



Minerals and Metals Sector Update

Canada Leads World in Exploration Financing

During the first eleven months of 2003, Canadian companies raised C\$5 billion in equity financing for mineral exploration, roughly twice as much as was raised in the United Kingdom and five times as much as in each of Australia and Africa. Financing for Canadian companies accounts for about half of all the equity capital currently estimated to have been raised around the world in 2003.

Canadians conduct about 40% of all exploration programs that are undertaken worldwide, the largest share by far. Although Canadian companies have mining interests in over 100 countries, Canada remains the country where they are the most active in exploration. More information and data on Canadian exploration spending and projects are contained in the 2003 edition of *Overview of Trends in Canadian Mineral Exploration* report available at www.nrcan.gc.ca/mms/pubs/explor_e.htm.

Recognizing the benefits of flow-through shares for stimulating exploration, the federal government announced, in its March 2004 budget, an extension of the 15% federal tax credit for mineral exploration to the end of 2005.

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Diamonds in Canada

In 2003, Canada was the third largest producer of rough diamonds in the world in terms of value after Botswana and Russia. There are two diamond mines in the Northwest Territories (N.W.T.) and advanced projects in the

N.W.T., Nunavut and Ontario. Exploration in Quebec and Saskatchewan has also led to diamond discoveries.

The two operating mines generated revenue in excess of \$1.5 billion in 2003. The Ekati and Diavik mines employ about 1300 people, one third of which are Aboriginals. In addition, some 200 enterprises have emerged in northern Canada in the past five years to service the diamond exploration and mining industry. An additional 100 or so people, mainly coming from outside Canada, are employed in a new diamond polishing industry that has developed in and around Yellowknife. In the next three years, three projects are expected to become producing mines: Snap Lake in the N.W.T., Jericho in Nunavut, and Victor in Ontario.

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A "Greener" Processing Breakthrough for Canada's Gold Industry

Exciting results from laboratory research at MMS's Mineral Technology Branch and subsequent technology transfer and field work at Canadian gold operations led to circuit modifications in seven gold plants. Cyanide consumption was reduced by up to 50% in some cyanidation plants and gold recovery increased significantly, by 3% and \$16 million, at one operation. Reducing the use of cyanide as a reagent in gold leaching not only means lower processing costs for mining companies, but also means a substantially reduced impact on the environment and reduced risks to worker health and safety. As part of this process improvement, scientists at the CANMET Mining and Mineral Sciences Laboratories have developed an apparatus for the real-time control of lead nitrate additions to gold cyanidation circuits. A supplier is actively being sought to commercialize this technology for the mining industry.

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