

2005 Capital Investment Intentions in the Mining Industry¹ to Reach \$12.1 Billion

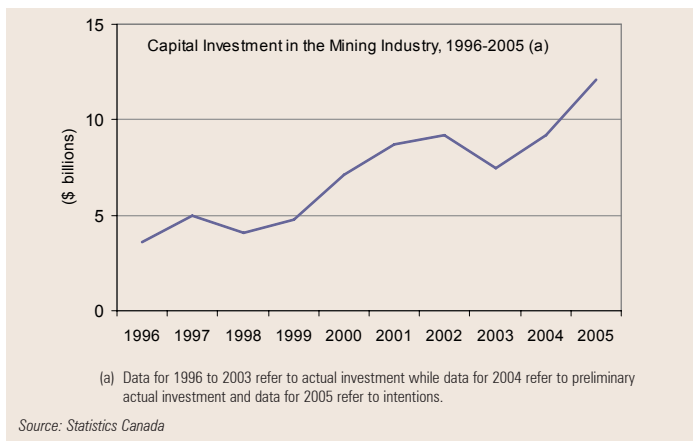
Capital investment intentions in the mining industry, which includes the non-conventional oil extraction industry,² are expected to increase 32% to \$12.1 billion. Encouraged by high energy prices, viable investment intentions in the non-conventional oil extraction industry led the growth in the mining industry, up \$2.4 billion (39%) to \$8.5 billion, followed by the diamond mining industry at almost \$0.8 billion.

The mining industry is largely responsible for the growth in capital investment intentions in the traditional natural resource sectors (forestry and logging, and mining and oil and gas extraction), which are expected to reach \$38 billion in 2005, up 12% from the previous year and accounting for 15% of total investment intentions in Canada. This is second only to the housing sector.

The mining industry is active across Canada

In 2005, the mining industry is expected to actively invest in all provinces and territories across Canada with the exception of Prince Edward Island and the Yukon. Alberta has the largest share of these investment intentions with 72%, followed by Ontario at 9% and the Northwest Territories at 6%.

Driven by non-conventional oil extraction projects and 13 mines that are expected to reach the mine complex development phase in 2005, including 2 diamond mines (Snap Lake and Jericho), investment intentions in the mining industry increased in 8 provinces and territories. Intentions more than doubled in the territories to almost \$0.7 billion. Alberta's intentions are up almost 40% to \$8.5 billion while, in Ontario, investment is anticipated to reach just over \$1 billion, up 16%.



¹ Data for the mining industry are only for mines currently in production or committed to production.



The largest decrease in investment spending is expected to be in Newfoundland and Labrador (12%), followed by Nova Scotia (9%) and Manitoba (7%).

Most of the mining investment intentions are for mine complex development

Construction in the mining industry is expected to increase by 56% to \$7.1 billion, accounting for almost 60% of all anticipated spending. Investment in machinery and equipment is expected to increase 8% to \$5 billion.

Capital investment in the mining industry is stronger than expected

The preliminary actual figures for 2004 indicate that capital investment in the mining industry could reach \$9.1 billion, an increase of 23% over 2003 actual spending. This is much stronger than the 13% gain that was expected, given the figures reported the previous year. The current trend of increased capital investment in the mining industry should continue if high commodity prices persist.

For more information on the mining industry in Canada, please visit www.nrcan.gc.ca/mms or send an e-mail to info-mms@nrcan.gc.ca.

² The non-conventional oil extraction industry includes primarily the tar sands extraction industry.