



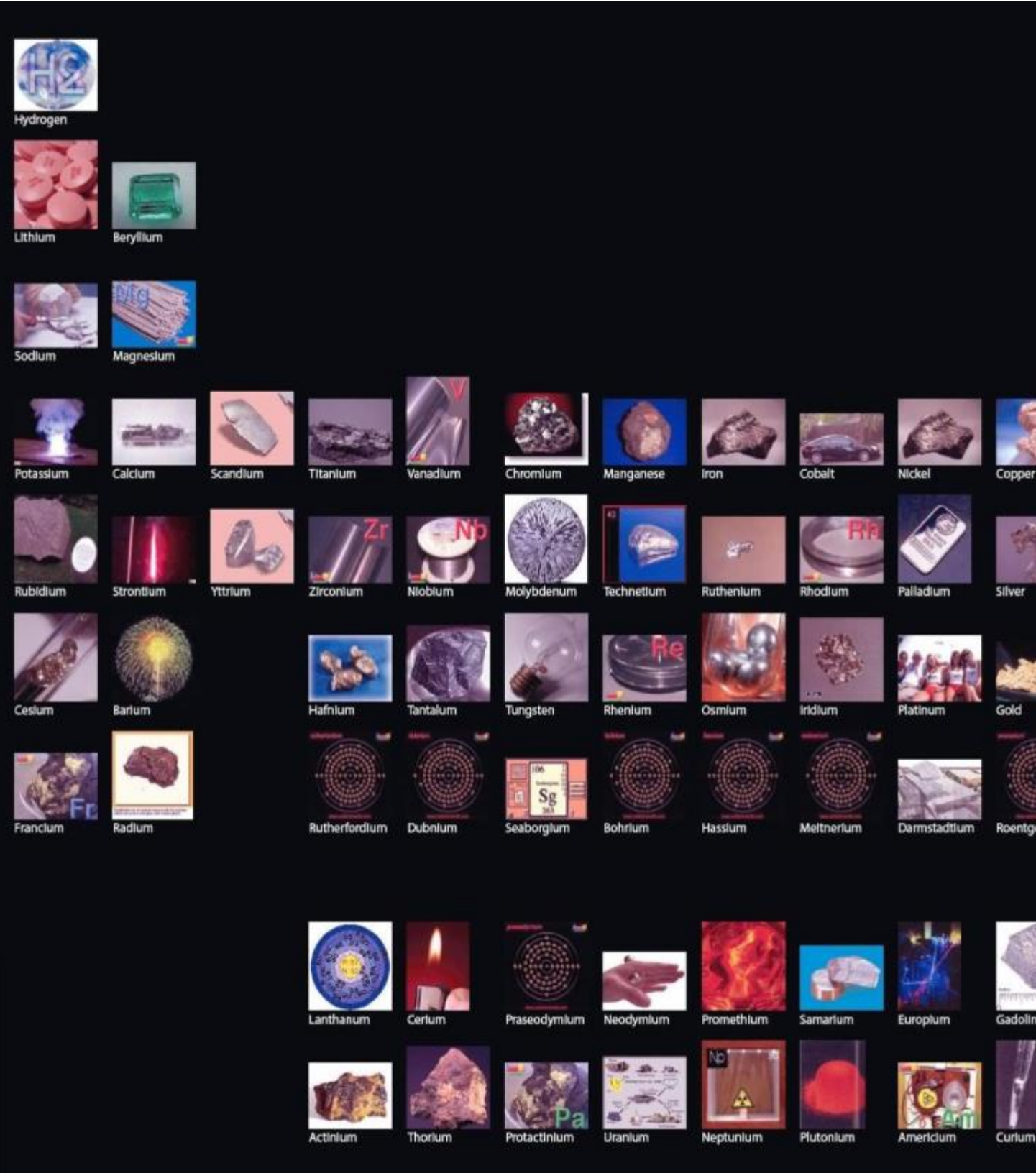
Bill C-47: Improving the Investment Climate in Canada's North

Presentation to the Standing Senate Committee on Energy,
the Environment and Natural Resources
April 30, 2013

ABOUT MAC

The national voice of the mining industry in Canada:

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



INDUSTRY'S DOMESTIC CONTRIBUTION

- 320k employees;
Wages 30-60%
above other sectors
- 220 producing mines,
33 smelters and
refineries
- \$9B in taxes and
royalties paid to
governments in 2011
- \$20B capital
investment annually
- Largest private
employer of
Aboriginal Canadians
- Core supplier to
clean-technology
sectors





CANADA AS A GLOBAL MINING PLAYER

- Attracted 18% of world exploration spending in 2011 – draws on useful tax measures
- Efficient TSX/TSX-V processes – over 1,600 mining companies listed, 47% of their mineral projects are outside Canada
- Minerals account for 23% of Canada's total goods exports
- Top five world producer in uranium, potash, nickel, platinum, aluminum, diamonds, zinc, met coal
- Large direct investment stocks – 10% of all FDIC and 9% of CDIA

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 will still be in the 6-9% range
- Next 25 years: as many minerals and metals consumed worldwide as in all of history to date

Mineral Prices	2000	2007	2009	2010	2012	Mar-13	->Mar'13 (%)
Aluminum (\$/lb)	0.70	1.20	0.76	0.98	0.92	0.87	24
Copper (\$/lb)	0.82	3.23	2.34	3.40	3.61	3.47	323
Gold (\$/oz)	279	697	973	1,23	1,688	1,593	471
Uranium (\$/lb)	8.29	98.81	47	48	48.9	42.28	410
Nickel (\$/lb)	3.92	16.88	6.50	9.85	7.95	7.59	94
Zinc (\$/lb)	0.51	1.47	0.75	0.98	0.88	0.88	73
Iron Ore (\$/Mt)	12.4	5	36.60	105.30	125.90	128.53	139.87
	5	36.60	105.30	125.90	128.53	139.87	1023



CANADIAN OPPORTUNITIES

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

- Nunavut gold and iron ore projects – Agnico-Eagle, Baffinland (ArcelorMittal), Xstrata, Sabina, MMG
- NWT rare earths, diamonds, gold – De Beers, Avalon
- BC coal, copper mines – Teck, Imperial Metals, Taseko
- Alberta mined oil sands projects – Suncor, Syncrude, Shell
- Saskatchewan diamonds, potash, uranium – Shore Gold, BHP Billiton, Cameco
- Ontario nickel, gold, palladium – Vale, Xstrata
- Quebec diamonds, nickel, gold – Stornoway, Xstrata, Agnico-Eagle
- Newfoundland and Labrador nickel processing plant – Vale
- Labrador iron ore – Rio Tinto, IOC, ArcelorMittal, Cliffs

MINING'S CONTRIBUTION TO CANADA'S NORTH

- **Employment**
 - 35,000+ person-years
- **Investment/Spending**
 - \$12 B+ in capital and operating expenditures
- **Business Development;**
 - \$9 B Northern, \$4 B Aboriginal
- **Contributions to Northern Infrastructure:**
 - Roads, rail, hydro development, shipping, and ice roads
 - Support for health care, education and sports facilities
- **Workforce development**
 - Extensive programming in Aboriginal skills training and education



NUNAVUT'S PROMISING DEVELOPMENT POTENTIAL

Northern Mining Productivity

- **“Canada’s overall northern metal and non-metallic mineral output is expected to grow by 91% from 2011 to 2020...”**
- *The Conference Board of Canada, January 2013*

Conference Board Forecast	Average Growth Rate	Compound Annual Growth Rate
All Canada	21.5%	2.2%
Northern Regions	91%	7.5%

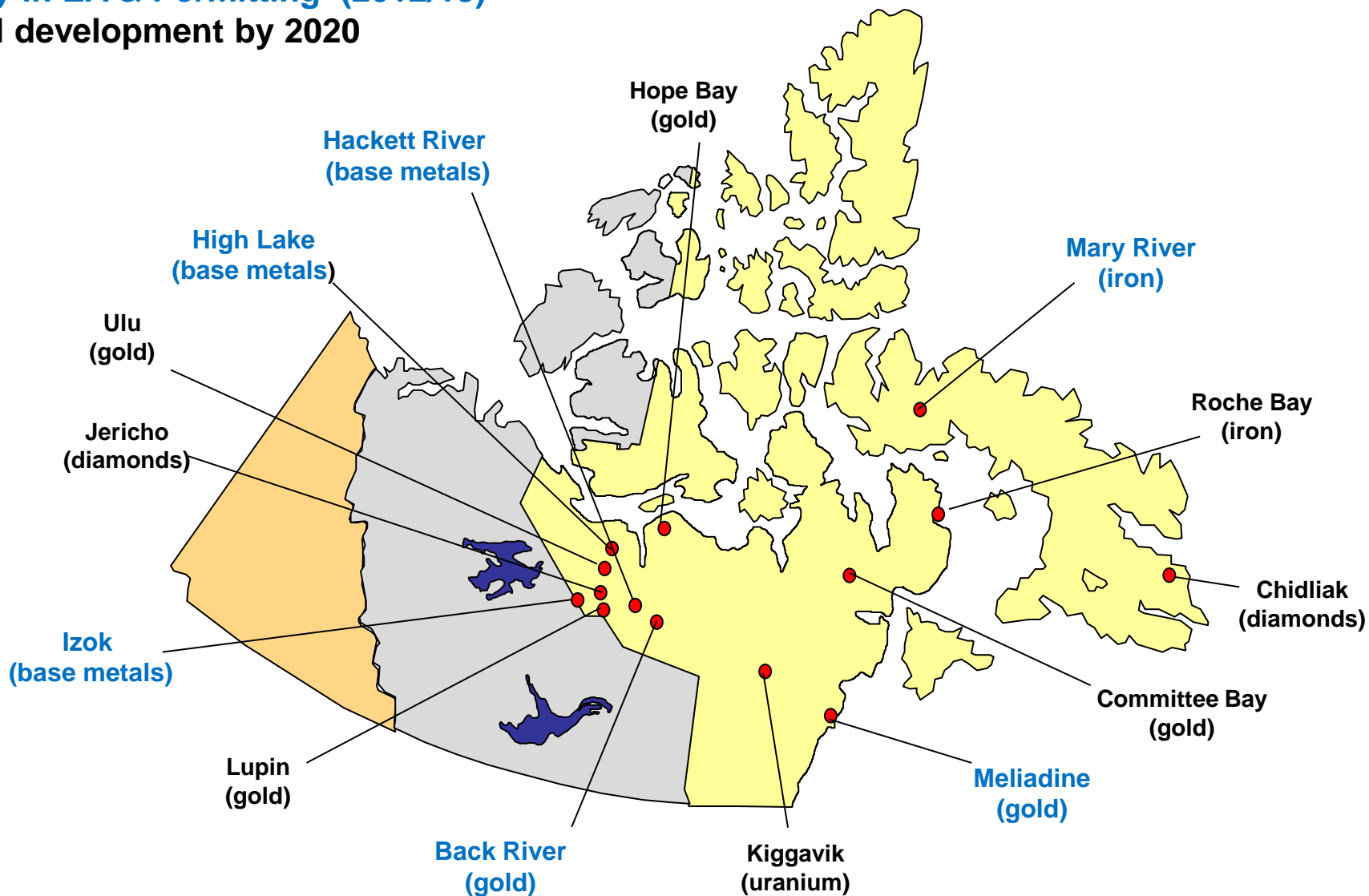
Nunavut's Opportunity

- The least explored region in Canada
- Very high mineral potential.
- Six major projects currently in EA and permitting process
- Anticipated new mineral production within five years.
- Several additional projects could be commissioned by 2020

NUNAVUT'S MINING POTENTIAL

➤ Currently in EA & Permitting (2012/13)

➤ Potential development by 2020



NUNAVUT'S INVESTMENT CLIMATE

Successful development attracts new investment, however...

- Investment cannot be taken for granted
 - **Capital is mobile and competition for it is global**
- Investment decisions are made on fairness and predictability of process
 - **Confidence in the regulatory review capacity**
- Affirming Nunavut's investment climate is critical for future development and the territory's economic and social well-being

Bill C-47

Nunavut Planning and Project Assessment Act

- Broad and inclusive consultation process
 - Defines Nunavut's land use planning and regulatory framework
 - Recognizes the importance of responsible economic development for the well-being and self-reliance of the Inuit of Nunavut
 - Ensures predictable and robust environmental review
 - Land use plans will confirm lands available for development
-
- **Promotes sustainable development**
 - Predicated on compliance and performance
 - Demonstrates capacity of process
-
- **Encourages investment and enhances Nunavut's economic competitiveness**

Bill C-47

Nunavut Planning and Project Assessment Act

Opportunities for improvement:

- **Streamline Timelines**
 - Bring NUPPAA timelines in line with processes elsewhere in Canada (*“Responsible Resource Development”*)
- **Classes of Works Exempt from Screening and EA**
 - Complete Schedule 3 prior to coming into force
- **Minor Variances**
 - Allow the NPC to grant minor variances to streamline the process
- **Remove Offences under Land Use Plans**
 - Quasi-criminal offences do not belong in Land Use Plans

CANADA'S MINING FUTURE



- Strong growth opportunities facing the mining sector well into the future.
- 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.
- Bill C-47 (NUPPAA) will bring long-awaited certainty for mineral investment in Nunavut.

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