



Mining Association of Manitoba Inc

Presentation to the Public Utilities Board

Manitoba Hydro 2017/18 General Rate Application



MINING ASSOCIATION
OF MANITOBA INC

MAMI: Voice of Mining in Manitoba since 1940

23 Member Companies:

- Mining Operators
- Exploration Companies
- Mining Suppliers
- Mining Service Providers

Products: Nickel, zinc, copper, cobalt, gold, tantalum, cesium, other precious metals and commodities

We make the things that make modern life possible



Economic impact *at a glance*

>**3,100** employees, largely in northern and rural communities

\$131,500 - avg annual mine worker income (\$59,523 MB)

>**\$130M** - total annual purchases from MB suppliers

>**\$81.9M** - annual electricity purchases

\$1.36B - total sales (revenue)

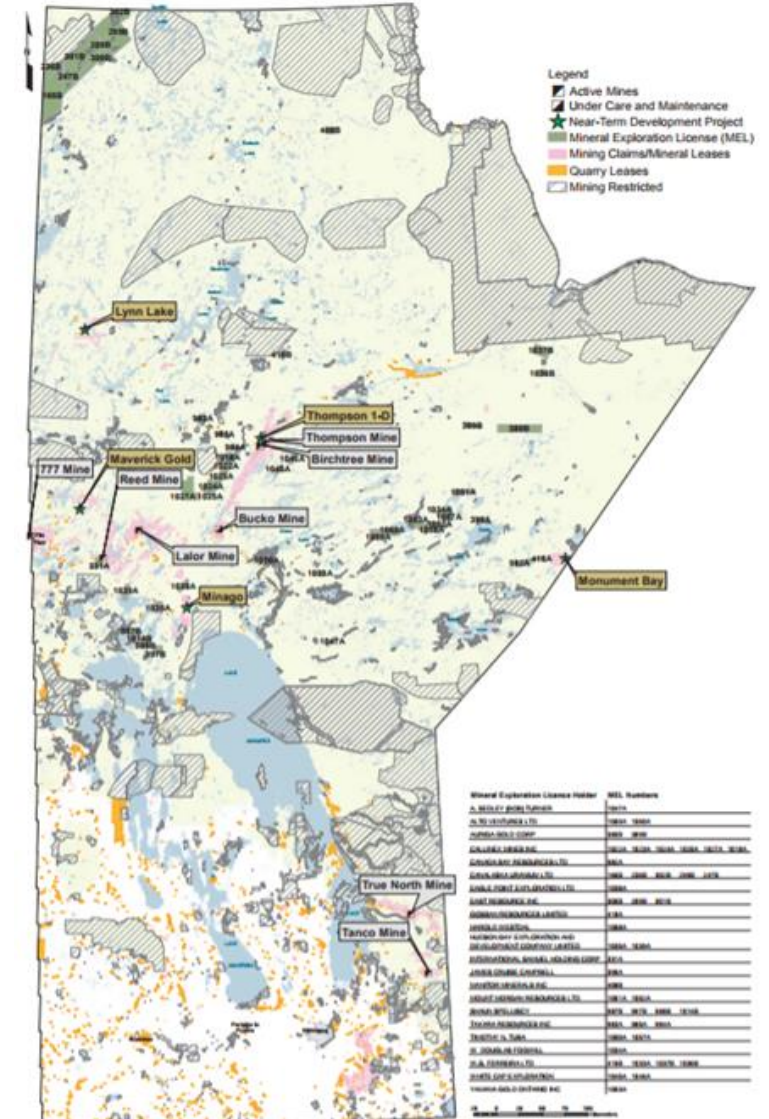


Untapped Potential

- Under-explored: 6.5% of Canada's area, 1.4% of the country's exploration spending
- Rich geological profile (diamonds, gold, lithium) including minerals and metals for clean tech
- **Why is Manitoba's mining potential going unrealized?**

Province	% total area of Canada	Total mineral development expenditures, 2015* (\$CAD millions)	Value of mineral production, 2015 (\$CAD millions)
Manitoba	6.5	238.7	1,354.8
Saskatchewan	6.5	3,698.3	8,505.3
Ontario	10.8	2,316.1	10,761.3

*includes exploration, deposit appraisal and mine complex development



Source: Explore Manitoba 2016/17 Mineral Development and Geoscience Activity Highlights https://www.manitoba.ca/iem/industry/explore_mb_16_17.pdf

Nature of Our Business

- Price-takers
- Long lead, capital intensive projects
- Energy intensive



An industry at risk

Manitoba is an expensive, uncompetitive and uncertain jurisdiction for mining

- Location
- Transportation infrastructure
- Taxes
- Regulatory climate is uncertain

***Affordable power is Manitoba's
only competitive advantage in mining***



Proposed cure is worse than the disease

Mining operator in northern MB, current 25-year life of mine plan

- Total economic impact over 25 yrs: \$10B
- Annual mine & mill electricity cost is: \$20M
- Annual impact of 5Y @ 7.9%(\$9.26M) effectively 46.3% rate increase
- Increased revenue to Manitoba Hydro (25YRS @ \$9.26M) is \$231.5M
- That means that \$231.5M significant reduction in value of the site which affects a company's ongoing investment decision

In a quest to raise an additional \$230M in revenue over this period, Manitoba Hydro could cost the province \$10B in total life of mine economic activity because of a potential site closure



The Future of Mining in Manitoba



“the latent mineral potential of the north is perhaps still the single most likely source of long-term northern prosperity. It has sustained the north for close to 80 years, and with the right support and investment could sustain the north for another 80 years”



Questions?

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