



Exploration and Mining in Canada

**Ross Gallinger, Executive Director
Prospectors and Developers Association of Canada
(PDAC)**

November 8, 2012





Prospectors and Developers Association of Canada

Representing Canada's mineral exploration and development industry since 1932

Approximately 1,250 corporate and 9,000 individual members

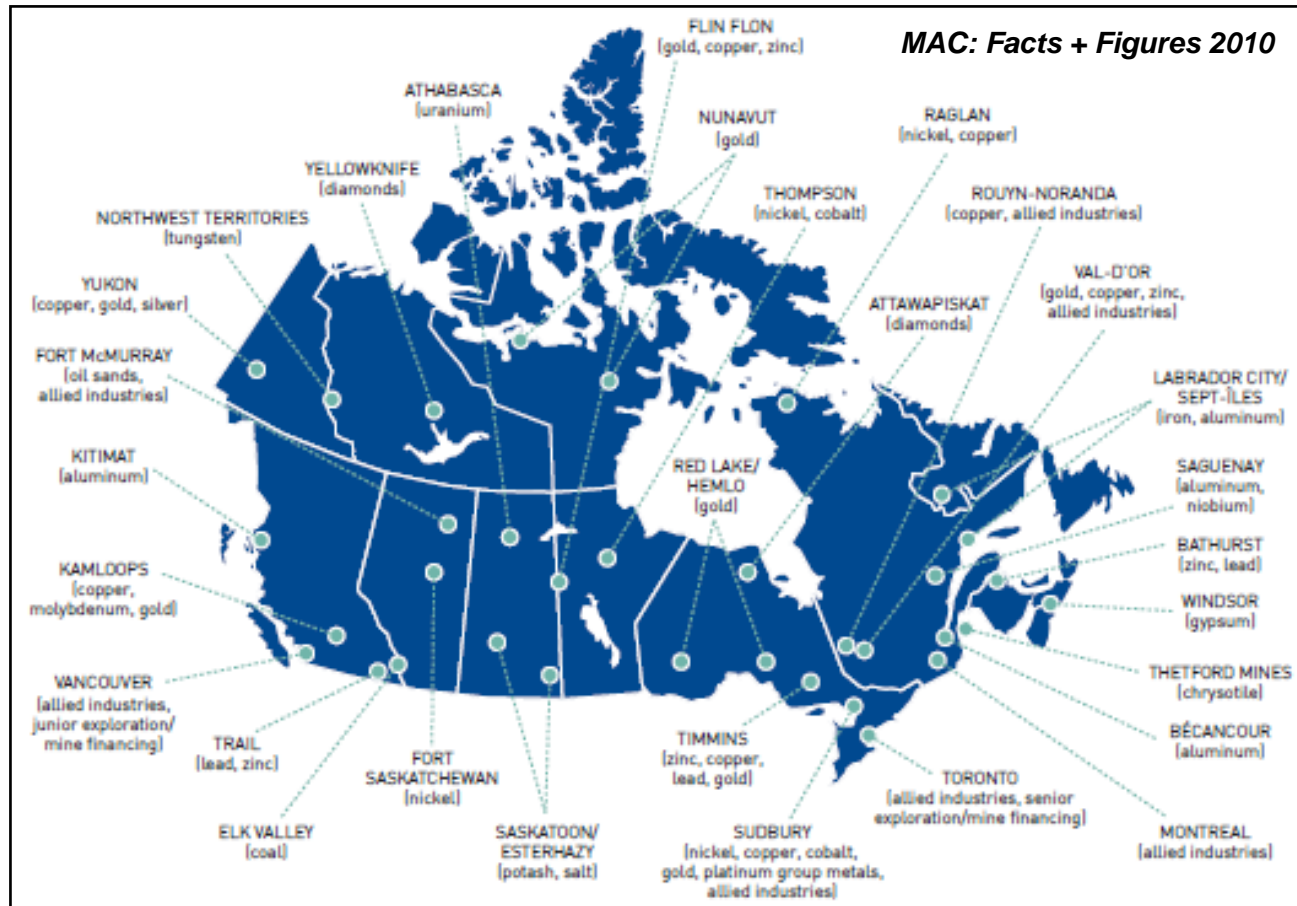
Members include:

- Exploration and mining companies
- Service and equipment suppliers
- Students

Education – Advocacy – Best Practice - Networking



Canada's Mining Economy



Expenditures in Canada

EXPLORATION AND DEPOSIT APPRAISAL EXPENDITURES,¹ BY PROVINCE AND TERRITORY, 2007-2012

Province / Territory	2007		2008		2009		2010		2011 ^a		2012 ^b	
	(\$ millions)	(%)	(\$ millions)	(%)	(\$ millions)	(%)	(\$ millions)	(%)	(\$ millions)	(%)	(\$ millions)	(%)
Newfoundland and Labrador	148	5.2	146.7	4.5	54.9	2.8	105.2	3.8	172.1	4.4	233.8	5.6
Nova Scotia	23.5	0.8	21.4	0.7	9	0.5	16.7	0.6	12.7	0.3	21	0.5
New Brunswick	35.8	1.3	32.7	1	8.1	0.4	17.1	0.6	25.2	0.6	20.6	0.5
Quebec	476.4	16.8	526.1	16	379.3	19.5	511.6	18.5	709.5	18.1	763.5	18.1
Ontario	571.7	20.2	799.3	24.4	536.2	27.6	853.4	30.9	1,021.90	26	916.2	21.8
Manitoba	102.6	3.6	152.1	4.6	97.8	5	83.5	3	110.5	2.8	125.6	3
Saskatchewan	314	11.1	430.7	13.1	311	16	299.4	10.8	349.7	8.9	299.4	7.1
Alberta	11.8	0.4	20.8	0.6	8.3	0.4	15.2	0.5	44.1	1.1	38.6	0.9
British Columbia	470.6	16.6	435.4	13.3	217.1	11.2	374.4	13.5	567.7	14.5	812.3	19.3
Yukon Territory	144.7	5.1	134	4.1	90.9	4.7	156.9	5.7	306.6	7.8	285	6.8
Northwest Territories	193.7	6.8	147.7	4.5	44.1	2.3	81.7	2.9	105.4	2.7	124	2.9
Nunavut	338	11.9	432.6	13.2	187.6	9.6	256.7	9.3	502.3	12.8	568.6	13.5
Total	2,830.80	100	3,279.50	100	1,944.40	100	2,771.90	100	3,927.80	100	4,208.50	100

Source: Natural Resources Canada, from the federal-provincial-territorial Survey of Mineral Exploration, Deposit Appraisal and Mine Complex Development Expenditures.

¹ Includes on-mine-site and off-mine-site activities; field work, overhead costs, engineering, economic and pre- or production feasibility studies, environment, and land access costs.

^a Preliminary estimates

^b Spending intentions

Notes: Numbers may not add to totals due to rounding. Exploration and deposit appraisal activities include only the search for and appraisal of deposits and do not include work for extensions of known reserves.



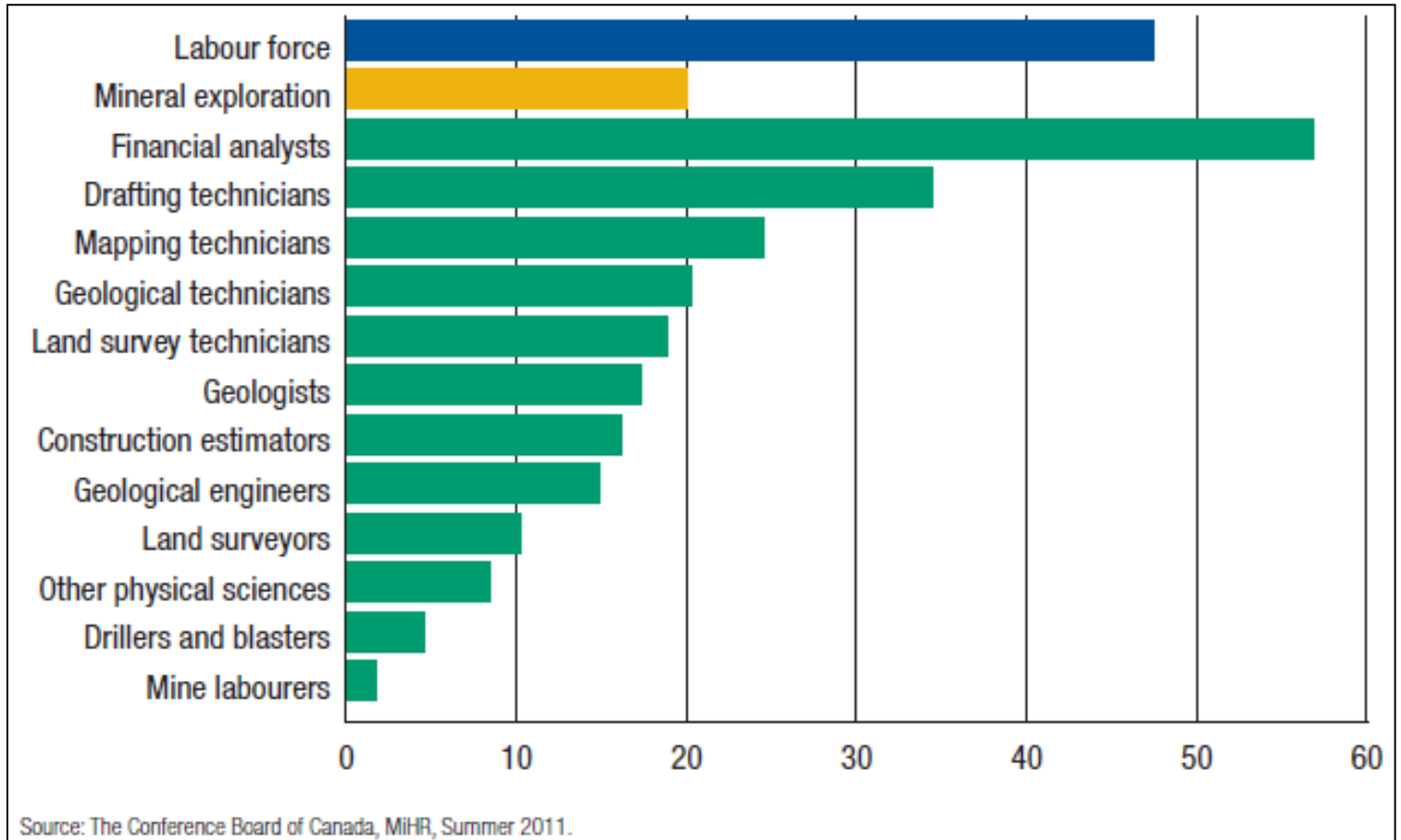
Strengths of the Junior Mining Sector in Canada

- presence of incentives and mechanisms to ease access to financing (such as flow-through shares, exploration deductions and tax credits at both the federal and provincial levels);
- the strength of the mining finance/legal services infrastructure;
- Canadian investors' attraction to and knowledge of mining investment;
- the presence of specialized providers of services and supplies (such as drilling and geophysics contractors).

Junior Sector in Canada

- Junior Sector strength in Canada
 - 2010 – 733 companies
 - 2011 – 782 companies
 - 2012 – 742 companies
- Junior sector has targeted precious metals; base metals followed;
- Diamonds 1990; Uranium 2007; iron ore, chromite and rare earths more recently

Women in Exploration





What about the Future?

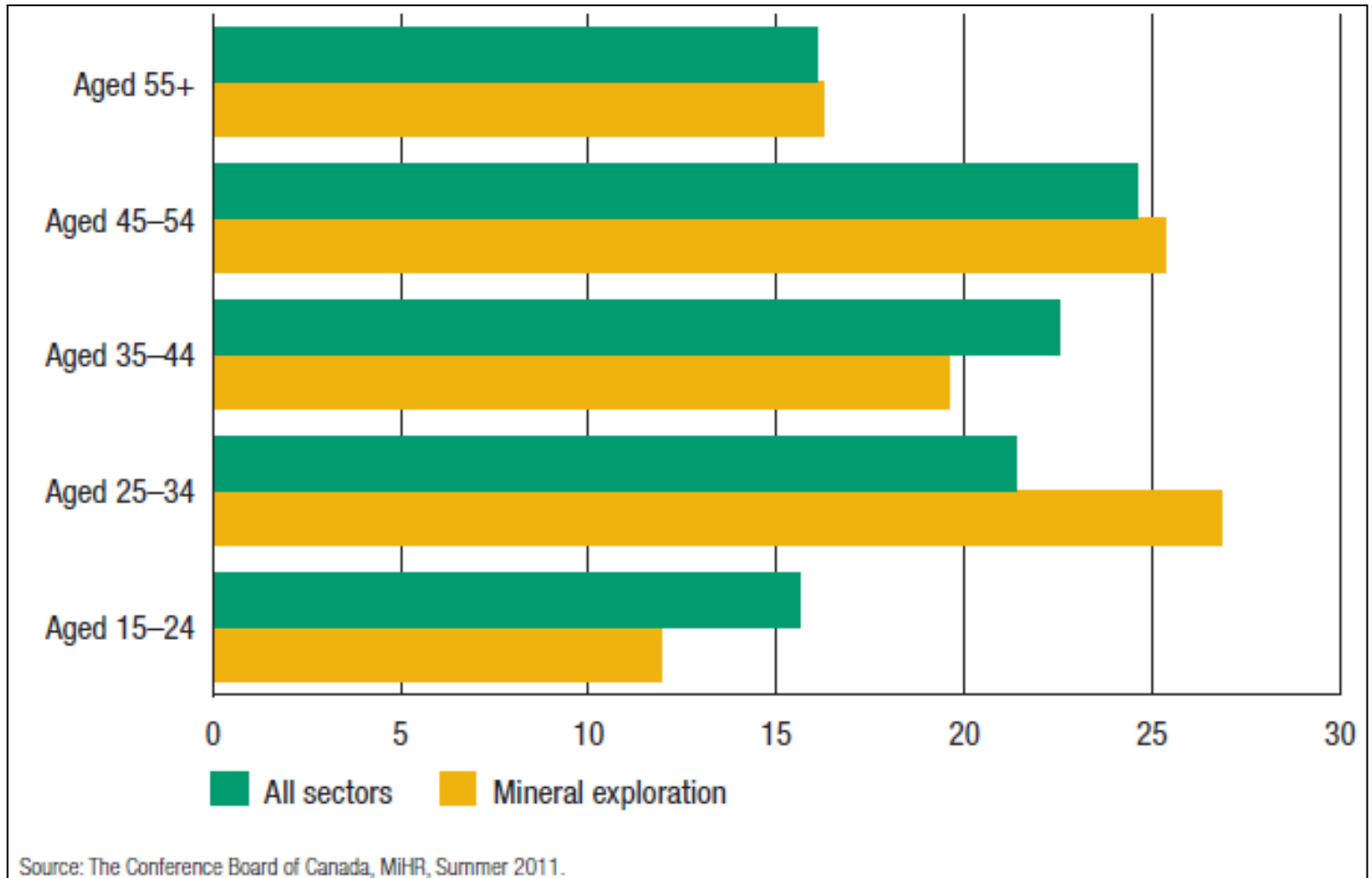
What's happening now?

- Operations looking at improving margins
- Equity market risk averse – Market capitalization down 43%
- Seniors halting capital spending on major expansions, but mid-tiers sorting out their financing and forging ahead

Industry Status

- GFC of 2008 saw a brief contraction of the industry. Survivors and those that followed careful about debt
- Many metals prices holding – some softening
- Gold prices remain high
- Companies still raising capital
- Governments support the industry

Age Profile in Exploration



The Future

- Canada still has great geology!
- The rise of the BRIC countries will influence demand for metals
- Declining grade of existing mines will require more discoveries
- Extension of METC
- Alternative forms of Financing
- Easing of regulatory burden costs



“The long-term fundamentals for mining remain strong, providing miners with many promising years to come.”

PWC (November, 2012)

Prospectors & Developers Association of Canada

PDAC 2013

Where the world's mineral industry meets

International Convention, Trade Show & Investors Exchange

March 3-6, 2013

Metro Toronto Convention Centre
South Building, Toronto, Canada

Registration Begins December 2012

Diamond Sponsor

Teck



www.pdac.ca

Click on PDAC 2013



Ross Gallinger P. Ag

Executive Director

Prospectors and Developers Association of Canada

email: rgallinger@pdac.ca Tel: +1-416-362-1969

www.pdac.ca



@the_PDAC

