

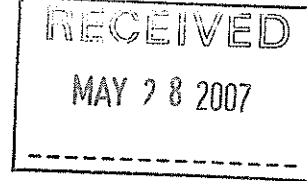
Minister  
of Natural Resources Canada



Ministre  
des Ressources naturelles Canada

Ottawa, Canada K1A 0E4

MAY 25 2007



Ms. MaryAnn Mihychuk  
Director of Regulatory Affairs  
Prospectors and Developers Association of Canada  
34 King Street East, 9<sup>th</sup> Floor  
Toronto, Ontario M5C 2X8

Dear Ms. Mihychuk:

Thank you for your correspondence of March 7, 2007, including a petition with 324 signatures and advocating the extension of the 15-percent Investment Tax Credit for Exploration beyond its sunset date of March 31, 2007. I agree with you that the mining industry has played an important role in the development and continued well-being of many Northern and isolated communities.

In that connection, I am delighted that the Government was able to extend the availability of the Mineral Exploration Tax Credit for flow-through shares issued to the end of March 2008. Companies will also be allowed to use the funds raised with the help of this credit until the end of 2009.

The temporary tax credit was first introduced at the end of 2000 to promote mineral exploration and help moderate the impact of a severe commodity market downturn on mining communities. Since 2000, market conditions have improved considerably. The tax credit has been extended four times to consolidate exploration gains and establish a strong base from which to move forward. As a result, and with the assistance of the tax credit, mineral exploration spending in Canada has increased steadily to reach near record levels in 2006.

The strong levels of exploration activity that Canada is experiencing represent a great opportunity to assist in addressing the issue of depleting ore reserves, especially in base-metal mines, and to help maintain the viability of the communities that depend on them. Favourable metal markets provide the impetus to explore, and the renewed extension of the Mineral Exploration Tax Credit will help ensure that more exploration funds are invested in Canada for the benefit of all Canadians.

Canada

Again, thank you for writing. I appreciate your views on ways to enhance the contribution of this important sector to all regions of Canada.

Yours sincerely,

A handwritten signature in cursive script that reads "Gary Lunn". The signature is written in black ink and is positioned below the text "Yours sincerely,".

The Honourable Gary Lunn, P.C., M.P.