



# information

BULLETIN  
EXPLORATION

MARCH 2005

## Canadian Exploration and Deposit Appraisal:

### *Levels of Expenditures Are Impressive in 2004 and 2005*

#### Expenditures Exceed \$1 Billion

Preliminary exploration and deposit appraisal expenditures reported by 653 project operators reached \$1091 million in 2004 compared to \$687 million in 2003, an increase of nearly 60%. This is the first time that expenditures have exceeded \$1 billion (in 2004 constant dollars) since 1997. A further increase of 3% to \$1128 million (in current dollars) is anticipated for 2005 as global market dynamics for mineral exploration and development remain buoyant.

Ontario, Quebec, Nunavut and British Columbia (in decreasing order of expenditures) accounted for 74% and 70% of the total Canadian exploration and deposit appraisal expenditures for 2004 and 2005, respectively. In 2004, expenditures increased by over 100% in each of New Brunswick, British Columbia and the Northwest Territories.

#### Work Phases

Most of the growth recorded during 2004 resulted from intense activity in the off-mine-site exploration work phase with expenditures reaching \$749 million, compared to \$478 million in 2003. All provinces and territories except Alberta contributed to this increase. Off-mine-site deposit appraisal expenditures were at a record high of \$236 million. This can be largely attributed to 11 advanced projects that received much attention in the deposit appraisal phase in 2004 (in advance of reaching the mine complex development phase in 2005) and the scale of activity at the Gahcho Kué advanced diamond project in the Northwest Territories.

With only a 3% increase foreseen for 2005, off-mine-site exploration expenditures appear to be reaching a plateau at about \$770 million. While

decreases are expected in four provinces and one territory, Saskatchewan will see increased budgets for new uranium exploration in the north and for strong diamond activity at the Fort-à-la-Corne joint-venture project. The on-mine-site deposit appraisal phase in 2005 is of special interest as the underground mining project at the Diavik diamond mine in the Northwest Territories is entering the feasibility stage with further testing at depth on the A418, A154S and 154N diamond pipes. This mine project will more than offset the expected significant decline in off-mine-site deposit appraisal expenditures due to the 11 advanced projects that should enter the mine complex development phase in 2005.

#### Metals

During 2004, Canadian base-metal exploration and deposit appraisal expenditures increased by 53% to reach \$209 million. Increases were reported in all provinces and territories except Manitoba, Alberta and Saskatchewan. In 2005, a further increase of 28% to \$268 million is anticipated. Saskatchewan saw uranium expenditures jump by 65% in 2004, not only because of increased spending at the advanced Cigar Lake project, but also because more grassroots work was being performed on various uranium properties. Precious metals expenditures, principally gold, increased by 60% over 2003 to reach \$506 million in 2004. Iron ore expenditures were impressive at \$14 million in 2004 and a possible \$27 million in 2005, mainly as a result of the revival of the dormant Mary River project in Nunavut.

Mineral Exploration and Deposit Appraisal Expenditures,<sup>1</sup> 2004 and 2005

Province/territory	2004 P		2005 <sup>SI</sup>	
	2004 P	Exploration off-mine-site only	2005 <sup>SI</sup>	Exploration off-mine-site only
			(\$ millions)	
Newfoundland and Labrador	29.4	20.7	40.6	19.6
Nova Scotia	9.3	4.6	13.9	7.3
New Brunswick	9.0	9.0	10.8	10.8
Quebec	204.4	152.8	209.2	150.3
Ontario	296.8	181.7	313.8	174.9
Manitoba	31.0	26.3	37.1	31.9
Saskatchewan	76.7	52.0	85.2	71.3
Alberta	6.1	2.0	8.2	7.6
British Columbia	128.4	82.3	110.5	78.4
Yukon	18.2	16.7	32.4	21.5
Northwest Territories	109.4	37.9	109.5	42.1
Nunavut	172.0	162.8	157.0	154.5
<b>Total</b>	<b>1 090.6</b>	<b>748.7</b>	<b>1 128.2</b>	<b>769.9</b>
Exploration	832.5		863.4	
Deposit appraisal	258.1		264.8	

(components may not add due to rounding)

P Preliminary estimates; <sup>SI</sup> Spending intentions.

## Diamonds

In 2004, the diamond share of total exploration and deposit appraisal spending for all commodities stayed at around 25%. Diamonds remained the second most important commodity in importance after gold. Off-mine-site diamond exploration alone represented 65% of the total \$260 million reported for diamonds. In 2005, about \$240 million in total diamond expenditures is anticipated. Even though Quebec, Ontario and Saskatchewan are receiving much attention in off-mine-site exploration, the North remains the single most important target for exploration with Nunavut claiming a strong first place. The Northwest Territories fell to third place in the exploration work phase behind Quebec because much of its spending is now centred at the advanced Snap Lake project. Snap Lake in the

N.W.T., Victor in Ontario, and Jericho in Nunavut are projects that are expected to be committed to production in 2005. The main off-mine-site multi-million-dollar exploration projects in 2004 managed by juniors are the Star Diamond Kimberlite in Saskatchewan, Aviat and Churchill in Nunavut, and the Attawapiskat joint venture in Ontario. The seniors' main projects are Foxtrot in Quebec, Qilalugaq (Area 8) in Nunavut, and the Fort-à-la-Corne joint venture in Saskatchewan.

## Juniors and Seniors

Spending by juniors increased by 87% in 2004 to reach \$531 million, and it is estimated that this will increase by a further 14% to \$606 million in 2005. The share of juniors is now around 50% for the first time since the peak expenditure years of 1987 and 1988. However,

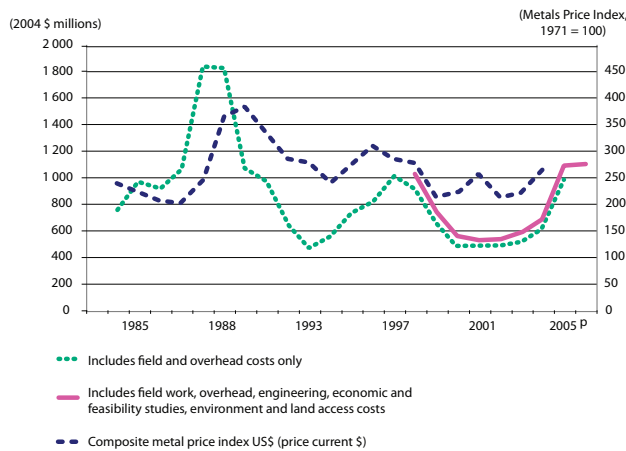
anticipated junior expenditures will remain lower than the amounts reported during those two record years. The increase by seniors was a healthy 39% in 2004 at \$560 million, but a decrease of 7% to \$523 million is anticipated for 2005. However, budgets for 2005 may be readjusted during the year. The number of junior project operators spending over \$5 million has increased from 2 in 2000 to an impressive 24 in 2004, accounting for 37% of all junior expenditures for 2004.

For more information:

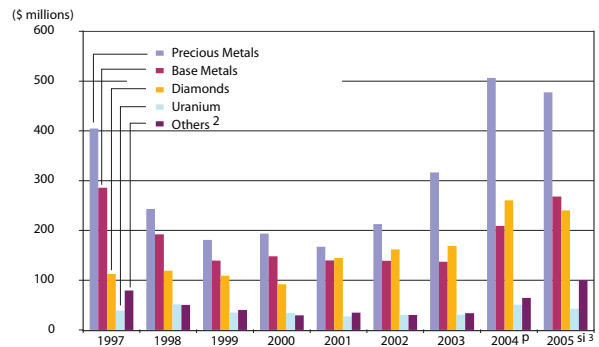
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You may also contact Ginette Bouchard by telephone at (613) 992-4665 or by e-mail at [gbouchar@nrcan.gc.ca](mailto:gbouchar@nrcan.gc.ca).

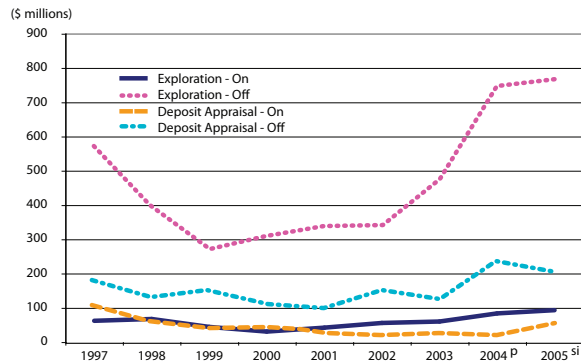
**Mineral Exploration Plus Deposit Appraisal Expenditures, and Metals Price Index, 1983-2005**



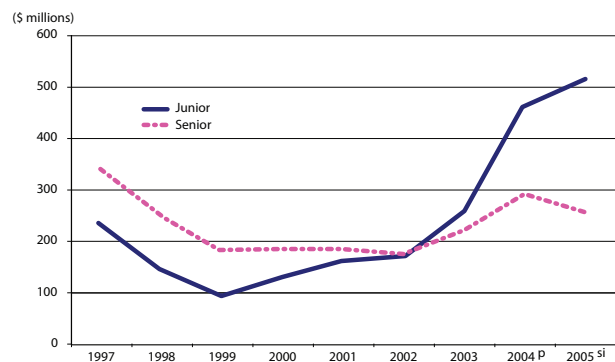
**Exploration Plus Deposit Appraisal Expenditures,<sup>1</sup> by Mineral Commodity, 1997-2005**



**Exploration and Deposit Appraisal Expenditures,<sup>1</sup> On- and Off-Mine-Site, 1997-2005**



**Off-Mine-Site Exploration Expenditures<sup>1</sup> by Junior and Senior Operators, 1997-2005**



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. <sup>1</sup> Includes field work, overhead, engineering, economic and feasibility studies, environment and land access costs. <sup>2</sup> Includes coal, iron, other metals and nonmetals. <sup>3</sup> Commodity breakdown for spending intentions was estimated by pro-rating equally the 2005 total among all commodities reported by each project operator on the 2004 preliminary survey. Note: The survey was conducted in the fall of 2004 and projects introduced at the end of 2004 and thereafter may not be covered in the current data but should be captured in the 2004 actual and 2005 revised intentions data to be released in the summer of 2005.

