

# QUANTITY, MINE MOUTH OUTPUT VALUE AND DUTIES PAID BY MINING COMPANIES

Décembre 2016

**Ministère de l'Énergie et des Ressources naturelles**

### Quantity, value and duties paid per mine by mining companies in 2015 (Can\$)

Operator	Mine	Mining leases and concessions	Substance <sup>1</sup>	Quantity sold (unit of measurement) <sup>2</sup>	Mine-mouth output value <sup>3, 4</sup> (Can\$)	Duties paid <sup>4, 5</sup> (Can\$)
ARCELORMITTAL EXPLOITATION MINIÈRE CANADA S.E.N.C.	Mont-Wright	CM-457, CM-484, CM-498, CM-514, BM-822, BM-840, BM-841, BM-1003, CM-523	Iron	21 877 918 dmt	395 672 467 \$	13 681 646 \$
	Fire Lake	BM-865	Iron	3 365 084 dmt	46 985 932 \$	1 624 690 \$
				<b>TOTAL</b>	<b>442 658 399 \$</b>	<b>15 306 336 \$</b>
RIO TINTO FER ET TITANE INC.	Lac Tio	CM-381, CM-368	Ilmenite	35 812 dmt	78 657 720 \$	786 577 \$
HECLA QUÉBEC INC.	Casa Berardi	BM-768, BM-833	Gold Silver	130 076 oz 28 125 oz	169 546 081 \$	4 381 843 \$
MINES RICHMONT INC.	Beaufor	CM-280PTA, CM-280PTB, BM-750	Gold	26 875 oz	33 873 360 \$	338 734 \$
			Silver	4 902 oz		
	Monique	BM-1012	Gold Silver	17 657 oz 3 004 oz	13 316 738 \$	133 167 \$
			<b>TOTAL</b>		<b>47 190 098 \$</b>	<b>471 901 \$</b>
QMX GOLD CORPORATION	Lac Herbin	CM-300, BM-739, BM-801, BM-873	Gold	9 283 oz	6 583 808 \$	75 507 \$
LES MINES OPINACA LTÉE	Éléonore	BM-1009	Gold	231 000 oz	261 349 772 \$	8 053 991 \$
BREAKWATER RESOURCES LTD	Langlois	BM-831	Zinc Copper	72 257 dmt 7 743 dmt	43 780 066 \$	437 801 \$
CANADIAN ROYALTIES INC.	Nunavik Nickel	BM-880, BM-881, BM-882, BM-883 BM-1044	Nickel Copper	104 391 dmt 68 370 dmt	26 125 072 \$	261 251 \$
K+S SEL WINDSOR LTÉE	Seleine	BM-1, BM-2, BM-712, BM-819, BM-820	Salt	1 177 236 mt	66 275 570 \$	2 833 569 \$
IMERYS GRAPHITE & CARBONE CANADA INC.	Lac-des-Îles	BM-788	Graphite	9 674 mt	3 912 383 \$	39 124 \$
IMERYS MICA SUZORITE INC.	Lac Letondal	BM-670	Mica	23 493 mt	11 705 565 \$	1 265 128 \$
RESSOURCES MÉTANOR INC.	Lac Bachelor	CM-510, BM-1025	Gold	41 242 oz	35 749 007 \$	357 490 \$
DENTSPLY CANADA LTD	Othmer	BM-855	Feldspar	129 500 kg	229 024 \$	10 283 \$
THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP	Bloom Lake	BM-877	Iron	5 935 665 dmt	55 107 284 \$	551 073 \$
<b>Total (Can\$)</b>					<b>1 248 869 849 \$</b>	<b>34 831 874 \$</b>

**Quantity, value and duties paid per mine by mining companies in 2015 (US\$)<sup>6</sup>**

Operator	Mine	Mining leases and concessions	Substance <sup>1</sup>	Quantity sold (unit of measurement) <sup>2</sup>	Mine-mouth output value <sup>3, 4</sup> (US\$)	Duties paid <sup>4, 5</sup> (US\$)
GLENORE CANADA CORPORATION	Raglan	BM-836, BM-837, BM-838, BM-839, BM-844, BM-853, BM-859, BM-860, BM-861, BM-866, BM-867, BM-1016, BM-1017	Nickel Copper Platinum-group elements	34 026 mt 8 737 mt 196 936 oz/troy	268 827 393 \$	9 369 208 \$
	Bracemac-MacLeod	BM-1023, BM-1024	Zinc	44 565 mt	68 031 320 \$	2 371 037 \$
	<b>TOTAL</b>				<b>336 858 713 \$</b>	<b>11 740 245 \$</b>
AGNICO EAGLE MINES LIMITED	LaRonde	BM-1027, BM-854, BM-796, CM-240 PTA-PTB	Gold Silver Zinc Copper	269 303 oz 1 056 oz 4 162 t 5 262 t	243 915 041 \$	8 797 178 \$
	Lapa	BM-871, CM-290	Gold Silver	91 593 oz 3 665 oz	87 198 590 \$	3 144 954 \$
	Goldex	BM-879	Gold	116 836 oz	109 717 230 \$	3 957 124 \$
			Silver	1 378 oz		
<b>TOTAL</b>				<b>440 830 861 \$</b>	<b>15 899 256 \$</b>	
IAMGOLD CORPORATION	Westwood	BM-1002	Gold Silver	64 773 oz 65 071 oz	55 341 746 \$	553 417 \$
NIOBEC INC.	Niobec	BM-663, BM-706	Niobium	5 385 238 kg	70 767 328 \$	7 128 769 \$
CANADIAN MALARTIC GP	Canadian Malartic	BM-892, BM-1007, CM-226, BM-1011, BM-1020	Gold Silver	574 561 oz 600 183 oz	396 525 289 \$	13 660 000 \$
<b>Total (US\$)</b>					<b>1 300 323 937 \$</b>	<b>48 981 687 \$</b>

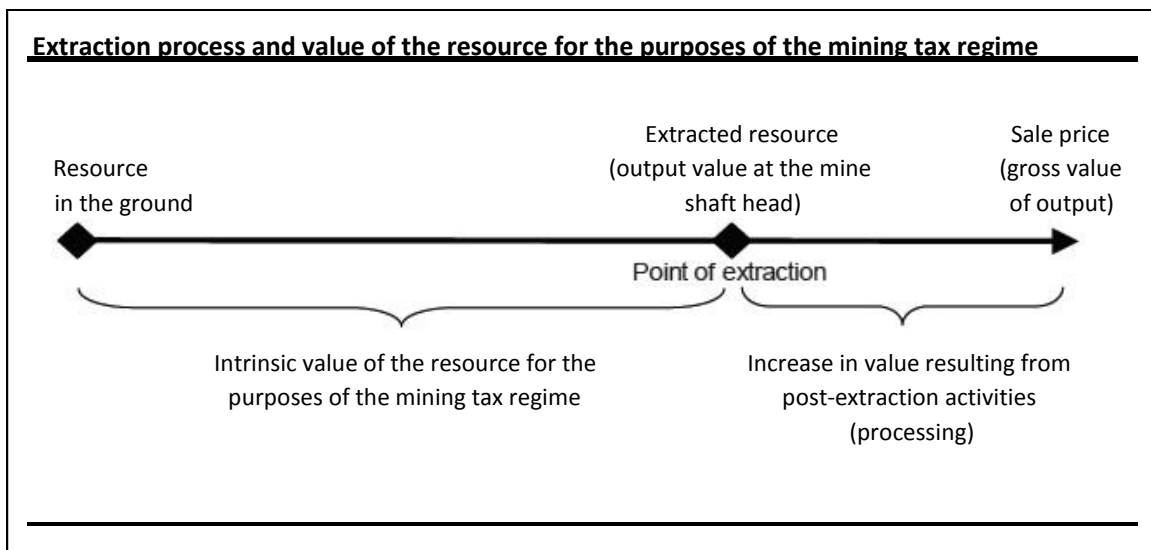
## Notes with regard to data made public under Sections 120 and 215 of the Mining Act

**Note 1:** Principal mineral substances sold.

**Note 2:** The units of measurement are those provided by the operators.

**Note 3:** The objective of the mining tax regime is to tax the resource at the time of its extraction at the mine shaft head, which means that the value added by the processing activities is exempt from mining tax.

This increase in value is not related to the economic value of the resource and does not belong to Quebecers. However, it is subject to the general corporate income tax system, like all other manufacturing activities.



**Note 4:** Data relative to operators with mining operation income earned in their fiscal year ending in 2015.

**Note 5:** An operator is required to pay, for a fiscal year starting after December 31, 2013, mining duties corresponding to the greater of its minimum mining tax and its mining tax on annual profit, for the fiscal year.

### Minimum mining tax

In order that the minimum mining tax be calculated on a value that approaches the value of the ore at the mine shaft head, expenses incurred by the operator from the first accumulation site of the mineral substance after it is removed from the mine will be deducted from the gross value of the annual output for the mine.

Note that the gross value of the annual output of an operator from a mine, for a fiscal year, is the value of the mineral substances and the processing products from the operator's mining operation. Therefore, this value may include a value-added resulting from processing activities.

For some operators, the inclusion of this value-added to the gross value of the annual output is significant. As previously mentioned, this increase in value is not subject to the mining tax regime. However, it is subject to the general corporate income tax system. Therefore, the taxation of these added-values are not reflected in the duties paid by companies under the Mining Tax Act.

The calculation of the output value at the mine shaft head in respect of a mine can be illustrated as follows:

<b>Calculation of the output value at the mine shaft head in respect of a mine</b>
Gross value of the annual output for the mine
<b>Less :</b>
- Expenses incurred to achieve the gross value of the annual output in respect of the mine that relate to :
▪ activities of crushing, grinding, sieving, processing, handling, transportation and storage of the mineral substance from the mine, from its first accumulation site after it is removed from the mine;
▪ marketing activities of the mineral substance.
- General and administrative expenses that relate to the above activities;
- Depreciation allowance for property used in mining operation activities from the first accumulation site of the mineral substance after it is removed from the mine;
- Processing allowance.
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= Output value at the mine shaft head in respect of the mine <sup>(1)</sup>
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(1) The output value at the mine shaft head in respect of the mine may in no case be less than 10% of the gross value of the annual output for the mine.

As for the minimum mining tax, it is calculated as follows:

- 1% in respect of the first \$80 million of output value at the mine shaft head;
- 4% in respect of the output value at the mine shaft head in excess of \$80 million.

## Mining tax on annual profit

Briefly, the calculation of the annual profit of an operator can be illustrated as follows:

<b>Calculation of the annual profit of an operator</b>
Gross value of the annual output for the mine
<b>Less :</b>
- Mining costs (production costs and other expenses attributable to the mine);
- Depreciation allowance of assets used in mining operations;
- Post-production development allowance;
- Processing allowance;
- Additional allowance for a mine situated in northern Québec.
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= Annual earnings from the mine <sup>(1)</sup>
Annual earnings from each mine
<b>Less :</b>
- Scientific research and experimental development expenses;
- Exploration allowance;
- Pre-production development allowance.
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= Annual profit of an operator
(1) For an operator that develops a mineral substance in reasonable commercial quantities or that is associated with an entity that develops a mineral substance in reasonable commercial quantities, the loss of the mine is deemed null and cannot reduce the profits of another mine.

The government has implemented a progressive mining tax on profit so that the higher a mining corporation's profit margin, the higher the mining tax.

The rates vary from 16% to 28%, depending on the profit margin, which is calculated as follows:

$$\frac{\text{Operator's mining profit}}{\text{Total of the gross value of the annual output for all the mines it operates}}$$

### **Mining tax on profit according to the profit margin**

<b>Profit margin</b>	<b>Applicable rates</b>
0% to 35%	16,0%
35% to 50%	22,0%
50% to 100%	28,0%

**Note 6:** These operators have transmitted their information using functional currency which is a currency other than the Canadian dollar. Therefore, the data was presented in the chosen currency. The conversion into Canadian dollar can not be performed because of the different variations in the exchange rate during the year.

Sources: Certain extracts of the explanatory notes have been derived from the documents *Information Bulletin 2013-4* and *A new mining tax regime fair for all*, published by the ministère des Finances du Québec.