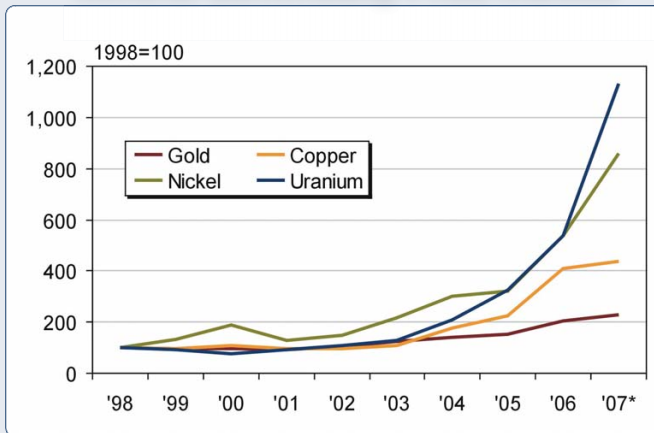


## Mineral Exploration

Worldwide mineral exploration has been steadily increasing since 2002, after falling for five straight years. This trend was sparked by more spending by major companies as they identified future supply/demand imbalances. In addition, increased spending by the junior<sup>2</sup> sector took place on the strength of higher metal prices and rising investor interest. Exploration budgets were pushed even further in the last several years by sharp price increases for other mineral commodities. In 2006, worldwide exploration expenditures reached a record high of over \$7 billion.

Price gains for many mineral products have been driven, to a large degree, by the growing economies of China and India which are significant consumers of mineral commodities. Price increases for several mineral commodities are illustrated in the chart. The price of gold has more than doubled since 2002 while the price of uranium has increased tenfold.

### Mineral Commodity Price Indices



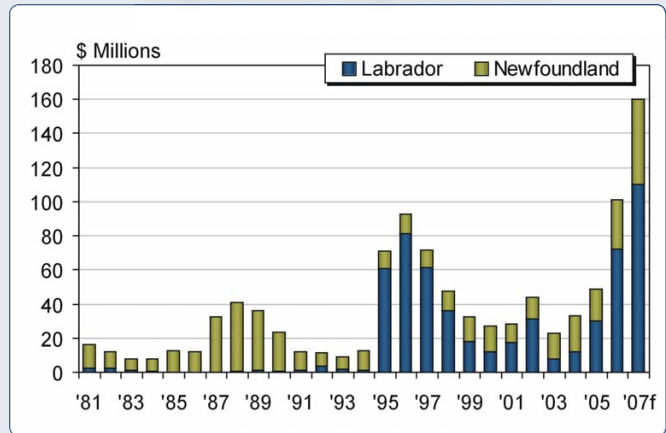
\* 2007 based on January to November average  
TD Economics

The global trends in mineral exploration have been mirrored both nationally and provincially. Mineral exploration expenditures in Canada were \$1.7 billion in 2006, more than double 2003 levels. Furthermore, expenditures are expected to rise by 9% to \$1.9 billion in 2007, an unprecedented level of activity.

For Newfoundland and Labrador, mineral exploration has increased substantially since 2003. Expenditures reached \$100.8 million in 2006—over four times

<sup>2</sup> A junior company is defined as an exploration company that is not a recipient of significant income from producing mines or other businesses and is financed mainly by exploration funds raised through the issuance of shares.

## Exploration Expenditures



f: forecast  
Department of Natural Resources

2003 levels and it is expected that mineral exploration expenditures will increase to \$160 million this year. There were more than 57,000 claims staked in the province in 2006 and about 80,000 are expected to be staked by the end of 2007. Claim staking and exploration spending are up sharply in the province as a result of interest across the province for base metals and the huge interest for uranium in Labrador.

The most advanced uranium project in the province is Aurora Energy's Michelin Project which consists of the Michelin and Jacques Lake deposits near Postville. Aurora will conduct 75,000 to 100,000 metres of diamond drilling during 2007 with an exploration budget of \$21 million. According to Aurora, the uranium contained in the Michelin Deposit alone is sufficient to power one million homes for 67 years. Another notable uranium exploration project is the Crosshair Exploration & Mining Corp.'s Moran Lake property in the Central Mineral Belt of Labrador.

Some of the major base metal, gold and iron ore drilling projects ongoing in the province include: Messina Minerals Inc.'s Boomerang zinc-lead-copper-silver-gold deposit in Central Newfoundland; Rambler Metals and Mining's copper-gold project at the former Rambler mine near Baie Verte; Kermode Resources Inc.'s gold property in Western Newfoundland; Pargaron's Golden Promise gold project west of Grand Falls-Windsor; and New Millenium Capital Corp.'s LabMag iron ore property in the Howells River area of Labrador.