

## MINING SECTOR

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***Mining continues to drive economic growth in Northern Ontario. Already a global leader in precious and base metal production, the region continues to boast untapped geological potential that is unequalled in the world. These rich geological resources combined with recent provincial efforts to create a positive business climate for mineral exploration has led to Ontario being identified as one of the best places in the world for mineral investment.***

### Profile

Ontario has been one of the world's leading mineral producers for more than a century. In 2006, mining in Northern Ontario produced approximately \$7 billion worth of minerals with the majority of the value derived from metals. Mining in Northern Ontario employs approximately 14,000 people, with an additional 1,800 (estimate) employed in exploration activities. Northern Ontario is home to all of Ontario's 28 mines, 5 of the province's 14 major industrial mining operations, most of Ontario's gem stone operations, and an estimated 400 mining service and supply companies.

In 2006, Ontario yielded 53% of Canada's nickel production, 55% of Canadian gold production, 32% of Canada's copper production, and 82% of Canadian platinum group metals production.

Preliminary estimates for exploration and deposit appraisal expenditures during the year 2006 climbed to \$342 million from \$294 million in 2005. Expenditures by activity in 2006 were \$245 million (72%) for exploration and \$97 million (28%) for deposit appraisal. Spending intentions for 2007 indicate that \$258 million (70%) will be spent on exploration and \$113 million (30%) will be spent on deposit appraisal. Spending on Off-Minesite activity is expected to climb from \$249 million in 2006 to \$332 million in 2007.

In 2007, spending by Ontario's junior mining companies is expected to remain at \$143 million, the same as in 2006, but up from \$131 million in 2005. The percentage of exploration spending by junior companies is expected to decline in 2007 to 39%, from 42% in 2006 after reaching 45% in 2005. However, junior companies should continue to play a more prominent role in future exploration in Ontario. The number of mining claims in good standing in Ontario climbed to a record high of 229,000 in 2006. This was an increase from 213,000 at the end of 2005.

Mineral reserves are defined as proven and probable minerals at producing mines or deposits firmly committed to production. There are significant mineral reserves in Northern Ontario of nickel, copper, gold, zinc and platinum-palladium. Gold reserves have increased recently. Although base metal reserves are declining in Northern Ontario, new discoveries from exploration could reverse this trend.

### Opportunities

#### ***Exploration***

In addition to the variety of mineral resources historically found in Northern Ontario, there is considerable exploration interest in searching for diamonds, platinum-palladium deposits and an exciting new interest in tantalum discoveries.

Gold continues to be the most sought-after commodity in Ontario but base metals could surpass gold in 2007. Work on Platinum Group Metals projects across Northern Ontario has led to a rise in exploration spending from \$2 million in 1998 to \$24 million in 2006. Diamond exploration continues across the

province in areas such as Wawa and Cobalt. Construction continues at the Victor diamond project near Attawapiskat where production should commence in 2008.

In the 2006 Budget, the government announced \$10 million to help launch the new Centre for Excellence in Mining Innovation at Laurentian University in Sudbury. The proposed centre will be a focal point for a cluster of mineral and related enterprises to help drive wealth creation in the province. It will take advantage of the university's established mining-related research programs, and focus on projects of high value and relevance for the industry.

### ***Mining Services***

Northern Ontario's mining industry is a world leader in mine automation and rehabilitation. Suppliers of equipment and services should continue to expand marketing efforts of their products internationally through organizations such as the Canadian Association of Mine Equipment and Services for Export and the Ministry of Northern Development and Mines.

### ***Aggregates***

The rising demand for sand, gravel and crushed stone in the Greater Toronto Area and the south-western portion of the province combined with the expense of developing aggregate reserves in Southern Ontario provide significant opportunities for aggregate producers in Northeastern Ontario to provide sand, gravel and crushed stone. In the coming decades, additional opportunities exist for the shipment of aggregates to markets in the central United States.

### ***Value-added***

There is significant opportunity to develop value-added processing and manufacturing of raw materials in Northern Ontario to enhance the value of product and to create additional employment. Such innovative opportunities include the development of special nickel alloys and further processing of traditionally produced metals, the development of processing plants for specialized industrial minerals and the establishment of diamond cutting and related businesses when diamond production begins.

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