



Canadian Exploration and Deposit Appraisal Expenditures Recovery Continues in 2003 and 2004

Important Facts for 2003 and 2004

In 2003, levels of exploration and deposit appraisal expenditures in Canada continued their recovery from the dramatic decline of the late 1990s. Based on survey reports from about 600 project operators, expenditures for 2003 and expenditure intentions for 2004 are estimated at \$641 million and \$795 million, respectively. In 2004, expenditures could increase even further if investor confidence levels are sustained by current high commodity prices, positive economic conditions, and the favourable impact of current tax incentive measures.

2003 In 2003, Canadian off-mine-site deposit appraisal expenditures declined, largely as a result of the expenditures on the Voisey's Bay nickel project in Newfoundland and Labrador being categorized as mine complex development. Furthermore, two diamond projects, Snap Lake and Gahcho Kué, both located in the Northwest Territories, were partially suspended. This decrease was partly offset by major on-mine-site deposit appraisal work conducted at the LaRonde

gold mine in Quebec. A growth in off-mine-site exploration expenses of 20%, distributed across various jurisdictions, was the main reason for the expenditure increase in 2003.

Throughout 2003, exploration and deposit appraisal expenditures grew in six provinces and territories. Ontario, Quebec and Nunavut were the leading jurisdictions, accounting for two thirds of Canadian exploration and deposit appraisal expenditures.

2004 As the Snap Lake diamond project resumes major spending on off-mine-site deposit appraisal (a pre-production trial mining program) in 2004, the Northwest Territories is expected to rank third after Ontario and Quebec. Once all necessary permits are issued, the Victor diamond project in Ontario and the Cigar Lake uranium project in Saskatchewan are expected to enter the mine complex development phase in 2004. Meanwhile, off-mine-site deposit appraisal activities will continue at Victor prior to receiving all approvals. Off-mine-site exploration will increase by a further 27% and will result in total expenditures increasing in all jurisdictions during 2004.



New Brunswick anticipates total expenditures will reach close to \$20 million. This represents a \$16 million increase from 2003, the second largest expenditure increase after the Northwest Territories. The Noranda Inc. and Slam Exploration Ltd. joint venture will revive base-metal exploration activity in the northern part of New Brunswick (Bathurst Mining Camp), while First Narrows Resources Corp. will review the gold potential at its Chester copper-polymetallic deposit.

Juniors The off-mine-site exploration component accounts for about two thirds of all exploration and deposit appraisal expenditures, with juniors being the main engine of this activity.

In both 2003 and 2004, junior off-mine-site exploration expenditures, at \$220 million and \$301 million, respectively, are estimated to surpass those made by senior project operators at \$195 million and \$227 million.

Total expenditures made by juniors reached \$247 million in 2003, with \$350 million expected for 2004 (compared to \$191 million in 2002). If the 2004 junior expenditure level is confirmed, this would be close (in constant dollars) to the 1989 or

Mineral Exploration and Deposit Appraisal Expenditures, 2003 and 2004

Province/Territory	2003 ^P	2003 ^P	2004 ^{si}	2004 ^{si}
		Exploration off-mine-site only		Exploration off-mine-site only
	(\$ millions)			
Newfoundland and Labrador	21.0	15.6	30.9	19.2
Nova Scotia	6.6	3.5	11.3	7.2
New Brunswick	2.4	2.3	18.8	12.5
Quebec	150.1	75.7	164.2	108.8
Ontario	190.8	116.6	201.9	127.9
Manitoba	25.9	18.3	30.2	23.5
Saskatchewan	42.4	26.6	51.0	41.0
Alberta	4.8	4.7	5.1	4.6
British Columbia	49.9	38.8	54.2	43.9
Yukon	12.3	12.1	19.4	18.3
Northwest Territories	49.8	29.0	110.4	29.6
Nunavut	85.4	71.9	97.8	91.6
Total	641.3	415.2	795.2	528.2
Exploration	470.3		585.4	
Deposit appraisal	171.0		209.8	
	(components may not add due to rounding)			

^P Preliminary; ^{si} Spending intentions.

1996 levels of junior expenditures, but would still represent only about 37% of the peak junior levels reached during the 1987-88 period.

Diamonds Diamond expenditures totalling \$154 million in 2003 and \$214 million in 2004 represent about 25% of all Canadian expenditures. In these years, off-mine-site exploration represented 71% (\$109 million) and 60% (\$128 million) of total diamond expenditures. In 2003, 83 of the 94 project operators that reported diamond expenditures were junior project operators and contributed a total of \$53 million. In 2004, roughly \$74 million is expected to be reported by juniors. In 2003, Ontario ranked second after the Northwest Territories as the Victor project underwent feasibility studies. In 2004, Quebec is expected to rank third behind the Northwest Territories and Nunavut as a result of the major exploration budget announced by Ashton Mining of Canada Inc. for its projects in the Otish Mountains. In Saskatchewan, approximately 43% of its total provincial expenditures will be devoted to the search for diamonds in 2004. The major underground bulk sampling program at the Star Kimberlite of Fort-à-la-Corne managed by Shore Gold Inc. is fueling this increase.

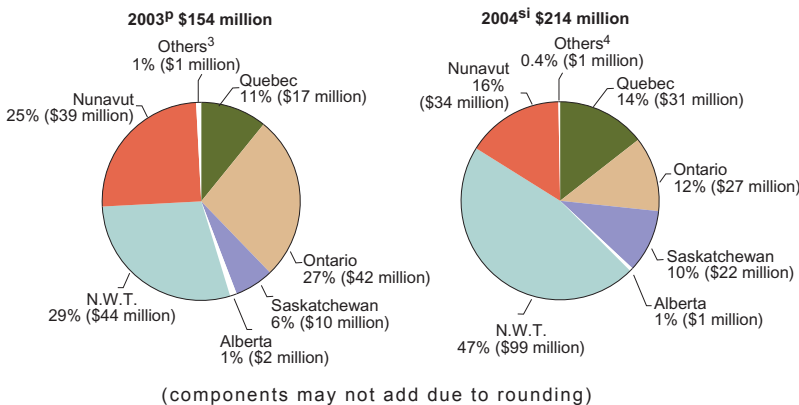
Precious Metals Since 2001, diamond expenditures have ranked second in importance after precious metals. Among the precious metals, gold continues to be the main target for exploration and deposit appraisal activities. While gold prices continue to rise steadily, total exploration and deposit appraisal expenditures for precious metals are also experiencing an increase. These have risen from \$213 million in 2002 to \$305 million in 2003, with intentions of \$365 million in 2004. As nickel and copper prices continue to climb in early 2004, higher base-metal expenditures can be expected in 2004.

For more information:

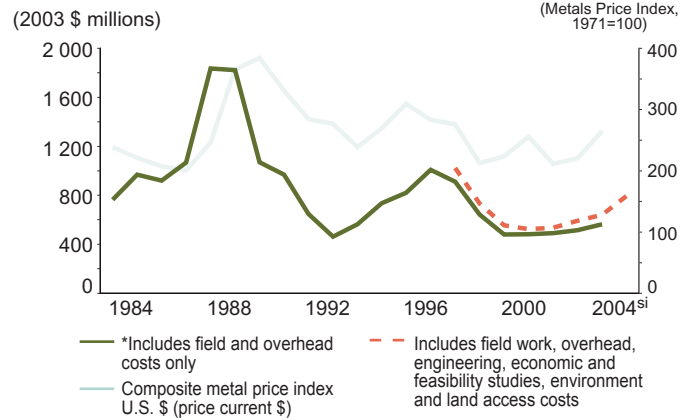
Please visit
<http://mmsd1.mms.nrcan.gc.ca/mmsd/exploration>
www.nrcan.gc.ca/mms/cmy/content/2002/04.pdf

Or you may contact Ginette Bouchard by telephone at (613) 992-4665 or by e-mail at gbouchar@nrcan.gc.ca

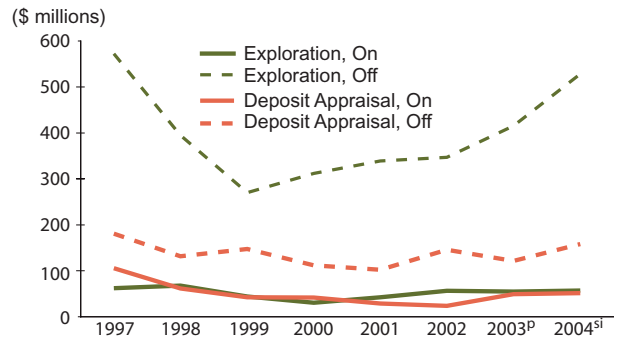
Diamond Exploration Plus Deposit Appraisal Expenditures, by Province and Territory, 2003 and 2004



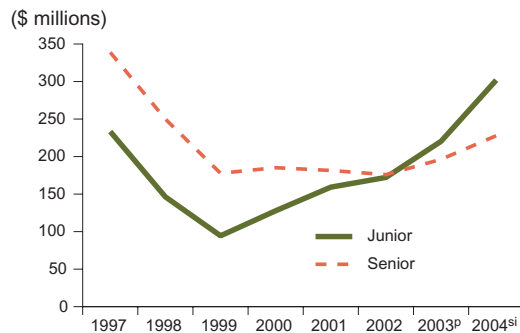
Mineral Exploration Plus Deposit Appraisal Expenditures,* and Metals Price Index, 1983-2004



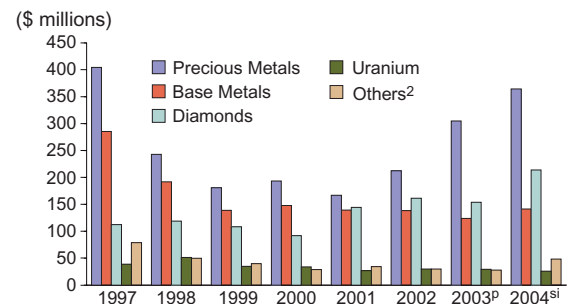
Exploration and Deposit Appraisal Expenditures,¹ On- and Off-Mine-Site, 1997-2004



Off-Mine-Site Exploration Expenditures¹ by Junior and Senior Operators, 1997-2004



Exploration plus Deposit Appraisal Expenditures,¹ by Mineral Commodity, 1997-2004



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 Includes Newfoundland and Labrador, Manitoba, British Columbia and the Yukon. ⁴ Includes Newfoundland and Labrador, Manitoba and British Columbia. Note: Data are current as of December 2003.