

Nonferrous Exploration Budgets Peak in 2008

Metals Economics Group's 19th Edition of Corporate Exploration Strategies

Release note: U.S. dollar currency is used throughout this press release.

Halifax, Nova Scotia, November 25, 2008 – Metals Economics Group's 19th edition of Corporate Exploration Strategies (CES) shows that the planned 2008 nonferrous exploration budgets¹ included in the study total \$12.6 billion this year. MEG estimates that the budgets of the 1,912 companies included cover 95% of worldwide commercially oriented nonferrous expenditures. When the remaining 5% is added, exploration expenditures reach \$13.2 billion—a 26% increase over last year's estimated total and the sixth consecutive yearly increase since the bottom of the cycle in 2002. In addition, the CES study began including uranium budgets in 2007. This year's study includes aggregate uranium budgets totaling \$1.15 billion. Including uranium budgets, the total number of companies covered rises to 2,085, and the aggregate exploration budget (including the \$12.6 billion nonferrous total above) increases to more than \$13.75 billion. Including estimates for budgets MEG could not obtain, worldwide nonferrous planned exploration expenditures, including uranium allocations, total more than \$14.4 billion.

Worldwide Exploration Budget Totals, 2008

Excluding Uranium

Worldwide Nonferrous Exploration Total* (1,912 companies covered)	\$12.6 billion
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Estimated Worldwide Nonferrous Exploration Total**	\$13.2 billion
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Including Uranium

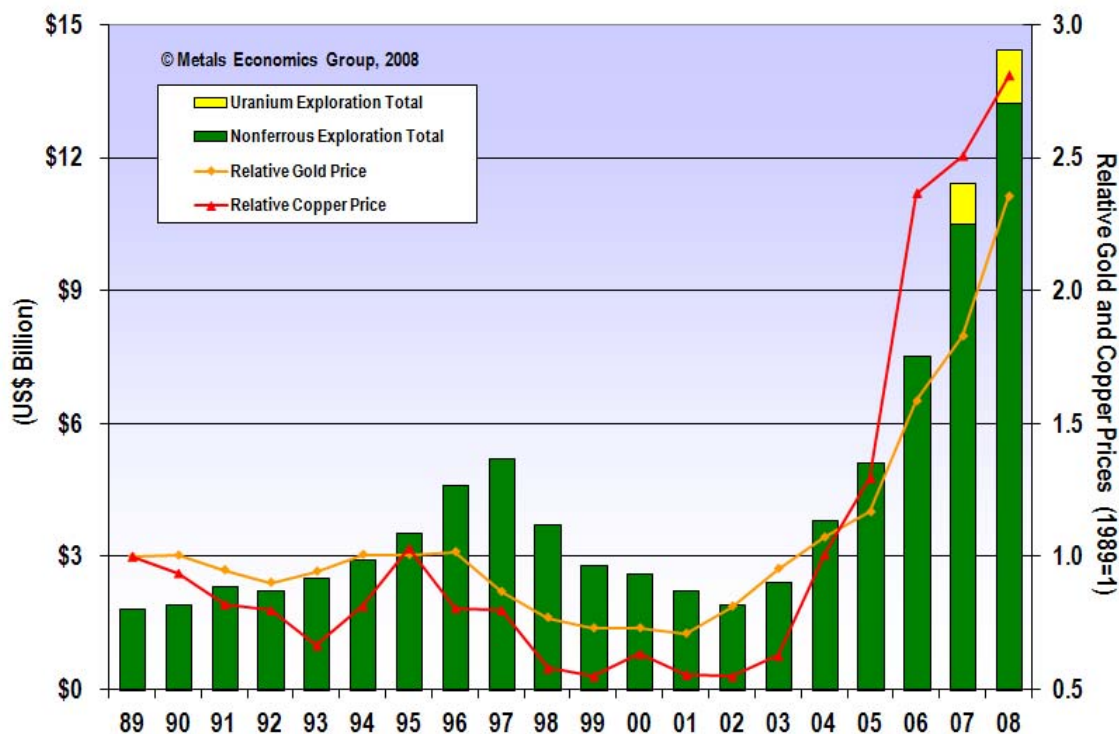
Worldwide Nonferrous Exploration Total* (2,085 companies covered)	\$13.75 billion
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Estimated Worldwide Nonferrous Exploration Total**	\$14.4 billion
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*MEG estimates that the companies covered by the CES account for about 95% of nonferrous exploration budgets.

**Includes the additional 5% of planned expenditures MEG could not obtain.

Estimated Global Nonferrous Exploration Budgets and Relative Metals Prices, 1989-2008*



*1989-2006 studies did not include uranium; 2008 relative metals prices are an average through September.

¹ MEG's CES series of studies includes many diversified companies, but specifically excludes exploration budgets for iron ore, coal, aluminum, oil and gas, and, until 2007, uranium.

However, companies seldom spend exactly the amount budgeted on exploration in a given year, tending to spend more than budgeted during the good times and less during the bad. The current global economic crisis will certainly suppress the actual aggregate exploration spending relative to the total amount budgeted, but the overall decrease will likely be tempered by the fact that many companies spent the bulk of their 2008 budget in the summer field season prior to the acceleration in market panic that began in late September. While cuts to residual exploration plans over the remainder of 2008 will likely be quite severe for many companies—particularly the junior explorers—MEG still expects the total amount actually spent on nonferrous exploration during the year to reach an all-time high, although it will be somewhat lower than the \$14.4 billion total planned budget (including uranium).

While major and intermediate producers with their deeper pockets have the option of continuing to fund exploration at close to previous levels, in the near term panicked equity markets and tumbling commodity prices will have severe effects on the junior explorers, since their dependence on equity financing for funding makes them the most vulnerable sector of the industry. The majority of the juniors—the drivers of the exploration upswing over the past few years—will cut exploration and development to conserve their cash in an effort to survive until conditions improve. As a result, 2008 will mark the end of the recent exploration boom, as contractions in both the number of active junior explorers and their individual budgets will take their toll on the industry's aggregate total, regardless of what the major and intermediate companies do in 2009.

Given the uncertain financial outlook for the mining industry, and the global economy in general, just how deeply explorers cut spending next year and how long the down cycle will last are impossible to predict at this point. That said, given the decline in metals prices and the continuing volatility and financial instability at the time of writing, an overall decrease in 2009 exploration spending similar in scale to the year-on-year declines during the first few years of the last downturn is certainly possible.

For more information on the Corporate Exploration Strategies study, please visit www.metalseconomics.com, phone +1 902-429-2880, or email: sales@metalseconomics.com.

About the Corporate Exploration Strategies Study

Metals Economics Group's 19th edition of Corporate Exploration Strategies—the industry's benchmark on exploration budgets, strategies, and exploration trends—was published in October 2008. The study is used by mining executives, strategic planners, financial analysts, marketing executives, and mineral policy analysts for competitor and marketing intelligence and strategic trend analysis. It is available on the Internet and in print.

About Metals Economics Group (www.metalseconomics.com)

Metals Economics Group (MEG) provides information and analysis focused on addressing the strategic needs of the global mining industry. Clients benefit from a painstaking commitment to accuracy, many years of experience, excellent relationships with other industry experts, and an unbiased approach to reporting and analyzing the latest trends and issues. Through analysis, information services, and consulting, MEG continuously builds on its foundation as the primary source of intelligence on global minerals exploration, development, and production; strategic planning issues; and acquisitions activity. Deep analytical knowledge and experience, combined with a responsive, personal approach to customer care, provide clients with an exceptional level of service.

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