

SE

SECRETARÍA DE ECONOMÍA



MEXICAN MINING INDUSTRY RECENT DEVELOPMENT



Convention



Toronto, Canada
March , 2016

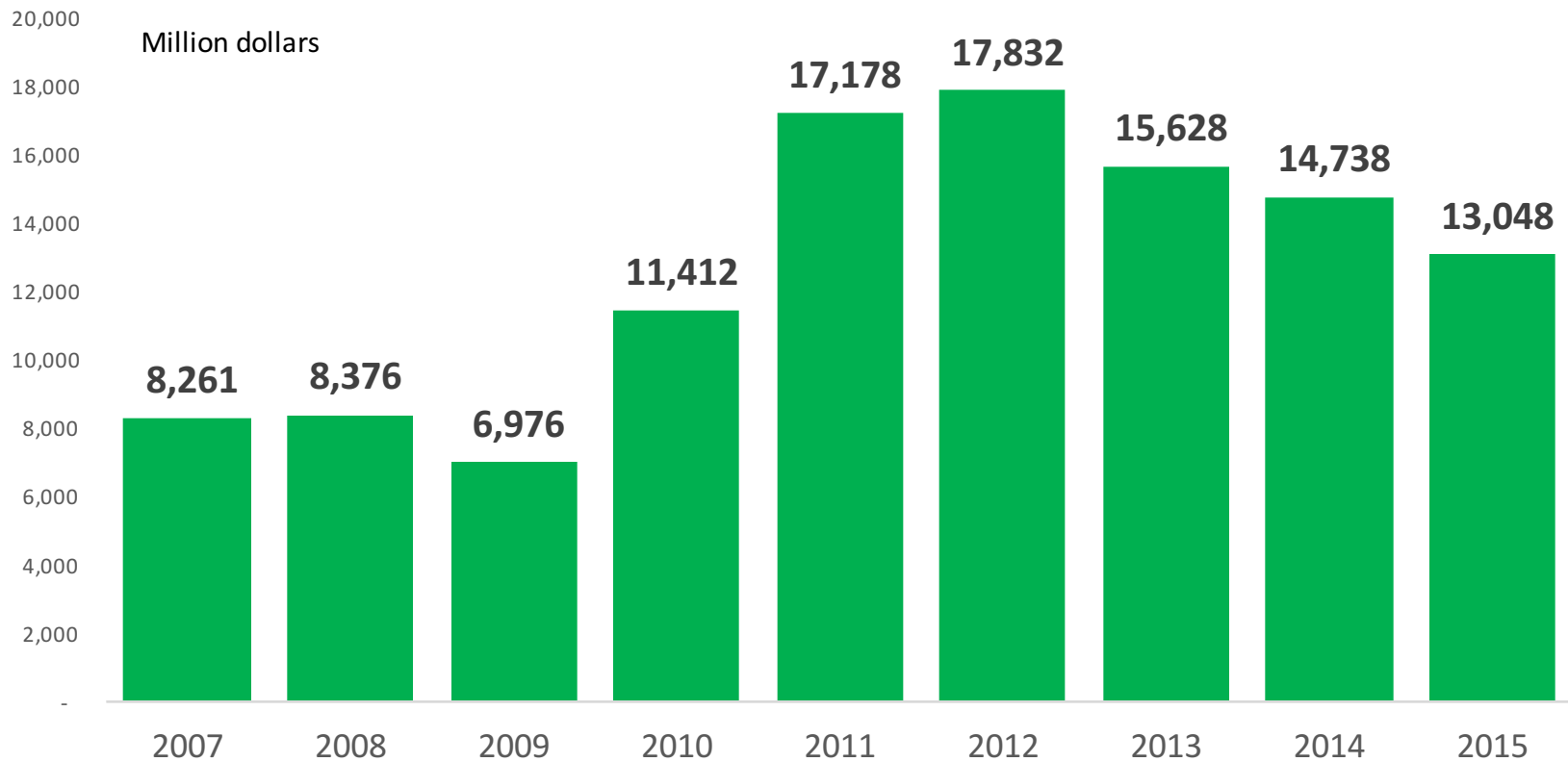
1. Mexican Mining Industry 2015

2. Mineral Market Outlook

3. Mexican Mining Advantages

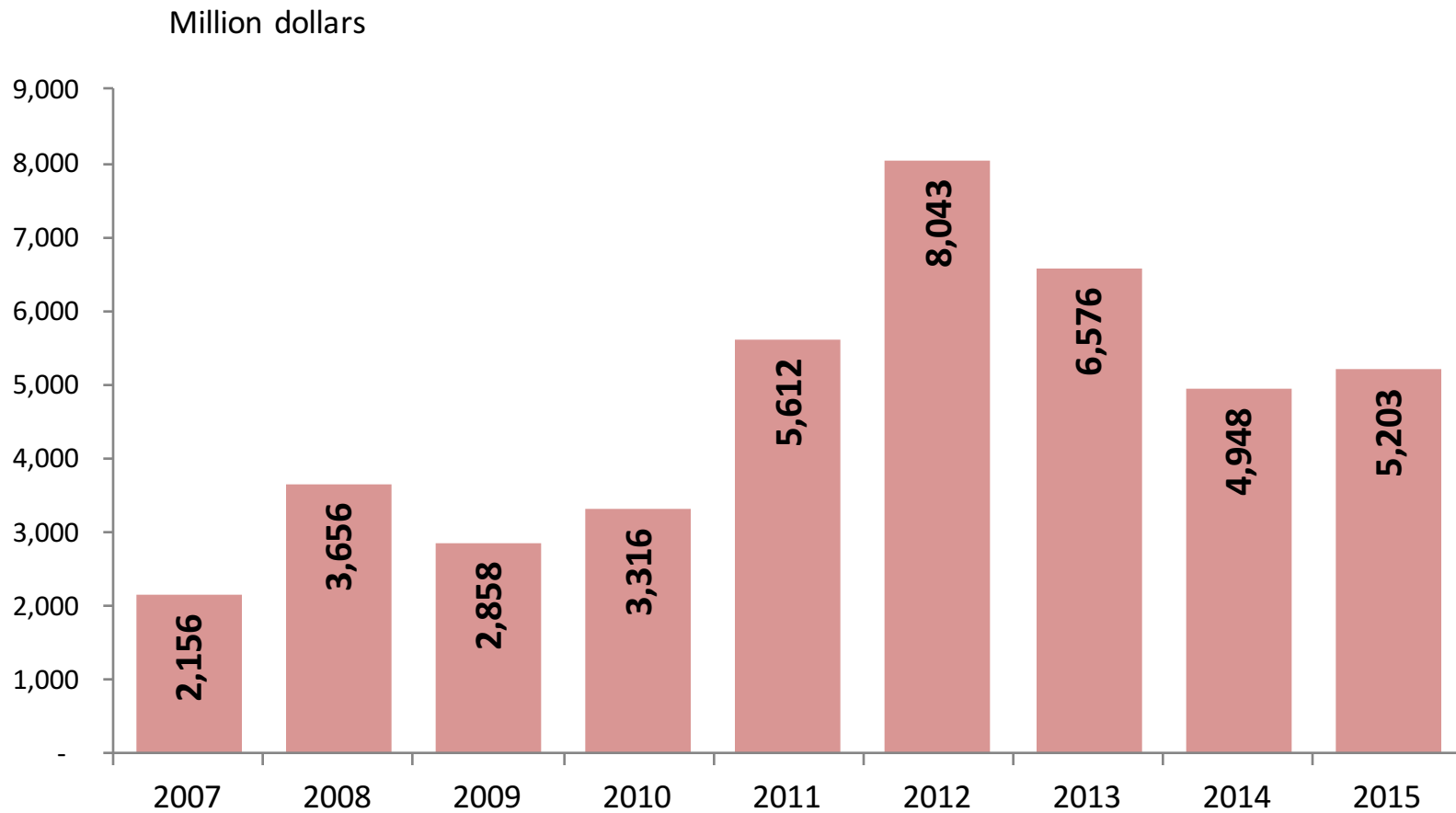
4. Mexican Mining Competitiveness

MEXICAN MINING-METALLURGICAL PRODUCTION



Source: INEGI.

INVESTMENT IN MEXICAN MINING SECTOR

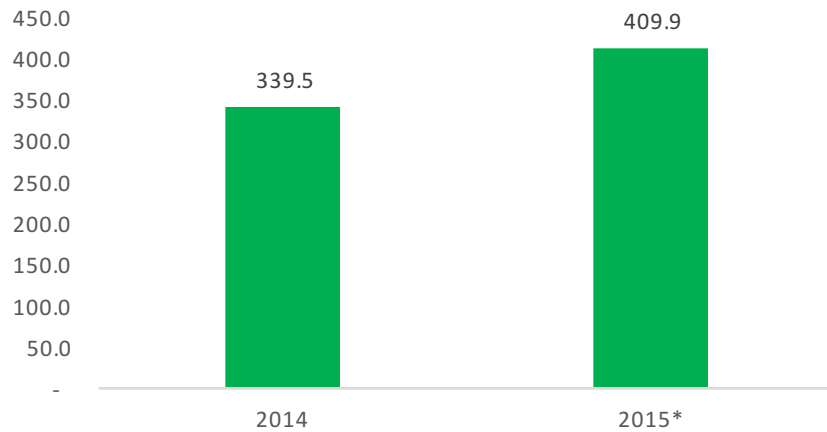


Source: CAMIMEX.

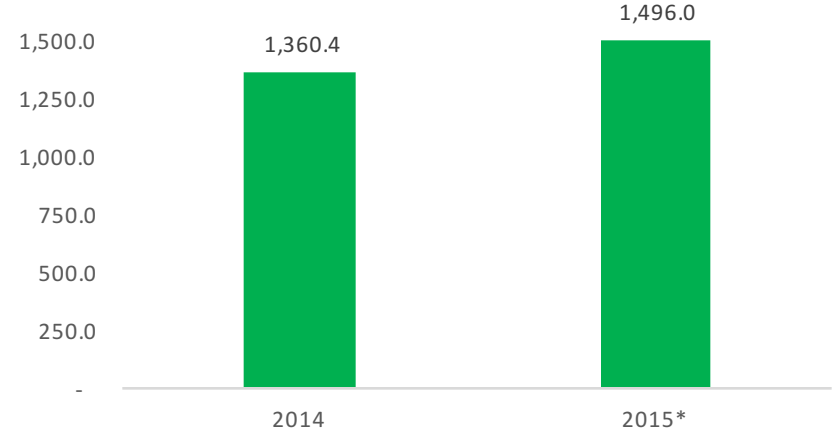
INVESTMENT IN MEXICAN MINING SECTOR

Million dollars

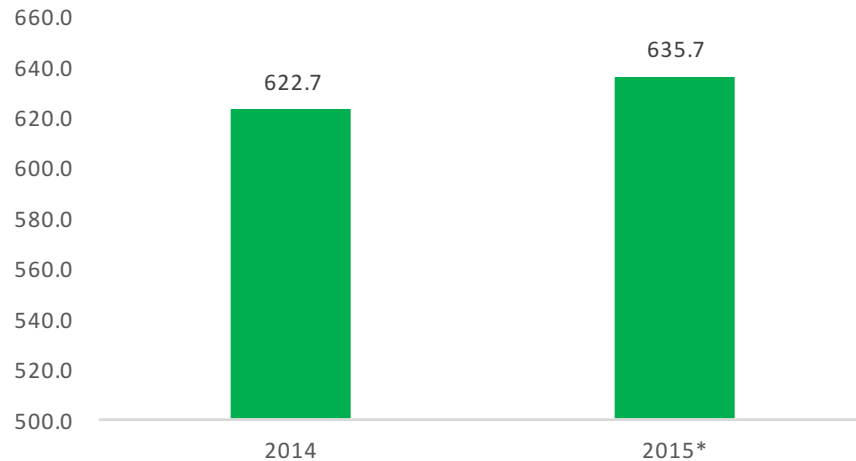
Expansion Projects



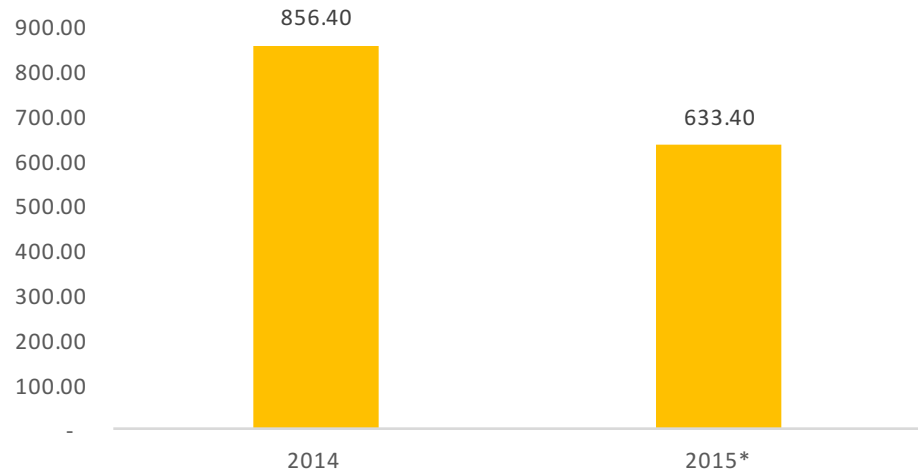
New Projects



Machinery and Equipment

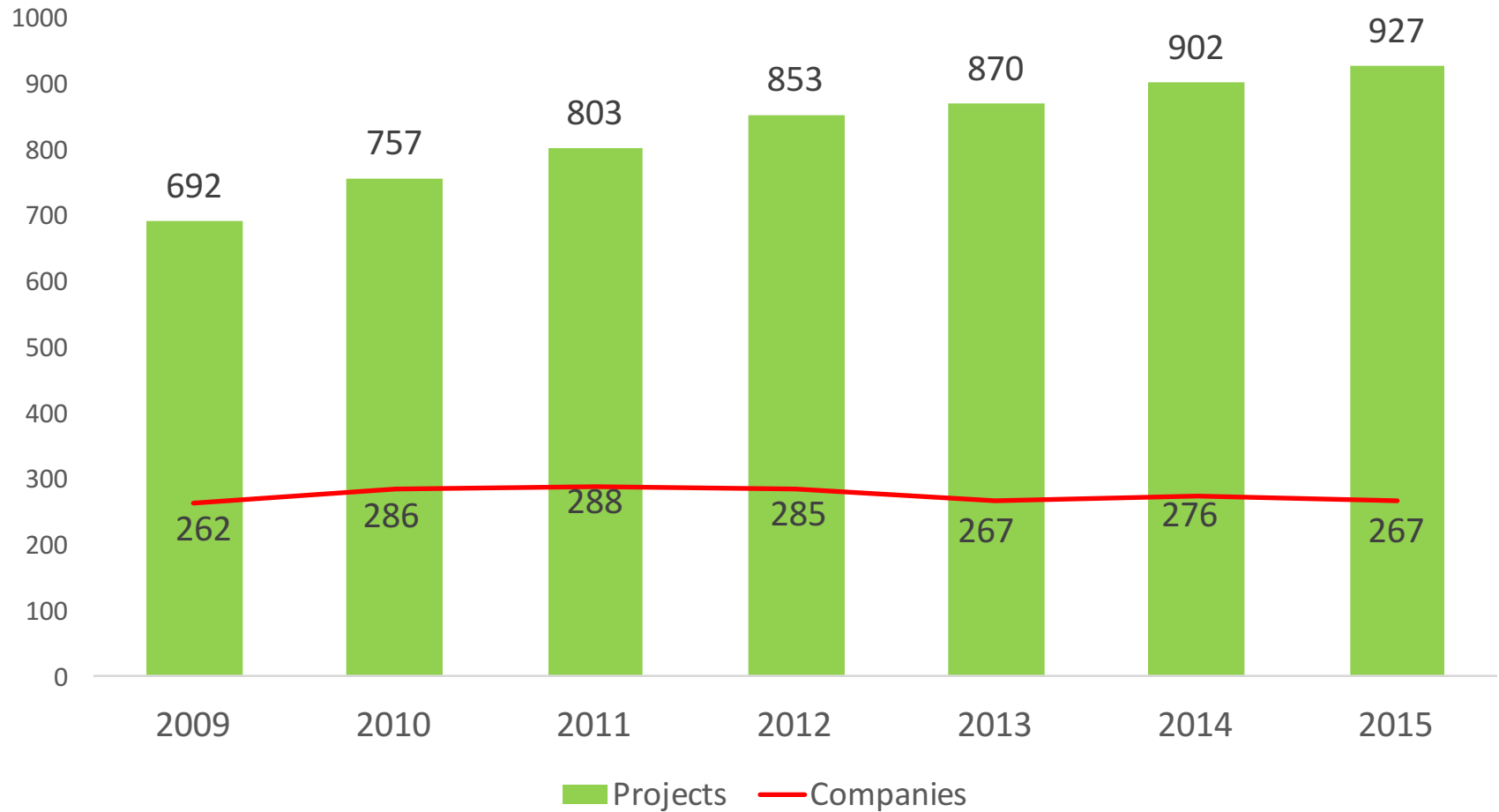


Exploration



Source: CAMIMEX.

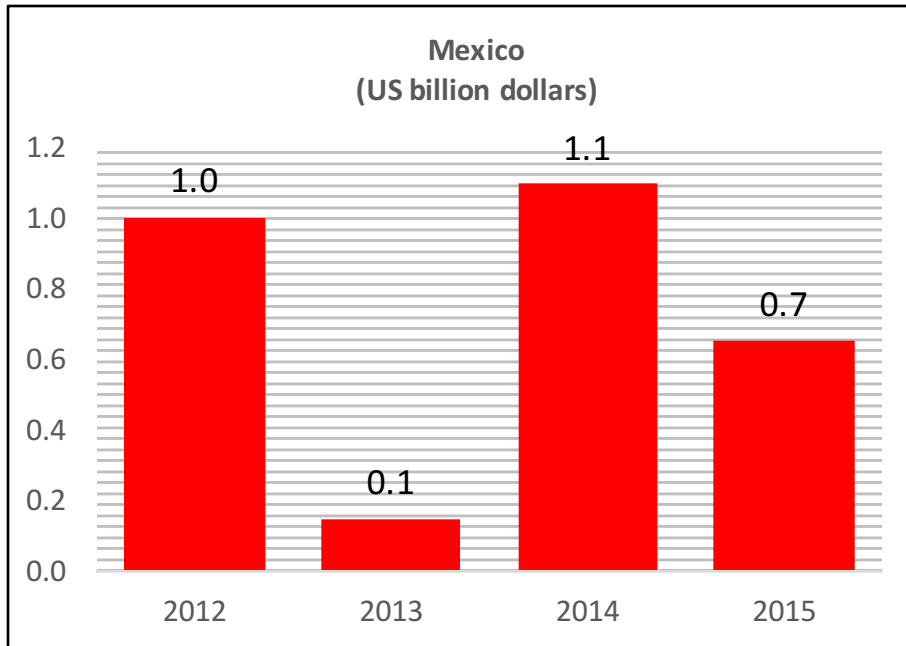
FOREIGN INVESTMENT IN MEXICAN MINING



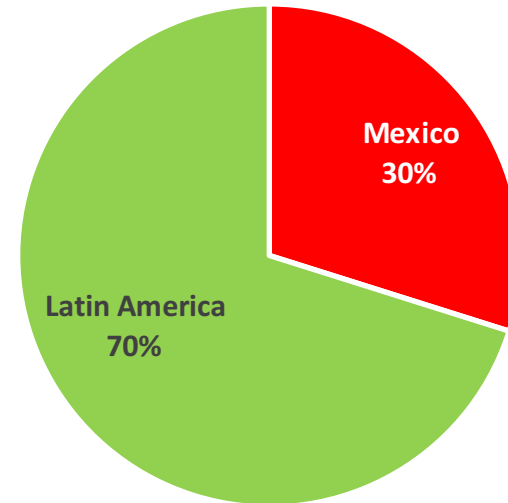
Source: DGDM, SE.

Equity Capital Raised 2015

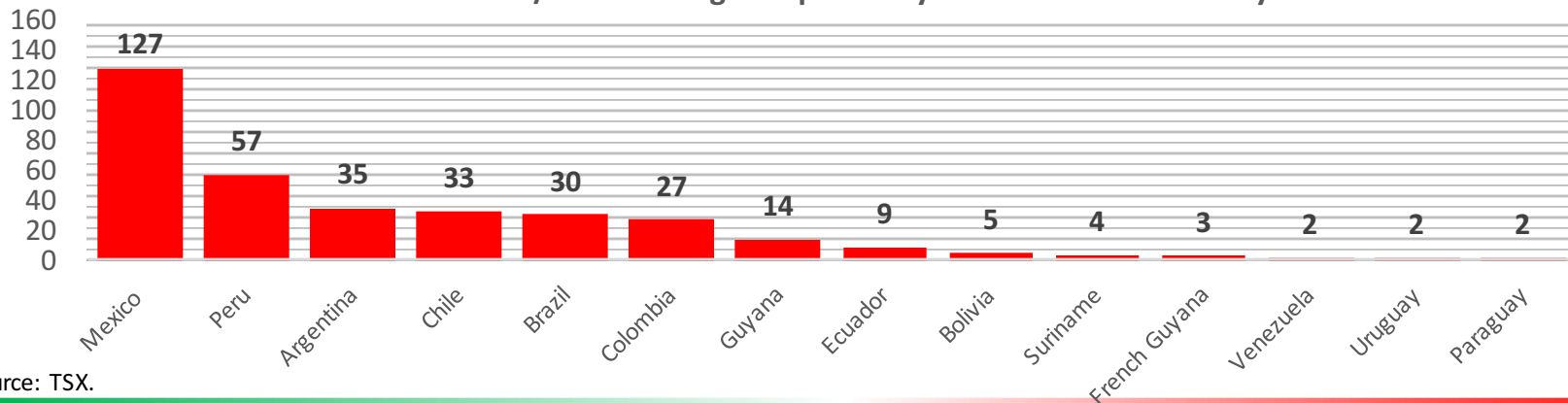
TSX-TSXV



Mexico and Latin American Countries



Number of TSX/TSXV Mining Companies by Latin American Country

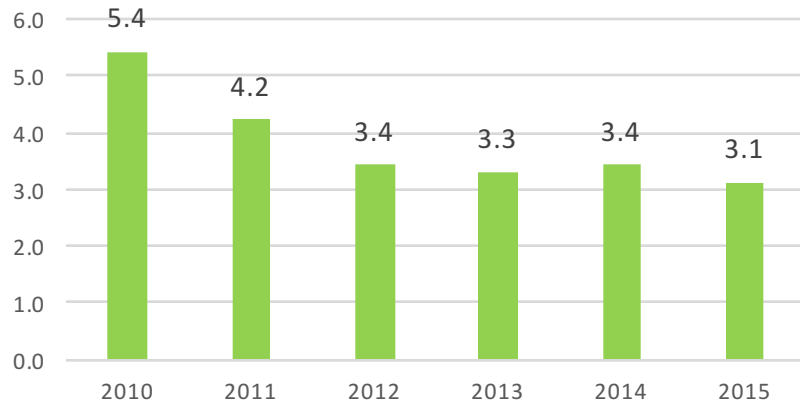


Source: TSX.

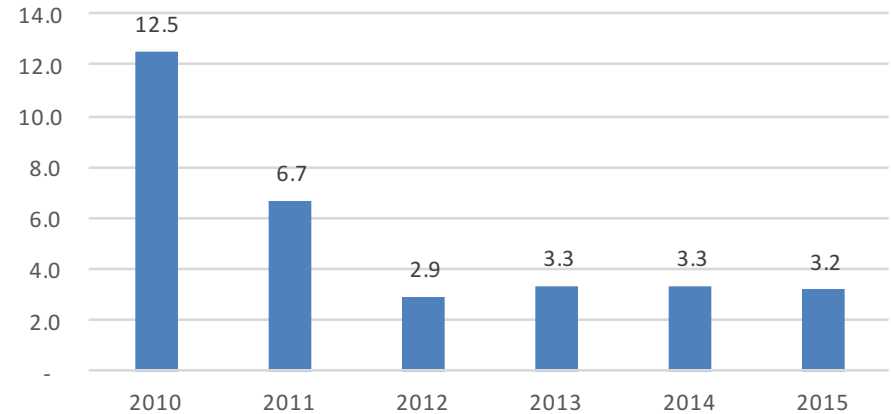
1. Mexican Mining Industry 2015
- 2. Mineral Market Outlook**
3. Mexican Mining Advantages
4. Mexican Mining Competitiveness

WORLD ECONOMIC OUTLOOK

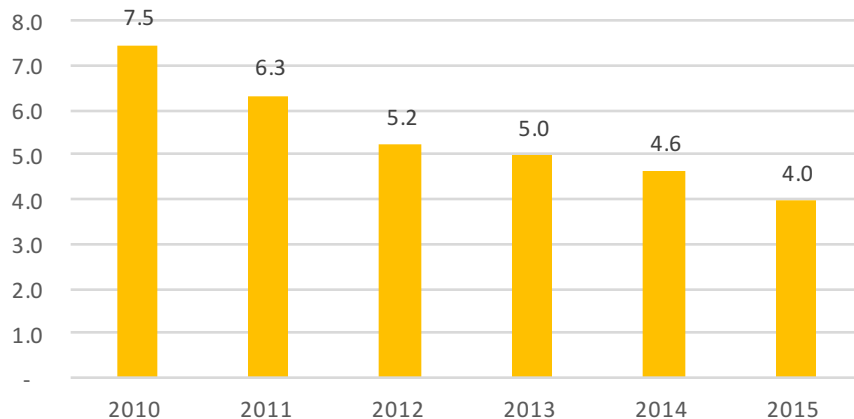
World GDP (% change)



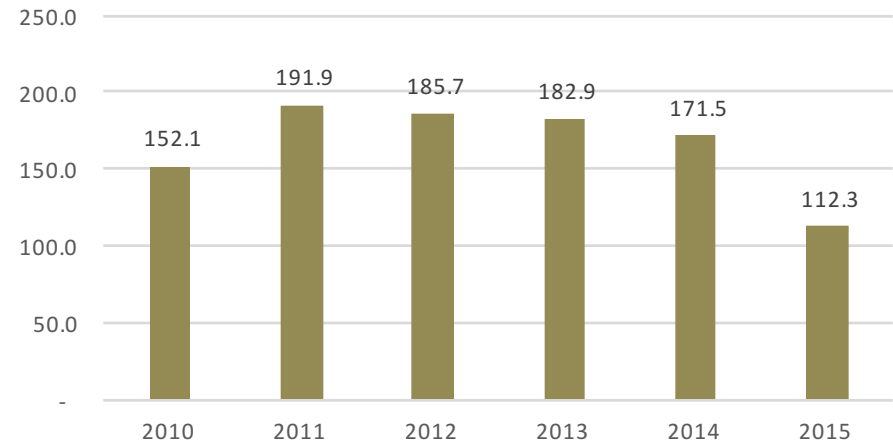
World Trade Volume (% change)



Emerging Markets GDP (% change)



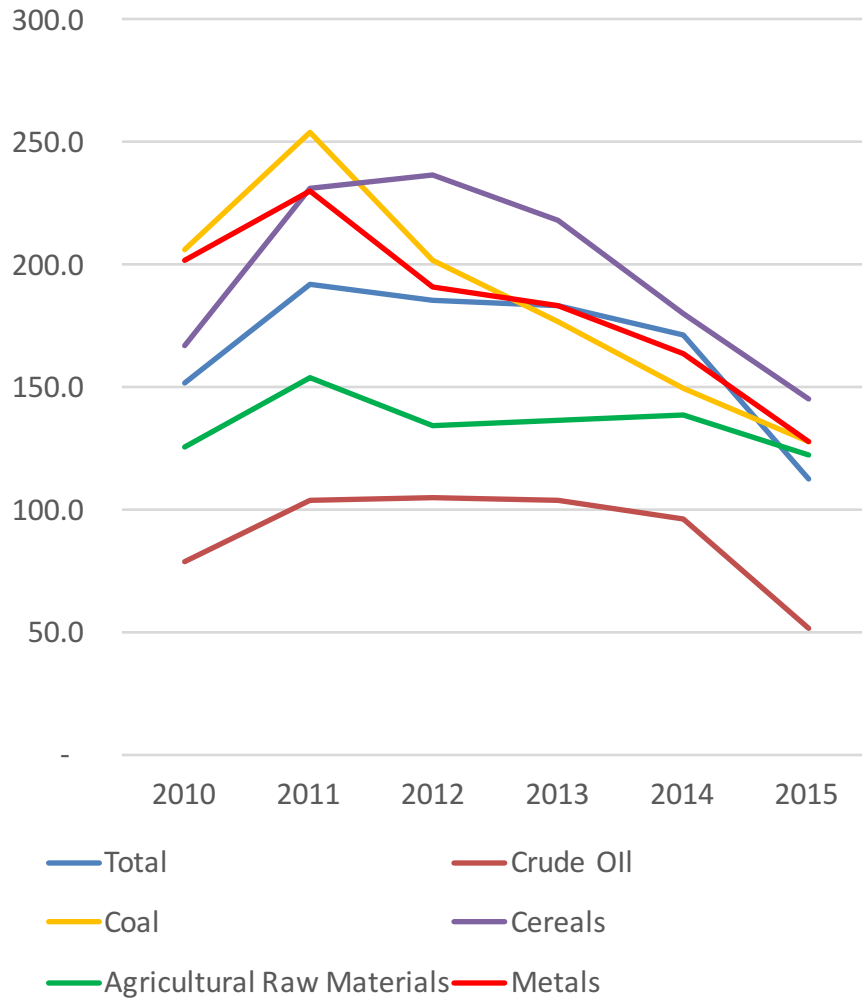
Commodity Price Index 2005=100 includes both Fuel and Non-Fuel Price Indices



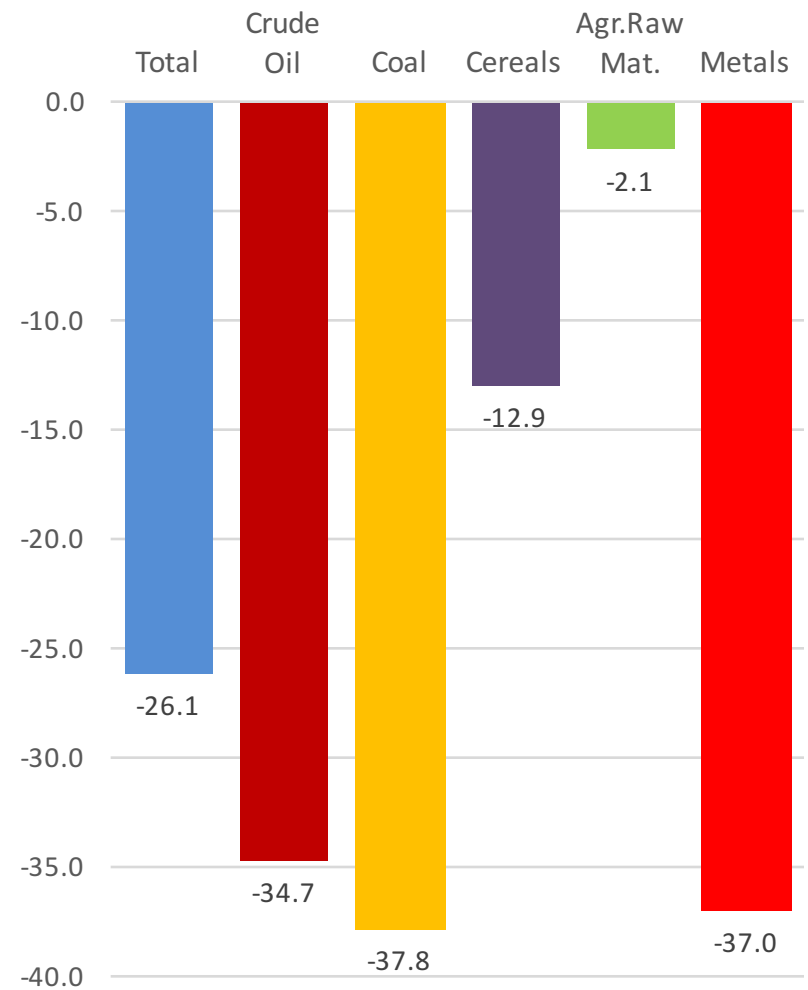
Source: IMF.

COMMODITIES PRICES 2010-2015

Commodity Price Index 2005=100

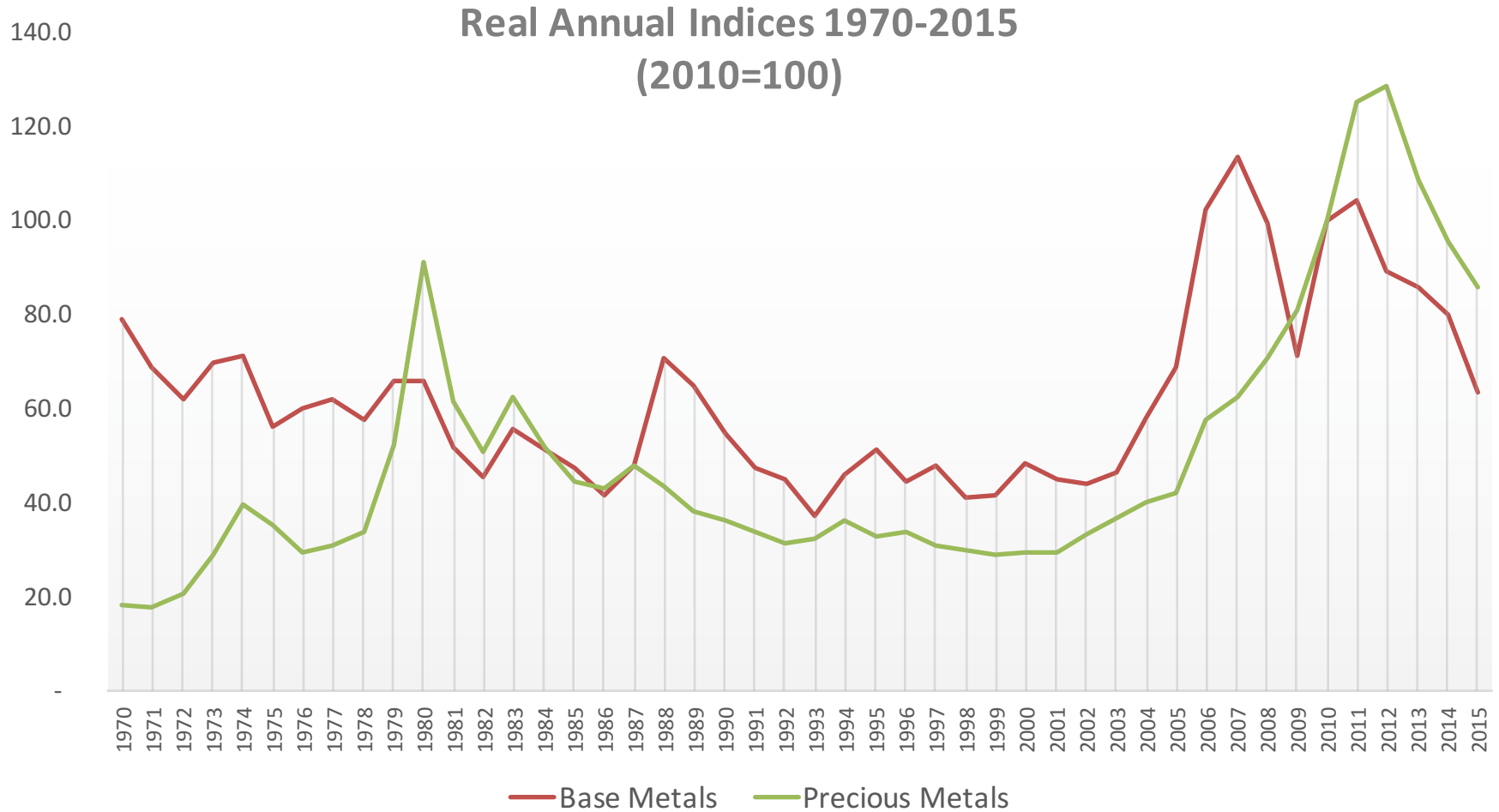


Change 2015/2010 (%)



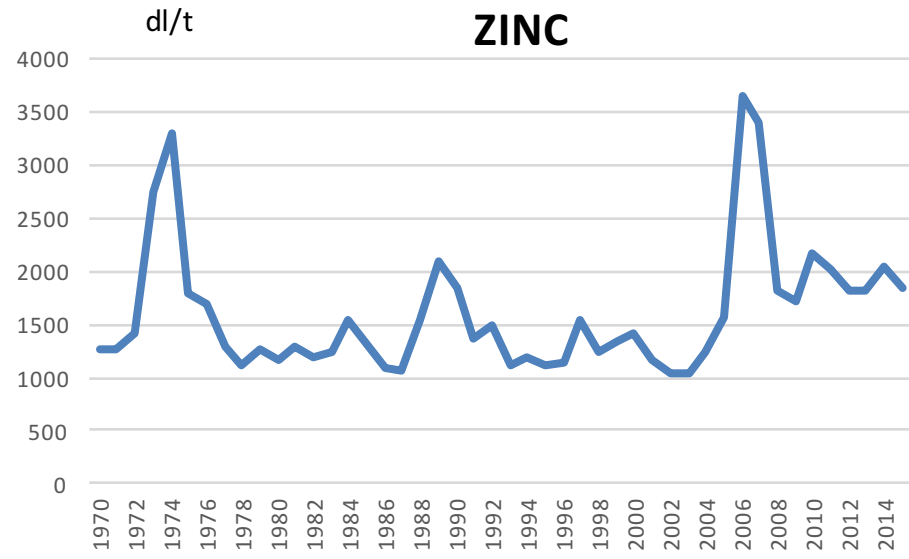
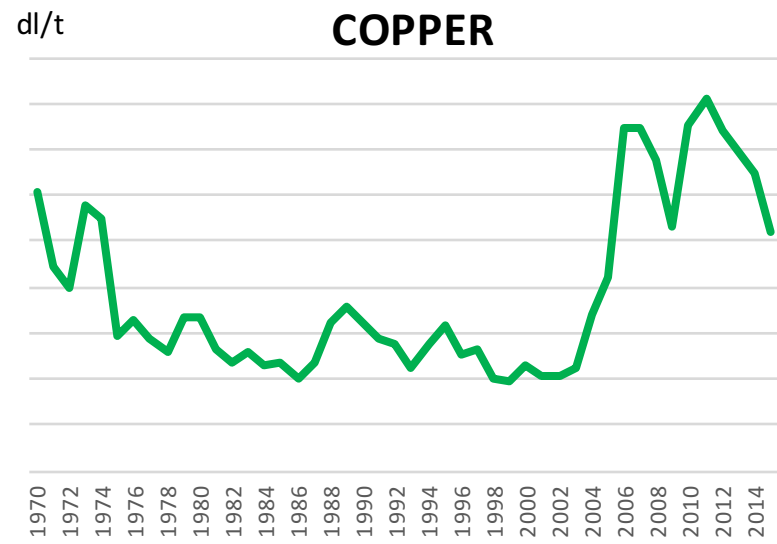
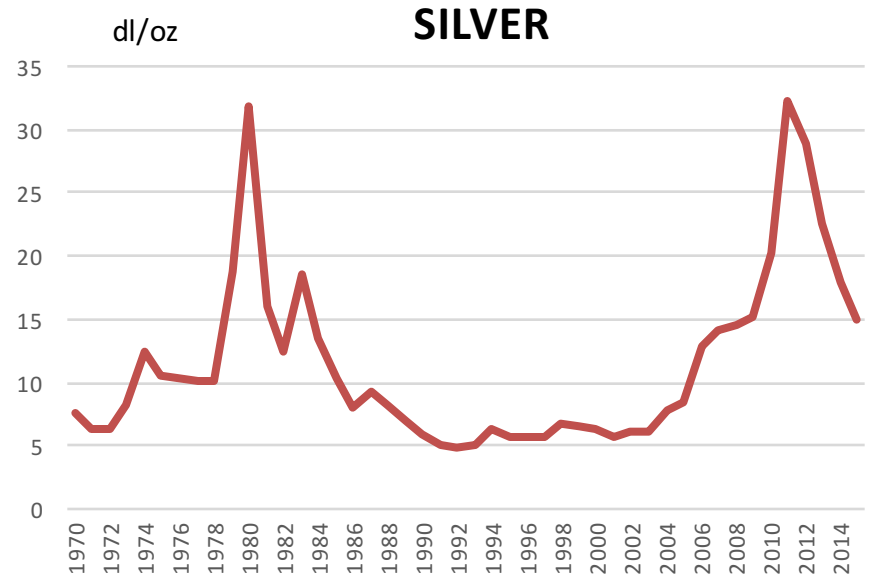
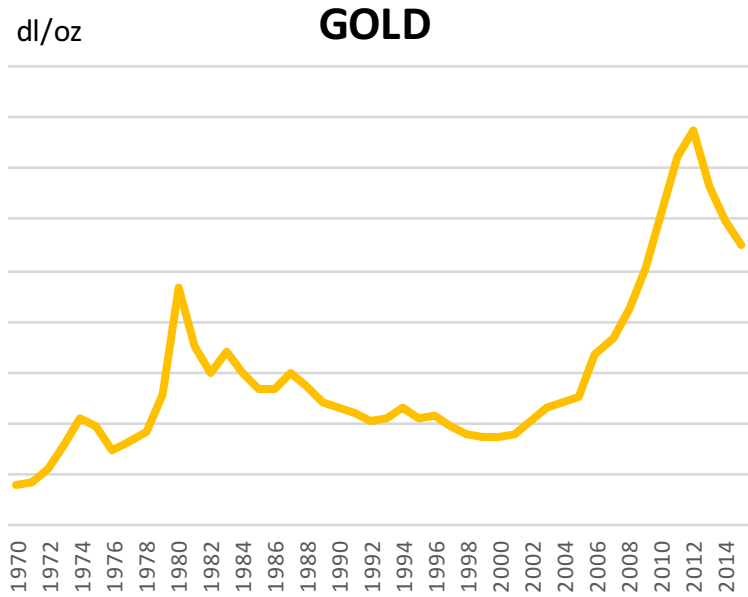
Source: IMF.

METAL PRICES

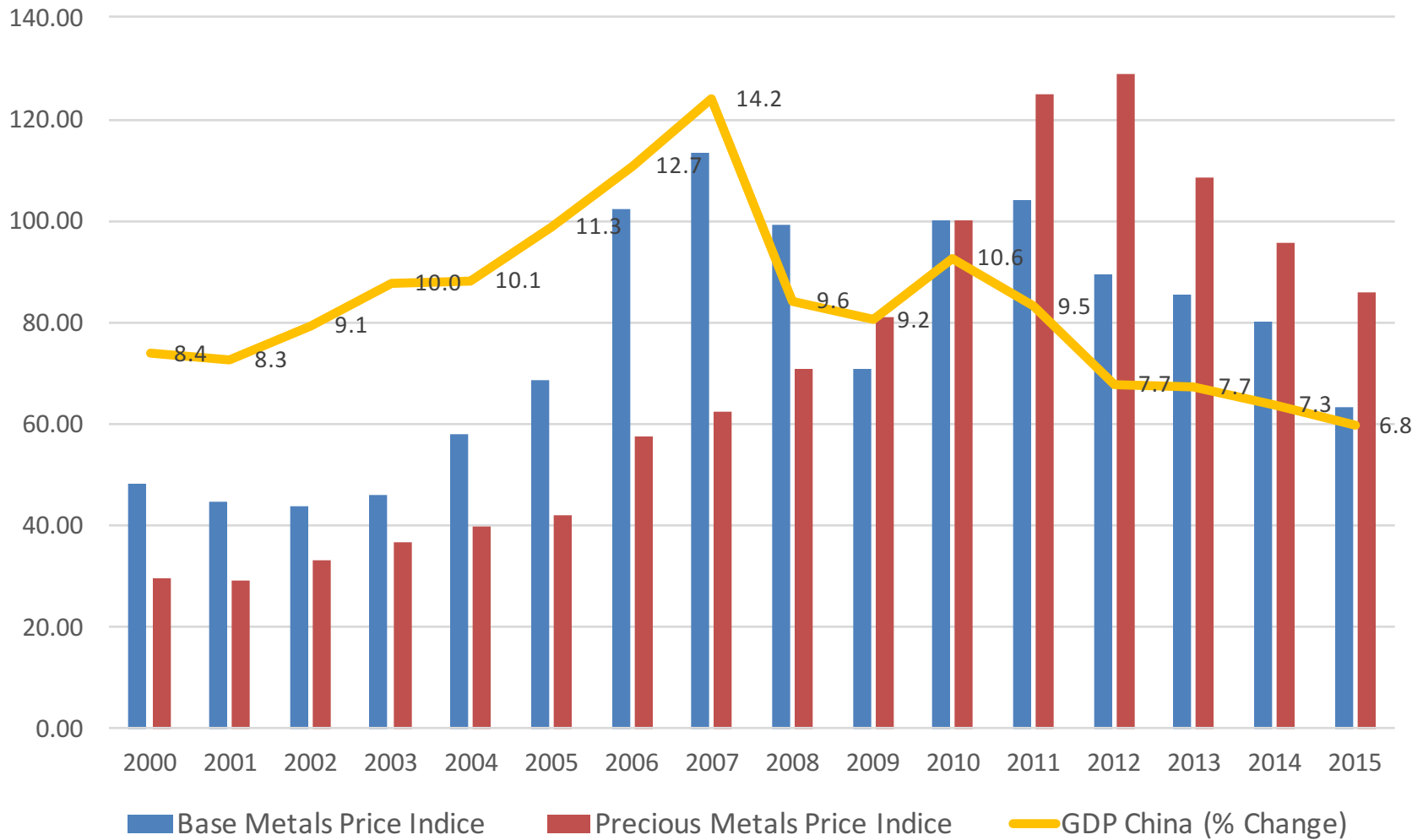


Source: World Bank.

Annual Real Prices (2010 US dollars)

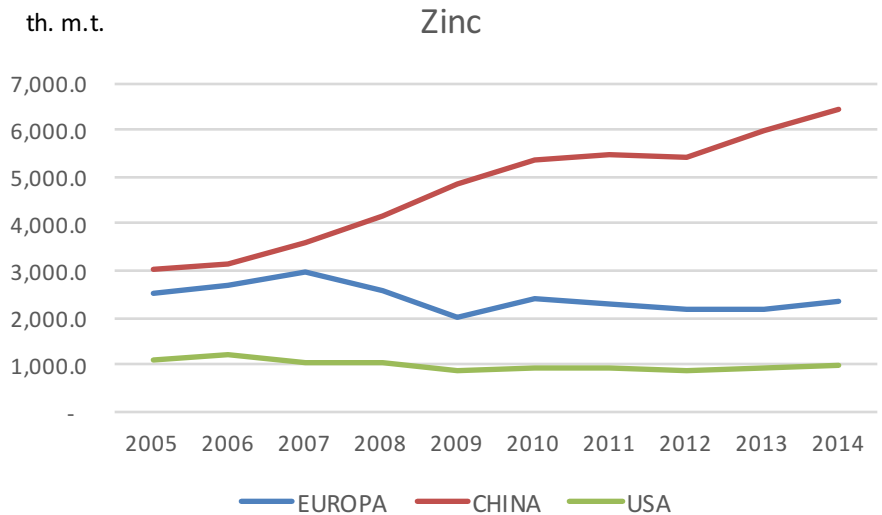
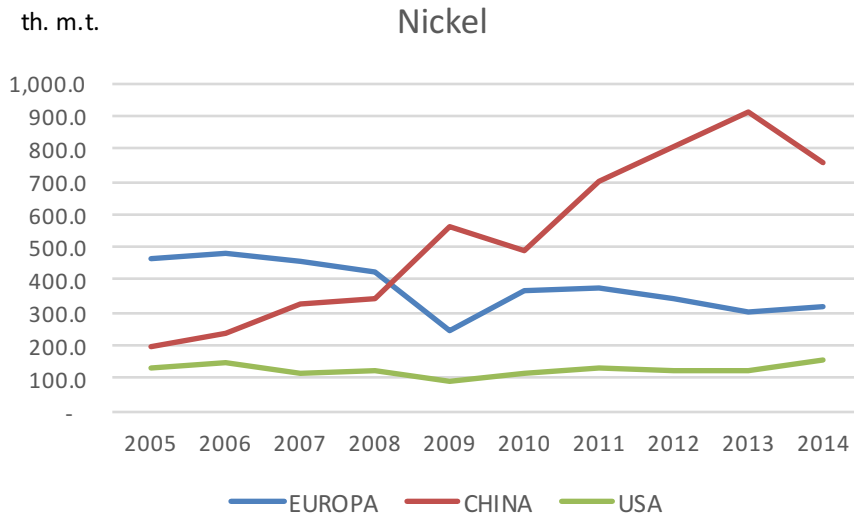
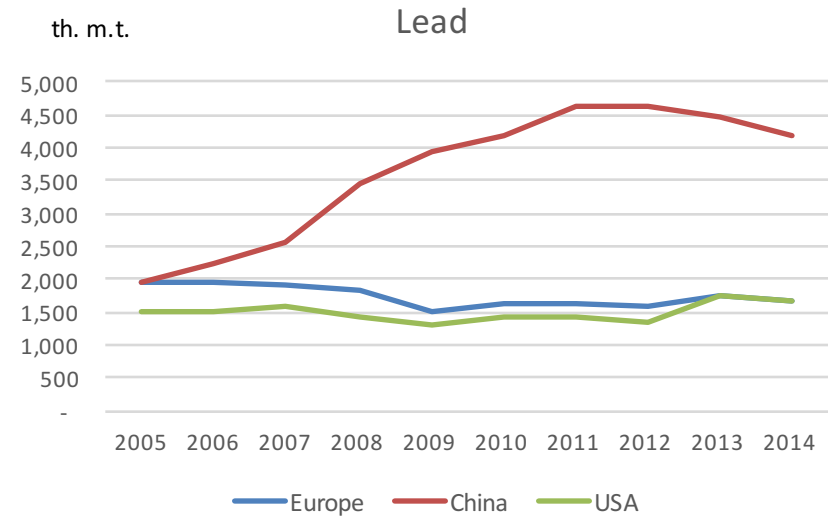
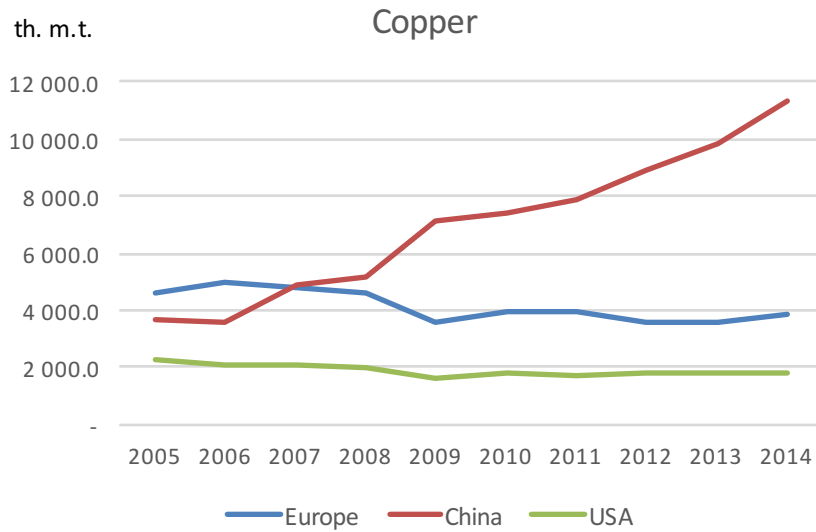


GDP CHINA VS METAL PRICE INDICES



Source: World Bank. Real price indices 2010=100.

CONSUMPTION OF SELECTED METAL BY COUNTRY



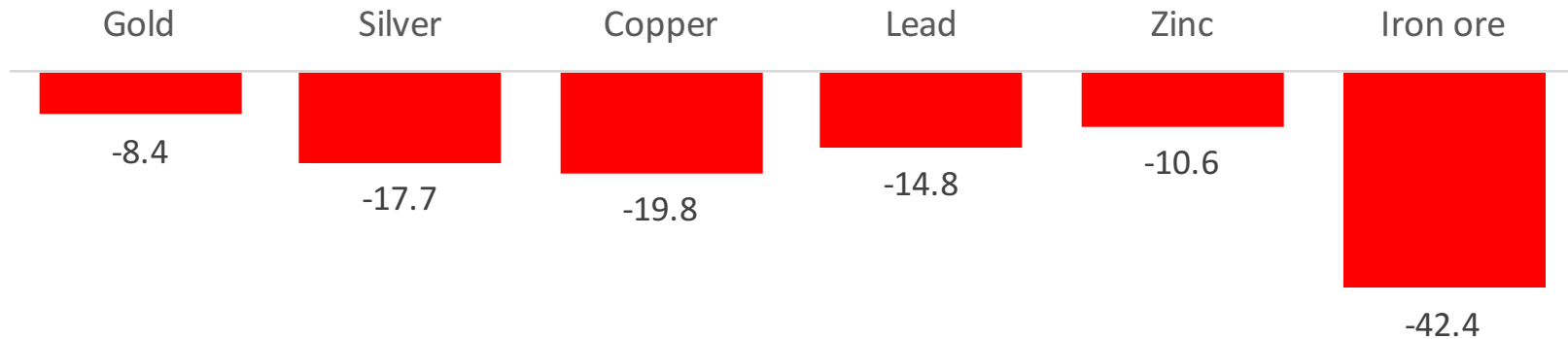
METAL PRICES

INTERNATIONAL PRICES OF SELECTED METALS 2011-2016

PRODUCT	2011	2012	2013	2014	2015	% Change 2015/2014	Price March 3	FORECAST
								2016
GOLD (London Final, Dlls./oz.)	1,568.6	1,668.8	1,411.0	1,266.0	1,160.1	-8.4	1,250.2	1,121.0
SILVER (London Fix, US, Dlls./oz.)	35.11	31.15	23.83	19.08	15.70	-17.7	14.97	14.70
LEAD (LME Settle, Ctvs Dlls./lb.)	108.9	93.5	97.7	95.1	81.0	-14.8	83.3	77.60
COPPER (LME Settle, Ctvs Dlls./lb.)	400.1	360.6	333.1	311.2	249.6	-19.8	220.1	208.60
ZINC (LME Settle, Ctvs Dlls./lb.)	99.5	88.4	87.1	98.1	87.7	-10.6	83.3	73.40
IRON ORE (World Bank, Dlls./Ton.)	167.8	128.5	135.4	96.9	55.8	-42.4	51.7	35.9

Source: Metals Week, CPM, World Bank.

% change 2015/2014



Source: Metal Weeks.

MINING COMPANIES - PRICE QUOTES 2010-2016

GOLDCORP



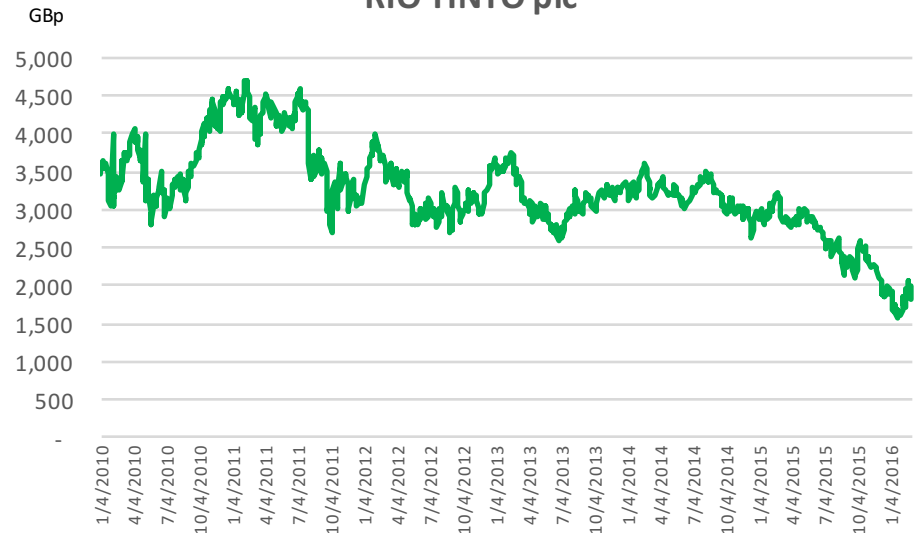
BARRICK GOLD



BHP BILLITON

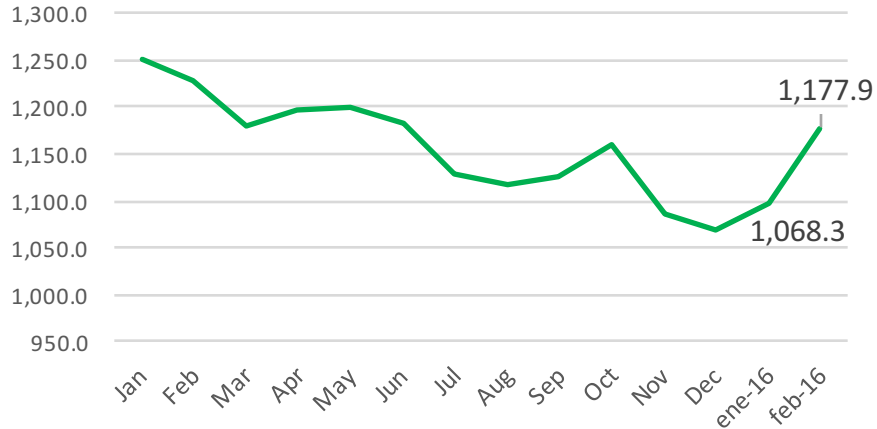


RIO TINTO plc

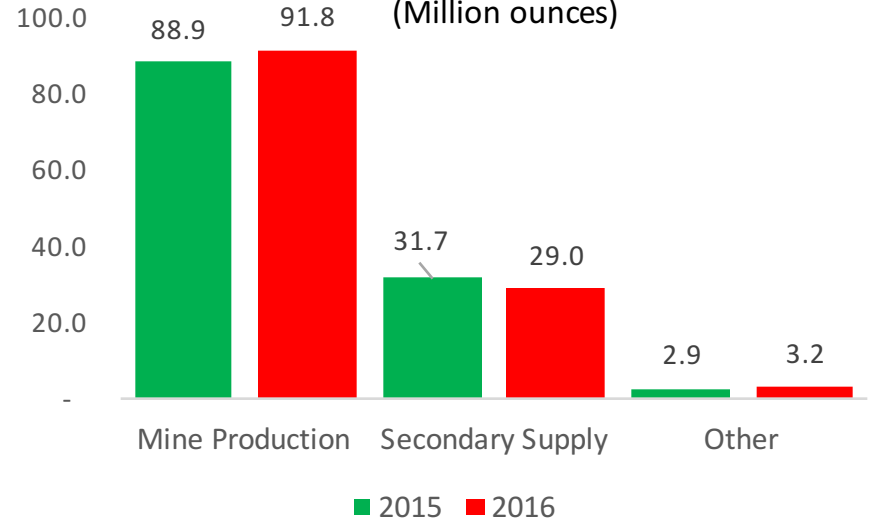


GOLD

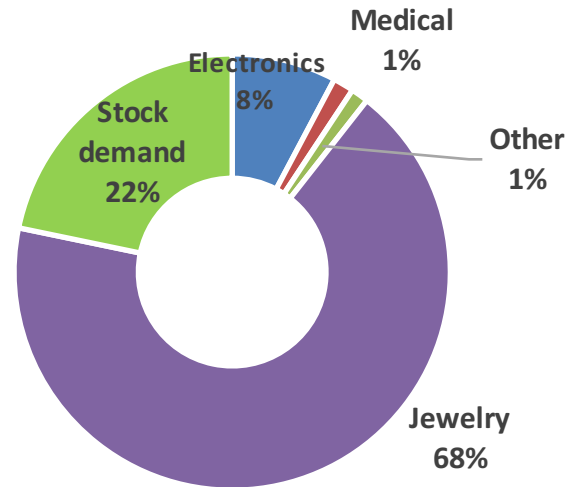
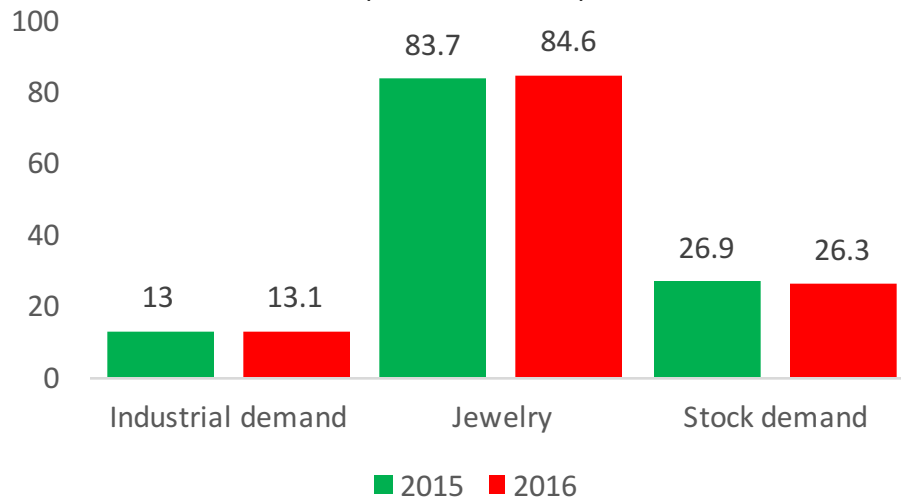
Monthly Prices 2015-2016*
(dl/oz)



Supply 2015-2016*
(Million ounces)



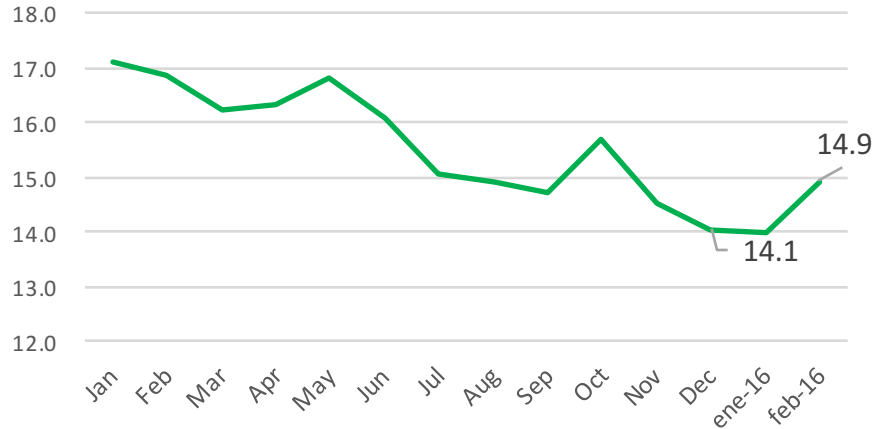
Demand 2015-2016*
(Million ounces)



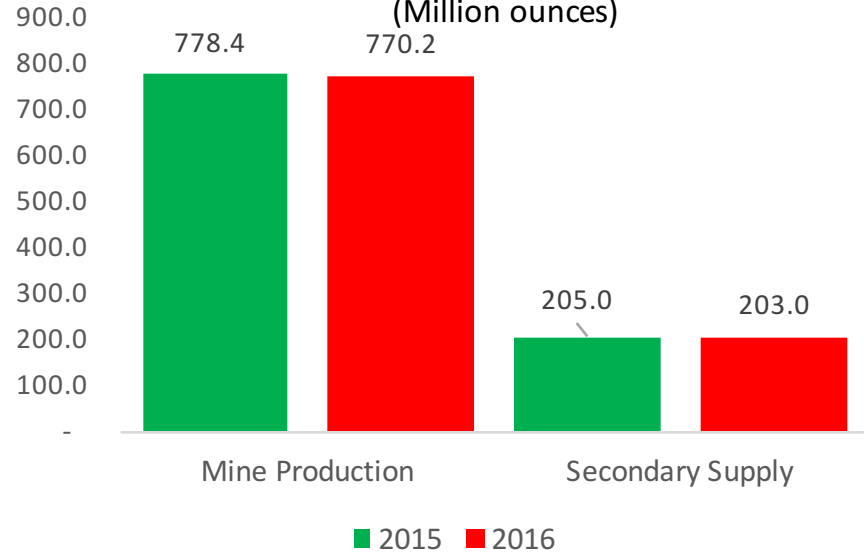
Source: CPM Group. * Estimated data for 2016.

SILVER

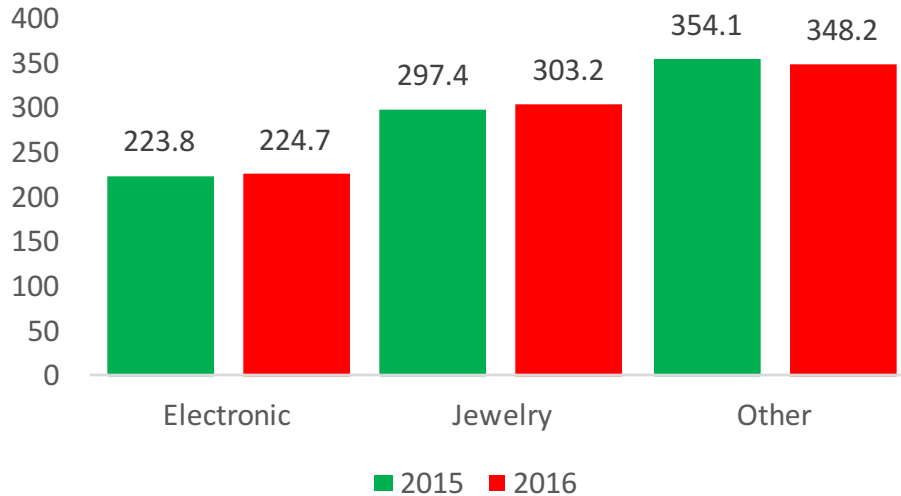
Monthly Prices 2015-2016*
(dl/oz)



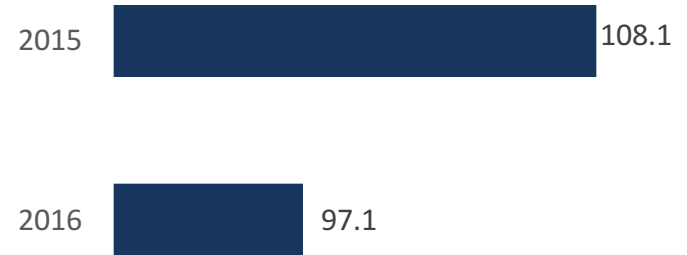
Supply 2015-2016*
(Million ounces)



Demand 2015-2016*
(Million ounces)



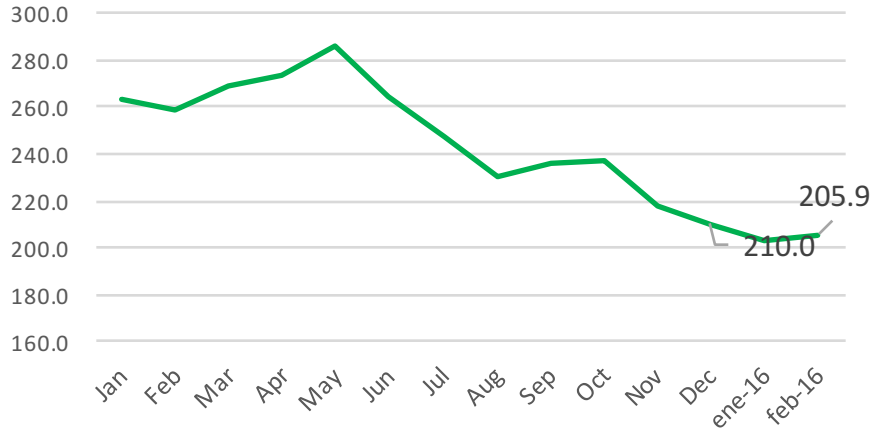
Net Surplus 2015-2016*
(Million ounces)



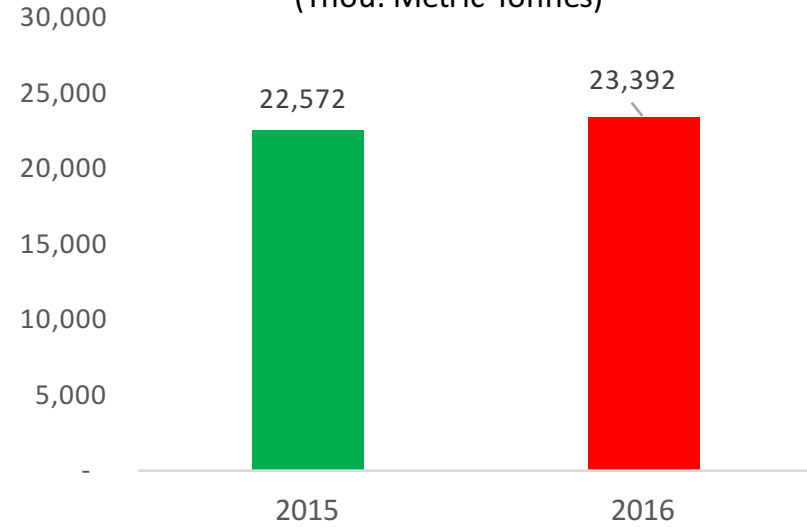
Source: CPM Group. Estimated data for 2016.

COPPER

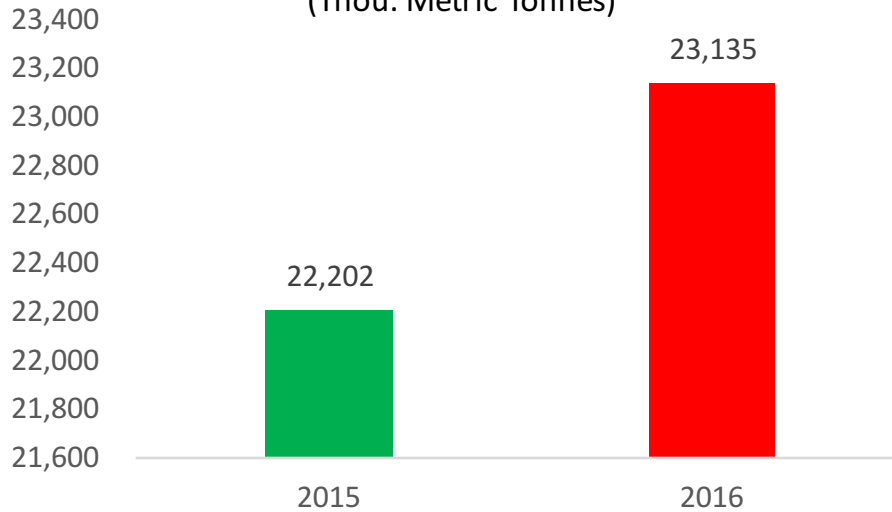
Monthly Prices 2015-2016*
(dl/lb)



Supply 2015-2016*
(Thou. Metric Tonnes)



Demand 2015-2016*
(Thou. Metric Tonnes)



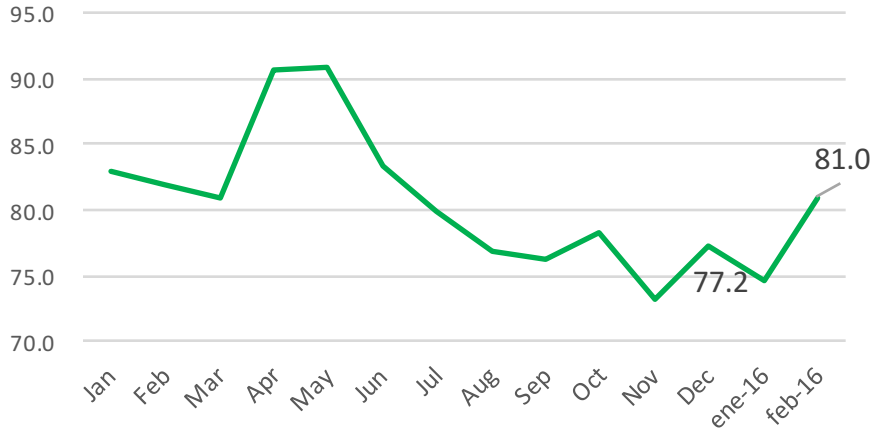
Balance 2015-2016*
(Thou. Metric Tonnes)



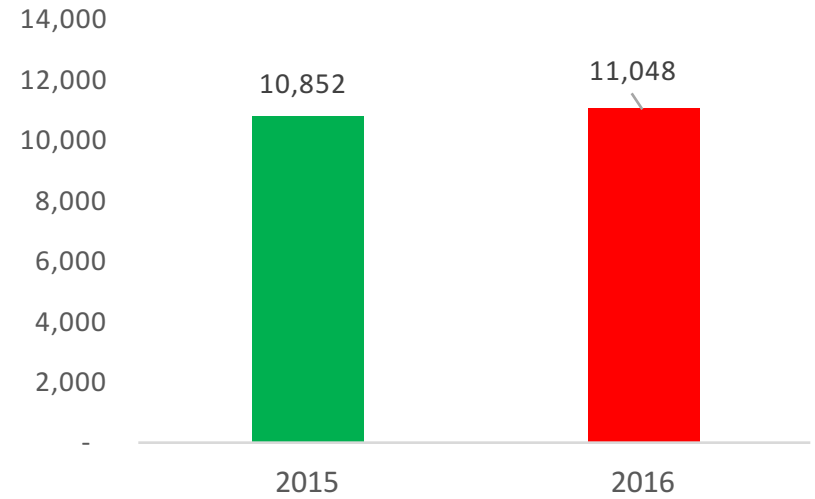
Source: CPM Group. *Estimated data for 2016.

LEAD

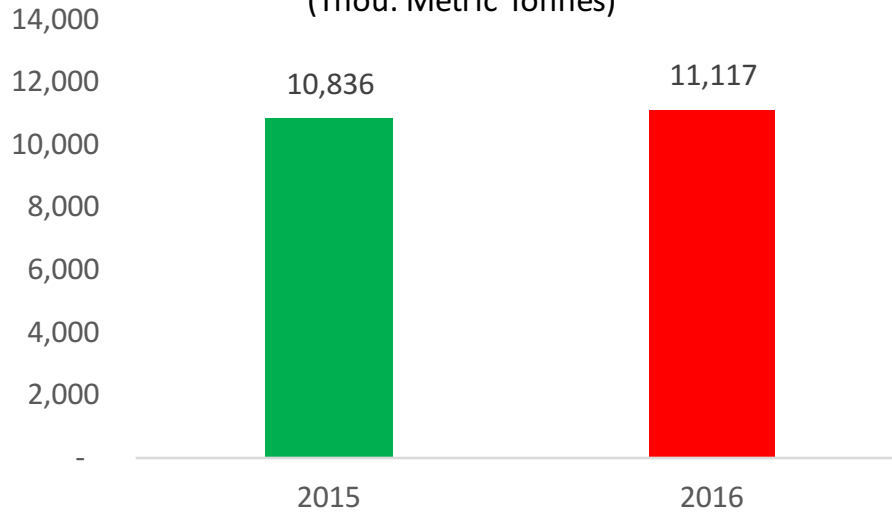
Monthly Prices 2015-2016*
(dl/lb)



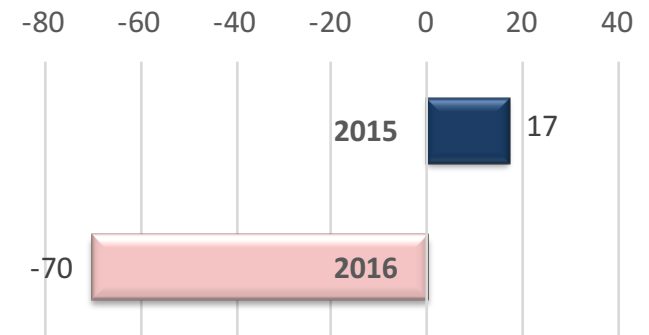
Supply 2015-2016*
(Thou. Metric Tonnes)



Demand 2015-2016*
(Thou. Metric Tonnes)



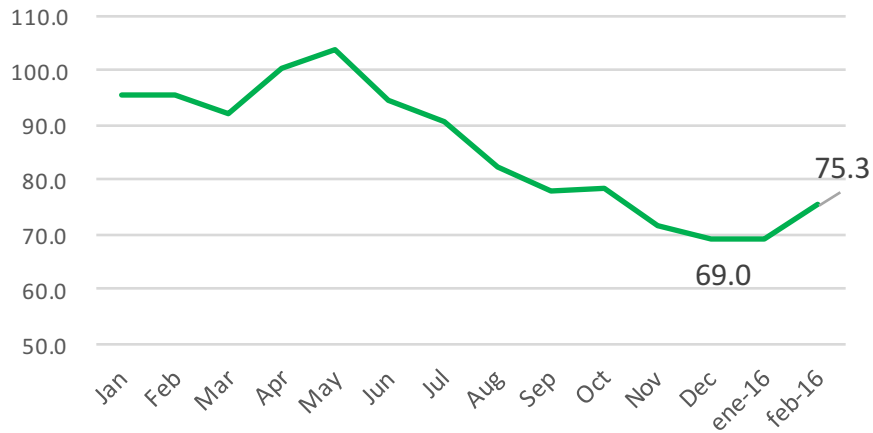
Balance 2015-2016*
(Thou. Metric Tonnes)



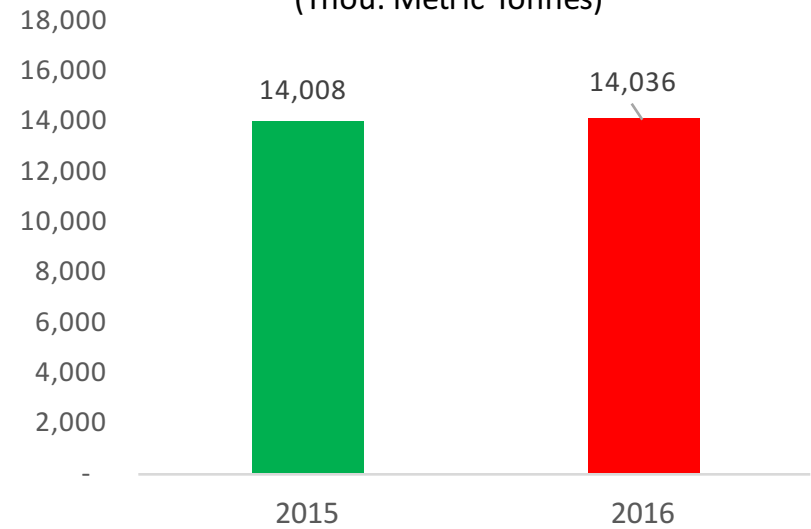
Source: CPM Group. *Estimated data for 2016.

ZINC

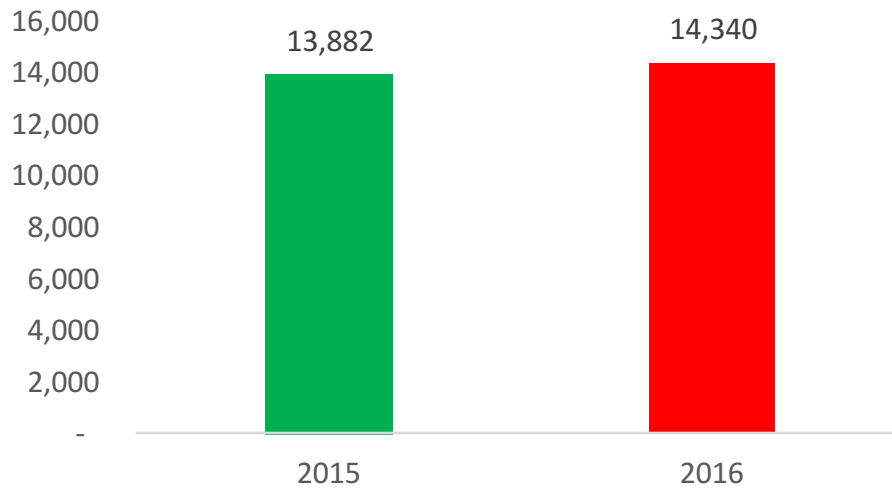
Monthly Prices 2015-2016*
(dl/lb)



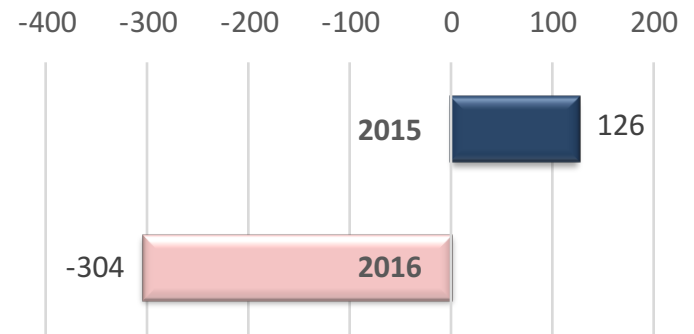
Supply 2015-2016*
(Thou. Metric Tonnes)



Demand 2015-2016*
(Thou. Metric Tonnes)



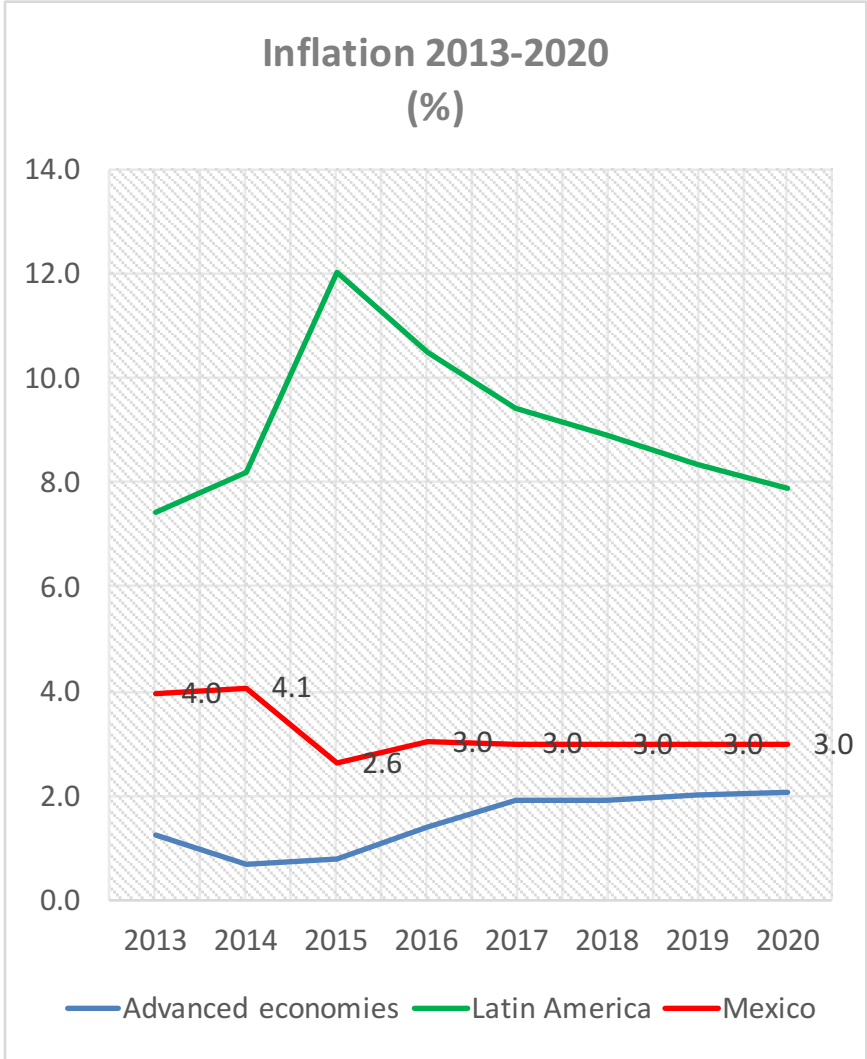
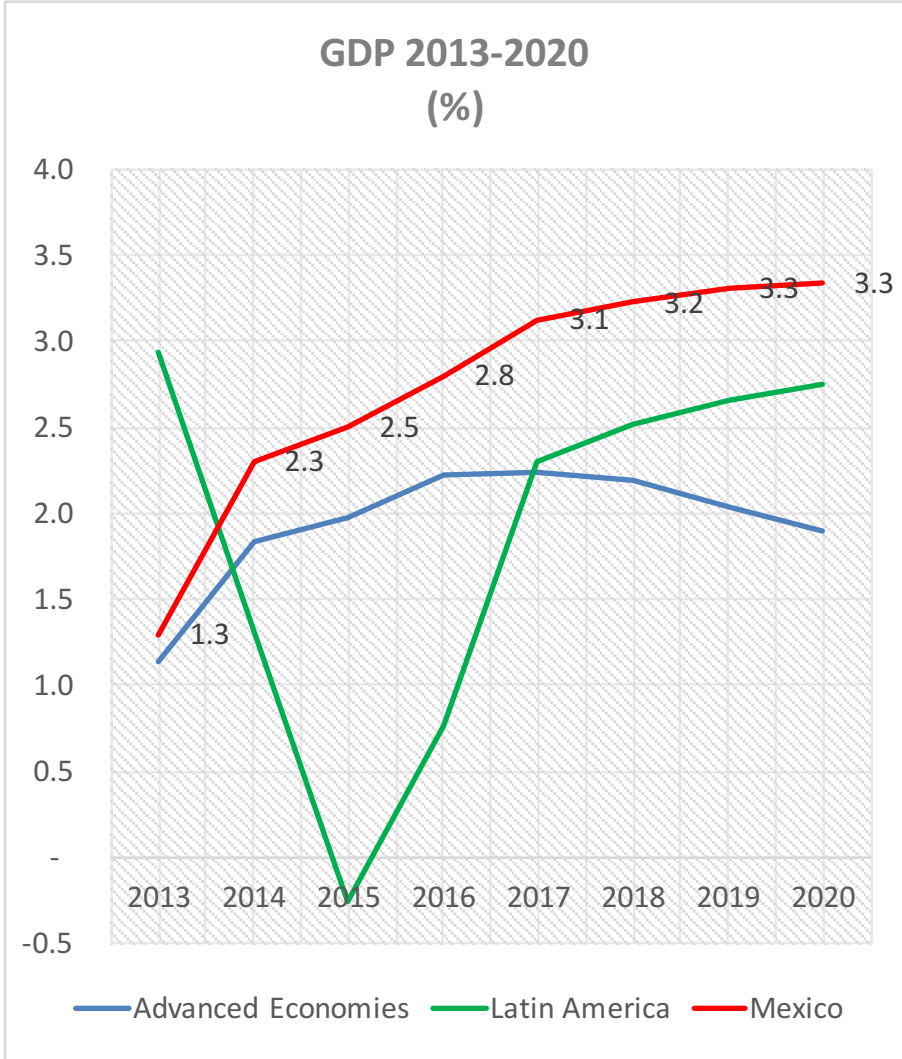
Balance 2015-2016*
(Thou. Metric Tonnes)



Source: CPM Group. *Estimated data for 2016.

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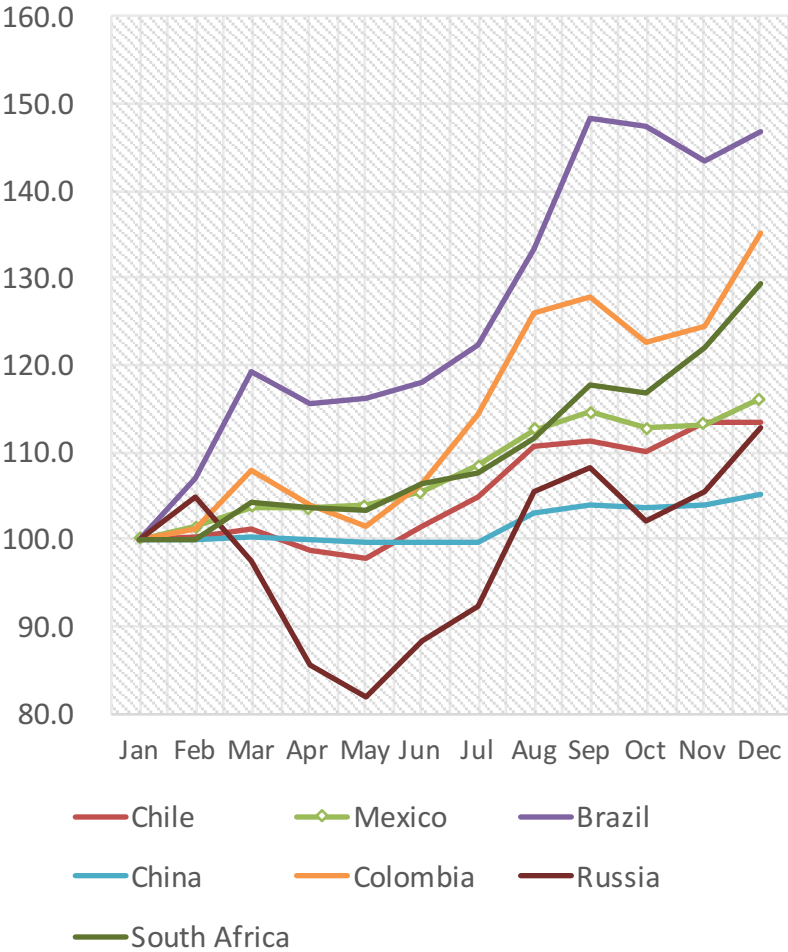
México: Macroeconomic Indicators



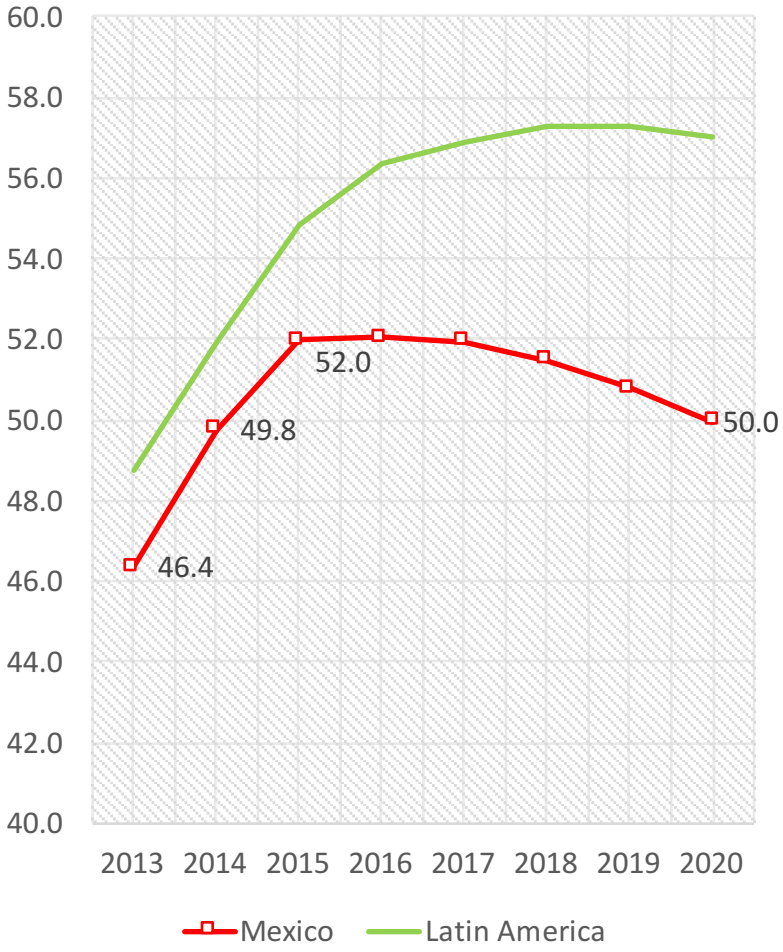
Source: IMF.

México: Macroeconomic Indicators

Exchange Rate 2015 (January=100)



Government Gross Debt 2013-2020 (% GDP)



Source: IMF.

Mexican Mining Resources

Mexico's Share in World Mine Production








Source: USGS.

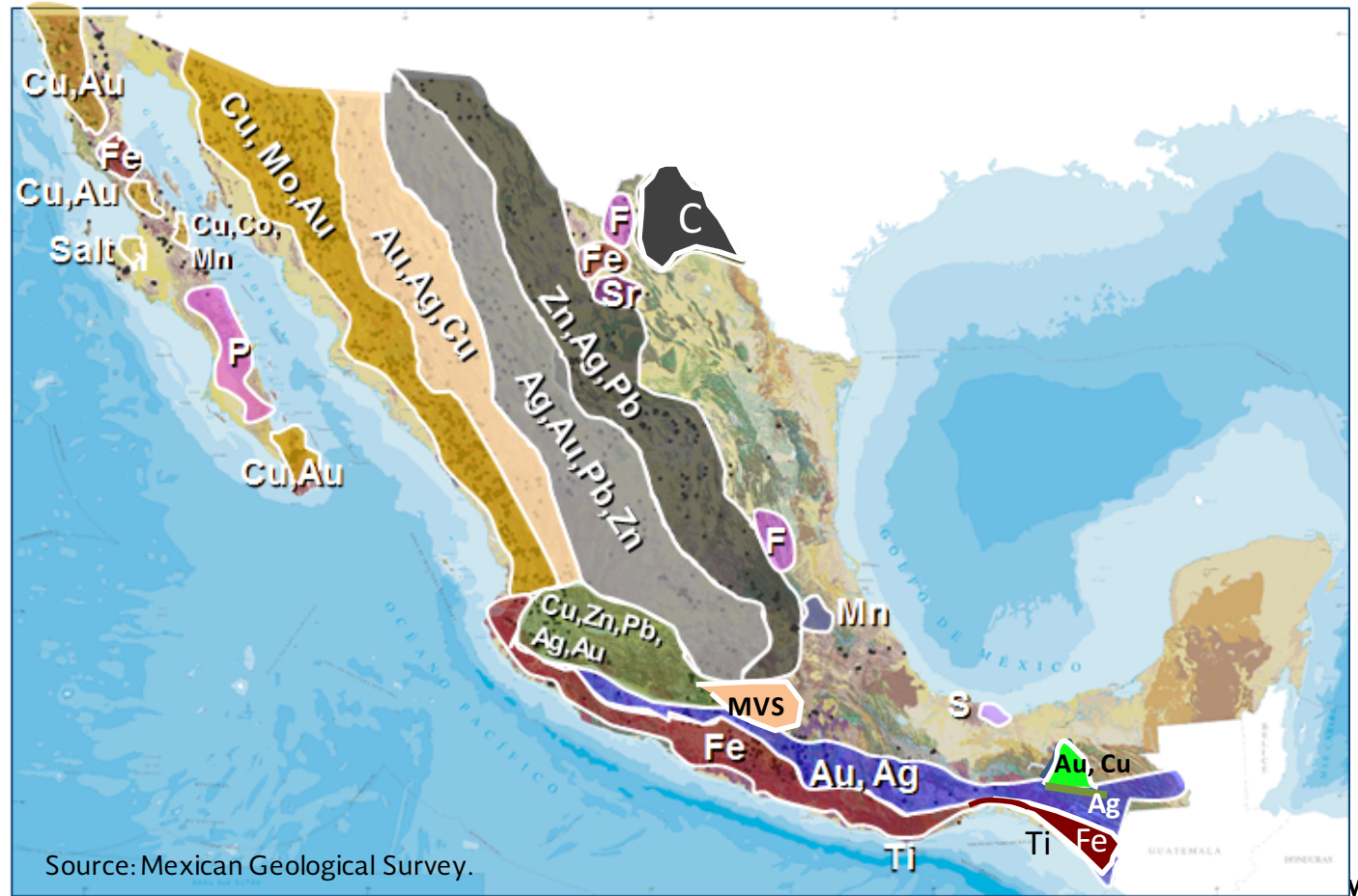
Geological Potential

METALLOGENETIC BELTS

The Mexican territory shows well defined metallogenetic belts of Cu, Au; Cu, Mo, Au; Au, Ag, Cu; Ag, Au, Pb, Zn; Zn, Ag, Pb; F, Sr; C; Fe, Ti; Cu, Zn, Pb, Ag, Au; Fe; Au, Ag.

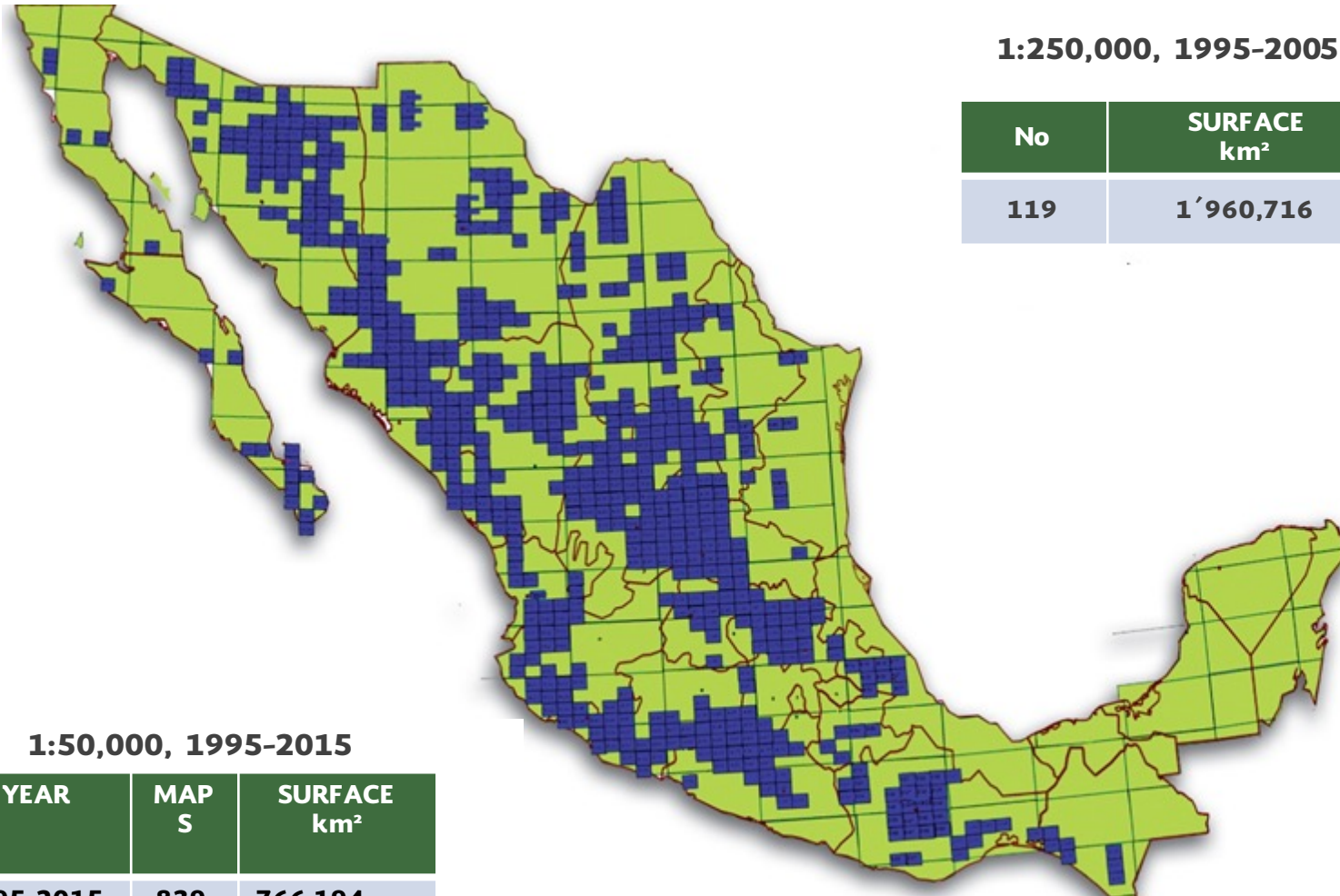
Metallogenetic belts

-  Ag, Au, Pb, Zn
-  Cu, Mo, Au
-  Zn, Ag, Pb
-  Cu, Zn, Pb, Ag, Au
-  Massive Sulfides MVS (Au, Ag, Zn, Cu, Pb)
-  Iron and titanium (Fe, Ti)
-  Coal (C)
-  Strontium (Sr)
-  Fluor (F)
-  Manganese (Mn)
-  Phosphates (P)
-  Au, Ag (Mesothermal)
-  Au, Cu, Pb, Ag, Zn (Porphyry)



Mexican Geological Survey

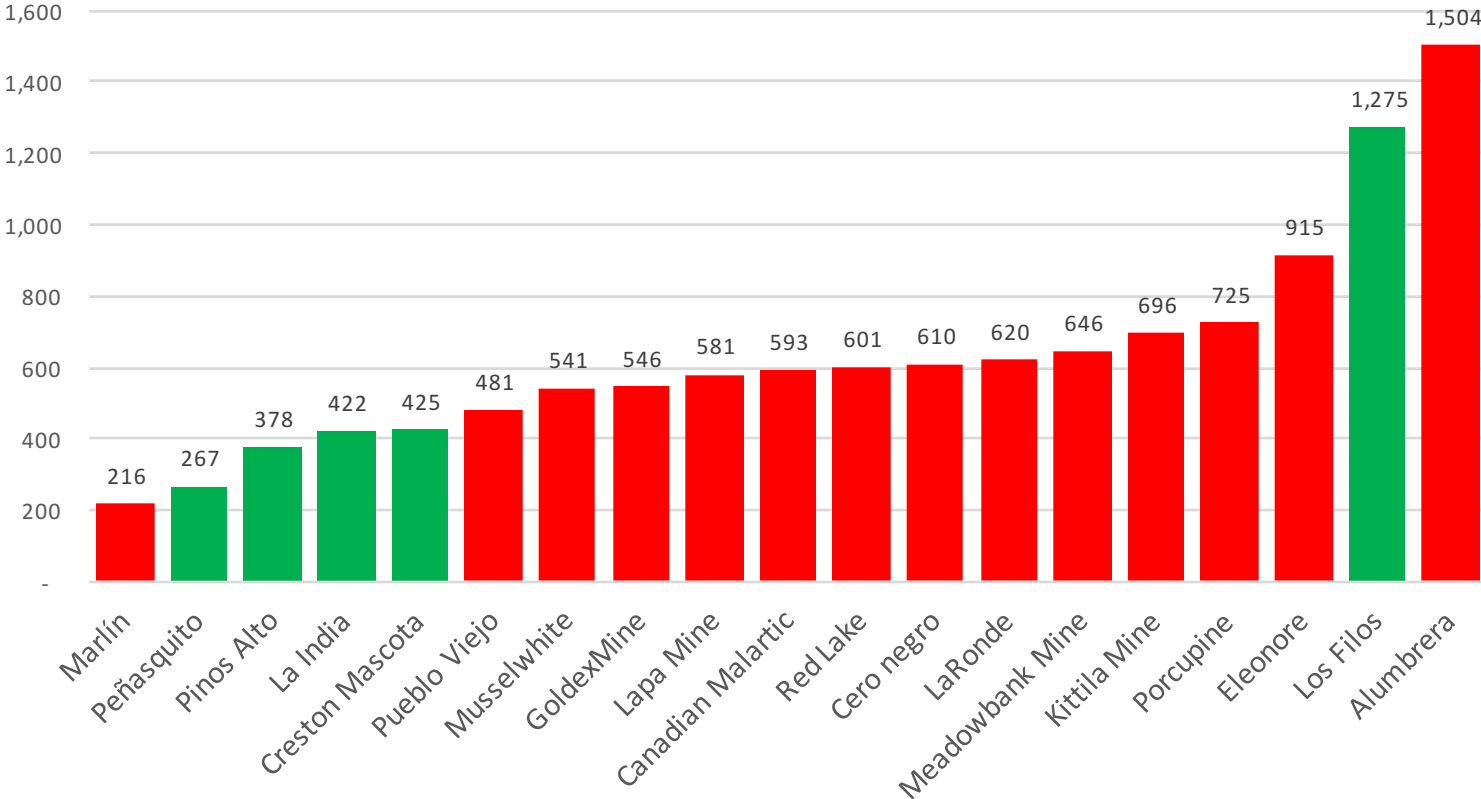
GEOLOGICAL AND GEOCHEMICAL MAPPING



Source: Mexican Geological Survey.

Cash Cost

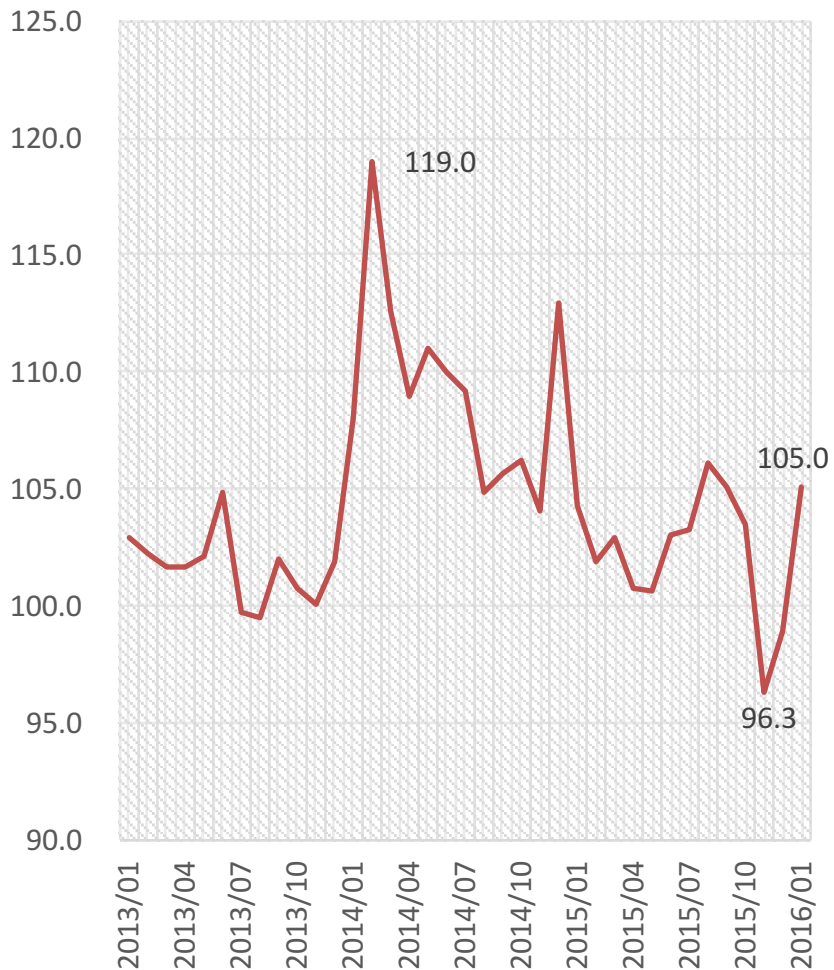
Cash Cost – Selected Mines 2015 (dl/ gold oz)



Source: Quarter Reports of Mining Companies (January-September 2015).

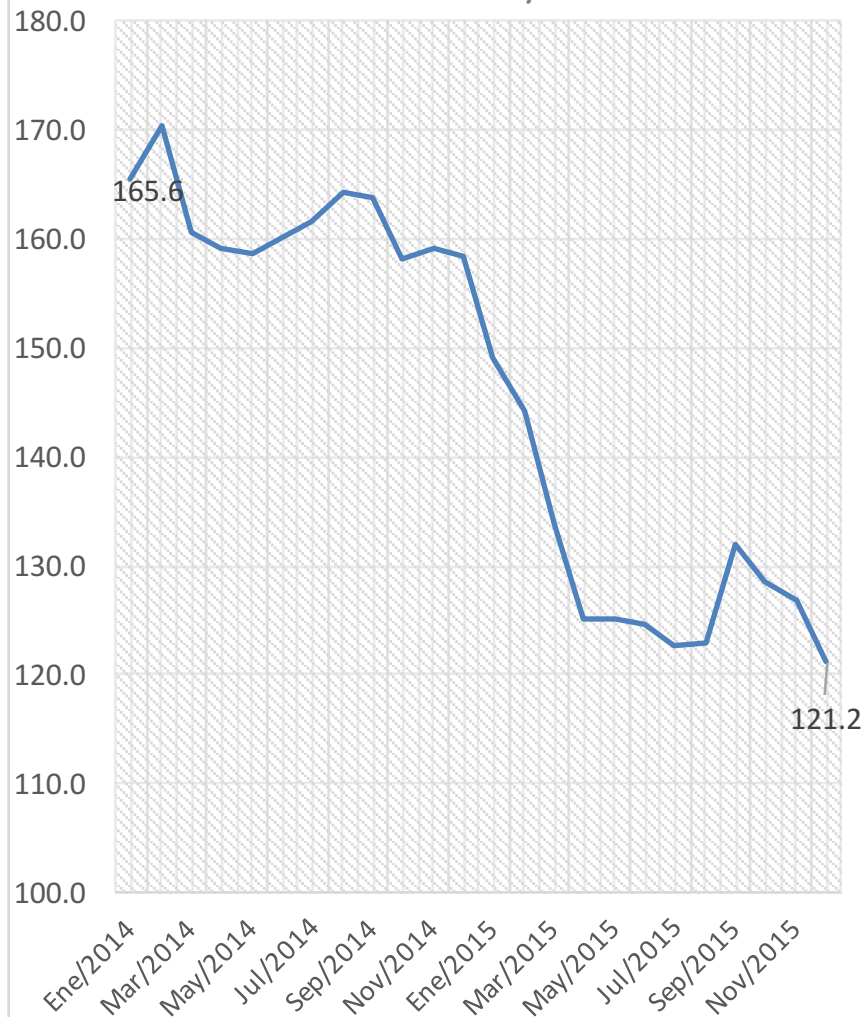
Competitive Costs

National Producer Price Index Mining



Source: INEGI.

Average prices of electricity Pesos kilowatt/hour



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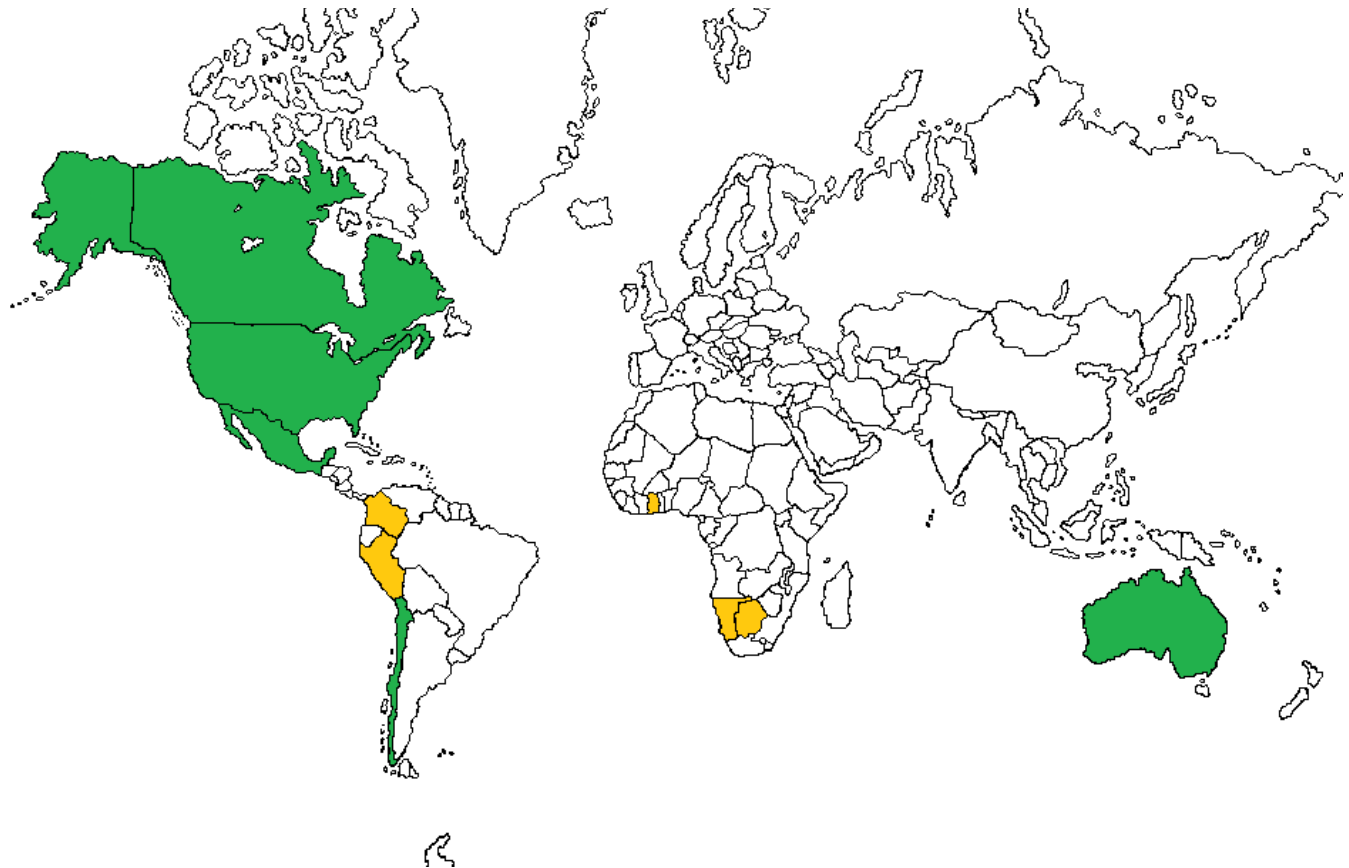
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4. Mexican Mining Competitiveness

MEXICAN MINING, A COMPETITIVE INDUSTRY

Where to invest in Mining 2015. Behre Dolbear.

Rank	Country
1	Canada
2	Australia
3	USA
4	Chile
5	Mexico
6	Peru
7	Namibia
8	Botswana
9	Colombia
10	Ghana

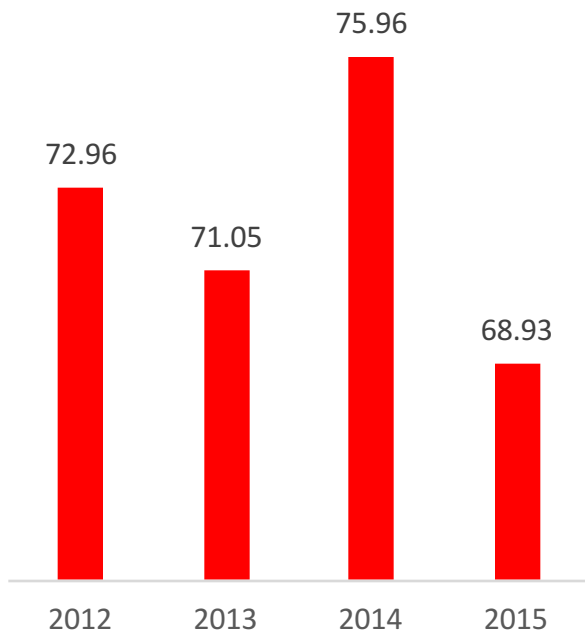


Source: Behre Dolbear, 2015.

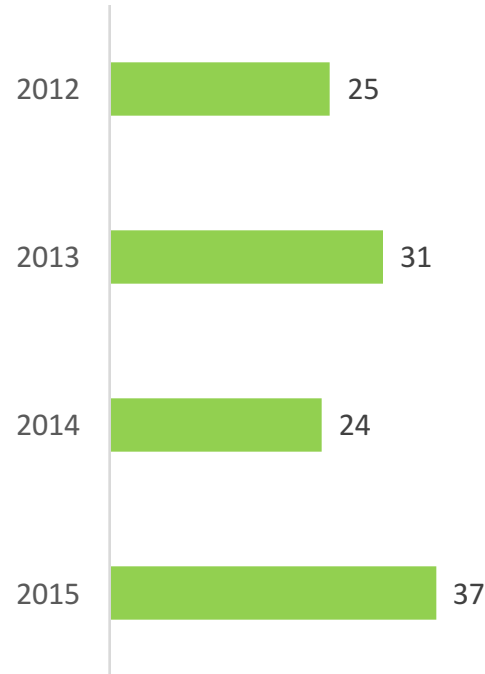
FRASER INSTITUTE: INVESTMENT ATTRACTIVENESS INDEX

Mexico 2012-2015

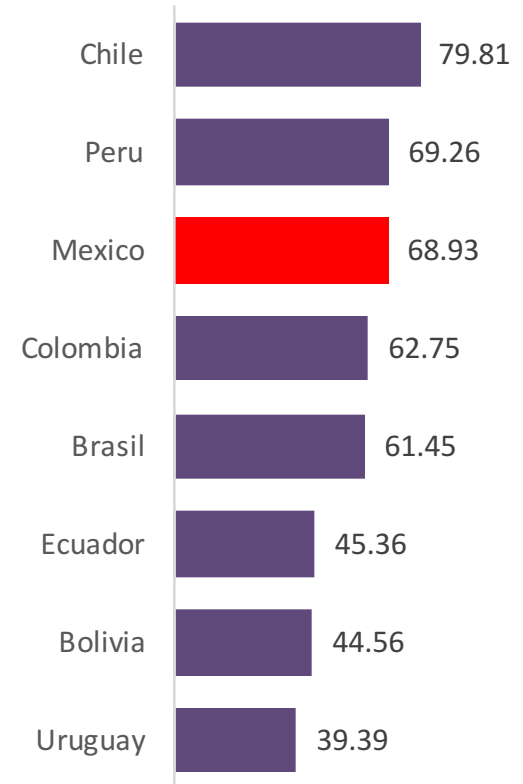
Score
(maximum 100)



Rank



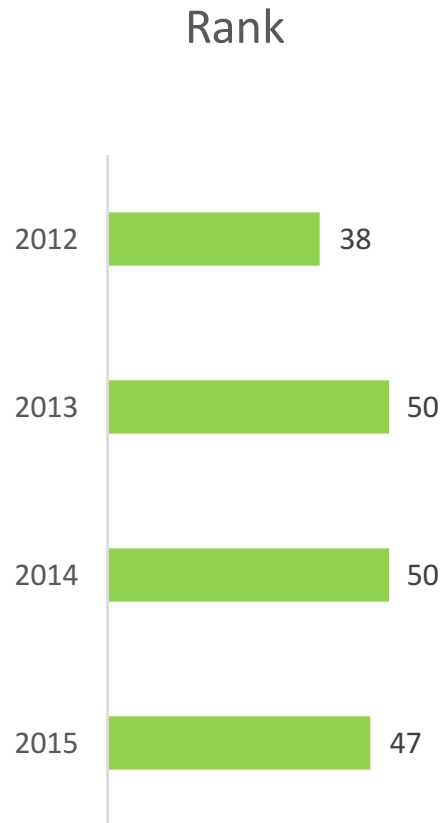
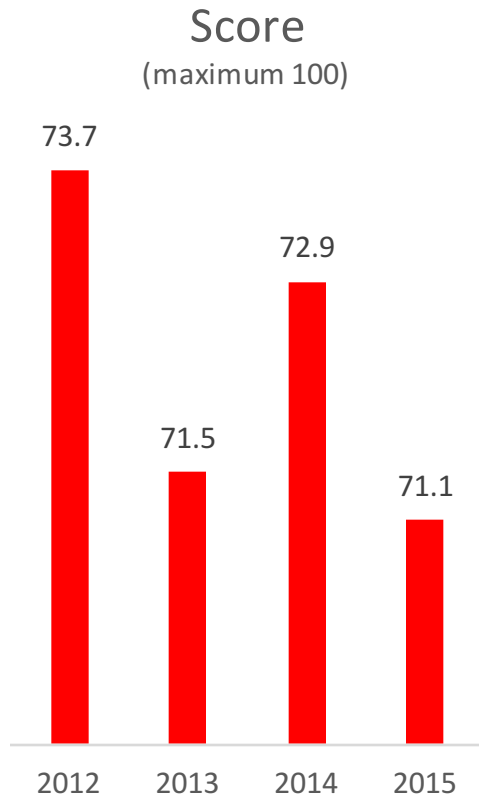
Latin America 2015



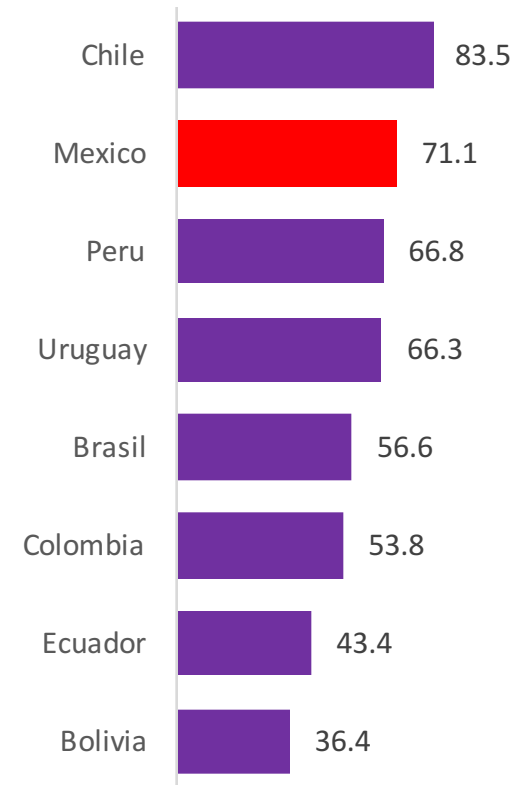
Source: Fraser Institute, 2016.

FRASER INSTITUTE: POLICY PERCEPTION INDEX

Mexico 2012-2015



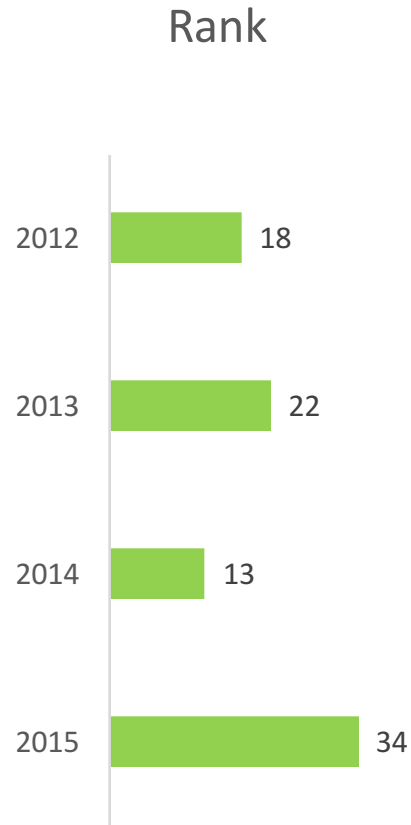
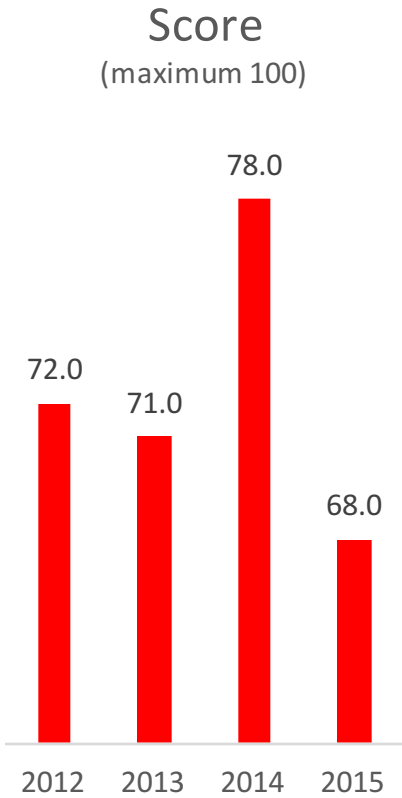
Latin America 2015



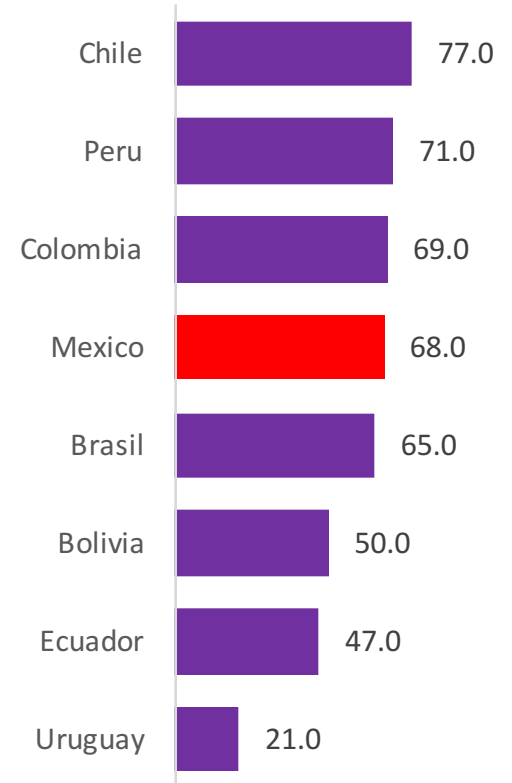
Source: Fraser Institute, 2016.

FRASER INSTITUTE: BEST PRACTICES MINERAL POTENTIAL INDEX

Mexico 2012-2015



Latin America 2015



Source: Fraser Institute, 2016.

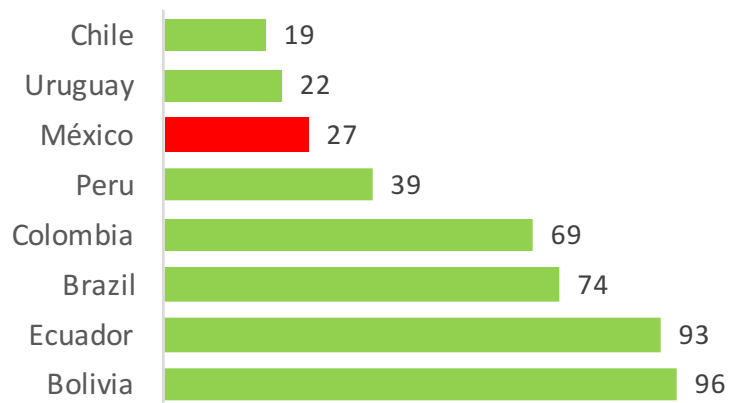
LIST OF FACTORS THAT ENCOURAGE OR AFFECT INVESTMENT

Rank 1-109

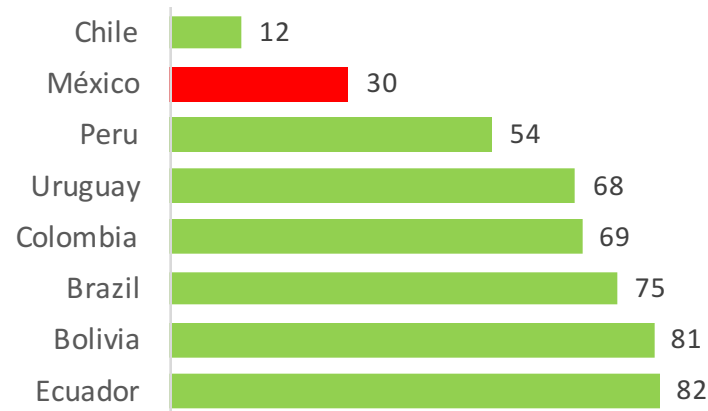
	México	Brazil	Chile	Colombia	Peru	Uruguay	Ecuador	Bolivia
Uncertainty concerning the administration, interpretation, and enforcement of existing regulations	27	74	19	69	39	22	93	96
Environmental regulations	12	68	25	75	52	54	93	62
Regulatory duplication and Inconsistencies	30	75	12	69	54	68	82	81
Legal System	57	74	28	68	50	42	79	101
Taxation Regime	58	75	42	65	55	84	103	97
Uncertainty Concerning Disputed Land Claims	56	81	16	74	64	43	86	109
Uncertainty Concerning Protected Areas	44	86	16	77	59	89	82	97
Quality of Infrastructure	43	66	45	65	57	50	62	93
Socioeconomic Agreements/Community Development Conditions	56	61	37	77	76	62	83	103
Trade Barriers	55	80	41	52	48	59	95	88
Political Stability	55	83	33	63	59	24	74	87
Labor Regulations	62	90	51	71	78	56	98	109
Geological database	42	69	26	59	38	90	72	91
Security	95	84	46	102	86	65	75	88
Availability of Labor	42	48	31	63	38	47	89	86

COMPARISON OF DIFFERENT TOPICS “ENCOURAGE INVESTMENT” (RANK)

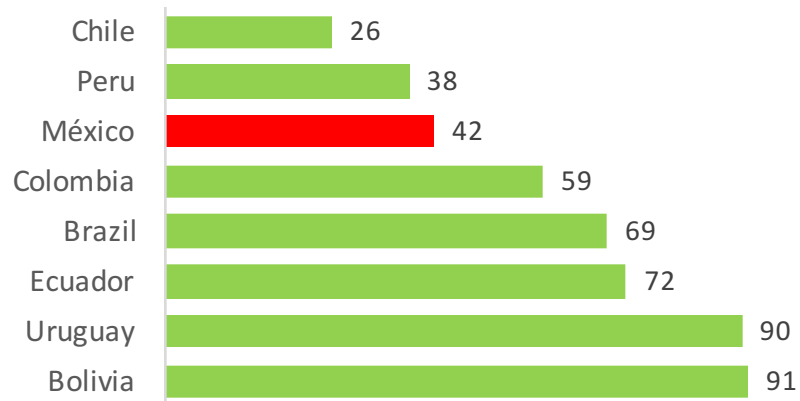
Uncertainty concerning the administration, interpretation, and enforcement of existing regulations



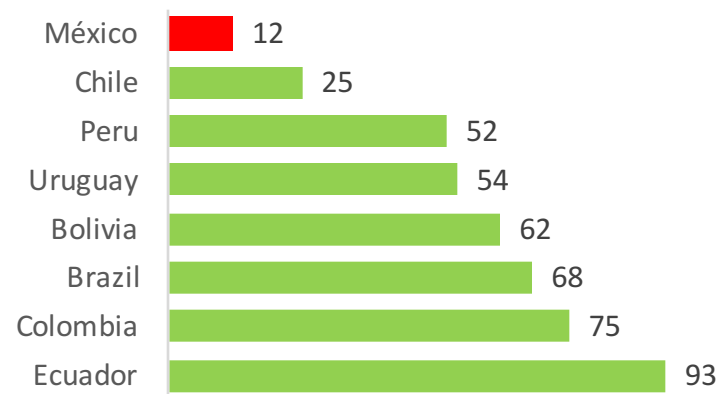
Regulatory duplication and Inconsistencies



Geological Database

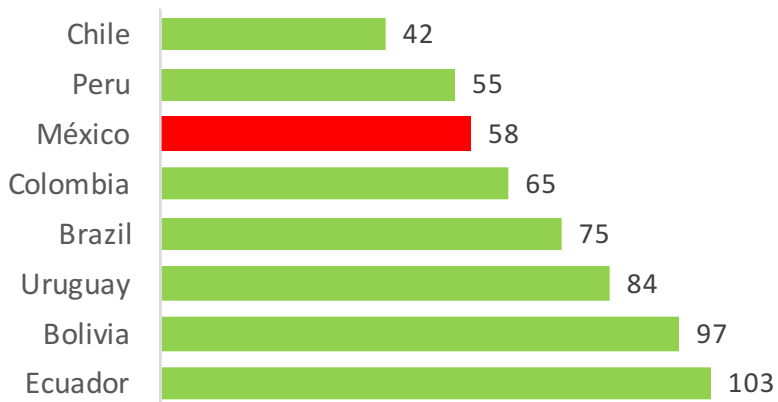


Environmental regulations

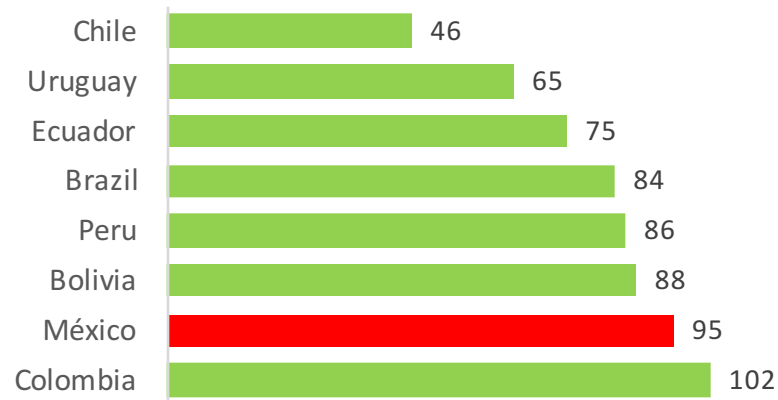


COMPARISON OF DIFFERENT TOPICS “ENCOURAGE INVESTMENT”

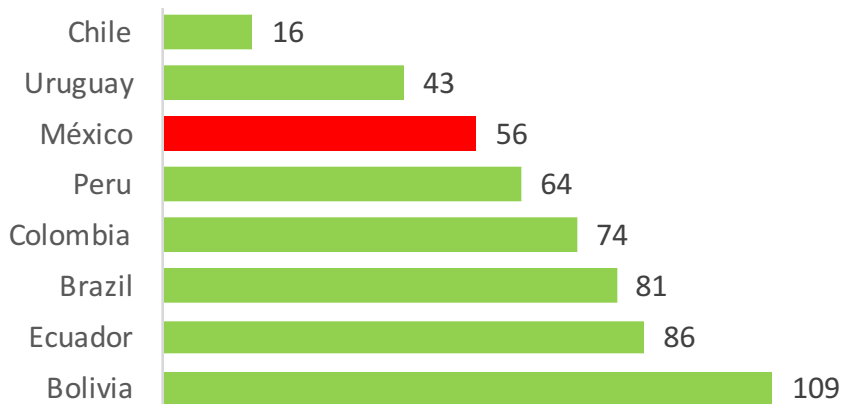
Taxation Regime



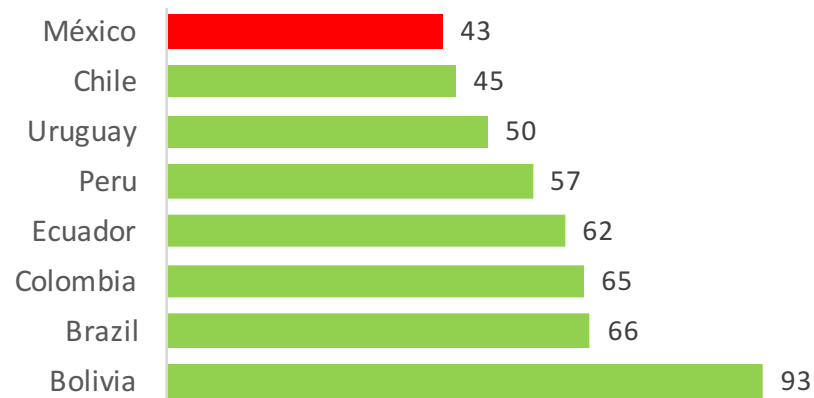
Security



Uncertainty Concerning Disputed Land Claims



Quality of Infrastructure



MINING ALLOTMENTS WITH ADVANCED EXPLORATION



MINING ALLOTMENTS WITH ADVANCED EXPLORATION PROPOSED FOR BIDDING IN 2016

No.	Project	State	Substance	Ha
1	La Soledad	Sin. y Dgo.	Cu, Mo	6,059
2	Delia	Son.	Au	15,170
3	El Trigo	Sin.	Ag, Pb, Zn	12,361
4	Chupaderos	N.L.	Au, Ag, Pb, Zn	16,032
5	Los Borregos	Chih.	Mn	4,100
6	Las Chinacas	Chih.	Au, Ag	10,564

SURFACE: 64,286

MINING ALLOTMENTS WITH ADVANCED EXPLORATION FOR FUTURE BIDDING

No.	Project	State	Substance	Ha
1	La Bocana	B.C.S.	P ₂ O ₅	95,405
2	Natalia	Son.	Au	16,288
3	Ixtepec	Oax.	Au, Ag, Pb, Zn, Cu	3,850
4	Red. Rancho Viejo	Jal. y Mich.	Au, Cu	9,033

SURFACE: 124,576

SE

SECRETARÍA DE ECONOMÍA



THANKS

