

Mining in Northwestern Ontario





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The Mineral Sector in Northwestern Ontario; An Economic Driver

Thunder Bay and Northwestern Ontario are hosts to new world class gold, copper, nickel, palladium, graphite, chromite and iron deposits.

Northwestern Ontario Mines produced \$1.81 Billion of metallic minerals in 2013; that number is expected to grow annually over the next decade.

Current production from existing mines is one million ounces of gold annually. Twenty-five million ounces of new gold resources have been discovered in Northwestern Ontario.

Exploration/Mining companies are expanding or continuing to move closer to actual production in the region:

North American Palladium Ltd., (Lac des Iles) continues to increase production at the Lac des Iles Mine following a \$400 million mine expansion. Aggressive exploration of various palladium zones on the mine footprint continues.

Premier Gold Mines Ltd., (Geraldton) continues to explore its seven million ounce TransCanada Gold Project. A positive Preliminary Economic Assessment (PEA) was released for the Hard Rock and Brookbank gold deposits.

Rubicon Minerals Corporation, (Red Lake) completed the production shaft on the Phoenix Gold Deposit. Mill construction continues with the goal of gold production by mid 2015 at a rate of 2,500 tonnes per day.

New Gold Inc., (Fort Frances) continues to advance the Rainy River Resources project to production. A positive feasibility study was released for the gold deposit. The completion of the environmental assessment in 2015, will lead to construction in 2015, and production by mid-2016.

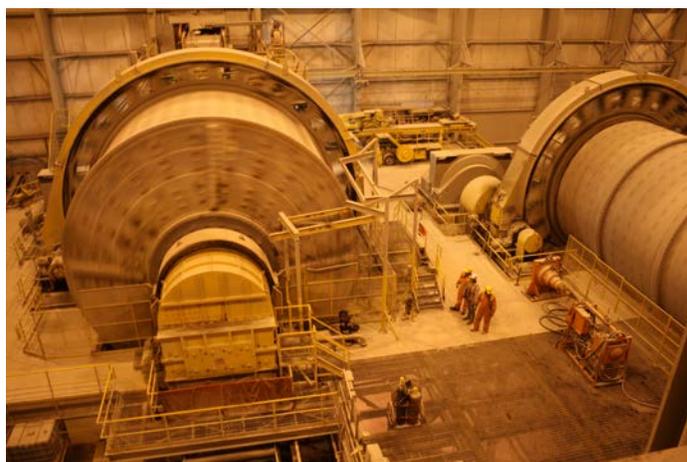
Goldcorp Inc., (Red Lake) has completed the underground railway (tramway) to access the five million ounce Cochenour Gold deposit under the waters of Red Lake. Production from the Cochenour Deposit is scheduled for 2015.

Rockex Ltd, (Pickle Lake) completed a positive Preliminary Economic Assessment for the one billion tonne Lake St Joseph iron deposit.

Treasury Metals Ltd., (Dryden) continues with the environmental assessment process moving toward completion of an Environmental Impact Statement on the Goliath gold deposit. Treasury is working toward a feasibility study. The Goliath hosts 1.7 million ounces of gold; production is planned for 2015/16.

Zenyatta Ventures, (Hearst) 25.1 million tonnes grading 3.89% graphite carbon is present at their Albany Graphite deposit. Zenyatta was the top performing stock on the TSX Venture in 2013. Graphite of the spectacular grade contained in the Albany deposit has numerous high tech uses including electric vehicles. Pilot plant testing conducted in late 2014, was successful.

Noront Resources, (Ring of Fire) is planning significant exploration, geotechnical and development work on the Eagle's Nest nickel-copper mine. Noront has spent over \$200 million to date on exploration.



The Mining Readiness Strategy (Strategy) is a comprehensive, inclusive and integrated economic development plan designed to help Northwestern Ontario stakeholders focus and capitalize on the many opportunities that mining development will bring to the Region.

The Strategy was commissioned by the City of Thunder Bay, the Thunder Bay Community Economic Development Commission (CEDC) and the Fort William First Nation (FWFN) with funding support from a number of partners including FedNor, the Northern Ontario Heritage Fund, and other contributors such as the Thunder Bay International Airports Authority Inc., the Thunder Port Authority, Thunder Bay Hydro, TBay Tel, the Northwestern Ontario Municipal Association (NOMA), Lakehead University and Confederation College.

Introduction and Strategy Context

The Northwestern Ontario region is forecasting significant mining development. This growth is expected to result in substantial economic and social development for Thunder Bay, its surrounding municipalities and First Nation communities. The discovery and development of major gold deposits, nickel in Northwestern Ontario’s “Ring of Fire” , and other mineral resources in Northwestern Ontario including graphite, are expected to create a variety of business opportunities that positively influence the Region’s economic outlook. This growth will place unique pressures on infrastructure and government services as well as the current, and future, mining labour market.

Five new gold mines will come into production in the next 4 years, adding to Northwestern Ontario’s annual gold production total of approximately one million ounces (25% of Canada’s total). New gold mines will include: Phoenix (Rubicon Minerals Corp.), Cochenour (Goldcorp Inc.), Rainy River (New Gold Inc.), Goliath (Treasury Metals Inc.) and Hard Rock (Premier Gold Mines Limited).

Economic Impact

An analysis was conducted to determine the economic impact (economic growth) that could be realized in Northwestern Ontario and the Thunder Bay region as a result of the development of the 10 selected mining projects.

To estimate the value of this economic impact an economic multiplier analysis was conducted to estimate the direct, indirect and induced economic benefits that will result. The economic impact of mine development includes growth of the gross economic product (GDP) as well as growth in employment as a result of mine construction and operation. The results of this analysis are summarized in Table ES.1.

Table ES.1

Average Annual Impact on GDP and Employment

GDP Impact (in millions)			
Impact	Ontario Annual Average	N.W.O Annual Average (79% Ontario)	Thunder Bay Annual Average (60% N.W.O)
High	\$2,089	\$1,650	\$990
Medium	\$1,791	\$1,415	\$849
Low	\$1,492	\$1,179	\$707
Employment			
Impact	Ontario Annual Average	N.W.O Annual Average (66% Ontario)	Thunder Bay Annual Average (60% N.W.O)
High	12,350	8,151	4,891
Medium	10,586	6,987	4,192
Low	8,821	5,822	3,493

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It is estimated that the growth of the mineral sector from the 10 selected projects will result in the creation of about 10,000 full-time equivalent positions (man-years) per year for the next 10 years, and economic revenues to Northwestern Ontario between \$1 billion and \$1.7 billion per year.

Supply Chain

This Strategy also analyzed the impact of the ten mining projects on spin-off activities that are expected to cycle through the economy as a result of investment made in mining projects. Mining and exploration companies operating in Ontario require a wide range of products, expertise and services from suppliers in commercial, industrial and consumer sectors of the economy.

The mining supply chain describes the system involved in moving these products and services from a supplier to the mining operations. From the analysis it is expected there will be considerable opportunities for suppliers to support the potential mining projects in Northwestern Ontario since investment in mining will result in creating quality jobs and GDP growth in upstream sectors.

Results of the analyses indicate there will be significant opportunities for the existing as well as prospective new supply services to enter or expand their involvement in the mining supply chain and achieve substantial growth.

For the full 315 page report, visit
www.ThunderBayCEDC.ca



THE THUNDER BAY COMMUNITY ECONOMIC DEVELOPMENT COMMISSION (CEDC) & THE THUNDER BAY & DISTRICT ENTREPRENEUR CENTRE (EC)

The CEDC is responsible for business development, retention and expansion, entrepreneurial support, opportunity promotion, and the collection and assessment of key business data. Incorporated in 2006, CEDC is an arms length Community Development Commission led by an independent board with core funding from the City of Thunder Bay.

The CEDC receives formal proposals for projects that will contribute to economic development. It responds quickly to new opportunities and initiatives to attract direct financial involvement from government and private sectors. The CEDC's staff will assist businesses in attaining information essential to their decision making.

Located within CEDC's administrative office, the EC provides seminars, workshops and free and confidential business counselling services to new and existing small businesses.

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