



Natural Resources
Canada

Ressources naturelles
Canada

Minerals and
Metals Sector

Secteur des minéraux
et des métaux

Canada's Minerals and Metals Industry



An Economic Overview

2005

Preface

This document has been prepared by the Minerals and Metals Sector (MMS) of Natural Resources Canada as a brief economic overview of Canada's minerals and metals industry. The following charts illustrate the economic and financial scope and breadth of this global industry. This knowledge-based industry is a driving force in both the Canadian economy and the international mining community.

For more information on economic, financial and fiscal issues relating to Canada's minerals and metals industry, please visit these MMS web sites:

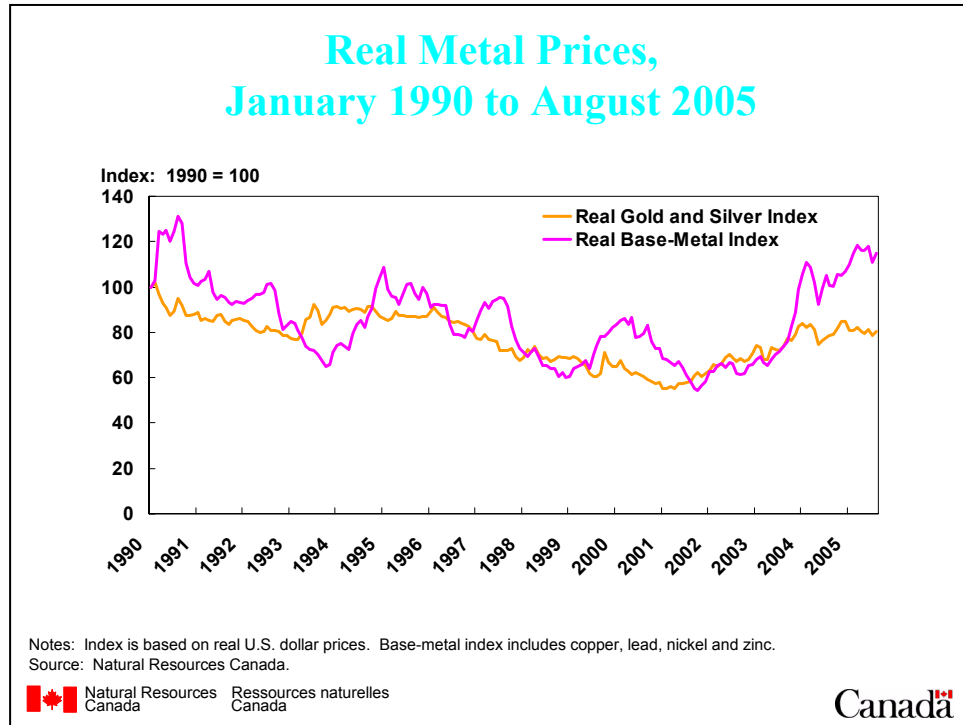
MMS Home Page www.nrcan.gc.ca/mms

Mining Taxation and Regulations in Canada www.nrcan.gc.ca/mms/efab/tmrd/

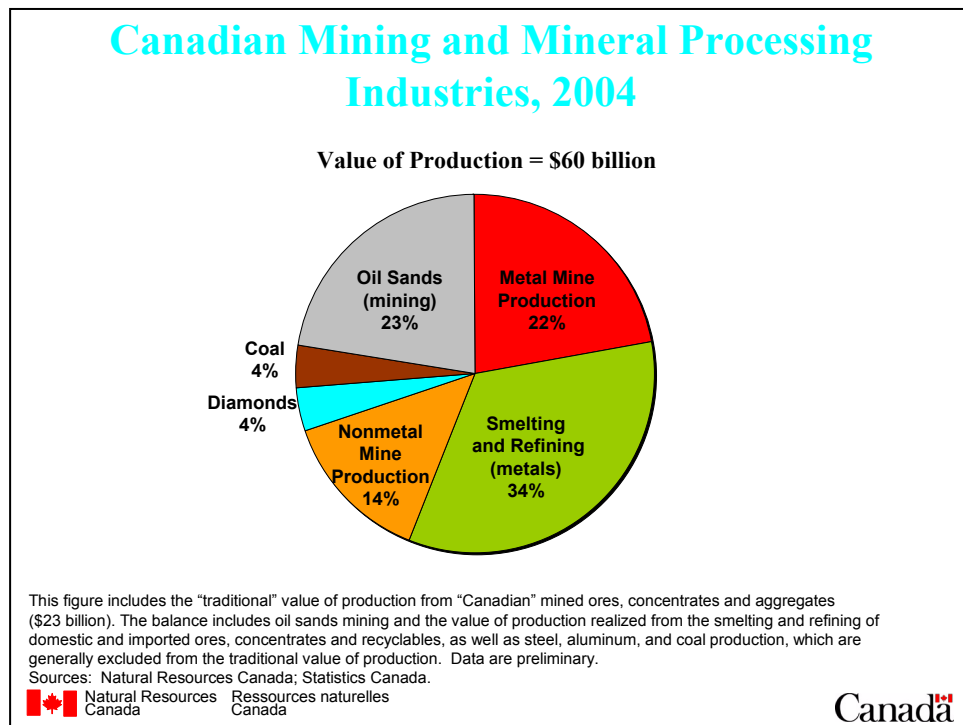
Minerals and Mining Statistics On-Line <http://miningstats.nrcan.gc.ca>

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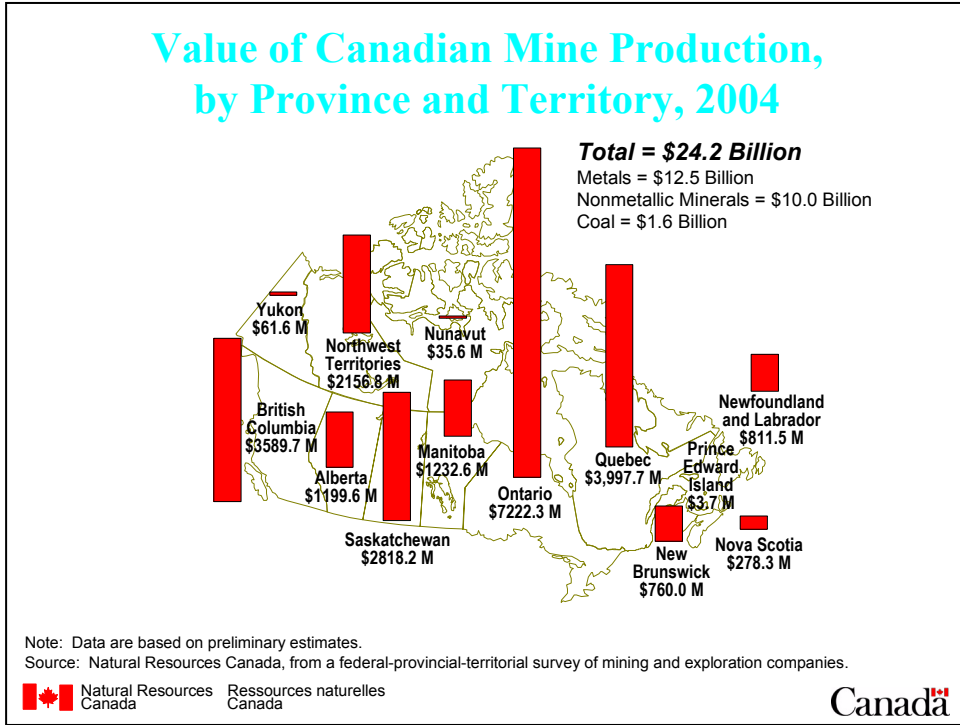
Continued strong demand for most metals has led to higher real metal prices in 2004 and 2005.



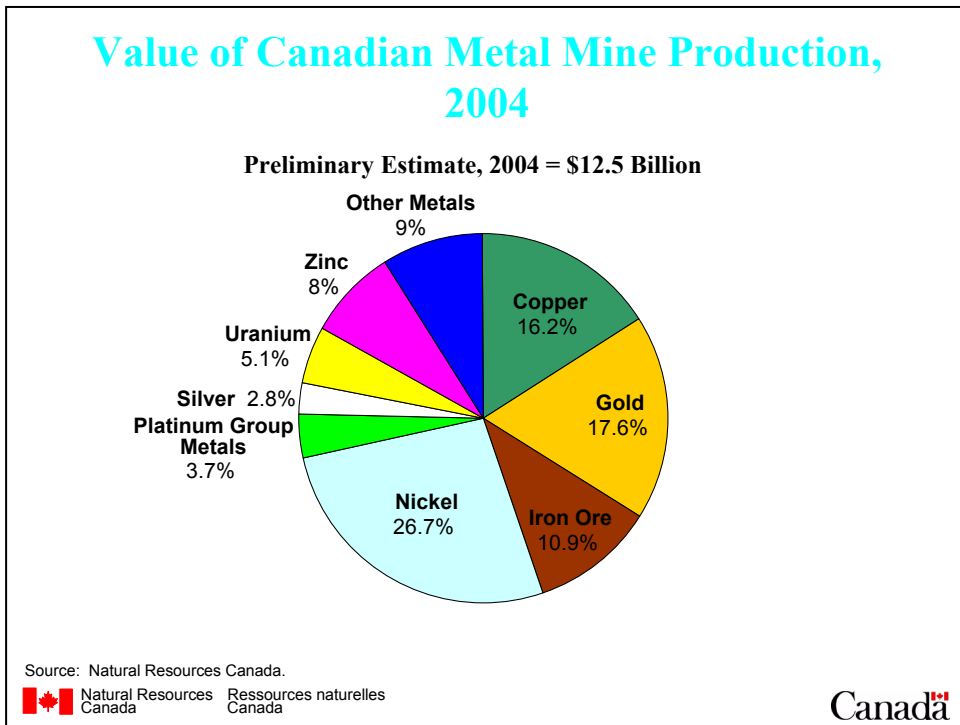
Higher prices have continued to stimulate mineral-related activities across the country.



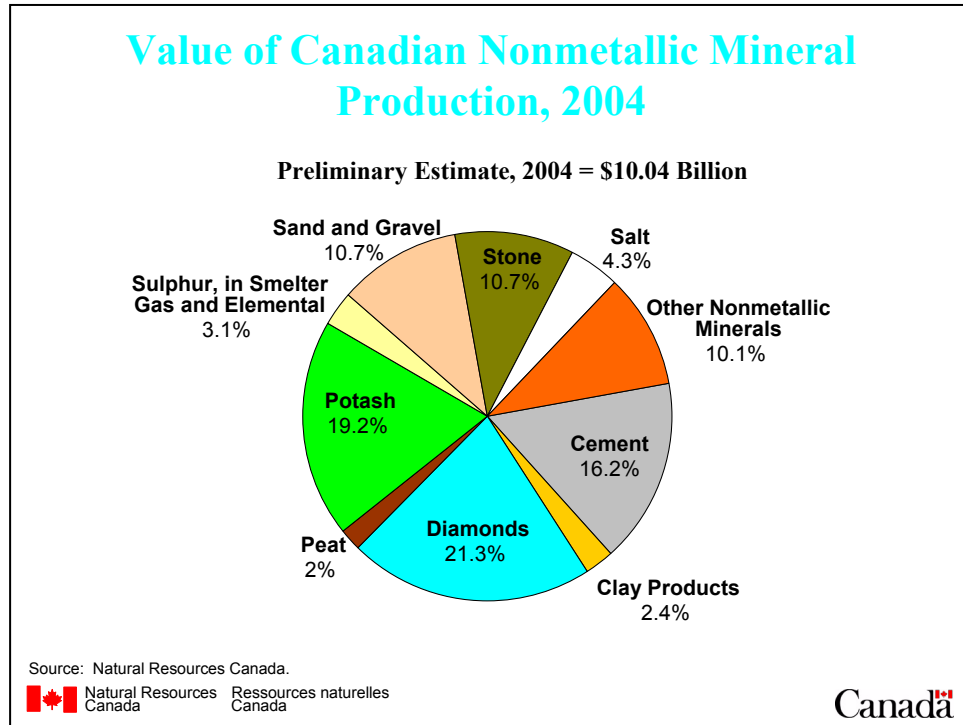
Mineral production in every province and territory continues to contribute to Canada's overall economic prosperity.



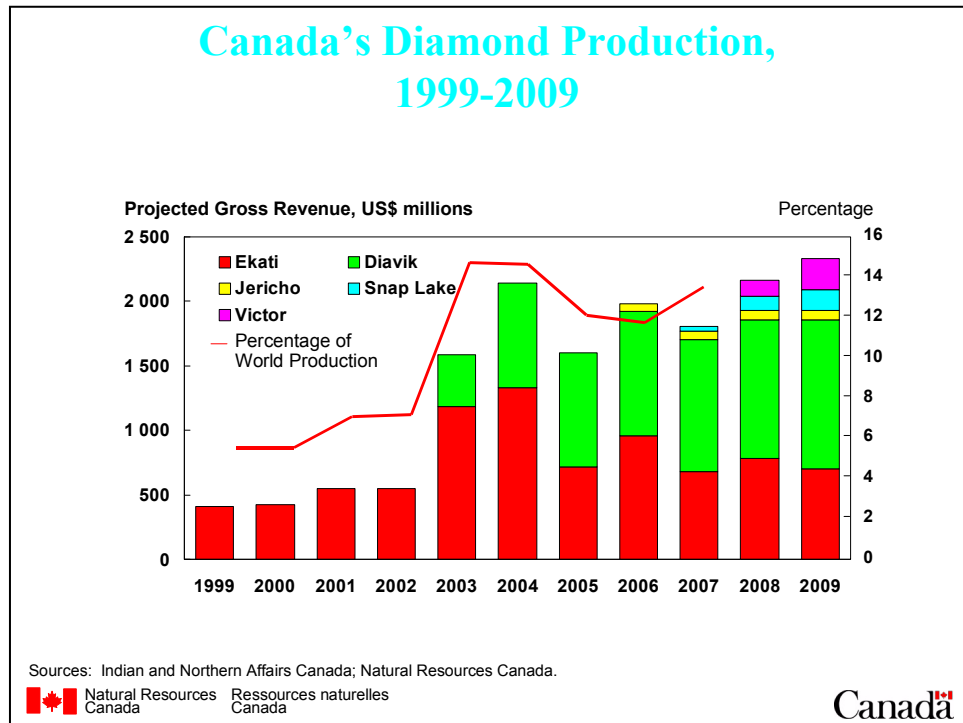
Based on value of mine production, nickel, followed by gold, copper and iron ore, is Canada's most important metal.



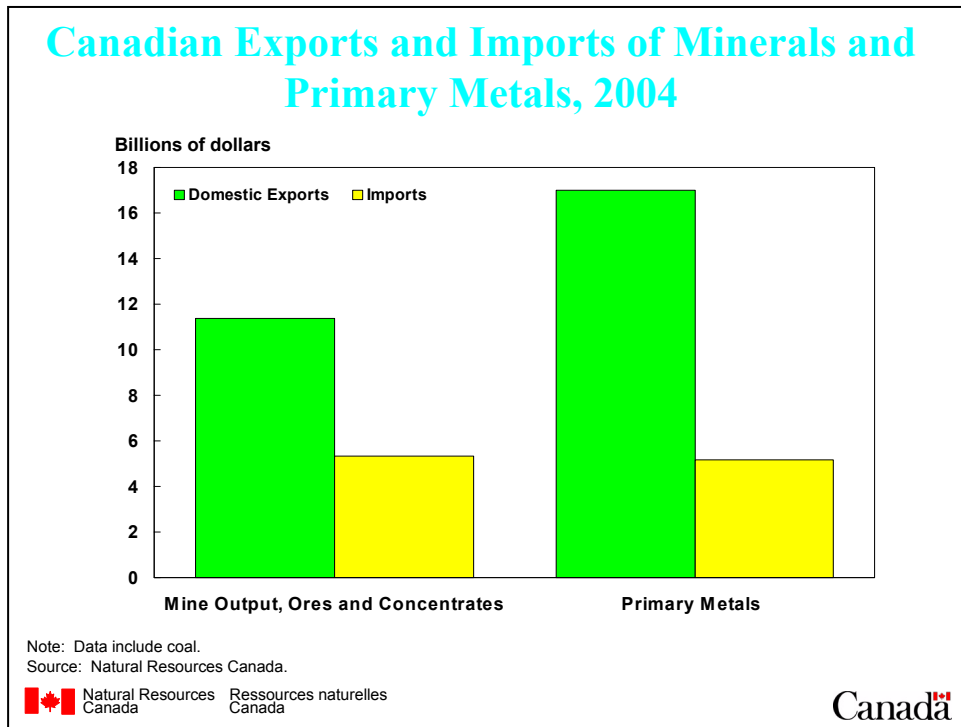
Diamonds, potash and cement are key nonmetallic mineral products for Canada.



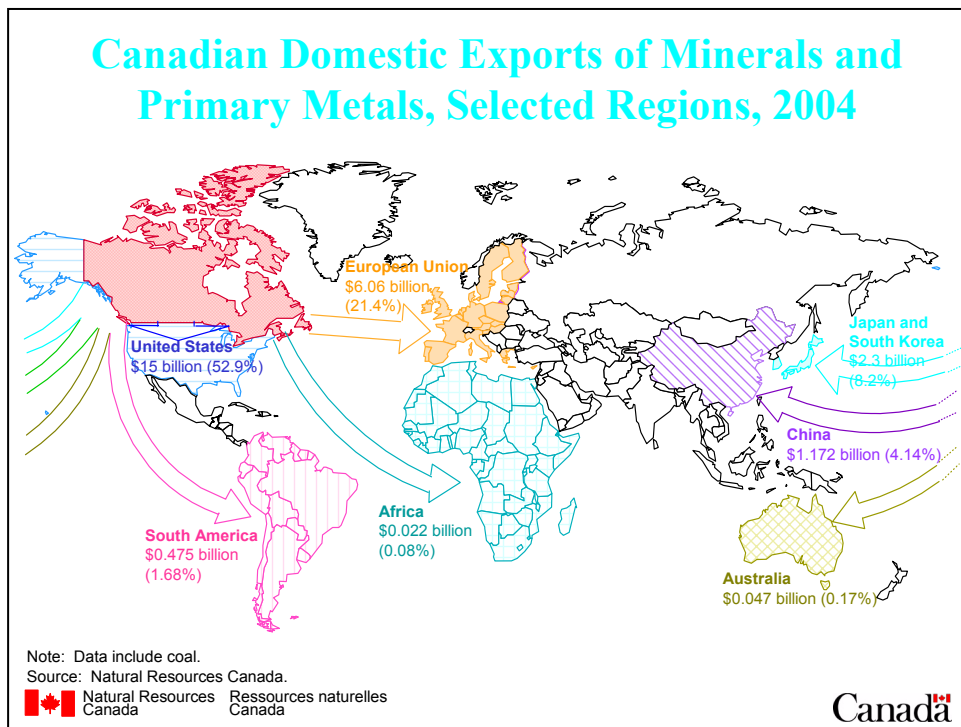
Canada's diamond production is expected to remain strong as new mines continue to come on stream.



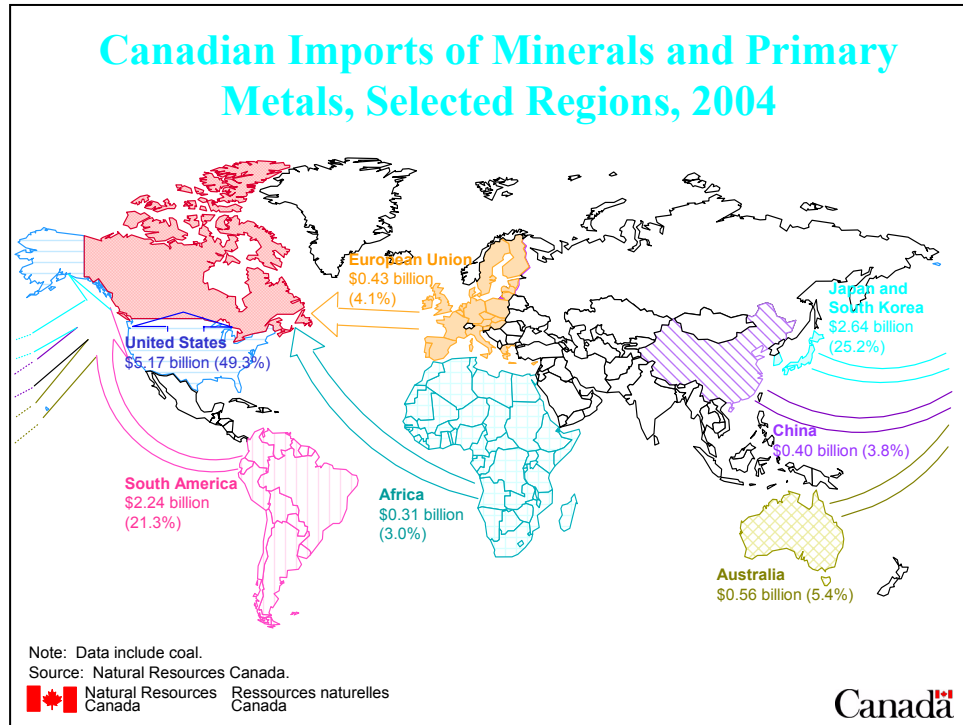
Much of Canada's mineral and metal production is exported and helps Canada maintain a positive trade balance.



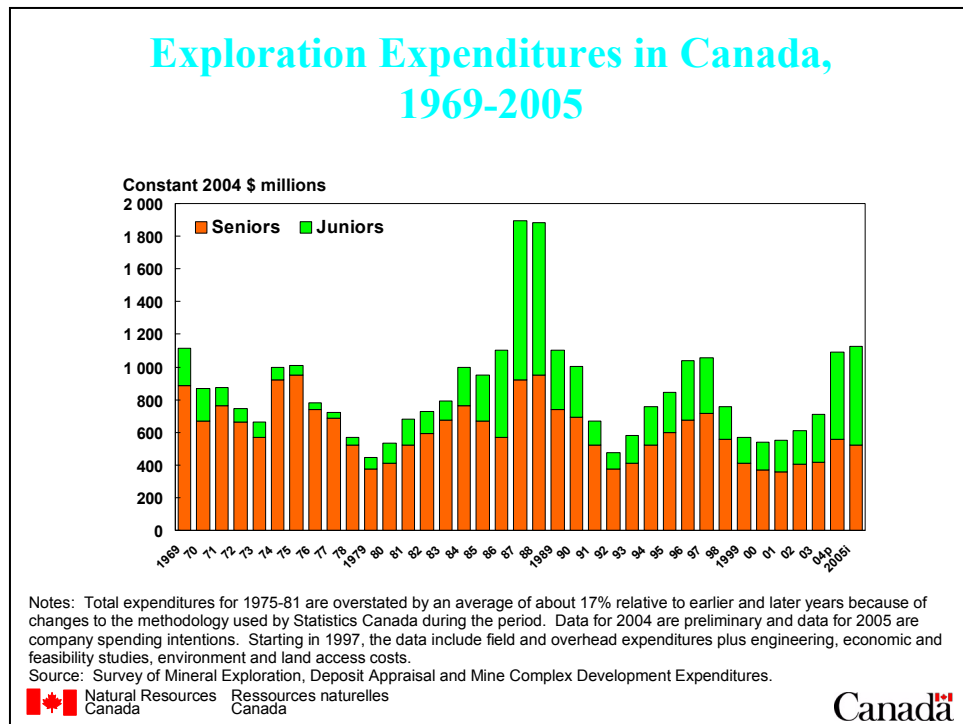
In 2004, Canada exported some \$28.3 billion worth of minerals and primary metals to over 130 countries and territories.



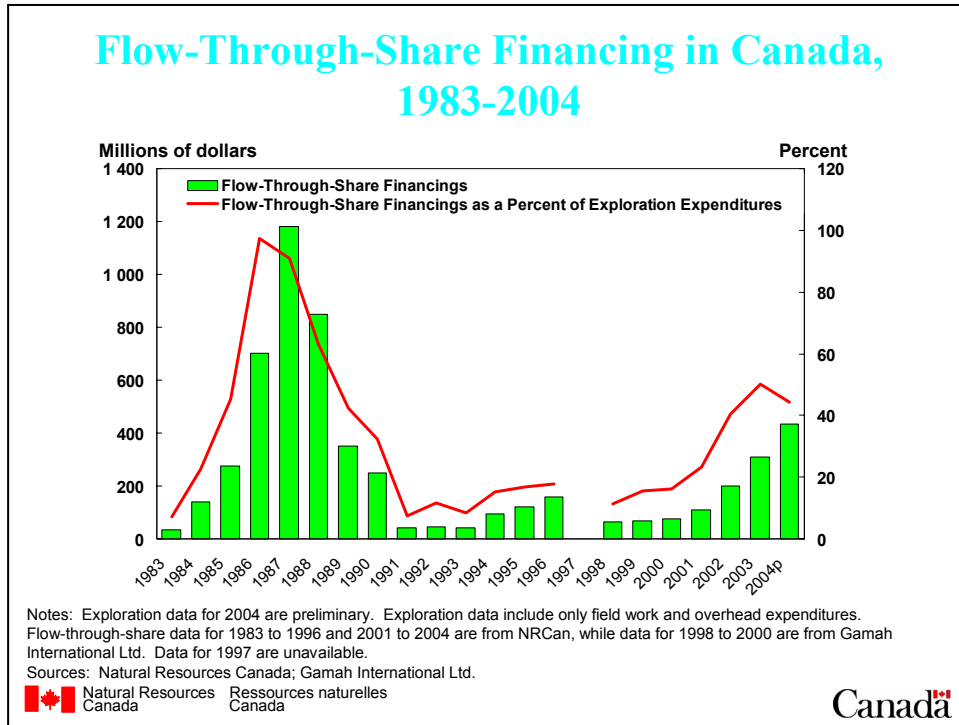
In 2004, Canadian imports of minerals and primary metals totaled some \$10.5 billion.



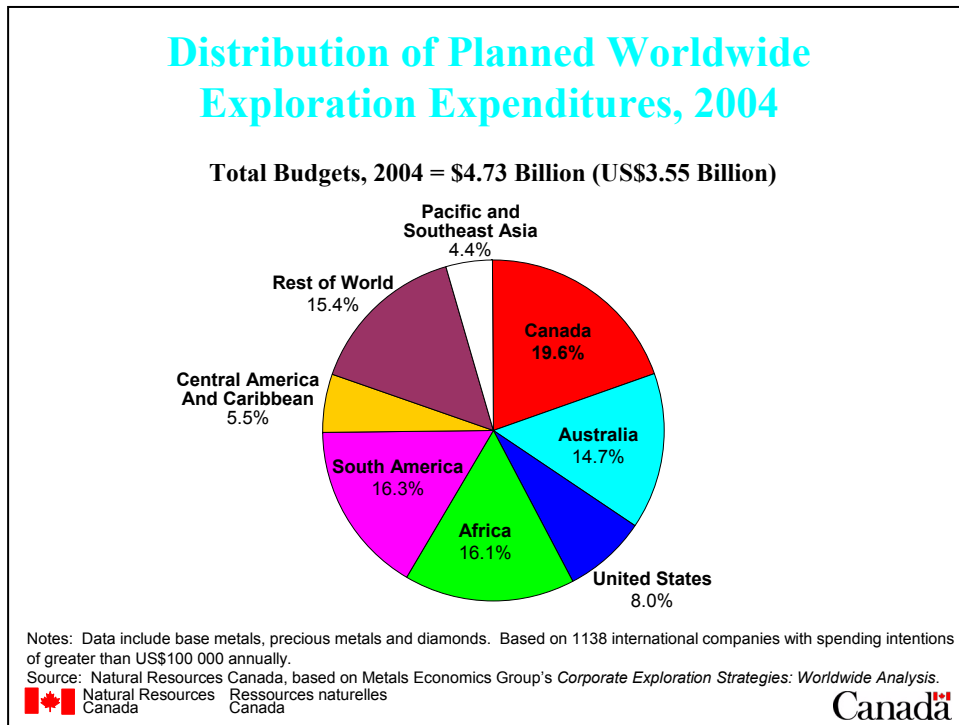
Exploration expenditures in Canada are now over \$1 billion annually.



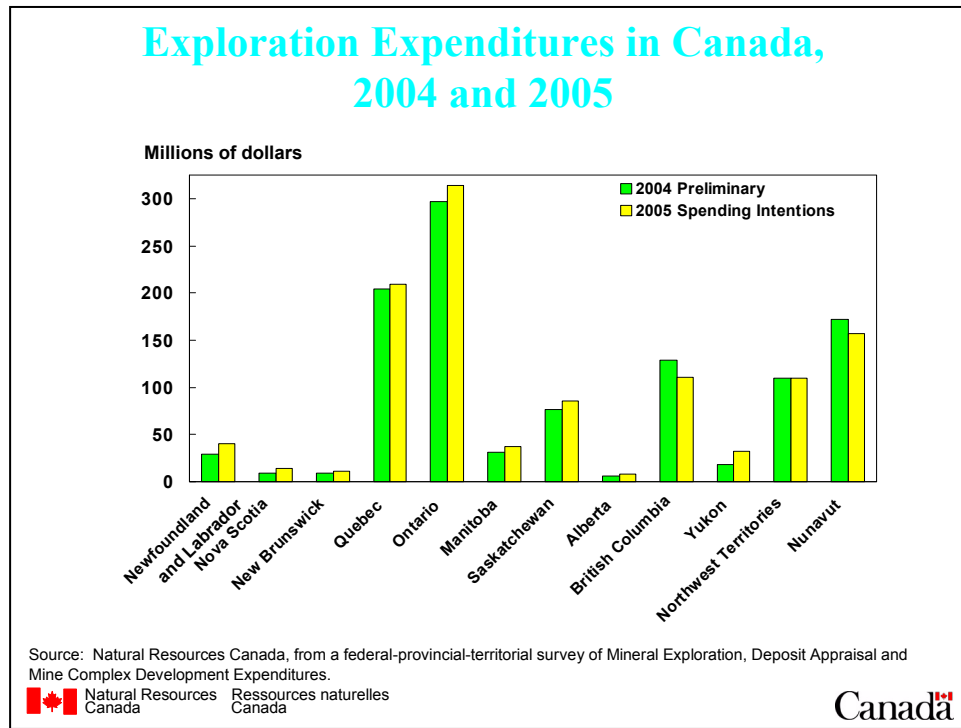
Flow-through shares have played a key role in financing Canada's current exploration boom.



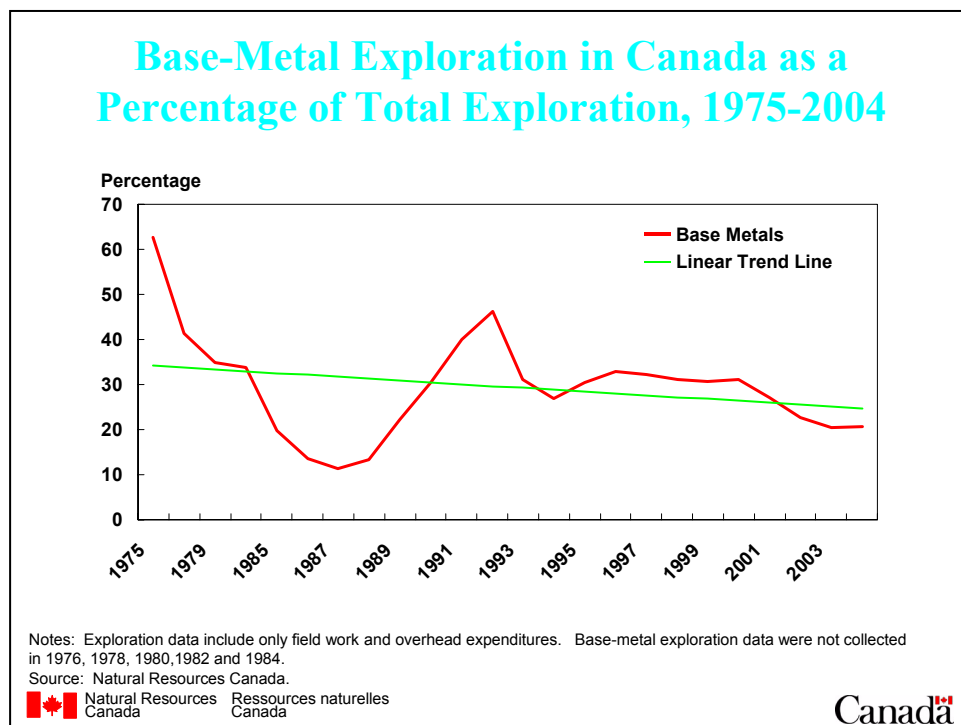
This boom has also made Canada the world's most preferred target for mineral exploration for the third consecutive year.



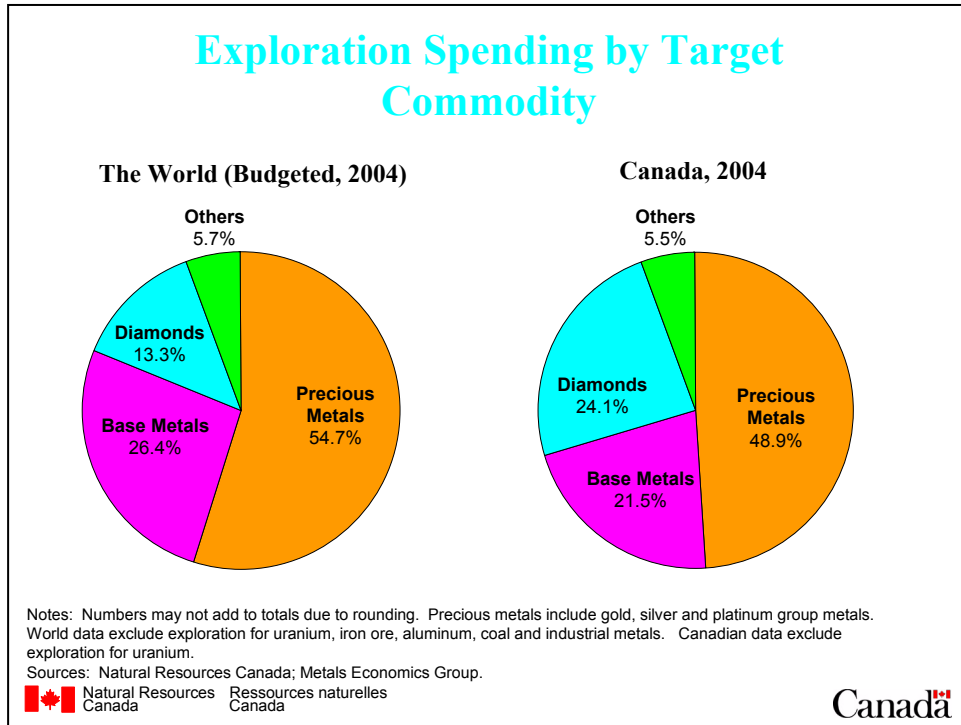
Quebec, Ontario, British Columbia, the Northwest Territories and Nunavut are expected to have exploration expenditures in excess of \$100 million in 2004 and 2005.



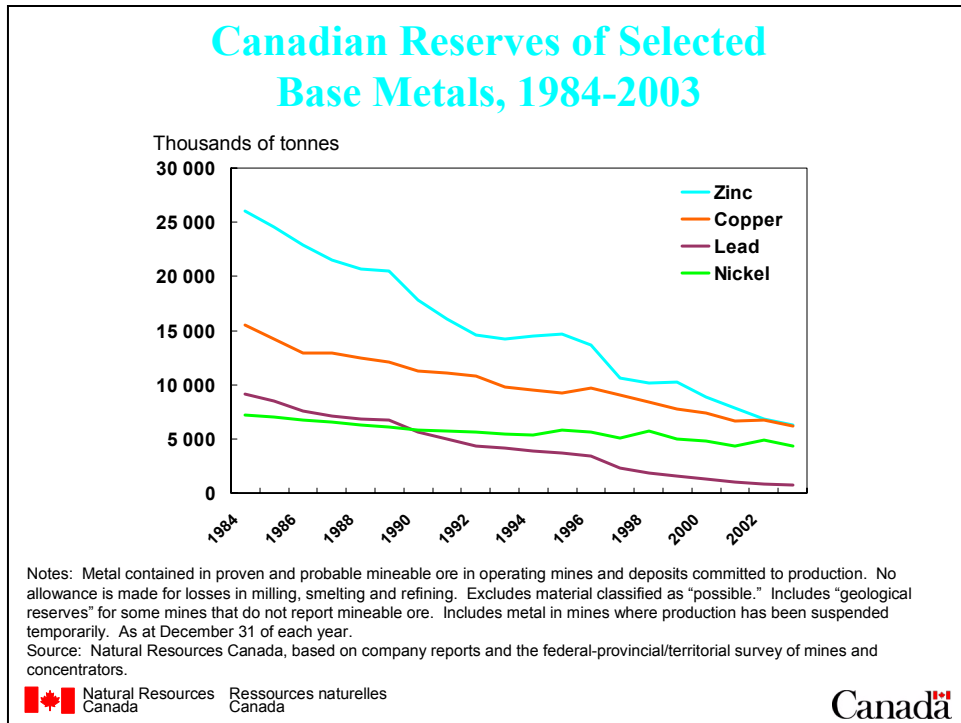
Exploration expenditures for base metals have declined to around 20% of total exploration.



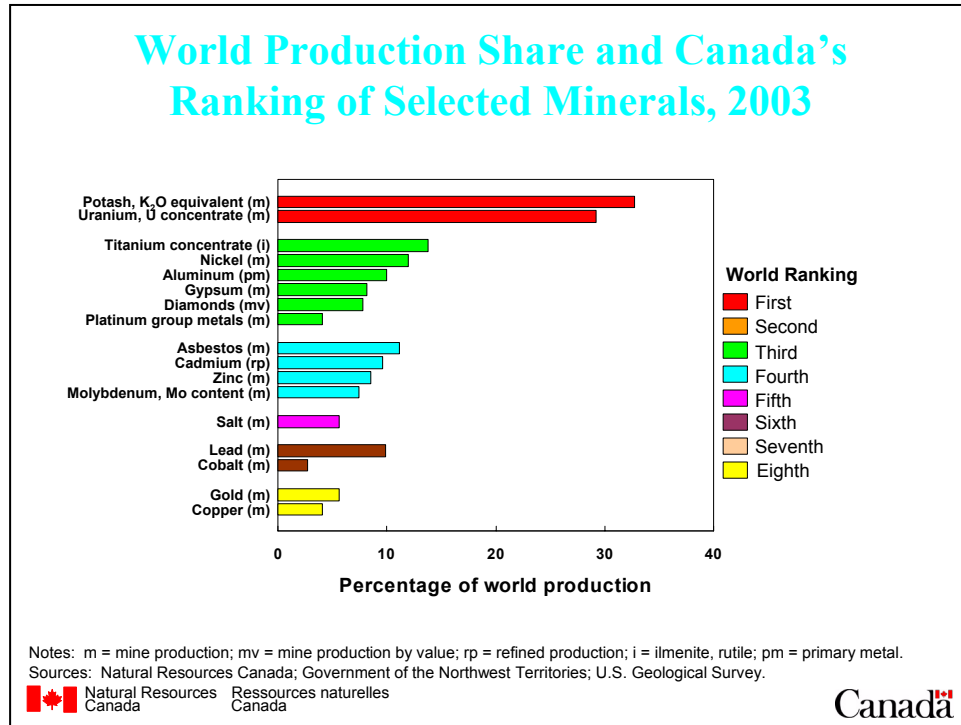
As a percentage, base-metal exploration in Canada has fallen below the average rate worldwide.



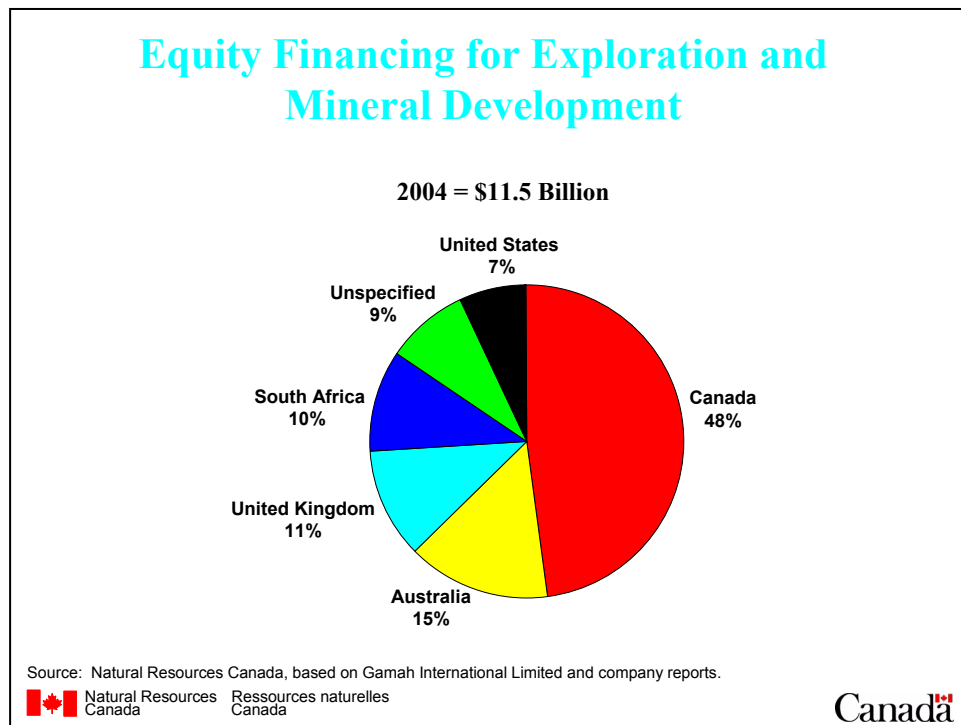
A reduced focus on base-metal exploration, not surprisingly, has led to a prolonged decline in Canada's base-metal reserves.



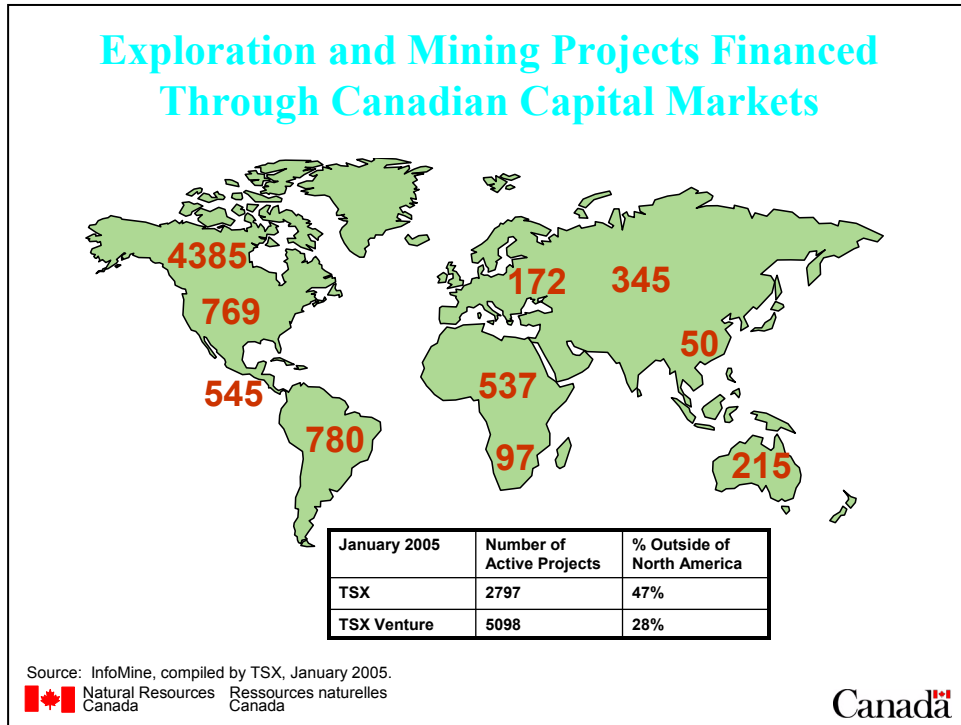
Unless new reserves are discovered, Canada's current ranking as a major metal and mineral producer could be threatened.



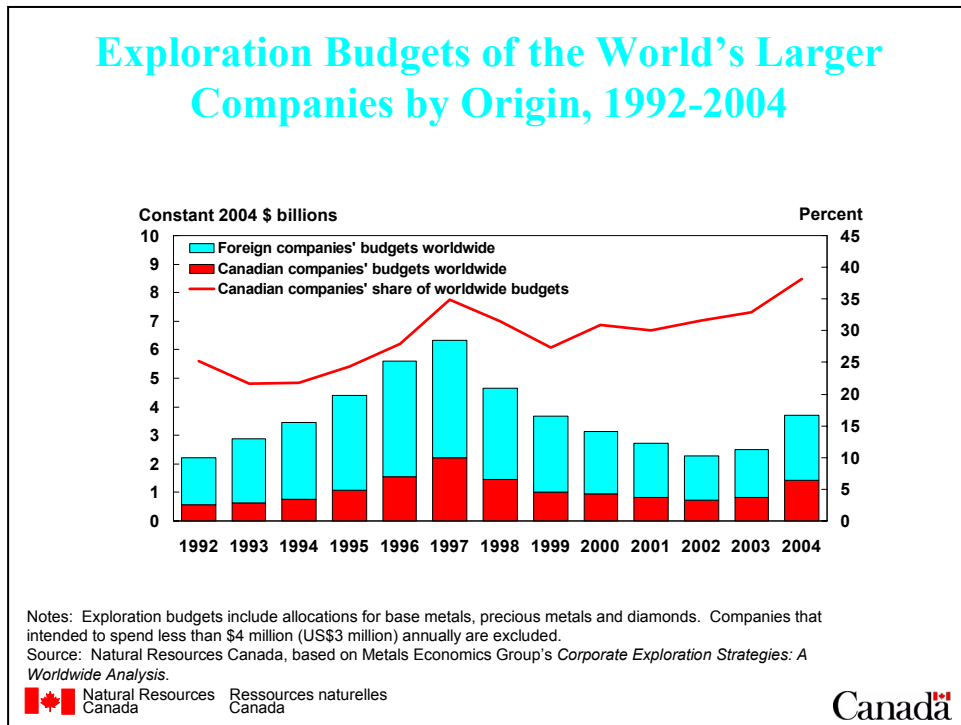
Canadian-listed companies lead the world in raising equity for exploration and mineral development.



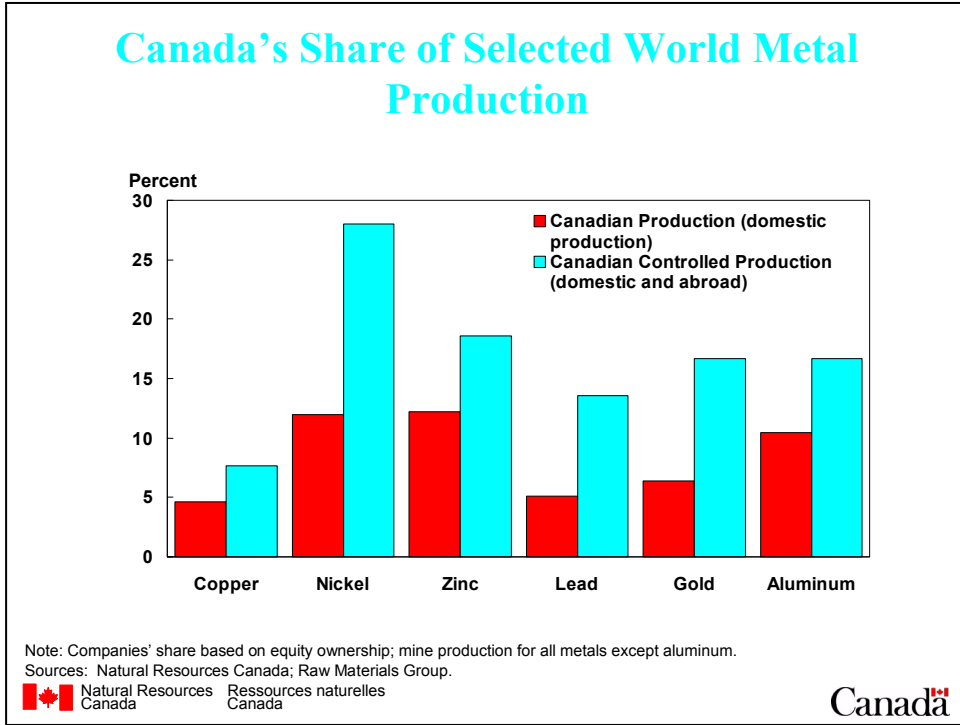
At the beginning of 2005, 4385 projects in Canada and 3510 abroad were being financed by Canadian-listed companies.



Canadian-based companies continue to be responsible for approximately one-third of the world's exploration expenditures.



Canadian-based mining companies control a significant share of the world's metal production.



Canada is both a source and a recipient of mineral investment capital.

