

MANITOBA means **BUSINESS**



MANITOBA MINING

Rich in Opportunities





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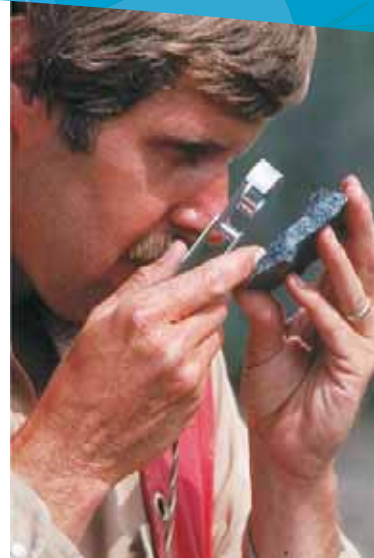
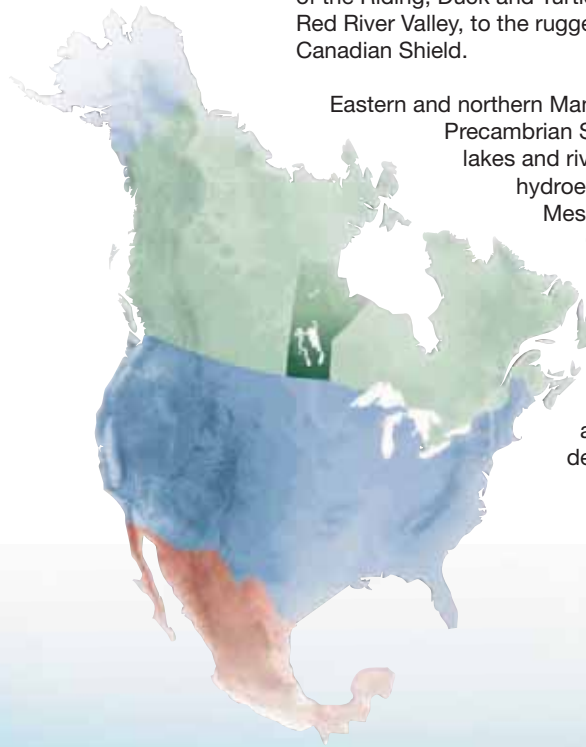
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RICH IN OPPORTUNITIES

Set in the heart of North America, Canada's keystone province has an area larger than that of California, France or Japan. More than 100,000 freshwater lakes constitute about one-sixth of Manitoba's surface. The varied terrain ranges from the rolling hills and escarpments of the Riding, Duck and Turtle mountains, to the rich soils of the Red River Valley, to the rugged Precambrian outcroppings of the Canadian Shield.

Eastern and northern Manitoba are part of the mineral-rich Precambrian Shield, characterized by coniferous forests, lakes and rivers that offer enormous forestry and hydroelectric power resources. In the south, Mesozoic and Paleozoic rocks of the Western Canada Sedimentary Basin are host to petroleum resources and underlie prairies, mixed forests and grasslands – Manitoba's agricultural breadbasket.

Outside of Agro-Manitoba, most of the total land base is open Crown land, available for mineral exploration and development.



MANITOBA AT A GLANCE

Population
1,186,700 (July 2007)

Area
649 947 square kilometres
(250,946 square miles)

Capital City
Winnipeg

Political System
Parliamentary Democracy

Political Leader
Premier

Official Languages
English and French

Unemployment Rate (average to October 2007)
4.4 %

Real GDP (% Growth) 2006
3.1 %

Exports (2006)
\$10.9 billion CDN



MANITOBA'S STRATEGIC ADVANTAGES

Hydroelectricity – a powerful resource

- Manitoba boasts the lowest published electrical rates in North America
- abundant, reliable, low-cost hydroelectric power means reduced operating expenses and increased pre-tax net income

Developed, diverse economy

- Moody's Investment Services of New York has ranked the capital city of Winnipeg as one of Canada's most economically diverse centres
- wide range of sectors including mining, petroleum, agriculture, electric power generation, manufacturing, forestry, financial services, transportation and communication, biotechnology, construction, information technology and retail trade
- lowest unemployment rate and most consistent economic growth in Canada over the last five years
- leading export markets include the United States, Japan, China, Mexico, Hong Kong and the European Union

Solid infrastructure supports access to world-wide markets

- railway links to all North American markets
- over 30 national and international trucking terminals
- an international airport that operates 24-hours-a-day and serves three million passengers a year; one of Canada's most important airports for overnight cargo activity, with major sorting facilities for FedEx and Purolator, and daily transborder service from UPS
- the port of Churchill provides a sea link for enhanced import and export capabilities
- central location makes Manitoba a key link in the Mid-Continent Trade Corridor between Canada, the United States and Mexico
- a natural distribution hub and gateway to important markets in northern Europe, central Canada, Russia and the United States

Superior quality workforce

- skilled, multicultural, multilingual
- low employee turnover
- low labour costs

Strong research and development (R&D) climate

- generous R&D tax credits
- world-class research infrastructure
- ability of small and medium-sized enterprises to quickly capitalize on niche-market opportunities

Excellent quality of life

- affordable living and housing costs
- free public health care
- excellent educational facilities
- varied recreational and cultural amenities



MINING PLAYS KEY ROLE IN PROVINCIAL ECONOMY



Over the last 100 years, Manitoba's mining industry has spawned over 70 mines – leading railways, roads and airports into the northern reaches of the province, and giving rise to mining centres at Flin Flon, Snow Lake, Thompson, Leaf Rapids and Lynn Lake. From these hubs a strong infrastructure has developed, generating increased exploration and mining activity. Spin-offs in tourism, forestry and hydroelectricity have further strengthened the provincial economy. While the mining industry's primary focus remains the north, significant developments

continue to take place in southern Manitoba, particularly at the mining community of Bissett.

Mining makes a significant contribution to the economy. Manitoba's mining industry employs over 3,500 people directly—most of whom reside in the north—and another 14,000 in indirect spin-off business. In 2006, the value of mineral production totalled \$2.1 billion for metals and industrials and \$500 million for petroleum, accounting for approximately 7% of the total GDP for the province and 11% of Manitoba exports. Total mineral production for 2007 is forecasted to surpass \$3 billion.



HUDBAY MINERALS INC.

Company profile:

HudBay Minerals Inc. is an integrated mining company that produces zinc, copper, gold and silver as well as zinc oxide. HudBay's three mines, two concentrators and metal production complex in northern Manitoba are operated by the company's wholly owned subsidiary, Hudson Bay Mining and Smelting Co., Limited (HBMS). HudBay is the third largest producer of both zinc and copper in Canada and the third largest producer of zinc oxide in North America. HudBay also owns a zinc oxide production facility in Ontario, the White Pine copper refinery in Michigan and the Balmat zinc mine operations in New York state.

Stock exchange listing:

listed on TSX; symbol: HBM

Manitoba operations:

Mines: Chisel North Mine at Snow Lake, 592 km northwest of Winnipeg; 777 and Trout Lake mines at Flin Flon, 632 km northwest of Winnipeg

Employees: 1459

Ownership: 100% HudBay Minerals-owned

Description: fully vertically integrated mining and metallurgical complex including two concentrators, a copper smelter and a zinc refinery

Products/Minerals: zinc, copper, gold and silver



VALE INCO LIMITED

Company profile:

Vale Inco (formerly CVRD Inco Limited) is a leading producer of nickel, copper, cobalt and precious metals with over 12,000 employees worldwide and net sales of over US\$8 billion for 2006. The company has operated continuously for more than a 100 years and is the world's second largest producer of nickel. Vale Inco's Manitoba operations date back to the discovery of the Thompson orebody in 1956. In 2006, the company and the City of Thompson celebrated their 50th year of mining in the nickel belt.

Major shareholder:

a wholly owned subsidiary of Companhia Vale do Rio Doce (Vale) of Brazil

Stock exchange listings:

Vale shares are traded on the NYSE under symbols RIO and RIOPR; the São Paulo Stock Exchange (BOVESPA) under the symbols Vale3 and Vale5 and the Madrid Stock Exchange-LATIBEX under symbols XVALP and XVALO.

Manitoba operations:

Mines: Birchtree and Thompson mines adjacent to the community of Thompson, 655 km north of Winnipeg; Vale Inco planned approximately \$100 million in capital spending for 2007 at its Manitoba operations and is working towards extending the life of the Thompson facilities to 2027 and beyond.

Employees: approximately 1600

Description: fully integrated nickel production complex with underground mining operations and high-capacity processing facilities including mill, smelter and refinery

Products/Minerals:

130 million pounds of 99.9% pure electrolytic nickel annually

MINING IN MANITOBA TODAY

In Manitoba, world-class deposits of nickel, copper, zinc, gold, tantalum, lithium and cesium are the backbone of an industry that ranks as the province's second-largest primary resource industry.

In 2006, Manitoba produced 17.8% of Canada's zinc, 16.8% of its cobalt, 16.3% of its nickel, 9.2% of the country's copper, 3.4% of its gold and all of Canada's tantalum and cesium.

Over the last decade, 31 mines have operated in Manitoba, along with two smelters and two refineries that produce a wide variety of primary and by-product metals. In addition to the traditional mining of metals, the potential for other types of deposits such as uranium, potash, diamonds, platinum-group metals (PGM), rare-earth elements (REE) and Mississippi-Valley-type lead-zinc is only now being investigated.

A long history of mining in the province has resulted in a well-developed infrastructure that continues to support the industry today. Provincial highways link all mining communities in the north and all northern communities are serviced by air and/or rail access.

Manitoba's mining communities are home to an experienced and well-trained labour force. The province's four universities and four community colleges provide students with the knowledge and skills required to compete in today's marketplace.

Manitoba also offers a diverse, well-established and experienced service sector. Exploration and mining activities are supported by an extensive network of companies specializing in critical support fields.



INNOVATION AND TECHNOLOGY

Research, innovation and advanced technology ensure that Manitoba's exploration and mining industry remains competitive.

High-tech exploration and development projects like

- HudBay Minerals' use of 3-D seismic surveys to discover new orebodies and their ultramodern hydro-metallurgical zinc plant in Flin Flon,
- Vale Inco's ongoing modernization and upgrading of their smelting and refining facilities in Thompson,
- Tanco's cesium formate plant at Bernic Lake as well as new and innovative processes for more efficient recovery of tantalum, and
- ERCO Worldwide's state-of-the-art sodium chlorate manufacturing facility near Virden

make Manitoba a world contender in mineral production.

Innovative applications of geoscience information—like the province's 3-D geological mapping and integration of diverse datasets in GIS—are essential to the discovery of new deposits and the future of mining in the province.



TANTALUM MINING CORPORATION OF CANADA LTD. (TANCO)

Company profile:

Tanco was formed in 1967 and produced the company's first tantalum concentrates in 1969. Tanco mines some of the world's rarest minerals from the Bernic Lake pegmatite. The company is the sole producer of tantalum in North America and has approximately 10 years of pollucite reserves remaining at the current mining rate. In 1997, Tanco commissioned a US\$50 million processing plant at their Bernic Lake operation to produce cesium formate, a biodegradable drilling fluid that is used for deep offshore drilling and is recyclable, non-abrasive and non-corrosive. In 2001, the plant was expanded to produce conventional cesium products.

Major shareholder:

a wholly owned subsidiary of Cabot Corporation

Stock exchange listings:

Cabot Corporation listed on the New York, Boston and Pacific stock exchanges and the Chicago Board Options Exchange; symbol: CBT

Manitoba operations:

Mines:	Tanco Mine at Bernic Lake, 135 km northeast of Winnipeg
Employees:	145
Description:	underground mine with milling facility and cesium product processing plant
Products/Minerals:	tantalum, cesium products and spodumene



CROWFLIGHT MINERALS INC.

Company profile:

Crowflight Minerals is a Canadian junior mining exploration and development company focused on nickel, copper and platinum-group metal projects in Manitoba's Thompson Nickel Belt and Ontario's Sudbury Basin. Crowflight's priority is to bring the Bucko Lake nickel deposit located near Wabowden, Manitoba into production in 2008.

Stock exchange listings:

TSX Venture, symbol: CML; Frankfurt, symbol: CMI

Manitoba-based exploration projects:

Thompson Nickel Belt nickel-copper-PGE projects: Bucko Lake Nickel Project (advanced), M11A, Apex, Bowden Lake, Halfway Lake and Manibridge deposit.

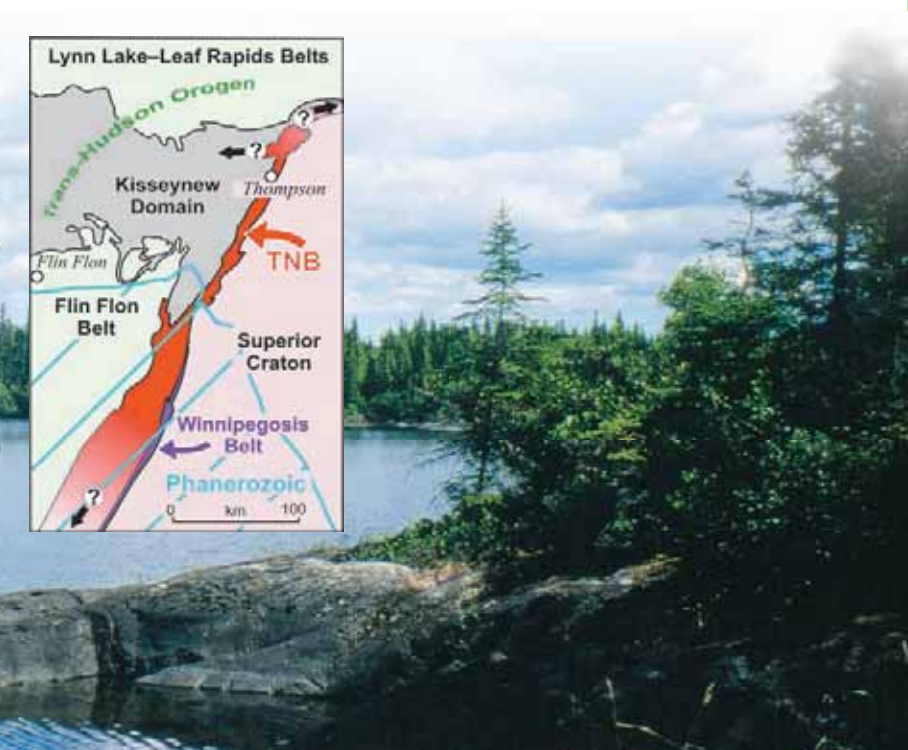
MANITOBA'S GEOLOGY — DIVERSE, PROSPECTIVE, PROFITABLE

Manitoba's long history of mining reflects the province's varied geology and high mineral potential. Nickel, copper, zinc and gold continue to be Manitoba's top producers and the mainstay of the industry, accounting for 90% of the total value of metallic and industrial mineral production in the province.

EXPLORING FOR NICKEL

Manitoba boasts several districts with exceptional potential for magmatic nickel-sulphide deposits, including the world-renowned Thompson Nickel Belt (TNB) and the Lynn Lake greenstone belt, which trail only the Sudbury Basin in terms of total production for Canadian nickel districts. The southern extension of the TNB, which is situated beneath a thin veneer of Paleozoic rocks, is known to contain two significant undeveloped nickel deposits, yet has received comparatively minor exploration. Manitoba also hosts highly prospective layered ultramafic intrusions in the Fox River and Bird River areas.

Recent initiatives by the Manitoba Geological Survey and partners have produced state-of-the-art maps, identified the lithostratigraphic control of mineralization and shed new light on the nickel potential in the TNB. New mapping of the northeast Kiseynew Domain, combined with revised structural interpretations and new geochronological and aeromagnetic data, have helped identify previously unrecognized areas of prospective TNB rocks.



EXPLORING FOR COPPER AND ZINC

The Flin Flon–Snow Lake greenstone belt in the Paleoproterozoic Trans-Hudson Orogen of Manitoba represents one of the most important districts worldwide for copper- and zinc-rich volcanogenic massive sulphide (VMS) deposits.

“Exposed portions of the Trans-Hudson greenstone belts are the most prolific producers in Canada with an average of \$6.22 million of copper-zinc ore per square kilometre, compared to the Abitibi (\$1.24 million) and Wabigoon (\$0.13 million) greenstone belts in Ontario.”

(Jim Franklin, 2007, former Chief Scientist, Geological Survey of Canada)

The recent discovery of the Lalor Lake VMS deposit at Snow Lake by HudBay Minerals Inc., which is estimated to contain at least 20 million tonnes of zinc-rich sulphide mineralization, further confirms the exploration potential of the region.

The greatest areal extent of Paleoproterozoic greenstone belts is situated to the south of Flin Flon and Snow Lake, under a thin cover of Paleozoic rocks. With advances in geophysical techniques, this area is rapidly becoming the new frontier for VMS exploration in Manitoba.

Significant past-producing VMS districts in Manitoba include the Lynn Lake and Rusty Lake greenstone belts, the latter hosting the past-producing 83 million tonne Ruttan VMS deposit.

DIVERSE MINERAL POTENTIAL

In addition to Manitoba's wealth of traditional base- and precious-metal resources, the province's diverse geology is also highly prospective for a variety of other mineral resources including diamonds, uranium, platinum-group and rare-earth elements and potash.

Diamonds

The northwest Superior and southern Hearne cratonic regions in Manitoba have long been known to be favourable for kimberlites.

In the Hudson Bay Lowland, new work has shown that kimberlite indicator minerals in till occur preferentially within one of four till units. Ice-flow directions derived from till fabric analysis and indicator distributions suggest indicator minerals were dispersed by ice flowing to the southeast, in addition to regionally pervasive southwesterly ice-flow events.

The Manitoba Geological Survey supports diamond exploration with Internet-accessible initiatives, including the compilation of existing kimberlite-indicator-mineral data into a single comprehensive database of public-sector survey results and a compilation of potential-field data, structural data and 'young' igneous occurrences.

Uranium

The world-class uranium deposits in Saskatchewan are associated with major unconformities between old basement terrains and overlying sedimentary sequences. Similar tectonic environments favourable for uranium enrichment extend into northern Manitoba, where thick Paleoproterozoic sedimentary sequences of the Wollaston Group were deposited on the southern

Hearne craton. Combined with voluminous, late- to post-tectonic, strongly potassic felsic intrusions, large areas of Manitoba's far north are highly prospective for intrusion-related and unconformity-type uranium.

PGM, REE and IOCG

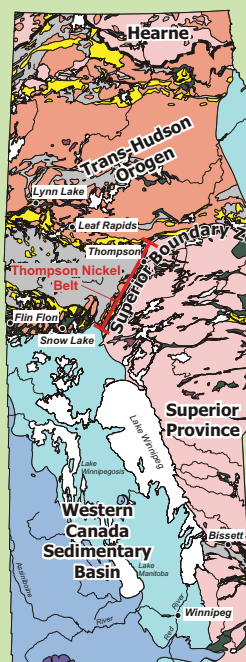
Strong growth in industrial uses of platinum-group metals (PGM), such as platinum and palladium, and rare-earth elements (REE), such as europium, erbium and cerium, is increasing global demand and exploration for these metals. While Manitoba remains under-explored for PGM, its favourable geology (including an abundance of ultramafic intrusions) makes the province an attractive exploration target for these commodities.

The search for rare earths and large tonnage, high-value iron-oxide-copper-gold (IOCG) deposits is also on the rise in the Paleoproterozoic rocks of the Trans-Hudson Orogen in northern Manitoba. Increased interest followed the discovery of rare-earth mineralization in the Eden Lake alkaline complex near Leaf Rapids, and subsequent recognition of the complex as a carbonatite end-member of an IOCG deposit-type.

Potash

Potash occurs in Manitoba within the Devonian Prairie Evaporite that extends across Saskatchewan and into the McAuley-Russell area of western Manitoba.

BHP Billiton, the largest diversified resources company in the world, is investing \$15 million to explore the potential of a large potash deposit in the Russell-Binscarth area and Agrium Inc., a leading global producer of agricultural nutrients, acquired a five-year, 45 000 hectare exploration permit to explore for potash in Manitoba.



SAN GOLD CORPORATION

Company profile:

San Gold Corporation is a Canadian mining and exploration company focused on assets in the Rice Lake greenstone belt in southeastern Manitoba. The company's Rice Lake Gold Project includes two producing mines and the recently discovered Cartwright deposit, which is slated for ramp development in 2008. In 2007, the company reported a total resource (including reserves) of 1.6 million ounces gold (6.33 million tons grading 0.26 ounces gold/ton) for the Rice Lake Project.

Stock exchange listings:

TSX Venture; symbol: SGR

Manitoba operations:

Mines: Rice Lake Gold Mine and San Gold #1 Mine at Bissett, 164 km northeast of Winnipeg

Employees: 250

Ownership: 100% San Gold Corporation-owned

Description: underground mines with milling facilities

Products/Minerals: gold

EXPLORING FOR GOLD

Manitoba has significant lode-gold districts in the Archean Superior Province and the Paleoproterozoic Trans-Hudson Orogen. Both of these geological domains host at least one 'million-plus ounce' gold deposit.

In the Superior Province, lode-gold deposits are concentrated in several regional-scale structural corridors that roughly coincide with the Oxford-Stull, Island Lake and Rice Lake greenstone belts and are interpreted to delineate ancient accretionary complexes. The Rice Lake belt has significant geological similarities to the prolific Red Lake belt in Ontario and hosts the 2.3 million-ounce Rice Lake (San Antonio) deposit at Bissett, which is owned and operated by San Gold Corporation.

In the Trans-Hudson Orogen, significant gold has been produced from both syngenetic massive sulphide and epigenetic vein deposits, which are hosted by greenstone belts in an accretionary collage that defines the internal portions of the orogen. Major deposits are concentrated in the Lynn Lake and Flin Flon-Snow Lake greenstone belts, the latter of which includes the 1.6 million-ounce New Britannia (Nor-Acme) deposit at Snow Lake, which is owned by Garson Gold Corporation.

Despite the long history of gold mining in the province, Manitoba's Precambrian greenstone belts remain significantly under-explored when compared to analogous terranes in Ontario, Quebec and Nunavut.



IT ALL STARTED WITH GOLD...

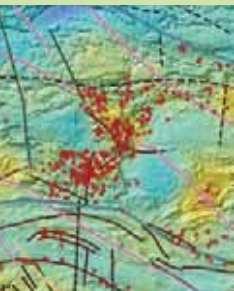
The province's metal-mining history began almost a hundred years ago with the discovery of gold in the Precambrian Shield of southeast Manitoba. Gold discoveries continued throughout the province and have positioned Manitoba as one of Canada's significant gold producers.

Gold exploration in the province continues with a host of senior and junior gold explorers undertaking the search for Manitoba's yellow metal. Exploration programs range from grass roots to well advanced. Companies are attracted to Manitoba's high gold potential, accessible geoscience database, welcoming business climate and exploration incentives.

Manitoba also boasts two, million-plus ounce producers of gold, the San Antonio Mine (now the Rice Lake Gold Mine) at Bissett and the formerly producing Nor-Acme Mine at Snow Lake.

With 60% of the province's bedrock consisting of exposed Precambrian Shield, and geoscience programming focused on unraveling Manitoba's untapped gold endowment, the province is strategically positioned for new and major gold discoveries.

ACCESS TO DATA VIA INTERNET



The Manitoba government continues to aggressively develop access to geoscience, exploration data and e-business through the Internet.

Manitoba Science, Technology, Energy and Mines continues to add maps and increase functionality to its GIS Map Gallery, an Internet map server that allows remote access to mineral disposition, assessment, drillhole and geoscience information from anywhere in the world. Users can view, extract and download GIS shape files from the Map Gallery to use in their own GIS projects.

Manitoba's geoscience infrastructure also includes

- a searchable, online bibliography of all published geoscientific work that has been conducted in the province,
- an online Publications Catalogue, where users can order publications with secure online credit card purchasing capabilities,
- free downloads of Manitoba Geological Survey publications and data, and
- an inventory of hard-copy geological maps and reports.

Datasets and e-business services currently available on the Internet include:

- 1:1 million bedrock, surficial, aeromagnetic, gravity, and NASA Shuttle Radar Topography Mission (SRTM) digital elevation model compilations of Manitoba (GIS Map Gallery)
- map-based regulatory information including current claims, mineral leases, quarry leases and mineral exploration licences (GIS Map Gallery)
- map-based land-use information showing protected areas, mining restricted areas, registered traplines and other land-use interests (GIS Map Gallery)
- non-confidential assessment files, aeromagnetic datasets and map-based drillhole data (GIS Map Gallery)
- annual reports of geoscience activities
- platinum-group metals database
- kimberlite-indicator-minerals database and integrated anomaly map (GIS Map Gallery)
- geochronology database (updated to 2006)
- mineral occurrence database (GIS Map Gallery)
- Mineral Resources Library online catalogue
- access to mining acts and regulations
- downloadable application forms for licences and permits
- the *Exploration and Mining Guide*: providing step-by-step direction through Manitoba's permitting process



EXPLORATION ACTIVITY TRACKER

The Exploration Activity Tracker site provides the tools to quickly and easily track mineral exploration projects and mining activity in Manitoba. The site provides links to the most current public-domain information available on Manitoba-based exploration projects.

Visit the Companies page to find out who's exploring in Manitoba and follow the links to the latest news releases on their Manitoba-based exploration projects and to their companies websites.

Use the interactive GIS-based Exploration Activity Map to view current exploration activity across the province and click on project names for commodity, location, company and other details including a link to the latest project-related news releases.

GILLIS QUARRIES LTD.

Company profile:

Gillis Quarries is a Manitoba-based, privately-owned quarrier of limestone and fabricator of limestones, granites, marbles and sandstones from around the world. The company has been in operation since 1910. Tyndall® Stone, from Gillis' own quarries, is one of the most beautiful building stones in the world, gracing the interior and exterior of buildings such as the Canadian Museum of Civilization in Gatineau, Quebec and the Canadian Embassy in Berlin, Germany. Gillis Quarries operates Seal Stone Granite, a stone countertop division, which fuses ancient stone with modern chemical technologies.

Manitoba operations:

Mines:	Gillis Quarries Ltd. at Garson, 37 km northeast of Winnipeg
Employees:	60
Description:	quarry with milling facility
Products/Minerals:	Tyndall® Stone; other limestones and granites



CONSULTATION WITH ABORIGINAL PEOPLES— FACILITATING ABORIGINAL/ INDUSTRY PARTNERSHIPS

The Government of Manitoba is committed to fulfilling its constitutional duty to consult in a meaningful way with Aboriginal communities when any proposed provincial law, regulation, decision or action may infringe upon or adversely affect the exercise of a treaty or Aboriginal right of an Aboriginal community.

Consultation on mineral exploration and mine development will be guided by the Province's policy and guidelines for consultation with Aboriginal peoples. The level of consultation is a function of the type of activity proposed, the sensitivity of the location and the magnitude of potential impacts. Company involvement in consultation may be arranged to provide information and assistance in developing solutions to minimize potential impacts.

Manitoba recognizes that Aboriginal communities are increasingly being recognized by the mining industry as key partners in the development of mineral resources. Industry/Aboriginal partnerships are facilitated through several initiatives

- Manitoba Minerals Guideline: a framework for building relationships and creating opportunities
- Aboriginal Mining Workshops and community open forums to increase awareness of, and opportunities in, the mining industry
- Northern Manitoba Sector Council: initiatives and partnerships to address mining industry skills and labour shortages

ONLINE FOR MINING— MANITOBA'S INTEGRATED MINING REGISTRY SYSTEM

Manitoba continues to work in collaboration with industry towards the development of an Integrated Mining Registry System. The new system will offer a comprehensive e-business service allowing clients to securely, quickly and easily deal with regulatory requirements online. Implementation of the new system is scheduled for 2010 and will provide web-based e-business capabilities for

- selection of dispositions
- applications and management of dispositions
- activity reporting

MINERAL POLICIES BALANCE INDUSTRY, COMMUNITY AND ENVIRONMENTAL NEEDS

Manitoba ranks as one of the most efficient jurisdictions in Canada with an open, transparent and streamlined permitting process.

The province continues to work diligently to ensure that issues related to permitting, land access, land tenure and environmental stewardship are addressed in a clear and open manner to help reduce uncertainty and increase investor confidence.

Orphaned and abandoned mines

Manitoba continues to aggressively work towards a healthier and safer environment by partnering with communities and industry to rehabilitate orphaned and abandoned mine sites throughout the province.

In 2000, the Orphaned and Abandoned Mine Site Rehabilitation Program was developed to address public safety and environmental health concerns. In 2006, Manitoba established an environmental liability account that currently holds \$83 million and provides the fiscal framework needed for major, long-term funding of mine-site rehabilitation projects. To January 2008, approximately \$13 million has been spent on rehabilitation projects throughout the province.

For new mine development, Manitoba's mine closure regulations introduced in 1999 require that closure plans and financial security are in place before a permit is granted to operate a new mine.

Protecting Manitoba's environment

In Manitoba, the mining sector has been an active participant in consultations regarding the province's Protected Areas Initiative (PAI). This consultation process is unique in Canada and provides the industry with confidence that areas of high mineral potential will be identified and avoided for the purposes of protection under PAI. Manitoba is recognized as a national leader in terms of balancing the needs of the mining industry and the requirements of the protected areas program.

In 2007, Xstrata Nickel modified their claims at Little Limestone Lake to allow the designation of a park reserve that legally protects this unique lake.



"To preserve this valuable natural feature, our company has agreed to reduce our claims in the area to create the park reserve just as we did for Walter Cook Caves. This is definitely a win-win opportunity for the people who live here, the province and the mining industry as we work together to protect this spectacular lake and the high mineral potential of the area."

JAMIE ROBERTSON, DIRECTOR OF RAGLAN NICKEL MINE EXPLORATION IN NORTHERN QUEBEC FOR XSTRATA NICKEL (JULY 2007)

FINANCIAL INCENTIVES PROMOTE EXPLORATION AND DEVELOPMENT

MEAP—an incentive to explore

Since 1995, the Mineral Exploration Assistance Program (MEAP) has offered over \$31.5 million in direct financial incentives for exploration projects in Manitoba. MEAP was renewed in 2007 and will offer \$7.5 million in funding over the next three years starting April 2008.

The program is designed to attract companies and stimulate exploration activity for metallic and industrial mineral deposits. Financial assistance of up to 35% of approved eligible expenditures to a maximum of \$400,000 per recipient per fiscal year is available to companies or individuals exploring in the province.

“MEAP is the single most important and by far the clearest signal that Manitoba is very supportive of the mining sector.”

RICHARD MURPHY, PRESIDENT AND CEO
INDEPENDENT NICKEL CORP. (JANUARY 2008)

“Although properties are key, it is important for us to promote we are exploring in a pro-mining environment. MEAP is proof of that.”

ANDRÉ TESSIER, PRESIDENT AND CEO
MURGOR RESOURCES INC. (NOVEMBER 2007)

MPAP—support for prospectors

The Manitoba Prospectors Assistance Program (MPAP) offers over \$123,000 per fiscal year to encourage mineral prospecting in Manitoba. The program covers 50% of approved expenditures to a maximum of \$9000 per recipient per fiscal year. MPAP was renewed in 2007 for another three years starting April 2008.

MMETC—incentive for investors

The Manitoba Mineral Exploration Tax Credit (MMETC) was introduced in 2002 and renewed in 2007 to encourage and promote exploration and development of mineral deposits in the province. It offers a 10% non-refundable tax credit to Manitobans who invest in flow-through shares to finance an exploration project in the province.

The MMETC will more effectively stimulate investment in junior exploration companies operating in Manitoba and complements existing provincial incentives offered under the Mineral Exploration Assistance Program (MEAP). The MMETC is harmonized with the 15% federal exploration flow-through-share tax credit.

Access to capital

Manitoba has amended legislation to allow the Province's labour-sponsored funds, including the ENSIS Growth Fund, to invest in advanced exploration and mining development projects.

MANITOBA'S MINING TAX INCENTIVES

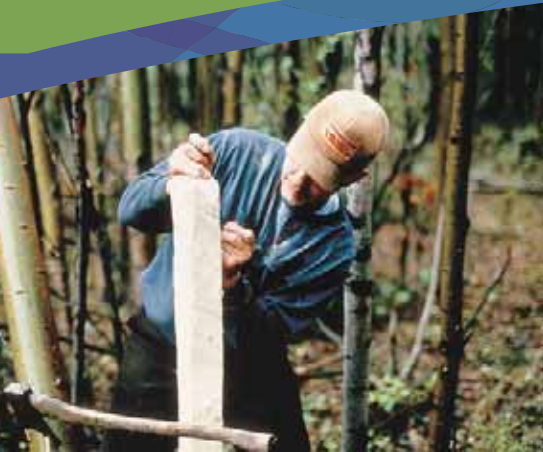
The basic mining tax rate of 18% is offset by a number of initiatives including

- a tax holiday for new mines; a new mine does not pay mining tax until its profits exceed the total cost of capital assets
- an off-site exploration allowance of up to 150%
- an investment tax credit of up to 7% for investment in new mines and processing facilities in Manitoba or major expansions of existing mines and processing facilities
- a processing allowance of up to 20% of the original capital costs of processing assets

Other tax reductions

- various sales tax exemptions
- motive fuel tax exemptions
- corporate income tax reduced to 14% in 2007 and 13% in 2008





STAKING A CLAIM

There are two ways to stake a claim in Manitoba:

- in the surveyed area in the south, claims may be map-staked; minimum size is 16 hectares; maximum size is 256 hectares, more or less
- in the non-surveyed area in northern and southeastern Manitoba, claims must be ground-staked; minimum size is 16 hectares; maximum size is 256 hectares, more or less

A claim is good for two years after it has been recorded. To maintain a claim in good standing beyond two years, the holder is required to perform and report exploration work.

Work requirements are:

\$12.50 per hectare each year from year 2 to year 10

\$25 per hectare for year 11 and beyond

MANITOBA MINING LAWS

Manitoba's *Mines and Minerals Act* provides the explorationist and mine developer with a stable and secure land-tenure system. Manitoba Science, Technology, Energy and Mines administers this act, which provides the regulatory framework for all mineral exploration and development in the province.



Acquiring mineral rights

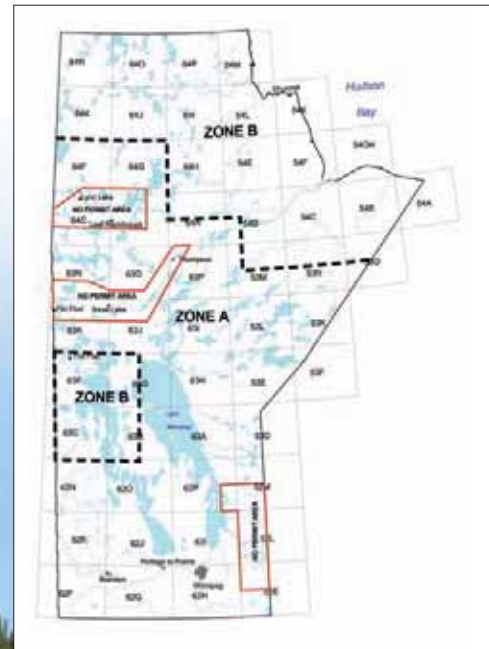
Acquisition of mineral rights in Manitoba follows two different paths depending upon whether the commodity being sought is a metal or a quarry mineral.

Mineral rights associated with exploration for metals can be obtained by

1. staking a mining claim, or
2. applying for a large area disposition called a mineral exploration licence.

Crown quarry mineral rights can be acquired by

1. applying for a quarry lease that grants exclusive rights to the lessee, or
2. obtaining a casual quarry permit that is annual and non-exclusive, or
3. applying for a quarry exploration permit that allows exploration for industrial minerals but must be converted to either a quarry lease or a casual quarry permit prior to production.





Claim maps

Claim maps show all mining claims, mineral exploration licences, mineral leases, patented mining claims, quarry exploration permits, as well as other encumbrances on mineral rights such as parks and protected areas, reserve lands and treaty land entitlement land selections. These maps are available from Mines Branch offices in Winnipeg and Flin Flon and can be viewed through the GIS Map Gallery on the Mineral Resources Division website.

Prospecting licences

Anyone who stakes a claim or conducts exploration work in Manitoba is required to have a Prospecting Licence. The licence costs \$13 and is good for life. Individuals or companies do not need a licence to hold an interest in a claim.

Companies that wish to apply for and hold a mineral exploration licence must obtain a Company Prospecting Licence. The company must be registered to do business in Manitoba before obtaining a licence. The licence costs \$257 and is good for as long as the company is in existence.

The Production stage

In order to produce minerals from a claim, the claim must be converted to a mineral lease. A claim can be converted to a mineral lease if, over the life of the claim, required work in the amount of \$625 per hectare has been reported. The term of a mineral lease is 21 years with an annual rental of \$10.50 per hectare.

Mine closure

Companies must file closure plans and supply a security deposit for mining operations and advanced exploration projects. Closure plans must meet provincial and federal environmental and workplace health and safety requirements.



OBTAINING A MINERAL EXPLORATION LICENCE

Holders of Manitoba prospecting licences can apply for a Mineral Exploration Licence that does not require boundaries to be marked on the ground. The province is divided into two zones, Zone A and Zone B, with different expenditure requirements, size restrictions and licence terms for each zone.

Mineral exploration licences

- mineral exploration licences are not available in the main mining areas
- licences may be applied for at any time
- an application fee of \$359.00 and a cash security deposit of \$0.50 per hectare are required

Zone A requirements

- minimum size 5000 hectares; maximum size 50 000 hectares
- three-year term, renewable for an additional three years
- expenditure requirements:
 - \$1.25/ha – 1st year
 - \$5.00/ha – 2nd year
 - \$7.50/ha – 3rd year
 - \$10.00/ha – 4th year
 - \$12.50/ha – 5th year
 - \$15.00/ha – 6th year

Zone B requirements

- minimum size 5000 hectares; maximum size 100 000 hectares
- five-year term, renewable for an additional five years
- expenditure requirements:
 - \$0.50/ha – 1st year
 - \$1.00/ha – 2nd year
 - \$1.50/ha – 3rd year
 - \$3.00/ha – 4th year
 - \$4.00/ha – 5th year
 - \$4.00/ha – 6th year
 - \$4.00/ha – 7th year
 - \$5.00/ha – 8th year
 - \$5.00/ha – 9th year
 - \$6.00/ha – 10th year

SERVICE SECTOR SUPPORTS INDUSTRY NEEDS

Manitoba offers an extensive network of service providers:

- regional airlines, fixed-wing and helicopter services
- freight expeditors
- exploration and prospecting
- line cutting and staking
- prospecting equipment and supplies
- drilling, boring, blasting and mining contractors
- road construction and building trades
- engineering and consulting
- remote sensing
- geological and geophysical surveying
- geotechnical services
- data collection, processing and analysis
- drafting and mapping services
- mining equipment and supplies
- financial, legal, accounting
- communication and information technology
- employment and human resources
- occupational health and safety
- emergency assistance and response
- biotechnology
- reclamation and remediation
- environmental assessment



MANITOBA'S MINING COMMUNITIES

CITY OF FLIN FLON

Location: 632 km northwest of Winnipeg

Population: 5,594 (2006)*

Access: air, road, rail

Commodities: copper, zinc, gold, silver

Mines:

present producers: 2

past producers: 13

Processing facilities: mill, copper smelter, zinc plant and cell house

SHERRIDON

Location: 641 km north of Winnipeg

Population: 113 (2001)*

Access: road, rail

Commodities: copper, zinc, gold

Mines: past producers: 2

TOWN OF SNOW LAKE

Location: 592 km northwest of Winnipeg

Population: 837 (2006)*

Access: air, road, rail

Commodities: copper, zinc, gold, silver

Mines: past producers: 16

Processing facilities: mill

TOWN OF LYNN LAKE

Location: 818 km north of Winnipeg

Population: 714 (2006)*

Access: air, road, rail

Commodities: nickel, copper, zinc, gold, silver

Mines: past producers: 6

TOWN OF LEAF RAPIDS

Location: 751 km north of Winnipeg

Population: 539 (2006)*

Access: air, road

Commodities: copper, zinc

Mines: past producer: 1

CITY OF THOMPSON

Location: 655 km north of Winnipeg

Population: 13,446 (2006)*

Access: air, road, rail

Commodities: nickel, copper

Mines:

present producers: 2

past producers: 5

Processing facilities: nickel smelter, refinery, mill

TOWN OF BISSETT

Location: 164 km northeast of Winnipeg

Population: 243 (2001)*

Access: road

Commodities: gold, silver

Mines:

present producer: 1

past producers: 15

Processing facilities: mill

TOWN OF LAC DU BONNET

Location: 83 km northeast of Winnipeg

Population: 1009 (2006)*

Access: road, rail

Commodities: tantalum, cesium products, rubidium, spodumene, nickel, copper, chromite

Mines:

present producer: 1

past producers: 2

Processing facilities: mill, cesium processing plant

WABOWDEN

Location: 565 km north of Winnipeg

Population: 497 (2001)*

Access: road, rail

Commodities: nickel

Mines: past producers: 1

* Population statistics from Statistics Canada



INDUSTRY AND PROFESSIONAL ASSOCIATIONS

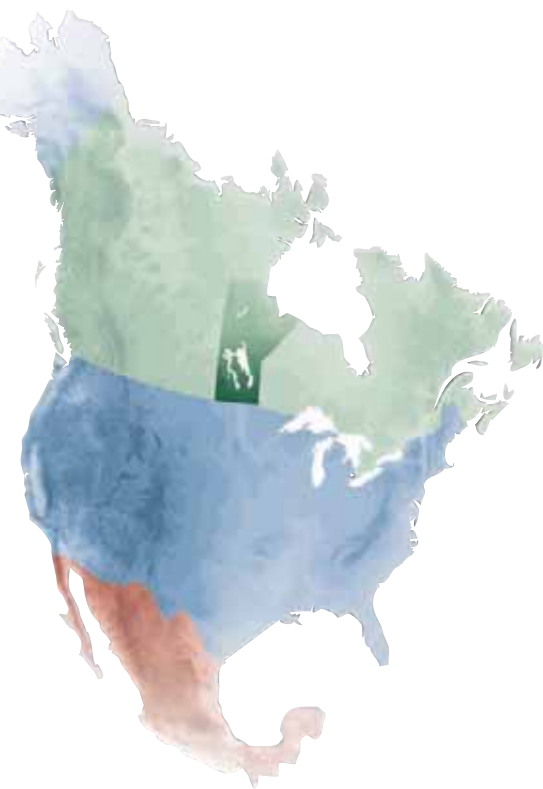
In Manitoba, the practices of professional engineering and professional geoscience are regulated under the *Engineering and Geoscientific Professions Act* (June 29, 1998).

Anyone who engages in the practice of these professions within the province must be a member of the Association of Professional Engineers and Geoscientists of the Province of Manitoba (APEGM).

Manitoba's mining sector is supported by long-standing industry associations whose members promote exploration and mining in the province and are primary sources of information. They include:

- Mining Association of Manitoba
- Manitoba Prospectors and Developers Association
- Manitoba/Saskatchewan Prospectors and Developers Association
- CIM (Canadian Institute of Mining, Metallurgy and Petroleum), Manitoba Chapter
- Geological Association of Canada, Manitoba Chapter





For an up-to-date listing of companies, visit manitoba.ca/minerals and link to:

- the Exploration Activity Tracker, or
- the Client Services directory of Exploration and Mining Companies.



COMPANIES WITH MANITOBA-BASED EXPLORATION PROJECTS

[Anglo American Exploration \(Canada\) Ltd.](#)

[Bell Resources Corporation](#)

[BHP Billiton World Exploration Inc.](#)

[Bison Gold Exploration Inc.](#)

[Black Pearl Minerals Consolidated Inc.](#)

[Callinan Mines Limited](#)

[Canadian Royalties Inc.](#)

[CanAlaska Ventures Ltd.](#)

[Canasia Industries Corporation](#)

[Canstar Resources Inc.](#)

[Carlisle Goldfields Limited](#)

[Copper Reef Mines](#)

[Cream Minerals Ltd.](#)

[Crescent Resources Corp.](#)

[Crowflight Minerals Inc.](#)

[Cuprus Mining Corporation](#)

[De Beers Canada Inc.](#)

[Dunlop Explorations](#)

[Endowment Lakes \(2002\) Ltd.](#)

[Foran Mining Corporation](#)

[Garson Gold Corp.](#)

[Gossan Resources Limited](#)

[Grandview Gold Inc.](#)

[Halo Resources Ltd.](#)

[Harvest Gold Corporation](#)

[Hinterland Metals Inc.](#)

[HudBay Minerals Inc.](#)

[Independent Nickel Corp.](#)

[Indicator Explorations Ltd.](#)

[International Samuel Exploration Corp.](#)

[Kria Resources Ltd.](#)

[Lynn Lake Nickel Mining Company](#)

[Marathon PGM Corporation](#)

[Marum Resources Inc.](#)

[Murgor Resources Inc.](#)

[Mustang Minerals Corp.](#)

[Nevgold Resource Corporation](#)

[Peregrine Diamonds Ltd.](#)

[Puma Exploration](#)

[Pure Nickel Inc.](#)

[RJK Explorations Ltd.](#)

[Rockcliff Resources Inc.](#)

[Rolling Rock Resources Corporation](#)

[San Gold Corporation](#)

[Santoy Resources Ltd.](#)

[Strider Resources Limited](#)

[Tantalum Mining Corporation of Canada Ltd.](#)

[Tiberius Gold Corp.](#)

[Tribune Uranium Corp.](#)

[Troymet Exploration Corp.](#)

[Vale Inco Limited](#)

[Victory Nickel Inc.](#)

[VMS Ventures Inc.](#)

[W. Bruce Dunlop Ltd.](#)

[W.S. Ferreira Ltd.](#)

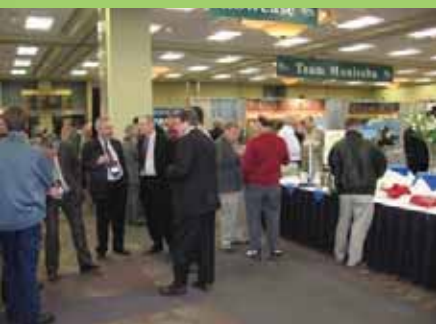
[Western Areas NL](#)

[Western Warrior Resources Inc.](#)

[Wildcat Exploration Ltd.](#)

[Xstrata Nickel \(a business unit of Xstrata Canada Corporation\)](#)





MANITOBA MINING AND MINERALS CONVENTION

Join us at our annual convention to discover how Manitoba's comprehensive geoscience database, mining friendly attitude and welcoming business climate can help your company get the results it needs.

Website: www.mineralsconvention.com

Telephone: (204) 945-6558

Toll-free: 1-800-223-5215

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