

INDUSTRY ANALYSIS

VINL Hydromet Facility

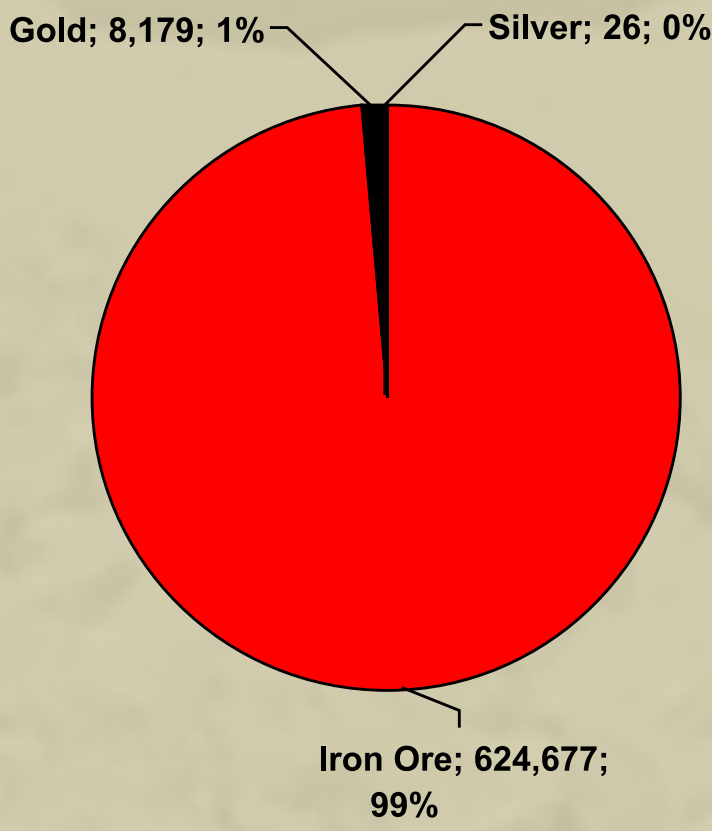
(photos courtesy of VINL)



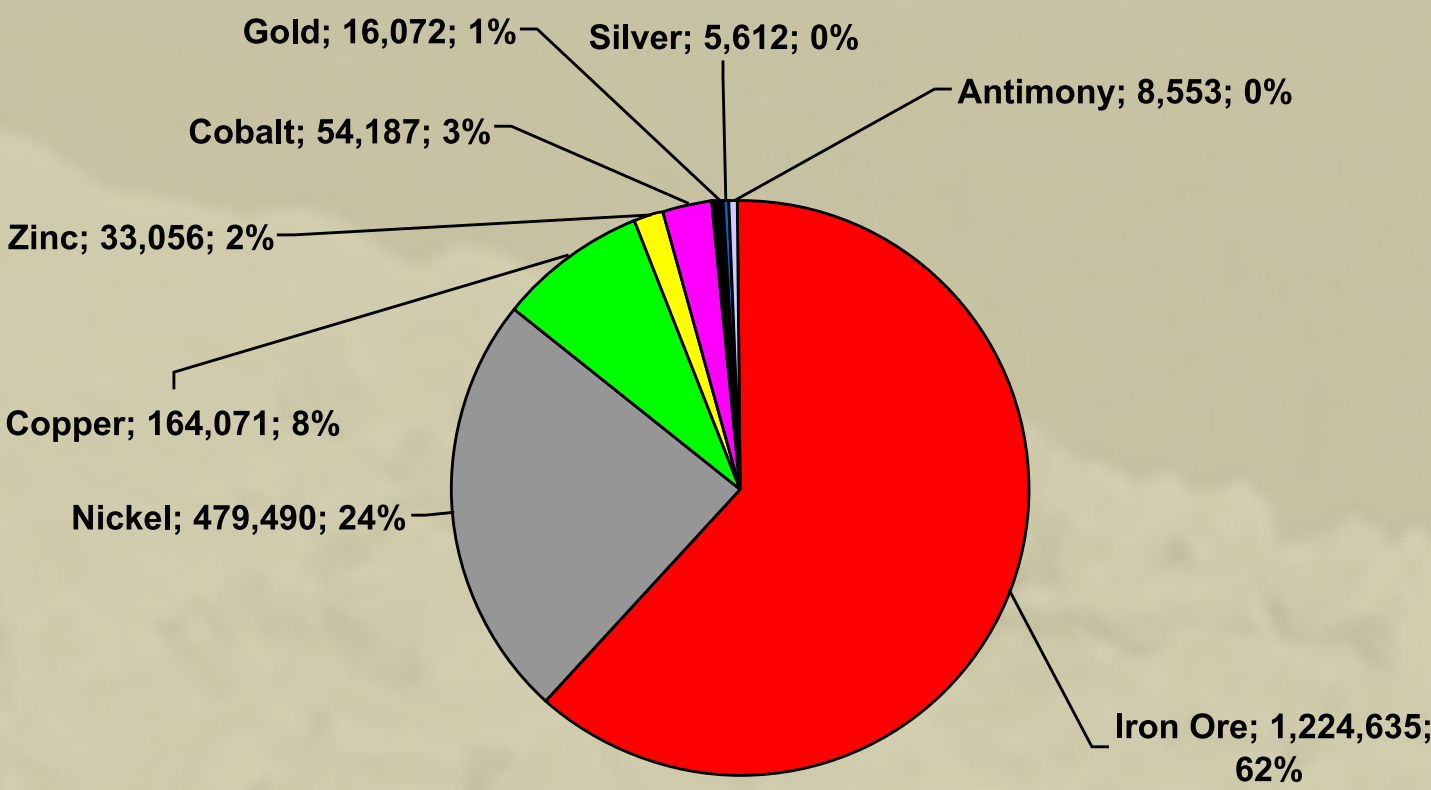
Long Harbour Pre-construction

Newfoundland and Labrador Distribution of Metals Shipments by Commodity, (\$000)

2004



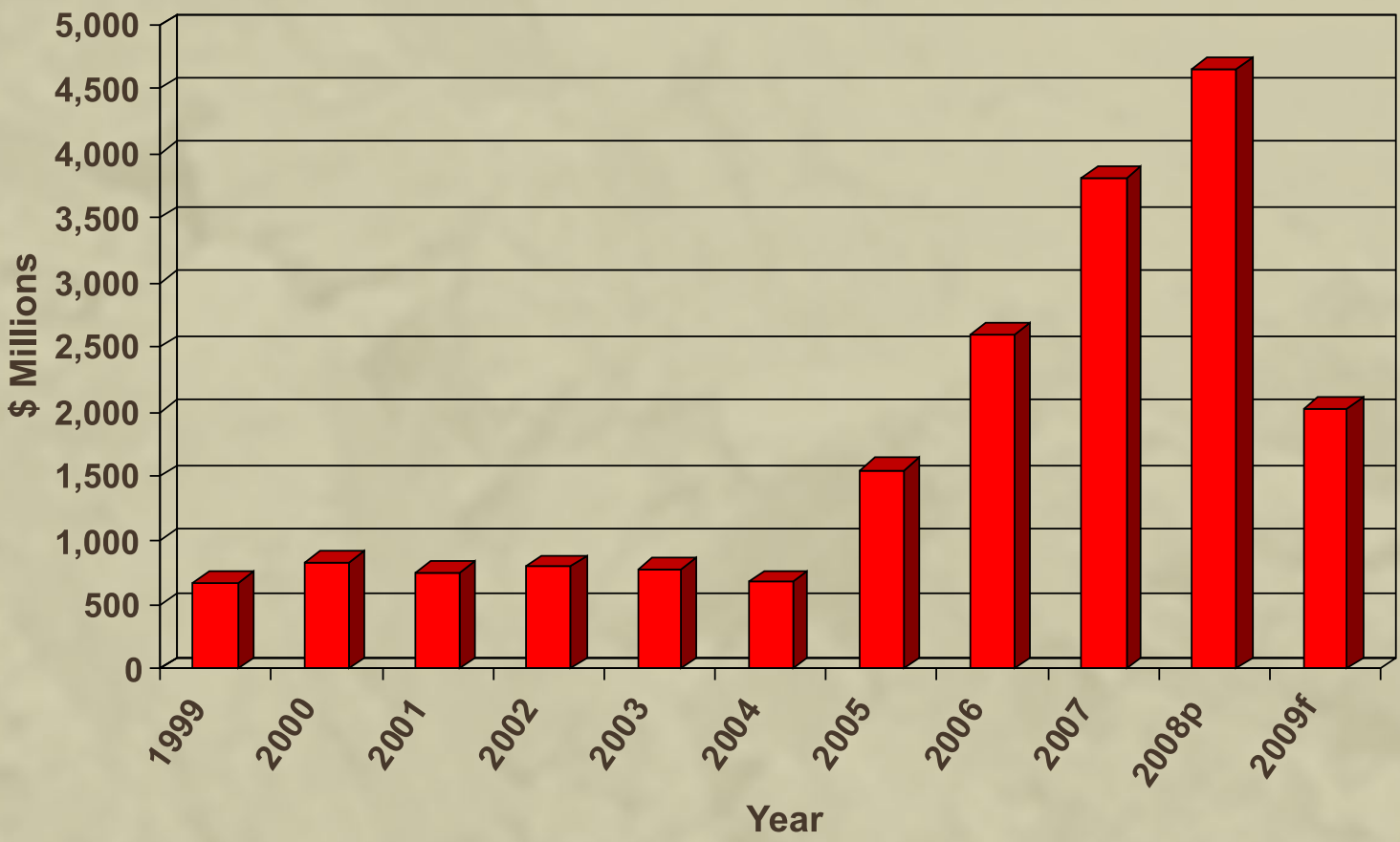
2009 - Forecast



Sources: Department of Natural Resources and NRCAN

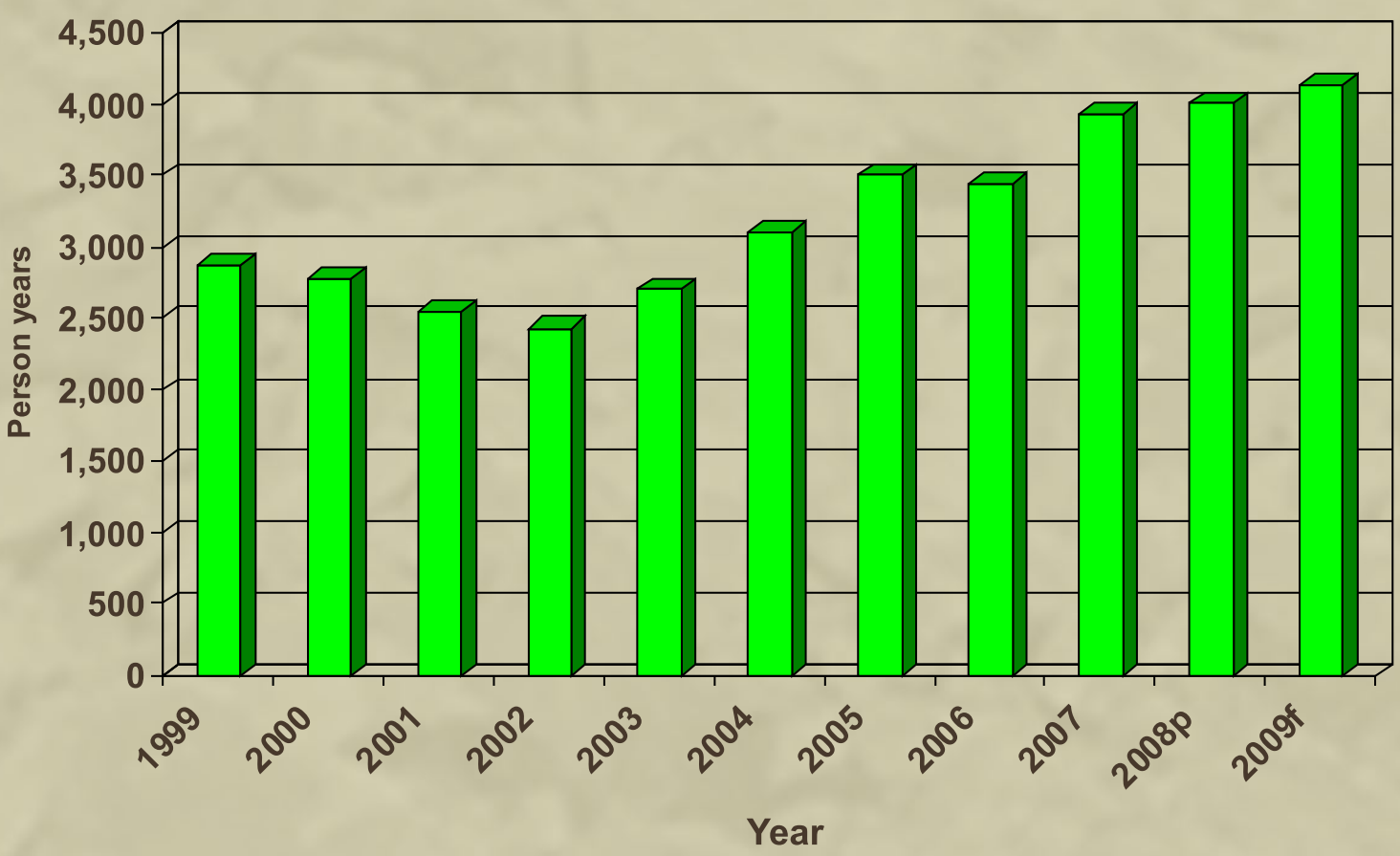
Newfoundland and Labrador Total Value of Mineral Shipments

\$2.03 billion for 2009 is still 4th highest on record

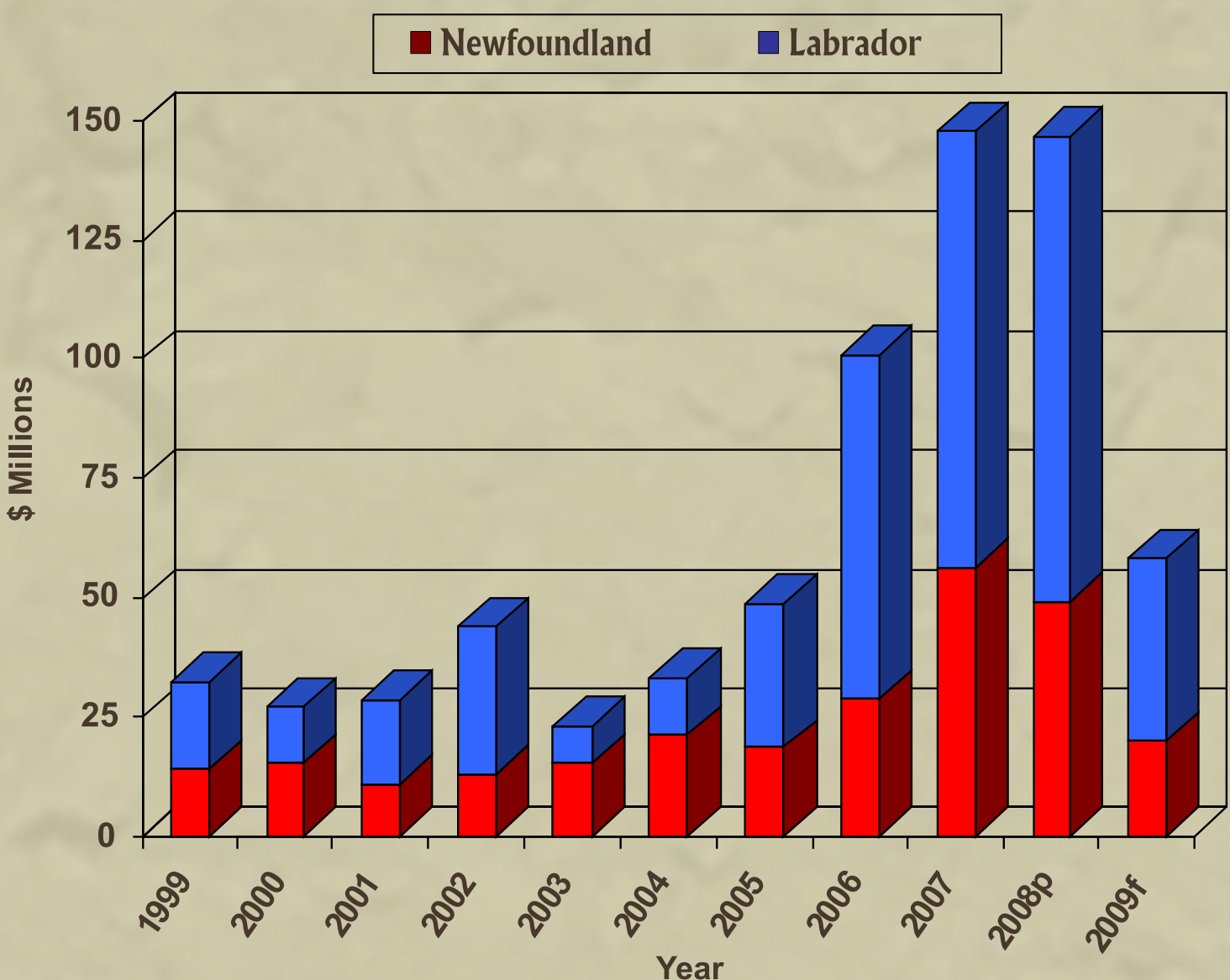


Newfoundland and Labrador Mining Industry Average Employment

Now at a 19 year high



Newfoundland and Labrador Exploration Expenditures



Sources: Department of Natural Resources and NRCAN
p: Preliminary; e: Estimate; f: Forecast

- The forecast Gross Value of Mineral Shipments (GVMS) of \$2.03 billion for 2009 is substantially reduced from the \$4.66 billion in 2008. This is due to a decrease in shipment forecasts at several mines and a general reduction in projected commodity prices brought on by the global economic crisis that began late in the summer of 2008. A shipment value of \$2.03 billion would still be the forth highest GVMS on record in nominal Canadian dollars.
- Direct employment in the Newfoundland and Labrador mineral industry is projected to be 4,128 person years in 2009, an increase of 115 over the 2008 estimate.
- During 2008, Vale Inco Newfoundland and Labrador Limited (VINL) produced 78,000 mt of nickel, 55,000 mt of copper and 1,695 tons of cobalt. Employment is anticipated to increase from 750 person years 2008 to 1200 for 2009 as a result of the initial construction workforce being required for the commercial processing facility.
- Detailed engineering, procurement and construction activities are in progress at the site of VINL's commercial hydromet nickel processing plant at Long Harbour. Equipment has been mobilized to continue with clearing, installation of road access and demolition of buildings and remediation at the port site. Approximately 400 people are currently employed at the site and the total cost of construction is estimated at US \$2.82 billion.
- The Iron Ore Company of Canada and Wabush Mines continue to be major contributors to the Newfoundland and Labrador mining industry. The combined value of iron ore concentrate and pellet shipments of these two operations is forecast to be \$1.22 billion in 2009.
- Teck Duck Pond Operations is now in its third year of operation and production is approximately 650,000 tonnes per year. Annual employment at the mine is anticipated to average 287 person years.
- Both the Beaver Brook antimony mine and the Pine Cove gold mine continue to work at increasing production toward their Life of Mine plans.
- Expenditures on mineral exploration and deposit appraisal have risen dramatically in recent years, following the rise in commodity prices over the same period. Expenditures rose from about \$48 million in 2005 to \$148 million in 2007, and remained high at \$146 million for 2008. The current downturn in the economy and resulting decrease in metal prices is having a negative effect on exploration spending in 2009 with a forecast of \$58 million for the province.

Beaver Brook Antimony Mine Attracts Chinese Investment



Beaver Brook Mine Site

Antimony Concentrate Ready For Shipment

Personnel Carrier Returning From Underground