



KENNY C. GUINN
Governor

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS
400 W. King Street, Suite 106
Carson City, Nevada 89703
(775) 684-7040 • Fax (775) 684-7052
<http://minerals.state.nv.us/>

Las Vegas Branch:
1771 E. Flamingo Rd.
Suite #120-A
Las Vegas, Nevada 89119
(702) 486-4343
Fax (702) 486-4345

ALAN R. COYNER
Administrator

COMMISSION ON MINERAL RESOURCES

DIVISION OF MINERALS

NEVADA EXPLORATION SURVEY 2004

by

Doug Driesner, Director of Mining Services

Alan R. Coyner, Administrator

May, 2005

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.

Commission on Mineral Resources

Fred D. Gibson, Jr., Chairman (Large Scale Mining)
Ron Parratt, Vice Chairman (Exploration and Development)
Dennis Bryan (Small Scale Mining and Prospecting)
James Chavis (Large Scale Mining)
Patrick Fagan (Geothermal Resources)
Eugene Kozlowski (Oil and Gas)
Jay Parmer (General Public)

Division of Minerals Staff

Alan Coyner, Administrator, Division of Minerals
Doug Driesner, Director, Mining Services
Bill Durbin, Chief, Southern Nevada Operations, Geologist
Mike Visher, Chief, Abandoned Mine Lands
Christy Morris, Program Manager, Oil, Gas, and Geothermal
Linda Wells, Administrative Assistant IV, Oil, Gas, and Geothermal
Wanda Martin, Program Officer II
Deborah Selig, Administrative Assistant IV, Las Vegas Office
George Bishop, Field Specialist, Abandoned Mine Lands

Additional copies of this report may be obtained from the Division of Minerals.
This report may also be downloaded from the Division website at <http://minerals.state.nv.us/>

EXECUTIVE SUMMARY

This is the eleventh 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:

- Twenty-two companies responded to this survey.
- The respondents reported spending \$79.7 million on Nevada exploration activities in 2004, and project spending \$111.9 million in 2005, a 40 percent increase. \$47.2 million was spent on expansions and \$32.5 million was spent on grass-roots efforts.
- The respondents reported their worldwide exploration expenditures in 2004 were \$437.9 million, and are projecting an increase to \$503.2 million in 2005.
- The respondents spent 75.0 percent of their budgets on actual exploration costs, 11.6 percent on land holding costs, 6.5 percent on corporate costs, 4.9 percent on permitting and compliance costs, and 2.0 percent on other costs.
- The respondents reported employing 123 geologists, down from the 126 employed in 2003. Projections for 2005 show an increase to 144 geologists.
- The respondents reported holding 56,673 claims in Nevada and 63,591 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 3 to 24 months, with an average of 10 months, up from 9 ½ months in 2003.
- Five out of 7, or 71 percent of respondents who have Nevada production, were able to replace their production with newly found reserves.
- Seventy-five percent of the respondents reported they were optimistic about domestic exploration, while 25 percent were neutral. No respondent reported being pessimistic.

INTRODUCTION

In the spring of 2005, the Division of Minerals conducted its eleventh 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 questionnaires were sent out in January. Responses were received from 22 companies. The Division appreciates the efforts made by those who responded. 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 2004 totaled \$79.7 million, up 15 percent from the \$69.2 million reported for 2003. The actual expenditures reported for 2004 were lower than the \$89.1 million which had been projected in the previous survey. In this current survey, the respondents project their 2005 expenditures will be \$111.9 million. Reported spending in 2004 marked the third 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 2004 was reported to be \$9.5 million, up from the \$2.2 million reported for 2003. The respondents project their non-Nevada U.S. spending will rise to \$12.7 million in 2005. It should be pointed out there is a Nevada bias in this survey as companies without known activity in Nevada are not polled. Spending in Nevada was 89.3 percent of the respondents' total U.S. spending in 2004, down from 96.9 percent in 2003. Nevada's percentage of domestic spending is projected to be 89.8 in 2005.

Respondents reported that their worldwide spending was \$437.9 million in 2004, up 10.1 percent from the \$397.6 million reported for 2003. Projections for 2005 show a continued increase to \$503.2 million. Spending in Nevada was 18.1 percent of the respondents' worldwide spending in 2004, up from 17.4 percent in 2003. Nevada's percentage of worldwide spending is projected to increase to 22.2 in 2005.

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

Nevada exploration budgets less than \$1 million (the LT companies). In this survey, there is a gap of \$460,000 between the largest LT company and the smallest GE company. Graph 1 shows the distributions of the respondents' budgets. Of the 22 respondents to this survey, 10 are GE companies and 12 are LT companies. The make up of GE companies and LT companies varies from year to year. In this survey, the number of GE companies was the same as last year, while the number of LT companies decreased. The GE companies accounted for 97.5 percent of Nevada's exploration spending in 2004. The GE companies also account for the bulk of domestic and worldwide spending with 94.4 percent and 95.6 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 2004 and projections for 2005. Table 2 shows the exploration expenditures reported in previous years from 1998 to 2004.

The average Nevada spending per respondent was \$3.6 million in 2004, up from \$2.3 million in 2003. The GE companies spent an average of \$7.8 million in 2004, while the LT companies spent an average of \$165,000. The projections for 2005 show the GE companies rising to an average of \$10.9 million and the LT companies rising to an average of \$274,000. The average spending for all respondents in 2005 is projected to be \$5.1 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 weighted against that respondent's budget.

For all respondents together, 74 percent of their budgets were spent on actual exploration, down from 80 percent in 2003. They spent 12 percent on land holding costs, the same as 2003; 7 percent on corporate costs, up from 6 percent in 2003; 5 percent on permitting and compliance costs, the same as 2003; and 2 percent on other costs, specified as legal costs, up from zero in 2003.

For the GE companies as a group, 75 percent of their budgets were spent on actual exploration, down from 81 percent in 2003. They spent 12 percent on land holding costs, up from 9 percent in 2003; 6 percent on corporate costs, the same as 2003; 5 percent on permitting and compliance costs, up from 4 percent in 2003; and 2 percent on other, legal costs, up from zero in 2003.

For the LT companies as a group, 54 percent of their budgets were spent on actual exploration, up from 53 percent in 2003. They spent 16 percent on land holding costs, down from 26 percent in 2003; 23 percent on corporate costs, up from 13 percent in 2003; and 7 percent on permitting and compliance costs, down from 8 percent in 2003. Nothing was reported for other costs, the same as 2003.

The GE companies continue to spend a higher percentage of their budgets on actual exploration than the LT companies. The LT companies spent a higher percentage on land holding

and corporate 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 123 geologists on the payroll in 2004, down slightly from 126 in 2003. This is lower than the 158 geologists who were projected to be employed by the previous survey. Respondents to the current survey project that 144 geologists will be employed in Nevada in 2005. Of the 123 geologists at work in Nevada in 2004, 109 were employed by the GE companies and 14 by the LT companies. Graph 5 shows the number of geologists employed in 2004 and projected to be employed in 2005. Table 3 shows the number of geologists employed in the previous surveys from 1998 to 2004.

In the U.S., including Nevada, 165 geologists were reported to be at work in 2004, up from 133 in 2003. Of those, 138 were employed by the GE companies and 27 were employed by the LT companies. Seventy-nine percent of the domestic geologists employed by the GE companies in 2004 were working in Nevada, compared to 52 percent for the LT companies. Overall, 75 percent of domestic geologists were at work on Nevada projects. Projections for domestic employment in 2005 show an increase to 188, and Nevada's percentage is projected to rise to 77. Of the 188 domestic geologists projected to be employed in 2005, the GE companies account for 158 and the LT companies 30. Eighty-three percent of the GE company's geologists are projected to be at work in Nevada, compared to 43 percent for the LT companies.

Worldwide, including the U.S., respondents reported 792 geologists at work in 2004, up sharply from 556 in 2003. Of those, 698 were working for GE companies and 94 for LT companies. Nevada's percentage of worldwide geological employment was 16 for all respondents, and 16 and 15 for the GE companies and LT companies, respectively. The respondents project an increase to 829 geologists employed worldwide in 2005, with 732 employed by the GE companies and 97 by the LT companies. Nevada's projected percentages of worldwide geological employment for 2005 are 17 for all respondents, 18 for the GE companies, and 13 for the LT companies.

EXPENDITURES PER GEOLOGIST

Reported expenditures were higher in 2004 than 2003. Although there was a slight drop in the number of geologists employed in Nevada, there was a rise in the geologists employed in the U.S. as a whole and worldwide. For all respondents the average spending per geologist in Nevada in 2004 was \$648,000, up from \$549,000 in 2003. In Nevada, the GE companies spent more per geologist (\$713,000) than the LT companies (\$165,000). Projections for 2005 show the GE companies spending \$829,000 per geologist, the LT companies spending \$253,000 per geologist, and \$777,000 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 per geologist in the U.S. than in Nevada alone. In 2004, the GE companies spent \$610,000 per domestic geologist, whereas the LT companies spent \$184,000. Worldwide, the spending per geologist was lower for the GE companies than in Nevada

or the U.S., but higher for the LT companies. The worldwide spending per geologist was \$553,000 for all respondents, \$600,000 for the GE companies, and \$207,000 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 2004, Volume 189, dated April 2005, there were 119,050 claims in Nevada, compared to 99,755 in 2003. Graph 6 shows the number of claims held in Nevada according to BLM from 1994 to 2004, and the average gold prices for those years.

Respondents to this survey reported holding 56,673 claims in Nevada and 63,591 claims in the U.S. as a whole in 2004 compared to 50,760 and 54,188 respectively in 2003. Thus, respondents to this survey account for nearly one half of the claims in Nevada. Ninety-four percent of the claims in Nevada reported in this survey were held by the GE companies with 53,460 compared to 3,213 for the LT companies. In the U.S. as a whole, the GE companies held 57,650 claims and the LT companies held 5,941. Eighty-nine percent of the claims held by respondents are in Nevada.

Projections for 2005 show a 3 percent increase in the number of claims held by respondents. The total claims held by all respondents is projected to be 58,460 claims in Nevada and 64,840 in the U.S. as a whole. The GE companies expect to hold 55,697 claims in Nevada in 2005 and the LT companies expect to hold 2,763. In the U.S. as a whole, the GE companies expect to hold 59,849 claims and the LT companies expect to hold 4,991. In 2005, 90 percent of the claims held by respondents are projected to be in Nevada.

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. Announcements of new discoveries
4. Actual length of permitting time
5. Uncertainty over permitting time frames
6. Uncertainty over mining law reform
7. Federal claim maintenance fees
8. Wilderness study areas / ACECs
9. Changes in foreign mining laws
10. Land exchanges / withdrawals

One other factor written in was the cost of land acquisition.

The ranking of factors is similar to previous years, but not identical. For all respondents, the existence of favorable geology remained the most important factor, followed by commodity prices.

The gold price has improved from an average of \$363 per troy ounce in 2003 to \$410 in 2004. As of April 2005, gold was trading in the \$430 per troy ounce range. Announcements of new discoveries became the third most important factor followed closely by the actual length of permitting time and uncertainty of permitting time frames. Federal claim fees remained the seventh most important factor, while land exchanges/withdrawals was the least important.

Both the GE companies and the LT companies ranked favorable geology and commodity prices as the most important factors. The next most important factors for the GE companies were announcements of new discoveries and federal claim maintenance fees, while for the LT companies the next most important factors were the actual length and uncertainty of permitting times.

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 1 month to 6 months, with an average of 2.5 months. For a plan, the time ranged from 3 months to 2 years, with an average of 10 months for all respondents. For a notice, the average time for the GE companies was 1.5 months, compared to 3 months for the LT companies. For a plan, the average time for the GE companies was 11 months compared to 9 months for the LT companies. The permitting times for notices and plans were mixed compared to last year. On average a notice took 2.2 months in 2003 and increased to 2.5 months in 2004. The average time for a plan was 10.4 months in 2003 and 10 months in 2004. Some respondents from both GE and LT companies wrote in that the time required to obtain bonding was significant.

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 indicated 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 9 companies with production (89 percent) replaced their reserves. Thirteen companies had no worldwide production. The GE companies were more successful at worldwide reserve replacement with 6 of 6 (100 percent) replacing their reserves than the LT companies with 2 of 3 (67 percent).

In the U.S., including Nevada, 6 of 7 companies with production (86 percent) replaced their reserves. Four of 4 (100 percent) of the GE companies replaced their reserves compared to 2 of 3 (67 percent) of the LT companies.

In Nevada, 5 of 7 companies with production (71 percent) replaced their reserves. Four of 4 GE companies replaced their reserves compared to 1 of 3 (33 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, 59

percent of the respondents' budgets were spent on expansions and 41 percent on grass roots efforts. The GE companies focused slightly more on expansions with 60 percent of their budgets spent on expansions and 40 percent on grass-roots efforts. The LT companies focused more on grass-roots efforts, with 80 percent of their budgets spent on grass-roots efforts and 20 percent on expansions. Surveys for each of the previous 3 years have shown an increase in the percentage of respondents' budgets devoted to grass-roots efforts.

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 2.9, down from the previous survey's average of 3.4. The GE companies were slightly less concerned averaging 2.7 compared to the LT companies, who averaged 3.0.

ATTITUDES

Respondents were asked whether they were optimistic, neutral, or pessimistic about domestic exploration. Overall, 75 percent of the respondents reported being optimistic and 25 percent were neutral. This is the second year in a row that no respondent has reported being pessimistic. The GE companies were 89 percent optimistic and 11 percent neutral, while the LT companies were 64 percent optimistic and 36 percent neutral.

Graph 11 shows the calculated "optimism indices" for all respondents, GE companies, and LT companies for the past 11 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 greater the optimism, the higher the optimism index. The optimism index for 2004 is at a high level, but down slightly from 2003 due to the number of neutral respondents.

CONCLUSIONS

The 22 respondents to this survey reported spending \$79.7 million on Nevada exploration activities in 2004, a 15 percent increase over the reported 2003 level. Projections for 2005 show an additional increase of 40 percent over 2004 to \$111.9 million. The number of geologists employed in Nevada by respondents stood at 123, down slightly from 126 in 2003. Employment of geologists is projected to increase to 144 in 2005. Respondents spent 75 percent of the overall budgets on actual exploration costs, such as drilling, mapping and assaying. Existence of favorable geology and commodity prices remained the most important factors influencing respondents' level of activity. Seventy-one percent of respondents who have Nevada production were able to replace their reserves lost due to production. Finally, 75 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
2004	10	12	22
2003	10	20	30
2002	11	22	33
2001	10	14	24
2000	10	23	33
1999	13	20	33
1998	15	32	47

* Data for 1994 through 1997 are available in previous surveys, which may be found on the Division of Minerals' web site: minerals.state.nv.us

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

All Respondents	1998	1999	2000	2001	2002	2003	2004
Nevada	90.8	86.7	76.9	51.2	64.6	69.2	79.7
Rest of U.S.	28.5	20.6	23.5	1.9	23.6	2.2	9.5
Outside U.S.	270.3	307.3	246.0	151.2	308.8	326.2	348.7
Total World	389.6	414.6	346.4	204.3	397.0	397.6	437.9

Companies with Nevada budget > = \$1 million	1998	1999	2000	2001	2002	2003	2004
Nevada	86.6	83.1	72.6	49.5	60.8	67.0	77.7
Rest of U.S.	25.1	11.3	22.0	1.9	5.0	0.5	6.6
Outside U.S.	208.4	236.9	226.0	148.8	219.2	296.4	334.2
Total World	320.3	330.4	320.6	200.2	285.0	363.9	418.5

Companies with Nevada budget < \$1 million	1998	1999	2000	2001	2002	2003	2004
Nevada	4.0	3.5	4.3	1.7	3.8	2.2	2.0
Rest of U.S.	3.4	9.3	1.5	0.0	18.6	1.7	2.9
Outside U.S.	61.9	71.3	20.0	2.4	89.6	29.8	14.5
Total World	69.3	84.1	25.8	4.1	112.0	33.7	19.4

* Data for 1994 through 1997 are available in previous surveys, which may be found on the Division of Minerals' web site: minerals.state.nv.us

TABLE 3**Geologists Employed by Respondents**

All Respondents	1998	1999	2000	2001	2002	2003	2004
Nevada	214	225	125	107	129	126	123
Rest of U.S.	80	48	33	11	13	7	42
Outside U.S.	529	449	160	90	419	423	627
Total World	823	722	318	208	561	556	792

Respondents with Nevada budget > = \$1 million	1998	1999	2000	2001	2002	2003	2004
Nevada	187	205	100	92	110	102	109
Rest of U.S.	40	38	14	6	1	2	29
Outside U.S.	347	359	118	75	315	372	560
Total World	574	602	232	173	426	476	698

Respondents with Nevada budget < \$1 million	1998	1999	2000	2001	2002	2003	2004
Nevada	27	20	25	15	19	24	14
Rest of U.S.	40	10	19	5	12	5	13
Outside U.S.	182	90	42	15	104	51	67
Total World	249	120	86	35	135	80	94

* Data for 1994 through 1997 are available in previous surveys, which may be found on the Division of Minerals' web site: minerals.state.nv.us

TABLE 4**Mining Claims Held by Respondents**

All Respondents	1998	1999	2000	2001	2002	2003	2004
Nevada	53,292	57,466	46,112	38,075	48,988	50,760	56,673
Rest of U.S.	15,743	11,888	9,118	1,697	2,100	3,428	6,918
Total Claims	69,035	69,354	55,230	39,772	51,088	54,188	63,591

Respondents with Nevada budget > = \$1 million	1998	1999	2000	2001	2002	2003	2004
Nevada	43,584	51,729	35,289	32,696	42,404	43,389	53,460
Rest of U.S.	5,553	9,863	5,557	654	1,679	2,625	4190
Total Claims	49,137	61,592	40,846	33,350	44,083	46,014	57,650

Respondents with Nevada budget < \$1 million	1998	1999	2000	2001	2002	2003	2004
Nevada	9,708	5,737	10,823	5,379	6,584	7,371	3,213
Rest of U.S.	10,190	2,025	3,561	1,043	421	803	2,728
Total Claims	19,898	7,762	14,384	6,422	7,005	8,174	5,941

* Data for 1994 through 1997 are available in previous surveys, which may be found on the Division of Minerals' web site: minerals.state.nv.us

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

Numbers refer to the percentage of respondents who answered “yes.”

For all respondents with production:

Are you replacing your reserves	1998	1999	2000	2001	2002	2003	2004
Worldwide?	75	74	62	43	71	80	89
Domestically?	54	62	35	23	62	87	86
In Nevada?	43	54	47	25	54	82	71

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

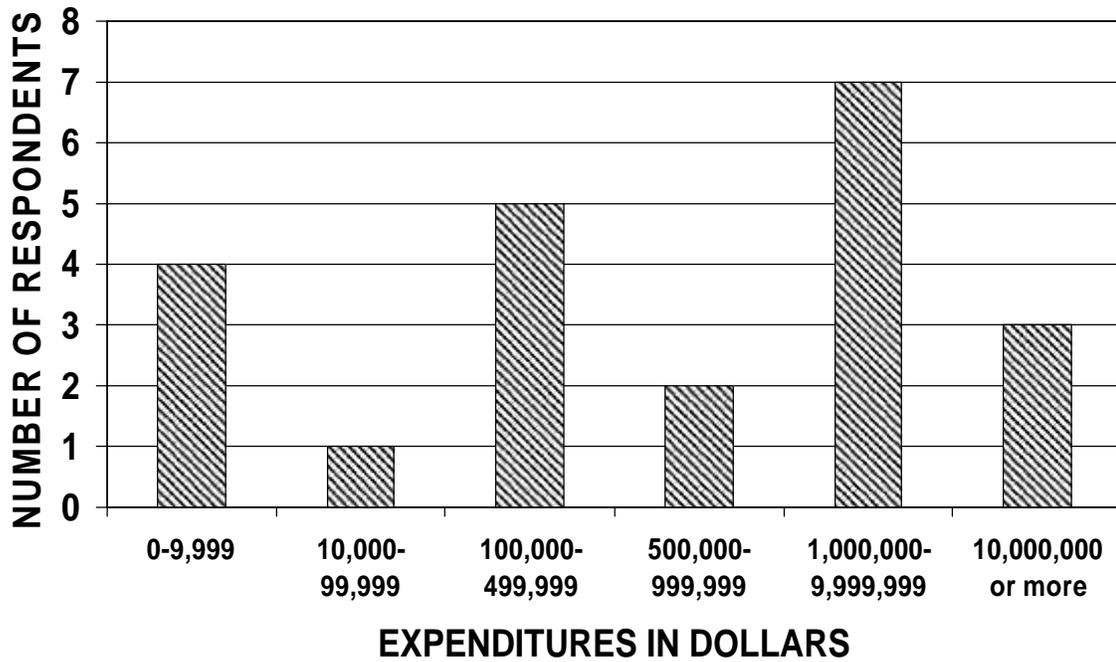
Are you replacing your reserves	1998	1999	2000	2001	2002	2003	2004
Worldwide?	91	80	71	37	67	87	100
Domestically?	56	50	37	29	62	100	100
In Nevada?	50	44	44	29	67	100	100

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

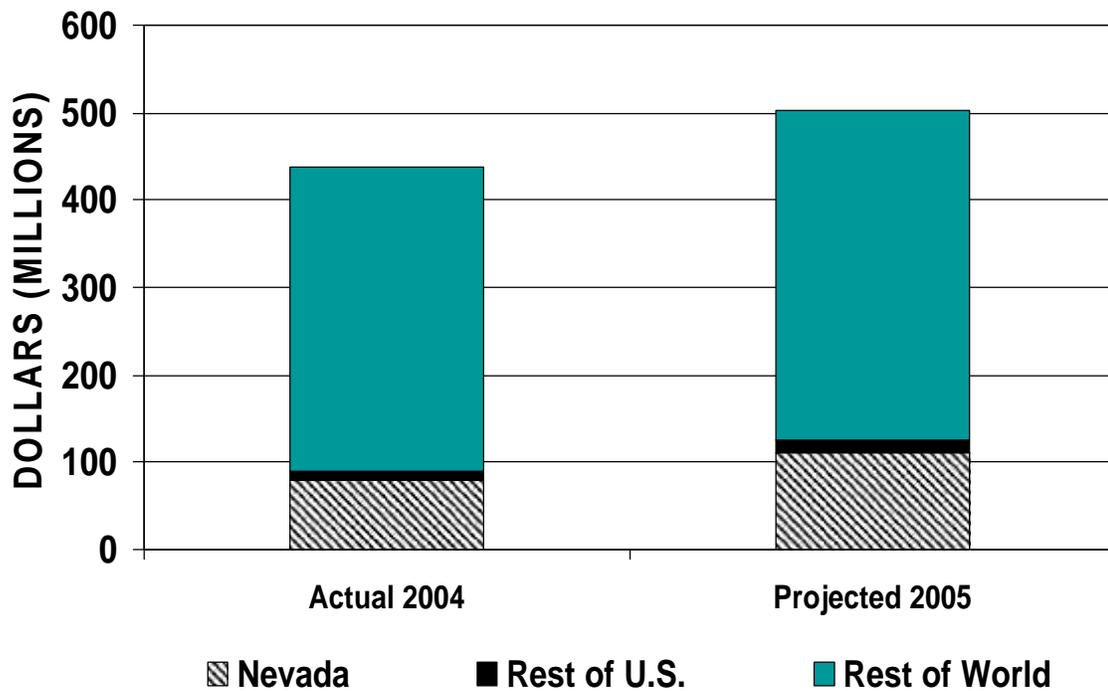
Are you replacing your reserves	1998	1999	2000	2001	2002	2003	2004
Worldwide?	65	67	56	50	80	50	67
Domestically?	53	80	33	17	60	67	67
In Nevada?	38	75	50	20	25	60	33

* Data for 1994 through 1997 are available in previous surveys, which may be found on the Division of Minerals' web site: minerals.state.nv.us

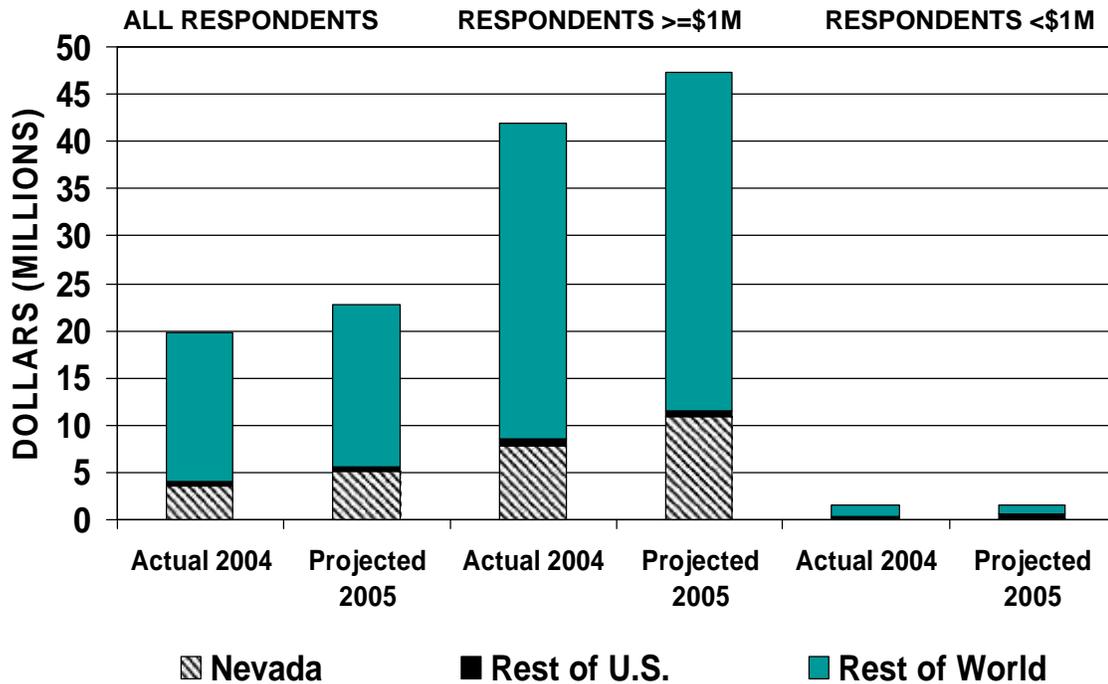
NEVADA DIVISION OF MINERALS
 GRAPH 1
 RESPONDENTS' NEVADA EXPLORATION EXPENDITURES 2004



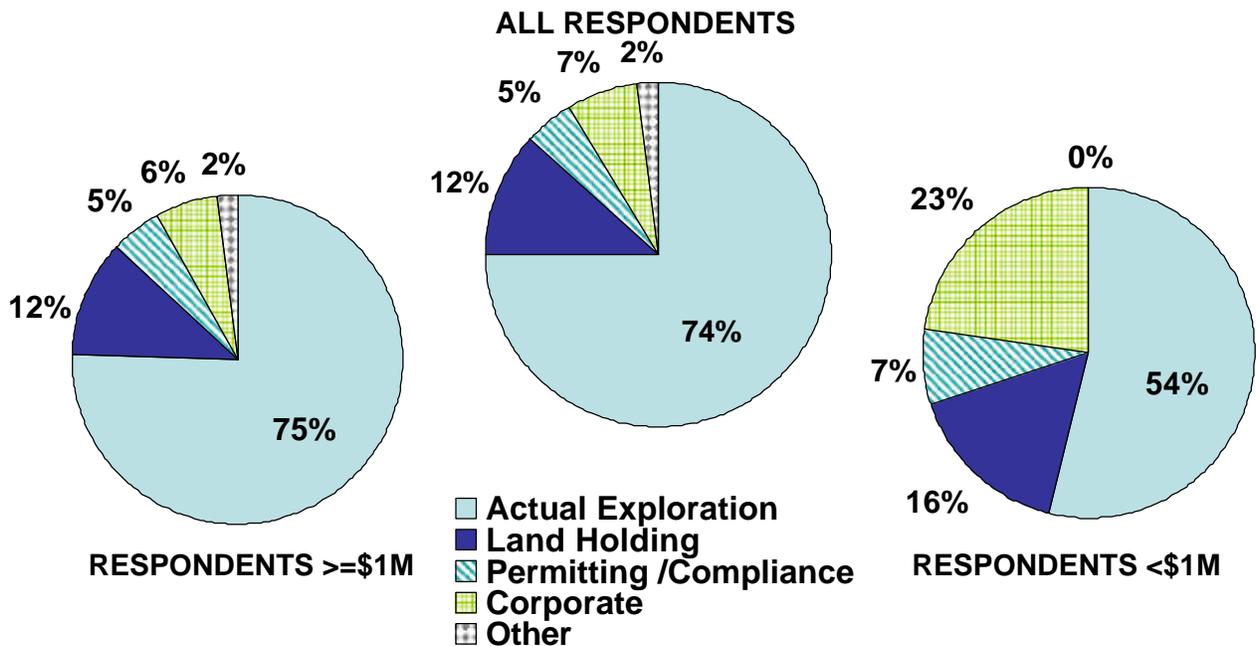
NEVADA DIVISION OF MINERALS
 GRAPH 2
 TOTAL EXPLORATION SPENDING 2004/2005



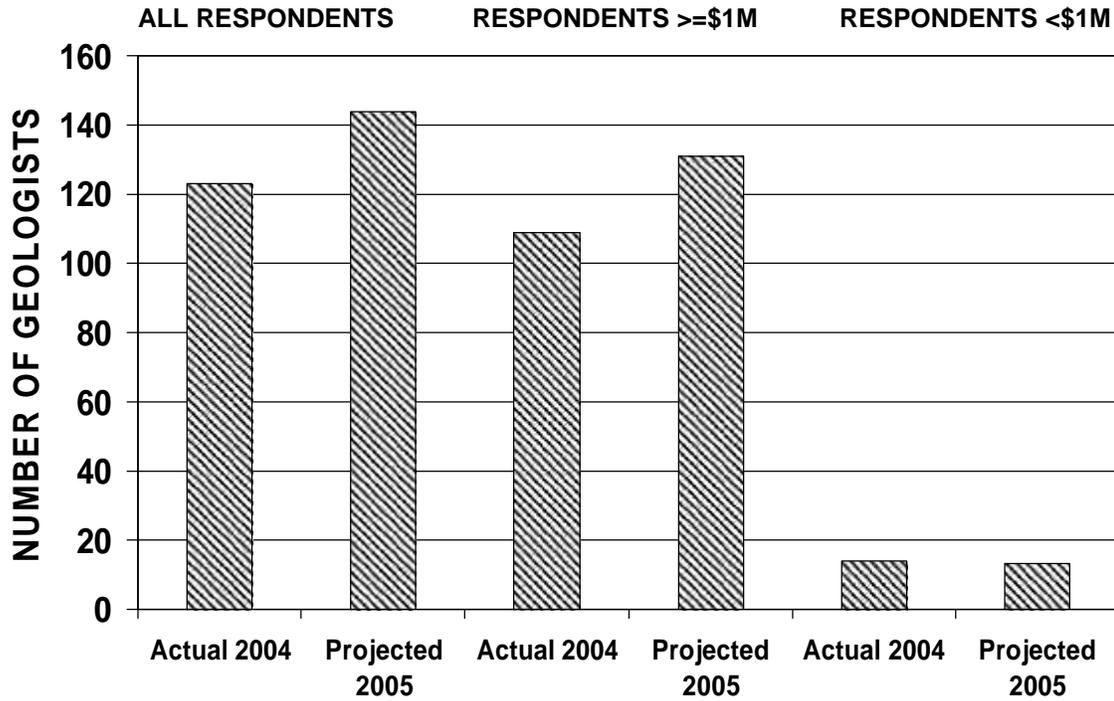
**NEVADA DIVISION OF MINERALS
GRAPH 3
AVERAGE SPENDING PER RESPONDENT 2004/2005**



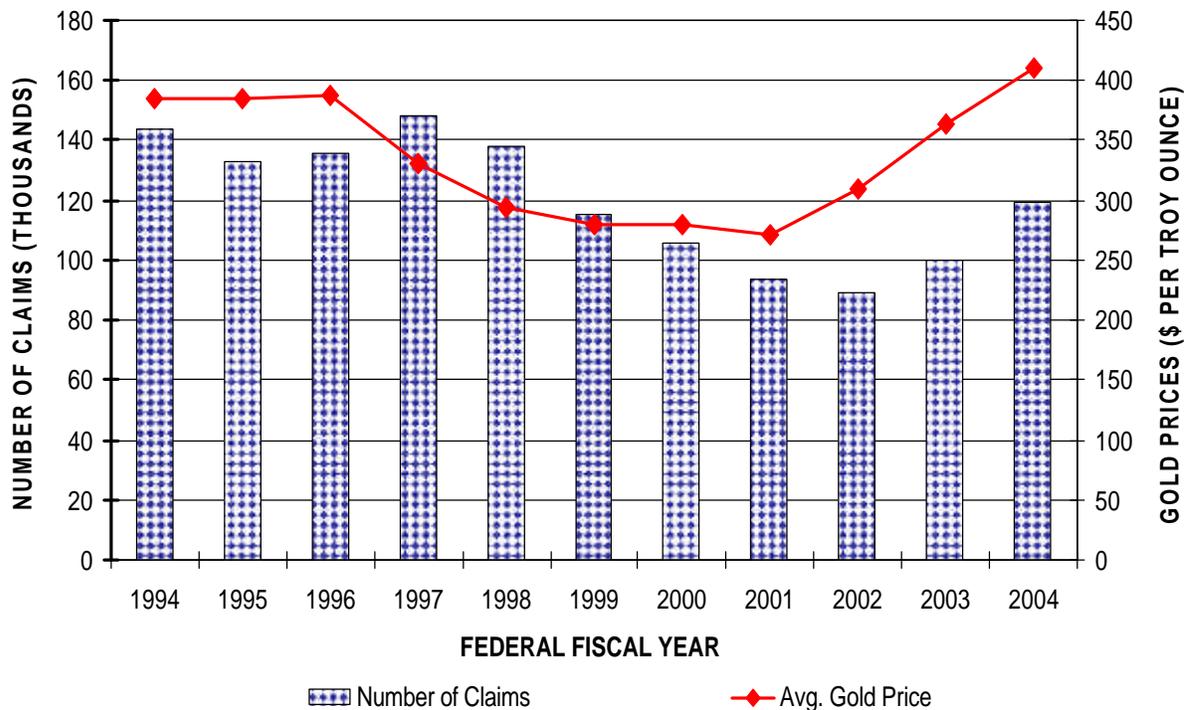
**NEVADA DIVISION OF MINERALS
GRAPH 4
BREAKDOWN OF NEVADA EXPENSES 2004**



NEVADA DIVISION OF MINERALS
GRAPH 5
EXPLORATION GEOLOGISTS EMPLOYED IN NEVADA 2004/2005

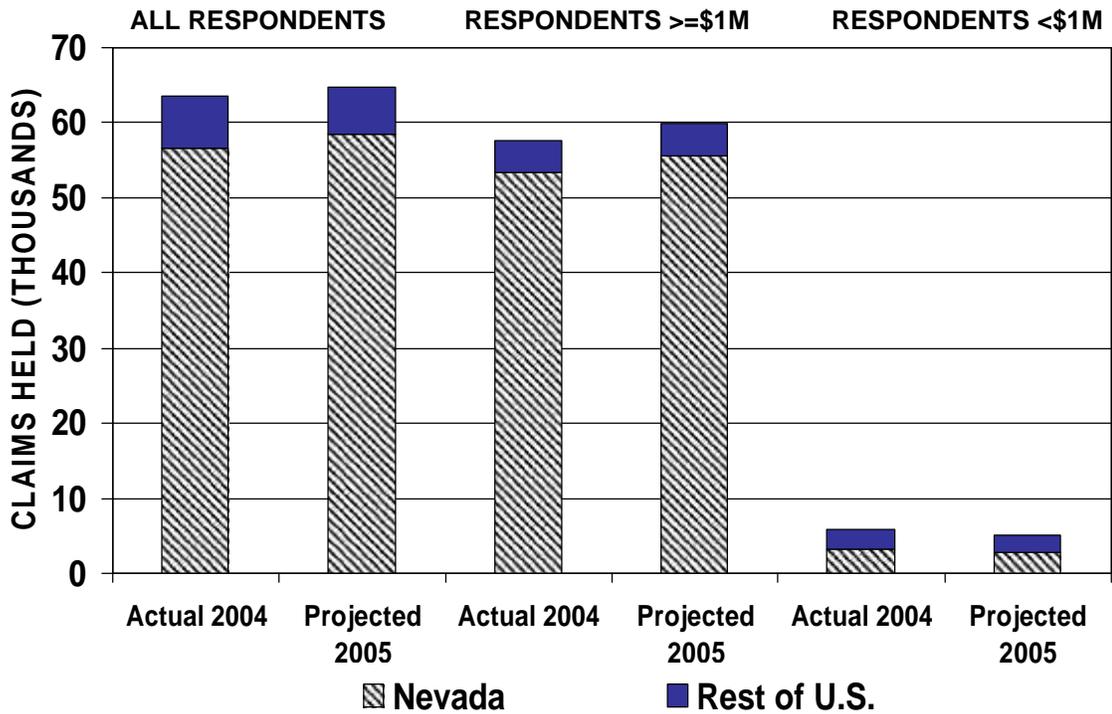


NEVADA DIVISION OF MINERALS
GRAPH 6
NEVADA MINING CLAIMS & AVERAGE GOLD PRICES, 1994-2004

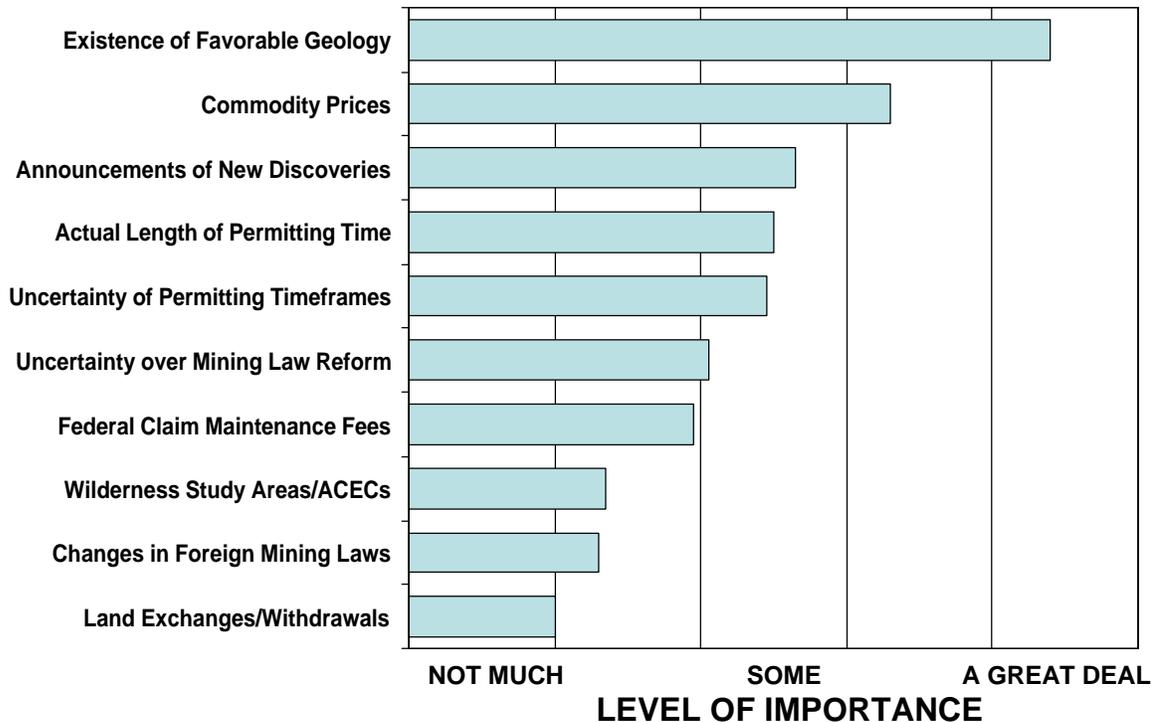


NOTE: Claim data from the BLM Public Land Statistics

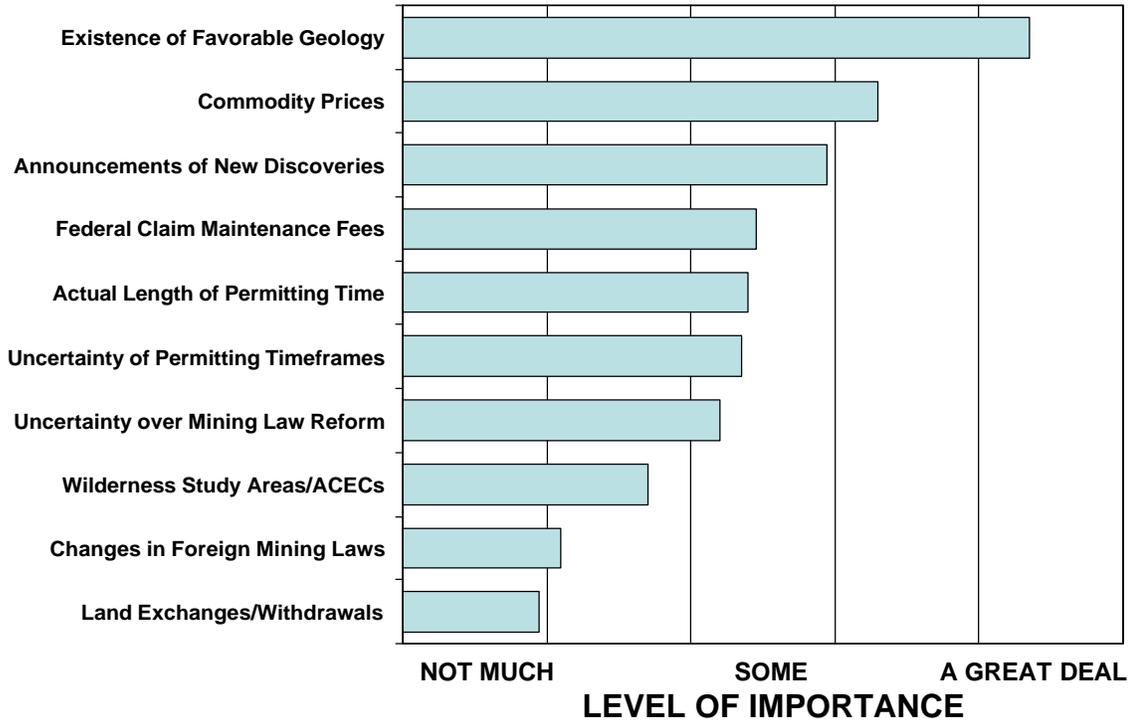
**NEVADA DIVISION OF MINERALS
GRAPH 7
NUMBER OF CLAIMS HELD 2004/2005**



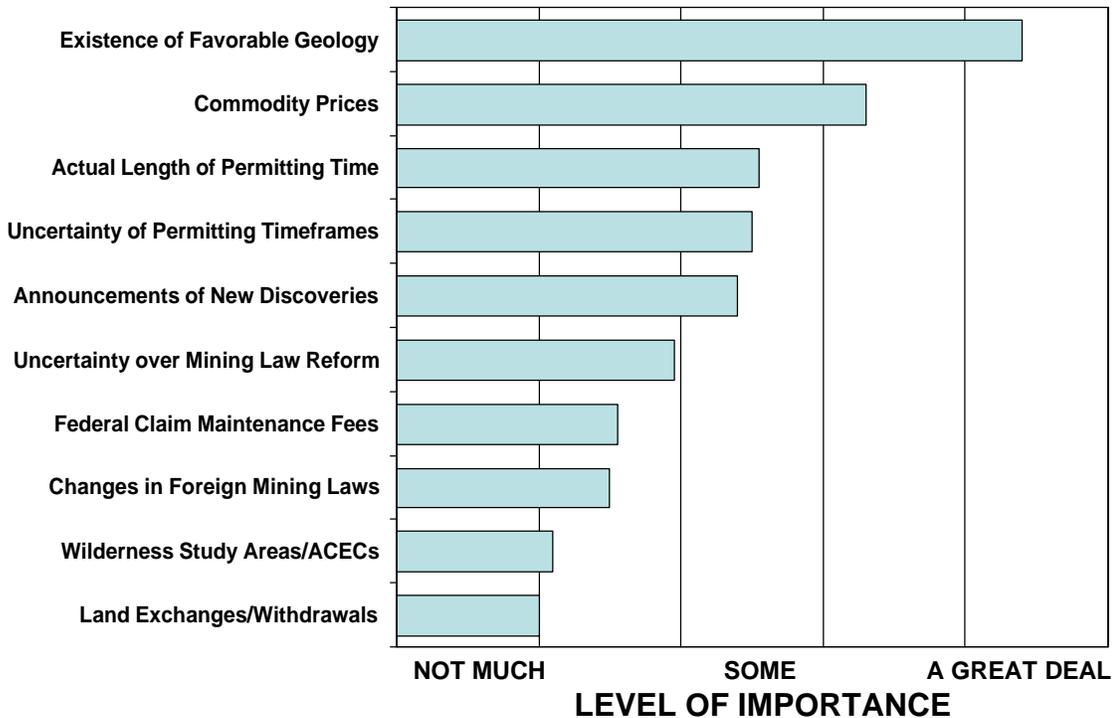
**NEVADA DIVISION OF MINERALS
GRAPH 8
FACTORS INFLUENCING ACTIVITY 2004
ALL RESPONDENTS**



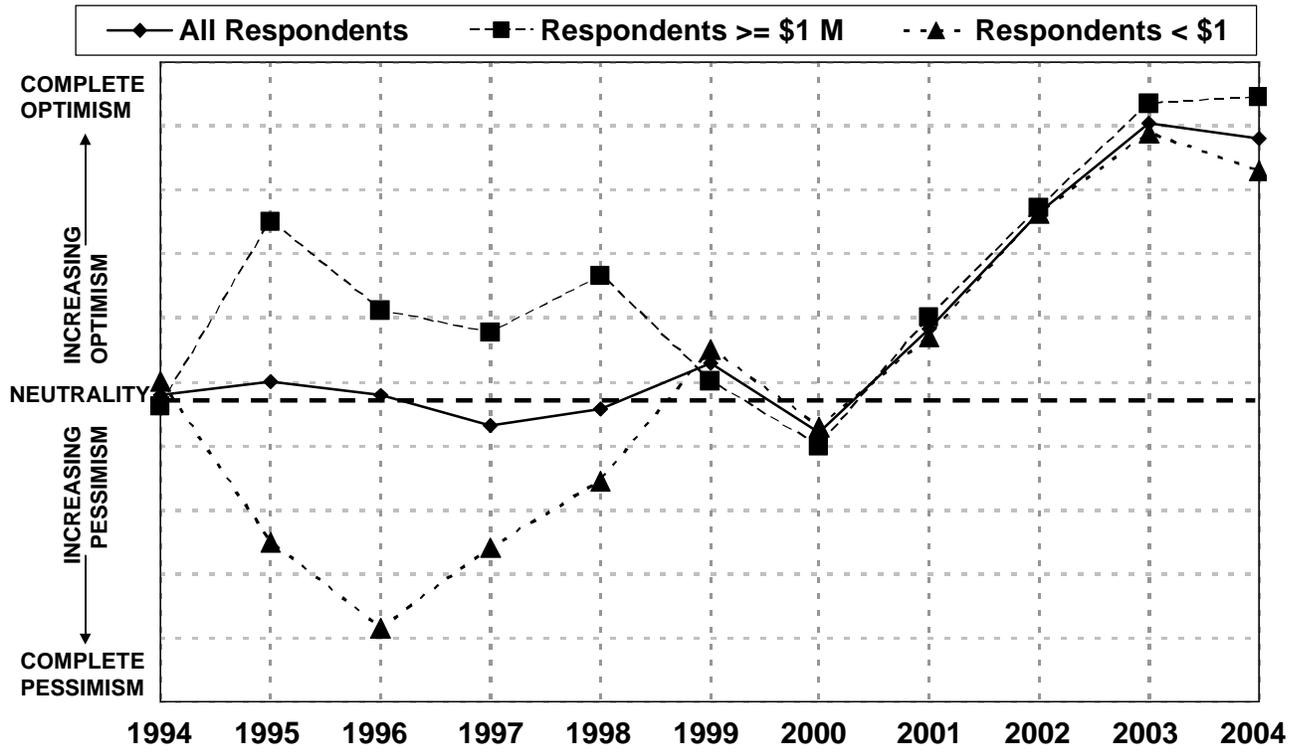
**NEVADA DIVISION OF MINERALS
GRAPH 9
FACTORS INFLUENCING ACTIVITY 2004
RESPONDENTS \geq \$1 MILLION**



**NEVADA DIVISION OF MINERALS
GRAPH 10
FACTORS INFLUENCING ACTIVITY 2004
RESPONDENTS $<$ \$1 MILLION**



NEVADA DIVISION OF MINERALS
 GRAPH 11
 OPTIMISM INDEX 1994-2004



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

Company Name: _____

Contact Person / Phone: _____

A.	Level of Exploration Activity	2004 Actual	2005 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 “1” and the least important factor with a “10.”**

- _____ 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 timeframes
- _____ 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.

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