENTRANS 2013 STUDY

ENTRANS completed a sixth annual study for MAC on the mining industry's payments to Canadian governments. The report found the industry paid an estimated \$71 billion in taxes and royalties to governments in the decade preceding 2012.

FOREIGN AFFILIATE DUMPING RULES

MAC remained engaged on the issue of Foreign Affiliate Dumping (FAD) rules over the course of 2013, and has achieved measurable success including certain technical revisions since the rules were enacted. MAC was able to solidify a post-legislative consultation regarding the adverse impact the measures were likely to have on the industry. Throughout December 2012, Finance Canada officials held individual meetings with representatives from industry and the tax, legal and financial communities. On May 10, 2013, the MAC Taxation Committee met with Finance Canada officials and was advised that a package of amendments had been prepared that they believed would address many of the concerns that industry raised during the post-legislative consultation.

The measures were released in August 2013 and do address several of the mining industry's key concerns. MAC was also advised that Finance Canada is not closing the door on this issue after they enact the new amendment package. Instead, they stated they will continue to monitor the situation, remain in dialogue with industry and, if necessary, discuss how the rules may be further improved.

REMOTE AND NORTHERN TAX STUDY

Remote and northern projects are not on a tax-neutral playing field. Given the infrastructure and transportation challenges of companies operating in these regions, targeted tax incentives from the federal government could be justified to level the playing field with industries that typically operate in more central and, therefore, less cost-intensive regions. Natural Resource Canada (NRCan) officials agreed to work collaboratively with industry on a study of the tax landscape and operational nature of mining in remote and northern Canada. Other partners of the project include MAC, the Prospectors & Developers Association of Canada, the NWT & Nunavut Chamber of Mines, and the ACEC (Association of Consulting Engineers of Canada). Over the course of the summer of 2013, MAC solidified this partnership and NRCan's commitment to provide in-house support and access to the department's mine model.



Photo: Agnico Eagle Mines Limited, Meliadine Project, Nunavut

The study seeks to identify the cost differential between remote and northern and more centrally-located mining projects, and the economic implications that result from this difference. By quantifying the cost of developing and operating mines in remote and northern Canada, the study will identify how much it costs for miners to overcome Canadian geography, and what is required for industry to succeed in these regions.

The Transportation Committee contributes to the federal policy, legislative and regulatory environment for the transport of minerals and metals to enhance the competitiveness of Canada's mining industry.

HIGHLIGHTS

- › Bill C-52, *The Fair Rail Freight Service Act*, became law.
- › Active engagement with Transport Canada and the International Maritime Organization.
- › In the wake of Lac Mégantic disaster, rail safety and liability insurance have come under the review of the federal government.

Each year, Canadian exports of aluminum, gold, nickel, copper, zinc, iron ore, coal, uranium, potash and diamonds amount to tens of billions of dollars. In 2012, for example, total Canadian mineral export value reached a record high, exceeding \$92 billion and accounting for 20.4% of Canada's total exports. These mineral and metal products account for much of the volume handled at Canadian ports and around half of total rail freight volume and revenue.

A low-cost, effective and reliable system of marine, rail and truck transportation is essential to the Canadian mining industry's international competitiveness. Given that trade starts at home, it is also key to enabling industry to take advantage of many trade agreements the government has negotiated. This is especially important as Canada must overcome its vast geography to compete against other countries that have significantly shorter logistical supply chains.

BILL C-52, THE FAIR RAIL FREIGHT SERVICE ACT

In response to the *Rail Freight Service Review*, the Canadian government committed to table legislation giving shippers a right to a service level agreement (SLA). Bill C-52, *The Fair Rail Freight Service Act*, was passed into law in June 2013 giving shippers a right to a SLA, and access to a dispute resolution mechanism in the case shippers and the railways are unable to arrive at a SLA through a normal commercial process. However, the bill does not achieve the government's stated intention to rebalance the negotiation between railways and shippers. One of MAC's priorities was to define service elements included in the bill, particularly the right to which the legislation would grant the shipper. As enacted, the bill grants shippers a right to a SLA without defining what that service is.

LAC MÉGANTIC: RAIL SAFETY AND LIABILITY

The tragic accident in Lac Mégantic prompted an investigation by the Transportation Safety Board (TSB). As of fall 2013, the TSB has issued three safety advisories to Transport Canada: 1) that dangerous goods should not be left unattended on a main track; 2) that rail equipment be properly secured; and 3) that responsible US and Canadian authorities should review their procedures to ensure products are adequately described. Since then, Transport Canada has issued changes that reflect these safety advisories.

In the Speech from the Throne in October 2013, the government stated its intention to require both shippers and railways to carry additional insurance for the transportation of dangerous goods. As

a first step to facilitating such a measure, the Minister of Transport, the Honourable Lisa Raitt, engaged the Transportation of Dangerous Goods Government Policy Advisory Group on a range of subjects, including emergency response and DOT 111 tank car standards. She also requested the House of Commons Standing Committee on Transportation, Infrastructure and Communities undertake a study of the current framework for the transportation of dangerous goods across all modes of transportation. Additionally, both Transport Canada and the Canada Transportation Agency have either launched or stated their intention to undertake a review of third-party rail liability and compensation.



Photo: Vale, Sudbury Operations, Ontario

MAC has been engaging members closely on all aspects of the government's multifaceted review of the movement of dangerous goods in Canada, and is prepared to communicate the industry's views on a range of subjects as these consultations proceed.

INTERNATIONAL MARITIME ORGANIZATION

The International Maritime Organization (IMO) is the United Nations' special agency responsible for the safety and security of shipping and the prevention of marine pollution by ships. Recent changes to MARPOL Annex V, which aims to prevent pollution in the marine environment, have presented important questions about impacts to the trade and shipment of certain mining products.

MARPOL is short for the International Convention for the Prevention of Pollution from Ships. Annex V is specifically focused on the treatment of ship garbage. Cargo residues, according to MARPOL, are a form of garbage and are dealt with in Annex V. Recently, amendments to Annex V created a new set of criteria determining that certain cargo residues are no longer allowed to be discharged into the sea as of January 1, 2013. Instead, dry residues and/or wash water containing residues meeting any of the criteria will have to be discharged at port reception facilities, thus potentially hampering trade and complicating the shipping element of the logistics supply chain. It was decided in the fall of 2013 that a subcommittee would strike a correspondence group on the usage of a list system for the implementation of the MARPOL changes into the IMSBC Code. MAC has remained engaged in this process to ensure the variable nature of mineral concentrates is understood before any decision is made.

MAC and several of its members have been active on this file. MAC has been engaged with Transport Canada regulators, and has provided industry views into the development of Canada's position on this topic and related issues. This engagement has been accomplished through a variety of ways, including a multi stakeholder workshop hosted at the CANMET Laboratories and MAC's participation at an IMO workshop in London hosted by the International Council on Mining and Metals.

Beyond MARPOL Annex V, criteria have been introduced into the the IMSBC Code to identify Materials Hazardous only in Bulk (MHB) form. It is expected that several metal concentrates and mineral solid bulk cargoes will meet one or more of the new MHB criteria and, therefore, will have to be shipped as Group B cargoes. One of the requirements of Group B cargoes is that they must be transported in ships fitted with a fixed gas fire extinguishing system. While an exemption process is available, shippers must be in compliance as of January 1, 2015. Additionally, the IMO has introduced additional administrative requirements for cargoes that may liquefy (Group A cargoes). For such cargoes, the shipper has to provide the ship's master or representative with a signed certificate of the Transportable Moisture Limit and of the moisture content. These certificates will have to be issued by an entity recognized by the Competent Authority of the port of loading. For cargoes that may liquefy, procedures for sampling, testing and controlling moisture content have to be established by the shipper.

MAC continues to follow these and other issues at the IMO more closely and has established a working group with interested member companies, and a broader stakeholder community, to strategize and determine the best course of action going forward. The group was recently informed by Transport Canada that domestic implementation of these measures would occur over a two-to-four year horizon. One of the challenges anticipated by the group is regulatory inconsistency among shipping jurisdictions as each implement the new measures on their own schedule. MAC is committed to working with interested parties in an attempt to ensure as smooth a transition as possible to the new regulatory model.



Photo: Iron Ore Company of Canada, Port of Sept-Îles, Quebec

International Social Responsibility Committee

Chair: Scott Yarrow, Vice President, Sustainability, Glencore Canada

The increasing focus on the practices of the Canadian mining industry operating internationally resulted in the International Social Responsibility (ISR) Committee's establishment in 2011. The ISR Committee's mandate is to identify and address evolving issues that can impact the reputation of MAC member companies operating abroad and to commission expert reviews of evolving best practice to determine whether MAC should formulate policy positions on certain matters.

HIGHLIGHTS

- The Resource Revenue Transparency Working Group completed its framework for the mandatory disclosure of payments to governments derived from mining activities with the endorsement of all four participating organizations.
- In June 2013, the Prime Minister of Canada committed to implement a mandatory framework for the disclosure of payments to governments. This commitment was made possible by the work of the Resource Revenue Transparency Working Group.
- The ISR Committee initiated a joint project with the Office of the Extractive Sector CSR Counsellor to develop guidance to address common implementation challenges with site level grievance mechanisms.
- MAC continued to support the federal government's CSR strategy by co-chairing the CSR Centre of Excellence and participating in consultations for the Government of Canada's review and renewal of the strategy.
- The ISR Committee's initial work plan that set out to conduct a series of research projects was completed with the release of a final report that examined current corporate disclosure practices related to CSR issues, including human rights.

STRATEGIC PLAN

In 2013, MAC's ISR Committee completed its initial work plan, consisting of four research projects that addressed issues, including: (1) Free, Prior and Informed Consent; (2) disclosure practices in CSR reporting; (3) an analysis of legislative, regulatory and policy accountability regimes in developing countries; and (4) an examination of the current state of implementation on the recommendations from the National Roundtable on CSR. The objective of these research projects was to develop the necessary understanding of key issues to prepare the committee for future work.

With the initial work plan complete, in 2013, the committee developed a new strategic plan that will help guide its activities for the next two to three years. As part of this process, the committee developed a vision statement that guides the entire plan, which is as follows:

Through the work of the ISR committee, MAC is recognized as:

- An excellent and credible source of policy, guidance and practices on emerging issues to drive performance and proactively demonstrate leadership; and
- A bridge for collaboration across players and initiatives.
- This will deliver credibility to the mining industry and deeper/stronger relationships with stakeholders.

To achieve the vision presented above, the ISR Committee developed the following five strategic objectives:

1. Leadership in Human Rights
2. Monitoring and Exploring Emerging Issues
3. Government Engagement
4. Strategic Civil Society Engagement
5. Improved International Social Responsibility Performance

As the ISR Committee looks to pursue new projects and set future work plans, these objectives will act as a guide to focus priorities.

RESOURCE REVENUE TRANSPARENCY WORKING GROUP

Since late 2012, MAC has been working in partnership with Publish What You Pay-Canada, the Revenue Watch Institute and the Prospectors & Developers Association of Canada (PDAC) to develop recommendations that would inform the development of a regime for the mandatory disclosure of payments made to governments derived from mining activities.

Known as the Resource Revenue Transparency Working Group, the members have worked towards a common goal of assisting in the effort towards establishing greater transparency in the mining industry in Canada and overseas. The intent is to ultimately provide communities with the financial information they need to hold their governments accountable for the responsible use of revenues collected from mining activities. The initiative involved high levels of collaboration and consultation with stakeholders over a period of a year and a half. The structure of the working group provided a platform for industry and civil society to build a mandatory disclosure framework that reflected the needs and perspectives of both parties. As part of this process, significant consultations took place within the MAC membership, led by the ISR Committee, to help resolve some divergent views before the final framework could be endorsed by the Board of Directors.

The final framework was completed and endorsed by the four participating organizations before year-end and was formally announced in January 2014. The framework includes recommendations on payment categories and thresholds, project definitions, format for reporting, and other critical areas for the implementation of mandatory reporting requirements. A centrepiece of the framework is a strong focus on equivalency



Photo: Barrick Gold Corporation, District of Quiruvilca, Peru

with other jurisdictions, such as the European Union and the United States. This would allow companies reporting under other jurisdictions' rules to submit their report to Canadian authorities, ideally provincial security regulators, to satisfy their reporting obligations in Canada. The framework also states a clear preference for these reporting requirements to be implemented through securities regulation.

It is important to emphasize that this framework was developed specifically for mining and does not take into account issues that are unique to other sectors, such as oil and gas. As development of the framework proceeded throughout 2013, different perspectives emerged between mining and oil and gas, particularly with regard to project level disclosure. It became increasingly clear that structural distinctions between the two sectors exist and should be respected, most notably:

- Much of the world's oil and gas reserves are controlled by state-owned enterprises (80%), unlike mining;
- Oil and gas tenures are generally granted as a result of competitive bidding processes, unlike mining;
- When the two points above are combined, disclosure of payments by private sector companies places them at a competitive disadvantage with state-owned enterprises not subject to the mandatory disclosure rules;
- Oil and gas projects are more complicated to delineate than are mines; and
- Canadian securities regulations do provide for separate rules for mining and oil and gas.

Due to these differences, it was necessary for the Resource Revenue Transparency Working Group to focus on a set of recommendations that are distinctly for the mining sector.

Going forward, the Working Group will engage with provincial governments and securities regulators to build support for the framework's adoption as the government works to fulfill the Prime Minister's commitment made in June 2013 to adopt a transparency standard by spring 2015.

HUMAN RIGHTS – REMEDY AND SITE LEVEL GRIEVANCE MECHANISMS

In June 2013, the ISR Committee expressed interest in undertaking a project that would contribute to best practices in the implementation of site level grievance and community response mechanisms.

MAC already contributes to the body of practice in community response mechanisms through indicator #3 of the TSM Aboriginal and Community Outreach Protocol. However, it was felt that the association could further contribute by addressing some gaps in the literature. Members of the ISR Committee, in discussion with the CSR Counsellor, concluded that there were common barriers preventing some mining companies from establishing effective site level mechanisms. The committee believed it could help address this issue by documenting the combined experience of members.

The ISR Committee and the Office of the CSR Counsellor initiated a joint project to help raise the awareness of site level grievance mechanisms. The project also aims to help companies overcome common implementation challenges at the mine site level, which include:

- Challenges in building awareness of the mechanism and trust in communities.

- Challenges in securing internal buy-in at the site level from the people that engage with the community and from other key departments.
- Challenges in gaining consistency of practice across a diverse range of sites.

In November 2013, the Office of the Extractive Sector CSR Counsellor and the ISR Committee held a workshop facilitated by Dr. Craig Ford. Participants included representatives of MAC and the PDAC, staff of the Office of the Extractive Sector CSR Counsellor, a member of the UN Working Group on Human Rights, and a former representative of the IFC Compliance Advisor and Ombudsman. The outcome of this workshop was a draft paper entitled, “A Practical Design and Implementation Guide for Site-Level Community Response Mechanisms in the Resource Development Industry.”

The guide attempts to document and bring consistency to the internal processes of community relations management systems, specifically related to community concerns. The guide positions “grievances” within the larger context of community relations “concerns” and “incidents”. In this way, community relations concerns and incidents fit into a spectrum of events that span a range of severity and potential materiality, both from the perspective of the community and the company.

In the first half of 2014, the draft guide will be circulated to experts in the field of dispute resolution and grievance mechanisms for review before it is finalized by the Office of the Extractive Sector CSR Counsellor and MAC for public release. This project was complicated by the fact that Marketa Evans, the CSR Counsellor, resigned in September and had not been replaced as of the end of 2013.

OECD STAKEHOLDER ENGAGEMENT DUE DILIGENCE PROJECT

In 2013, the OECD launched a new policy initiative focused on due diligence in stakeholder engagement as it applies to extractive industries. This project was proposed by Canada and Norway and was accepted as part of the OECD Proactive Agenda that covers topics relevant to mining, including work on artisanal and small-scale mining, conflict minerals and profit shifting (transfer pricing).

The objective of this project is to build guidance that elaborates on the *OECD Guidelines for Multinational Enterprises* with a focus on due diligence in stakeholder engagement. There are a number of resources on stakeholder engagement, but there is a gap in guidance on how companies can conduct due diligence to ensure their stakeholder engagement systems are working as intended. This project will seek to fill that gap with a guide that is distinct and complementary to other existing tools.

This project became part of the OECD’s formal agenda in June 2013 when a multi-stakeholder advisory group, co-chaired by Canada and Norway, was created as part of the first annual OECD Global Forum on Responsible Business Conduct. At the request of the Government of Canada, MAC joined this advisory group and is now working with other associations, such as the International Council on Mining and Metals and the World Gold Council, to ensure the resulting guide is useful for industry. MAC’s value to the project is its expertise derived from the TSM initiative which, through the Aboriginal and Community Outreach Protocol, has established a useful, site-level tool for due diligence on engagement systems.

The main focus of the advisory group and the OECD throughout 2013 was to develop the scope of work and a request for proposals to secure a consultant for the project.

CANADA'S EXTRACTIVE SECTOR TRADE AND CSR STRATEGIES

In November 2013, the Government of Canada launched a new Global Markets Action Plan (GMAP) with the aim of bringing together Canada's trade, development and foreign policy tools to advance Canada's commercial interests abroad and to use commercial development to leverage better outcomes for Canada's development aid.

As part of the GMAP, the government identified mining as a priority sector where Canada has a strong competitive advantage against other countries and where there are opportunities to grow and develop Canadian business abroad.

Under the GMAP, strategies will be developed for priority sectors to reinforce and capitalize on strengths to keep Canada at the forefront in the global market. To this end, the Department of Foreign Affairs, Trade and Development (DFATD) consulted with industry in fall 2013 to develop an extractive sector trade strategy, and to review and renew the existing extractive sector CSR strategy.

Through its interventions, MAC commended the Government of Canada for continuing its aggressive trade strategy and made several recommendations related to the CSR strategy. These recommendations focused on the future of the strategy, host country capacity building, increasing mining sector knowledge within the trade commissioner network, dispute resolution, and the roles of the CSR Counsellor and OECD National Contact Point (NCP). More specifically, MAC encouraged the Government of Canada to focus its support for the industry in the following areas:

1. Continue to aggressively pursue free trade agreements and investment protection agreements.
2. Work to address data gaps related to the nature of Canadian mining investments in host countries both in terms of total investment size and relative investment size when compared to competing countries such as Australia and China.
3. Link Canada's extractive sector trade and CSR strategies to help underscore the positive contributions Canadian mining can play in the developing world if done responsibly.
4. Build host country capacity to better equip them to effectively manage their natural resources and attract additional investment opportunities.
5. Increase the understanding within the Trade Commissioner Service on the mining industry to enable them to more effectively liaise with foreign governments and Canadian extractive companies operating in their jurisdictions.
6. Enhance the roles of the Office of the Extractive Sector CSR Counsellor and the OECD NCP to provide more effective dispute resolution services. While MAC believes conflicts are best dealt with as close to the community level as possible, in circumstances where host country governance is weak, such mediation and dispute resolution services may not be sufficient. As such, it may be helpful to have a strong mechanism available in Canada to assist in this role.

The Government of Canada's consultations for the extractive sector CSR and trade strategies will continue in 2014.

PLANS FOR 2014

The ISR Committee has identified a number of priorities as it begins to implement its strategic plan in the year ahead. Highlights of these priorities include:

Leadership in Human Rights

- › The committee will complete the grievance mechanism guidance project with the CSR Counsellor, which was initiated in late 2013.
- › Committee members will continue to engage with the OECD to ensure its Stakeholder Engagement Due Diligence project adds value to the mining sector and communities.

Government Engagement

- › The ISR Committee will focus on engaging with the Canadian International Institute for Extractive Industries and Development to help ensure its successful implementation.
- › As the Government of Canada's network of trade commissioners continues to support the Canadian mining sector abroad, the committee will work to help enhance the network's knowledge of the mining sector.
- › As the Government of Canada continues its five-year review of its CSR strategy, the committee will work to further refine advice to the government on how to design the next generation of the strategy in a way that adds value to the Canadian mining sector and the communities where we operate internationally.

Strategic Civil Society Engagement

- › With the transparency framework formally approved by all members of the Resource Revenue Transparency Working Group, the committee will turn its focus to promote its recommendations by governments in Canada.
- › With the Department of Foreign Affairs, Trade and Development continuing to encourage partnerships for development between NGOs and extractive companies, the ISR Committee is seeing a large volume of requests for support from NGOs. In order to manage these requests and to ensure our support goes where it is needed, the committee is planning to develop a screening process to assess each request before deciding to extend support.
- › The ISR Committee is planning to engage with the faith-based groups that launched a renewed campaign for an ombudsperson in Canada. These groups include KAIROS, the Canadian Council of Churches, the United Church, the Mennonite Central Committee, and Development and Peace.

Energy Committee

Chair: Chris Adachi, Leader, Energy and Carbon Management, Teck Resources Limited

The Energy Committee promotes overall energy management, including improved energy efficiency and greenhouse gas intensity performance.

HIGHLIGHTS

- Monitored government progress on setting targets and regulations for GHG emissions.
- Continued measuring and reporting GHG emissions of MAC member companies.
- Improved company results under the TSM Energy and GHG Emissions Management protocol.
- Partnered on the development of a feasibility study for mining and natural gas.

ENERGY EFFICIENCY AND GHG REDUCTION

The Energy Committee encourages continuous improvement in energy efficiency and reducing greenhouse gas (GHG) emissions among MAC members. Every year, the committee engages the Canadian Industrial Energy End-Use Data and Analysis Centre (CIEEDAC) to prepare industry data on energy, and GHG consumption and emissions. For example, according to CIEEDAC's 2013 report, direct emissions from Canada's 224 operating mines (metal and non-metal) account for just 0.91% of the country's total GHG emissions in 2011. MAC also participates in the Canadian Industry Program for Energy Conservation, and serves as Chair of the Mining Sector Task Force.

MAC and its members have been involved in federal consultations on measures to regulate GHG emissions for many years. Although the process has been slow, progress has been made in some areas. For example, the federal government has announced standards for vehicle fuel efficiency and coal-fired power plant efficiency, and similar regulations for the oil and gas sector are anticipated. MAC members continue to inventory, measure and report on their climate change actions, positioning the industry well for any future reporting requirements.

With regard to climate change policies, MAC continues to highlight the importance of global competitiveness, the uniqueness of specific facilities and situations, and members' progress on increasing energy efficiency and reducing GHG emissions. MAC has also informed the federal government that the mining industry seeks a simple, low-cost and single-window reporting system under the federal GHG regulatory regime. Given the many different targets and tools that have emerged at the provincial level in recent years, it is clear that developing a single, consistent national policy and reporting system will be difficult. Further, MAC continues to emphasize the role that energy efficiency and process investment could play in dealing with climate change, clean air and productivity issues.

FEASIBILITY STUDY FOR MINING AND NATURAL GAS

Over 2013, MAC remained in dialogue with the Canadian Gas Association (CGA) regarding the synergies between mining and natural gas as a fuel source. To better assess the potential for miners to switch to natural gas, MAC partnered with the CGA to develop a model to assess the economic feasibility of three mining operations. MAC members participated by providing input into the models so that each of the case studies reflects a real mining operation, thus providing a snapshot of the state of current opportunities, and a benchmark by which to gauge future opportunities for switching to natural gas as technologies and feasibility improve. The model was completed in October, and it remains accessible to MAC members who wish to access it.



Photo: IAMGOLD Corporation, Westwood Project, Quebec

Other Work Areas

MAC monitors and participates in government trade activities and works to promote open flows of trade and investment to enhance the international competitiveness of the Canadian minerals and metals industry.

HIGHLIGHTS

- › Engaged in consultations undertaken by the Department of Foreign Affairs, Trade and Development regarding its Global Markets Action Plan.
- › Supported the federal government's negotiation of Foreign Investment Promotion and Protection Agreements.
- › Supported the negotiation of Free Trade Agreements.
- › Monitored and responded to trade and economic developments.

The mining industry ranks alongside financial services and oil and gas as the most international of Canada's industry sectors. The Canadian mining industry accounted for 20.4% of the value of Canadian goods exports in 2012, and an average of 9% of Canada's stock of direct investment abroad. Canada is also home to a majority of the world's public mining companies. From 2008-2012, the TSX and TSX-Venture exchanges accounted for 39% of the value of global mining equity financings. In 2012 alone, 70% of all global mining equity financings were handled on the TSX and TSX-V.

This success is influenced in part by a network of government support delivered through Canada's "trade infrastructure". This includes the overseas network of embassies and trade commissioners, the trade finance capacity through Export Development Canada, and an array of Free Trade Agreements and Foreign Investment Promotion and Protection Agreements.

FOREIGN INVESTMENT PROMOTION AND PROTECTION AGREEMENTS

In recent years, the federal government has adopted an ambitious agenda to broaden and modernize Canada's trade infrastructure. As of 2013, Canada has 25 Foreign Investment Promotion and Protection Agreements (FIPAs) in force, has concluded agreements with 14 additional countries, and remains engaged in negotiations with 11 other countries. MAC both monitors and feeds into Canada's negotiating efforts on these agreements on a regular basis.

FIPAs are bilateral agreements that place investment-treatment obligations on each country. They also give foreign investors access to independent rules and arbitrators should disputes arise between the investor and the host government. These mechanisms provide Canada's overseas investors with an added layer of security and, while the enforcement components are rarely used, the mere existence of a FIPA gives foreign governments a set of rules on fairness and transparency.

FREE TRADE AGREEMENTS

In October 2013, the Canadian government announced an agreement in principle for a Free Trade Agreement (FTA) with the European Union, known as the Comprehensive Economic and Trade Agreement (CETA). Upon CETA's implementation, 98% of Canadian and EU tariffs will be eliminated and most remaining tariffs will be phased out over time. Beyond the reduction of tariffs for metal products,

the agreement expands into areas of investment, labour mobility, and enhanced regulatory cooperation, as well as lifts ownership restrictions on uranium. The agreement is the first in which Canada has included provisions on regulatory cooperation. Beyond CETA, four other FTAs have been brought into force since 2006, while a host of FTA negotiations and four sets of exploratory discussions remain ongoing. Among the ongoing negotiations are the Trans-Pacific Partnership, and negotiations with India and Japan.

MAC remains actively engaged with the federal government on a range of international trade and investment issues, such as the progress being made in the multilateral World Trade Organization Doha Round negotiations and the implementation of policy responses on international corporate social responsibility.

In its meetings and discussions with foreign governments, MAC highlights the importance of efficient regulatory processes, modern infrastructure, investment in geological mapping and openness to foreign investment. Two-way flows of foreign investment can provide important conduits for gaining access to new technology, management skills and foreign market opportunities.

INTERNATIONAL POLICY DEVELOPMENTS

Federal budget 2013 announced that the functions of the Canadian International Development Agency would be merged into the existing Department of Foreign Affairs and International Trade, creating the new Department of Foreign Affairs, Trade and Development. MAC supported this restructuring as it will contribute to greater alignment between development assistance and Canada's trade and foreign policy objectives. From a capacity building perspective, efforts that focus on helping to raise the capacity in host countries are important, and the industry welcomes the opportunity to have constructive partnerships with development organizations to this end.

In November 2013, the Government of Canada announced the Global Markets Action Plan, which includes several elements that will help strengthen mining abroad. From a trade perspective, MAC encouraged the Government of Canada to focus its support for the industry in the following areas, among others:

1. Continuing to aggressively pursue free trade agreements and investment protection agreements.
2. Working to address data gaps with respect to the nature of Canadian mining investments in host countries both in terms of total size and relative investment size when compared to competing countries such as Australia, China and other prominent mining jurisdictions.

The Global Markets Action Plan reconfirms the Canadian government's focus on completing trade agreements with priority markets, including FTAs and FIPAs. Also important, it will enhance the reach of the Trade Commissioner Service's network to further support Canadian business abroad. The plan will also see the establishment of a new extractive sector strategy that complements Canada's CSR strategy (see the International Social Responsibility section for more details of MAC's focus on these areas), and the creation of an advisory board for natural resources that will provide strategic insight and advice on how to stay competitive globally.

Mining Industry Human Resources Council (MiHR)

Executive Director: Ryan Montpellier and Board Chair: Patricia Dillon

The Mining Industry Human Resources Council (MiHR) is the national human resources council for Canada's mining industry. It collaborates with communities of interest to identify and address human resources challenges facing the minerals and metals sector.

HIGHLIGHTS

- MiHR secured \$2.4 million in public funding for a new Labour Market Intelligence project (2014-2017) that will add new forecasting capabilities and will include research into key underrepresented talent groups to help industry better understand talent gaps and shortages.
- MiHR secured \$1.6 million to create three new National Occupational Standards (NOS) as prioritized by industry (2014-2017). To-date, the Canadian Mining Certification Program has certified more than 800 workers against the existing four NOS.
- Mining Essentials, a work readiness program for Aboriginal peoples, continues to grow. By the end of 2014, over 400 participants will have graduated from the program.

ADDRESSING THE HR CHALLENGES OF INDUSTRY

MiHR contributes to the strength, competitiveness and sustainability of the Canadian minerals and metals sector by leading the collaboration of industry stakeholders in the development of solutions to national HR challenges. The Council is governed by a 15-person Board of Directors that provides direction and support to ensure that the stated mission, values and activities deliver tangible results for industry. Members of the Board represent a cross-section of MAC member companies, as well as contractors, organized labour groups, and educators from across Canada. MiHR also brings together a network of more than 250 industry volunteers to help inform its research and guide its project committees.

KEY ACTIVITIES OF MIHR

- 1. Labour Market Information, Intelligence and Insight:** The provision of labour market intelligence and HR research to industry stakeholders.
- 2. National Occupational Standards, Training and Certification:** Creation and administration of National Occupational Standards for key mining occupations and a national training and skills recognition program.
- 3. Essential Skills and Work Readiness:** Delivery of programs to ensure that Aboriginal peoples have the skills and confidence needed to enter the mining industry.
- 4. Engagement and Advancement of Aboriginal Peoples and Other Underrepresented Groups:** Development and distribution of tools that help employers to engage with, and make the best use of all potential sources of labour supply.
- 5. Careers Outreach:** Outreach to careers seekers and youth to mitigate the negative perceptions held by these groups about the Canadian mining industry.

- 6. Convene Industry to Share Knowledge and Collaborate:** Convenes industry through consultations, conferences, webinars and online meetings for the ongoing development of HR solutions.

LABOUR MARKET INFORMATION, INTELLIGENCE AND INSIGHT – HIGHLIGHTS

National Labour Market Information: MiHR's labour market information (LMI) forecasting model is sector specific and is recognized as the go-to labour market resource for industry. The various reports provide hiring requirements and available talent forecasts over a 10-year horizon for three economic scenarios, broken down by occupation and industry sub-sector. Building on the current MiHR model, the new, publicly-funded LMI project (2014-2017) will add forecasting capabilities that include the ability to track and measure worker mobility; a framework for commodity-based labour market forecasts and the development of skills forecasts. This, plus research into key underrepresented talent groups including immigrants, women, and Aboriginal peoples, will help industry better understand talent gaps and skills shortages. The next national LMI report will be published in early summer 2014.

Regional Labour Market Information: MiHR is also conducting regional studies for the Northwest Territories and Nunavut that will be published in spring 2014. Occupational gap analysis and recommendations based on industry consultations will also be provided. Upon completion of the two territorial reports, a pan-North analysis (including previous work from the Yukon) will be conducted. This work will result in three comprehensive LMI reports:

- › *Northwest Territories Mining Hiring Requirements and Available Talent Forecasts, 2014*
- › *Nunavut Mining Hiring Requirements and Available Talent Forecasts, 2014*
- › *Mining Industry Hiring Requirements and Available Talent Across Canada's North to 2024*

To date, regional LMI research reports have been produced for the Yukon, British Columbia, Saskatchewan and six distinct regions in Ontario.

HR Research: MiHR produces HR research, which further explores issues identified through industry consultation.

- › **Managing the Cycle:** A series of detailed case studies on strategic workforce planning are available on www.mihrinnovate.ca to assist employers in planning for the critical gaps that are forecasted. Topics for case studies include knowledge transfer, redeployment of workers, mobility of talent, capacity planning, succession and leadership, workforce forecasting at the organizational level, integrated planning, and strategic partnerships for addressing skills gaps.
- › **Mining in Canada's Oil Sands:** This report discusses the labour market trends and HR issues in Canada's oil sands as they pertain to the overall surface mining labour market. This is available at www.mihhr.ca.

NATIONAL OCCUPATIONAL STANDARDS, TRAINING AND CERTIFICATION: HIGHLIGHTS

National Occupational Standards and the Office of the Registrar: MiHR, together with industry, creates national occupational standards (NOS) for key mining occupations. Certifying workers to industry-defined standards ensures that the training, skills and experience of existing and new workers meet the needs of employers. It also helps to create and support the ongoing growth of a highly-skilled labour pool that will enhance recruitment and retention. MiHR's new National Occupational Standards (NOS) project funding (2014-2017) will be used to revise the current NOS (Underground Miner, Surface Miner, Minerals Processing Operator, Diamond Driller) and add three new standards, as prioritized by industry.

The Canadian Mining Certification Program:

This program has certified more than 800 workers against the NOS. The program is governed by a multi-stakeholder certification standing committee that reports to the MiHR Board. Companies currently implementing this program include: Teck, Glencore, Rio Tinto-Diavik, Cementation, New Gold, De Beers Canada, Copper Mountain, Imperial Metals Corporation, Imperial Oil-Esso, Boart Longyear, Foraco, and others. Under this program, national certification is available for workers in the following occupational groups: Underground Miners, Minerals Processing Operators, Surface Miners and Diamond Drillers.



Photo: Syncrude Canada Ltd., Alberta

ESSENTIAL SKILLS AND WORK READINESS – HIGHLIGHTS

Mining Essentials: *Mining Essentials* is a work readiness training program developed in partnership with the Assembly of First Nations to meet two goals: 1) to provide Aboriginal peoples with the skills and confidence needed to enter the mining workforce; and 2) to provide industry with a ready-to-work, local workforce based on a nationally-validated pre-employment program. By the end of 2014, over 400 participants will have graduated from the *Mining Essentials* program.

For 2013-2014 delivery, partners include:

1. The Temiskaming Native Women's Support Group, Kirkland Lake Gold, AuricoGold, Armistice Resources Corp., Dumas, Queenston Mining Inc., Goldcorp., District of Timiskaming Social Services Administration Board (three intakes).
2. Anishinabek Employment and Training Services, Confederation College, Gull Bay First Nation, Lac des Iles Mine – North American Palladium.
3. Oshki-Pimache-O-Win, Cliffs Natural Resources, Webequie First Nation.

4. Southeast Regional College, Mosaic, Kahkewistahaw First Nation and Ochapowace First Nation.
5. Confederation College, Noront Resources, Matawa First Nations as part of the Ring of Fire Aboriginal Training Alliance (ROFATA).
6. Cree Regional Authority, Cree Human Resources Development Group, Goldcorp (starting in March 2014).

CAREERS OUTREACH – HIGHLIGHTS

Explore for More Earth Sciences and Mining Career Outreach Project: MiHR continues to promote mining careers to youth across Canada through the industry brand '*Explore for More*'. MiHR regularly distributes career materials to students, educators, guidance counsellors and Aboriginal peoples online and at events like the M4S Convention. Through MiHR's career-focused website (www.acareerinmining.ca) and social media channels (Facebook, Twitter, YouTube), MiHR is reaching thousands of potential career seekers each month.

MiHR has also submitted a proposal to Employment and Social Development Canada that will improve awareness of, and access to, accurate information and employment among immigrants currently living in Canada and immigrant-serving agencies on the Canadian mining sector. The intended outcome of the proposal is to make immigrants aware of mining careers and provide a tool to assess the potential mobility, transferability of international skills and knowledge that will enable them to seek out and secure employment in the Canadian mining industry.

For more information on the MiHR Council or any of its programs, visit the MiHR website (www.mihr.ca) or contact MiHR's Executive Director, Ryan Montpellier, at rmontpellier@mihr.ca.



Photo: Vale, Thompson Operations, Manitoba

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MAC Board of Directors

Chair: Zoë Yujnovich, Iron Ore Company of Canada

MAC BOARD OF DIRECTORS

Chair: Zoë Yujnovich, Iron Ore Company of Canada

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Jim Carter
Doug Horswill
William James
Norman Keevil

*Left MAC Board in early 2014

**Joined MAC Board in early 2014

Committee Membership

TOWARDS SUSTAINABLE MINING (TSM) GOVERNANCE TEAM

Chair: Louise Grondin, Agnico Eagle Mines Limited

Karina Briño, Mining Association of British Columbia
Brendan Cahill, Excellon Resources Inc.
Alain Cauchon, ArcelorMittal Mines Canada
Pierre Gratton, Mining Association of Canada
Alan Hair, HudBay Minerals Inc.
Glen Koropchuk, De Beers Canada Inc.
Shirley Neault, HudBay Minerals Inc.
Tom Paddon, Baffinland Iron Mines Corporation
Yan Penggui, HD Mining International Ltd.
Peter Read, Syncrude Canada Ltd.
Marcia Smith, Teck Resources Limited
Anne Marie Toutant, Suncor Energy Inc.
Mark Travers, Vale
Federico Velásquez, Anglo American Metallurgical Coal Canada
Scott Yarrow, Glencore Canada
Zoë Yujnovich, Iron Ore Company of Canada

COMMUNITY OF INTEREST PANEL (COI)

Dan Benoit, Aboriginal Category
Victor Goodman, Economic and Community Development Category
Joy Kennedy, Social NGO Category (includes faith-based groups)
Stephen Kibsey, Finance and Investment Category
Chief Earl Klyne, Aboriginal Category
Nathan Lemphers, Environmental NGO Category
Doug Olthuis, Labour and Workplace Category
Philip Oxhorn, International Development Category
Alan Penn, Economic and Community Development Category
Claudine Renault, Media and Communications Category
Alan Young, Environmental NGO Category

INDUSTRY COI

Pierre Gratton, Mining Association of Canada
Louise Grondin, Agnico Eagle Mines Limited
Leanne Hall, Noront Resources Ltd.
Glen Koropchuk, De Beers Canada Inc.
Peter Read, Syncrude Canada Ltd.
Mark Travers, Vale

TSM INITIATIVE LEADERS

Chair: Shirley Neault, HudBay Minerals Inc

Chris Adachi, Teck Resources Limited
Kim Bittman, Taseko Mines Limited
Annie Blier, IAMGOLD Corporation
Shane Borchardt, Cameco Corporation
Lea-Marie Bowes-Lyon, Newmont Hope Bay Mining Ltd.
Tim Caldwell, Anglo American
Ben Chalmers, Mining Association of Canada

Chantal Clement, Vale
Larry Connell, Agnico Eagle Mines Limited
James Cormier, Glencore Canada
Nick Cotts, Newmont Hope Bay Mining Ltd.
Annie Desrosiers, Cliffs Natural Resources Inc.
Charlene Easton, Glencore Canada
Dara Edmonds, Teck Resources Limited
Bill Ferdinand, Barrick Gold Corporation
Chris Fordham, Suncor Energy Inc.
Art Frye, Imperial Metals Corporation
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Mario Julien, Glencore Canada
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Frederic Maloney, Wabush Mines
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Ivor McWilliams, Nyrstar Canada (Holdings) Ltd.
Luke Moger, Imperial Metals Corporation
David Putnam, De Beers Canada Inc.
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Johan Skoglund, Nyrstar Canada (Holdings) Ltd.
Dean Williams, Kinross Gold Corporation
Dennis Wilson, New Gold Inc.

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Brendan Cahill, Excellon Resources Inc.
Robert Carreau, IAMGOLD Corporation
Phil Casey, Teck Resources Limited
Ben Chalmers, Mining Association of Canada
David Clarry, HudBay Minerals Inc.
Dale Coffin, Agnico Eagle Mines Limited
Silvana Costa, New Gold Inc.
Nick Cotts, Newmont Hope Bay Mining Ltd.
Aidan Davy, International Council on Mining and Metals
Patricia Dillon, Schulich School of Business
Charlene Easton, Glencore Canada
Mark Edwards, Teck Resources Limited
Virginia Flood, Rio Tinto Canada
Ross Gallinger, Prospectors & Developers Association of Canada
Caitlin Glynn-Morris, First Quantum Minerals Ltd.
Pierre Gratton, Mining Association of Canada
Alanna Heath, Barrick Gold Corporation
Marie Inkster, Lundin Mining Corporation
Nadim Kara, Prospectors & Developers Association of Canada
Etienne Lamy, Rio Tinto Canada
Brendan Marshall, Mining Association of Canada
Cory McPhee, Vale

Stephen Nairne, Lundin Mining Corporation
 Emily Nunn, Prospectors & Developers Association of Canada
 Ed Opitz, Kinross Gold Corporation
 Channa Pelpola, Teck Resources Limited
 Mac Penney, Kinross Gold Corporation
 Tara Shea, Mining Association of Canada
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