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DIVISION OF MINERALS

NEVADA EXPLORATION SURVEY 2003

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 tenth 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 companies responded to the survey.
- The respondents reported spending \$69.2 million on Nevada exploration activities in 2003, and project spending \$89.1 million in 2004, a 29 percent increase. \$39.6 million was spent on expansions and \$29.6 million was spent on grass-roots efforts.
- The respondents reported their worldwide exploration expenditures in 2003 were \$397.6 million, and are projecting an increase to \$449.4 million in 2004.
- The respondents spent 80 percent of their budgets on actual exploration costs, 9 percent on land holding costs, 6 percent on corporate costs, and 5 percent on permitting and compliance costs.
- The respondents reported employing 126 geologists in 2003, down from the 129 employed in 2002. Projections for 2004 show an increase to 158 geologists.
- The respondents reported holding 50,760 claims in Nevada and 54,188 in the U.S. as a whole.
- Existence of favorable geology remained the most important factor influencing the respondents' level of exploration activities, followed by commodity prices.
- The time required for respondents to obtain approval of an exploration plan of operations varied from 1 to 24 months, with an average of 9 ½ months, up from 9 months in 2002.
- Nine out of 11, or 82 percent of respondents who have Nevada production were able to replace their production with newly found reserves.
- Eighty-one percent of the respondents reported they were optimistic about domestic exploration, while 19 percent were neutral. No respondent reported being pessimistic.

INTRODUCTION

In the spring of 2004, the Division of Minerals conducted its tenth 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 six questionnaires were sent out in January 2004. Responses were received from 30 companies. The Division appreciates the efforts made by those who responded. Twenty nine of the respondents were focused on precious metals exploration and one was focused on industrial minerals. Many, but not all, of the respondents to the surveys are the same from one year to the next. 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 respondents' 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 review of the manuscript. Thanks are also due to Deborah Selig and George Bishop of the Division of Minerals.

EXPLORATION EXPENSES

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 2003 totaled \$69.2 million, up 7 percent from the \$64.6 million reported for 2002. The actual reported expenditures for 2003 were very close to the \$69.4 million that had been projected to be spent in 2003. In this current survey, the respondents project their Nevada exploration spending will be \$89.1 million. Reported spending in 2003 marked the second consecutive increase after 4 years of decreases in 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 2003 was reported to be \$2.2 million, down from the \$23.6 million reported for 2002, but similar to the \$1.9 million reported for 2001. The figure for 2002 is anomalous due to a single respondent reporting for that year only. The respondents project their non-Nevada U.S. spending will rise to \$8.5 million in 2004. 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 96.9 percent of the respondents' total U.S. spending in 2003, up from 73.3 percent in 2002. Nevada's percentage of domestic spending is projected to drop slightly to 91.2 in 2004.

Respondents reported that their worldwide spending was \$397.6 million in 2003, up slightly from the \$397.0 million reported for 2002. Projections for 2004 show an increase to \$449.4 million. Spending in Nevada was 17.4 percent of the respondents' worldwide spending in 2003, up from 16.3 percent in 2002. Nevada's percentage of worldwide spending is projected to increase to 19.8 in 2004.

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 budget less than \$1 million (the LT companies). In this survey, there is a gap of \$700,000 between the largest LT company and the smallest GE company. Graph 1 shows the distribution of the respondents' budgets. Of the 30 respondents to this survey, 10 are GE companies and 20 are LT companies. The make up of the GE companies and LT companies varies from year to year. In this survey, the numbers of both GE and LT companies decreased compared to last year. The GE companies accounted for 96.9 percent of Nevada's exploration spending in 2003. The GE companies also account for the bulk of domestic and worldwide spending with 94.6 percent and 91.5 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 2003 and the projections for 2004. Table 2 shows the exploration expenditures reported in previous surveys from 1997 to 2003.

The average Nevada spending per respondent was \$2.3 million in 2003, up from \$2.0 million in 2002. The GE companies spent an average of \$6.7 million in 2003, while the LT companies spent an average of \$109,000. The projections for 2004 show the GE companies rising to an average of \$8.1 million and the LT companies rising to an average of \$387,000. The average spending for all respondents in 2004 is projected to be \$3.0 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 weighted against that respondent's budget.

For all respondents together, 80 percent of their budgets were spent on actual exploration, up from 74 percent in 2002. They spent 9 percent on land holding costs, down from 12 percent in 2002; 6 percent on corporate costs, down from 7 percent in 2002; and 5 percent on permitting and compliance costs, the same as in 2002. No respondents specified any other costs, down from 2 percent in 2002.

For the GE companies as a group, 81 percent of their budgets were spent on actual exploration, up from 76 percent in 2002. They spent 9 percent on land holding costs, down from 11 percent in 2002; 6 percent on corporate costs, the same as in 2002; and 4 percent on permitting and

compliance costs, down from 5 percent in 2002. Nothing was reported for other costs, down from 2 percent in 2002.

For the LT companies as a group, 53 percent of their budgets were spent on actual exploration costs, up from 41 percent in 2002. They spent 26 percent on land holding costs, down from 33 percent in 2002; 13 percent on corporate costs, up from 12 percent in 2002; and 8 percent on permitting and compliance costs, up from 7 percent in 2002. Nothing was reported for other costs, down from 7 percent in 2002.

The GE companies continued to spend a higher percentage of their budgets on actual exploration than the LT companies, although all respondents as a group were able to devote a higher percentage of their budgets to actual exploration in 2003 than in 2002. The LT companies continue to spend 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 126 geologists on the payroll in 2003, down slightly from the 128 reported for 2002. This is lower than the 140 who had been projected to be employed in 2003 by the previous survey. Respondents to the current survey project that 158 geologists will be employed in Nevada in 2004. Of the 126 geologists at work in Nevada in 2003, 102 were employed by the GE companies and 24 by the LT companies. Graph 5 shows the number of geologists employed in 2003 and projected to be employed in 2004. Table 3 shows the number of geologists employed in the previous surveys from 1997 to 2003.

In the U.S., including Nevada, 133 geologists were reported to be at work in 2003, down from the 142 reported for 2002. Of those, 104 were employed by the GE companies and 29 were employed by the LT companies. Ninety-eight percent of the domestic geologists employed by the GE companies in 2003 were working in Nevada, compared to 83 percent for the LT companies. Overall, 95 percent of domestic geologists were at work on Nevada projects. Projections for domestic employment in 2004 show an increase to 168, but Nevada's percentage drops to 94. Of the 168 domestic geologists projected to be employed in 2004, the GE companies account for 125 and the LT companies 43. Ninety-eight percent of the GE company's geologists are projected to be at work in Nevada, compared to 84 percent for the LT companies.

Worldwide, including the U.S., respondents reported 556 geologists at work in 2003, down slightly from 561 in 2002. Of these, 476 were working for GE companies and 80 for LT companies. Nevada's percentage of worldwide geological employment was 23 for all respondents, and 21 and 30 for the GE companies and LT companies, respectively. The respondents project an increase to 668 geologists employed worldwide, with 560 employed by the GE companies and 108 by the LT companies. Nevada's projected percentage of worldwide geological employment for 2004 is 24 for all respondents, 22 percent for the GE companies, and 33 percent for the LT companies.

EXPENDITURES PER GEOLOGIST

Reported expenditures were higher in 2003 than 2002, however there was a drop in the number of geologists employed. For all respondents the average spending per geologist employed in Nevada in 2003 was \$549,000 compared to \$505,000 in 2002. The GE companies spent more per geologist in Nevada (\$657,000) than the LT companies did (\$91,000). Projections for 2004 show the GE companies spending \$667,000 per geologist, the LT companies spending \$215,000 per geologist, and \$564,000 being spent per geologist overall.

In the U.S., including Nevada, the GE companies spent less per geologist than they did in Nevada, whereas the LT companies spent more in the U.S. than in Nevada alone. In 2003, the GE companies spent \$649,000 per domestic geologist, whereas the LT companies spent \$133,000. Worldwide, the spending per geologist was higher than either Nevada or the U.S. with \$715,000 for all respondents, \$765,000 for the GE companies, and \$422,000 for the LT companies.

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. The numbers of claims have rebounded in recent years. According to the BLM's Public Land Statistics 2003, volume 188, dated April 2004, there were 99,755 claims in Nevada compared to 89,864 in 2002. According to BLM, there were 19,655 new claims filed in 2003 which is a brisker pace than previous years. Graph 6 shows the number of claims held in Nevada according to BLM from 1993 to 2003, and the average gold prices for those years.

Respondents to this survey reported holding 50,760 claims in Nevada and 54,188 claims in the U.S. as a whole in 2003 compared with 48,988 and 51,088 respectively in 2002. Thus, respondents to this survey account for about one half of the claims in Nevada. Eighty five percent of the claims in Nevada were held by the GE companies with 43,389 compared to 7,371 for the LT companies. In the U.S. as a whole, the GE companies held 46,014 claims and the LT companies held 8,174. Ninety four percent of the respondents' claims are in Nevada.

Projections for 2004 show a 9 percent increase in the number of claims held. All respondents are projecting to hold 55,297 claims in Nevada and 59,534 in the U.S. as a whole. The GE companies expect to hold 47,154 claims in Nevada in 2004 and the LT companies expect to hold 8,143. In the U.S. as a whole, the GE companies project they will hold 50,125 claims in 2004 and the LT companies project 9,409. In 2004, 93 percent of the respondents' claims are projected to be in Nevada.

Note: On July 1, 2004, the BLM published notice in the Federal Register that effective September 1, 2004, the federal fees for mining claims will increase. The location fee for each new claim will increase from \$25 to \$30 and the annual maintenance fee will increase from \$100 to \$125. Any impacts from this fee increase are not reflected in this survey.

FACTORS INFLUENCING ACTIVITY

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

1. Existence of favorable geology
2. Commodity prices
3. Actual length of permitting time frames
4. Uncertainty over permitting time frames
5. Announcements of new discoveries
6. Uncertainty over mining law reform
7. Federal claim maintenance fees
8. Land exchanges / withdrawals
9. Changes in foreign mining laws
9. (tie) Wilderness Study Areas / ACECs

Other factors written in were foreign political stability, socio-political beliefs, financing, and bonding.

The ranking of factors is similar to previous years, but not identical. For all respondents, existence of favorable geology remained the most important factor, followed by commodity prices. The gold price has improved significantly from an average of \$310 per troy ounce in 2002 to \$363 in 2003. As of July, 2004, gold was trading in the \$400 per troy ounce range. The actual length of permitting time frames became the third most important factor. Federal claim maintenance fees were the seventh most important factor in this survey. As previously mentioned, this survey does not measure the impact of the federal claim maintenance fee increase scheduled to take effect September 1, 2004.

Both the GE companies and LT companies ranked favorable geology and commodity prices as the most important factors, followed by permitting time frames. The GE companies ranked the federal claim maintenance fees as the least most important factor, whereas the LT companies were least concerned about changes in foreign mining laws and wilderness study areas. Graphs 8, 9, and 10 show the relative importance of factors for all respondents, GE companies, and LT companies respectively. Due to the relative importance of permitting time frames, 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 a plan of operations approved. For a notice, the time ranged from 2 weeks to 8 months with an average of 2.2 months. For a plan, the time ranged from 2 months to 3 years with an average of 9.4 months. The LT companies were generally able to obtain their permits faster than the GE companies. For a notice the average time for LT companies was 2.1 months compared to 2.3 months for the GE companies. For a plan the average time for the LT companies was 8.5 months compared to 10.6 months for the GE companies.

After 2 years of decreasing permitting time frames, the time required for both notices and plans increased in 2003. On average a notice took 1.8 months in 2002 and 2.2 months in 2003. A plan took 9 months in 2002 and 10.4 months in 2003.

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, 8 of 10 companies (80 percent) replaced their reserves. Nineteen companies had no worldwide production. The GE companies were more successful at worldwide reserve replacement with 7 of 8 (87 percent) replacing their reserves than the LT companies with 1 of 2 (50 percent).

In the U.S., including Nevada, 7 of 8 companies (87 percent) replaced their reserves. Five of 5 (100 percent) of the GE companies compared to 2 of 3 (67 percent) of the LT companies.

In Nevada, 9 of 11 companies (82 percent) replaced their reserves. Six of 6 (100 percent) of the GE companies replaced their reserves compared to 3 of 5 (60 percent) of the 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, 57 percent of respondents budgets were spent on expansions and 43 percent on grass roots efforts. The GE companies focused slightly more on expansions with 58 percent of their budgets spent on expansions and 42 percent on grass roots efforts. The LT companies favored grass roots efforts, spending 62 percent of their budgets there and only 38 percent on expansions. For the past 2 years, grass roots efforts have increased. In 2001, respondents devoted 24 percent of their budgets to grass roots efforts, 32 percent in 2002, and 43 percent in 2003.

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 3.4, slightly higher than the previous survey’s average of 3.1. The GE companies were less concerned averaging 2.6 than the LT companies, who averaged 3.9.

ATTITUDES

Respondents were asked whether they were optimistic, neutral, or pessimistic about domestic exploration. Overall, 81 percent of the respondents reported being optimistic and 19 percent were neutral. This is the first time in the ten year history of this survey that no respondent has reported being pessimistic. The GE companies were 87 percent optimistic and 13 percent neutral, while the LT companies were 78 percent optimistic and 22 percent neutral.

Graph 11 shows the calculated “optimism indices” for all respondents, GE companies and LT companies for the past 10 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 total number of respondents is the optimism index. The greater the optimism, the higher the optimism index. The optimism index for 2003 is higher than any other year.

CONCLUSIONS

The respondents to this survey reported spending \$69.2 million on Nevada exploration activities in 2003, a 7 percent increase over the 2002 level. Projections for 2004 show an additional increase of 29 percent to \$89.1 million. The number of geologists employed stood at 126 in 2003, down slightly from the 129 reported in 2002, but is projected to rise to 158 in 2004. Existence of favorable geology remained the most important factor influencing the respondents’ level of exploration activities, followed by commodity prices. Permitting time frames increased from 2002 levels and are also important factors. Nine out of 11 respondents who have Nevada production were able to replace their production with newly found reserves. Finally, 81 percent of the respondents reported they were optimistic about domestic exploration, and none were pessimistic.

TABLE 1

Number and Types of Respondents

Year	Companies with Nevada budget \geq \$1 million	Companies with Nevada budget $<$ \$1 million	Total Respondents
2003	10	20	30
2002	11	22	33
2001	10	14	24
2000	10	23	33
1999	13	20	33
1998	15	32	47
1997	26	25	51

* Data for 1994 through 1996 is available in previous surveys which may be found on the Division of Minerals' web site: <http://minerals.state.nv.us>

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

All Respondents	1997	1998	1999	2000	2001	2002	2003
Nevada	138.8	90.8	86.7	76.9	51.2	64.6	69.2
Rest of U.S.	87.6	28.5	20.6	23.5	1.9	23.6	2.2
Outside U.S.	855.6	270.3	307.3	246.0	151.2	308.8	326.2
Total World	1,082.0	389.6	414.6	346.4	204.3	397.0	397.6

Companies with Nevada budget > = \$1 million	1997	1998	1999	2000	2001	2002	2003
Nevada	134.6	86.6	83.1	72.6	49.5	60.8	67.0
Rest of U.S.	78.9	25.1	11.3	22.0	1.9	5.0	0.5
Outside U.S.	812.8	208.4	236.9	226.0	148.8	219.2	296.4
Total World	1,026.3	320.3	330.4	320.6	200.2	285.0	363.9

Companies with Nevada budget < \$1 million	1997	1998	1999	2000	2001	2002	2003
Nevada	4.2	4.0	3.5	4.3	1.7	3.8	2.2
Rest of U.S.	8.7	3.4	9.3	1.5	0.0	18.6	1.7
Outside U.S.	42.8	61.9	71.3	20.0	2.4	89.6	29.8
Total World	55.7	69.3	84.1	25.8	4.1	112.0	33.7

* Data for 1994 through 1996 is available in previous surveys which may be found on the Division of Minerals' web site: <http://minerals.state.nv.us>

TABLE 3**Geologists Employed by Respondents**

All Respondents	1997	1998	1999	2000	2001	2002	2003
Nevada	309	214	225	125	107	129	126
Rest of U.S.	NA	80	48	33	11	13	7
Outside U.S.	NA	529	449	160	90	419	423
Total World	NA	823	722	318	208	561	556

Respondents with Nevada budget > = \$1 million	1997	1998	1999	2000	2001	2002	2003
Nevada	271	187	205	100	92	110	102
Rest of U.S.	NA	40	38	14	6	1	2
Outside U.S.	NA	347	359	118	75	315	372
Total World	NA	574	602	232	173	426	476

Respondents with Nevada budget < \$1 million	1997	1998	1999	2000	2001	2002	2003
Nevada	38	27	20	25	15	19	24
Rest of U.S.	NA	40	10	19	5	12	5
Outside U.S.	NA	182	90	42	15	104	51
Total World	NA	249	120	86	35	135	80

* Data for 1994 through 1996 is available in previous surveys which may be found on the Division of Minerals' web site: <http://minerals.state.nv.us>

TABLE 4**Mining Claims Held by Respondents**

All Respondents	1997	1998	1999	2000	2001	2002	2003
Nevada	89,833	53,292	57,466	46,112	38,075	48,988	50,760
Rest of U.S.	23,780	15,743	11,888	9,118	1,697	2,100	3,428
Total Claims	113,951	69,035	69,354	55,230	39,772	51,088	54,188

Respondents with Nevada budget > = \$1 million	1997	1998	1999	2000	2001	2002	2003
Nevada	77,683	43,584	51,729	35,289	32,696	42,404	43,389
Rest of U.S.	13,839	5,553	9,863	5,557	654	1,679	2,625
Total Claims	91,522	49,137	61,592	40,846	33,350	44,083	46,014

Respondents with Nevada budget < \$1 million	1997	1998	1999	2000	2001	2002	2003
Nevada	12,150	9,708	5,737	10,823	5,379	6,584	7,371
Rest of U.S.	9,941	10,190	2,025	3,561	1,043	421	803
Total Claims	22,091	19,898	7,762	14,384	6,422	7,005	8,174

* Data for 1994 through 1996 is available in previous surveys which may be found on the Division of Minerals' web site: <http://minerals.state.nv.us>

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	1997	1998	1999	2000	2001	2002	2003
Worldwide?	66	75	74	62	43	71	80
Domestically?	60	54	62	35	23	62	87
In Nevada?	28	43	54	47	25	54	82

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

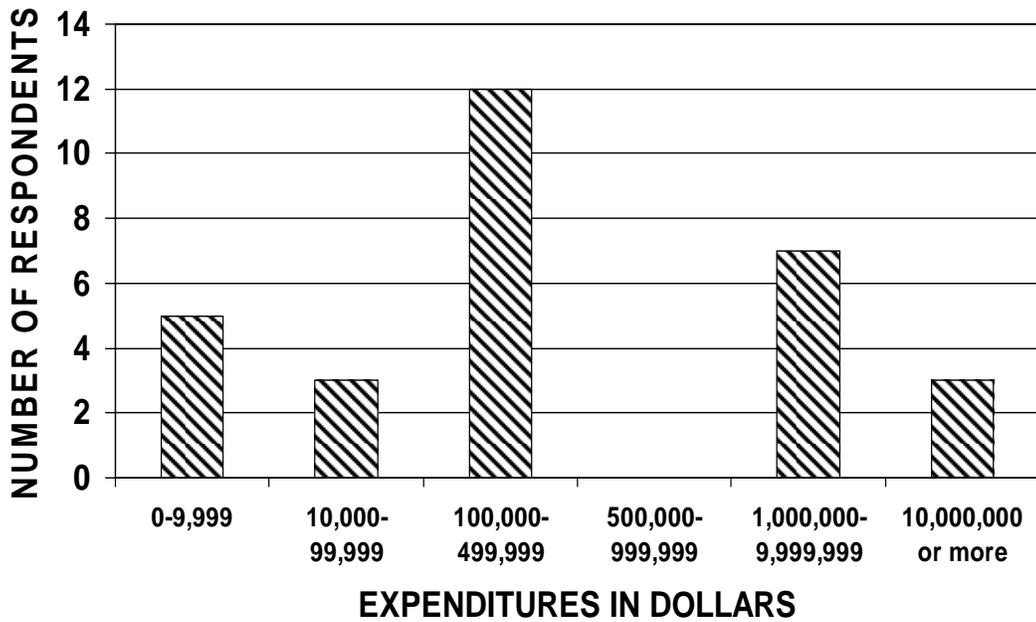
Are you replacing your reserves	1997	1998	1999	2000	2001	2002	2003
Worldwide?	65	91	80	71	37	67	87
Domestically?	67	56	50	37	29	62	100
In Nevada?	42	50	44	44	29	67	100

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

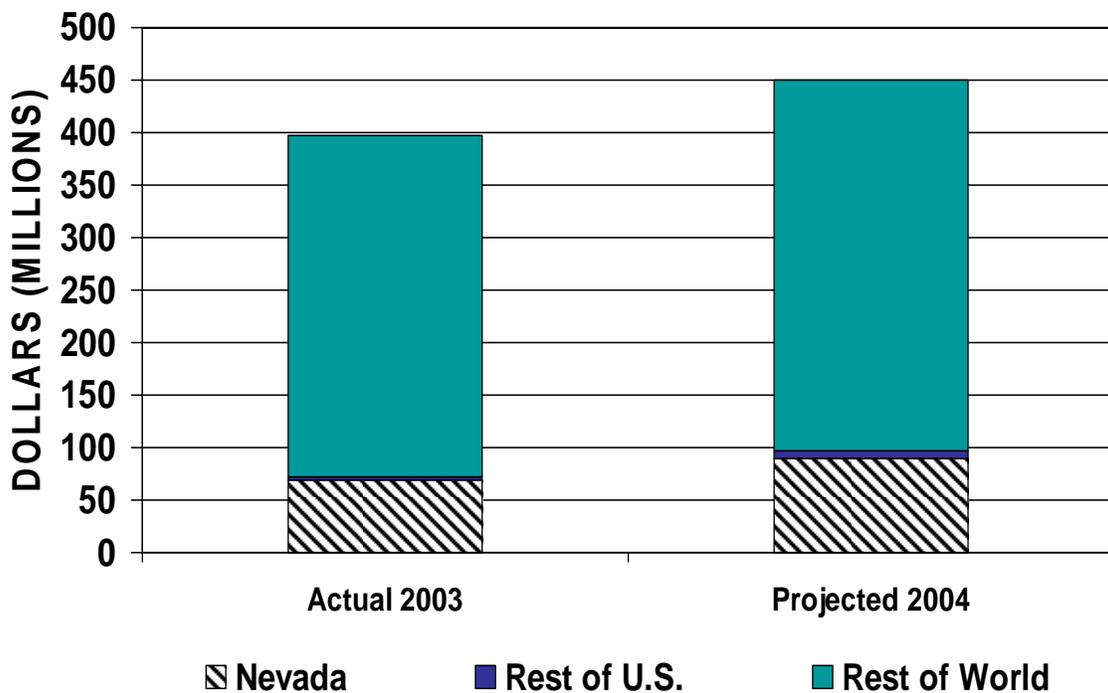
Are you replacing your reserves	1997	1998	1999	2000	2001	2002	2003
Worldwide?	67	65	67	56	50	80	50
Domestically?	55	53	80	33	17	60	67
In Nevada?	16	38	75	50	20	25	60

* Data for 1994 through 1996 is available in previous surveys and may be found on the Division of Minerals' web site: <http://minerals.state.nv.us>

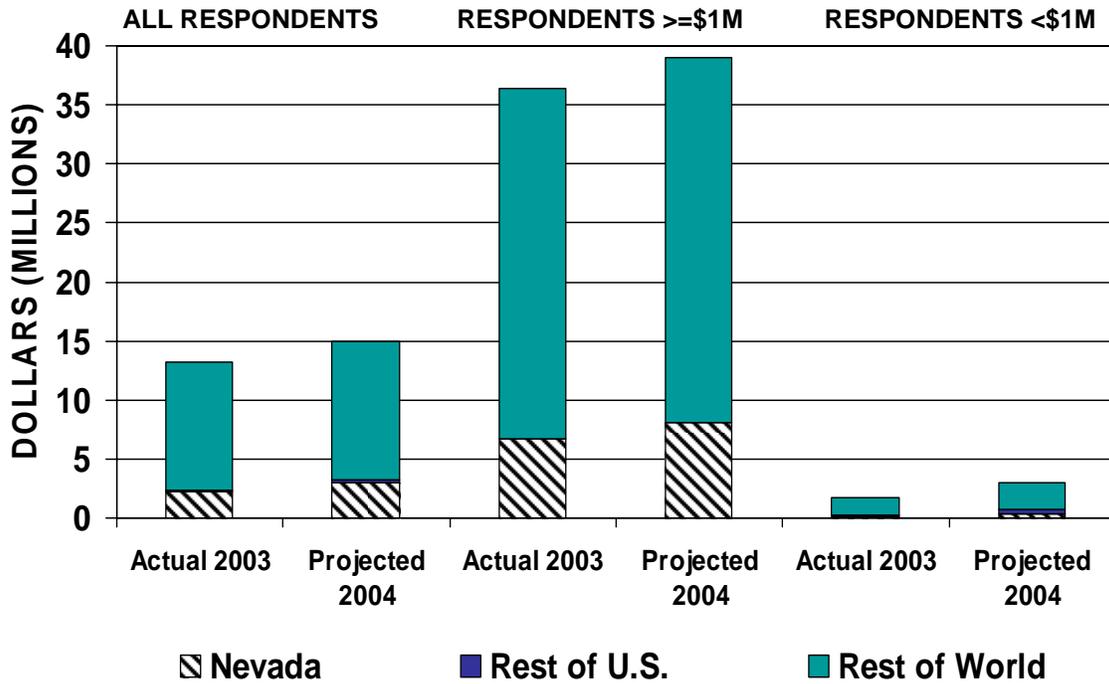
NEVADA DIVISION OF MINERALS
 GRAPH 1
 RESPONDENTS' NEVADA EXPLORATION EXPENDITURES 2003



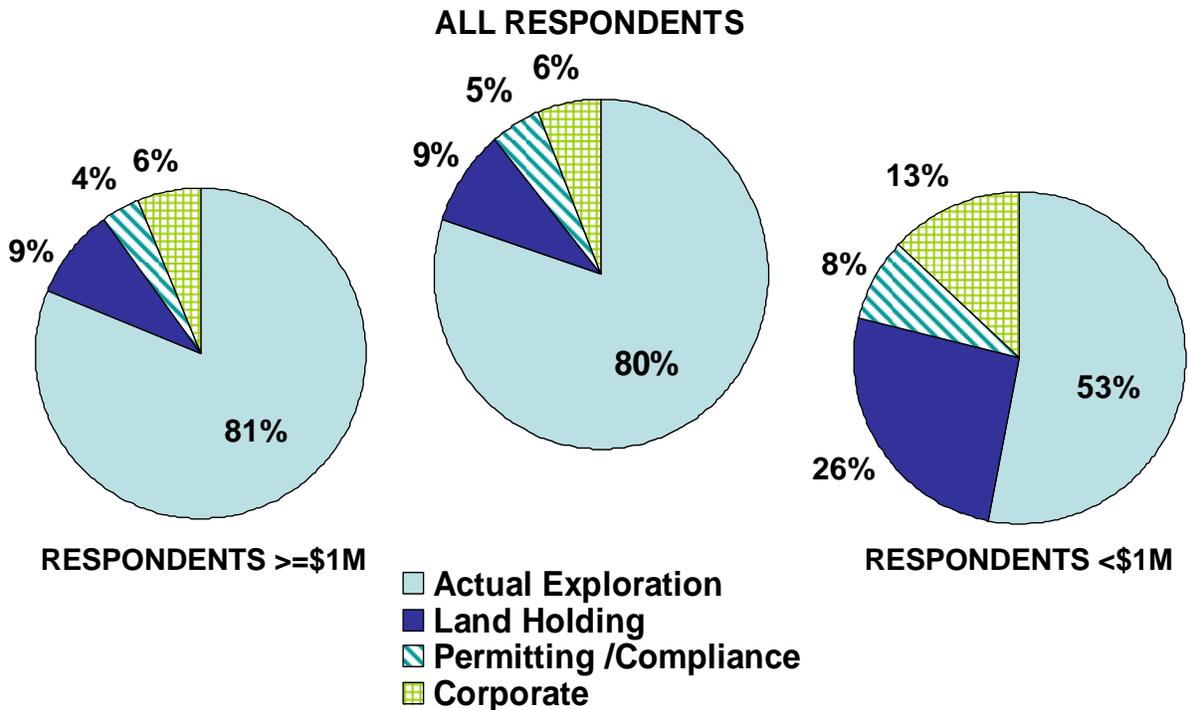
NEVADA DIVISION OF MINERALS
 GRAPH 2
 TOTAL EXPLORATION SPENDING 2003/2004



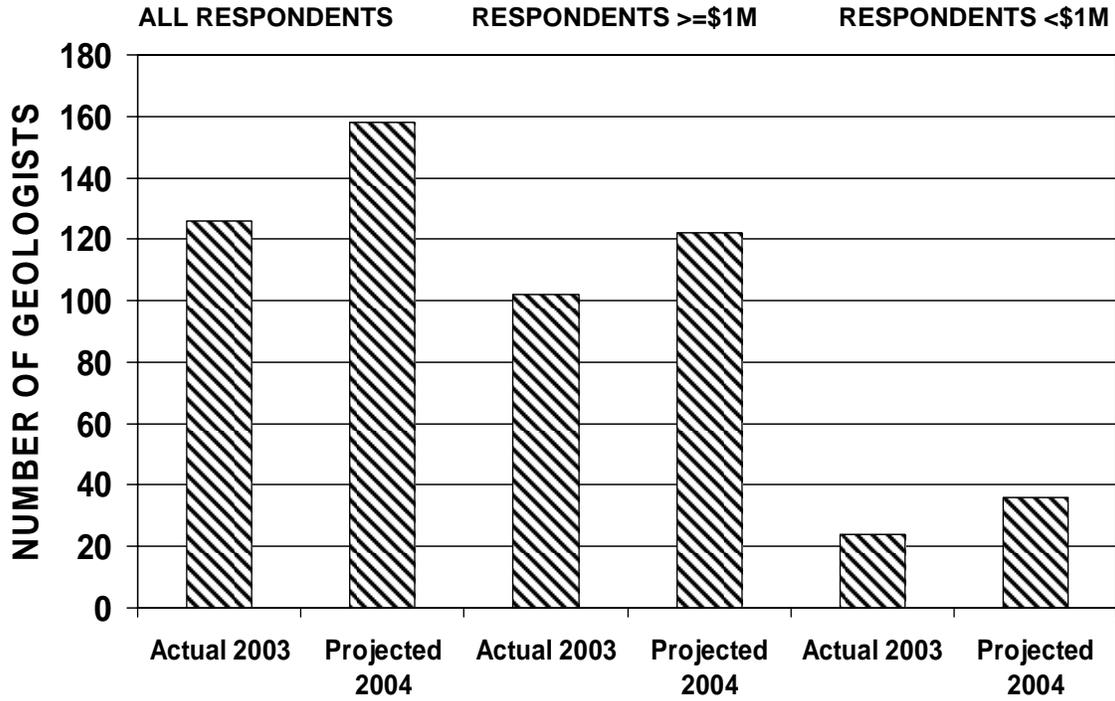
NEVADA DIVISION OF MINERALS
 GRAPH 3
 AVERAGE SPENDING PER RESPONDENT 2003/2004



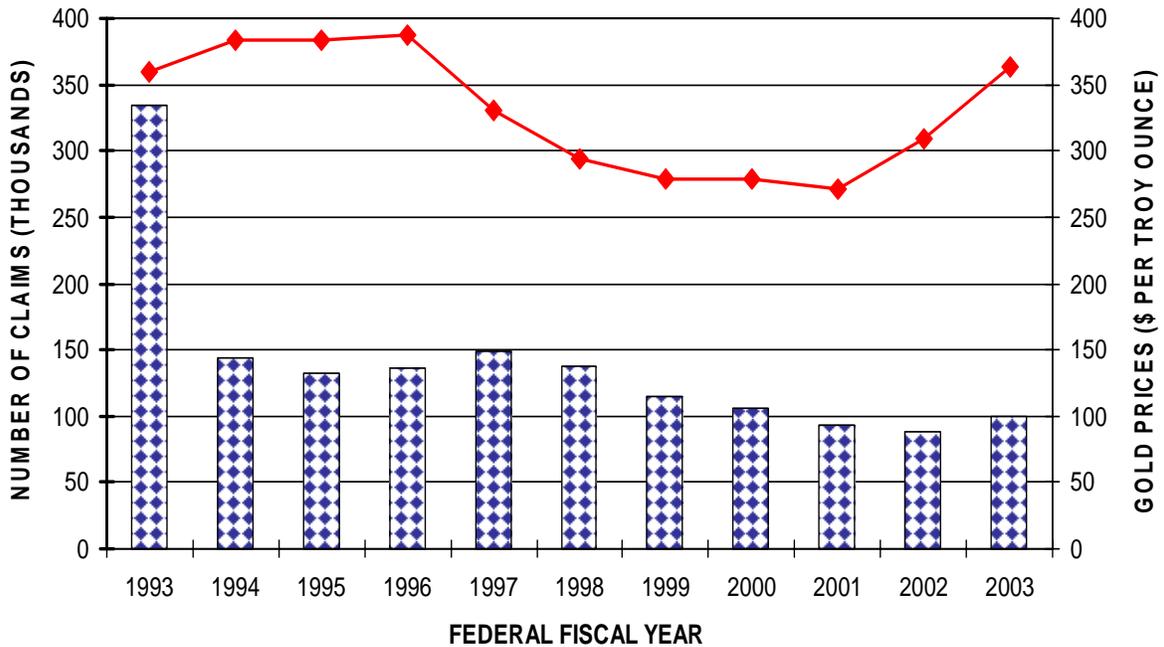
NEVADA DIVISION OF MINERALS
 GRAPH 4
 BREAKDOWN OF NEVADA EXPENSES 2003



NEVADA DIVISION OF MINERALS
GRAPH 5
EXPLORATION GEOLOGISTS EMPLOYED IN NEVADA 2003/2004



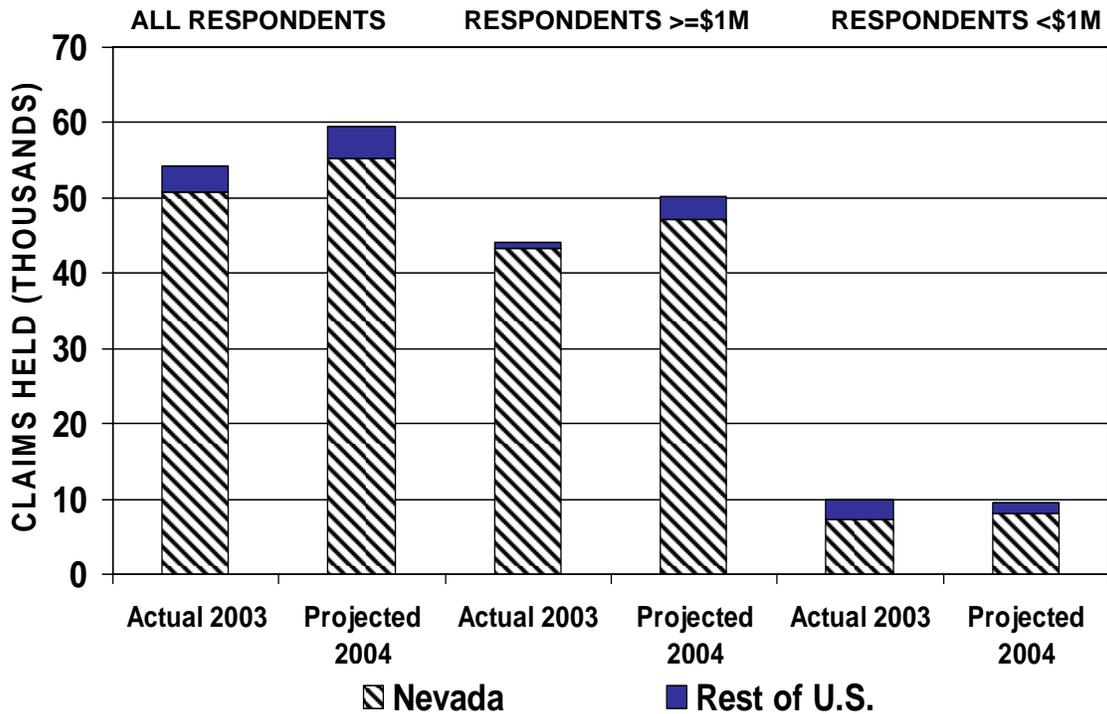
NEVADA DIVISION OF MINERALS
GRAPH 6
NEVADA MINING CLAIMS & AVERAGE GOLD PRICES, 1993-2003



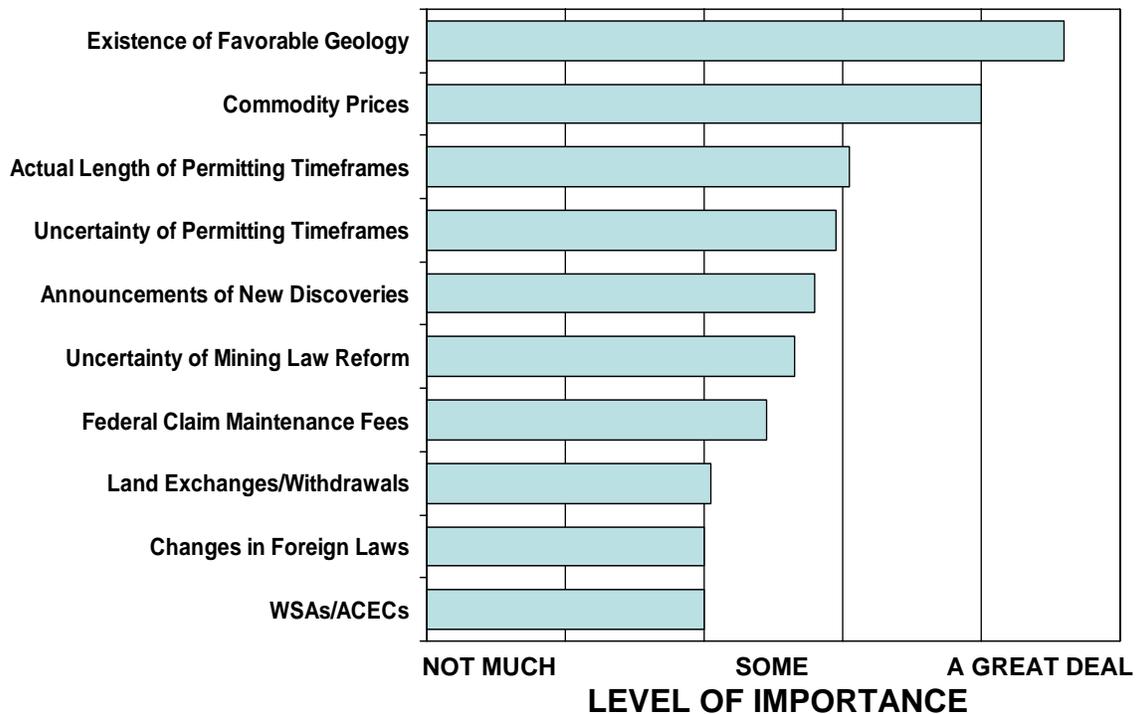
Number of Claims
 Avg. Gold Price

NOTE: Claim data from the BLM Public Land Statistics

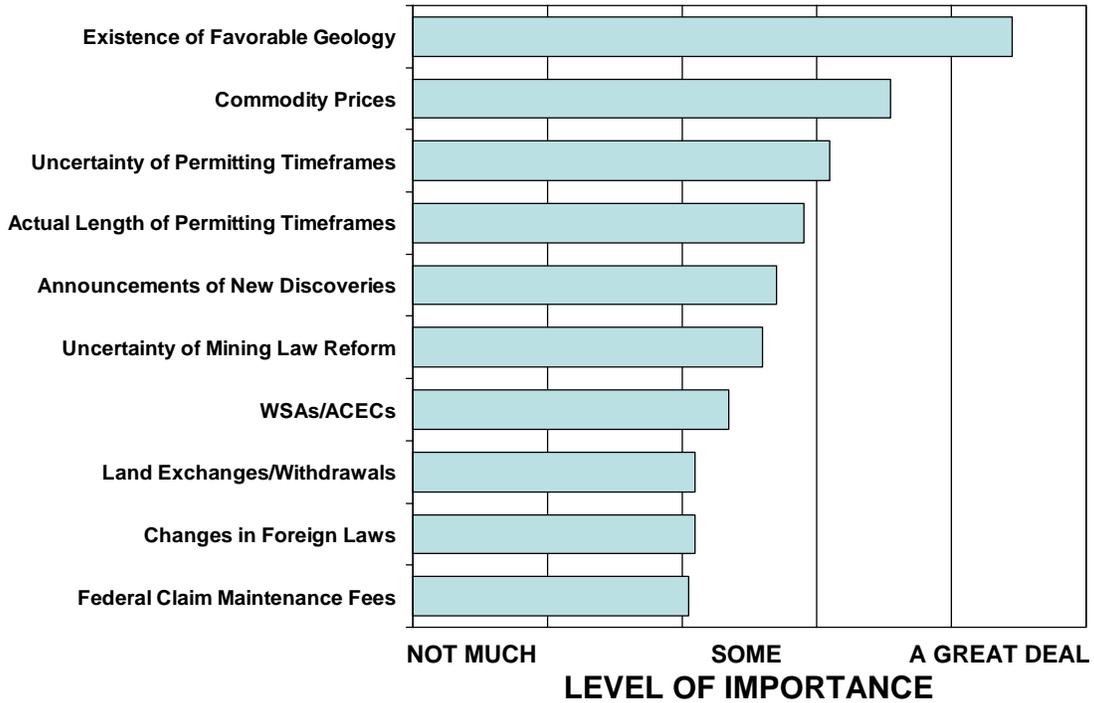
**NEVADA DIVISION OF MINERALS
GRAPH 7
NUMBER OF CLAIMS HELD 2003/2004**



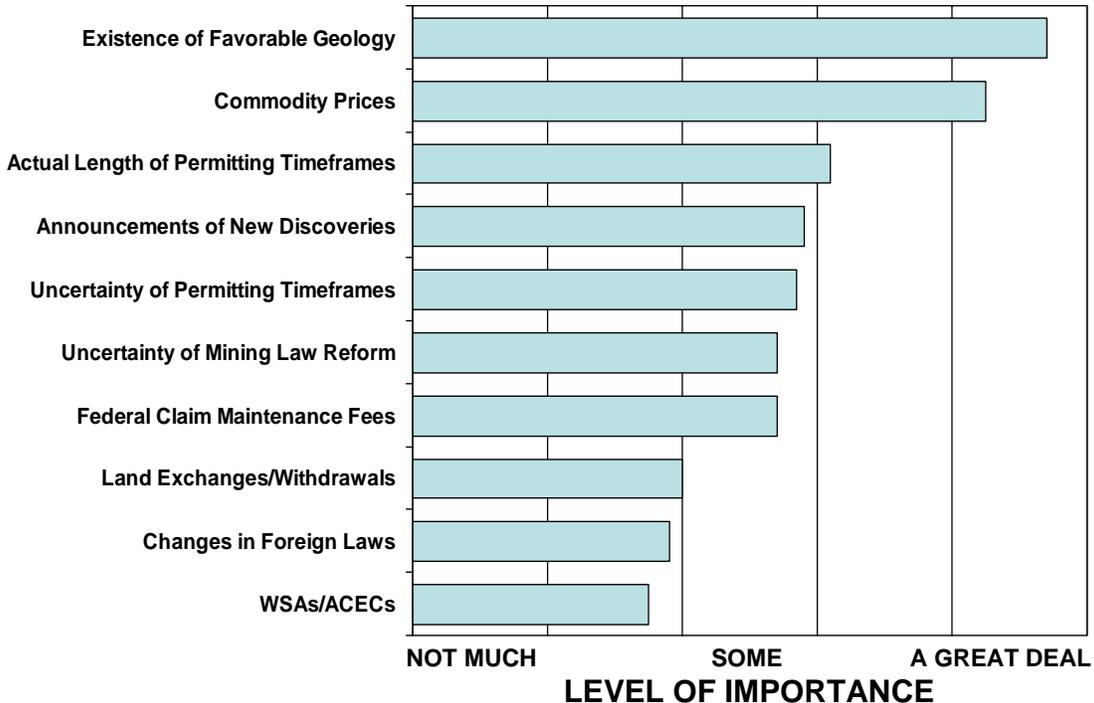
**NEVADA DIVISION OF MINERALS
GRAPH 8
FACTORS INFLUENCING ACTIVITY 2003
ALL RESPONDENTS**



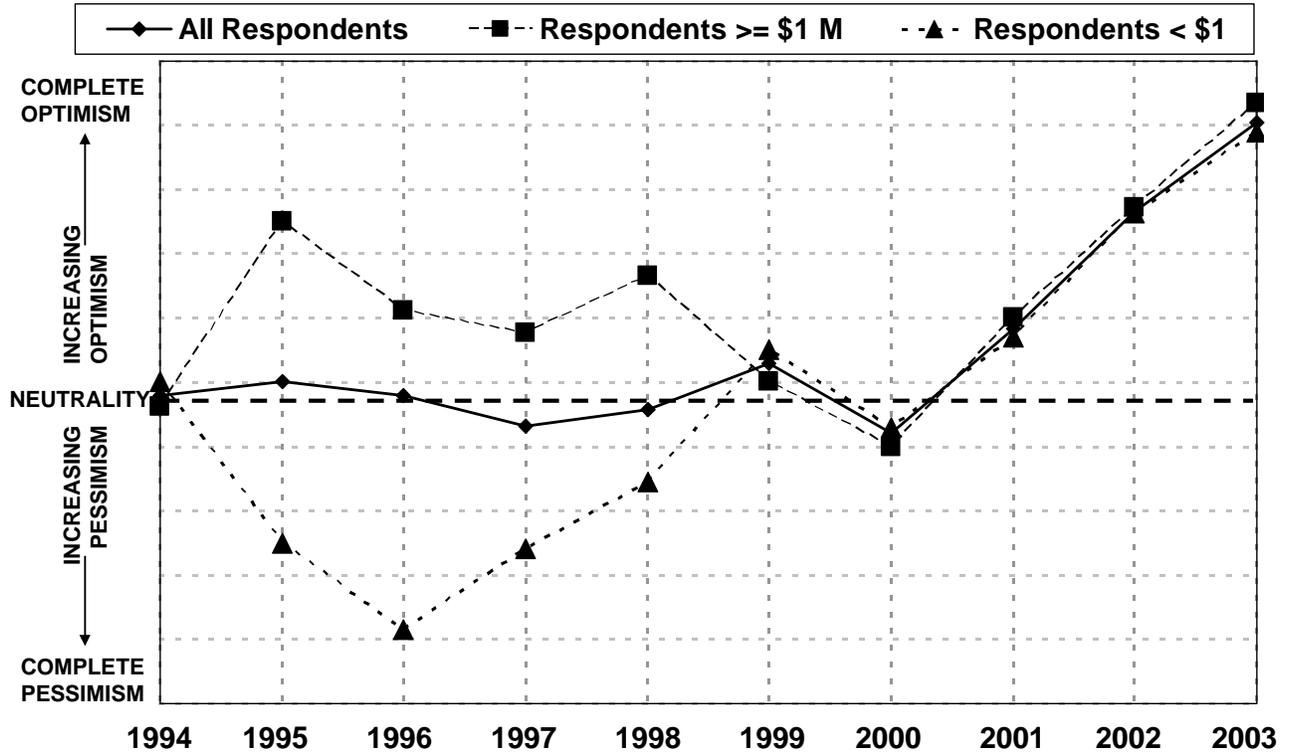
**NEVADA DIVISION OF MINERALS
GRAPH 9
FACTORS INFLUENCING ACTIVITY 2003
RESPONDENTS \geq \$1 MILLION**



**NEVADA DIVISION OF MINERALS
GRAPH 10
FACTORS INFLUENCING ACTIVITY 2003
RESPONDENTS $<$ \$1 MILLION**



NEVADA DIVISION OF MINERALS
 GRAPH 11
 OPTIMISM INDEX 1994-2003



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

Company Name: _____

Contact Person / Phone: _____

1. Level of Exploration Activity	2003 Actual	2004 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	_____	_____

2. 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 %

3. 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 %)

4. Please rank the following factors in the order they influence your exploration activity. Please rank the most important factor with a "1" and the least important factor with an "11."

- _____ 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) _____

5. 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.

Questions or comments? Please call Doug Driesner at (775) 684-7046.