October 1998

THE ECONOMIC AND FISCAL CONTRIBUTION OF THE MINING INDUSTRY IN ONTARIO

Ontario Mining Association

Final Report

Ernst & Young

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THE MINING INDUSTRY[1] IS A VITAL CONTRIBUTOR TO ONTARIO'S ECONOMY.

IN 1997:

- The Ontario mining industry employed 20,746 people, more than any other natural resource sector in Ontario. The great majority of these (73.7%) were employed in the Northeast region of the province.
- An additional 2,805 people were employed in smelting and refining, 43,500 in the manufacture of metals products, and 21,896 in the manufacture of non-metallic mineral products.
- The mining industry spent close to $30 million on employee training in the province of Ontario or $1,881 per employee.
- Over the 1990-1997 period, the lost-time injury frequency in the Ontario mining industry has dropped from 3.1 injuries per 200,000 hours worked to 1.3. Over the last 20 years, the mining sector's safety performance has improved by 89.6%.
- The mining industry in Ontario spent approximately $35.7 million on health and safety, or $2,265 per employee.
- Average weekly earnings in the Ontario mining industry were $1,175 compared to $489 for all Ontario industries combined.
- The sector generated close to $1.3 billion in wages and salaries, or approximately $61,000 per employee.
- In addition to this, Ontario mining sector employees received, in total, $420 million in taxable and non-taxable benefits, or $26,620 per employee. Wages and benefits combined yielded an average annual income per employee of $87,663.
- About 75% of mining labour income was earned in northeastern Ontario.
- The Ontario mining sector spent more than $1.1 billion on goods and services helping other companies in other industries sustain their profitability and employment. Of this, about $444 million was spent within an 80 kilometre radius of operating mines.
- Ontario firms paid approximately $314 million in taxes/levies to all levels of government.
- Mineral production in Ontario was valued at $5.5 billion. Of the total, metals production accounted for $3.8 billion, the highest of any one province or territory. Ontario led Canada in nickel, gold, copper, cobalt and salt production.

[1] This is not a study of the nature of the mining industry itself, but rather of its importance in Ontario's economy. "Mining" for this study includes all mineral extraction *except* oil and gas. Due to data limitations, however, sometimes it was necessary to present data for mining with oil and gas wells. In the case of Ontario, where oil and gas is relatively small (accounts for only 2% of Ontario mineral sector employment and 1.4% of Ontario mineral production), its inclusion will not skew the results in any meaningful way.

- More than 40% of Ontario's supply of metallic ores and concentrates was exported to international markets, with a value of $1.7 billion. Ontario accounted for 25% of Canada's international exports of metallic ores and concentrates.
- About 19% of Ontario's supply of non-metallic minerals was exported to international markets. The value of these exports was $172.1 million, almost double the 1990 level. Ontario accounted for 18.5% of Canada's international exports of non-metallic minerals.
- The mining sector contributed over $3.4 billion in value added to Ontario's economy, or $210,653 per employee (1995 data). As a comparison, the value added in all manufacturing was less than half as large at $96,416 per employee.
- Productivity in the Ontario mining industry improved. The industry required 3.3 employees to generate $1 million of metals production, down from 4.1 employees in 1993.
- Over the 1990-1996 period, productivity (defined as real GDP per hour worked) in the Canadian mining sector rose by 30.8%. This rate of growth exceeded that in both the manufacturing sector as a whole, and the business services sector.
- Ontario mining industry's electricity bill totaled an estimated $217.9 million or 82.1% of total energy spending. Since 1990, the price of electric power in Ontario has increased by 28%. A more competitive market for electricity in Ontario is expected to enhance the mining industry's cost competitiveness.
- The mining industry in Ontario spent more than $47 million on scientific research and development. In addition to this, mining has its own special kind of research – mineral exploration.
- Ontario was the most active exploration province or territory in Canada. An estimated $189.6 million was spent in Ontario on general and minesite exploration. An additional $261.0 million is estimated to have been spent by companies on minesite development.
- The mining industry in Ontario spent approximately $56 million on environmental protection, environmental improvement, and pollution prevention.
- The Ontario mining industry attracted $772.6 million in private and public investment. This was evenly allocated for construction purposes, and purchases of machinery and equipment.
- The mining sector accounted for the largest number of initial public offerings in Canada, raising $3.5 billion.
- In addition to being a major mineral producer, Ontario is also a major supplier of mining-related services and technology.
- The mining sector is a major contributor to charitable and philanthropic causes. Donations by the mining companies in Ontario totaled approximately $6.0 million.
- Reflecting weaker commodity prices, the industry in Ontario posted a loss of $44.0 million on revenues of $4.3 billion. Net income as a share of total revenue was -1.0%.
- Ontario mining industry equity was valued at $4.5 billion. Return on assets was -0.52%. Return on equity was -0.97%.

ONTARIO ACCOUNTS FOR A LARGE SHARE OF CANADIAN MINING SECTOR EMPLOYMENT

- *After trending down over the 1990-1994 period, employment in the Ontario mining industry has rebounded in the last three years.* In 1997, 17,330 people were employed in mining (74% of which were employed in metals mining) and 3,416 in services incidental to mining. This is up from a low of 16,399 and 2,261, respectively realized in 1994. Overall, 20,746 people were employed in Ontario's mining industry in 1997.
- *Ontario accounts for a large share of mining employment*. Of the total number of people employed in the mining industry in Canada, Ontario accounted for more than one quarter in 1997. Of the total number of people employed in metals mining in Canada, Ontario accounted for over one third (35.3%).

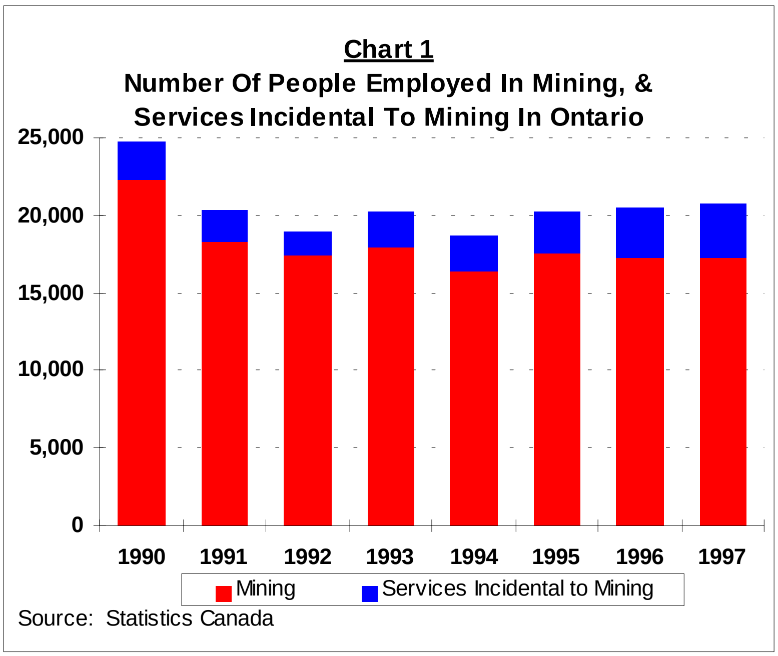


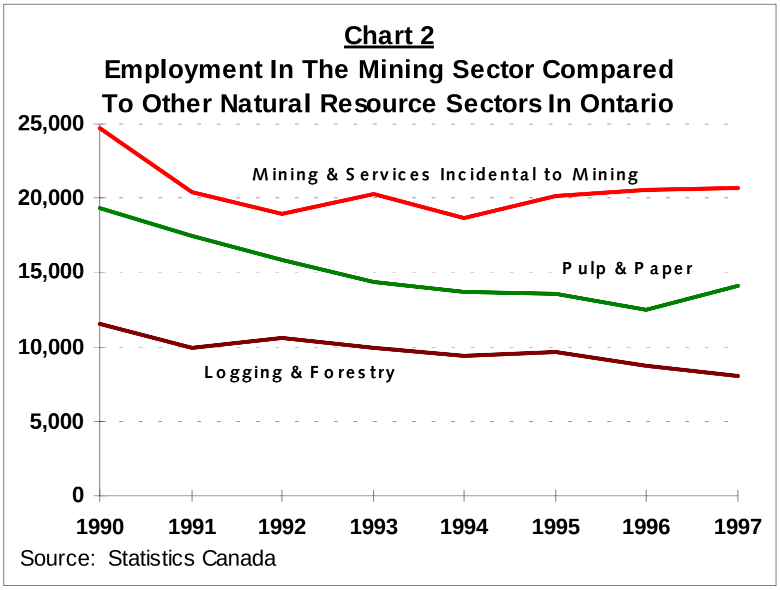
Table 1
Ontario's Share Of Mining Employment

Number of Employees	1994	1995	1996	1997
Mining				
Canada	58,800	60,500	59,300	64,100
Ontario	16,399	17,578	17,309	17,330
Ontario's share	(27.9%)	(29.1%)	(29.2%)	(27.0%)
- Metals Mines				
Canada	32,500	33,500	33,500	36,400
Ontario	12,308	12,545	12,785	12,843
Ontario's share	(37.9%)	(37.4%)	(38.2%)	(35.3%)

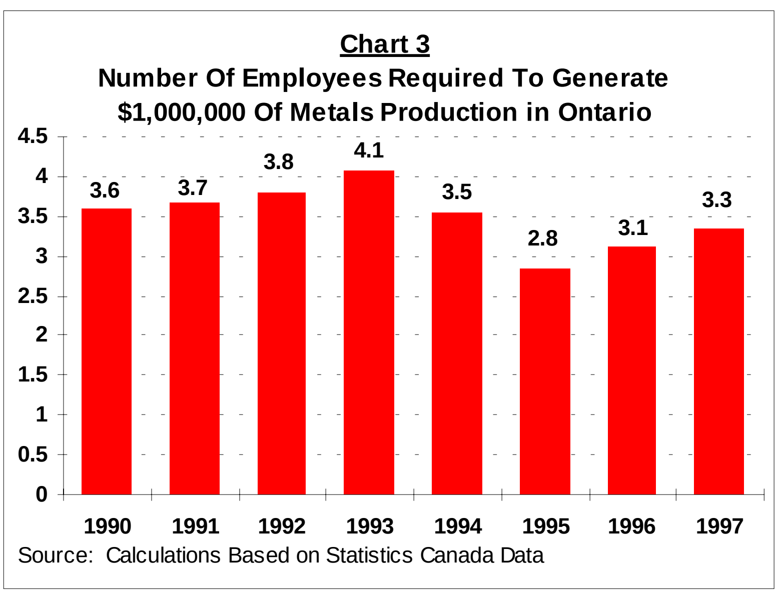
Source: Statistics Canada

MORE PEOPLE EMPLOYED IN MINING THAN IN OTHER NATURAL RESOURCE SECTORS IN ONTARIO

- *The mining industry employed more people than other natural resource sectors in Ontario.* In 1997, there were more than twice as many people employed in mining and services incidental to mining than in logging and forestry services, and almost 50% more than pulp and paper.



- *Ontario's mining industry has become more productive.* In 1997, the mining industry required 3.3 employees to generate $1 million of metals production. In 1993, the industry required roughly 4.1 employees to produce $1 million of metals production.



CLOSE TO 70% OF MINING SECTOR EMPLOYEES IN ONTARIO ARE ENGAGED IN PRODUCTION

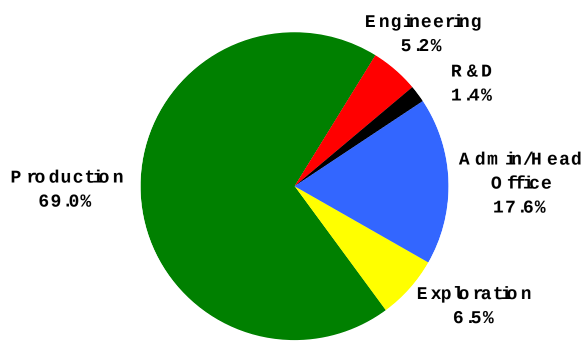
- *The majority of jobs in the mining industry are in production.* In 1997, an estimated 14,322 people or 69% of mining industry employees were engaged in production. The share of production-related positions to total mining employment has remained fairly stable since 1990.
- *Exploration positions have almost doubled since 1990.* In 1997, an estimated 1,354 individuals were employed in exploration-related positions, up from 763 people in 1990.
- *The number of engineering positions has more than doubled since 1990.* Over the 1990-1997 period, the number of engineering positions in the Ontario mining industry increased by 102.5%.
- *Administrative positions at the mines have seen their share of industry employment drop slightly.* In 1990, 15.2% of individuals employed in the Ontario mining industry were in administrative positions. In 1997, their share had fallen slightly to 14.0%.
- *Employment at head offices of mining firms, primarily located in Toronto, remains below 1990 levels in absolute terms and as a share of total employment.*

Table 2
Mining Employment In Ontario By Type Of Position

Occupation	1990	1991	1992	1993	1994	1995	1996	1997	1997 Share
Exploration	763	631	659	695	1,249	1,591	1,308	1,354	6.5%
Production	17,477	14,300	13,321	14,235	12,910	13,856	14,428	14,322	69.0%
Engineering	530	764	752	835	756	814	1,033	1,073	5.2%
Scientific R&D	460	378	340	353	350	242	281	302	1.4%
Consultants	225	577	492	538	130	149	8	53	0.3%
Administration (at mines)	3,753	2,861	2,615	2,758	2,419	2,582	2,779	2,904	14.0%
Head Office	1,560	912	784	856	846	960	712	738	3.6%
Ontario Total	**24,768**	**20,423**	**18,963**	**20,270**	**18,660**	**20,194**	**20,549**	**20,746**	

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Chart 4
Mining Employment In Ontario By Type Of Position - 1997



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

MINING OPERATIONS GENERATE DIRECT EMPLOYMENT THROUGHOUT ONTARIO

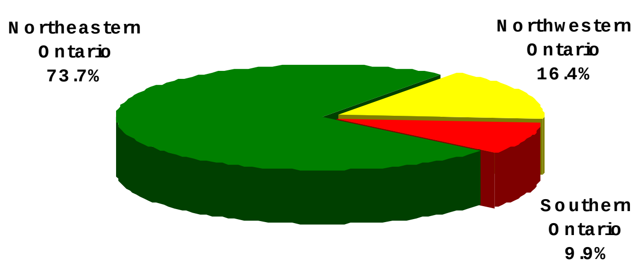
- *Most mining jobs are located in Northeastern Ontario.* Of the total number of individuals employed in the Ontario mining industry, 73.7% or 15,285 were employed in the Northeast region of the province in 1997, down from 80.2% in 1990.
- *Northwestern Ontario's share of total employment increased over the 1990-1997 period.* In 1997, 16.4% of Ontario mining sector employees worked in Northwestern Ontario, up from 9.3% in 1990.
- *The industry also provides a significant number of jobs in Southern Ontario.* In 1997, an estimated 2,058 individuals were employed in Southern Ontario, primarily in non-metals mining and in head offices and research facilities. Southern Ontario accounted for 9.9% of mining sector employment in 1997, down from 10.4% in 1990.

Table 3
Regional Distribution Of Mining Employment In Ontario

Region	1990	1991	1992	1993	1994	1995	1996	1997	1997 Share
Northeastern Ontario	19,871	16,472	15,474	16,274	13,666	14,693	15,445	15,285	73.7%
Northwestern Ontario	2,320	1,609	1,359	1,674	3,486	4,113	3,153	3,403	16.4%
Southern Ontario	2,577	2,342	2,130	2,322	1,508	1,388	1,951	2,058	9.9%
Ontario Total	**24,768**	**20,423**	**18,963**	**20,270**	**18,660**	**20,194**	**20,549**	**20,746**	

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

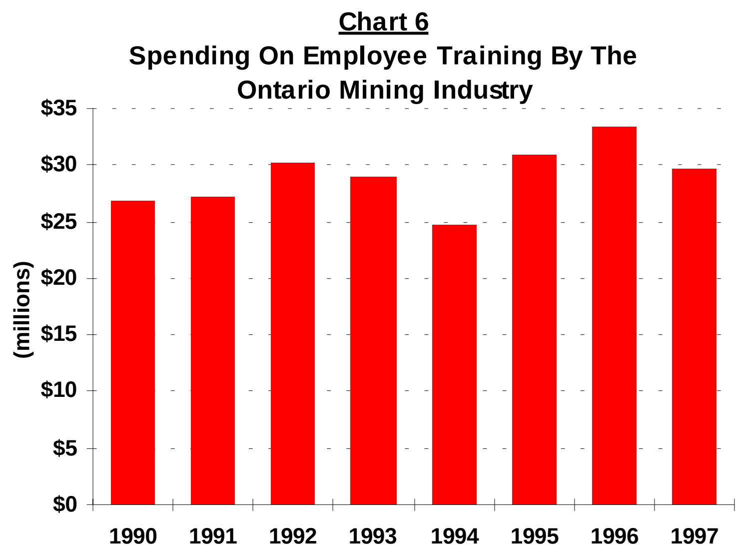
Chart 5
Regional Distribution Of Mining Employment In Ontario - 1997



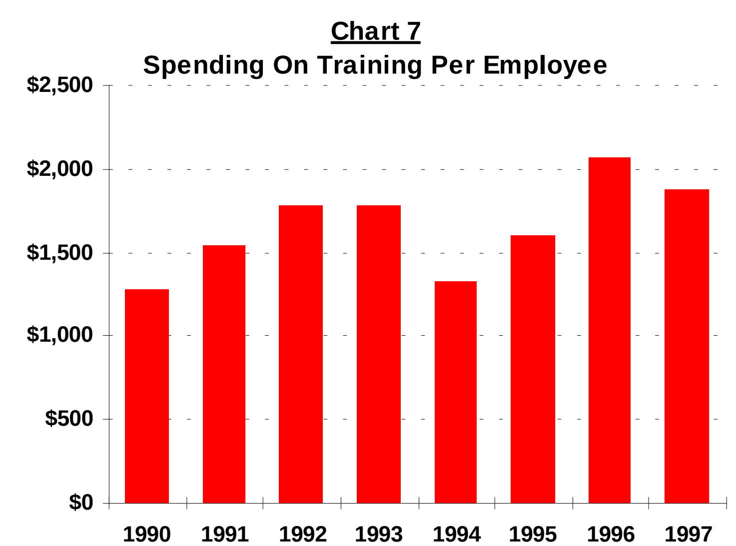
Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

JOBS IN THE MINING INDUSTRY ARE HIGHLY SKILLED POSITIONS INVOLVING EXTENSIVE TRAINING AND/OR EDUCATION

- *One of the biggest changes in the mining industry in recent years has been the increase in technology being used in the mines.* Today, mining jobs require computer skills and high levels of education.
- *In 1997, the mining industry spent, in total, $29.6 million in the province of Ontario on employee training, according to the Ernst & Young survey.* Respondents to the Ernst & Young survey spent, on average, $1,881 per employee on training in 1997, up from $1,149 in 1990.



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

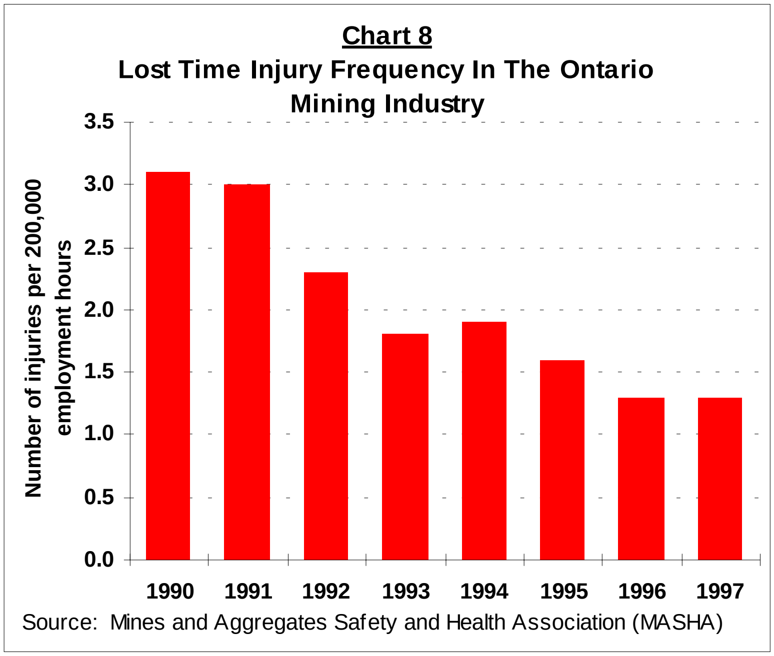


Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

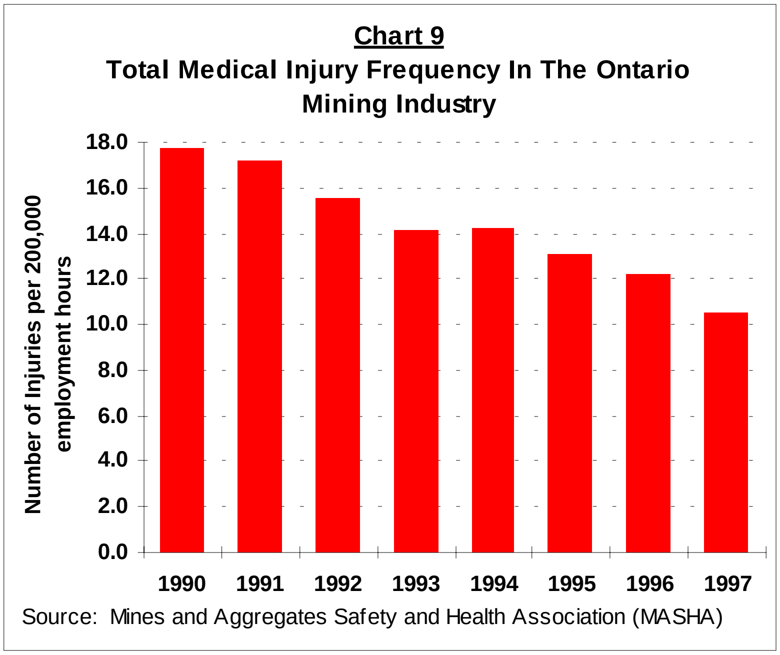
ONTARIO CONSIDERED TO BE THE SAFEST MINING JURISDICTION IN CANADA

- *Since 1990, the frequency of injuries has been trending down both in lost time injuries (resulting in days away from work) and total medical injuries (including medical aid only injuries, lost time injuries, and fatalities).* Lost time injury frequency in the Ontario mining industry has dropped from 3.1 injuries per 200,000 hours worked in 1990 to 1.3 in 1997. Total medical injury frequency has decreased from 17.7 injuries per 200,000 hours worked in 1990 to 10.5 in 1997.
- *The improvement is more striking if one looks at the record over the last two decades.* The mining sector's safety performance has improved by 89.6% over the last 20 years when looking at lost time accident frequency rates.
- *A number of reasons account for the remarkable performance*. These include the development of health and safety committees where management and workers address safety issues and procedures on how to make operations safe. Also, a certified health and safety member audits, makes recommendations, provides feedback to management and workers, and makes certain that standards are being maintained.
- The "Internal Responsibility System" has been the foundation for the Occupational Health and Safety Act of Ontario since 1978. It defines the responsibility for each person in the workplace and provides workers with three rights: the right to know, to refuse, and to participate in the safe and orderly production of work.
- *In August 1997, 50 amendments to Ontario's Regulations for Mines and Mining Plants went into effect*. Key changes include: new underground safety regulations, including regulation of working-alone conditions and a mandatory emergency braking system on underground vehicles; requiring mining companies to use professional engineers to inspect and certify new equipment, processes and structures; allowing for the introduction of longer underground working hours if the employees agree; and streamlining the complex system of permits, licences and notifications. These amendments will strengthen the internal responsibility system of the industry and ensure that health and safety are not compromised.
- *The OMA plays a number of roles in terms of assisting mining companies with their safety programs*. The OMA acts as a forum for the exchange of information and ideas with regards to safety, and it tracks member companies safety records and trends. The OMA also spends time interfacing with the Ministry of Labour to assist it in developing new regulations and legislation.
- *To maintain the industry's high standards of safety, companies continue to emphasize training*. As technology and equipment becomes more sophisticated, fewer people will be operating, and more people will be maintaining, equipment. As a result, the mining industry will have better educated, better trained, and more sophisticated workforce which bodes well for further reducing the frequency of injuries.

ONTARIO'S EFFORTS AT IMPROVING MINE SAFETY PAY OFF



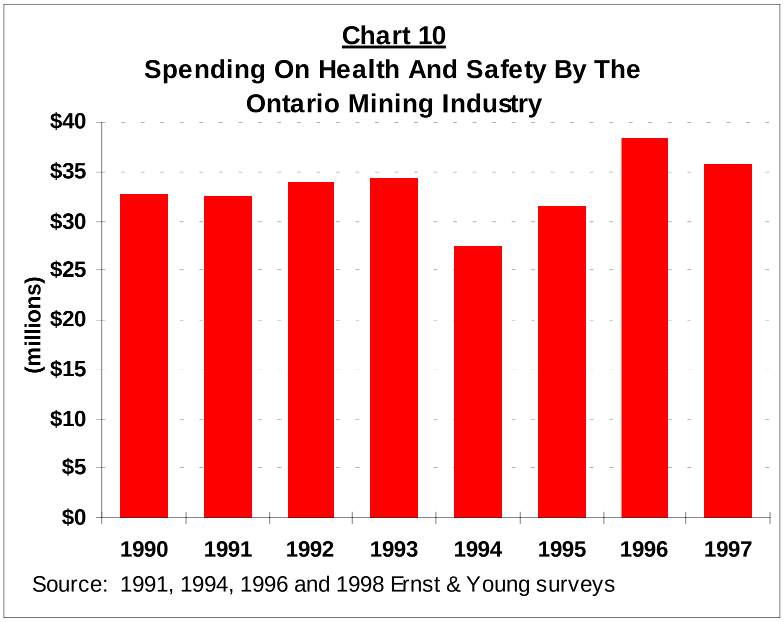
Note: A time-lost injury occurs when an employee is compensated for either a loss of wages following an accident or for a permanent disability. The data covers gold, nickel, uranium, miscellaneous mining, mine contractors and contract diamond drill operators. Pits, quarries, and oil and gas operations are not covered.

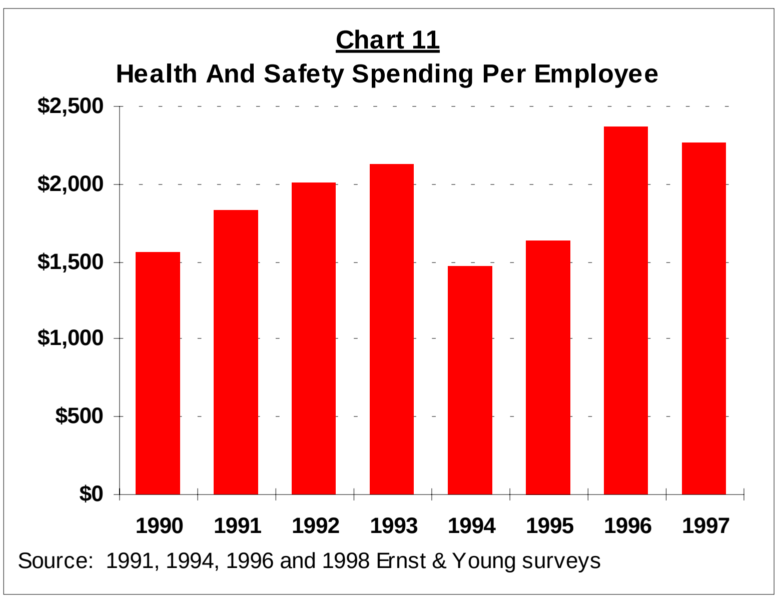


Note: Medical injuries include medical aid only injuries, lost time injuries, and fatalities.

IMPROVEMENTS IN WORKPLACE SAFETY REFLECTED IN HIGH LEVELS OF SPENDING

- *The significant efforts undertaken to improve workplace safety are reflected in the high level of health and safety spending.* In 1997, about $35.7 million was spent by mining companies in Ontario on health and safety, according to the Ernst &Young survey.
- *Respondents to the Ernst & Young survey spent, on average, $2,265 per employee on health and safety in 1997 compared to $1,555 per employee in 1990.*





AVERAGE WEEKLY EARNINGS IN ONTARIO'S MINING INDUSTRY EXCEED THE AVERAGE FOR ALL INDUSTRIES COMBINED

- *Average weekly earnings in the mining industry have risen at a faster rate than average weekly earnings in the economy as a whole.* While average weekly earnings for all Ontario industries[2] combined have increased by 2.7% per annum over the 1990-1997 period, average weekly earnings in the mining sector have risen by 5.8%.
- *Average weekly earnings in Ontario's mining sector exceeded the average for all Ontario industries by 140%.* In 1997, average weekly earnings in the Ontario mining industry were $1,175, compared to $489 for all industries combined.
- *Average weekly earnings in Ontario's mining sector also exceeded the mining sector national average.* Average weekly earnings in the Canadian mining industry in 1997 were $1,037, roughly 11.7% below the Ontario average.

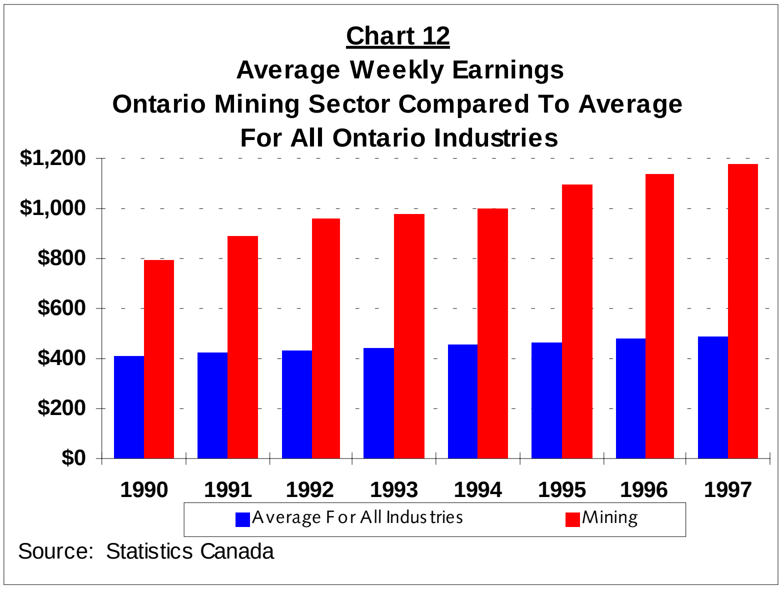


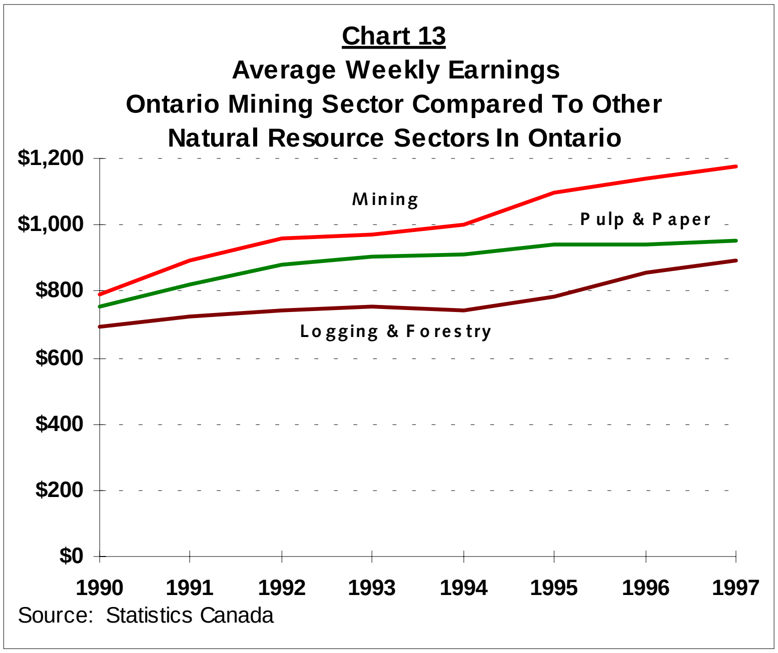
Table 4
1997 Average Weekly Earnings For Selected Ontario Industries

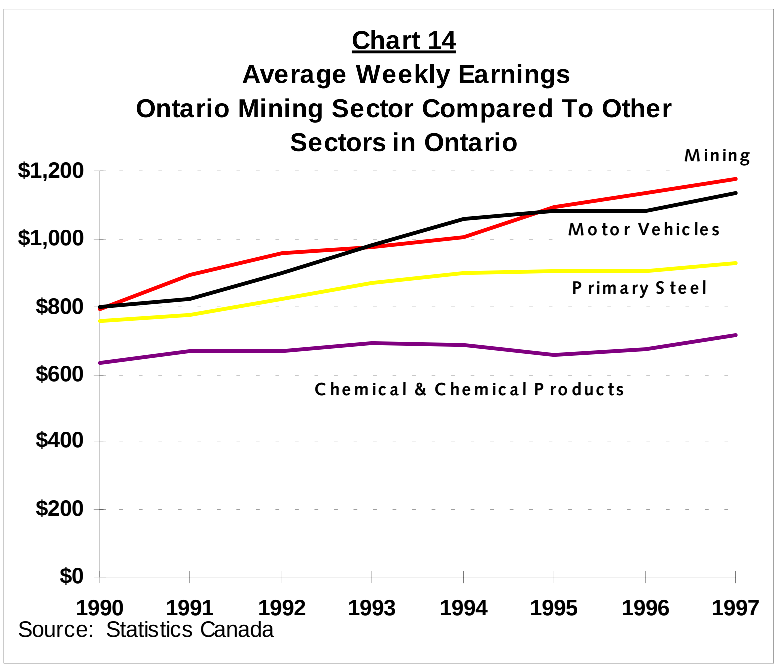
Sector	Average Weekly Earnings
Mining	**$1,175**
Services Incidental to Mining	$990
Pulp and Paper	$953
Primary Steel	$926
Logging and Forestry	$894
Chemical and Chemical Products	$715
Motor Vehicles	$1,135

Source: Statistics Canada

[2] Excludes agriculture, fishing and trapping, private household services, religious organizations and the military.

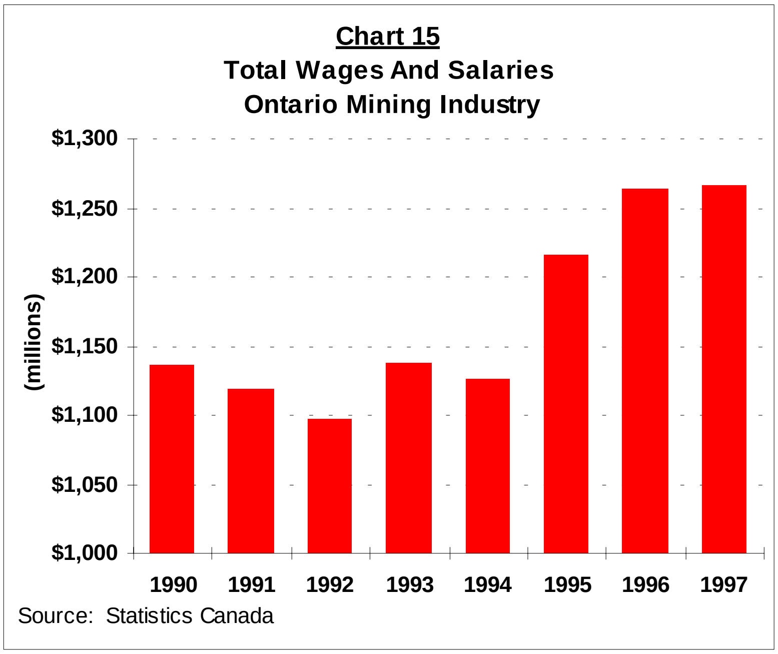
ONTARIO'S MINING SECTOR HAS ONE OF THE HIGHEST EARNINGS LEVELS IN THE PROVINCIAL ECONOMY.





CLOSE TO $1.3 BILLION ANNUALLY IS PAID IN THE FORM OF WAGES AND SALARIES TO THOSE EMPLOYED IN ONTARIO'S MINING INDUSTRY

- *After remaining fairly stagnant over the 1990-1994 period, total wages and salaries in Ontario's mining industry rebounded sharply in 1995 and have continued to rise.* In 1997, total wages and salaries (not including supplementary labour income) in Ontario's mining industry reached almost $1.3 billion, up from $1.1 billion in 1990.
- *In 1997, average wages and salaries per employee exceeded $60,000.* Wages and salaries per employee averaged $61,043 in 1997, up from $45,894 in 1990.



ONTARIO MINING INDUSTRY EMPLOYEES ENJOY ATTRACTIVE BENEFITS PAYMENTS

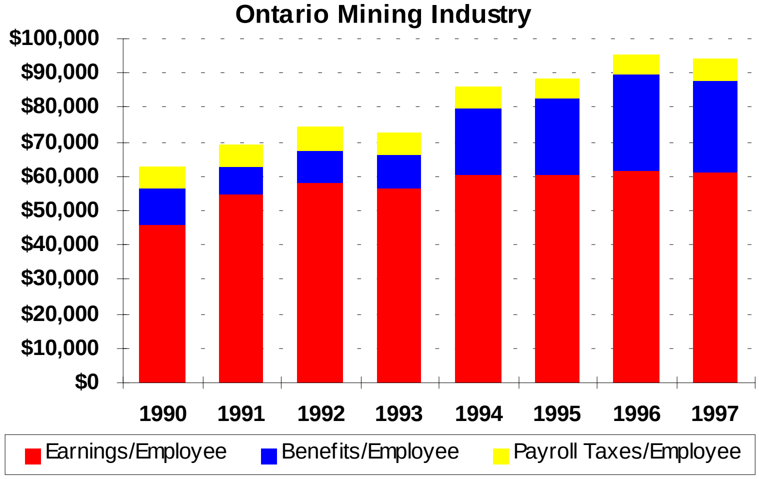
- *Since 1990, benefits offered to mining employees in Ontario have more than doubled.* According to the Ernst & Young survey, in 1997, Ontario mining sector employees received, in total, $420 million in taxable and non-taxable benefits. This translated to $26,620 per employee in those companies responding to the survey, up from $10,550 per employee in 1990.
- *Wages and benefits combined yielded an average annual labour income per employee of $87,663 in 1997, up from $56,444 in 1990.* Benefits accounted for 30.4% of an employees income, up from 18.7% in 1990.
- *For the employer, payroll taxes continue to represent a significant portion of the cost of labour.* In 1997, payroll taxes accounted for 6.7% of total labour costs.
- *Total labour costs averaged $93,967 per employee in 1997, an increase of 50.1% since 1990.*

Table 5
Earnings And Benefits Per Employee In The Ontario Mining Industry

Annual Averages	1990	1991	1992	1993	1994	1995	1996	1997
Earnings per Employee[3]	$45,894	$54,811	$57,855	$56,108	$60,338	$60,236	$61,497	$61,043
Benefits per Employee	$10,550	$8,258	$9,763	$9,953	$19,579	$22,281	$27,771	$26,620
Labour Income per Employee	$56,444	$63,069	$67,618	$66,061	$79,917	$82,517	$89,268	$87,663
Payroll Tax per Employee	$6,152	$6,337	$6,716	$6,730	$5,984	$5,796	$6,897	$6,304
Total Labour Cost per Employee	$62,596	$69,406	$74,334	$72,791	$85,901	$88,313	$96,165	$93,967
Benefits as a Share of Labour Income	18.7%	13.1%	14.4%	15.1%	24.5%	27.0%	31.1%	30.4%

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Chart 16
Average Labour Cost Per Employee In The Ontario Mining Industry



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

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[3] Statistics Canada data

ABOUT 75% OF MINING LABOUR INCOME EARNED IN NORTHEASTERN ONTARIO

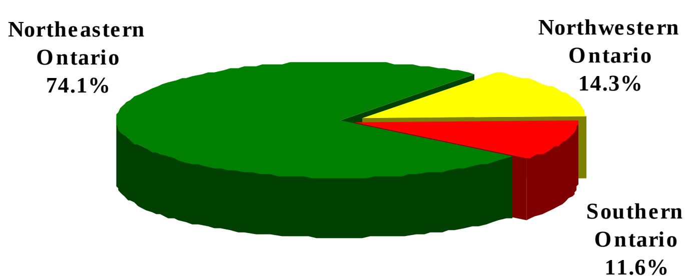
- Of the $1.7 billion in income (wages, salaries and benefits) accrued to workers in the Ontario mining industry in 1997, approximately $1.2 billion (74.1%) went to workers in Northeastern Ontario, $241.3 million (14.3%) to workers in Northwestern Ontario, and $195.1 million (11.6%) to workers in Southern Ontario.
- Mirroring shifts in the regional distribution of employment, Northwestern Ontario has seen the largest increase in labour income.

Table 6
Regional Distribution Of Labour Income In The Ontario Mining Industry (millions)

Region	1990	1991	1992	1993	1994	1995	1996	1997	1997 Share
Northeastern Ontario									
-wages and salaries	$894.3	$898.2	$863.2	$878.9	$805.6	$886.4	$912.0	$904.6	
-benefits	$184.6	$121.4	$140.3	$131.6	$261.3	$319.4	$357.3	$344.8	
Total Labour Income in Northeastern Ontario	***$1,078.9***	***$1,019.6***	***$1,003.5***	***$1,010.5***	***$1,066.9***	***$1,205.8***	***$1,269.3***	***$1,249.4***	***74.1%***
Northwestern Ontario									
-wages and salaries	$100.8	$85.7	$88.4	$103.7	$214.6	$225.3	$188.5	$196.3	
-benefits	$15.5	$8.5	$8.8	$10.8	$37.4	$34.1	$44.3	$45.0	
Total Labour Income in Northwestern Ontario	***$116.3***	***$94.2***	***$97.2***	***$114.5***	***$252.0***	***$259.4***	***$232.8***	***$241.3***	***14.3%***
Southern Ontario									
-wages and salaries	$141.6	$135.5	$145.5	$154.7	$105.7	$104.7	$163.2	$165.5	
-benefits	$21.3	$16.2	$16.1	$19.2	$27.4	$33.5	$46.2	$29.7	
Total Labour Income in Southern Ontario	***$162.9***	***$151.7***	***$161.6***	***$173.9***	***$133.1***	***$138.2***	***$209.4***	***$195.2***	***11.6%***
ONTARIO									
-total wages and salaries	**$1,136.7**	**$1,119.4**	**$1,097.1**	**$1,137.3**	**$1,125.9**	**$1,216.4**	**$1,263.7**	**$1,266.4**	
-total benefits	**$221.4**	**$146.1**	**$165.2**	**$161.6**	**$326.1**	**$387.0**	**$447.8**	**$419.5**	
Total Labour Income	**$1,358.1**	**$1,265.5**	**$1,262.3**	**$1,298.9**	**$1,452.0**	**$1,603.4**	**$1,711.5**	**$1,685.9**	

Source: Statistics Canada, and 1991, 1994, 1996 and 1998 Ernst & Young surveys

Chart 17
Regional Distribution Of Labour Income In The Ontario Mining Industry - 1997



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

MINING COMPANIES SUPPORT LOCAL INDUSTRIES

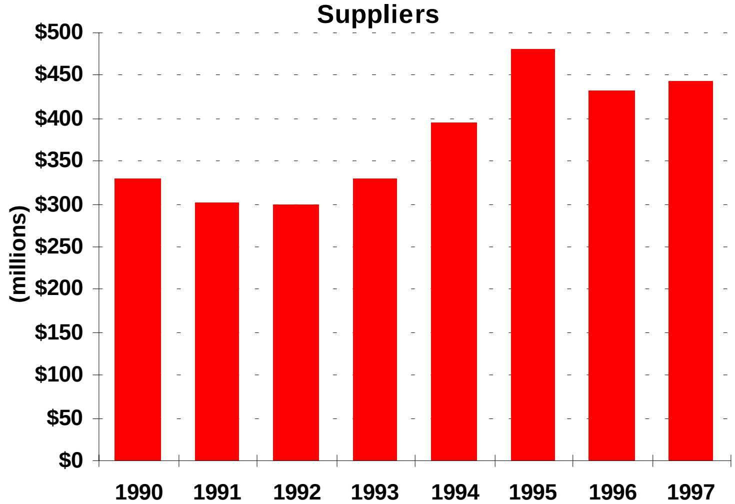
- *The mining sector stimulates other sectors through its demand for the other sectors' goods and services that are used as inputs to production.* According to the Ernst & Young survey, in 1997, mining firms spent more than $1.1 billion on goods and services, helping many companies in other industries sustain their profitability and employment. Of this, $880.4 million (or 77.3%) was spent in Ontario and $258.5 million (or 22.7%) outside the province.
- *Mining companies have increased their purchases of goods and services from suppliers located near mine sites.* In 1997, about $444.1 million was spent on purchases from suppliers within an 80 kilometre radius of operating mines, up from $329.4 million in 1990.

Table 7
Ontario Mining Industry Purchases Of Supplies And Materials For Production Purposes (millions)

	1990	1991	1992	1993	1994	1995	1996	1997
Total Purchases	**$825.5**	**$824.0**	**$759.5**	**$806.0**	**$833.5**	**$1,012.5**	**$1,101.4**	**$1,138.9**
% spent in Ontario	89.1%	87.9%	87.6%	83.6%	86.0%	86.2%	78.0%	77.3%
- % spent locally[4]	39.9%	36.5%	39.3%	40.7%	47.4%	47.5%	39.2%	39.0%
% spent outside Ontario	10.9%	12.1%	12.4%	16.4%	14.0%	13.8%	22.0%	22.7%

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Chart 18
Ontario Mining Industry Purchases From Local Suppliers



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

[4] This consists of purchases made within an 80 kilometre radius of a producing mine.

THE ONTARIO MINING INDUSTRY PROVIDES A SIGNIFICANT AND ONGOING STREAM OF REVENUES FOR ALL LEVELS OF GOVERNMENT

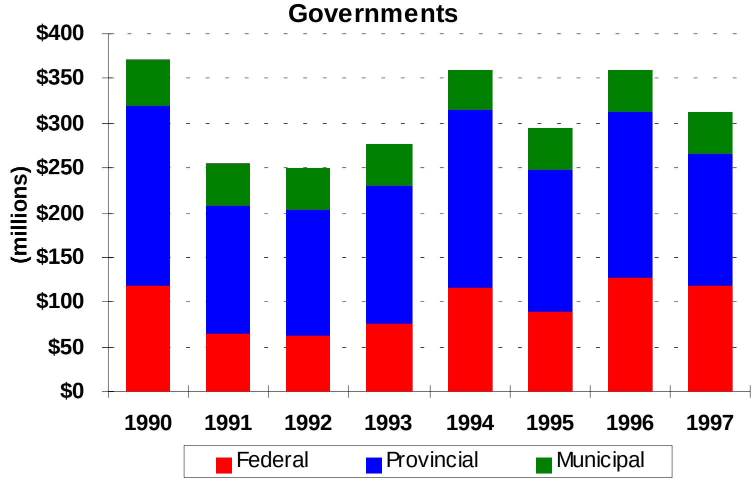
- *In 1997, Ontario mining firms paid approximately $313.7 million in taxes/levies to the three levels of government, according to the Ernst & Young survey.*
- *Municipal business taxes and levies paid by mining companies in Ontario have been relatively stable over the 1990-1997 period.* In 1997, mining payments to local governments totaled $47.0 million. Of this, $36.6 million or 77.9% was paid to local governments in Northeastern Ontario.
- *Although taxes paid to municipal governments have remained relatively stable, there have been shifts in regional distribution.* The share of payments going to local governments in Northwestern Ontario has risen from 7.5% in 1990 to 15.5% in 1997. This reflects Northwestern Ontario's increasing share of mining activity. By contrast, Southern Ontario's share of municipal government payments has fallen from 11.8% in 1990 to 6.6% in 1997.

Table 8
Payments To Governments By The Ontario Mining Industry
(millions)

	1990	1991	1992	1993	1994	1995	1996	1997
Federal	$119.1	$65.0	$62.5	$76.5	$116.3	$89.1	$126.9	$119.3
Provincial	$200.7	$143.9	$141.0	$153.1	$198.5	$159.8	$186.7	$147.4
Municipal	$51.0	$46.5	$46.8	$47.1	$45.3	$46.0	$47.2	$47.0
- in Northeastern Ontario	$41.2	$37.3	$37.1	$37.2	$37.0	$37.5	$37.1	$36.6
- in Northwestern Ontario	$3.8	$5.0	$5.3	$5.6	$7.0	$7.2	$7.2	$7.3
- in Southern Ontario	$6.0	$4.2	$4.4	$4.4	$1.4	$1.3	$2.9	$3.1
Total	**$370.8**	**$255.4**	**$250.3**	**$276.7**	**$360.1**	**$294.9**	**$360.8**	**$313.7**

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Chart 19
Ontario Mining Industry Payments To Governments

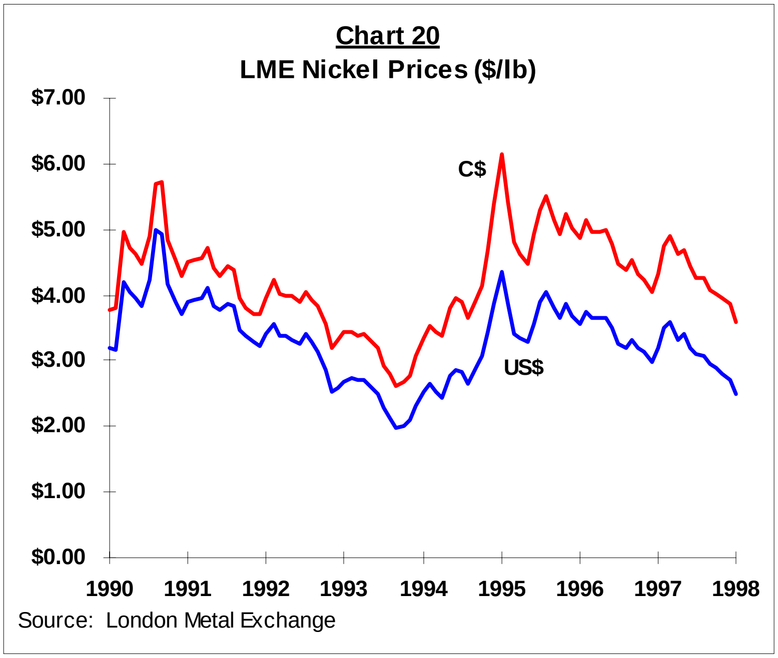


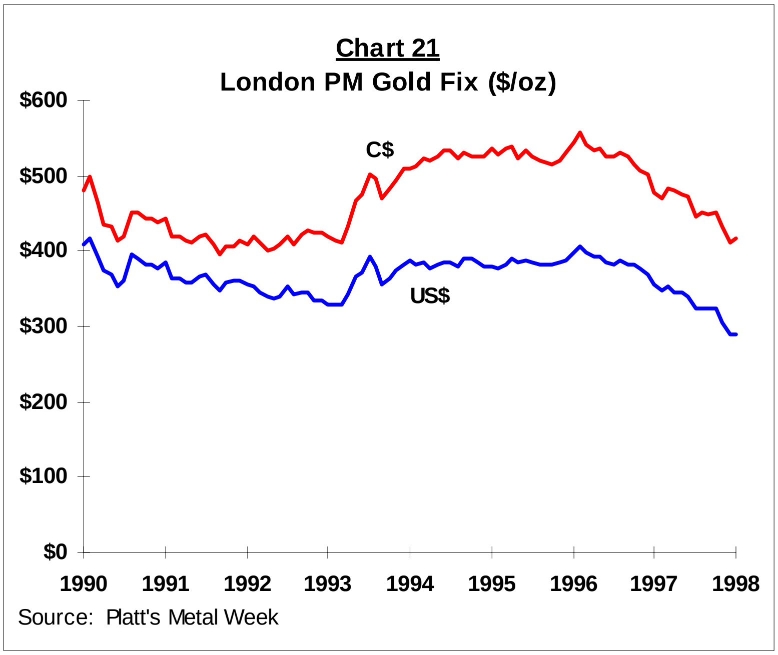
Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

COMMODITY PRICES WEAKEN IN 1997

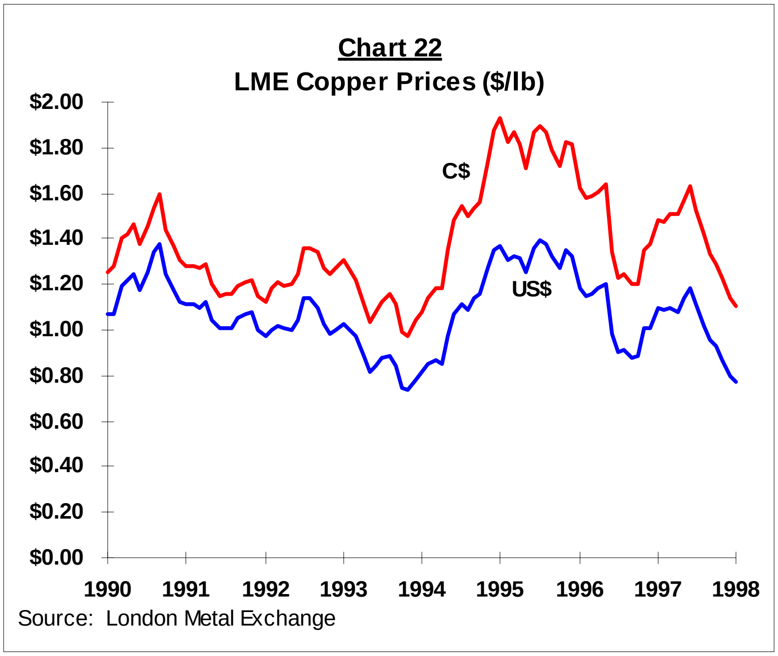
- *Metal mining is heavily dependent on export markets.* International markets dictate prices as well as levels of production for the industry. Although most metal exports are destined for the United States, Asia has been driving growth in the past decade, especially for copper and nickel. Nearly 60% of global demand growth for nickel and copper originated in Asia during that period.
- *Base metal prices went into a free-fall in the last three months of the year, as it became apparent that Asian consumption would be adversely affected by the financial crisis.* Growing inventories, modest demand growth and rising world production forced mine closures and layoffs at several high-cost mining operations. Copper and nickel were also hurt in late December by short selling, as traders anticipated a sharp slowdown in Southeast Asian demand.
- *Monetary exchange rates have a significant impact on the revenues generated by Ontario mining companies* Because commodities are priced in U.S. dollars, the 1.5% depreciation in the Canadian dollar vis-a-vis its U.S. counterpart in 1997 over 1996 buffeted somewhat the impact of the decline in metal prices that occurred in 1997.
- *For 1997, as a whole, nickel averaged US$3.15/lb or 7.4% below the 1996 average of US$3.40/lb.* The decline in Canadian dollar terms was slightly less owing to 1.5% depreciation in the Canadian dollar vis-a-vis the U.S. dollar in 1997 over 1996. Nickel finished the year at US$2.70/lb.
- *Copper averaged US$1.03/lb (C$1.43/lb) in 1997, about the same as in 1996.* After starting 1997 at US$1.10/lb, prices deteriorated to US$0.80/lb in December.
- *The average price of zinc rose for a good part of the year.* U.S. dollar denominated zinc prices in 1997 averaged 28.1% above average 1996 price levels (US$0.60/lb in 1997 versus US$0.46/lb in 1996) as a result of declining LME (London Metal Exchange) inventory levels. Zinc, like the other base metals, however, suffered dramatic price setbacks in the October-December period, finishing the year at US$0.50/lb.
- *Gold prices have been drifting lower for over a year.* The average price of gold fell from US$388/oz in 1996 to US$334/oz in 1997. The combined effects of gold sales by central banks, the deepening Asian financial crisis, and speculative selling and producer forward sales, pushed gold towards an 18½-year low at $282.75/oz in mid-December, from US$368.30/oz at the start of the year. A benign outlook for G-7 inflation also worked against gold given the metal’s reputation of being a hedge against inflation.
- As a result of the price declines, the value of metals produced in Ontario was negatively affected in 1997. Ontario metals production in Ontario was valued at $3.8 billion in 1997, down from almost $4.1 billion in 1996. Volume of metals produced in Ontario in 1997 was basically flat compared to 1996 levels.
- *Economic conditions in Asia will continue to negatively impact commodity prices*. While it is too early to fully assess the effect of the Asian crisis, it is almost certain that the region's economies will drastically slow from the torrid pace of recent years. The resulting reductions in infrastructure and private investment spending will depress world metal consumption and prices. On a positive note, still strong (albeit slower) economic performance in the U.S. and modest, but sustained, growth in Europe will serve as a partial offset.

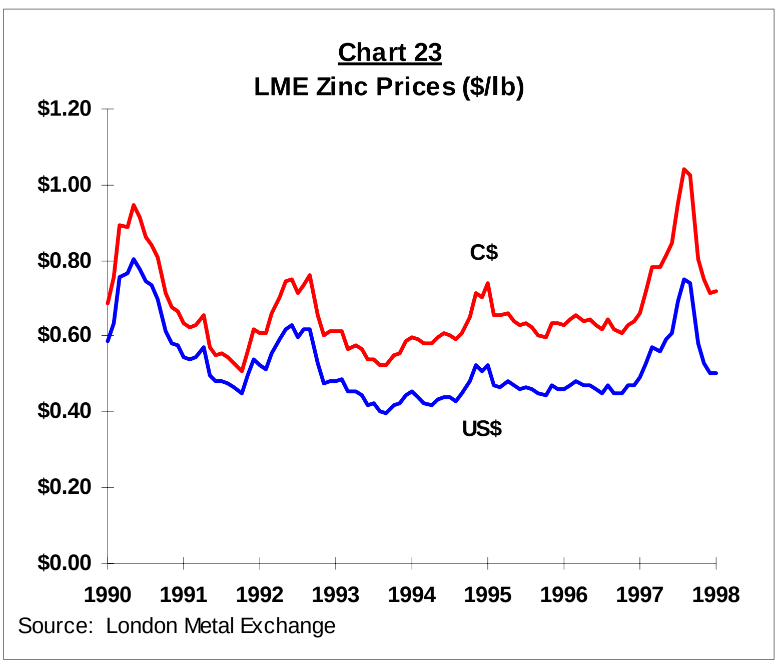
PRICES OF SELECTED METALS PRODUCED IN ONTARIO





PRICES OF SELECTED METALS PRODUCED IN ONTARIO

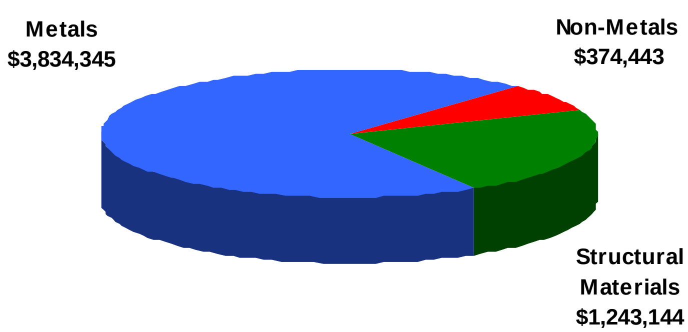




ONTARIO ACCOUNTS FOR CLOSE TO ONE THIRD OF CANADIAN NON-FUEL MINERAL PRODUCTION

- *Non-fuel mineral production in Ontario was valued at almost $5.5 billion in 1997.* Metals production accounted for $3.8 billion, non-metals (primarily salt) for $374.4 million, and structural materials (like cement and sand and gravel) for $1.2 billion.
- *In 1997, Ontario led all provinces in non-fuel mineral production.* Ontario accounted for 31.8% of Canadian non-fuel mineral production, followed by Quebec with 19.3%, Saskatchewan with 11.9% and British Columbia with 11.5%.
- *Ontario led Canada in nickel, gold, copper, cobalt and salt production.* In 1997, Ontario yielded 46.6% of Canadian gold production (in value terms), 75.1% of nickel production, 36.4% of copper production, 79.4% of cobalt production, and 68.8% of salt production.
- The major mining centres in the province are Sudbury (nickel, copper), Timmins (gold, copper, zinc), Kirkland Lake (gold), Red Lake (gold), and Hemlo/Marathon (gold). While northern Ontario yields most of our metallic minerals, most non-metallic minerals and structural materials come from southern Ontario.

Chart 24
1997 Non-Fuel Mineral Production In Ontario (thousands)



Source: Natural Resources Canada, Mineral and Metals Sector

ONTARIO LEADS CANADA IN NON-FUEL MINERAL PRODUCTION

Table 9
1997 Value Of Selected Minerals Produced In Ontario

Metals	1997 ($ thousands)	% Canadian Total	Ranking Among Canadian Provinces
Copper	752,354	36.4	1
Gold	1,170,578	46.6	1
Nickel	1,334,742	75.1	1
Zinc	213,267	11.4	5
Cobalt	119,756	79.4	1
Silver	43,742	16.9	2
Other Metals	199,906	7.2	
Total Metals	**3,834,345**	**33.5**	**1**
Non-Metals			
Salt	262,128	68.8	1
Other Non-Metals	112,315	4.5	
Total Non-Metals	**374,443**	**12.9**	**3**
Structural Materials			
Cement	407,680	39.9	1
Sand and Gravel	329,283	41.1	1
Stone	288,312	46.7	1
Other Structurals	217,869	61.6	
Total Structurals	**1,243,144**	**44.5**	**1**
NON-FUEL MINERALS	**5,451,932**	**31.8**	**1**

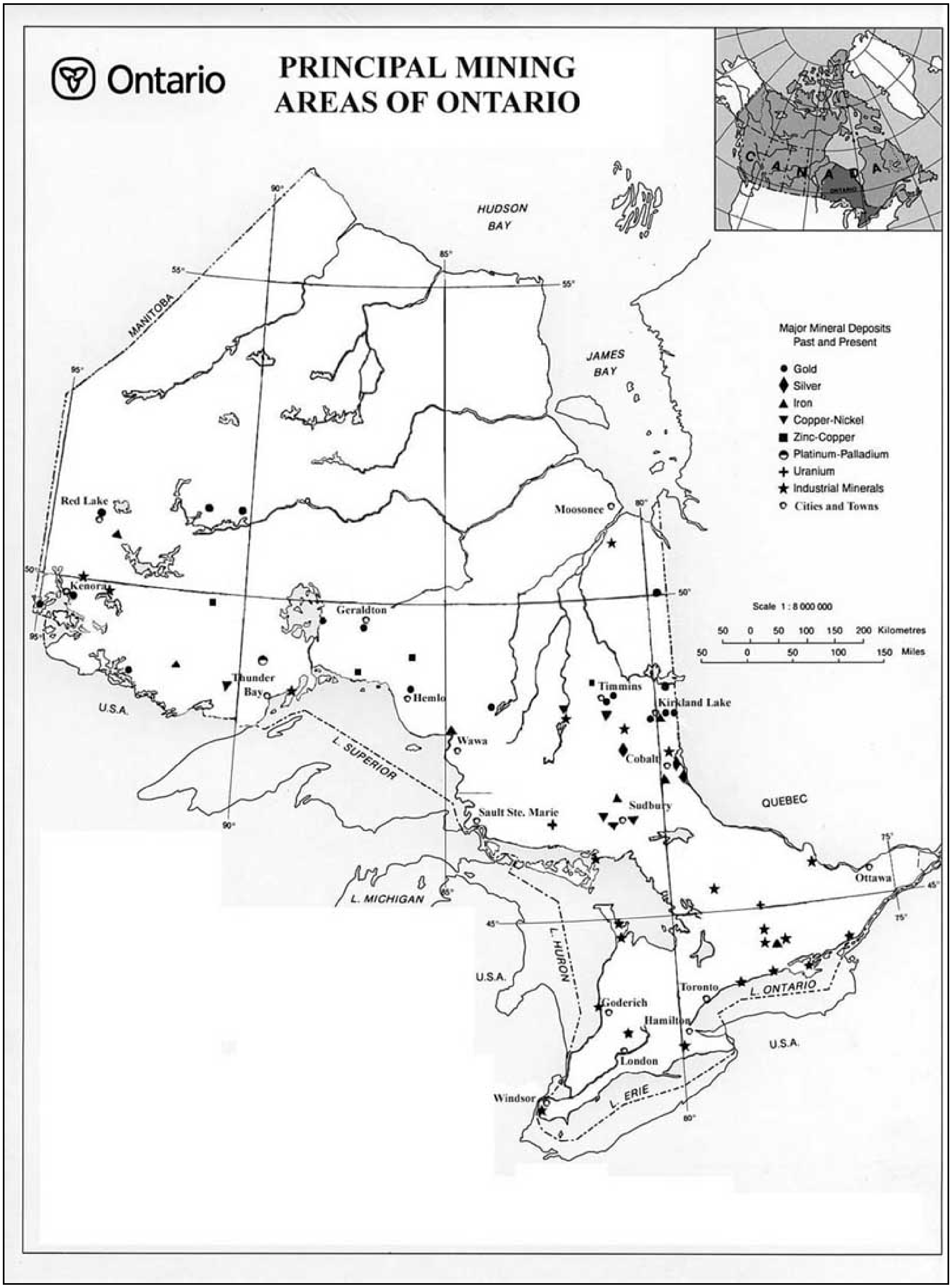
Source: Natural Resources Canada, Minerals and Metals Sector

Table 10
1997 Metals Production By Province

Province/Territory	1997 ($ thousands)	% of total
Newfoundland	927,809	8.1
New Brunswick	660,598	5.8
Quebec	2,193,221	19.2
Ontario	**3,834,345**	**33.5**
Manitoba	945,191	8.3
Saskatchewan	620,109	5.4
British Columbia	1,504,836	13.2
Northwest Territories	535,288	4.7
Yukon Territory	204,294	1.8
TOTAL	11,425,691	100.0

Source: Natural Resources Canada, Minerals and Metals Sector

PRINCIPAL MINING AREAS OF ONTARIO



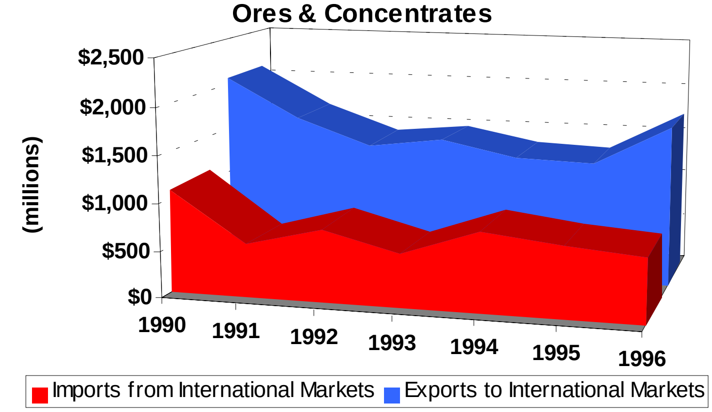
Source: Government of Ontario

ERNST & YOUNG

ONTARIO METALS MINING FIRMS COMPETE IN INTERNATIONAL MARKETS

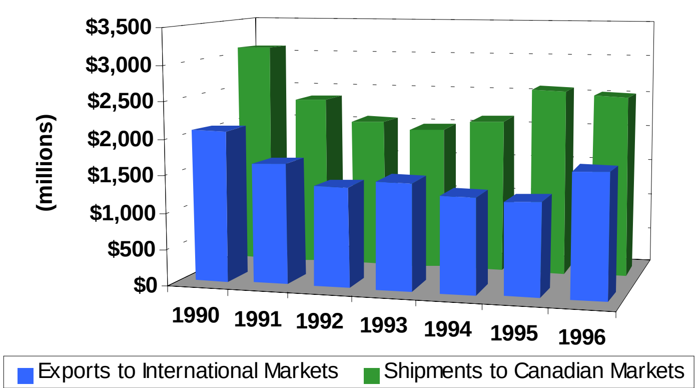
- *Metals mining firms in Ontario rely on foreign markets as well as domestic markets.* In 1996, Ontario shipped $4.2 billion worth of metallic ores and concentrates. More than 40% of this ($1.7 billion) was exported to international markets, relatively unchanged from the early 1990s. In 1996, Ontario accounted for 25.2% of total Canadian exports of metallic ores and concentrates to international markets.
- *Ontario has become less dependent on imports.* In 1996, Ontario imported $667.8 million worth of metallic ores and concentrates from international sources, down from $1.1 billion in 1990. International imports as a share of total demand fell to 18.2% in 1996 from 26.3% in 1990.
- *Ontario's trade surplus in metallic ores and concentrates reached a little more than $1.0 billion in 1996.* Thus, mining is a significant contributor to Ontario's balance of payments.

Chart 25
Ontario International Trade Flows Of Metallic Ores & Concentrates



Source: Statistics Canada

Chart 26
Ontario Shipments Of Metallic Ores & Concentrates

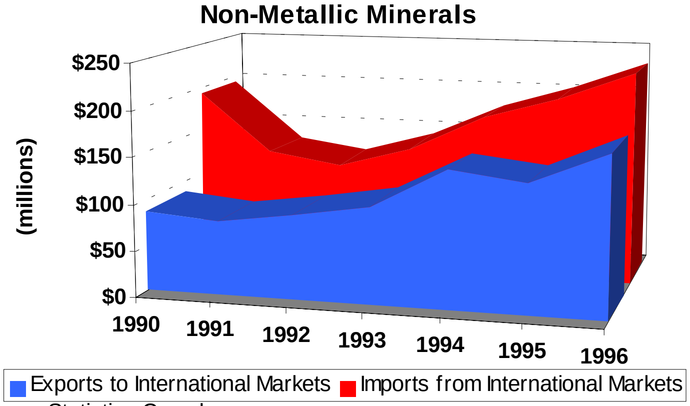


Source: Statistics Canada

NON-METALS FIRMS ARE MORE DEPENDENT ON REGIONAL MARKETS

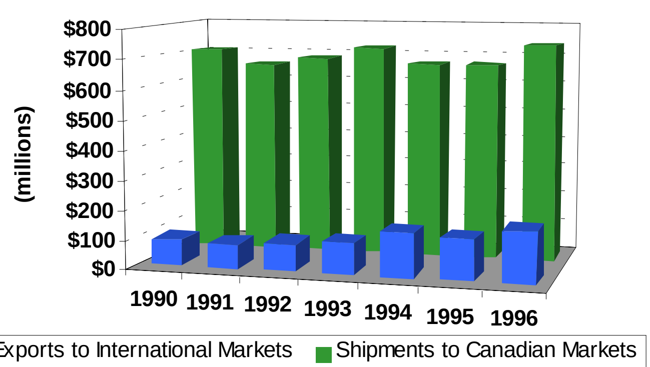
- *Non-metal mining firms in Ontario are becoming more export oriented.* In 1996, Ontario shipped $910.7 million worth of non-metallic minerals. Almost 20% of this ($172.1 million) was exported to international markets, up from 11.0% ($87.4 million) in 1990. In 1996, Ontario accounted for 18.5% of total Canadian exports of non-metallic minerals to international markets, up from 9.7% in 1990.
- *Ontario has become more dependent on imports.* In 1996, Ontario imported $231.2 million worth of non-metallic minerals from international sources, up from $194.3 million in 1990. International imports as a share of total demand increased to 26.3% in 1996 from 21.7% in 1990.
- *Nonetheless, Ontario's international trade deficit in non-metallic minerals fell to $59.1 million in 1996 from $106.9 million in 1990.* Reflecting a 96.9% increase in exports over the 1990-1996 period, but only a 19.0% increase in imports, Ontario's international trade deficit in non-metallic minerals trade has decreased by 44.7% over the 1990-1996 period.

Chart 27
Ontario International Trade Flows Of Non-Metallic Minerals



Source: Statistics Canada

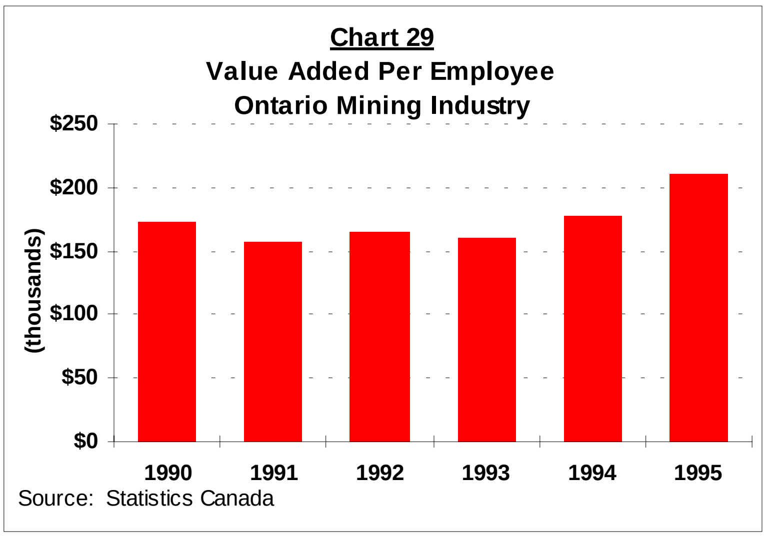
Chart 28
Ontario Shipments Of Non-Metallic Minerals

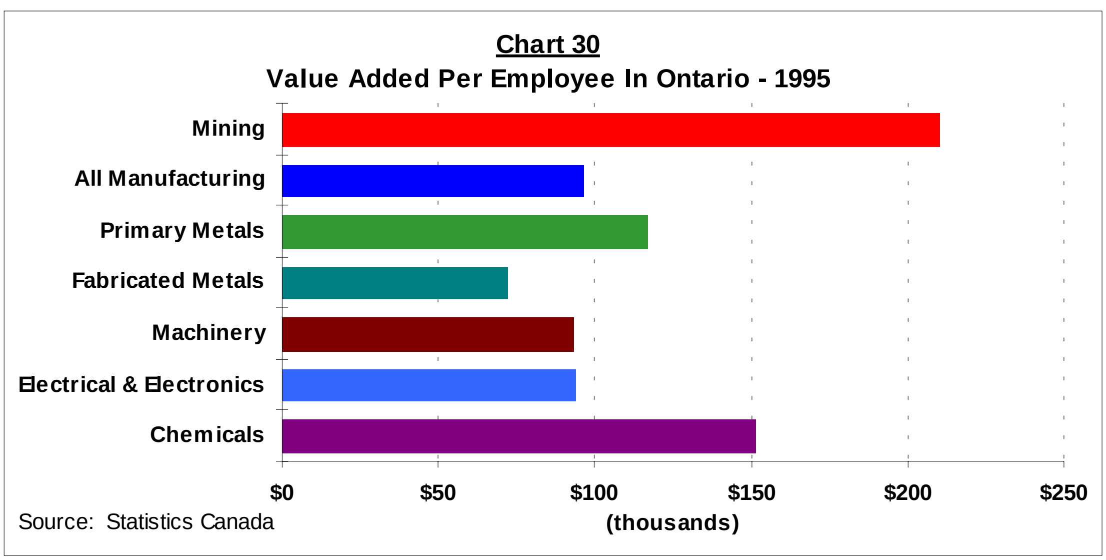


Source: Statistics Canada

VALUE ADDED PER EMPLOYEE IN ONTARIO'S MINING INDUSTRY EXCEEDS THAT OF OTHER INDUSTRIES

- *Value added refers to the prices which goods and services command in the market place less the cost of materials required to produce them.* In 1995, the most recent year of data available, value added from the Ontario mining industry was $3.4 billion.
- *Between 1990 and 1995, the level of value added per employee increased by 22.1%.* In 1995, value added in mining was at $210,653 per employee, up from $172,470 in 1990.
- *Due primarily to its capital intensive nature and to its high-skill requirements, value added per employee in mining is among the highest of all industries in the province.* In 1995, value added in all manufacturing was $96,416 per employee. Within manufacturing, chemical and chemical products industries had value added per employee of $151,377, primary metals industries $117,186, fabricated metal products industries $72,113, machinery industries $93,114, and electrical and electronics products industries $94,218.





PRODUCTIVITY PERFORMANCE HAS BEEN REMARKABLE IN THE 1990s

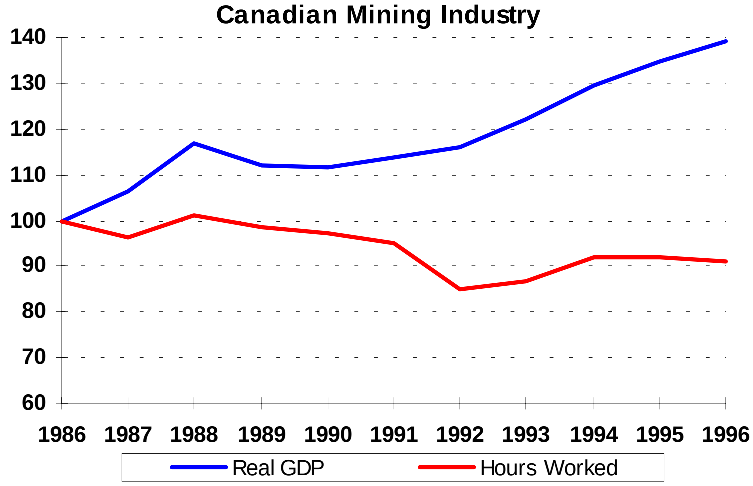
- *Productivity is a key measure of industry competitiveness.* Productivity is usually measured as real Gross Domestic Product (GDP)[5] per hour worked for the industry. Changes in productivity reflect the progress (or lack thereof) in operating efficiency of firms in the industry.
- *Between 1990 and 1996, productivity in the Canadian mining industry rose by 30.8%.* Productivity gains over this period resulted from a combination of increasing real output and a reduction in the number of hours worked. However, rising output was the overriding factor.
- *There has been significant improvement in the mining sector's competitive position in the 1990s*. During the 1986-1990 period, productivity in the mining industry increased at an average annual rate of 2.8%. Over the 1990-1996 period, productivity growth has averaged 4.5% per annum.

Table 11
Growth In Labour Productivity
1990-1996

	Mining	Manufacturing	Business Sector Services
Labour Productivity (Real GDP/hour worked)	30.8%	13.1%	5.5%
Hours Worked	-6.2%	-1.5%	8.3%
Real GDP	24.6%	11.6%	13.8%

Source: Statistics Canada

Chart 31
Indices Of Real GDP And Person-Hours Worked 1986=100
Canadian Mining Industry

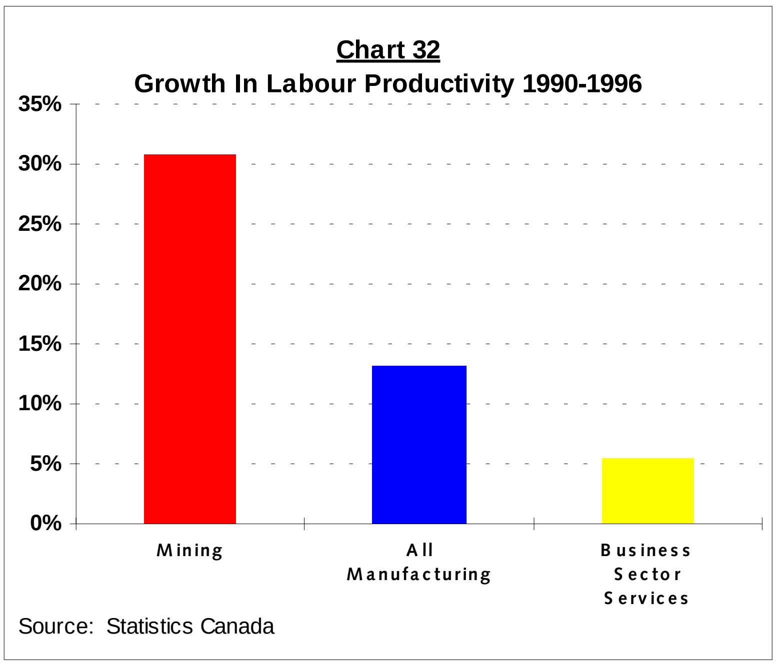


Source: Statistics Canada

[5] GDP is the sum of the "value" added to products by each industry -- that is, the value of total sales less the cost of all purchased inputs. Statistics Canada also calculates for each industry a "deflator" to take away the effects of inflation. This deflator is applied to GDP and what is left behind is a measurement or "real" value added or real GDP.

PRODUCTIVITY GROWTH IN MINING OUTPACES THAT OF OTHER SECTORS

- *Over the 1990-1996 period, productivity growth in the mining industry far outpaced that in other sectors*. Productivity in the manufacturing sector rose 13.1%. Business sector services posted a 5.5% increase in productivity. Both of these lag well behind the more than 30% advance in mining productivity.
- *There are three key factors that have contributed to high productivity growth in the sector.* First, the mining industry has invested significantly in Ontario, thus providing its workforce with the capital to make it highly productive. Second, the technology employed by the mining sector is highly efficient. Last, but not least, is Ontario's unique endowment of natural resources.

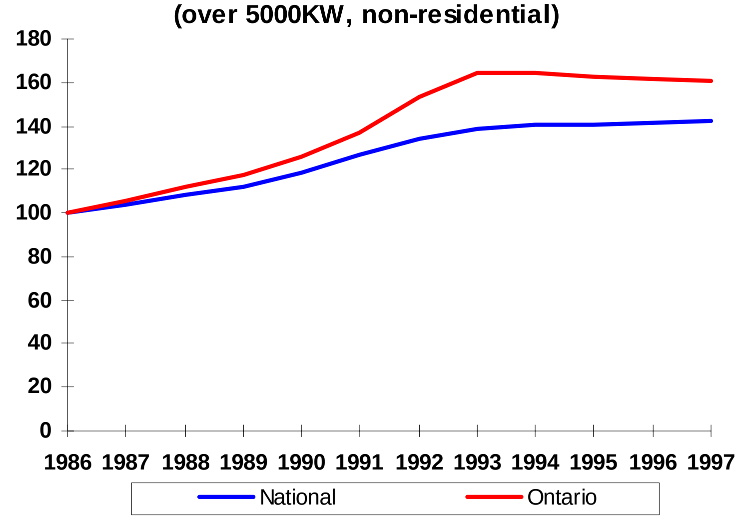


PROPOSED BREAKUP OF ONTARIO HYDRO EXPECTED TO BOOST ONTARIO MINING INDUSTRY'S COMPETITIVENESS

- *Mining industry is a large user of electricity in the province.* In 1997, the Ontario mining industry accounted for 9.7% of total industrial demand for electricity in the province.
- *Electricity prices in the province of Ontario have been rising at a faster rate than the national average*. Nationally, the price for electric power (non-residential, over 5000KW) has risen by 20.3% since 1990. By comparison, the price for electric power in the province of Ontario has increased by 27.6%.
- *The cost of electricity is often an important factor influencing the price of Ontario products and the ability of Ontario companies to compete*. Ontario industries now pay considerably higher rates than their competitors in all other Canadian provinces except one.
- *In 1997, respondents to the Ernst & Young survey spent, in total, about $217.9 million on electricity. This represented 82.1% of total energy spending.* While spending on electricity has increased by 27.6% over the 1990-97 period, spending on natural gas has risen by 25.1%, averaging about $42 million per annum.
- *In 1997, energy spending accounted for 6.3% of operating costs, up from 5.2% in 1990.*
- *Beginning in the year 2000 the Ontario Government proposes to establish a competitive electricity market.* Ontario Hydro's average wholesale price for electricity has been frozen until the end of the year 2000. Thereafter, generators, both within and outside Ontario, would be able to supply electricity, while customers would be able to purchase electricity from a number of competing suppliers. The anticipated downward pressure on electricity prices resulting from the breakup of Ontario Hydro is expected to enhance the cost competitiveness of the Ontario mining industry.

Chart 33

Electric Power Selling Price Indices 1986=100
(over 5000KW, non-residential)



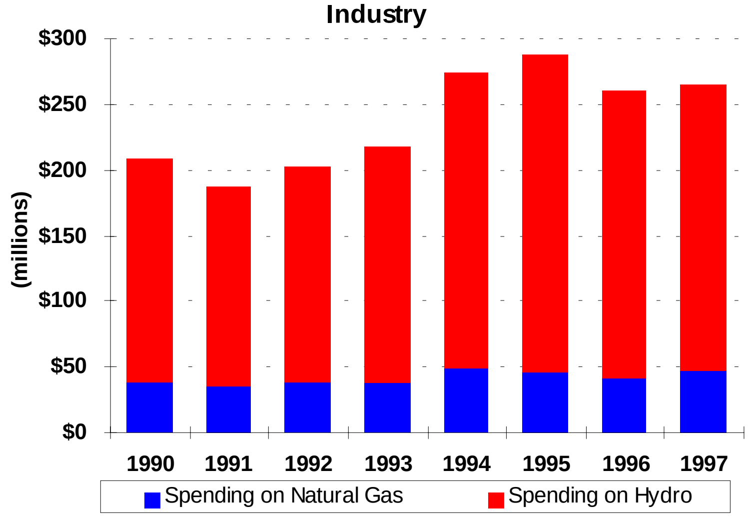
Source: Statistics Canada

ELECTRICITY ACCOUNTS FOR THE MAJOR SHARE OF ENERGY COSTS

Table 12
Spending On Energy By The Ontario Mining Industry
(millions)

	1990	1991	1992	1993	1994	1995	1996	1997
Spending on Natural Gas	$37.9	$35.6	$37.8	$38.5	$49.0	$45.1	$41.5	$47.4
Spending on Hydro	$170.8	$151.9	$164.4	$179.5	$224.7	$242.4	$219.3	$217.9
Total Spending on Energy	**$208.7**	**$187.5**	**$202.2**	**$218.0**	**$273.7**	**$287.5**	**$260.8**	**$265.3**

Chart 34
Spending On Energy By The Ontario Mining Industry



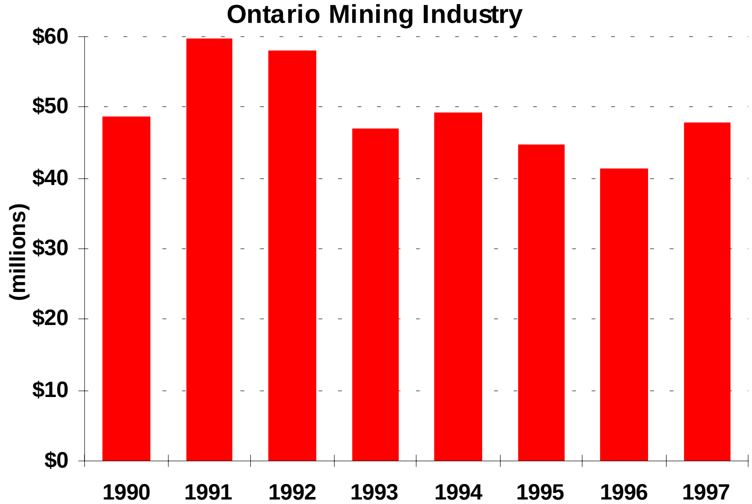
Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

SPENDING ON RESEARCH AND DEVELOPMENT HAS ENHANCED THE COMPETITIVE POSITION OF THE INDUSTRY

- *Over the 1990-1997 period, the mining industry in Ontario spent between $45 million and $60 million annually on scientific research and development according to Ernst & Young surveys*. In 1997, the industry spent about $47.7 million on scientific research and development.
- *In addition to this scientific research and development, mining has its own special kind of research – mineral exploration.*

Chart 35

Spending On Research & Development By The Ontario Mining Industry



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

ONTARIO IS A FAVOURED REGION FOR EXPLORATION

- *Ontario continues to be a favoured site for mineral exploration.* Exploration expenditures in the province of Ontario totaled an estimated $189.6 million in 1997, or 21.6% of total exploration expenditures in Canada. This represented a 150% increase from the recent low level of 1993. Ontario was the most active exploration province or territory in Canada, followed by the Northwest Territories.
- *Both general and minesite exploration have been trending up since 1993.* In 1997, expenditures on general exploration totaled an estimated $129.5 million, more than double the 1993 level. Minesite exploration expenditures totaled an estimated $60.2 million, up from $18.2 million in 1993.
- *Junior companies undertake more exploration.* Senior companies were the main contributors to exploration expenditures in Ontario, however, junior mining companies accounted for 27.2% of Ontario's total exploration expenditures in 1997, up from 12.2% in 1993. In absolute terms, junior companies spent $51.5 million on exploration in 1997, up substantially from the $12.2 million spent during 1993.
- *Minesite development annual spending has fluctuated in the $220 to $290 million range since 1992*. In 1997, an additional $261.0 million is estimated to have been spent by mining companies on minesite development.
- *In 1997, total exploration and development expenditures in Ontario totaled an estimated $450.6 million, up from $304.3 million in 1993.*

Table 13

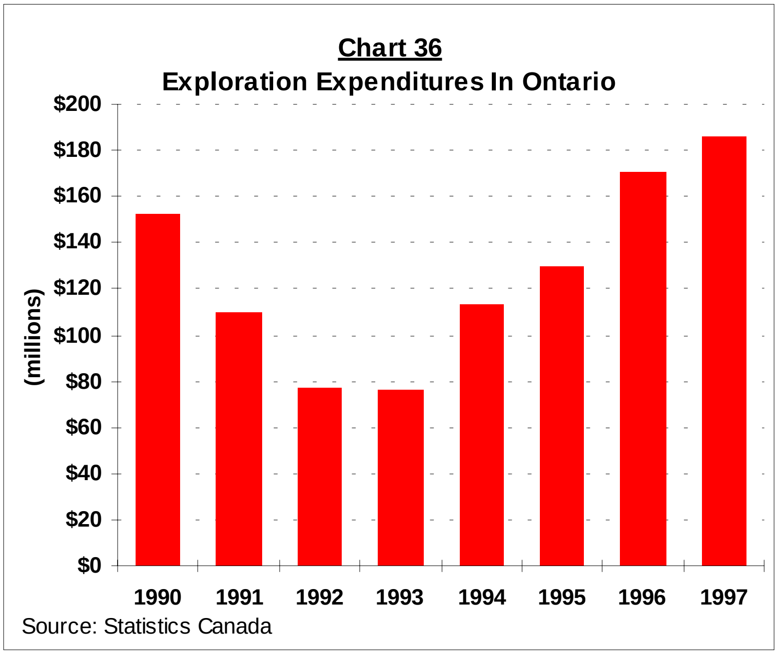
1997 General Exploration[6] Plus Minesite Exploration Expenditures[7], Including Overhead[8]

Province/Territory	1997 ($ millions)	% of total
Newfoundland	73.3	8.3
Nova Scotia	6.6	0.8
New Brunswick	15.9	1.8
Quebec	115.8	13.2
Ontario	**189.6**	**21.6**
Manitoba	41.7	4.8
Saskatchewan	58.7	6.7
Alberta	11.3	1.3
British Columbia	126.2	14.4
Northwest Territories	178.8	20.4
Yukon Territory	57.9	6.6
TOTAL	876.0	100.0

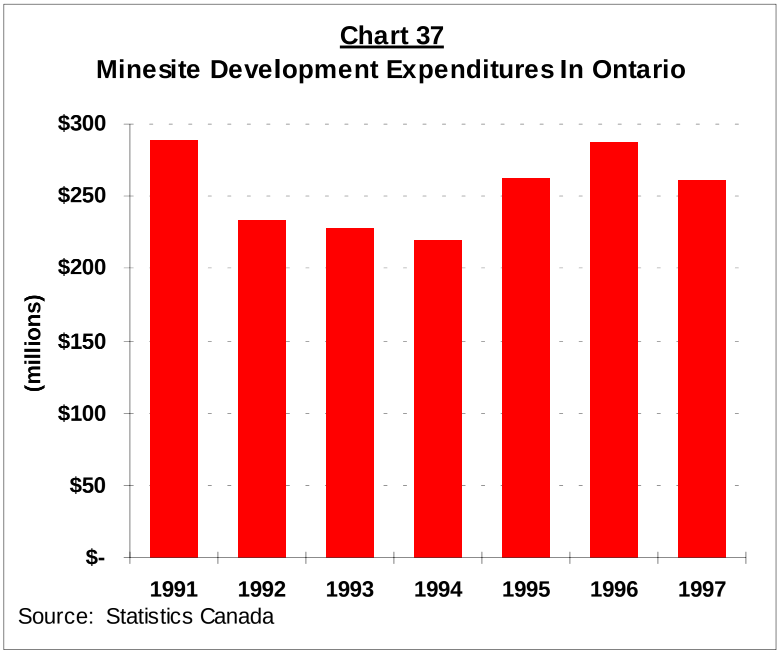
Source: Natural Resources Canada and Statistics Canada, from the Federal-Provincial Survey of Mining and Exploration Companies

[6] expenditures on all activities and support applied to the search for and delineation of mineral deposits on properties where production is neither taking place nor has been committed.
[7] expenditures on all activities and support applied to the search for the delineation of an additional mineral deposit on properties in production or committed to production.
[8] overhead expenditures include land costs, field administration costs and exploration-related head office expenses.

EXPLORATION AND DEVELOPMENT EXPENDITURES IN ONTARIO



Note: Exploration expenditures refer to general plus minesite

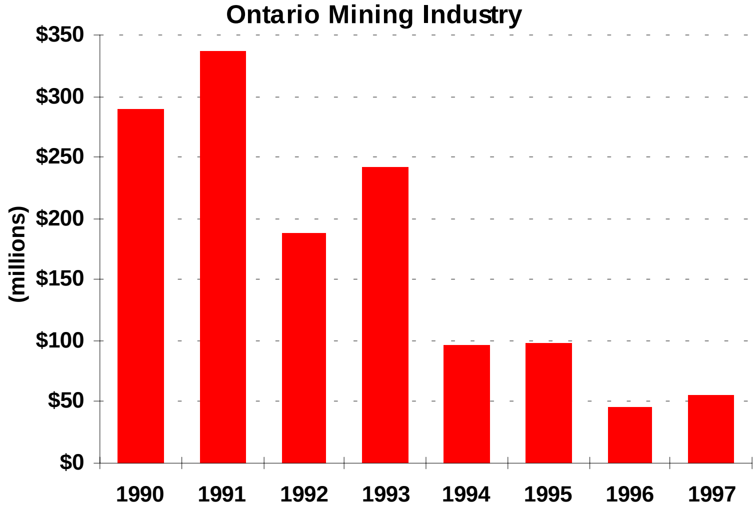


ECONOMIC DEVELOPMENT OF ONTARIO'S MINERAL RESOURCES IS SUSTAINED IN AN ENVIRONMENTALLY RESPONSIBLE MANNER

- *In the last two years, Ontario mining industry expenditures aimed at environmental protection, environmental improvement, and pollution prevention have been around $50 million annually.* This is somewhat less than in the early 1990s when significant expenditures were incurred by the industry on various pollution prevention programs.
    - Mine sites in Ontario are developed, operated, and closed out in a manner that is consistent with sound environmental and public safety closure designs.
    - Before beginning mine production, environmental studies must be carried out and the public must be notified. Moreover, proponents of mines are required to submit a Closure Plan to indicate the method, schedule, and cost of all rehabilitation to be conducted on the site once the closure commences.
    - Companies also conduct progressive rehabilitation during the life of the mine.

Chart 38

Spending On Environmental Protection By The Ontario Mining Industry

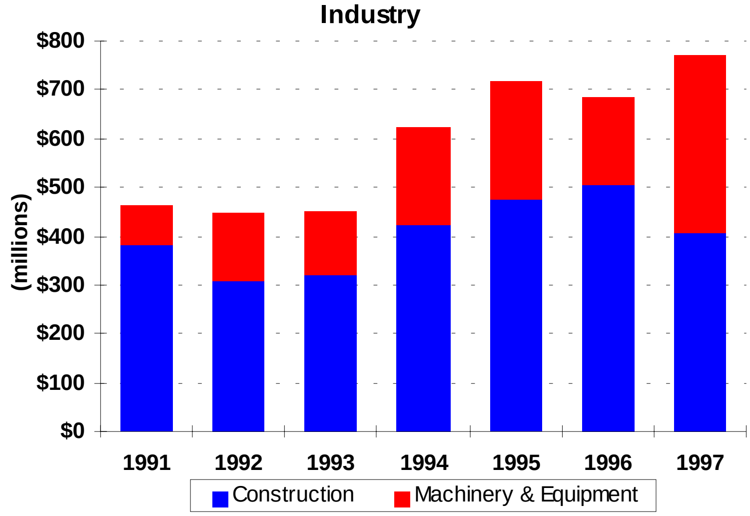


Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

INVESTMENT IN ONTARIO'S MINING INDUSTRY HAS TAKEN OFF SINCE THE EARLY 1990s

- *Private and public capital expenditures in Ontario's mining industry continued its recent strong performance in 1997.* Over the 1991-1993 period, investment in the industry in the province of Ontario averaged in the $445-$465 million range. In 1994, with the rise in mineral prices, however, investment picked up sharply and has trended upwards since then. In 1997, $772.6 million was invested in the industry in the province of Ontario.
- *Investment in 1997 was balanced between construction and machinery.* While most capital expenditures in the early 1990s were directed towards construction, in 1997, investment dollars were fairly evenly allocated for construction purposes and purchases of machinery and equipment.
- *The amount invested in machinery and equipment reached $368.1 million in 1997, up from $83.6 million in 1991.* Higher investment in machinery and equipment, including electronics, advanced materials, expert systems and telecommunications, has translated into higher productivity growth.

Chart 39
Capital Expenditures In Ontario's Mining Industry



Source: Statistics Canada

Table 14
Capital Expenditures In Ontario's Mining Industry
(millions)

	1991	1992	1993	1994	1995	1996	1997
Construction	$380.9	$308.8	$319.0	$422.1	$476.2	$505.4	$404.5
Machinery & Equipment	$83.6	$137.7	$133.6	$201.4	$241.6	$178.9	$368.1
Total Capital Expenditures	**$464.5**	**$445.7**	**$452.6**	**$623.5**	**$717.8**	**$684.3**	**$772.6**

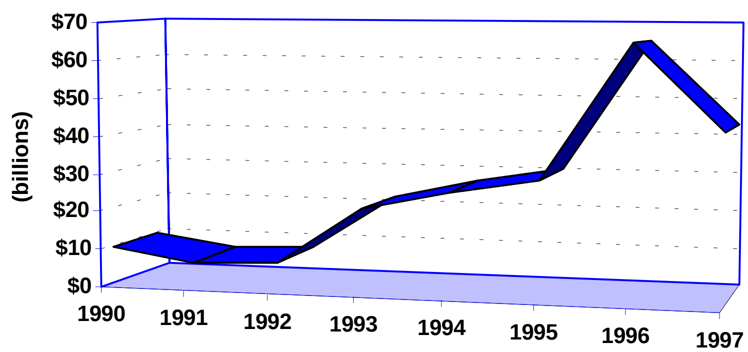
Source: Statistics Canada

TORONTO IS THE CAPITAL OF THE WORLD'S MINING FINANCINGS

- *Mining sector creates financial wealth.* Over the 1990-1997 period, the value of mining shares traded on the TSE increased close to 350%. Volume of shares traded was also up by almost 350%.
- *Mining companies continue to access equity markets in large numbers to raise capital.* The number of initial and secondary public offerings in the mining sector on Canada's four exchanges fell to 276 in 1997 from 505 in 1996. Despite this sharp decline, the mining sector accounted for more public offerings than any other sector. Gross value of the 276 public offerings was $3.5 billion. This provided mining firms with the capital to pay down debt, as well as finance expansion, research and development, modernization, corporate restructuring, and acquisitions.
- *The Toronto Stock Exchange is renowned as a world class market for mining companies.* Twenty-seven new mining companies listed on the TSE in 1997. These companies accounted for 14.0% of new listings on the TSE in 1997.

Chart 40

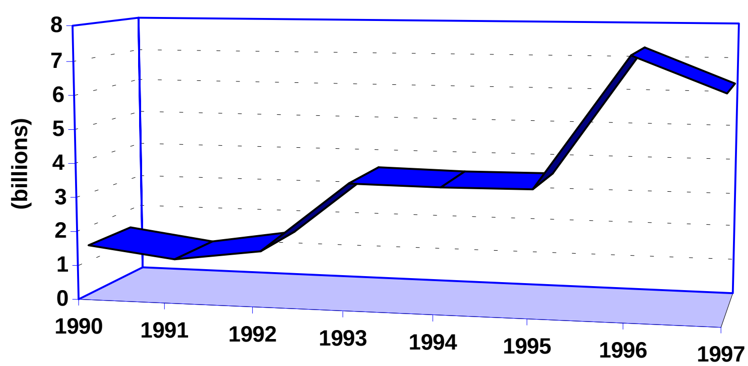
Value Of Mining Shares Traded On The TSE



Source: Toronto Stock Exchange

Chart 41

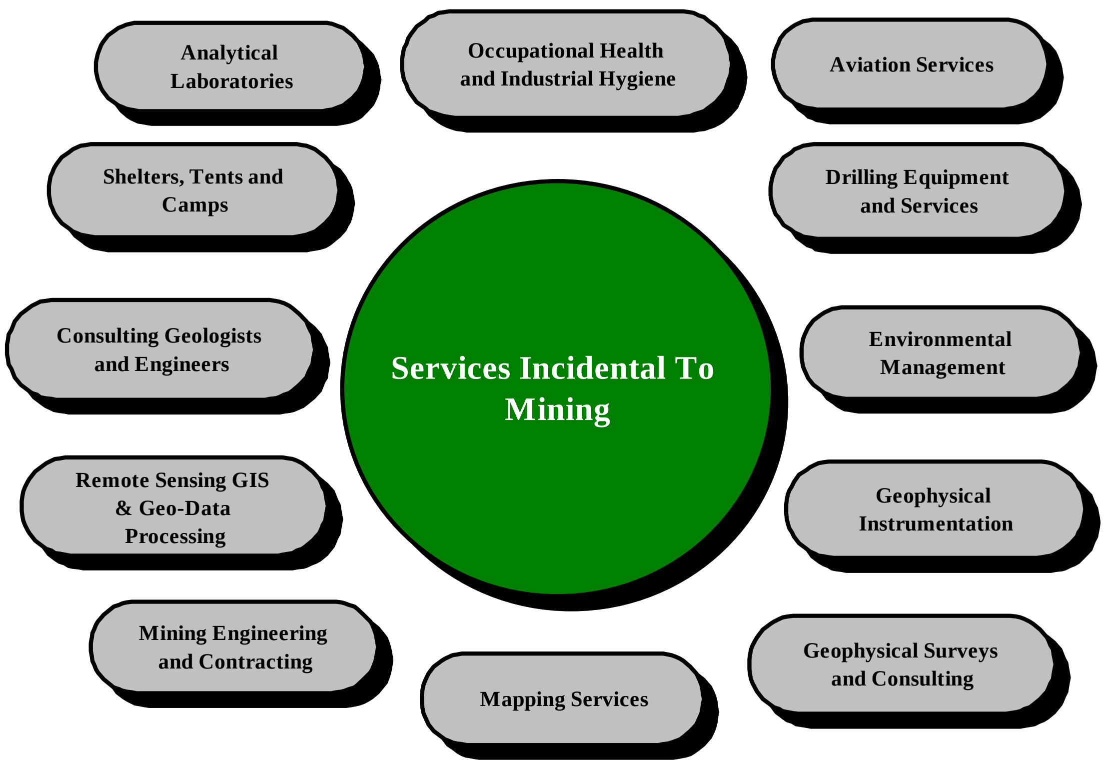
Number Of Mining Shares Traded On TSE



Source: Toronto Stock Exchange

IN ADDITION TO BEING A MAJOR MINERAL PRODUCER, ONTARIO IS ALSO A MAJOR SUPPLIER OF MINING-RELATED SERVICES AND TECHNOLOGY

- *Ontario's geology and climate have resulted in the development of new and unique mining and exploration methods, technologies, and world-class consulting firms*. Firms in Canada and worldwide source their technical expertise from Ontario-based geophysical, geological, environmental, mining engineering and project management consultants.
- Innovative technologies and equipment in mineral exploration and extraction, geological and engineering expertise, and rehabilitation and environmental know-how ensure Ontario is on the leading edge.



MINING INDUSTRY IS A MAJOR CONTRIBUTOR TO CHARITABLE AND PHILANTHROPIC CAUSES

- *The mining industry is a strong supporter of educational, cultural, recreational and charitable activities.* In 1997, mining corporations in Ontario donated roughly $6.0 million to various causes, according to the Ernst & Young survey.
- *Notably, just under $1.5 million in contributions were made to local organizations in the northern part of the province, where fewer potential industry donors exist in comparison with Southern Ontario.*
- *Many organizations have benefited from the charitable contributions of mining companies. Some recent examples include:*
  - Mining companies are sponsoring the creation of a new Industrial Research Chair in Mineral Exploration at Laurentian University. About $1.4 million is being invested by partners that include Inco Limited and Falconbridge Limited.
  - Kinross Gold Corporation donated $150,000 towards a children's treatment centre being built in Timmins.
  - Inco Limited makes available 20 renewable scholarships valued at $2,500 each per year. In addition to these awards, Inco has donated more than $10 million to universities over the past decade.
  - Rio Algom Limited donated $100,000 to Laurentian University to help boost the university's expertise in mining and the environment. An additional $150,000 is designated for student bursaries that will be matched by the Ontario Student Opportunity Trust Fund. In total, the company has donated $400,000 to the university.
- *Other recipients of mining industry funding include:*

Canadian Cancer Society	Donwood Institute
Canadian Liver Foundation	The Easter Seals Society
Kidney Foundation of Canada	United Way
Heart and Stroke Foundation	Salvation Army
Alzheimer Society	The Royal Ontario Museum
Wilson Memorial Hospital	YMCA
Hospital For Sick Children	The Ontario Science Centre
North Bay General Hospital	Sudbury Treatre
Toronto Hospital	Sudbury Symphony
Red Lake Hospital	Sudbury Neutrino Observatory
Nipissing University	Native Communities and Programs
Lakehead University	Terry Fox Run
Emergency Shelter	Canadian Engineering Memorial Fund

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

MINING INDUSTRY IS A MAJOR CONTRIBUTOR TO CHARITABLE AND PHILANTHROPIC CAUSES

In addition to the above, individuals in their own name made some extraordinary contributions. For example:

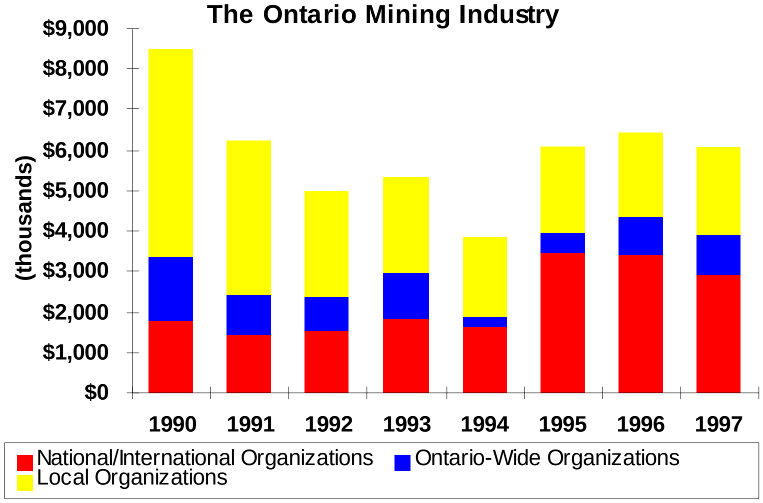
- Peter Munk, Chairman of Barrick Gold Corporation donated $5 million for a cardiac centre at Toronto Hospital.
- Franco-Nevada Mining Corporation Limited President and COO Pierre Lassonde donated $5 million to the University of Toronto to establish the Lassonde Geological and Mining Engineering Program.
- Franco-Nevada Mining Corporation Limited Chairman and CEO Seymour Schulich donated $15 million to the business school at York University.

Table 15
Charitable And Community Contributions By Corporations In The Ontario Mining Industry (thousands)

	1990	1991	1992	1993	1994	1995	1996	1997
National/International Organizations	$1,767	$1,440	$1,541	$1,849	$1,650	$3,456	$3,430	$2,906
Ontario-Wide Organizations	$1,620	$962	$816	$1,130	$240	$478	$907	$894
Local Organizations in:								
Northern Ontario	$2,951	$2,489	$1,855	$1,320	$1,015	$1,170	$1,447	$1,491
Southern Ontario	$2,151	$1,323	$784	$1,049	$932	$986	$632	$684
Ontario Total	**$8,489**	**$6,214**	**$4,996**	**$5,348**	**$3,935**	**$6,199**	**$6,416**	**$5,975**

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Chart 42
Charitable And Community Contributions By The Ontario Mining Industry



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

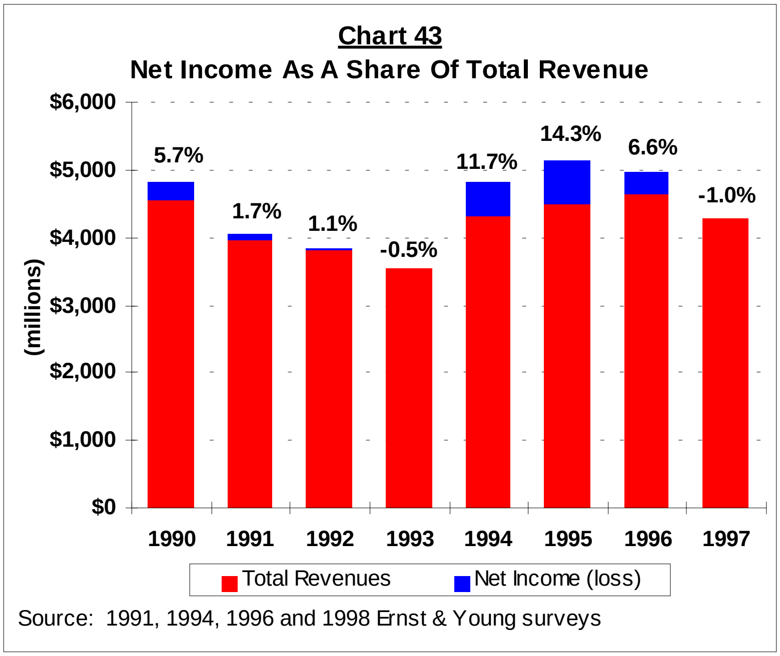
INDUSTRY POSTS A LOSS IN 1997, THE FIRST SINCE 1993

- *In 1997, the industry posted a loss, the first since 1993.* According to the Ernst & Young survey, in 1997, the mining industry in Ontario posted a loss of $44.0 million on revenue of $4.3 billion. That was down from a profit of $305.1 million on sales of $4.6 billion in 1996.
- *Mining revenues in 1997 declined 7.8% on a year-over-year basis. Industry expenditures increased slightly in 1997 to $4.2 billion from $4.0 billion in 1996.*
- *Net income as a share of total revenue (net margin) in 1997 was -1.0%.*

Table 16
Ontario Mining Industry
Summary Income Statement
(millions)

	1990	1991	1992	1993	1994	1995	1996	1997
Operating Revenues	$4,563.6	$3,968.1	$3,802.6	$3,533.9	$4,309.3	$4,502.5	$4,646.3	$4,281.7
Operating Expenses	$4,020.9	$3,838.2	$3,641.9	$3,506.8	$3,717.0	$3,463.8	$4,022.6	$4,189.0
Operating Income (before taxes)	$542.7	$129.9	$160.7	$27.2	$592.3	$1,038.7	$623.7	$92.7
Net Income (after taxes)	**$258.7**	**$66.5**	**$40.1**	**-$16.4**	**$505.3**	**$644.9**	**$305.1**	**-$44.0**

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys



INDUSTRY EQUITY REACHES $4.5 BILLION IN 1997

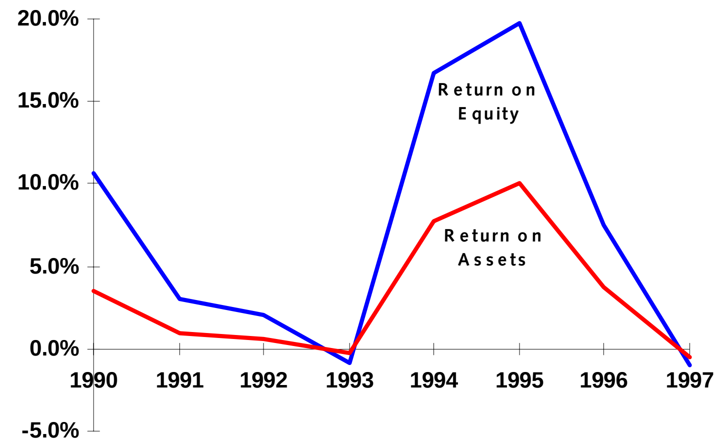
- *In 1997, according to the Ernst & Young survey, Ontario mining industry equity was valued at $4.5 billion, an increase of 12.2% over 1996.*
- *The mining industry's return on equity and its return on assets fell sharply in 1997.* In 1997, return on assets was -0.52%. Return on equity was -0.97%.

Table 17
Ontario Mining Industry
Summary Balance Sheet
(millions)

	1990	1991	1992	1993	1994	1995	1996	1997
Current Assets	$2,068.3	$2,195.1	$1,972.9	$2,114.9	$1,940.4	$1,734.5	$2,721.4	$3,027.4
Net Fixed Assets	$5,255.0	$4,617.7	$4,521.7	$4,373.3	$4,561.9	$4,648.3	$5,356.3	$5,506.9
Total Assets	**$7,323.3**	**$6,812.8**	**$6,494.6**	**$6,488.2**	**$6,502.3**	**$6,382.8**	**$8,077.7**	**$8,534.3**
Current Liabilities	$1,440.6	$1,358.5	$1,139.0	$1,250.2	$735.4	$643.0	$622.8	$1,101.1
Long-Term Liabilities	$3,450.2	$3,280.1	$3,413.3	$3,310.8	$2,739.8	$2,467.0	$3,406.8	$2,890.1
Total Liabilities	**$4,890.8**	**$4,638.6**	**$4,552.2**	**$4,561.0**	**$3,475.2**	**$3,110.0**	**$4,029.6**	**$3,991.2**
Equity	**$2,432.6**	**$2,174.2**	**$1,942.4**	**$1,927.3**	**$3,027.1**	**$3,272.8**	**$4,048.1**	**$4,543.1**

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Chart 44
Ontario Mining Industry
Return On Equity And Assets



Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Table 18

ONTARIO MINING INDUSTRY INCOME STATEMENT (millions)

	1990	1991	1992	1993	1994	1995	1996	1997
Mining Sales	$3,759.6	$3,403.3	$3,252.1	$2,945.1	$3,471.8	$4,109.7	$4,010.8	$3,774.4
Other Revenues	$804.0	$564.8	$550.5	$588.8	$837.5	$392.8	$635.5	$507.3
Total Revenues	**$4,563.6**	**$3,968.1**	**$3,802.6**	**$3,533.9**	**$4,309.3**	**$4,502.5**	**$4,646.3**	**$4,281.7**
Supplies and Materials (for production purposes)	$825.5	$824.0	$759.5	$806.0	$833.5	$1,012.5	$1,101.3	$1,138.1
Production Labour Costs	$1,096.7	$1,025.4	$980.8	$996.6	$925.0	$1,000.4	$1,145.9	$1,193.2
Depreciation/Amortization/ Depletion	$400.2	$379.9	$390.3	$416.8	$364.2	$385.3	$493.6	$515.0
Administration Costs	$297.2	$242.7	$232.5	$211.8	$188.4	$209.5	$296.2	$277.9
Reclamation Expenses	$11.2	$35.4	$26.4	$33.7	$36.1	$13.0	$48.5	$47.2
Exploration Expenses	$105.4	$91.3	$60.8	$55.1	$42.3	$55.2	$97.3	$69.2
Interest	$301.4	$189.2	$152.7	$124.9	$131.5	$102.4	$97.7	$102.0
Other Expenses	$979.0	$1,048.4	$1,039.0	$862.0	$1,196.1	$685.6	$742.1	$846.4
Total Operating Expenses	**$4,020.9**	**$3,838.2**	**$3,641.9**	**$3,506.8**	**$3,717.0**	**$3,463.8**	**$4,022.4**	**$4,189.0**
Income before provision for income taxes	$542.7	$129.9	$160.7	$27.2	$592.3	$1,038.7	$623.9	$92.7
Provision for income and other corporation taxes								
Current	$211.1	$35.9	$32.6	$50.7	$93.0	$172.5	$235.1	$156.9
Deferred	$72.9	$26.2	$86.6	-$7.1	$15.5	$223.6	$83.5	-20.2
Net Income (loss) before extraordinary items	**$258.7**	**$67.7**	**$41.6**	**-$16.4**	**$483.9**	**$642.7**	**$305.3**	**-$44.0**
Extraordinary gains (losses)		-$1.2	-$1.4		$38.6	$4.0		
Income tax on gains (losses)					$17.1	$1.8		
Net Income (loss)	**$258.7**	**$66.5**	**$40.1**	**-$16.4**	**$505.28**	**$644.89**	**$305.3**	**-$44.0**

Source: 1991, 1994, 1996 and 1998 Ernst & Young surveys

Table 19

ONTARIO MINING INDUSTRY BALANCE SHEET (millions)

	1990	1991	1992	1993	1994	1995	1996	1997
Assets								
Cash and deposits	$437.3	$323.8	$334.7	$200.8	$331.3	$248.4	$441.0	$523.8
Accounts receivable and accrued revenue	$306.5	$279.8	$228.7	$201.0	$348.0	$335.0	$529.3	$402.2
Inventories (at lower of cost or market)	$827.3	$697.6	$607.8	$614.9	$626.8	$620.0	$716.8	$692.5
Portfolio investments	$258.9	$662.5	$599.3	$920.1	$203.7	$235.9	$662.7	$777.5
Loans	$57.7	$14.1	$18.8	$14.2			$182.9	$88.8
Other current assets	$180.7	$217.3	$183.6	$163.9	$430.6	$295.2	$188.7	$542.6
Total current assets	**$2,068.3**	**$2,195.1**	**$1,972.9**	**$2,114.9**	**$1,940.4**	**$1,734.5**	**$2,721.4**	**$3,027.4**
Plant and equipment less depreciation	$3,629.1	$3,324.4	$3,328.6	$3,221.2	$3,200.4	$3,131.4	$3,203.5	$3,301.6
Pre-production and development costs	$1,527.7	$1,183.1	$1,094.0	$1,075.9	$1,319.1	$1,422.6	$1372.0	$1390.3
Deferred exploration	$22.9	$26.9	$22.0	$25.1		$11.3	$10.5	$13.9
Other fixed assets	$75.3	$83.4	$77.1	$51.2	$42.4	$83.0	$770.3	$801.1
Total fixed assets	**$5,255.0**	**$4,617.7**	**$4,521.7**	**$4,373.3**	**$4,561.9**	**$4,648.3**	**$5,356.3**	**$5,506.9**
TOTAL ASSETS	***$7,323.3***	***$6,812.8***	***$6,494.6***	***$6,488.2***	***$6,502.3***	***$6,382.8***	***$8,077.7***	***$8,534.3***
Liabilities and Equity								
Accounts payable and accrued liabilities	$731.0	$514.7	$402.6	$395.9	$394.9	$411.5	$401.9	$418.7
Bank loans	$108.0	$52.5	$7.2	$204.1	$7.3	$7.2	$49.8	$97.4
Other loans	($1.7)	$323.8	$165.8	$99.5	$8.7	$67.6	$26.6	$109.6
Other current liabilities	$603.3	$467.4	$563.4	$550.7	$324.5	$156.7	$144.5	$475.4
Total current liabilities	**$1,440.6**	**$1,358.5**	**$1,139.0**	**$1,250.2**	**$735.4**	**$643.0**	**$622.8**	**$1101.1**
Bonds and debentures	$1,786.1	$1,781.9	$1,993.6	$1,981.2	$1,054.2	$747.8	$1,450.6	$943.4
Mortgages	$68.6	$15.6	$12.1	$11.2		$20.3		
Deferred revenue	$145.1							
Deferred income tax	$817.8	$889.1	$960.6	$910.5	$796.7	$970.8	$1,051.4	$1,009.1
Other long-term liabilities	$632.6	$593.6	$447.0	$407.9	$888.9	$728.1	$904.8	$937.6
Total long-term liabilities	**$3,450.2**	**$3,280.1**	**$3,413.3**	**$3,310.8**	**$2,739.8**	**$2,467.0**	**$3,406.8**	**$2,890.1**
TOTAL LIABILITIES	***$4,890.8***	***$4,638.6***	***$4,552.2***	***$4,561.0***	***$3,475.2***	***$3,110.0***	***$4,029.6***	***$3,991.2***
EQUITY	**$2,432.6**	**$2,174.2**	**$1,942.4**	**$1,927.3**	**$3,027.1**	**$3,272.8**	**$4,048.1**	**$4,543.1**

Source: 1991, 1994, 1996 and 1998 Ernst & Young survey