

ANNUAL MINING TAX RETURN

The Mining Tax Act

(See pages 11 and 12 for Attachments and Information Required)

Manitoba Finance
Taxation Division
Room 101 Norquay Building
401 York Avenue
Winnipeg, MB R3C 0P8



Enquiries Call: (204) 945-6444
Manitoba Toll Free: 1-800-564-9789
Web site: www.gov.mb.ca/finance/taxation

Operator _____

Fiscal Year Ended _____ 20 _____

MM-1 - CALCULATION OF MINING TAX

Total Profit for the fiscal year (MM-2)	\$	A
Tax thereon, for fiscal years ending after June 30, 2009: Where Total Profit in Box A above is: <ul style="list-style-type: none"> • < \$50 million; Tax = Total Profit x 10%. • \$50 to \$55 million; Tax = (Total Profit - \$50,000,000) x 65% + \$5,000,000. • Between \$55 and \$100 million; Tax = Total Profit x 15%. • \$100 to \$105 million; Tax = (Total Profit - \$100,000,000) x 57% + \$15,000,000. • > \$105 million; Tax = Total Profit x 17%. 		
Deduct: New Investment Credit (MM-7)		
Add: Special Tax at _____% of profit for the fiscal year		
Total Tax	\$	
Less: Instalments made		
Amounts applied from other year, (20____)		
Special Tax Refund		
Balance: <input type="checkbox"/> applied to year _____, <input type="checkbox"/> payable, <input type="checkbox"/> refundable	\$	

CERTIFICATION

I, _____ of _____
 (Name in block letters) (Address)
 am an authorized signing officer for the Operator.

I Certify that this return, including accompanying schedules and statements, has been examined by me and is a true, correct and complete return.

 Signature of an authorized signing officer of the Operator

 Position or Rank of Officer

 Date

MM-2 - CALCULATION OF PROFIT (Formula 2)

Attach a detailed statement of income for the fiscal year showing at least the following:

- Revenues from the sale of mineral products mined in Manitoba. Show quantities and revenues from sales at arms-length; for sales not at arms-length, indicate name of company, quantities and amounts.
- Revenues from custom processing Manitoba mineral products in Manitoba, quantities of mineral products processed, direct and indirect costs and net income derived.
- All costs for Manitoba mines and other mines where any costs other than direct costs are charged to Manitoba operations. Show each indirect cost allocated to Manitoba operations and the basis of allocation.
- Fees and expenses incurred not at arms-length indicating name of company and amount.
- Amounts of depreciation, depletion, or amortization included in cost of sales and in any other costs.
- Income subject to mining tax before depreciation and processing allowance

Income subject to mining tax before depreciation and processing allowance	\$	
Deduct – Depreciation (MM-6)		*
Income before processing allowance (Item A)		A

Processing Assets – in Manitoba (MM-4 – Item F)	\$		
Processing Allowance thereon @ 8% of Item F – (Item B)		\$	B
Add – Allowance for service assets 25% of B		\$	
– Additional Processing Allowance (10% of Item E on MM-4)		\$	
Sub-total - Allowance for processing of Manitoba Minerals in Manitoba		\$	
Processing Assets outside Manitoba – (MM-5)	\$		
Processing Allowance thereon at 8%		\$	
Total Processing Allowance (Item C)		\$	C*
65% of Item A (Item D)		\$	D
Processing Allowance – Deduct Lesser of Items C and D (Item E)		\$	E
TOTAL PROFIT FOR FISCAL YEAR		\$	

* Depreciation and processing allowance must be prorated for short fiscal years in accordance with subsections 9(2) and 10(7) of The Mining Tax Act respectively.

MM-4 - PROCESSING ALLOWANCE (Formulas 3 and 7)

			A	B	C	D	
Type of Processing Circuit	Weight of Direct Manitoba Minerals Put into Process	Weight of Total Direct Minerals Put into Process	% Manitoba Minerals	Original Cost of Assets in this Circuit at End of Fiscal Year	Less Accumulated New Investment Credit Deducted under subsection 13(2)	Adjusted Original Cost of Processing Assets at End of Fiscal Year (B-C)	Processing Assets Allocated to Manitoba Product (A x D)
Processing Assets eligible under Formula 7							
						Subtotal	E
Processing Assets not eligible under Formula 7 but which are eligible under Formula 3							
Total Accumulated New Investment Credit on Processing Assets					\$		
Total Processing Assets Allocated to Manitoba						\$	F
						(Enter on MM-2)	
Add Total Accumulated New Investment Credit on Non-Processing Assets					\$		
Total New Investment Credit Deducted in Previous Fiscal Years					\$		
New Mine processing Assets not eligible under Formulas 7 or 3							
						Subtotal	\$

MM-5 - PROCESSING ALLOWANCE FOR OUT-OF-PROVINCE PROCESSING (Formula 4)

Type of Processing Circuit	Weight of Direct Manitoba Minerals Put into Process	Weight of Total Direct Minerals Put into Process	A		B		Net Book Value of Assets Allocated to Manitoba Production A x B	
			% Manitoba Minerals	Original Cost of Assets in this Circuit at End of Fiscal Year	Less Accumulated Book Depreciation at the end of the Preceding Fiscal Year on Assets In this Circuit	Net Book Value of Assets in this Circuit		
TOTAL ASSETS ELIGIBLE FOR PROCESSING ALLOWANCE							Enter on MM-2	\$

MM-6 - DEPRECIABLE ASSETS AND DEPRECIATION

Description of asset and total by type of operation i.e., processing or mining or service	Undepreciated balance of asset at beginning of fiscal year	Add acquisitions during the fiscal year, indicate if not at arms-length	Add assets brought into Manitoba during fiscal year	Deduct assets removed from Manitoba during fiscal year	Deduct proceeds from disposals, indicate if not at arms-length	Deduct investment credit deducted in previous fiscal year	A	B	C	Allowable Manitoba Depreciation B x C	Undepreciated balance end of fiscal year A - B
							Balance before depreciation	Depreciation Amount (Rate ____ % of a maximum 20%)	% Manitoba minerals see MM-4		
Subtotal										\$	
New Mine Depreciable Assets and Depreciation (list each new mine separately)											
Subtotal										\$	
Total										\$	

MM-8 - SCHEDULE OF EXPLORATION EXPENDITURES IN MANITOBA

Description of Exploration Areas (NOTE)	Unused Exploration Expenditures at Beginning of Fiscal Year	Qualified Exploration Expenditures Incurred in Manitoba During Fiscal Year in accordance with subsection 7(3) of the Act	Additional Qualified Exploration Deduction for the Fiscal Year (MM-9 Item F)	Amount Claimed for Mining Tax Purposes	Unused Exploration Expenditures at End of Fiscal Year
\$	\$	\$ A	\$	\$	\$

NOTE: DO NOT INCLUDE EXPENDITURES FOR EXPLORATION ON EXISTING MINES

MM-9 - CALCULATION OF ADDITIONAL QUALIFIED EXPLORATION DEDUCTION

Qualified Exploration Expenditures Incurred in Manitoba During the Fiscal Year, in Accordance with subsection 7(3) of the Act, in the three previous fiscal years ending in	
	\$
Total (Item B)	\$ B
Item B Divided by Three (Item C)	\$ C
Qualified Exploration Expenditures Incurred in Manitoba During the Current Fiscal Year as per MM-8 Item A (Item D)	\$ D
Amount by which Current Year Qualified Exploration Expenditures Exceeds 3 Year Average (Item E = Item D - Item C)	\$ E
Additional Qualified Exploration Deduction for the Fiscal Year, in Accordance with subsection 7(3.1) of the Act = (50% of Item E)	\$ F

MM-10 - SCHEDULE OF RESERVE OR ALLOWANCE ACCOUNTS

Description of Reserve or Allowance	Reserve Balance At Beginning of Fiscal Year	Additions To Reserve	Payments During The Fiscal Year	Balance At End of Fiscal Year	Amount Charged Against Profit for Mining Tax Purposes
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$

ATTACHMENTS AND INFORMATION REQUIRED

The following documents and information must be included as part of this return:

- 1 Calculation of Profit – Formula 2 – MM-2.
- 1.1(1) An operator who must pay a special tax shall provide the following information:
 - (a) a copy of the income tax return and schedules required under *The Income Tax Act (Canada)*;
 - (b) a report containing the following information:
 - (i) the gross revenue of each mineral product according to the source of that mineral product,
 - (ii) the name of the country or province that is the destination of the shipment of mineral product,
 - (iii) whether the operator has a permanent establishment, as defined in *The Income Tax Act (Canada)*, in the country or province where the mineral product is shipped,
 - (c) if the operator is claiming a refund of special tax, a detailed calculation of the refund.
- 1.1(2) An operator who was required to pay a special tax for any taxation year shall provide the following information:
 - (a) copies of all assessments and reassessments received by the operator under *The Income Tax Act (Canada)* for each taxation year;
 - (b) copies of amended income tax returns and schedules filed or required under *The Income Tax Act (Canada)*.
- 1.1(3) An operator who has a mine eligible for the new mine tax holiday shall provide the following information separately for each new mine:
 - (a) a list of mines eligible for the new mine tax holiday;
 - (b) a statement of profit or loss of each mine eligible for the new mine tax holiday;
 - (c) a calculation of new mine tax holiday pool (Formula 5) for each new mine eligible for the new mine tax holiday (MM-11);
 - (d) a calculation of Formula 6 if applicable.
- 1.1(4) An operator must file an election for a new mine to be excluded from the new mine tax holiday.
- 2 Reconciliation of income per unconsolidated financial statements with profit per Formula 2.
- 3 Unconsolidated financial statements with auditor's report.
- 4 Annual report to shareholders complete with consolidated financial statements.
- 5 List of corporations controlled by the operator – MM-3.
- 6 Processing allowance – MM-4.
- 7 Processing allowance for Out-of-Province Processing – MM-5.

- 8 List of Depreciable Assets and Depreciation – MM-6.
- 9 A detailed listing of expenditures qualifying for the New Investment Credit described in Formulas 1 and 1.1. For investments in items described in clause (iii) of Formula 1.1, list only those expenditures for which approval has been received from the Lieutenant Governor in Council – MM-7.
- 10 Continuity schedule of exploration expenditures for new mineral occurrences in Manitoba. Do not include expenditures for exploration on existing mines – MM-8.
- 11 Schedule of additional qualified exploration deduction – MM-9.
- 12 Continuity schedule of reserve or allowance accounts – MM-10.
- 13 The following operating statistics:
- (a) Quantities, revenues and costs for each type of mineral product sold and total for all products sold reconciled to gross revenue and cost of sales;
 - (b) Dry tons of ore mined from each mine and the cost per ton and average assay of ore mined at each mine;
 - (c) Ore reserves in Manitoba by location and average assay, corresponding to the total shown on the annual reports to shareholders;
 - (d) Total units processed and cost per unit for each of the concentrator, smelter and refinery or similar breakdown;
 - (e) Inventory, quantities and cost at year end for each mineral product, ore, or partially processed material;
 - (f) Complete reconciliation of movement of each mineral product from production, through sales, agreeing with the income statement and closing inventories.

ANNUAL MINING TAX RETURN INDEX

	Page
MM-1 - Calculation of Mining Tax.....	1
MM-2 - Calculation of Profit (Formula 2).....	2
MM-3 - Associated Corporations	3
MM-4 - Processing Allowance (Formulas 3 and 7).....	4
MM-5 - Processing Allowance for Out-of-Province Processing (Formula 4)	5
MM-6 - Depreciable Assets and Depreciation	6
MM-7 - Calculation of New Investment Credit (Formulas 1 and 1.1).....	7
MM-8 - Schedule of Exploration Expenditures in Manitoba.....	8
MM-9 - Calculation of Additional Qualified Exploration Deduction	8
MM-10 - Schedule of Reserve or Allowance Accounts.....	9
MM-11 - Calculation of New Mine Tax Holiday Pool	10
Attachments and Information Required	11–12