

Mining



Aur Resources Inc.

The value of mineral shipments is expected to total about \$2.6 billion in 2006, almost double the value recorded in 2005, due mainly to increased shipments by Voisey's Bay Nickel Company Ltd.

Voisey's Bay

The Voisey's Bay mine began production of concentrate in September 2005 and recorded nearly a full year of production in 2006. A strike at the site shut down production for two months of this year. Despite the strike, the company expects to ship over \$1 billion worth of metal concentrate in 2006—which now represents almost half the value of provincial mineral shipments. The Voisey's Bay project is forecast to generate about 850 person years of employment in 2006.

Iron Ore

Iron ore now comprises just over 50% of the total value of provincial mineral shipments. Iron ore shipments are expected to total over 21 million tonnes this year, an increase of 7.5% relative to 2005. The value of shipments is expected to increase 6.4% to almost \$1.4 billion, mainly as a result of greater volume.

Major expenditures at the IOC mine in Labrador City saw upgrades in both ore transportation and production. A two-year project to upgrade the concentrator was completed in July 2006, five months ahead of schedule and substantially below budget. The project will boost overall concentrate production by 500,000 tonnes per year. In the first nine months of 2006, IOC produced 11.8 million tonnes of iron ore, up 2.3% compared to the same period of 2005.

In 2006, Wabush Mines approved expenditures of more than \$18 million in capital projects. The mine is forecast to ship about 5.3 million tonnes of product in 2006, representing a 4.4% increase over 2005.

Exploration

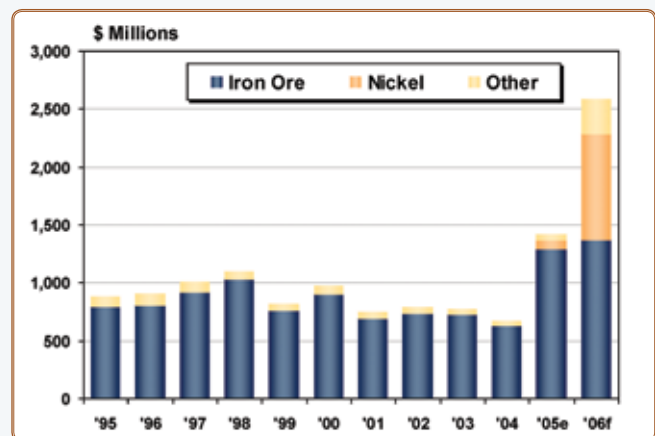
Mining exploration expenditures are expected to total approximately \$79 million in 2006, up from \$49 million in 2005. This increase is attributed to a rise in exploration for uranium, nickel and iron ore. The number of claims staked in the province in 2006 is expected to be approximately 50,000, just ahead of the 42,000 staked in 2005. There are currently more than 120,000 claims in good standing.

New Developments

Aur Resources commenced development of its Duck Pond project, located in central Newfoundland, in December 2004. The company plans to mine 1,800 tonnes of ore per day and process the ore in a flotation mill, producing an average of 41 million pounds of copper, 76 million pounds of zinc, 536,000 ounces of silver and 4,100 ounces of gold annually over a seven-year mine life. The mine will begin production in the fourth quarter of 2006, and once operational, employ about 168 people annually.

5

Value of Mineral Shipments



Department of Natural Resources; e: estimate; f: forecast