



information

BULLETIN

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EXPLORATION

Canadian Mineral Exploration and Deposit Appraisal:

Exploration Levels Approaching \$2 Billion Per Year

Expenditures Continue to Climb

The latest results from the federal-provincial/territorial Survey of Mineral Exploration, Deposit Appraisal and Mine Complex Development Expenditures (2006 preliminary estimates and 2007 spending intentions), involving 734 project operators in various exploration and deposit appraisal projects across the country, confirm a continuing high level of activity in Canada. In 2006, total expenditures reached \$1.7 billion, up 32% from \$1.3 billion in 2005, while a further increase of 9% to \$1.9 billion is indicated for 2007. These total expenditures have now surpassed \$1 billion for four straight years. The favourable investment

climate, sustained high commodity prices, and different tax incentives available in Canada were major contributors to the robustness in the exploration industry.

The recent increases are mainly due to more off-mine-site exploration activity, which in 2006 continued to represent about 75% of total expenditures. Off-mine-site deposit appraisal expenditures were also important in 2006; they exceeded \$300 million for the first time since the tabulation of these statistics began in 1997. This is expected to continue as more known deposits, after a short resource re-evaluation, are being fast-tracked toward production decisions.

In 2006, with the exception of Manitoba, expenditure increases were realized in all jurisdictions across Canada with the largest gains, in current dollar terms, being experienced in Saskatchewan, British Columbia and Quebec. At this time, all jurisdictions except for Alberta and the Northwest Territories are indicating increases in expenditures for 2007.

Juniors and Seniors

The role of the juniors continues to be a major force in the overall resurgence of activity since the last downturn of 1999. Total expenditures for junior project operators have increased from \$141 million in 1999 to \$1.1 billion in 2006 and to an indicated \$1.2 billion in 2007. Juniors, having surpassed the seniors in 2004, are now responsible for more than 60% of the total exploration and deposit appraisal expenditures. In 2006, among the 630 junior project operators, 42 were reporting deposit appraisal projects totaling \$196 million, compared to a reported 34 projects totaling \$103 million the previous year. The juniors are now bearing more and more of the risk and responsibility for Canadian discovery successes.

Global Markets

Prices of mineral and metal commodities continued to rise in 2006, extending the strong performance that began in 2002. Ongoing favourable supply/demand conditions, coupled with increasingly active investor demand, put upward pressures on prices during the year. Again, the growing economies of China and India were significant consumers of mineral

Exploration and Deposit Appraisal Expenditures,¹ 2005-07

Province/Territory	2005	2006 (p)		2007 (si)	
		2006 (p)	Exploration Off-Mine-Site Only	2007 (si)	Exploration Off-Mine-Site Only
(\$ millions)					
Newfoundland and Labrador	48.7	97.6	76.1	115.8	90.5
Nova Scotia	6.5	6.7	5.4	18.0	10.0
New Brunswick	10.1	12.8	12.8	25.2	22.4
Quebec	205.1	260.2	222.8	293.3	243.9
Ontario	294.0	341.6	179.6	371.4	223.5
Manitoba	52.9	46.9	36.0	49.5	49.3
Saskatchewan	133.9	236.3	235.1	245.2	245.2
Alberta	6.6	16.0	15.4	9.3	7.5
British Columbia	218.1	304.0	161.6	319.2	205.3
Yukon	54.0	76.2	57.5	103.7	77.9
Northwest Territories	96.3	129.8	74.2	112.2	80.0
Nunavut	178.7	199.7	180.7	225.2	183.8
Total	1 304.8	1 727.8	1 257.1	1 888.0	1 439.2
Exploration	1 119.9	1 368.6		1 516.9	
Deposit appraisal	184.9	359.2		371.1	

(p) Preliminary estimates; (si) Spending intentions.
Note: Numbers may not add to totals due to rounding.

and metal commodities. With the exception of copper, which peaked in mid-year, the major metals finished 2006 at or near their highs for the year and up significantly from the beginning of the year. Nickel increased by over 150%, zinc by over 125%, and uranium by nearly 100% during 2006. For precious metals, gold and silver were up by nearly 20% and 43%, respectively, over the year. Although softness in certain mineral commodity prices is expected, prices should generally remain buoyant in 2007.

Mineral Commodities

Expenditures for each commodity group except coal increased over 2005. Precious metals remained in first place with total expenditures of \$667 million and base metals were in second place at \$380 million, followed

closely by diamonds at \$303 million and uranium at \$190 million. Diamonds have received much attention in recent years, accounting for between 20 and 25% of total expenditures. However, uranium is re-emerging as a star mineral commodity. Uranium expenditures doubled from 2005, reaching \$190 million in 2006 with more than 350 projects under way, and will reach a possible \$241 million in 2007, contributing close to 12% of the total expenditures. Saskatchewan remains the leading jurisdiction for uranium expenditures with Newfoundland and Labrador second in both 2006 and 2007 (Central Mineral Belt). Iron ore expenditures have also doubled with around \$60 million reported in each of 2006 and 2007. Base metals are also

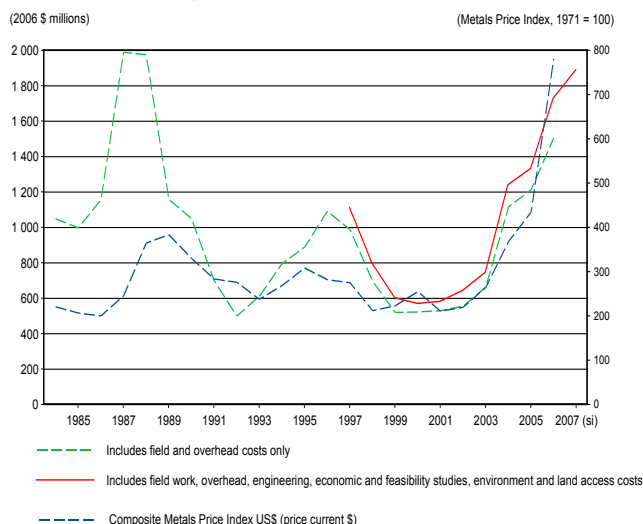
doing well with major projects coming on stream (e.g., Nickel Rim South and Levack in Ontario and High Lake in Nunavut), and expenditures are on the rise.

For more information:

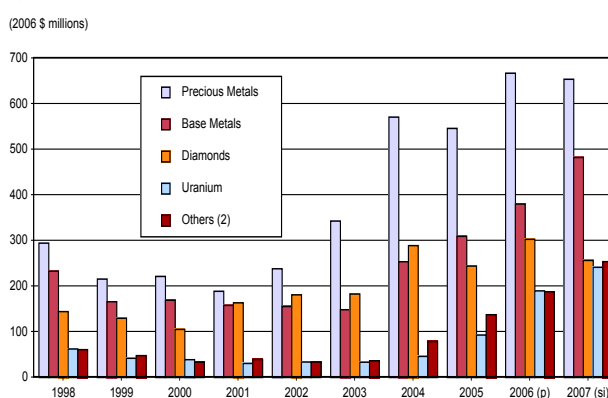
Please visit http://mmsd1.mms.nrcan.gc.ca/mmsd/exploration/default_e.asp and/or www.nrcan.gc.ca/mms/cm/content/2004/04.pdf.

You may also contact Ginette Bouchard by telephone at 613-992-4665 or by e-mail at gbouchar@nrcan.gc.ca.

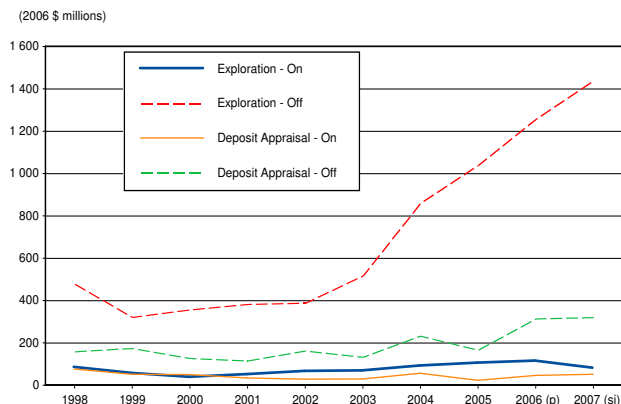
Exploration Plus Deposit Appraisal Expenditures, and Metals Price Index, 1984-2007



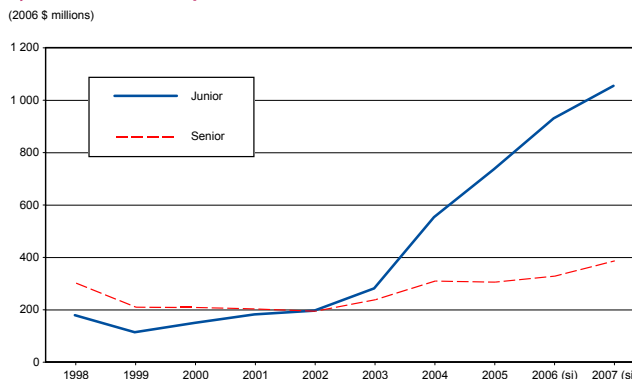
Exploration Plus Deposit Appraisal Expenditures,¹ by Mineral Commodity, 1998-2007



Exploration and Deposit Appraisal Expenditures¹ On- and Off-Mine-Site, 1998-2007



Off-Mine-Site Exploration Expenditures,¹ by Junior and Senior Operators, 1998-2007



Source: Natural Resources Canada from the federal-provincial/territorial Survey of Mineral Exploration, Deposit Appraisal and Mine Complex Development Expenditures. (p) Preliminary estimates; (si) Spending intentions. ¹ Includes field work, overhead, engineering, economic and feasibility studies, environment and land access costs. ² Includes coal, iron, other metals and nonmetals. ³ Commodity breakdown for spending intentions was estimated by pro-rating equally the 2007 total among all commodities reported by each project operator on the 2006 preliminary survey. Notes: The survey was conducted in the fall of 2006; as a result, many 2007 budgets were not yet available and/or project financing was not yet secured. The list of new companies for 2007 may be incomplete. The 2007 revised spending intentions and the final 2006 results will be made available in the summer of 2007.