HIGHLAND
Copper Company Inc.

Michigan Senate Natural Resources Committee

The Role of Mining in Michigan's Economic Future

25 March 2015

Characteristics of mining

- ✓ Immobility
- ✓ Landscape modifier
- ✓ Uniqueness of deposit and mine
- ✓ Limited life
- ✓ Challenging sustainability
- ✓ High risk
- ✓ Capital intensive
- ✓ Infrastructure developer

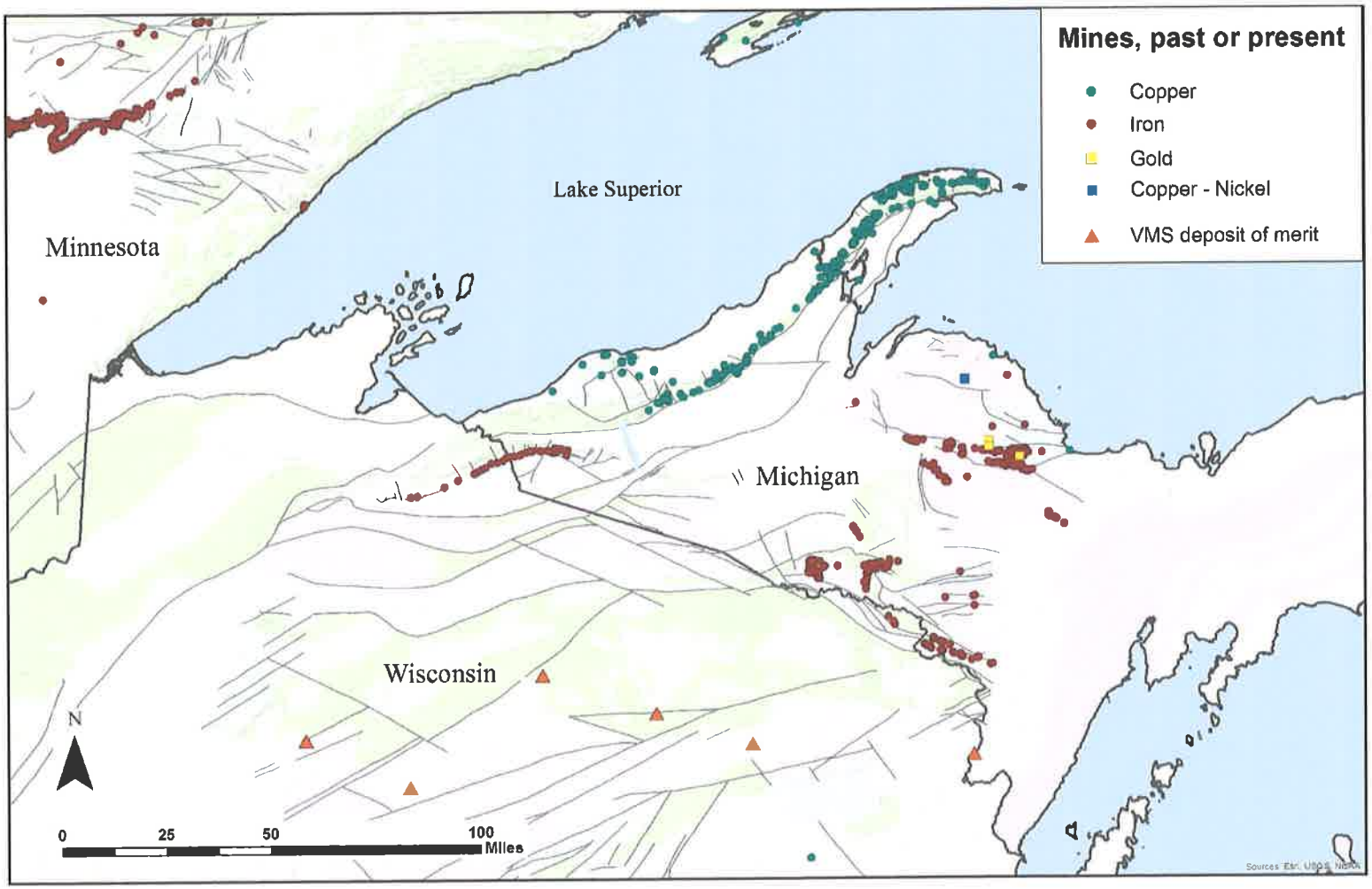
Michigan's economic future

The development of natural resources requires:

- Mineral endowment
- Favorable regulatory framework
- Qualified people
- Infrastructure
- Investment

Does the U.P. meet these criteria?

U.P. Mineral Endowment



Permitting a Nonferrous Mine in Michigan: Major statutes of Michigan's Natural Resource and Environmental Protection Act

Office of Oil, Gas and Minerals

Part 632: Nonferrous Metallic Mining

Water Resource Division

Part 303 Wetland Protection

Part 301 Inland Lakes and Streams

Part 31: Water Resource Protection, NPDES Permit

Part 315: Dam safety

Air Quality Division

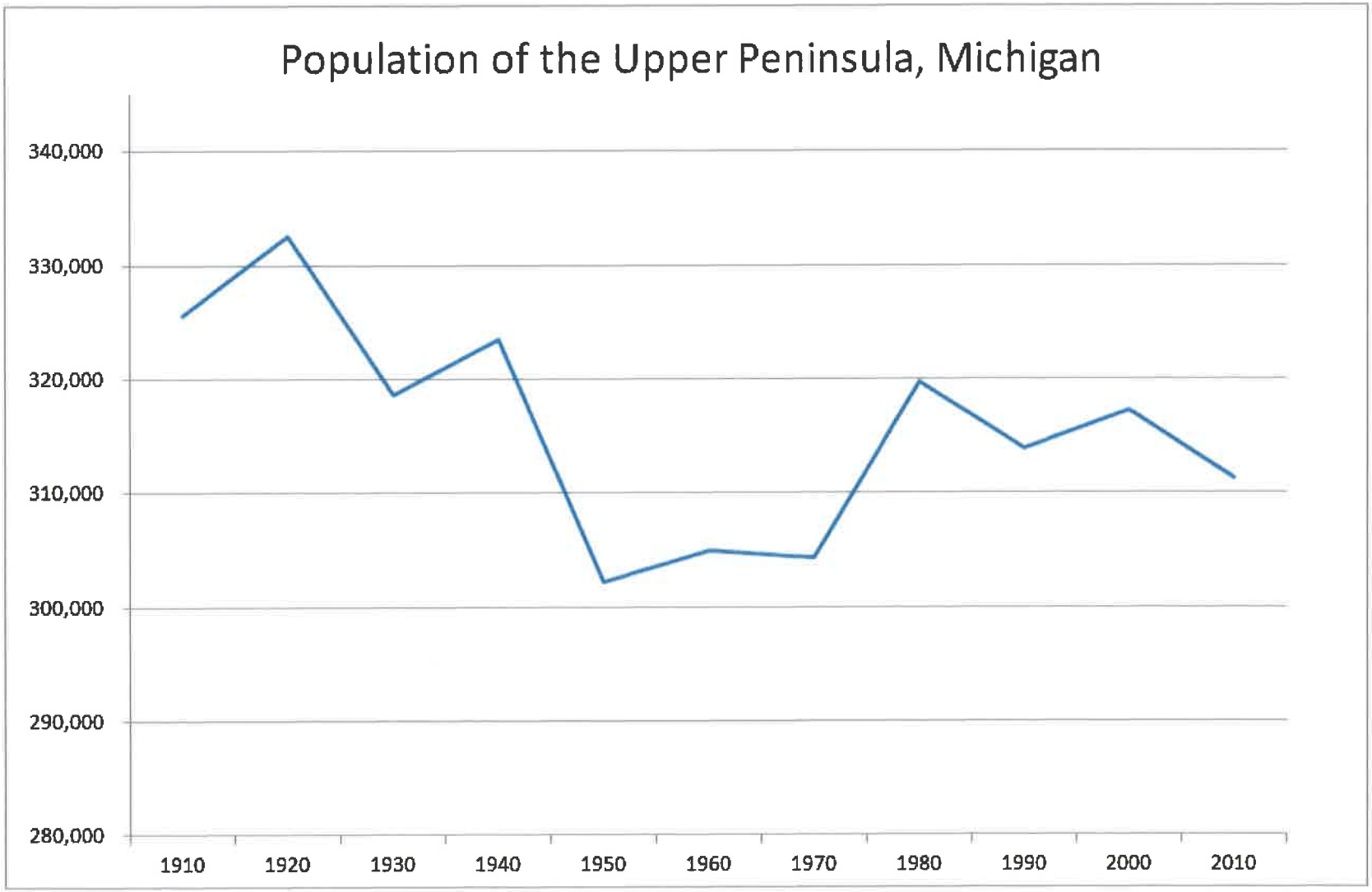
Part 55: Air Discharge

Submit Application

Administrative Review for Completeness: up to 30 days

Public Notice and Comment: up to 30 days

DEQ Internal Review: up to 180 Days


Population of the Upper Peninsula, Michigan
340,000
330,000
320,000
310,000
300,000
290,000
280,000
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010

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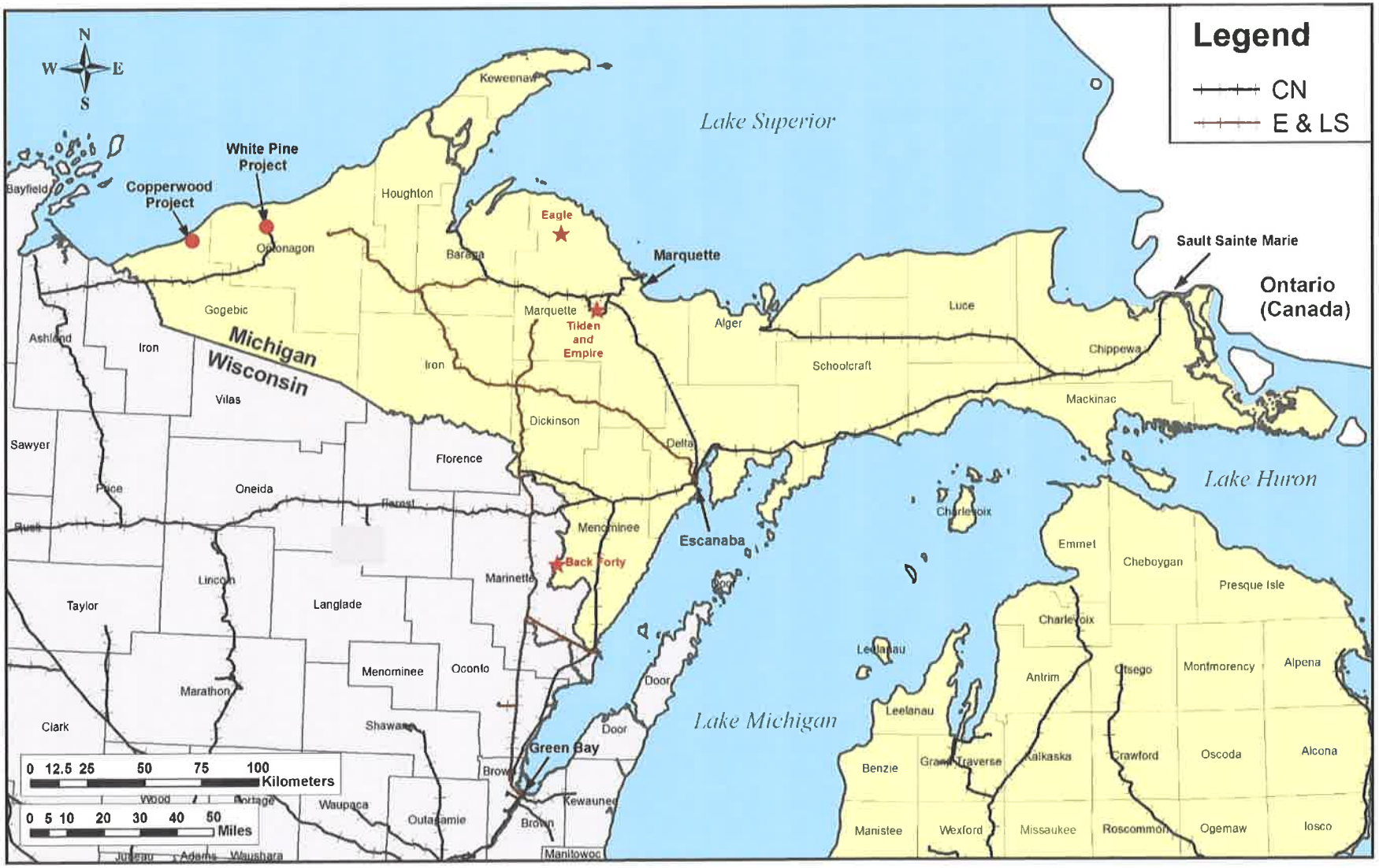
Infrastructure: Ore and concentrate transport



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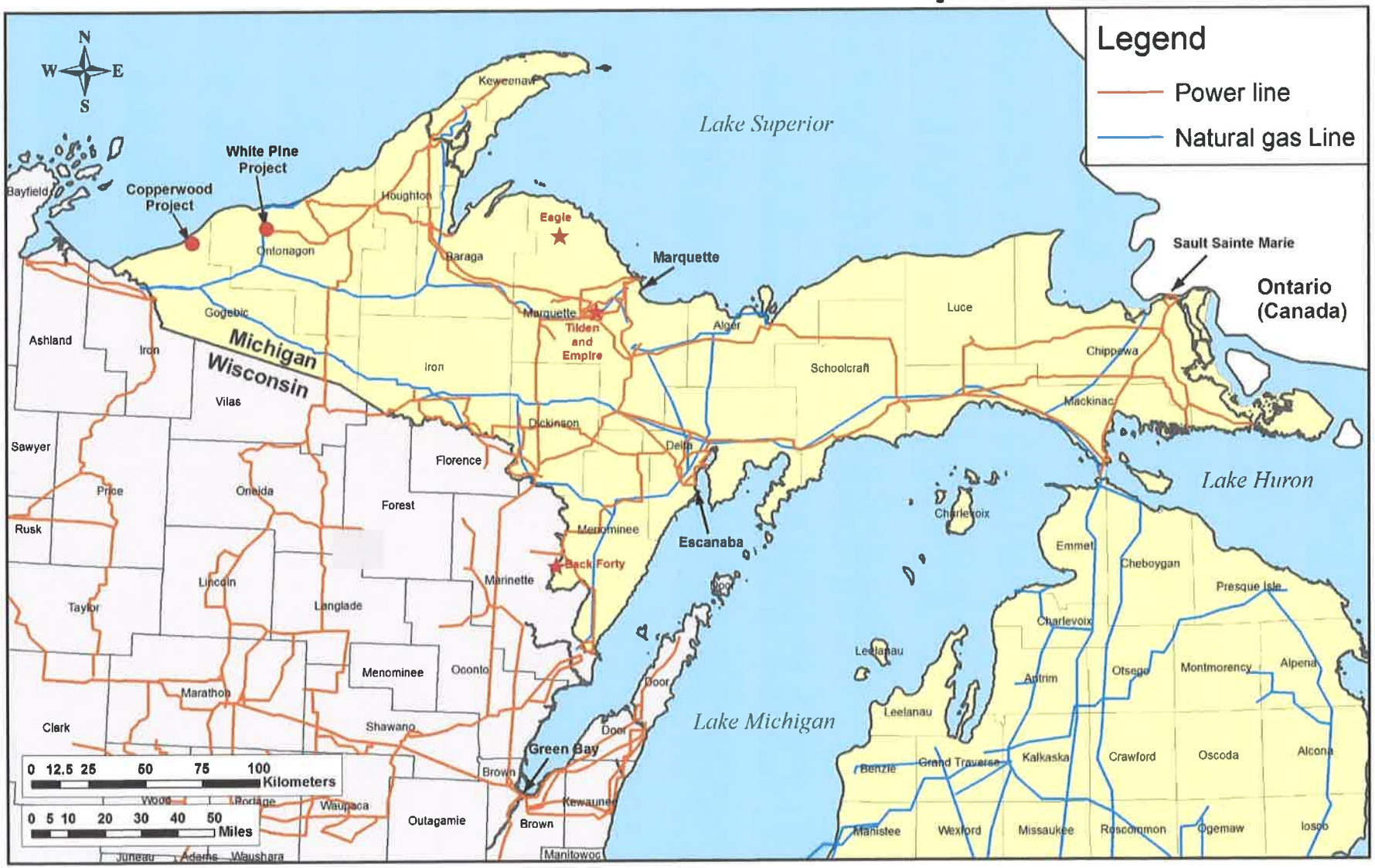
Infrastructure: Electrical power



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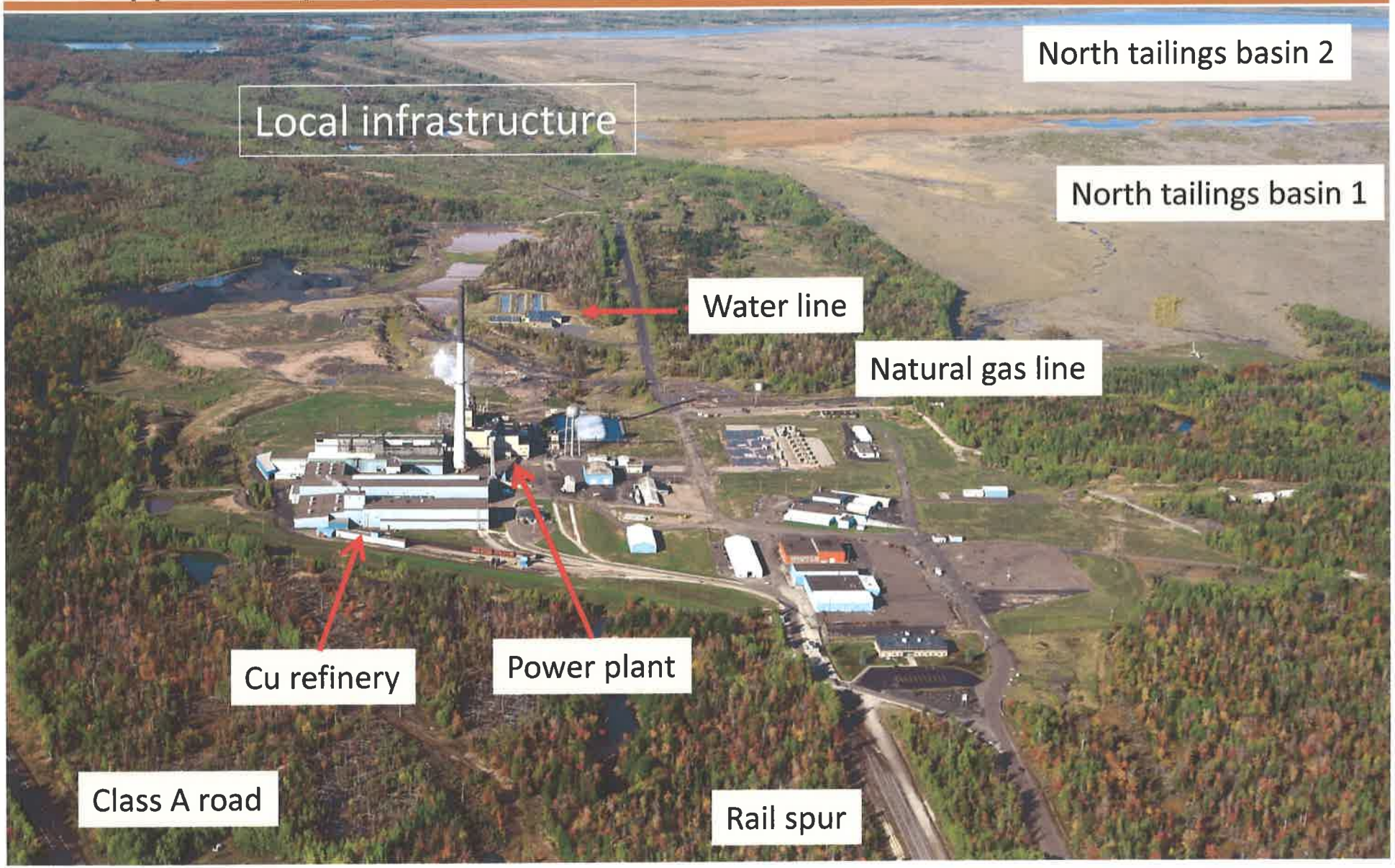
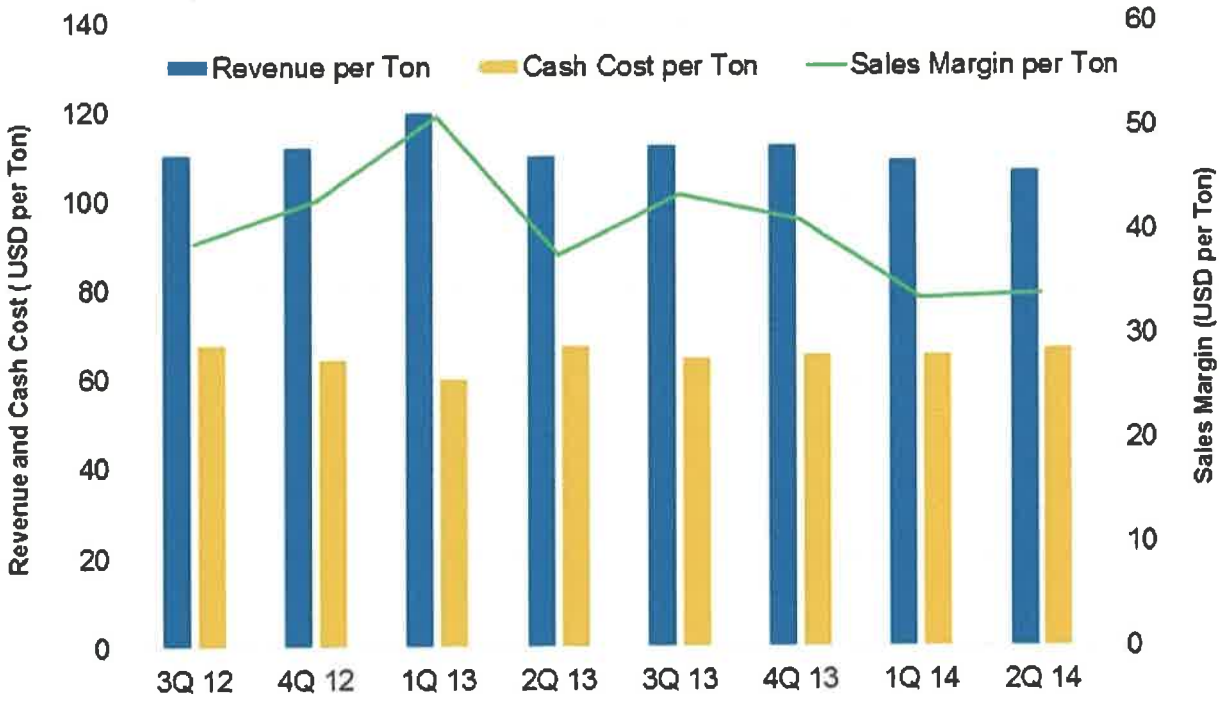


Investment: Cliffs' US iron ore revenue, costs and sales margin



Market Realist

Source: Company Filings

U.P work force: **1590 employees**

Total annual economic impact (2013): **$ 733 million**

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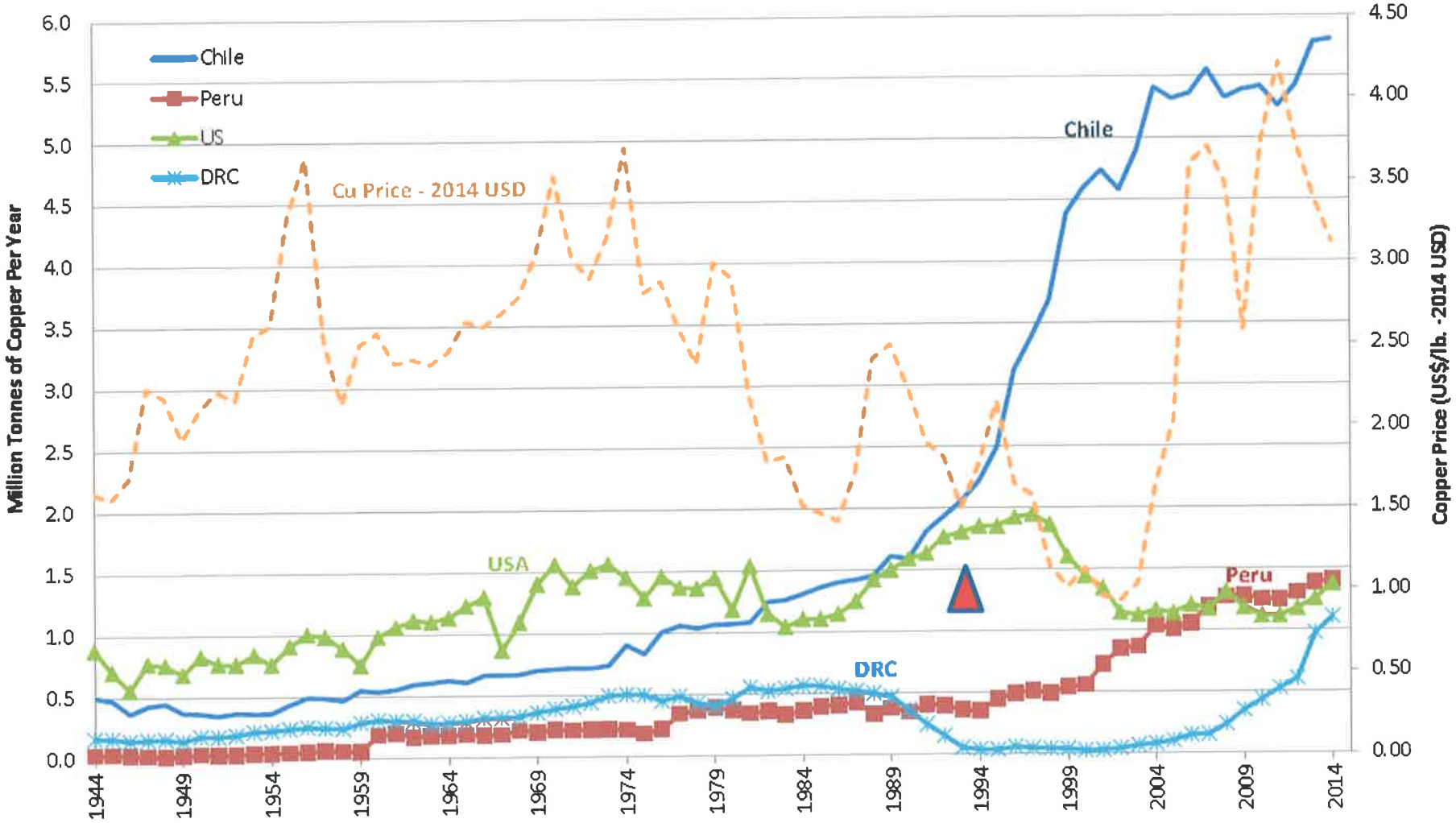
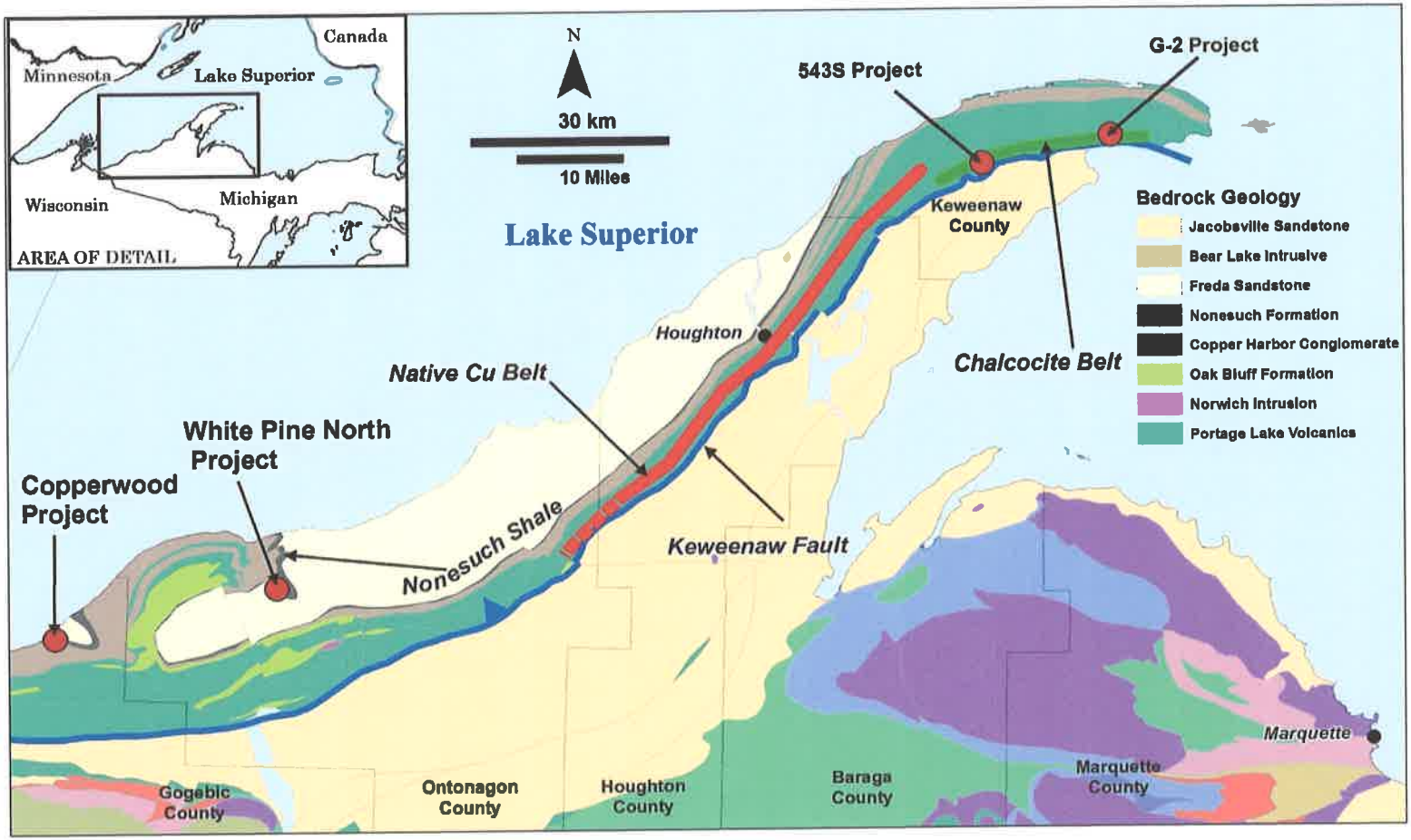
Investment: Copper production trends



Source: USGS and CIBC World Markets Inc.

Project Location on Geology Map of the Upper Peninsula



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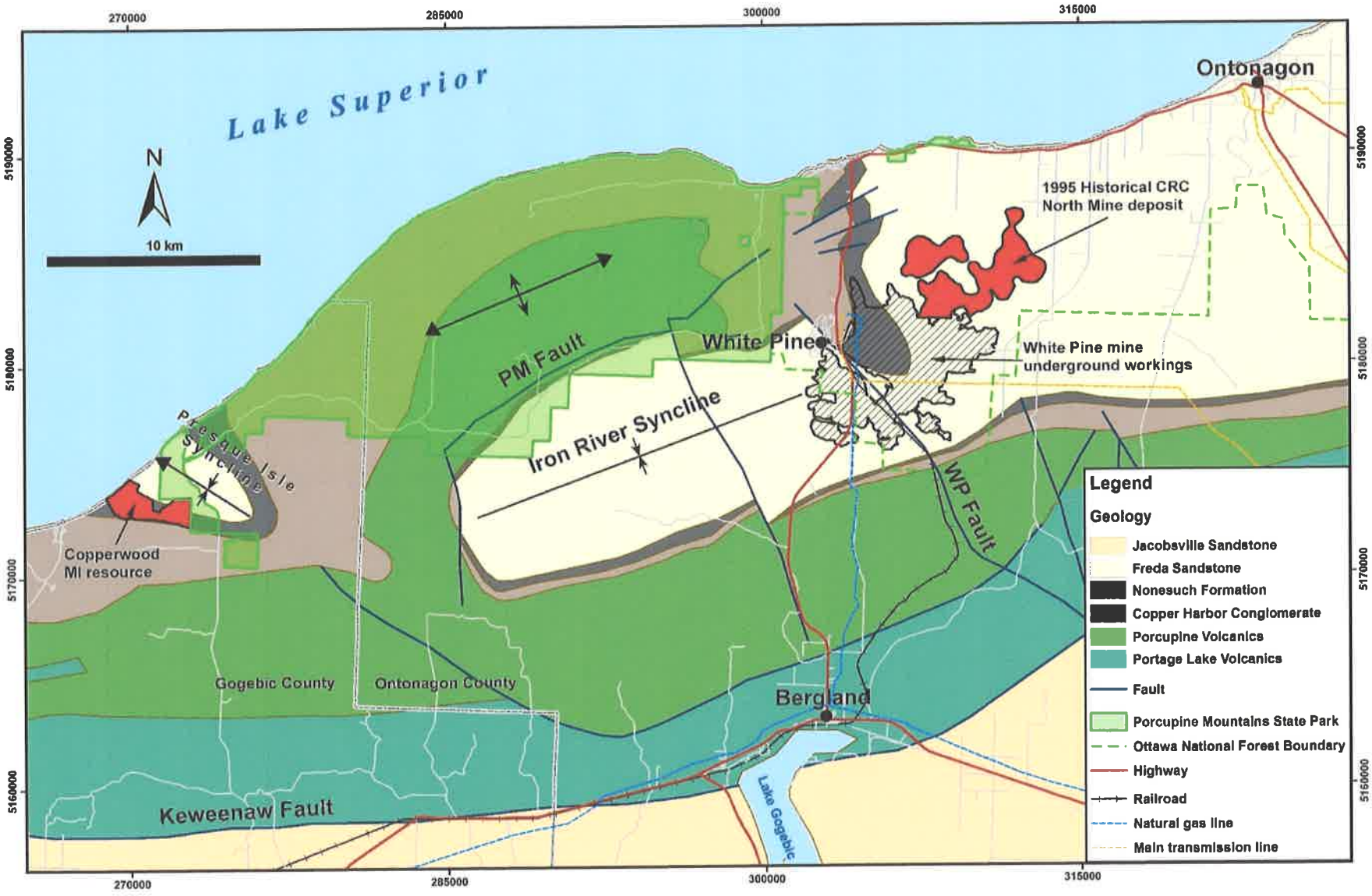
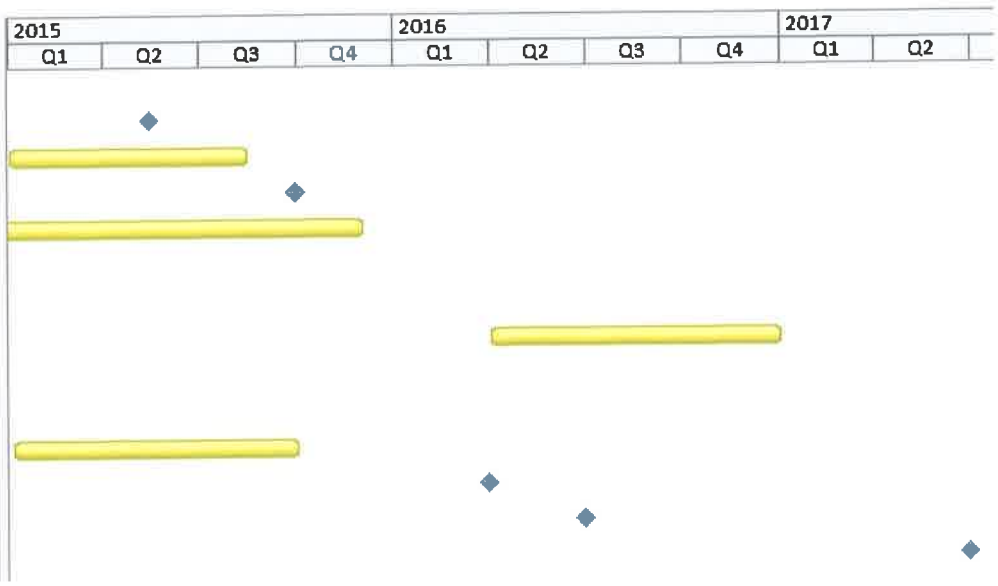
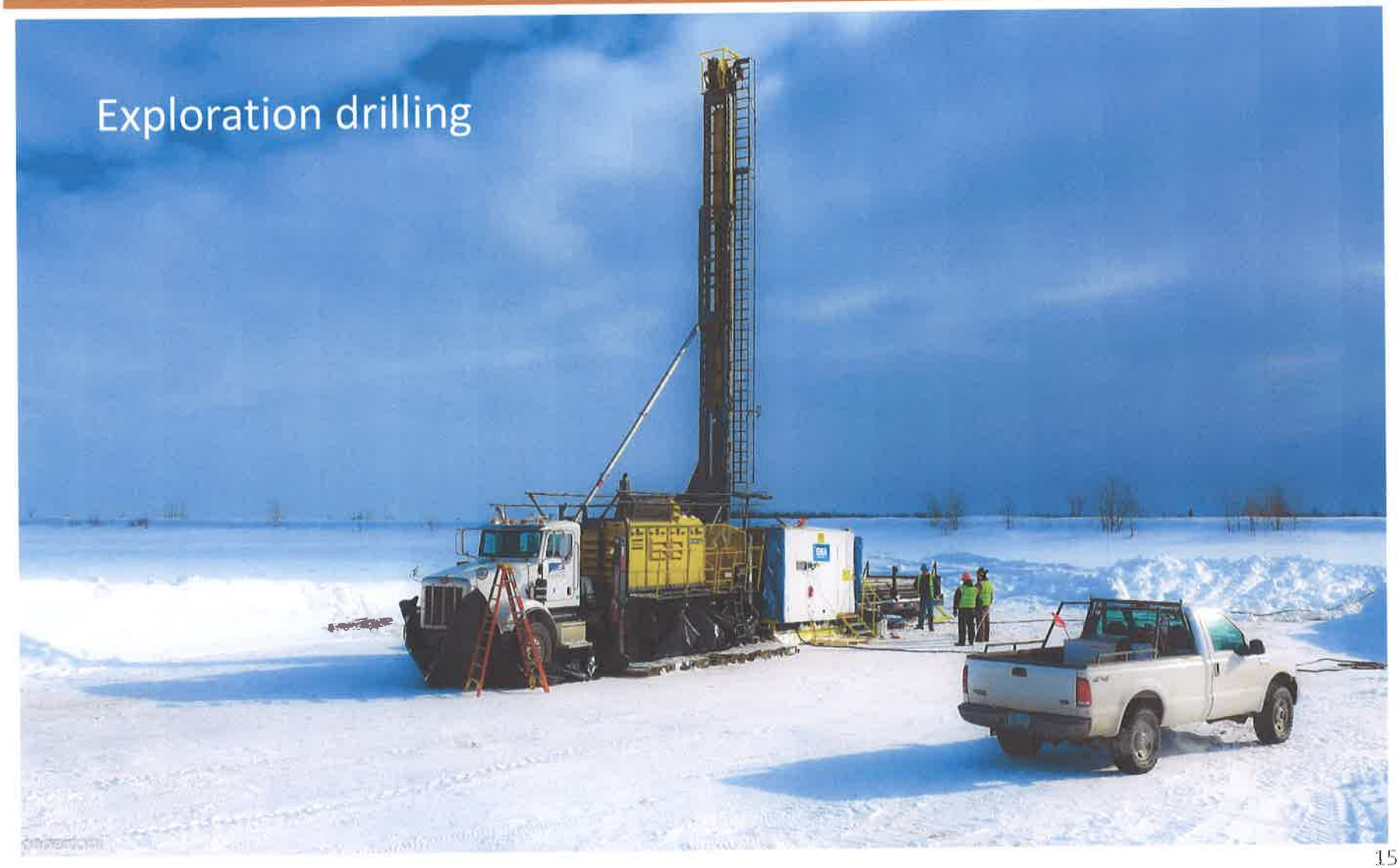


Project Timeline and Milestones (◆) *

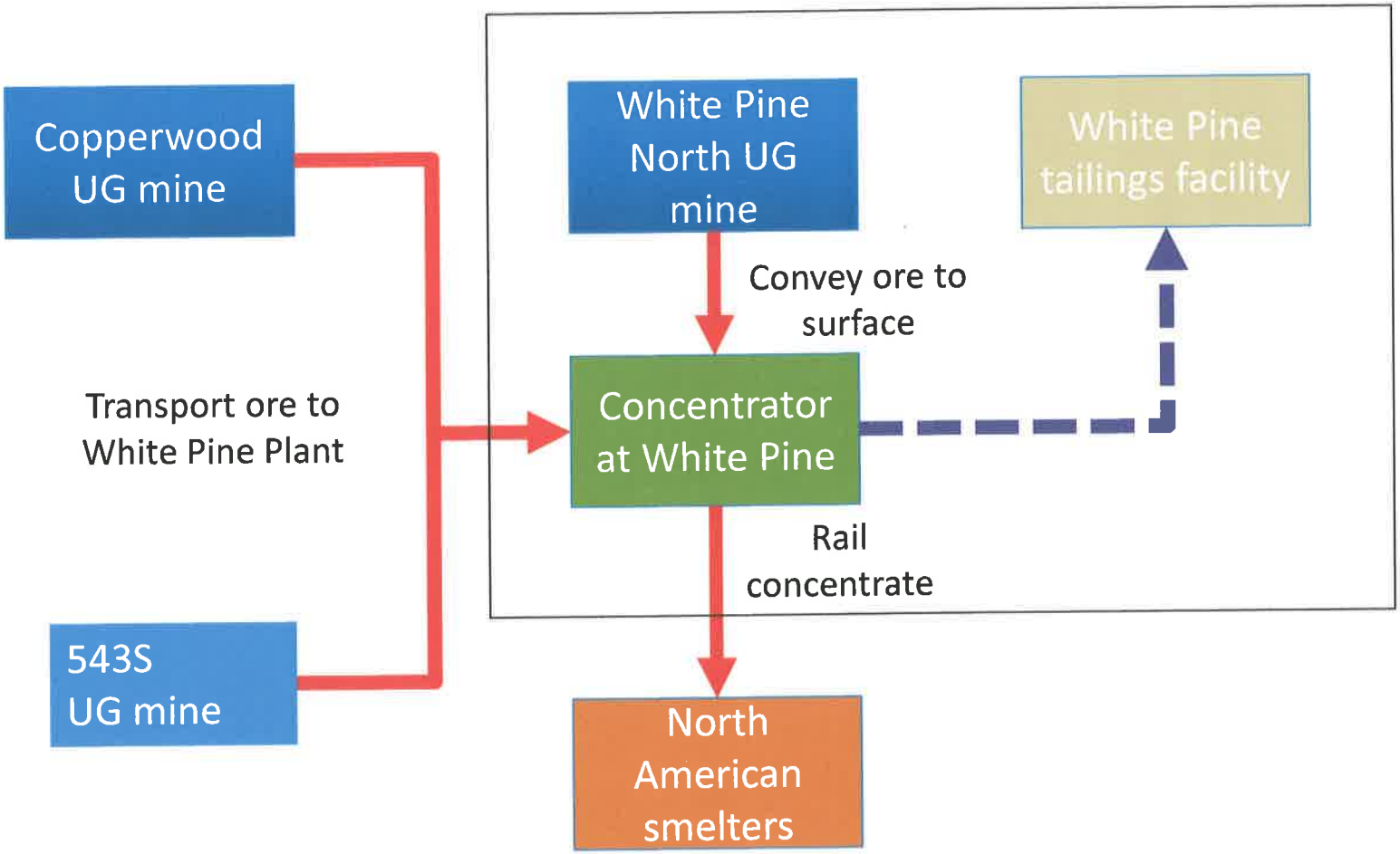
Title	Dates
Pre-feasibility	
1) Resource estimate (CW)	Q2 2015
2) Resource drilling (WPN)	Jan 5 to Aug 15, 2015
3) Resource estimate (WPN)	Q3 2015
4) Studies	Oct 1, 2014 to Dec 1, 2015
Feasibility	
1) Studies	Q2 - Q4 2016
Permitting	
1) Baseline studies	Jan 5, 2015 to Sep 30, 2015
2) Impact analysis completed	Q1 2016
3) All permit applications submitted	Q2 2016
4) Permits Expected	Q2 2017



* Subject to financing and several other factors (see disclaimer)


Exploration drilling

Conceptual White Pine Complex



U.P. Mining SWOT Analysis

Strengths	Opportunities
• Geologically well-endowed • Tested permitting process, locally managed • Brownfield areas available • Community support • Right to work legislation • Severance tax regime • Good educational institutions	• Synergies with other industries • Electrical power source optimization • Capital strengthening • Metal production with new technology • Innovative manufacturing • Entrepreneurship

Weaknesses	Threats
• Degraded rail infrastructure • Uncertain electrical power availability • Lack of skilled workers	• Commodity price • Change of legislation • Change of fiscal regime