



**PROSPECTORS &
DEVELOPERS
ASSOCIATION
OF CANADA**

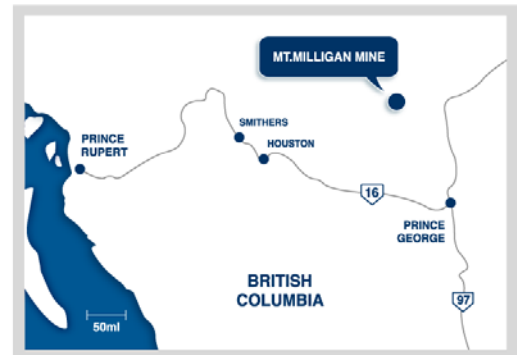
**ASSOCIATION
CANADIENNE DES
PROSPECTEURS ET
ENTREPRENEURS**

Overview

Mt. Milligan is an open pit copper and gold mine developed by Thompson Creek Metals. It is a leading example of how flow-through shares (FTS) can act as seed money for exploration activity and the discovery of a mineral resource, eventually leading to the development of a mine. The mine commenced operation in 2013 and processes 60,000 metric tonnes per day, with an average annual production of 81 million pounds of copper and 195,000 ounces of gold, and a predicted mine life of 22 years.

Location

Mt. Milligan is located on the traditional territories of the McLeod Lake Indian Band and Nak’azdli Whut’en First Nation in northcentral British Columbia. It is 155 kilometers northwest of Prince George, which has a population of 72,000, and within a daily commute distance of two forestry-based communities Mackenzie and Fort St. James.



Project History

Early exploration activity began in 1937 and resulted in a gold-bearing float that was found on the western flank of Mount Milligan. Since 1984, various companies conducted exploration work, leading to the first significant gold-copper mineralization discovery by Lincoln Resources in 1987. Placer Dome purchased the deposit in 1990 and undertook various studies in the following years. The project was dormant from 1998-2002 due to low commodity prices, and was re-initiated in 2003. In 2006, the prefeasibility was completed and Barrick Gold acquired Placer Dome. The Mt. Milligan property was sold to Terrane Metals Corp. who ultimately completed a feasibility study, and in 2009 decided to construct the mine. Thompson Creek Metals acquired Terrane in January 2010 and commenced operation of the mine in 2013.

Financing History

Terrane Resources

Year	FTS Financing (CAD)	FTS as a % of Total Financing
2007	\$7 million	~13%
2008		
2009	\$5.5 million	100%
Total: \$12.5 million		~20%

Terrane Resources raised \$12.5 million from 2007-2009, following the financial meltdown of the banking system. Almost 100% of funds were raised using FTS.

Impact of Flow-Through

The funds raised via FTS enabled Terrane Metals to further explore the deposit, which allowed them to complete feasibility studies and bring the project to a construction decision point. Mt. Milligan became a desirable property leading to Thompson Creek’s \$650 million acquisition and subsequent \$1.6 billion in capital expenditures. Of these capital expenditures, much of it was spent on local goods and services. At the height of construction, as many as 1,100 contractors were on site, and over 200 local companies were hired. Following the commencement of the mine in 2013, hundreds of millions of dollars have benefited the region as specified below.

Socio-Economic Contribution

The construction and operation of the Mt. Milligan mine has contributed significantly to the province’s economy.

Employment and Training:

- As of 2015, Mt. Milligan has 463 employees, out of which 60 are First Nation. The table below provides data on wages and benefits for employees in the years 2011-2015.

	2011	2012	2013	2014	2015
Employee wages and benefits (CAD)	\$6.3 million	\$13 million	\$90 million	\$84 million	\$64 million

- In addition, Thompson Creek works with local communities to identify positions at the mine and mill for which training can be provided directly by the company and indirectly through educational and technical institutions. Mt. Milligan supports apprenticeship training in a number of trade positions related to the mine’s needs.

Local Expenditures

- In the years of mine construction, and in the first years of operation, Thompson Creek spent nearly \$2 billion in procurement from suppliers, many of which were local. The table below shows the amount spent each year.

	2011	2012	2013	2014	2015
Total payments to suppliers	\$249 million	\$480 million	\$723 million	\$402 million	\$270 million
Payment to local suppliers	\$27 million	\$124 million	N/A	\$55 million	\$54 million

Taxes and Royalties

- Since commencement of the mine, Thompson Creek has paid the provincial and federal government over \$37 million in taxes and royalties. The table below specifies the amount paid in these years.

	2013	2014	2015
Payments to governments	\$12 million	\$11 million	\$14 million

Community Investment

- In order to assist in the development of sustainable prosperity within the communities surrounding Mt. Milligan, Thompson Creek has prioritized five core funding areas, as identified in the Thompson Creek Metals Company Charitable Giving and Employee Matching Gift Program. These are: health, education, community development, environmental stewardship and arts and culture. Thompson Creek Metals distributes funds in these areas primarily in response to community requests.
- The table below shows the past and planned charitable expenditure in the nearby communities.

	2011	2012	2013	2014	2015	2016-2018 (F)
Community charitable spending	\$128 thousand	\$150 thousand	\$67 thousand	\$103 thousand	\$36 thousand	\$50 thousand/year

Supporting First Nation Communities

- Thompson Creek has a Socio-Economic agreement with the McLeod Lake Indian Band, dated August 25, 2010, and an Impact Benefit Agreement with the Nak’azdli Whut’en, dated April 22, 2016. Mt. Milligan has contracts with various Canadian companies that have First Nation partners or affiliations, including: Duz Cho Logging, Duz Cho Construction, Scarlet Security, Outland Camps and Sodexo Canada.



Conclusion

While some exploration activities at Mt. Milligan were funded by regular equity financing, the use of FTS was critical to continue exploration work and deposit appraisal. As a result, contribution to exploration activities at Mt. Milligan yielded extraordinary returns, turning an investment of a few million dollars into a benefit of hundreds of millions of dollars to Canada.