



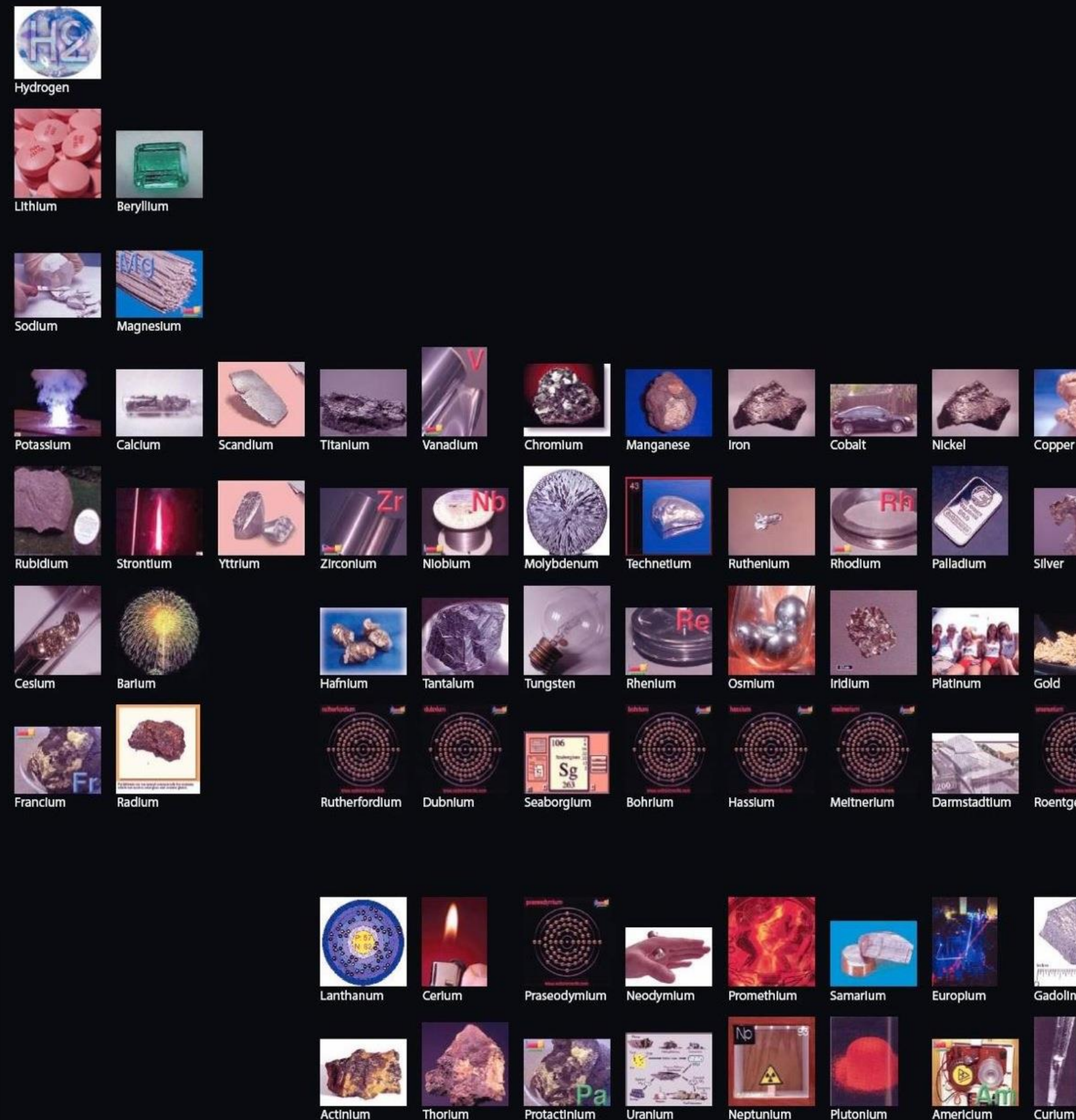
Photo: Glencore, Raglan Mine, Quebec

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

ABOUT MAC

The national voice of the mining industry in Canada:

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



TOWARDS SUSTAINABLE MINING (TSM)

About TSM:

- Mandatory participation for MAC members
- Improves environmental and social performance in critical areas beyond regulations:
 - Environmental Footprint (tailings, biodiversity, mine closure)
 - Energy Efficiency (energy use, GHG emissions)
 - Community and People (engagement, safety & health, crisis management)

Program Strengths:

- Performance measured at facility-level
- Monitored by external Community of Interest (COI) Advisory Panel
- Results are externally-verified
- Encourages excellence and continuous improvement

A MINING POWERHOUSE

Exploration:

- Largest global cluster of junior mining companies – over 1,200 in B.C. alone
- Leading global destination for exploration expenditure - 16% in 2012

Mining:

- Produces 60+ minerals and metals; 224 operating mines
- World class deposits: uranium, potash, met-coal, diamonds, base metals, oil sands

Finance:

- TSX/TSX-V list most mining companies globally – 1,673 in 2013
- \$10.3B or 70% of global mining equity in 2012

Supply:

- Leading global mining supply sector – 3,200 companies

Technology:

- Sudbury: Canada's mining superstore
- Regional commodity-specific expertise





ECONOMIC AND INVESTMENT DRIVER

Economic Contributions:

- 330,000 jobs in 2012
- Over \$9B paid to governments in 2011
- 20.4% of Canada's total export value

Mining is Canada's largest shipping customer:

- 40% of maritime bulk volume
- 50% of rail bulk volume and revenues

Canadian miners invest heavily abroad:

- In 2011, the sector accounted for \$58.6B, or 9% of Canada's direct investment abroad

Geographical Investment Analysis:

- 48% mining projects listed on the TSX/TSX-V are international
- Of the \$10.3B in mining equity raised on TSX/TSX-V in 2012, \$6.6B was for projects in Latin America, Africa, Asia and Australia

CHINA'S LONG-TERM DEMAND

- Long-term is positive: recent price declines from Euro crisis and Chinese slowdown are temporary
- China today consumes 40% of world's base metals vs. 5% in 1980s
- Urban housing demand projected at 200 million units by 2030
- 2020-2025, China growth to remain strong (7.5%)
- Autos: 76 per 100 people in US versus 10 in China
- India to overtake China as growth leader by 2030

Mineral Prices	2000	2007	2009	2010	2012	Sept '13	00-Sept'13 (%)
Aluminum (\$/lb)	0.70	1.20	0.76	0.98	0.92	0.80	14
Copper (\$/lb)	0.82	3.23	2.34	3.40	3.61	3.25	296
Gold (\$/oz)	279	697	973	1,225	1,688	1,348.6	383
Uranium (\$/lb)	8.29	98.81	47	48	48.9	34.75	319
Nickel (\$/lb)	3.92	16.88	6.50	9.85	7.95	6.26	60
Zinc (\$/lb)	0.51	1.47	0.75	0.98	0.88	0.84	65
Iron Ore (\$/Mt)	12.45	36.60	105.30	125.90	128.53	139.19	977



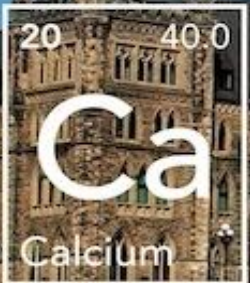
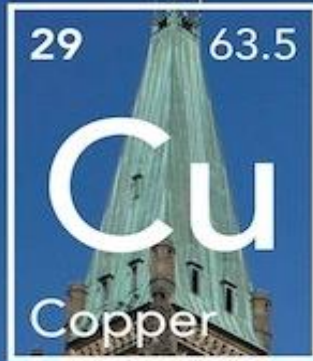
CANADIAN OPPORTUNITIES

MAC estimates that **\$160 billion** in mining projects are presently proposed in Canada, including multi-billion dollar investments in:

- Nunavut gold and iron ore – Agnico-Eagle, Baffinland, ArcelorMittal
- NWT rare earths, diamonds, gold – De Beers, Canadian Zinc, Avalon Rare Metals
- BC coal, gold, copper – Teck, New Gold, Imperial Metals, Taseko, Anglo American
- Alberta mined oil sands – Suncor, Syncrude, Shell
- Saskatchewan diamonds, potash, uranium – Shore Gold, BHP Billiton, Cameco
- Manitoba gold, zinc – HudBay Minerals
- Ontario nickel, chromite, gold, palladium – Cliffs NR, Vale, Noront, IAMGOLD, Glencore
- Quebec diamonds, gold – Stornoway, Agnico-Eagle
- Newfoundland & Labrador nickel processing plant – Vale
- Labrador iron ore – Rio Tinto/IOC

Photo: Iron Ore Company of Canada,
Labrador City

Before it's ours, it's mined.



STRONG FEDERAL GOVERNMENT ACTIONS

- Corporate tax competitiveness
- Strategic infrastructure investments
- Responsible Resource Development plan
- Other tax measures (flow through and accelerated capital cost allowance)
- Investment in northern geosciences (GEM program)
- International trade agenda and CSR strategy
- Transparency
- Immigration reform/skills agenda



KEY PRIORITIES

1. Regulatory:

Ensure mining industry has access to a robust, effective and efficient review and approval process with meaningful consultations.

2. CSR & International Trade:

Continue commitment to being catalysts of positive economic and social change at home and overseas.

3. Transportation & Infrastructure:

Ensure industry has access to reliable transportation service, as well as the critical infrastructure needed to operate and innovate.

4. Human Resources:

Overcome skills shortage to capitalize on opportunities and spur job creation across Canada.



REGULATORY ENVIRONMENT

Regulatory Review:

- Resulting from the Metal Mining Effluent Regulations Review, the mining industry would like an outcome that provides a clear compliance mechanism for all mining in Canada and well-designed regulations that encourage growth and economic opportunities, while protecting the environment.

Regulatory Reform:

- Legislative changes introduced in 2012 (Bills C-38, C-45) are a work-in-progress, but challenges with integration and capacity within government remain.
- Federal oversight of mining projects has not reduced and may increase.

CEAA 2012:

- Better management of environmental assessments, elimination of some unwarranted delays and improved federal/provincial coordination.
- The Agency has been effective in managing the transition to the new Act.
- Projects List was amended in October 2013, resolving issues and including well-designed transition provisions.
- All new mines and major expansions will be subject to the Act.

Fisheries Act:

- Potential for more effective protection of fisheries through the wider use of offsets.
- Uncertainty over implementation of amendments remains and some regulations have been delayed.



REGULATORY ENVIRONMENT

Navigable Waters Protection Act/Navigation Protection Act:

- Will continue to apply to mining projects while reducing the need for approvals for minor infrastructure works.
- Working with Transport Canada to increase understanding of the Act's application, which will be guided by a sensible approach focused on navigability.

Species at Risk Act:

- Industry is concerned with SARA's implementation. Appears to be driven more by litigation than by intended purpose of protecting species with little evidence of meaningful protection and recovery on the ground.
- Engagement on policy development through the Species at Risk Advisory Committee gives hope that Environment Canada is taking industry's concerns seriously. One example is the development of a policy for effective protection of critical habitat.

Integration of Federal Review and Approval Process:

- A clear, robust and timely federal review and approval process is needed to ensure responsible growth in the mining industry.
- Each federal permitting process must be made clear and must be integrated into a robust process that is timely with integrated and meaningful consultations.



INTERNATIONAL CSR

Canada's Role:

- Industry is committed to addressing social and environmental challenges to promote responsible development.
- Leading companies, the federal government and civil society are working together to develop better practices to increase the benefits from mining to local communities.
- The Devonshire Initiative and partnerships between government, mining and NGOs are resulting in enhanced cooperation on the ground, leading to better outcomes for communities.
- The establishment of the Canadian International Institute for Extractive Industries and Development gives hope that we will be better able to address capacity-building needs in host countries.
- The government's five-year review of Canada's CSR Strategy presents an opportunity for better collaboration between industry and government.



INTERNATIONAL CSR

Recent MAC Activities:

- Resource Revenue Transparency Working Group (RRTWG):
 - In 2012, MAC, the PDAC, the Revenue Watch Institute and Publish What you Pay-Canada partnered to develop a transparency framework for mandatory disclosure of payments to governments.
 - Framework was released for consultation in June 2013 and will be presented to all four organizations' Boards for finalization in November.
 - PM Harper's G8 Summit announcement advances Canada's movement toward greater transparency in the extractive sector.
- Initiatives like RRTWG and the Devonshire Initiative demonstrate what can be accomplished through collaboration.
- MAC and the Office of the CSR Counsellor will collaborate to create guidance for implementation of local grievance mechanisms.
- Many MAC members proactively apply TSM to mine sites internationally and commit to 17 different international standards.

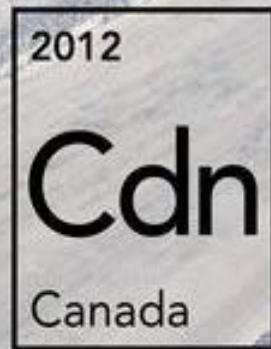
INTERNATIONAL TRADE & INVESTMENT

Key Opportunities:

- The Government of Canada should continue its aggressive trade agenda. Canada's success depends on the free-flow of investment.
- Opportunities through strategic agreements:
 - 24 FIPAs in force, 11 negotiations concluded and 15 negotiations ongoing.
 - 10 FTAs in place, 1 concluded (awaiting enactment), 13 negotiations and 3 exploratory discussions ongoing.
 - Approx. 100 Double Taxation Agreements in place, but opportunity for more.
 - For FTAs, Canada should pursue greater labour mobility provisions to help with skills crisis.
- Canada's membership in the Trans-Pacific Partnership is a significant trade opportunity, and poised to surpass NAFTA in importance. Government should continue facilitating industry's input into the process.
- Facilitate a predictable Foreign Direct Investment environment to ensure the competitiveness of Canadian businesses internationally.

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CHALLENGES: INFRASTRUCTURE

Critical Infrastructure:

- Strategic investments are crucial to enhance the economic viability of mining projects across Canada.
- Every mine requires critical infrastructure, including transportation (rail, marine, all-weather roads), power and communications, particularly in Canada's North.
- Remote and northern operations are subject to a unique set of challenges that more centrally-located industries do not have to face by virtue of proximity to both physical and non-physical infrastructure.
- To strengthen the existing synergy between the mining industry and northern economic and social development, and to enable the federal government to deliver on its policy objectives, strategic infrastructure investment is needed.

CHALLENGES: TRANSPORTATION

A reliable and efficient logistics supply chain is crucial for Canada to compete for new mining investment against countries with significantly shorter transportation supply chains.

Rail:

- The industry recognizes its role in ensuring the accurate classification and stewardship of its products.
- The mining industry prides itself on its safety culture, and will actively participate in the review of any transportation reforms that may impact its business.
- A fact-based and historical analysis is required to ensure any reforms undertaken are proportionate to risk.

Marine:

- Canada will undertake a regulatory consultation on the implementation of the IMO's MARPOL Annex-V amendments.
- The federal government should do its due diligence in assessing Canada's state-of-readiness to adapt to the new regulatory model.
- Regarding IMO's decision to implement via the International Maritime Solid Bulk Cargoes Code through a list application, Transport Canada is strongly advised to add flexibility by taking into account the variable composition of mineral products.



CHALLENGES: INNOVATION

Innovation:

- Innovation is needed to address declining reserves, increased regulatory standards and rising costs of mining operations, as well as to attract global talent.
- Positive announcements from 2013:
 - Funding for the Canadian Mining Innovation Council's (CMIC) "Footprints" exploration project.
 - Renewal of the Geo-mapping for Energy and Minerals (GEM) program.
- Canada's mining industry's international competitors (e.g. Australia) are benefitting from significant R&D investments. Increased funding support is needed for Canada to compete.
- The federal gov't should support CMIC's request for \$6M for its research program.

CHALLENGES: HUMAN RESOURCES

Skilled Labour Shortage:

- Approx. 145,000 new workers are needed over next 10 years – over half of the current workforce.
- One-third of mining employees are eligible for retirement in the next five years.
- The Canadian mining sector is, proportionally, the largest private sector employer of Aboriginal Canadians,
- Female participation in mining grew by 60% from 1996-2012, but only account for 16% of the workforce.
- Mining boasts the highest wages and salaries of all industrial sectors in Canada - \$1,436/week in 2011.





OPPORTUNITIES: HUMAN RESOURCES

To overcome the skills shortage and to ensure mining industry growth can be supported:

- Continue to support Aboriginal training and skills training programs to boost Aboriginal employment and foster economic development for Aboriginal communities.
- Government should continue with immigration reforms targeting skills and education.
- Abolishment of Sector Council Program impacted funding of the Mining Industry Human Resources Sector Council (MiHR).
 - MiHR submitted two proposals to the Sectorial Initiatives Program (SIP) and is awaiting decision.
 - MiHR must be able to fairly access ESDC SIP funding for labour market analysis and other programs that address skills shortage.
- Take the opportunity now to train highly-skilled, technical labour, which takes time to develop.



OPPORTUNITIES: ABORIGINAL AFFAIRS

- Potential for significant increase in Aboriginal employment remains strong, but essential skills training is paramount for success.
- Renewal of funding for Skills and Partnership Fund (SPF) and Aboriginal Skills and Employment Training Strategy (ASETS) is crucial (March 2015).
- Potential for further clarification on the Crown's Duty to Consult regarding scope and process:
 - Work collaboratively and in consultation with provinces, industry and Aboriginal communities.
 - Develop additional tools for proponents and Aboriginal groups aligning federal and provincial processes.
- Rapid resolution of outstanding land claims is critical to bring increased certainty to communities and the mineral industry.
- Settlement of land claims would help create the conditions needed for communities to foster long-term, sustainable economic development.



BRIGHT CANADIAN FUTURE

- Despite current volatility, there are strong growth opportunities facing the mining sector well into the future. However, ensuring the industry can be as competitive as possible now is key to future success.
- Global mineral demand in the next decade will be driven by the emerging markets.
- Canadian mining industry has strengths in all regions, and provides the products necessary to everyday life.
- Mining is central to northern economic development.
- Approximately \$160 billion in mining-related projects are proposed in Canada over the coming years.
- Opportunity for industry and government to work together to overcome policy challenges.



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**CANADIAN
MINING**
What will we find next?

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