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DIVISION OF MINERALS

**NEVADA EXPLORATION
SURVEY 2002**

by

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NEVADA COMMISSION ON MINERAL RESOURCES

Division of Minerals

The Nevada Division of Minerals, a part of the Commission on Mineral Resources, is responsible for administering programs and activities to promote, advance, and protect mining and the development and production of petroleum and geothermal resources in Nevada. The Division's mission is to conduct activities to further the responsible development and production of the State's mineral resources to benefit and promote the welfare of the people of Nevada. The seven-member Commission on Mineral Resources is a public body appointed by the Governor and directs mineral-related policy for the Division and advises the Governor and Legislature on matters relating to mineral resources. The Division focuses its efforts on three main areas: Industry relations and public affairs; regulation of oil, gas, and geothermal drilling activities and well operations; and abandoned mine lands.

The agency is involved in a wide array of activities relating to mineral development. Staff compiles annual data on all active mines in Nevada and maintains the State's mine registry. Information concerning mining operations and production is made available to the public through this yearly publication. Educational documents and materials concerning many aspects of the minerals industry are also produced. The Division participates in governmental activities affecting policies and laws concerning the minerals industry and resource development. The Division administers the State's reclamation bond pool.

The Division is responsible for permitting, inspecting, and monitoring all oil, gas, and geothermal drilling activities on both public and private lands in Nevada. Staff also monitors production of oil, gas, and geothermal resources to insure proper management and conservation. The Administrator is the Governor's Official Representative to the Interstate Oil and Gas Compact Commission.

The Division's abandoned mine lands program provides for public safety by identifying and ranking dangerous conditions at mines that are no longer operating, and by securing dangerous orphaned mine openings. The program continually urges the public to recognize and avoid hazardous abandoned mines.

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EXECUTIVE SUMMARY

This is the ninth annual survey conducted by the Division of Minerals of companies engaged in mineral exploration in Nevada. The purpose of the survey is to determine the level of current and projected exploration activity, and to determine what factors are influencing those levels of activity.

The highlights of the survey are as follows:

- Thirty-three companies responded to this survey.
- The respondents reported spending \$64.6 million on Nevada exploration activities in 2002, and project spending \$69.4 million in 2003, a 7 percent increase. \$42.4 million was spent on expansions and \$22.2 million was spent on grass-roots efforts.
- The respondents reported their worldwide spending exploration expenditures in 2002 were \$397.0 million, and are projecting an increase to \$417.3 million in 2003.
- The respondents spent 74 percent of their budgets on actual exploration costs, 7 percent on corporate costs, 12 percent on land holding costs, 5 percent on permitting and compliance costs, and 2 percent on other costs.
- The respondents reported employing 129 geologists in 2002, up from the 107 employed in 2001. Projections for 2003 show an increase to 141 geologists.
- The respondents reported holding 42,404 claims in Nevada and 44,083 in the U.S. as a whole.
- Existence of favorable geology regained the lead as the most important factor influencing the respondents' level of exploration activity followed by commodity prices.
- The time required for respondents to obtain approval of an exploration plan of operations varied from 1 to 42 months with an average of 9 months, down from an average of 10 months in 2001.
- Six out of 13, or 46 percent of respondents who have Nevada production were able to replace their production with newly found reserves.
- Sixty-five percent of the respondents reported they were optimistic about domestic exploration, while 19 percent were neutral and 16 percent were pessimistic.

INTRODUCTION

In the spring of 2003, the Division of Minerals conducted its ninth annual survey of exploration companies engaged in projects or holding claims in Nevada. As in previous years, the purpose of this survey is to determine the current and projected levels of exploration activity, and to see what factors are influencing these levels. This survey is regarded as a portion of the official state mine registry, making the individual responses confidential.

One hundred and five questionnaires were sent out in January 2003. Responses were received from 33 companies. The Division appreciates the efforts made by those who responded. All respondents were focused on precious metals exploration. Many, but not all, of the respondents to the surveys are the same from one year to the next. Due to mergers, some respondents to previous surveys no longer exist. This means that comparing trends from one year to the next is possible only in a general way rather than an exact way. Table 1 shows the number and types of respondents from previous surveys and this current one.

The main topics covered by the survey include exploration expenses and a breakdown of how those dollars were spent, geologists employed, number of claims held, a ranking of factors that influence respondent's levels of activity, success at reserve replacement, type of reserve replacement, and overall attitude toward domestic exploration.

The Division appreciates the efforts of Jonathan Price, State Geologist, for his critical review of the manuscript. Thanks are also due to Deborah Selig and George Bishop of the Division of Minerals.

EXPLORATION EXPENDITURES

Exploration expenditures are regarded as one of the two main indicators of exploration activity, the other being the number of geologists employed. Exploration expenditures reported for Nevada for 2002 totaled \$64.6 million, up significantly from the \$51.2 million reported for 2001. The actual reported expenditures for 2002 were considerably higher than the \$46.3 that had been projected to be spent in 2002. In this current survey, the respondents project their Nevada exploration spending will be \$69.4 million in 2003. Reported spending in 2002 marked the first increase after 4 consecutive years of decreasing spending. Exploration spending is important to Nevada's economy, particularly in the rural areas.

Spending in the rest of the U.S. (non-Nevada) in 2002 was reported to be \$23.6 million, up sharply from the \$1.9 million reported for 2001. The majority of this increase is due to a single respondent who provided information to this survey for the first time. The respondents project that their non-Nevada U.S. spending will drop to \$10.5 million in 2003. It should be pointed out that there is a Nevada bias in this survey as companies without known activity in Nevada are not polled. Spending in Nevada was 73.3 percent of the total U.S. spending in 2002, down from 96.3 percent in 2001. Nevada's percentage of domestic spending is projected to rise to 86.9 in 2003. These percentages are influenced by the first-time respondent mentioned above.

Respondents reported that their worldwide spending was \$397.0 million in 2002, nearly double the \$204.3 million reported for 2001. A significant portion of this increase, as well as Nevada's percentage of worldwide spending is influenced by the first-time respondent previously mentioned. Projections for 2003 show an additional increase to \$417.3 million. Spending in Nevada was 16.3 percent of the respondents' worldwide spending in 2002, down from 25.0 percent in 2001. Nevada's percentage of worldwide spending is projected to increase slightly to 16.6 in 2003.

In this survey, as in most previous ones, a distinction exists between the companies with Nevada exploration budgets greater than or equal to \$1 million (the GE companies) and those with budgets less than \$1 million (the LT companies). In this survey, there is a gap of \$438,000 between the largest LT company and the smallest GE company. Graph 1 shows the distribution of respondents' budgets. Of the 33 respondents to this survey, 11 are GE companies and 22 are LT companies. The make-up of the GE companies and the LT companies changes from year to year. In this survey, the numbers of both GE and LT companies increased compared to last year. GE companies accounted for 94.1 percent of Nevada's exploration spending in 2002. The GE companies also account for the bulk of domestic and worldwide spending at 74.6 percent and 71.8 percent respectively. Graph 2 shows the breakdown of exploration spending for Nevada, the rest of the U.S., and the rest of the world for 2002 and the projections for 2003. Table 2 shows the exploration expenditures reported in previous surveys from 1995 to 2002.

The average Nevada spending per respondent was \$2.0 million in 2002, down from \$2.1 million in 2001. The GE companies spent an average of \$5.5 million in 2002 while the LT companies spent an average of \$175,000. The projections for 2003 show the GE companies rising to an average of \$5.7 million and the LT companies also rising to \$311,000. The average spending for all respondents in 2003 is projected to be \$2.1 million. Graph 3 illustrates the average spending per respondent in Nevada, the rest of the U.S., and the rest of the world.

BREAKDOWN OF EXPENDITURES

In addition to the amount of spending, respondents were asked to provide the percentages of their budgets devoted to land holding costs (claim staking and holding, lease payments, etc.), permitting and compliance costs (bonding, reclamation, etc.), corporate costs (overhead, taxes, etc.), actual exploration costs (drilling, mapping, assaying, etc.), and other costs (respondents were asked to specify). The percentages given by each respondent were weighed against that respondent's budget.

For all respondents together, 74 percent of their budgets were spent on actual exploration, down slightly from 75 percent in 2001. They spent 12 percent on land holding costs, up from 10 percent in 2001; 7 percent on corporate costs, the same as in 2001; 5 percent on permitting and compliance costs, down from 7 percent in 2001; and 2 percent was spent on other costs, up from 1 percent in 2001.

For the GE companies as a group, 76 percent of their 2002 budgets were spent on actual exploration, up slightly from 75 percent in 2001. They spent 11 percent on land holding costs, up from 10 percent in 2001; 6 percent on corporate costs, down from 7 percent in 2001; 5 percent

on permitting and compliance costs, down from 7 percent in 2001; and 2 percent on other costs, up from 1 percent in 2001.

For the LT companies as a group, 41 percent of their 2002 budgets were spent on actual exploration, down from 64 percent in 2001. They spent 33 percent on land holding costs, up from 19 percent in 2001; 12 percent on corporate costs, down from 13 percent in 2001; 7 percent on permitting and compliance costs, up from 4 percent in 2001; and 7 percent on other costs, up from less than 1 percent in 2001. The increase in land holding costs is generally typical of all LT companies, and is not the result of a single anomalous response.

The GE companies continued to spend a higher percentage of their budgets on actual exploration than the LT companies. The LT companies spent a higher percentage of their budgets on land holding costs than the GE companies. Graph 4 shows the expense breakdown for all respondents, GE respondents, and LT respondents.

GEOLOGISTS EMPLOYED

The second main indicator of exploration activity is the number of geologists employed. In Nevada, respondents reported 128 geologists on the payroll in 2002, up from the 107 reported for 2001. This is higher than the 101 who had been projected to be employed in 2002 by the previous survey. Respondents to this current survey project that 140 geologists will be employed in Nevada in 2003. Of the 128 geologists at work in Nevada in 2002, 110 were employed by the GE companies and 18 by the LT companies. Graph 5 shows the number of geologists employed in 2002 and projected to be employed in 2003. Table 3 shows the number of geologists employed in the previous surveys from 1996 to 2002.

In the U.S., including Nevada, 142 geologists were reported to be at work in 2002, up from the 118 reported for 2001. Of those, 111 were employed by the GE companies and 31 were employed by the LT companies. Ninety-nine percent of the domestic geologists employed by the GE companies were employed in Nevada in 2002, compared to 61 percent for the LT companies. Overall, 91 percent of domestic geologists were at work on Nevada projects. Projections for domestic employment in 2003 show both an increase in overall numbers to 146 geologists and an increase of Nevada's percentage to 92. Of the 154 geologists projected to be employed in 2003, the GE companies account for 117 and the LT companies 37. Ninety-nine percent of the GE company's geologists are projected to be at work in Nevada in 2003, compared to 68 percent for the LT companies.

Worldwide, including the U.S., respondents reported 561 geologists at work in 2002, up sharply from the 208 in 2001. Nearly half of this increase is due to the first-time respondent previously mentioned. Of these, 426 were working for GE companies and 135 were working for LT companies. Nevada's percentage of worldwide geological employment for 2002 was 23 for all respondents and 26 and 14 for the GE companies and LT companies respectively. Nevada's percentage of worldwide geological employment is influenced by the first-time respondent. The respondents project an increase to 707 geologists worldwide in 2003, with 460 employed by the GE companies and 247 by the LT companies. Nevada's projected percentage of worldwide

geological employment for 2003 is 20 for all respondents, 25 for the GE companies, and 10 for the LT companies.

EXPENDITURES PER GEOLOGIST

Both expenditures and geologists employed were higher in 2002 than what was reported in 2001. For all respondents the average spending per geologist in Nevada for 2002 was \$505,000 compared to \$478,000 in 2001. The GE companies spent more per geologist in 2002 (\$553,000) than the LT companies did (\$224,000). Projections for 2003 show the GE companies spending \$540,000 per geologist, the LT companies spending \$285,000 per geologist, and \$496,000 being spent per geologist overall.

Domestically, including Nevada, the spending per geologist was slightly higher at \$557,000 for all respondents, \$593,000 for GE companies, and \$294,000 for LT companies. Worldwide, the spending per geologist was higher still at \$708,000 for all respondents, \$669,000 for GE companies, and \$723,000 for LT companies. The LT companies worldwide spending per geologist is influenced by the first-time respondent previously mentioned.

MINING CLAIMS

The number of mining claims held in Nevada and the rest of the U.S. has generally dropped since the enactment of the \$100 federal claim maintenance fee in 1992. According to the Bureau of Land Management, Nevada State Office, there were 88,895 active claims in Nevada as of October 1, 2002, compared to 89,864 as of October 1, 2001. According to BLM, there were 15,065 new claims filed from October 1, 2002 to April 30, 2003, which is a brisker pace than in previous years. Graph 6 shows the number of claims held in Nevada according to the BLM from 1993 to 2002 and the average gold prices for those years.

Respondents to this survey reported holding 48,988 claims in Nevada in 2002 and 51,088 in the U.S. as a whole, compared to 38,075 and 39,772 respectively, reported in 2001. Projections for 2003 show a continued increase with respondents planning to hold 51,114 claims in Nevada and 52,932 in the U.S. as a whole. The GE companies held 87 percent of all respondents' Nevada claims in 2002 with 42,404 claims compared to 6,584 for the LT companies. In all of the U.S., the GE companies held 44,083 and the LT companies held 7,005.

FACTORS INFLUENCING ACTIVITY

As in previous surveys, this one asked respondents to rank the factors influencing their level of exploration activity. The composite of all respondent's ranking of these factors is listed below in order of decreasing importance.

1. Existence of favorable geology.
2. Commodity prices
3. Announcements of new discoveries
4. Actual length of permitting time frames
5. Uncertainty over permitting time frames

6. Uncertainty over mining law reform
7. Federal claim maintenance fees
8. Changes of foreign mining laws
9. Land exchanges/withdrawals
10. Wilderness study areas/ACECs

Other factors mentioned were availability of project acquisitions, modeling technology, and availability of financing.

The ranking of factors is similar to previous years, but not identical. For all respondents, existence of favorable geology regained its first place position which was held last year by commodity prices. Commodity prices are still the second most important factor. The gold price has improved significantly from an average of \$271 per troy ounce in 2001 to \$310 in 2002. As of July 2003, gold was trading in the \$350 per troy ounce range.

The GE companies and LT companies differed in their ranking of other factors. For the GE companies, announcements of new discoveries, and the actual length and uncertainty of permitting time frames were the next most important factors, while wilderness study areas and ACECs were the least most important factor. For the LT companies, federal claim maintenance fees and mining law reform were the next most important factors, while changes in foreign laws was the least most important factor. Graphs 8, 9, and 10 show the relative importance of factors for all respondents, the GE companies, and the LT companies respectively.

Due to the relative importance of permitting time, this survey again asked how long it took to get a notice of intent through the permitting process, and how long it took to get an exploration plan of operations approved. For a notice, the time required ranged from 2 weeks to 9 months, with an average of 7 weeks. For a plan, the time required ranged from 1 month to 3.5 years, with an average of 9 months. In general, the LT companies were able to obtain their permits faster than the GE companies. For a notice, the LT company's average time was 6 weeks compared to 9 weeks for the GE companies. For a plan, the LT company's average time was 8 months compared to 12 months for the GE companies.

The permitting times have actually decreased for the last 2 years. Overall, a notice took 10 weeks in 2000, 8 weeks in 2001, and 7 weeks in 2002. A plan took 13 months in 2000, 10 months in 2001, and 9 months in 2002.

REPLACEMENT OF RESERVES

Respondents were asked whether or not they were able to replace their reserves lost to production with newly found reserves. In this question, a "yes" answer indicates a total replacement of reserves, and a "no" answer indicates that reserves were not totally replaced. The response from the smallest company carries the same weight as the largest company, thus the results signify the number of companies replacing their reserves, and NOT the amount of reserves being replaced. Table 5 shows the percentages of respondents who replaced their reserves. Companies with no production were not figured into the results.

On a worldwide basis, 10 of 14 companies (71 percent) replaced their reserves. Nineteen companies had no worldwide production. The LT companies were more successful at worldwide reserve replacement with 4 of 5 (80 percent) replacing their reserves than the GE companies with 6 of 9 (67 percent).

In the U.S., including Nevada, 8 of 13 companies (62 percent) replaced their reserves. Five of 8 (62 percent) GE companies replaced their reserves, compared to 3 of 5 (60 percent) LT companies.

In Nevada, 7 of 13 (54 percent) companies replaced their reserves. Six of 9 (67 percent) GE companies replaced their reserves, compared to 1 of 4 (25 percent) LT companies.

The method of reserve replacement included expansions around existing operations and grass roots efforts. Reserves may also be purchased or acquired through mergers, but those methods were not considered in this survey as they do not actually constitute new reserves. Overall, 66 percent of respondents budgets were spent on expansion efforts and 34 percent on grass roots efforts. The GE companies relied predominantly on expansion efforts with 68 percent of their budgets devoted to expansion efforts and 32 percent devoted to grass roots efforts. The LT companies favored grass roots efforts, with 74 percent of their budgets devoted to grass roots, and 26 percent of their budgets devoted to expansions. In the pervious survey, 76 percent of all respondents' budgets were devoted to expansions and 24 percent devoted to grass roots efforts, so in the past year, grass roots efforts have received a little more attention.

CONCERN OVER THE 43 CFR 3809 REGULATIONS

Respondents were asked to rank the impact of the 43 CFR 3809 regulations on their level of exploration activity from 1 to 5 with 1 being a little, and 5 being a lot. The overall average was 3.1, slightly higher than the previous survey's average of 2.9. The GE companies average 2.7 and the LT companies averaged 3.4.

ATTITUDES

Respondents were asked whether they were optimistic, neutral, or pessimistic about domestic exploration. Overall, 65 percent of the respondents reported being optimistic, 19 percent were neutral, and 16 percent were pessimistic. The GE companies were 58 percent optimistic, 25 percent neutral, and 17 percent pessimistic, while the LT companies were 68 percent optimistic, 16 percent neutral, and 16 percent pessimistic.

Graph 11 shows the calculated "optimism indices" for all respondents, GE companies and LT companies for the past 9 years. The optimism index is a number calculated by scoring 100 points for each optimist, negative 100 points for each pessimist, and 0 points for each of the neutral respondents. The sum of the scores divided by the number of respondents is the optimism index. The higher the optimism index, the greater the optimism. The optimism index for 2002 is higher than any previous year.

CONCLUSIONS

The respondents to this survey reported higher expenditures, employment and claims held in 2002 than in 2001. The 2002 expenditures for Nevada exploration increased for the first time after 4 successive years of decline. Projections for 2003 indicate a continued increase in spending. Lower precious metals prices in 2001 made commodity prices the most important factor influencing respondents' activity in that year. The rebound of gold and silver prices from their 2001 levels has allowed existence of favorable geology to become the number one factor. However, commodity prices remain the second most important factor. Finally, the optimism index is at the highest level since the Division began calculating it in 1994.

TABLE 1**Number and Types of Respondents**

Year	Companies with Budget > = \$1 million	Companies with Budget < \$1 million	Total Respondents
2002	11	22	33
2001	10	14	24
2000	10	23	33
1999	13	20	33
1998	15	32	47
1997	26	25	51
1996	36	13	49
1995	24	23	47

TABLE 2**Exploration Expenditures in Millions of Dollars**

All Respondents	1996	1997	1998	1999	2000	2001	2002
Nevada	120.9	138.8	90.8	86.7	76.9	51.2	64.6
Rest of U.S.	37.4	87.6	28.5	20.6	23.5	1.9	23.6
Outside U.S.	755.8	855.6	270.3	307.3	246.0	151.2	308.8
Total World	914.1	1,082.0	389.6	414.6	346.4	204.3	397.0

Companies with Nevada budget >= \$1 million	1996	1997	1998	1999	2000	2001	2002
Nevada	120.2	134.6	86.6	83.1	72.6	49.5	60.8
Rest of U.S.	35.7	78.9	25.1	11.3	22.0	1.9	5.0
Outside U.S.	753.5	812.8	208.4	236.9	226.0	148.8	219.2
Total World	909.4	1,026.3	320.3	330.4	320.6	200.2	285.0

Companies with Nevada budget < \$1 million	1996	1997	1998	1999	2000	2001	2002
Nevada	0.7	4.2	4.0	3.5	4.3	1.7	3.8
Rest of U.S.	1.7	8.7	3.4	9.3	1.5	0.0	18.6
Outside U.S.	2.3	42.8	61.9	71.3	20.0	2.4	89.6
Total World	4.7	55.7	69.3	84.1	25.8	4.1	112.0

TABLE 3**Geologists Employed by Respondents**

All Respondents	1996	1997	1998	1999	2000	2001	2002
Nevada	273	309	214	225	125	107	129
Rest of U.S.	NA	NA	80	48	33	11	13
Outside U.S.	NA	NA	529	449	160	90	419
Total World	NA	NA	823	722	318	208	561

Respondents with Nevada budget > = \$1 million	1996	1997	1998	1999	2000	2001	2002
Nevada	249	271	187	205	100	92	110
Rest of U.S.	NA	NA	40	38	14	6	1
Outside U.S.	NA	NA	347	359	118	75	315
Total World	NA	NA	574	602	232	173	426

Respondents with Nevada budget < \$1 million	1996	1997	1998	1999	2000	2001	2002
Nevada	24	38	27	20	25	15	19
Rest of U.S.	NA	NA	40	10	19	5	12
Outside U.S.	NA	NA	182	90	42	15	104
Total World	NA	NA	249	120	86	35	135

TABLE 4**Mining Claims Held by Respondents**

All Respondents	1996	1997	1998	1999	2000	2001	2002
Nevada	65,929	89,833	53,292	57,466	46,112	38,075	48,988
Rest of U.S.	19,022	23,780	15,743	11,888	9,118	1,697	2,100
Total Claims	84,951	113,951	69,035	69,354	55,230	39,772	51,088

Respondents with Nevada budget > = \$1 million	1996	1997	1998	1999	2000	2001	2002
Nevada	63,349	77,683	43,584	51,729	35,289	32,696	42,404
Rest of U.S.	17,352	13,839	5,553	9,863	5,557	654	1,679
Total Claims	80,701	91,522	49,137	61,592	40,846	33,350	44,083

Respondents with Nevada budget < \$1 million	1996	1997	1998	1999	2000	2001	2002
Nevada	2,580	12,150	9,708	5,737	10,823	5,379	6,584
Rest of U.S.	1,670	9,941	10,190	2,025	3,561	1,043	421
Total Claims	4,250	22,091	19,898	7,762	14,384	6,422	7,005

TABLE 5**Respondents' Success at Reserve Replacement**

Numbers refer to the percentage of respondents who answered "yes"

For all respondents with production:

Are you replacing your reserves	1996	1997	1998	1999	2000	2001	2002
Worldwide?	72	66	75	74	62	43	71
Domestically?	69	60	54	62	35	23	62
In Nevada?	60	28	43	54	47	25	54

For producing respondents with Nevada exploration budget > = \$1 million:

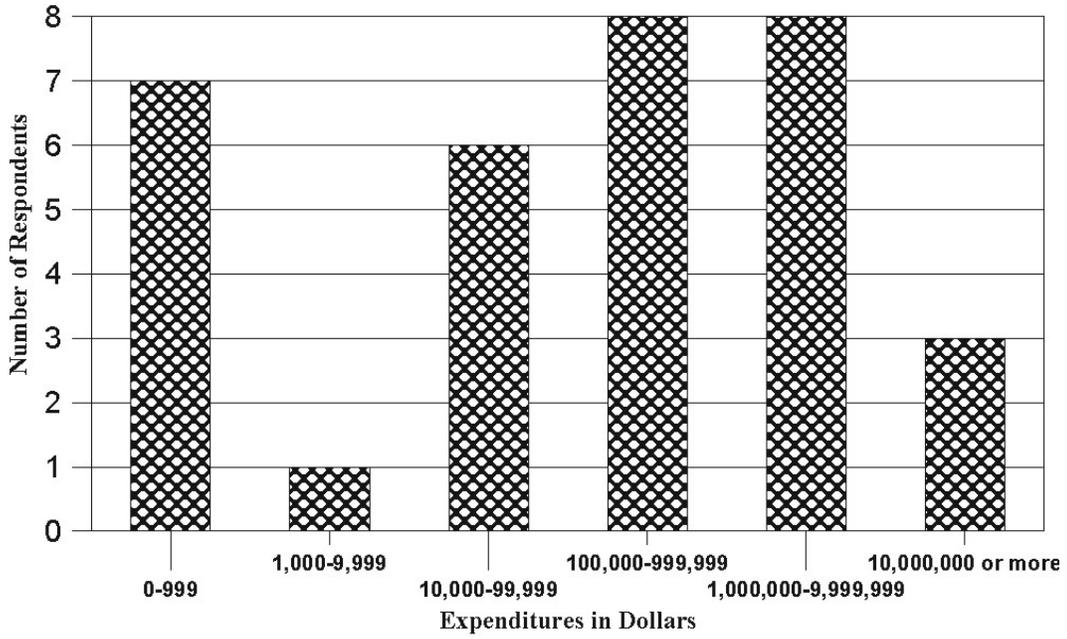
Are you replacing your reserves	1996	1997	1998	1999	2000	2001	2002
Worldwide?	76	65	91	80	71	37	67
Domestically?	76	67	56	50	37	29	62
In Nevada?	70	42	50	44	44	29	67

For producing respondents with Nevada exploration budget < \$ 1 million:

Are you replacing your reserves	1996	1997	1998	1999	2000	2001	2002
Worldwide?	60	67	65	67	56	50	80
Domestically?	45	55	53	80	33	17	60
In Nevada?	40	16	38	75	50	20	25

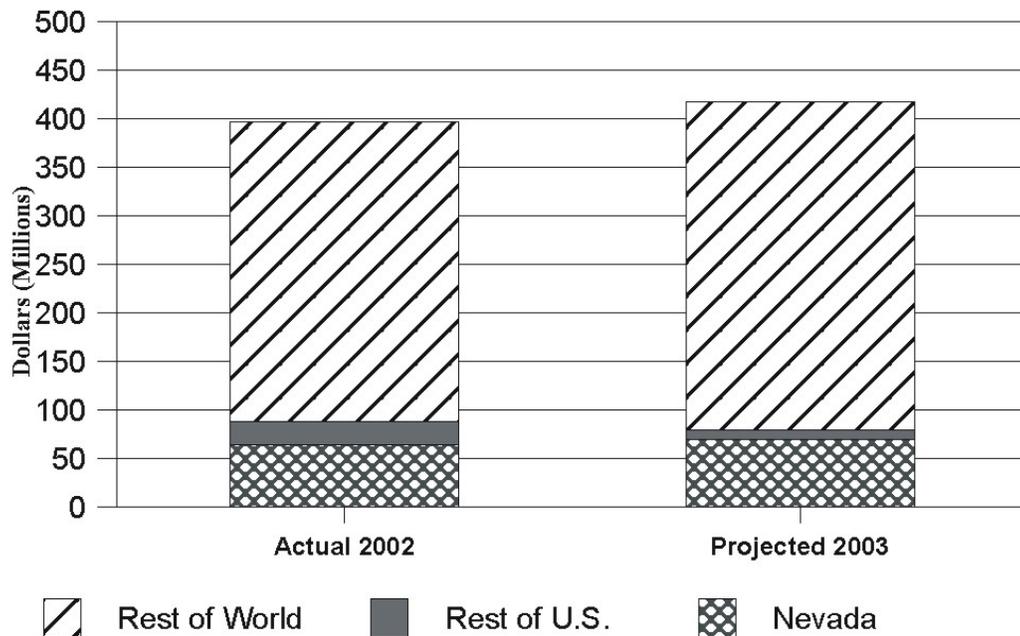
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Graph 1
RESPONDENTS' NEVADA EXPLORATION EXPENDITURES 2002



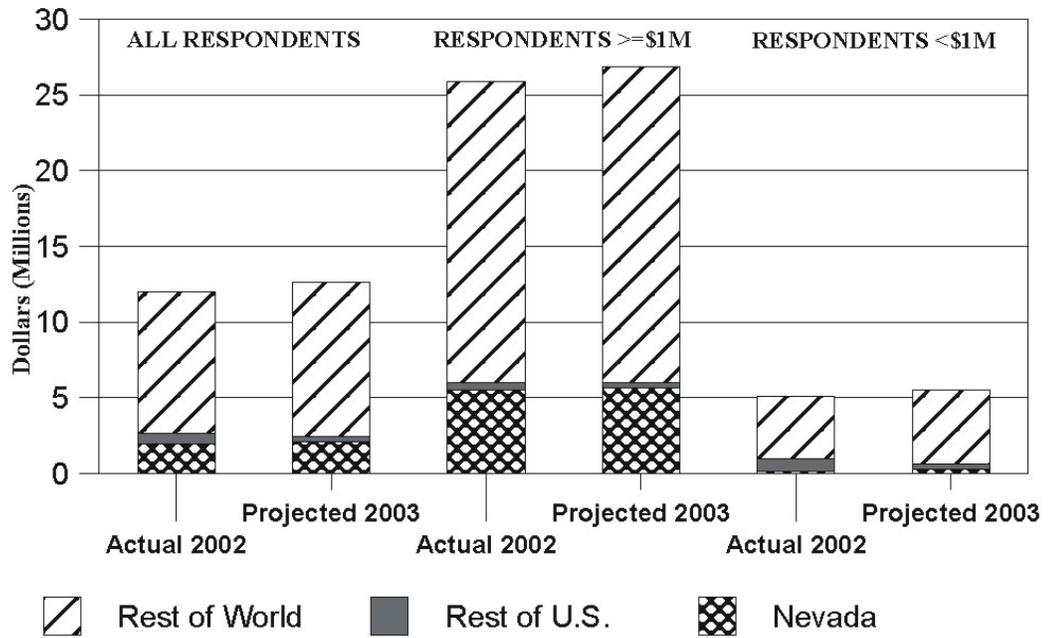
NEVADA DIVISION OF MINERALS

Graph 2
TOTAL EXPLORATION SPENDING 2002/2003



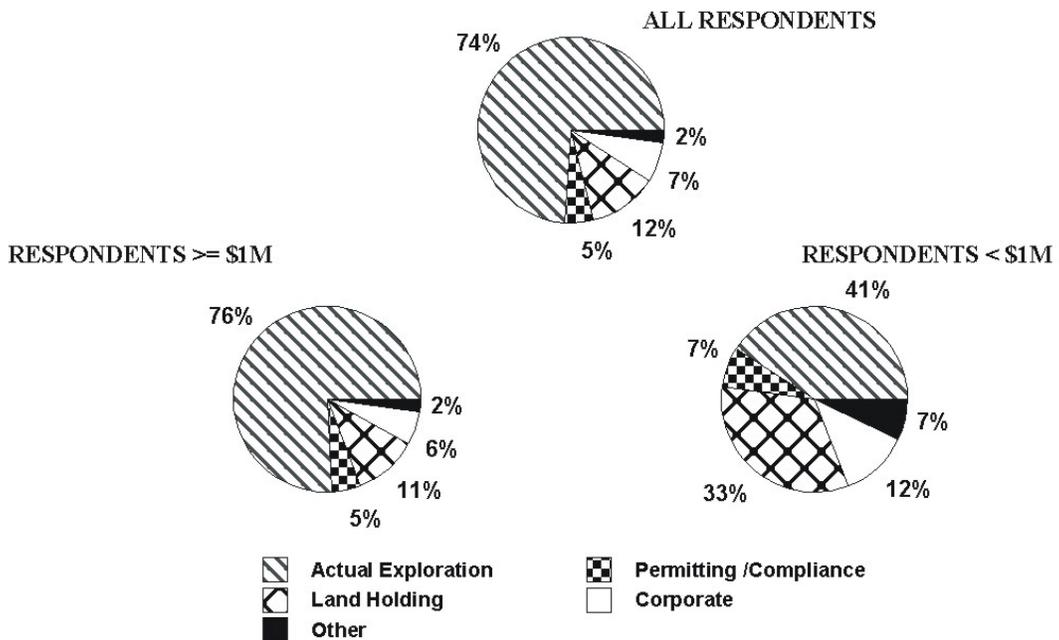
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Graph 3
AVERAGE SPENDING PER RESPONDENT 2002/2003



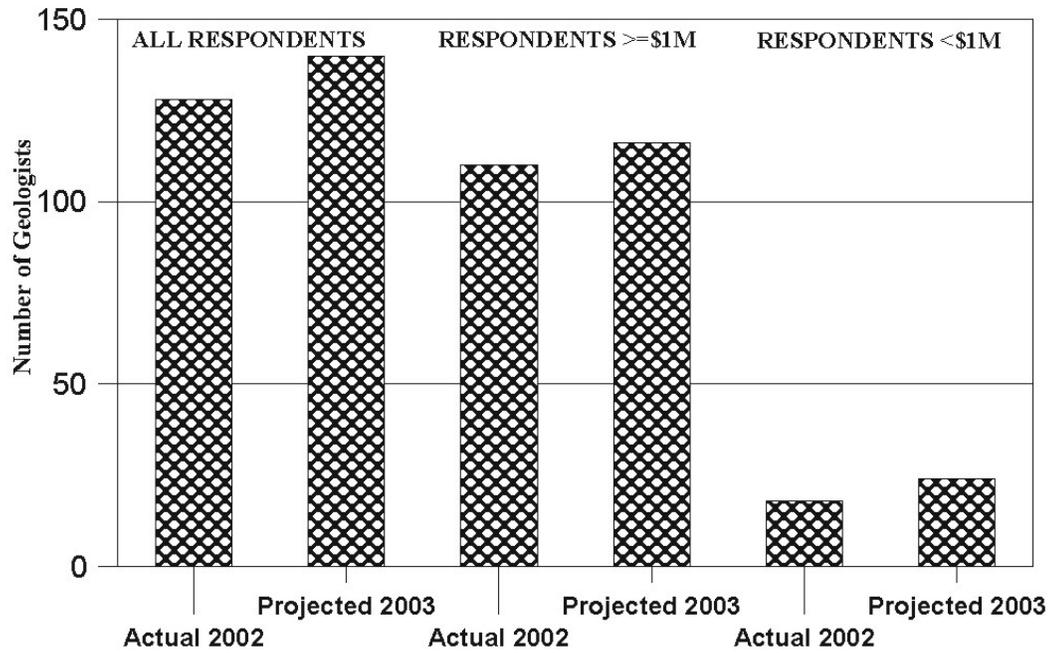
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Graph 4
BREAKDOWN OF NEVADA EXPENSES 2002



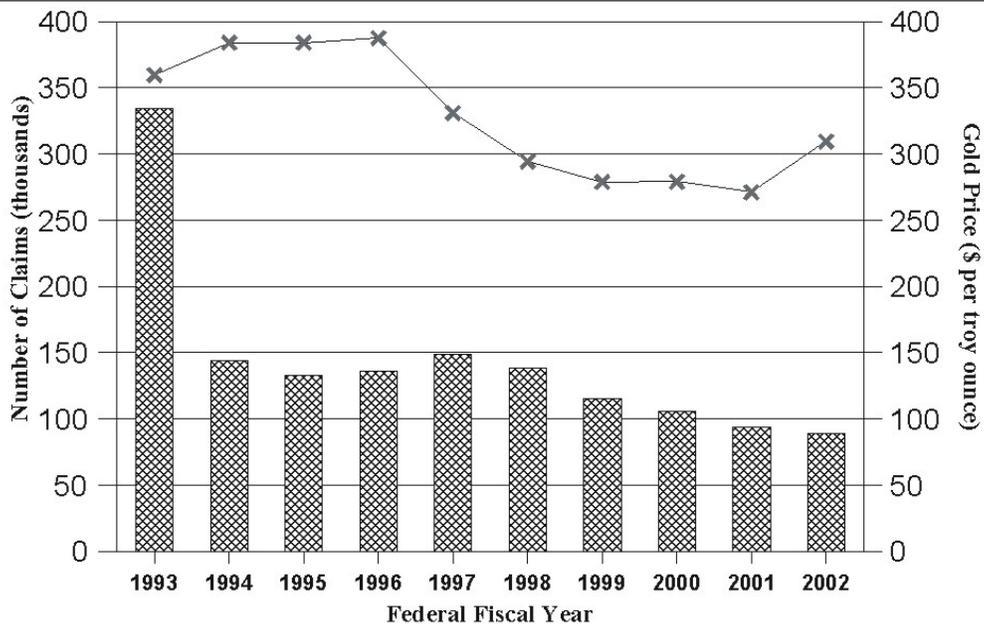
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Graph 5
EXPLORATION GEOLOGISTS EMPLOYED IN NEVADA 2002/2003



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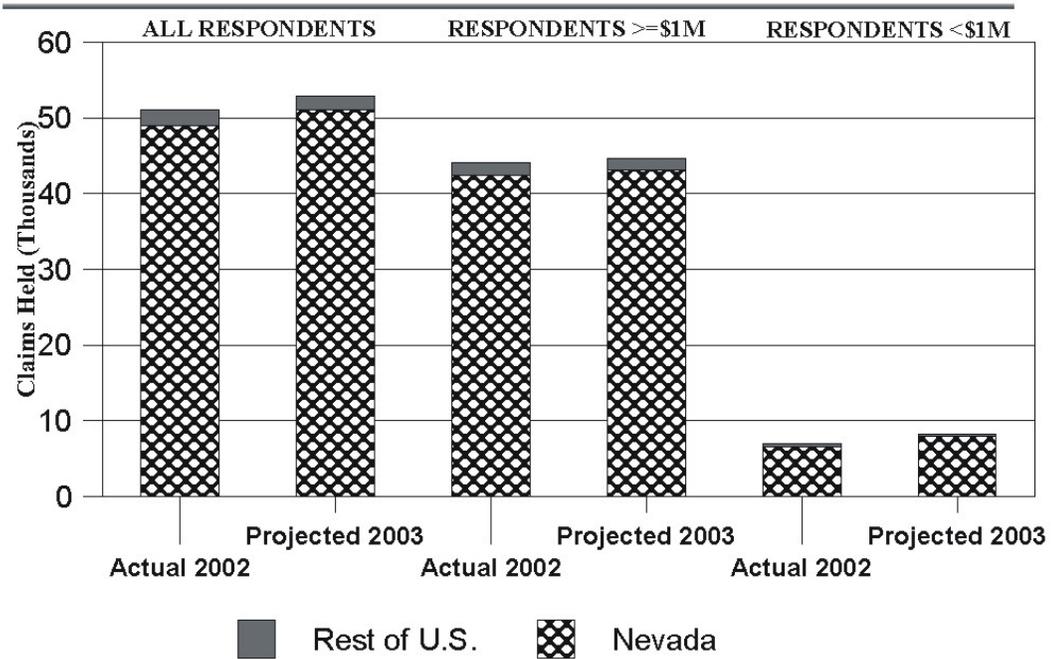
GRAPH 6
NEVADA MINING CLAIMS AND AVERAGE GOLD PRICES, 1993-2002



NOTE: Claim data from the BLM Public Land Statistics.

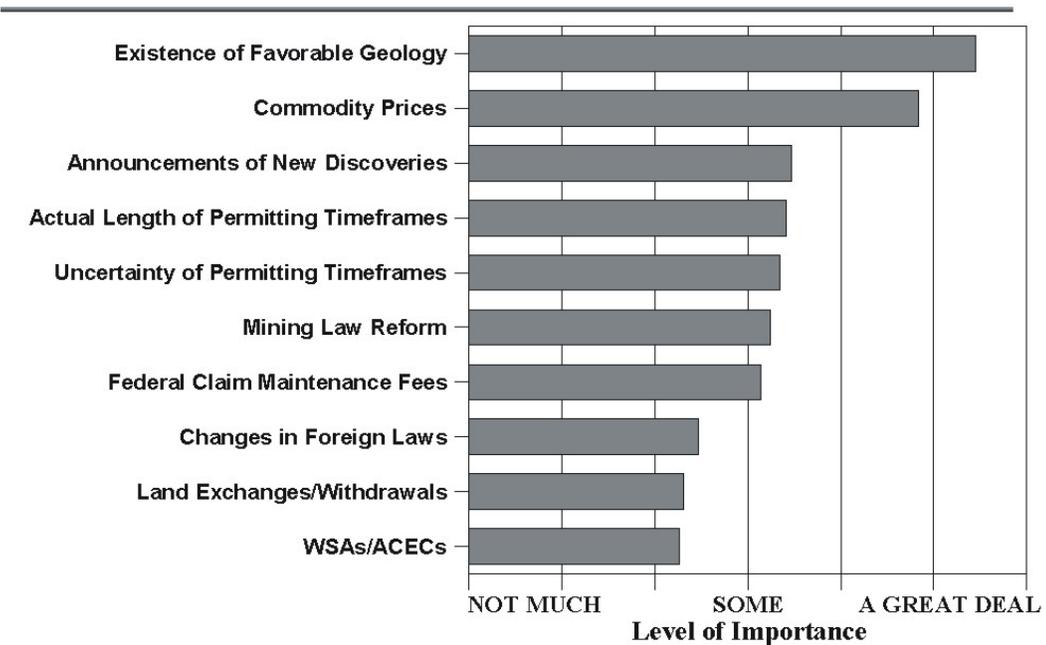
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Graph 7
NUMBER OF CLAIMS HELD 2002/2003



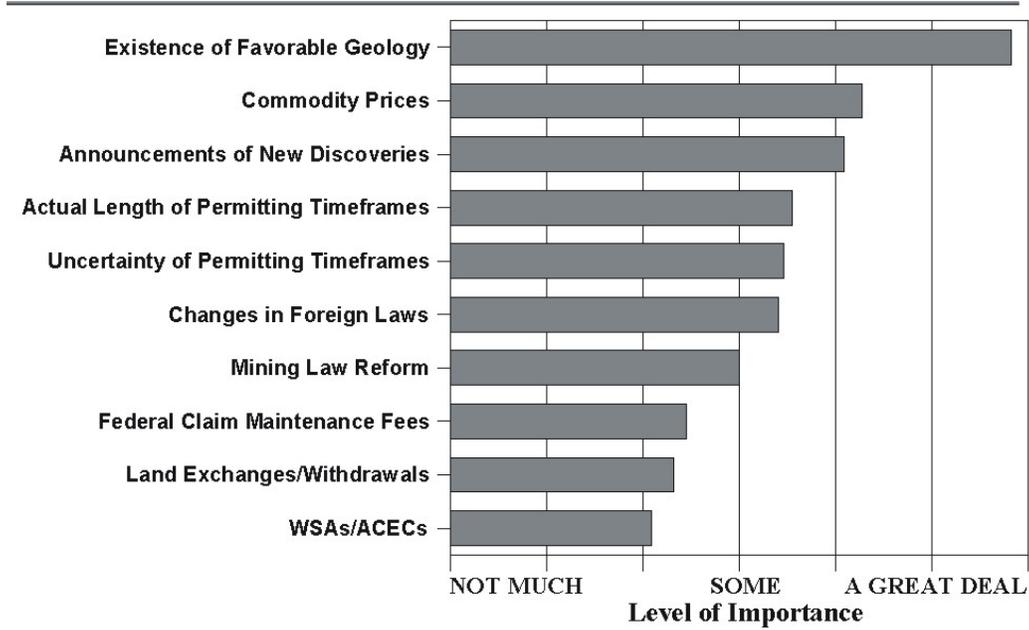
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Graph 8
FACTORS INFLUENCING ACTIVITY 2002
ALL RESPONDENTS



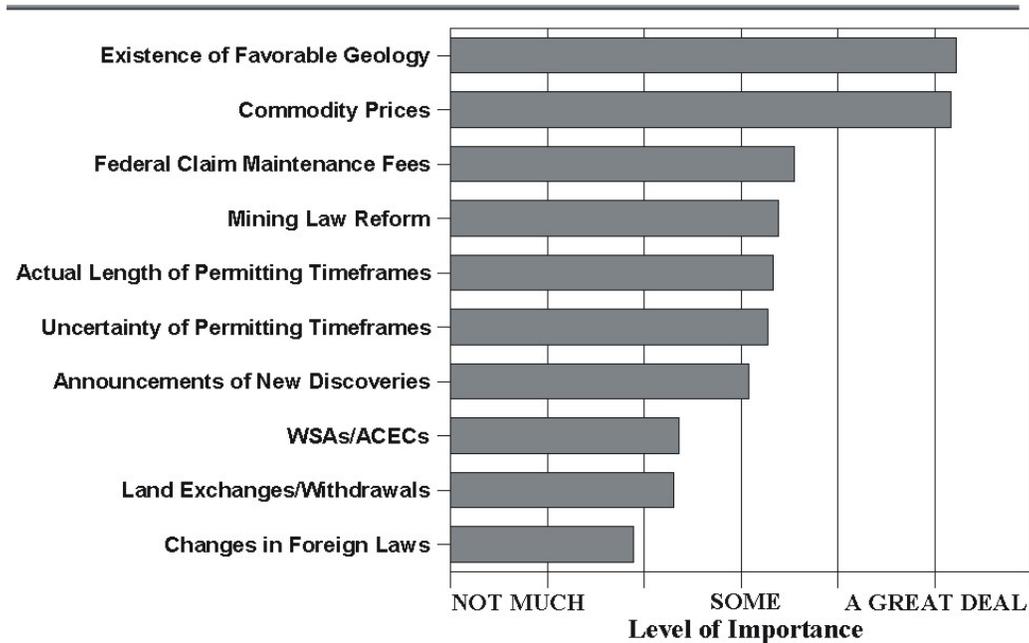
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Graph 9
FACTORS INFLUENCING ACTIVITY 2002
RESPONDENTS >= \$1 MILLION



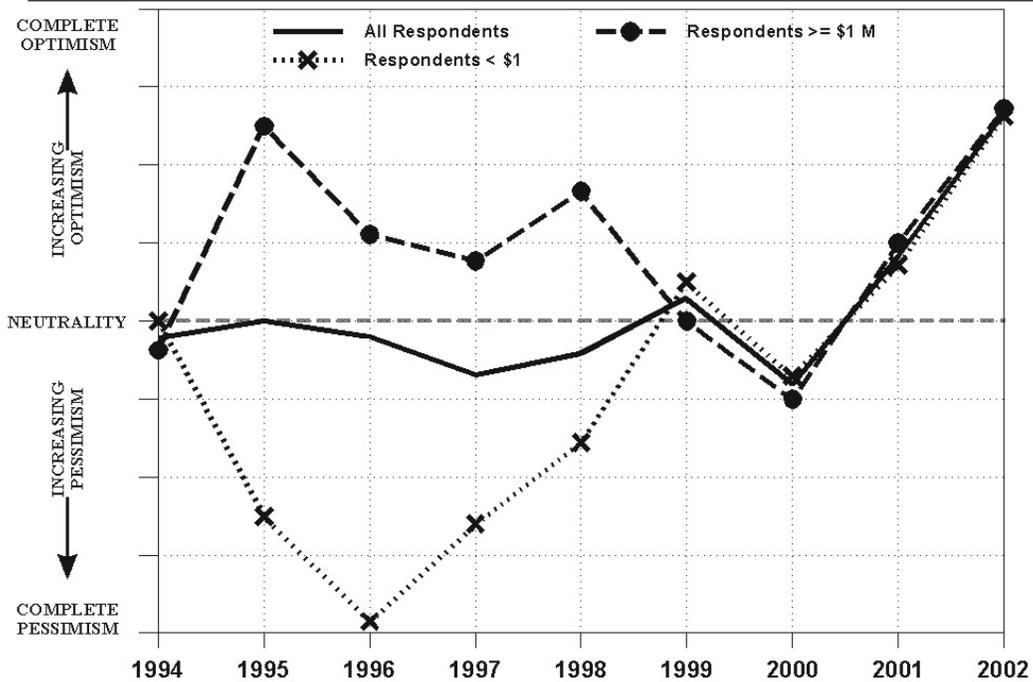
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Graph 10
FACTORS INFLUENCING ACTIVITY 2002
RESPONDENTS < \$1 MILLION



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Graph 11
OPTIMISM INDEX 1994-2002



**Nevada Division of Minerals
Ninth Annual Exploration Survey**

Company Name: _____

Contact Person / Phone: _____

A. Level of Exploration Activity

	2002 Actual	2003 Planned
1. Total Worldwide Expenditures	_____	_____
2. Total U.S. Expenditures	_____	_____
3. Nevada Expenditures	_____	_____
4. Number of Geologists Worldwide	_____	_____
5. Number of Geologists in U.S.	_____	_____
6. Number of Geologists in Nevada	_____	_____
7. Number of Claims held in U.S.	_____	_____
8. Number of Claims held in Nevada	_____	_____

B. Please estimate your Nevada exploration expenditures into components by percentage. Include salaries and benefits within their appropriate component. If you do not know exact percentages, please provide your best approximation.

- 1. Land holding costs (claim staking/holding, lease payments, etc.) _____%
- 2. Permitting and compliance costs (bonding, reclamation, etc.) _____%
- 3. Corporate costs (overhead, taxes, etc.) _____%
- 4. Actual exploration (mapping, drilling, interpreting, etc.) _____%
- 5. Other (please specify _____) _____%

Total **100** %

C. Please estimate the percentage of your Nevada exploration expenditures dedicated to expansions around existing operations and to grass-roots efforts.

Expansions _____% Grass-roots efforts _____%

(Total should equal 100 %)

D. Please rank the following factors in the order they influence your exploration activity. Please rank the most important factor with a “12” and the least important factor with a “1.”

- _____ Actual length of permitting time
- _____ Announcements of new discoveries
- _____ Changes in foreign mining laws
- _____ Commodity prices
- _____ Existence of favorable geology
- _____ Federal claim maintenance fees
- _____ Land exchanges / withdrawals
- _____ Uncertainty over mining law reform
- _____ Uncertainty over permitting time frames
- _____ Wilderness Study Areas / ACECs
- _____ Other (please specify)_____

E. General questions. (Please circle your response)

- | | | | | | |
|--|------------|---------|-------------|---|---|
| 1. Are you replacing your worldwide production with new worldwide reserves? | Yes | No | N/A | | |
| 2. Are you replacing your U.S. production with new U.S. reserves? | Yes | No | N/A | | |
| 3. Are you replacing your Nevada production with new Nevada reserves? | Yes | No | N/A | | |
| 4. How do you feel about domestic exploration? | Optimistic | Neutral | Pessimistic | | |
| 5. With 1 being a little and 5 being a lot, how much impact have the new 43 CFR 3809 regulations had on your Nevada exploration? | 1 | 2 | 3 | 4 | 5 |
| 6. Estimated time required to get approval for: | | | | | |
| A Notice of Intent_____ | A Plan of | | | | |
| Operations_____ | | | | | |

Please return this survey to the Nevada Division of Minerals, 400 W. King Street, Ste 106, Carson City, NV 89703, or fax it to (775) 684-7052. Thank you. All individual responses will be held confidential.