

2020

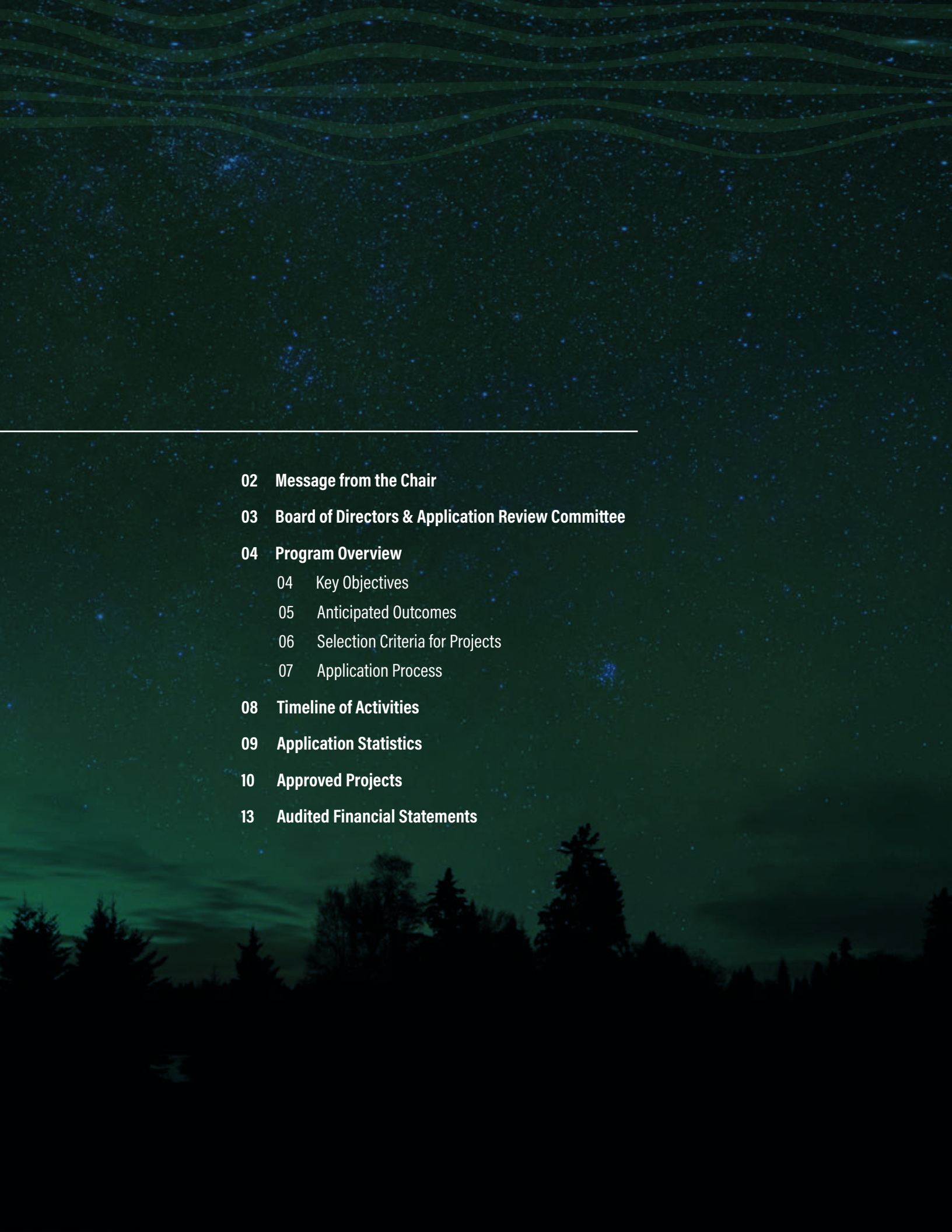
ANNUAL REPORT



**FUNDING
NORTHERN
POSSIBILITIES**



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MESSAGE FROM THE CHAIR



2020 marked the Manitoba Mineral Development Fund's (MMDF) first year in operation. Earlier this year we did not know what launching MMDF during the COVID 19 pandemic would look like. Our Board and staff wondered - will communities and businesses have time to dedicate to economic development projects while they are just trying to survive? How will the pandemic impact mineral exploration projects moving forward this year? And, what will outreach and engagement with northern communities look like during a time where meeting in person is not an option?

Amid uncertainty, MMDF launched in July 2020 and northern communities, the mining industry, and key community organizations responded. Since July 2020, MMDF has approved \$1,525,750 in funding towards a range of strategic projects that increase economic partnerships, local employment opportunities, and regional investment. Our dedicated Application Review Committee has reviewed and analyzed 20 projects and recommended approval of 11 projects which were then approved by the Board. After approval, our project proponents worked tirelessly to carry out their projects with MMDF alongside our supportive staff.

Most of all, this year demonstrated the strength of MMDF's structure. From our locally led project approvals to our flexible and nimble application process, MMDF was able to mobilize economic opportunities that will have lasting impacts. Without our community-minded Application Review Committee, Board, and staff, we would not have experienced the early success we did in 2020.

On behalf of the MMDF Board, we look forward to an impactful year in 2021 and to continuing to support

Indigenous communities, the mining industry, municipalities, and northern businesses to grow Manitoba's northern economy.

Chuck Davidson

*President & CEO of the Manitoba Chambers of Commerce
Chair of the Manitoba Mineral Development Board*



BOARD OF DIRECTORS & APPLICATION REVIEW COMMITTEE

BOARD OF DIRECTORS



Chuck Davidson
*(Chair), President & CEO
of the Manitoba Chambers
of Commerce*



Kevin Ploegman
*Partner, Fort Group,
Manitoba Chambers of
Commerce Board Member*



Darin Downey
*President & CEO of
Gardewine Group, Manitoba
Chambers of Commerce
Board Member*



Colleen Smook
*Mayor of the City of
Thompson, Association of
Manitoba Municipalities
(Cities Caucus Chair)*



Richard Trudeau
*Director, HR, External &
Indigenous Affairs HudBay
Minerals – Mining Association
of Manitoba (Vice-President)*

APPLICATION REVIEW COMMITTEE



Cal Huntley
*Mayor, City of
Flin Flon (Chair)*



Kathy Valentino
*Councillor, City of Thompson,
Association of Manitoba
Municipalities (Vice-Chair)*



Ron Evans
*President of R.G. Evans
Indigenous Solutions*



Becky Cianflone
*Executive Director,
Community Futures
Greenstone*



Rob Penner
*BSc, MSc, Associate Vice
President of Community
and Industry Solutions at
University College of
the North*



Lyle Safronetz
*B.Sc., Vale, Mining
Association of Manitoba
(President)*



Brian Ross
Gardewine Group



Jessica Ferris
Program Manager



Matt Benger
*Project Support and
Research Specialist*

STAFF

PROGRAM OVERVIEW

The Manitoba Mineral Development Fund (MMDF) is a \$20M provincial fund, administered by the Manitoba Chamber of Commerce, that provides funding for northern economic development and mining projects that create indigenous partnerships, increase local employment, and stimulate investment in Northern Manitoba. Funding is also available for projects outside of Northern Manitoba that support the mineral development industry. Each year MMDF can approve up to \$2M for projects undertaken by municipalities, indigenous communities, and non-profit or for-profit organizations that align with the Fund's objectives.

KEY OBJECTIVES

MMDF stands by the following key objectives to ensure the projects we approve align with our mandate:

- 1** Increase economic partnerships between Indigenous communities and the mineral development industry.
- 2** Build capacity in local communities and businesses to increase engagement in economic development opportunities.
- 3** Create and maintain short-term and long-term local employment opportunities.
- 4** Improve local training and education opportunities to build a skilled local workforce.
- 5** Diversify regional economies, particularly in areas of the Province that are impacted by fluctuations in the mineral development industry.
- 6** Stimulate investment in the mineral development industry.

GOALS/OUTCOMES

The evaluation of project outcomes is an important component of the transparent management of MMDF. The below section provides a framework for evaluating short- and long-term outcomes for our approved projects. As MMDF has only been in operation for 6 months, many of the approved projects are still in progress. A full program evaluation assessing project outcomes will be completed in the 2021 fiscal year.

	PERFORMANCE MEASURE
Short Term <ol style="list-style-type: none"> 1. New community job opportunities. 2. Improved relationships between communities. 3. Increased communication between the mining and mineral development industry and Indigenous communities. 	<ul style="list-style-type: none"> • # of short-term employment opportunities (# of people bridged from EI to short term employment) • # of facilitated conversations, consultations, and opportunities for engagement
Medium Term <ol style="list-style-type: none"> 1. Improved accessibility to education and skilled training. 2. Increased local interest in education or employment in the mining industry. 3. Increased local enterprise opportunities and investment. 4. Improved self-sufficiency and security in local employment. 5. Established or improved long-term relationships with Indigenous communities. 	<ul style="list-style-type: none"> • # of training programs established/the capacity of each program • Amount of local interest in mining training and education opportunities • Community interest and perceptions surrounding new projects/projects and # of projects that are undertaken by local enterprises
Long Term <ol style="list-style-type: none"> 1. Sustainable employment (good-paying, long-term jobs). 2. Diversified regional economies. 3. Increased local capacity to take on and carry out meaningful projects in the mining sector. 4. Increased sustainable revenues and investment in the region. 	<ul style="list-style-type: none"> • Number of long-term employment opportunities, jobs satisfaction of new employees, average salary of long-term jobs • Number of projects in different sectors & number of local projects initiated • Investment dollars in new or expanded enterprise in the region

SELECTION CRITERIA

Applications for funding were assessed based on the project's overall alignment with MMDF's objectives and the project's potential outcomes, location, feasibility, and viability. The MMDF Board established a set of criteria that assist the Application Review Committee to assess projects based on specific outcomes and characteristics. The Board adopted an additional set of criteria for assessing early and advanced stage mineral exploration projects to ensure all projects align with MMDF's mandate.

CRITERIA	DESCRIPTION
Community Need	<ul style="list-style-type: none"> • % population decline • Unemployment rates • Decrease in average household income(s) • Labor force/market characteristics
Economic Impact	<ul style="list-style-type: none"> • Number of jobs created or maintained • Distribution of benefits in the community • Long-term income opportunities for the community • Long-term revenues generated for governments • Sustainability within the mining sector • Degree of diversification
Collaboration and partnerships	<ul style="list-style-type: none"> • Number of partnerships created • Strategic nature of partnerships • Opportunities for long term collaboration
Local involvement/ community support	<ul style="list-style-type: none"> • Degree of local support • Degree of involvement of local community in project implementation
Sustainability beyond the project timelines	<ul style="list-style-type: none"> • Ability of project to extend or scale up to create lasting economic opportunities
Project Feasibility/Viability	<ul style="list-style-type: none"> • Project work plan • Project budget (including reasonable and eligible project costs) • Management capability • Financial commitment and capacity • Regulatory capability



MINERAL EXPLORATION PROJECT CRITERIA

CRITERIA	DESCRIPTION
Location	<ul style="list-style-type: none">• Location in proximity to key infrastructure• Context of site and proximity to surrounding community
Local procurement	<ul style="list-style-type: none">• Evidence that supplies, rentals, accommodations for the project will be sourced locally
Local employment	<ul style="list-style-type: none">• Number of local short-term employment opportunities created
Opportunities for community engagement or partnerships	<ul style="list-style-type: none">• Degree of initial consultations or engagement with the community• Opportunities for future community partnerships
Historic Results	<ul style="list-style-type: none">• Evidence of historic exploration expenditures for the site• Technical results for the site
Incremental Activities	<ul style="list-style-type: none">• Evidence that the proposed project activities are incremental in nature (e.g., investment in new technology, mobilization of additional equipment or staff, etc.)

APPLICATION PROCESS



APPLICATION

- 1 Contact staff to determine appropriate application form
- 2 Complete draft application
- 3 MMDF staff reviews application and provides feedback



APPROVAL

- 1 Application Review Committee reviews the application
- 2 Application Review Committee makes a recommendation for approval
- 3 Board provides final approval for the project



AGREEMENT MONITORING

- 1 Contribution agreement entered into between MMDF and proponent
- 2 Schedule for project monitoring established
- 3 Grant issuance based on project performance

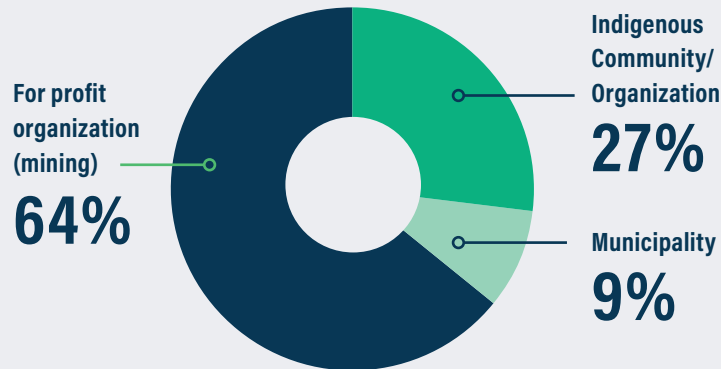
TIMELINE OF ACTIVITIES



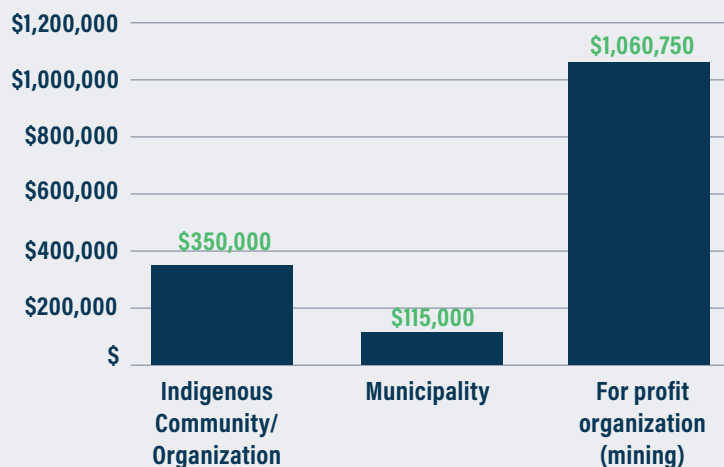


STATISTICS

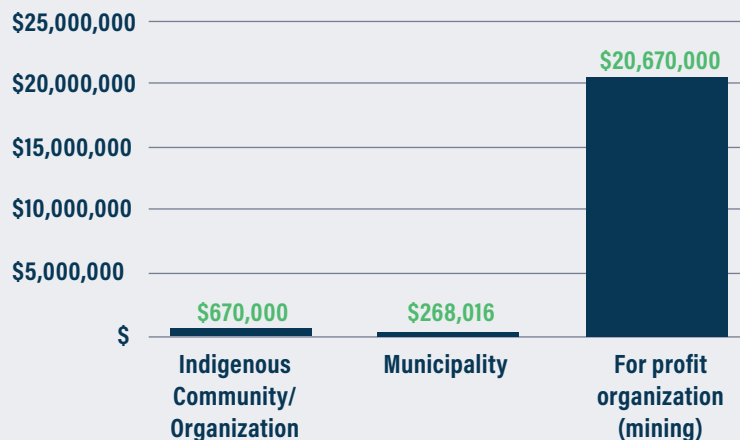
Approved applications by applicant type



Project Funding by Applicant Type



Total Project Cost by Applicant Type



Approved

\$1,525,750
in funding for projects

Disbursed

\$483,750
to approved proponents

25

project applications
submitted

20

projects reviewed
by the Application
Review Committee

11

projects approved
by the MMDF Board



2020 APPROVED PROJECTS



“ The support from the MMDF will create the opportunity for Norway House Cree Nation to work with the exploration and mining initiatives within our Traditional Territory, creating much-needed jobs and opportunities for the people in the region affected by the development. For far too long, First Nations have been left out of opportunities in this sector. This initiative will provide the incentive for First Nations and companies to begin to work together in a win-win partnership for resource development in the future. ”

Chief Larson Anderson,
Chief of Norway House Cree Nation

INDIGENOUS ENTERPRISE & PARTNERSHIPS

Norway House Cree Nation

Norway House Cree Nation has purchased a mining camp to contract out the facilities and equipment to mineral exploration companies working in the region. Partnerships and service contracts with Rockcliff Metal Corp., Victory Nickel Inc., and Cyr Drilling International have been established. MMDF contributed **\$300,000** towards the project.

Island Lake Tribal Council

Island Lakes Tribal Council completed a business plan for a mining services organization that will manage joint ventures, legal agreements, and capacity building plans for mineral exploration and development projects in the region. MMDF contributed **\$20,000** towards this project.

Marcel Colomb First Nation

Marcel Colomb First Nation, in partnership with Alamos Gold Inc, carried out a land-based youth development program that involves youth in the community learning how to construct a cabin and build a new trail to provide access to Chepil Lake on the north side of the Black Sturgeon Reserve. MMDF provided **\$30,000** to support this project.



“ With Alamos Gold’s proposal to build the Lynn Lake Gold Project in our traditional territory, our collaboration is vital. This program provides our youth the opportunity to gain hands-on skills and knowledge in a way that lends well to future employment with the project, ”

Chris Colomb,
Chief of Marcel Colomb First Nation

ANTICIPATED OUTCOMES

12 long term jobs

5 partnerships

\$670,000
project expenditures

2 youth training opportunities



MINERAL EXPLORATION & INNOVATION

Callinex Mines Inc.

Callinex Mines Inc. expanded their 2020/2021 drill program for their Pine Bay project located 16km away from Flin Flon. MMDF provided **\$300,000** in funding to mobilize additional drill equipment at the site.

// We are pleased to see the Manitoba government shares our vision for the potential the Rainbow Discovery has to create long-term jobs for the community of Flin Flon and strengthen the provincial economy. //

Max Porterfield,
CEO, Callinex Mines Inc.

BWR Exploration Inc.

BWR Exploration Inc. is moving forward with their exploration program at Little Stull Lake for 2021-2023. MMDF is contributing **\$300,000** over 3 fiscal years towards camp rehabilitation, surveying, line cutting, and initial drilling for this project. Note, the approval of funds is conditional on the completion of community consultations and discussions on partnership opportunities with Manto Sipi Cree Nation.

Big Ridge Gold Corp.

MMDF is providing **\$50,000** to Big Ridge Gold Corp. to complete an archaeological study for their Oxford Lake Project that is located within the traditional territory of Bunibonibee Cree Nation.

Snow Lake Resources Ltd.

Snow Lake Resources Ltd. is moving forward with exploration activities and development planning for their Thompson Brothers (Lithium) project. To support this project, the MMDF is providing **\$62,000** towards new drone technology that will advance their exploration work.

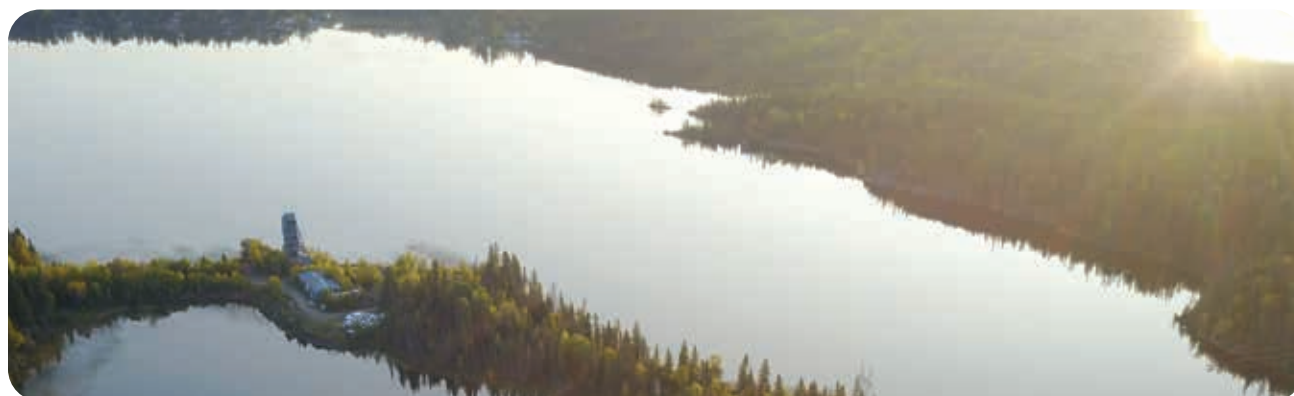


New Age Metals Inc.

New Age Metals Inc. and Twohearts Foundation carried out an exploration work program that trained and employed 5 community members from Sagkeeng First Nation to do field work at their Greer Lake site. Twohearts Foundation, a local organization from Sagkeeng First Nation, facilitated the crew training and management. MMDF contributed **\$33,250** towards this project.

Potash & Agri-Development Corp. of Manitoba

The Potash & Agri-Development Corporation of Manitoba (PADCOM) is in the process of constructing a Selective Solution Potash Mining operation in south west Manitoba near the community of Harrowby. The project will be moving forward with Phase 1 (test production) in early 2021. MMDF is providing **\$300,000** towards the project.



“ We are pleased to see that the Manitoba Mineral Development Fund shares BWR’s vision of the economic potential that the Little Stull Lake Area has, that can create near and long-term jobs for the nearby communities of God’s River and God’s Lake Narrows, thus strengthening the provincial economy and establish mutually rewarding partnerships between Indigenous Communities and Mineral Exploration Companies, designed to stand the test of time. ”

Neil Novak,
President & CEO, BWR

7268425 Manitoba Limited

7268425 Manitoba Ltd. Carried out early exploration work at their site located approximately 50km south of Prawda, Manitoba. The project involved field work such as soil sampling, geo-mapping, and drone surveying within the area. MMDF contributed **\$15,500** towards this project.

ANTICIPATED OUTCOMES

70 short term local employment opportunities

5 local training opportunities **5** community partnerships

\$20.6M project expenditures

\$5.1M invested in new mining technology and methods

COMMUNITY ECONOMIC DEVELOPMENT

ANTICIPATED OUTCOMES

4 long term employment opportunities

Capacity to attract over **\$5M** in local investment by 2023

\$268,016 in project expenditures

Thompson Community Development Corporation

Thompson Community Development Corporation is in Phase 1 of their organizational strengthening and sustainability project that involves hiring a business consultant to conduct a business plan for the organization and pursuing income generating projects that lead to the organization’s long-term financial sustainability. MMDF contributed **\$115,000** towards this project.



MANITOBA MINERAL DEVELOPMENT FUND PROGRAM
FINANCIAL STATEMENT
DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To Members of
The Manitoba Chambers of Commerce

Report on the Audit of the Financial Statement

Opinion

We have audited the statement of funding available and expenditures of the Manitoba Mineral Development Fund Program (the "Program") for the year ended December 31, 2020 and notes to the statement of funding available and expenditures, including a summary of significant accounting policies (collectively referred to as the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the funding available and expenditures of the Program as at December 31, 2020 and for the year then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statement.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Program in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared by management of The Manitoba Chambers of Commerce, the Program's administrators, to provide information relating to the funding available and expenditures as at December 31, 2020 and for the year then ended pursuant to the Program. As a result, the financial statement may not be suitable for any other purpose. The financial statement and our independent auditor's report thereon are intended solely for use by management and the Board of Directors of The Manitoba Chambers of Commerce and MMDF Corporation, as administrators of the Program, and the Government of Manitoba, specifically the Minister of Growth, Enterprise and Trade and should not be used by or distributed to parties other than management and the Board of Directors of The Manitoba Chambers of Commerce, MMDF Corporation and the Government of Manitoba.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the basis of accounting disclosed in Note 2 to the financial statement, for ensuring the basis of accounting used is appropriate in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Program's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Program or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing management's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Program's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Program to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



March 16, 2021
Winnipeg, Canada

Chartered Professional Accountants

MANITOBA MINERAL DEVELOPMENT FUND PROGRAM

Statement of Funding Available and Expenditures

For the year ended December 31, 2020

	2020	2019
Funding Available:		
Funding available beginning of year	\$ 19,800,000	\$ -
Contributions received during the year	-	20,000,000
Net investment income - realized (Note 4)	239,602	-
	20,039,602	20,000,000
Expenditures:		
Administration fees	200,000	200,000
Grants	383,750	-
	583,750	200,000
Funding available, end of year before unrealized gain (loss) on investments	19,455,852	19,800,000
Unrealized gain (loss) on investments	715,049	-
Funding available, end of year (Note 4)	\$ 20,170,901	\$ 19,800,000

See accompanying notes to financial statement.

MANITOBA MINERAL DEVELOPMENT FUND PROGRAM

Notes to Financial Statement

For the year ended December 31, 2020

1. Nature of the Fund

Manitoba Mineral Development Fund (the "Program") is an economic development program established by the Government of Manitoba to support strategic projects that contribute to sustainable economic growth by capitalizing on mineral potential and other existing assets. The Manitoba Chambers of Commerce administered the Program on behalf of the Government of Manitoba until February 20, 2020, at which time MMDF Corporation ("MMDF") was incorporated under *The Canada Not-for-Profit Corporations Act* to administer the Program pursuant to the agreement with the Government of Manitoba dated March 31, 2019. The Program is for a three year term commencing March 31, 2019 and expiring March 31, 2022. MMDF receives an administration fee to administer the Program on behalf of the Government of Manitoba (see Note 3(c)).

Although the Program is administered by MMDF, control of the Program remains with the Government of Manitoba.

2. Basis of accounting

The financial statement is prepared with funding available including funding received for the year adjusted for any excess or deficiency of funding over expenditures from the prior year plus any realized net investment income during the year. Funding available end of year is adjusted to include any unrealized gains (losses) on investments as at year end in order for the value of the fund to include the performance of the investment portfolio during the year. Expenditures are recorded on the cash basis.

3. Significant accounting policies

The financial statement is prepared in accordance with the basis of accounting disclosed in Note 2 using the following significant accounting policies:

(a) Investments

The Manitoba Chambers of Commerce is responsible for investing and managing the funds according to investment policies, standards and procedures that a prudent investor would exercise when making investment decisions regarding property of others. These investments are measured at fair value. See Note 4 for additional information relating to the investment portfolio and performance during the year.

(b) Program expenditures - grants

Approvals and authorization for grant expenditures pursuant to the Program is the responsibility of MMDF in accordance with Schedule A and Schedule B of the Agreement with the Government of Manitoba.

(c) Administration fees

Administration fees earned by MMDF are based on certain eligible expenditures included in the Agreement between The Government of Manitoba and The Manitoba Chambers of Commerce dated March 31, 2019. Total administration fees paid to MMDF for the year ended December 31, 2020 were \$200,000 (2019 - \$200,000) and will be recognized in MMDF when the eligible expenditures are incurred. Any deferred amounts in MMDF are payable back to the Program if not used for eligible administration expenses in the future. As at year end, the total deferred administration fees in MMDF were \$200,283 (2019 - \$150,000).

MANITOBA MINERAL DEVELOPMENT FUND PROGRAM

Notes to Financial Statement

For the year ended December 31, 2020

4. Funding available end of year

Funding available as at December 31 is comprised of the following:

	2020	2019
Cash	\$ 526,970	\$ 19,800,000
Investments:		
Fixed income	1,952,577	-
Equity	8,107,901	-
Mutual funds	9,583,453	-
	19,643,931	-
	\$ 20,170,901	\$ 19,800,000

As at December 31, 2020 the total cost or book value of the investment portfolio, including cash, is \$19,249,812 (2019 - \$19,800,000).

Realized net investment income for the year ended December 31 is comprised of the following:

	2020	2019
Interest income	\$ 140,139	\$ -
Dividends	32,901	-
Other income	86,290	-
Less: Investment management fees	(19,728)	-
	\$ 239,602	\$ -

Unrealized gain (loss) on investments as at year end is comprised of the following:

	2020	2019
Change in market value of investments	\$ 918,951	\$ -
Foreign exchange gain (loss)	(203,902)	-
	\$ 715,049	\$ -

