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Global Mining News

BRAZIL'S CVRD MULLING 30 BLN USD LONDON FLOAT – REPORT

December 3, 2006 (AFX) – Brazil's Companhia Vale do Rio Doce is drawing up proposals for a 30 bln usd float in London, The Business reported without citing sources. The weekly magazine said that CVRD, the world's second largest mining company, plans to create a subsidiary – CVRD Based Metals – by bringing together recently acquired nickel firm Inco with its existing copper, nickel and aluminium businesses. CVRD aims to float around 20 pct of the company, raising about 5 bln eur to help offset the cost of acquiring Inco, the report added.

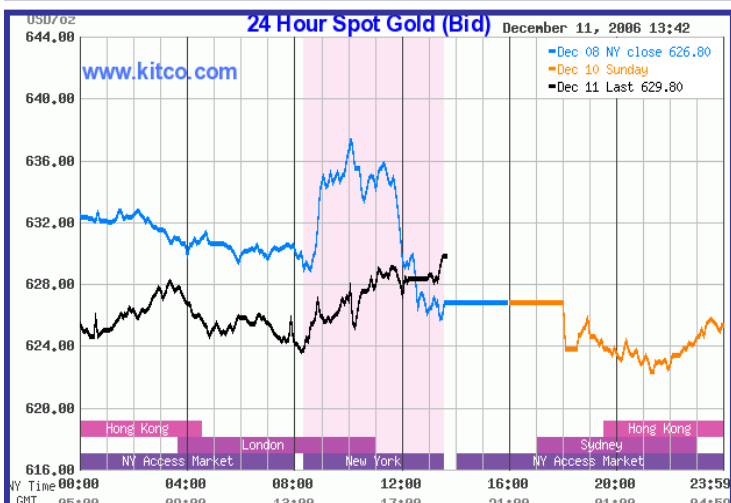
METAL EXCHANGE SAYS 'MINI' FUTURES MEET EXPECTATIONS

December 4, 2006 (Bloomberg) – The London Metal Exchange, the world's largest metals marketplace, said trading of reduced- sized futures contracts, known as LMEminis, started in line with expectations. According to LME data, 537 lots of aluminum, 45 lots of copper and 50 lots of zinc were traded as of 4:17 p.m. London time. The contracts are traded on the exchange's electronic platform Select and via telephone.

"It's exactly what we'd anticipated for the debut," LME spokesman Adam Robinson said by phone. The contracts started trading at 8:30 a.m. London time as scheduled. An unplanned one-hour stoppage for trading Select ended

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USD	DECEMBER 08, 2006	DECEMBER 01, 2006
GOLD	637.40	648.75
SILVER	13.8400	13.8500
PLATINUM	1,117.00	1,156.00
PALLADIUM	329.50	326.00
ALUMINUM	1.2791	1.2524
COPPER	3.0980	3.1525
LEAD	0.7992	0.7736
NICKEL	15.8304	15.6943
URANIUM	63.00 (12/04/06)	63.00 (11/27/06)
ZINC	1.9641	2.0552

10 minutes earlier, Robinson said. He didn't give a reason for the halt. The 129-year-old LME is competing with rivals including the New York Mercantile Exchange, or Nymex, to capture more metals trades. The LME handled futures and options worth \$4.5 trillion last year. Copper, aluminum and zinc prices have climbed to records this year, attracting interest from investors including Hermes Pension Management Ltd., manager of the U.K.'s biggest retirement plan.

The number of trades was "respectable for the first day and that's very encouraging," said Mike Frawley, global head of metals at Calyon Financial Inc. in an interview from New York. Calyon is one of 11 companies trading on the floor of the LME.

CHILE: REPAIR OF COLLAHUASI MINE MAY REDUCE COPPER PRODUCTION

December 4, 2006 (Easy Bourse) – A key mill at Chile's 425,000-metric-ton-a-year Collahuasi copper mine may be taken off for repairs lasting around 70 days from January, which could cut production by up to 30,000 tons, the chief executive officer of Collahuasi's operating company said. "We have not made a firm decision when we will do the repair but we're not ruling out January 2007 as a possibility," Collahuasi CEO Thomas Keller told. The \$8-million repair to one of the mine's three SAG mills, which accounts for 45%-50% of ore throughput, has been on the cards since the mill's motor broke down in 2005, Keller said. "The motor broke down in 2005 and underwent a temporary repair, so a replacement of the unit has been planned since and we have contingent repair contract with ABB. The difficult part is to decide when to do it, which depends on copper market conditions and production conditions," Keller said. A period of high ore grades in the mine plan would

help to offset production losses but Keller declined to outline likely future ore grading. "Key to our decision when to do the repair will be ore grades," Keller said. He said there was limited capacity to shift ore to Collahuasi's other two mills during an outage, which could amount to a production loss of 100,000 tons of copper concentrate, the precursor to refined metal.

An Xstrata spokeswoman confirmed there was a problem with one of the mills and that it would be taken off for repairs at some point. "The copper concentrate market has been tight for the past two years and this shutdown could be quite important while the market is perceived to be pretty tight," copper analyst Peter Kettle at consultancy CRU said. "There is a lot of new smelter capacity coming on stream but not much new mine capacity over the next year so the market will remain in favor of miner," Kettle said.

SOARING CHINA NICKEL ORE IMPORTS NO CAUSE FOR CONCERN: MERRILL

December 4, 2006 (Platts) – Imports of nickel ore and concentrates into China have soared in the first nine months of this year but are not a cause for concern, because most of the material is low quality, according to investment bank Merrill Lynch. Quoting China Customs statistics it said that nickel ore and concentrates imports rose by 1,480% in the first 10 months of this year compared with the corresponding 2006 period. It also quoted the Tex Report, saying it believed that most of the material is laterite ore from the Philippines, which is smelted in blast furnaces to produce ferronickel. The bank said that Tex believes the laterite ore is of low quality and is high in phosphorous and low in nickel content and the ferronickel it produces will find its way to small and medium size stainless steel mills in China to produce 200 series (low nickel content) stainless steel.

Merrill Lynch said the rapid growth in Chinese nickel ore and concentrates, while similar to what occurred in bauxite earlier this year, is not a cause for concern, because "there is no surplus capacity in nickel smelting/refining in China," whereas there was with aluminium. It added that history has proved that 200 series stainless steel is of minimal use in construction and architectural applications. "And with China trying to ban its use, it's unlikely to have a long term [impact]."

Merrill Lynch predicted the nickel market would remain in deficit, or finely balanced "for the next few years." It said that for it to move into surplus, "we would need Chinese supply to increase by 50% over 2006/07. This would be tough, even by Chinese standards."

In its accompanying statistics Merrill Lynch estimated global nickel supply in 2006 would be 1.33 million mt and forecast consumption at 1.37 million mt. Going

forward, the statistics suggest a balanced or slight deficit in 2008 to 2010 inclusive. Next year it forecast supply at 1.417 million mt and total consumption at 1.431 million mt, while in 2008 it predicted supply at 1.508 million mt and consumption at 1.507 million mt. It credited the World Bureau of Metal Statistics and Brook Hunt in compiling the supply/demand statistics, as well as its own estimates.

It said that it was unlikely the market would see a flood of nickel from China in the short-term, but any surge in

output of primary nickel would put downward pressure on prices. The bank noted that in the last 15 years, nickel had been the worst performing base metal in the month of January, falling in 10 of those years. But it said: "One saving grace is that nickel producers have largely underperformed against the spot price over the past three months and thus may be insulated from any nickel price weakness." It said that nickel "remained our preferred metal" and recommended investors maintain an exposure to it.

INUIT NOW CONTROL MINERALS IN NORTHERN QUEBEC AND LABRADOR

December 4, 2006 (Mineweb.com) – Canada's Minister of Indian Affairs, the Makivik Corporation, and the Premier of Nunavut Friday signed the Nunavik Inuit Land Claims agreement, confirming Inuit control of all minerals found in 500,000 hectares in the northern regions of Quebec and Labrador. The agreement covers the offshore region of Quebec, and some of the islands and waters along the shores of James Bay, Hudson Bay, Hudson Strait and Ungava Bay, as well as a portion of northern Labrador and an offshore area adjacent to Labrador. It settles unresolved issues stemming from the James Bay and Northern Quebec Agreement. Nunavik is made up of the entire portion of Quebec that lies north of the 55th parallel, covering one-third of the province. The Nunavik Inuit who use the area under claim live in 15 villages along the James Bay, Hudson Bay, Hudson Strait and Ungava Bay coasts. The Inuit of Nunavik will receive a capital transfer of Cdn \$54.8 million in nine years in capital transfers to the Nunavik Inuit Trust. Canada will also make a one-time payment and ongoing implementation funding payments totaling \$57.6 million in the first 10 years of the agreement. The Nunavik Inuit will now own about 80% of the islands in this region including surface and subsurface rights, covering a surface area of more than 5,000 square kilometers. Nunavik Inuit lands will include all lands above the ordinary high water mark, and the mines and minerals found within, upon or under them.

The agreement also gives national park status to the Torngat Mountains National Park Reserve of Canada. The park will be roughly 9,700 square kilometers, extending from Saglék Fjord in the south to the northern tip of Labrador, and from the provincial boundary of Quebec in the west to the Labrador Sea in the east. The new park will also protect an area of Arctic wilderness, home to a variety of wildlife and numerous archaeological sites.

About 78% of eligible voters of Quebec's northern Inuit nation endorsed the deal in a vote held in October. "To actually have control and own these islands that we've been using for thousands of years as our shelters and our grocery stores, for us it is a very important moment," Makivik President Pita Aatam said. The agreement also defines relationships with groups that overlap with the Nunavik Inuit including the Creeds of northern Quebec, the Labrador Inuit and the Nunavut Inuit.

The plan has an initial duration of 10 years with provision for renewal. It also provides for the establishment of an Implementation Committee responsible for overseeing, monitoring and report on the agreement. The committee will be comprised of three officials, one from the Canadian federal government, one from the Government of Nunavut, and one from Makivik.

LEAD PRICES CLIMB ON STRONG DEMAND

December 5, 2006 (Hoovers) – Three-month lead built on recent price strength to hit a fresh more-than three-week high at the London Metal Exchange Monday on the back of strong demand, falling stocks, and weakness in the U.S. dollar, with analysts expecting prices to remain at such high levels in the short-term. Lead has climbed

steadily over the past couple of weeks after falling to a recent low of \$1,445 a metric ton. At 1455 GMT, the metal was trading at \$1,730/ton, with focus on the all-time high of \$1,755/ton reached in early November. Real buying from battery producers as well as short-covering

is helping to drive prices higher, said Michael Widmer of Calyon.

“The winter period is historically a period of high demand for the heavy metal and we would envisage continued strength for the metal in the short- to medium-term,” Standard Bank said in a recent report. Trade selling at the highs, however, is providing strong resistance, a trader added.

Nevertheless, the drawdown in lead stocks has lent support to prices, said Widmer. Lead stocks declined by

1,325 metric tons to 41,825 tons Monday, according to the LME. The decline in the dollar has added to the increase in the price of lead. The euro remains at a 20-month high against the dollar, above \$1.33.

The metals markets look set to continue to eye the movements of the currency market and the release of key economic data, including the U.S. unemployment data due Friday, said analysts.

CHILE: CODELCO TO INVEST US\$2.4BN IN 2007

December 5, 2006 (Bnamericas) – Chile’s state copper company Codelco has proposed to state authorities an investment budget of US\$2.4bn in 2007, a Codelco spokesperson confirmed to BNamericas. Chile’s finance minister, state copper commission Cochilco and planning ministry Mideplán still need to endorse the proposal.

The biggest chunk of the investment is US\$730mn earmarked to advance construction of Gaby in Region II, followed by US\$400mn for the El Teniente underground division in central Chile, newspaper La Tercera cited Codelco VP of human resources Francisco Tomic as saying.

Some US\$350mn has been tagged for Andina division, also in central Chile, where an expansion to 92,000t/d is

anticipated to start in January. Another US\$700mn will be pumped into Codelco Norte, the company’s largest operating division. The Codelco Norte budget includes advancing conceptual engineering for various projects, including the transformation of open-pit Chuquicamata into an underground operation. The final US\$220mn are tagged for the regular investment activities of the company, according to the paper. The funds are to be financed by debt, amortization and depreciation, unless Chile’s finance ministry decides to capitalize a portion of Codelco’s pre-tax profits.

HIGHER TIN PRICES TO HELP PERU’S MINSUR OFFSET FALLING ORE GRADES

December 5, 2006 (Platts) – Sales by Minsur, Peru’s only tin producer, are expected to rise 13.6% this year and 3.9% in 2007 due to higher tin prices, according to a report by the Economic Studies Department of Scotiabank in Peru published Tuesday.

“For 2006, we forecast that the metal [tin] will reach an average price of \$8,563/mt, 16% higher than in the previous year,” the report said. The higher prices will help offset a decline in Minsur’s production, which according to figures from the Energy and Mines Ministry, fell 7.1% to 26,137 mt in the first seven months of the year compared with 2006. In 2007, Scotiabank foresees an average tin price of \$8,811/mt, 2.8% higher than in 2006. “Over the long term, we estimate an average price of \$7,269/mt.”

Minsur’s operating costs are expected to rise 6.4% this year, due to higher costs in treating ore whose mineral

grade has been declining, the report said. In 2007, however, operating costs should fall 3.7% due to investments the company is expected to make to improve efficiency. Minsur’s cost structure has changed drastically in the last several years, due to the company’s preference to sell refined tin, the report said. Nearly all of its concentrate is refined by Funsur, a company owned by the same group that operates a refinery on the southern coast.

Scotiabank said that since 2002 Minsur has been able to replace just 21% of the reserves it has consumed in the same period due to scant success in its exploration program. “We estimate the mine’s life will fall to 12 years by the end of 2007” the report said.

NOVAGOLD'S FINAL REJECTION OF \$1.7B BARRICK TAKEOVER NOT LIKELY END OF SAGA

December 6, 2006 (Associated Press) – Management at NovaGold Resources Inc. reaffirmed their rejection of Barrick Gold Corp.'s \$1.7-billion hostile takeover offer one last time on Tuesday, but that's not likely to end months of feuding between the two miners. While the bid is set to expire on Wednesday, the fight between the world's biggest gold producer and the junior company is expected to continue in the courts as Barrick works toward earning its share of NovaGold's Donlin Creek gold project in Alaska. Barrick spokesman Vince Borg said Tuesday his company is on track to increase its stake in the project from 30 percent to 70 percent by delivering a feasibility study on the potential mine by the 2007 deadline, but he expects NovaGold to contest the issue. NovaGold has said repeatedly it does not think Barrick will be able to meet the conditions of the companies' joint-venture agreement to increase its stake. "Unless they back off their view, it will be mired in litigation," Borg said in an interview from Toronto. "It is our clear preference that it not be litigated, but they are the plaintiff

and the plaintiff has rights to litigate." Borg also suggested the fight will spill over to include NovaGold's Galore Creek project as well. Pioneer Metals Corp., which was recently taken over by Barrick, has said it plans to oppose a surface lease application by NovaGold where it wants to build a tailings and waste storage area for Galore Creek. Pioneer has claimed the application interferes with its rights to conduct proper exploration and exploitation of the Grace property claims.

Barrick has offered \$16 per share for NovaGold and said it will buy however many are tendered to its bid. The company said it acquired a 14 percent stake in November when it extended its offer to Dec. 6. However, just how much Barrick will end up with when the bid expires at 9 p.m. ET on Wednesday is unclear. For its part, NovaGold claimed Barrick chose to break off good-faith discussions between the sides when it made its hostile offer.

TECK COMINCO SET TO PUT MILLIONS INTO NAUTILUS

December 6, 2006 (Globe and Mail) – Teck Cominco Ltd. is set to invest as much as \$50-million in Nautilus Minerals Inc., a company that explores for gold and copper deep beneath the ocean floor, according to a source familiar with the matter. The investment by Vancouver-based Teck is expected to be made by way of a private placement of Nautilus shares, which trade on the TSX Venture Exchange. The source cautioned that the agreement between Teck and Nautilus had not been finalized and that negotiations could fall apart. Nautilus

shares have not traded since Dec. 1, when they were halted pending news. Teck is not the first mining company to invest in Nautilus, which has a licence to drill for minerals off the coast of Papua New Guinea.

Barrick Gold Corp. owns a 9.9-per-cent stake in the Vancouver company, which has a market capitalization of \$215-million. In October, Anglo American PLC invested \$25-million (U.S.) in Nautilus as part of a \$68.5-million financing.

RED-HOT MARKET FOR NICKEL

December 6, 2006 (Globe and Mail) – Nickel prices, which hit their highest level since at least 1987 yesterday, may have further to go as dwindling supply comes at a time when demand for the metal is soaring. Prices for the base metal have more than doubled this year because of rising demand from Chinese manufacturers. Inventories, meantime, have sunk to a record low amid delays in starting new mining projects. That trend will likely continue, strategists said.

"As demand increases, projects aren't coming up nearly as quickly as we would like," said Bart Melek, senior

economist at BMO Capital Markets. "There will be stress on supply as demand is high." He expects average nickel prices will be 14 per cent higher next year than this year.

Unlike this spring, when hedge funds and other speculators sent base metal prices soaring, the recent move is based on market fundamentals, Mr. Melek said. Nickel prices eased a bit Wednesday, dropping \$300 (U.S.) to \$34,000 on the London Metal Exchange.

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- Environmental and Sustainability Issues
- The Valuation of Mineral Properties and Companies
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BARRICK: PASCUA LAMA GETS ARGENTINEAN APPROVAL

December 6, 2006 (*Mining Journal*) – Barrick Gold Corp announced that it has won approval from the Argentinean government to develop its US\$1.5 billion Pascua Lama gold project on the Andean border with Chile. Chile has already approved the controversial project, which has proven and probable gold reserves of about 18 Moz and is expected to produce 775,000 oz/y when it hits full production in 2010.

“We are very pleased that the Pascua-Lama project has been approved. This milestone decision is the result of a serious and thorough evaluation process on both sides of the border,” said Greg Wilkins, Barrick’s president and chief executive. “Once again, Barrick’s professionals have demonstrated their expertise in permitting large and complex mining projects and their commitment to effectively engaging with stakeholders.” Barrick – the world’s biggest gold producer – said the approval of its environmental impact assessment is an important step toward the construction phase at Pascua-Lama and that

the entire project is being developed within the framework of its responsible mining philosophy. The company must now obtain a number of sectoral permits and complete detailed engineering plans before it can start construction. The environmental approval in Argentina came after an exhaustive evaluation process that took place over 25 months, during which there was substantial participation by the Interdisciplinary Environmental Evaluation Commission (CIEAM), a group of independent professionals who were assembled to review and issue a technical evaluation of the project. “As we complete the remaining steps towards construction, we will continue to advance our sustainable development initiatives, as well as our employment training programs. “These are designed to equip local workers with the skills they need to take advantage of the 5,500 direct construction jobs that Pascua-Lama will generate in its first phase,” said Pascua Lama project director Ron Kettles.

CHINA’S IRON ORE PRICES TO REMAIN STEADY IN 2007: REPORT

December 6, 2006 (*Platts*) – Long-term iron ore prices are not expected to see big ups and downs in the coming year, the China Daily reported on Wednesday, quoting insiders from negotiations between Chinese buyers and the world’s major suppliers.

Shanghai’s Baosteel Group Corp has begun early discussions over the contract price for iron ore in 2007 with Brazil’s Companhia Vale do Rio Doce (CVRD). Qi Xiangdong, deputy secretary-general of the China Iron and Steel Association said he expects iron ore prices to change only by “a small margin” next year.

Investment banks, including Morgan Stanley and Daiwa, predicted the prices will go up 5-10% while Citigroup and UBS expect the price to decrease by 5-10%. The

Chinese side, however, argued that iron ore prices, which have increased 70% in 2005 and 19% this year, are irrationally high. China is diversifying its sources of iron ore imports by increasing imports from India and increasing production at home to minimize dependence on iron ore from Australia and Brazil. China’s imports of iron ore will total 320 million mt in 2006, indicating annual increase will slow to around 10%, predicted the China Steel and Iron Industry Association.

Luo Bingsheng, vice-president of the association said earlier that China’s demand for imported iron ore will continue to drop slightly. The country’s iron ore imports increased over 30% in average annually in the past five years.

ANGLO PT IN R1.5BN, 100,000 OZ EXPANSION

December 6, 2006 (*miningmx.com*) – Anglo Platinum will spend R1.5bn to add another 100,000 oz of refined platinum by 2010 to lift output to 700,000 oz at its Amandelbult mine, which the company forecasts will produce 593,000 oz in the 2006 financial year. The project and production forecasts are included in a presentation given to analysts visiting the mine on Wednesday.

Amandelbult’s refined platinum production fell six percent to 556,400 oz in 2005 from the previous year’s 591,700. “The growth of 100,000 oz will come mainly from the increased UG2 production at East Upper project,” said company spokesman Trevor Raymond, adding the project has yet to secure board approval. “It is expected to come before the board shortly,” he said.

South African platinum producers, which account for most of the world's platinum supply, have unveiled growth strategies to meet growing international demand for the metal, which is used to make autocatalysts in exhausts and jewellery.

The global platinum market has moved closer to balance after years of being in a deficit position, with the shortfall narrowing to just 20,000 oz in 2006, according to

Johnson Matthey. The global demand for platinum in 2006 is expected to grow by 5% to a record 7.02m oz, pushed up by increased use in catalysts by the auto industry.

Supplies of the metal have increased by almost the same rate, to a new high of seven million oz on the back of South African expansion projects.

PHELPS DODGE CONDITIONALLY APPROVES TENKE FUNGURUME COPPER/COBALT PROJECT IN DRC

December 7, 2006 (Press Release) – Phelps Dodge Corp. announced Wednesday its board of directors has given conditional approval to develop the initial mining project at the Tenke Fungurume copper/cobalt concession in the Katanga Province of the Democratic Republic of the Congo (DRC). Final approval is contingent upon obtaining governmental approval of agreements recently reached with Societe Nationale d'Electricite, a DRC electricity provider.

The initial Tenke Fungurume project will include development of a mine and associated copper and cobalt processing facilities. It will require a capital investment of approximately \$650 million. Phelps Dodge is responsible for providing 70 percent of the funding. Tenke Mining Corp., a partner in the project, is responsible for providing the other 30 percent. A Phelps Dodge subsidiary will be the operator of the project. Tenke Fungurume is considered to be one of the largest,

highest-grade, undeveloped copper/cobalt concessions in the world today. An ongoing, extensive exploration program is continuing to develop reserves to support future expansions.

The initial project will focus on 103 million metric tons of oxide ore reserves. It is expected to be in full production in late 2008 or early 2009. During the first 10 years of mining, total annual production is projected to be approximately 250 million pounds of copper and 18 million pounds of cobalt. The life of the initial project is anticipated to be approximately 40 years.

Estimates are the initial project will employ up to 2,500 construction workers at peak construction and will create approximately 1,100 full-time jobs. Projections estimate an additional 5,000 indirect jobs will be created in surrounding communities.

MINING LEADER: GOLD BOOM PROBABLY ONLY HALF WAY THROUGH

December 7, 2006 (Associated Press) – Buoyed by high prices, demand from Asia and a weak U.S. dollar, the gold industry has flourished since prices bottomed out in 2000 and probably is only halfway through the current boom, a leading industry official said Wednesday. "Overall, our market is strong and will remain strong for some time to come," said Ronald Stewart, senior vice president for exploration for Canada-based Kinross Gold Corp., the eighth-largest gold producing company in the world. "We're probably in the middle innings of this current route," he said in a keynote address to the 112th annual meeting of the Northwest Mining Association.

The 1,500-member group is meeting for the first time outside of Spokane, Wash., to try to draw more involvement from members in Nevada, the third-largest producer of gold in the world behind South Africa and

Australia, sponsors said. The theme of the three-day convention is "Sustaining the Boom." "I believe we are in a super-cycle of extended high metals prices spurred by demand from China and to a lesser extent India," said Laura E. Skaer, the association's executive director. "Most up cycles historically have been based on development and consumption primarily in the United States," she said. But now, the U.S. population of 300 million is dwarfed by China's 1.3 billion and India's 900 million "and they've got a taste of what we have, the fruits of civilization, like computers and cell phones," Skaer said. Stewart said in his speech that the industry's challenges include inflation, shortages of labor and supplies, and barriers that discourage entry into the business, such as the permit process, capital costs and access to property.

Since 1800, the industry's average boom and bust cycles have averaged about 10 years – the last downward trend lasting 14 years from 1986-2000, Stewart said. While production levels are down, the value of gold being purchased today is up 47 percent from a year ago, he said.

He predicted the industry will continue to consolidate, with competitive advantages shifting from the largest companies to those with the most growth. "Ultimately, it strengthens our industry. It shows stakeholders we are going to be in business a long time," he said.

The industry is spending \$7.1 billion a year on exploration, up from about \$2.6 billion a few years ago, he said. About half of that exploration is for gold,

30 percent for copper and other base metals and about 20 percent for other minerals, such as diamonds and uranium, he said. Inflation is taking its bite with overall costs up about 25 percent, including a 25 percent increase in the price of steel and energy costs about 40 percent higher, Stewart said.

Stewart said the continued appetite in the Asian market for U.S. dollars is keeping the value of the dollar higher than it really should be in a free market. But that could change, he said, noting that China has only 1.5 percent of its reserves in gold bullion, compared with most of Europe which has about 15 percent in gold reserves. "So all the signals are the gold price could be higher or really much higher. All the factors are there."

UK INDUSTRY TOUTS PUBLIC SUPPORT FOR NUCLEAR

December 7, 2006 (Platts) – The argument that nuclear should form part of a balanced energy mix has now been accepted by the British public, attendees at the UK's annual industry get-together in London were told December 7. Philip Dewhurst, chairman of the Nuclear Industry Association, or NIA, said the latest opinion poll – released December 7 by Ipsos MORI – showed that 72% of the British public agreed that the UK needs a mix of energy sources to ensure a reliable supply of electricity, including nuclear power and renewable energy sources.

"That is progress, indeed," he said. "In Parliament, 61% of Members of Parliament now believe in and support new build, which is an all-time high. There has been a massive shift just in the last year alone." The poll, commissioned by the NIA and carried out in November, surveyed 1,999 people from across the country.

When questioned about the possible construction of new nuclear power stations in the UK, assuming that the same overall proportion of nuclear energy is retained, 39% supported them while 29% opposed them, MORI found.

ANGLO AMERICAN APPROVES \$1.2 BLN BARRO ALTO NICKEL PROJECT IN BRAZIL

December 7, 2006 (Edited Press Release) – Anglo American said Thursday that it has received approval of the Barro Alto nickel project in Brazil, at an estimated capital cost of \$1.2bn. Barro Alto will produce an average of 36,000 tonnes of nickel per year in the form of ferronickel over a minimum 26 year mine life. Construction of the Barro Alto facilities is scheduled to begin in 2007 with production commencing in 2010 and ramping up to full capacity during 2011. Barro Alto is located in the State of Goias in Brazil, about 170km north-west of Brasilia, 240km north of Goiania and 150km from Anglo American's existing Codemin nickel operation. The deposit contains resources of 116.2 million tonnes, at an average grade of 1.54% nickel, of which 62.4 million tonnes at an average grade of 1.66% nickel will be mined by conventional open pit methods and treated over a 26 year period.

Part of the Barro Alto deposit is currently being mined to feed Anglo American's Codemin plant in Niquelandia,

Goias. Ore from Barro Alto is trucked to Codemin for processing in the existing facilities. This has successfully extended the life of Codemin and permitted an increase in production from 6,000 to 10,000 tonnes per annum, allowing Codemin to benefit further from the strong nickel price.

Barro Alto ore will continue to be transported to Codemin throughout the life of the newly approved Barro Alto project. The experience gained in mining and treating Barro Alto ore at Codemin significantly reduces the technical risk of the project.

The construction of Barro Alto will include extending the existing open pit mine operation and constructing a new ferronickel smelter and refinery. A long term power supply has been secured. The operation will use tried and tested technology currently used by Anglo American at Codemin and Loma de Niquel in Venezuela.

JIANGXI PROVINCE TO FIGHT ILLEGAL TUNGSTEN MINING

December 8, 2006 (*Interfax*) – A Chinese city, which sits on top of the world's biggest tungsten reserves, issued new rules to crack down on illegal mining, the local government announced Thursday. Ganzhou in southern Jiangxi Province has rich resources of rare earth, uranium, niobium and tantalum in addition to its tungsten.

The local government requested that tungsten concentrate production be kept below 22,920 tons next year, 70 percent of current production in the province, and rare earth oxide production to be no higher than 7,000 tons, 100 percent of the total in Jiangxi at the moment. Mining companies whose tungsten concentrate production was

not higher than required levels this year can apply for new operating licenses for 2007. The government said it will strengthen its efforts to clamp down on illegal mining and asked each local tungsten mining company to submit production schedules and financial reports with their new license applications. Ganzhou's tungsten mining sector was in disorder a few years ago and there are few downstream tungsten product processors. Ganzhou started tungsten mining restrictions last year.

Local government plans to build a tungsten and nonferrous metals production base with projected sales of RMB 6 billion (\$739.83 million) in the next four years.

CHINA'S FERROMOLYBDENUM PRICES DROP BELOW \$60/KG ON LACKLUSTER TRADE

December 8, 2006 (*Platts*) – China's 65% ferromolybdenum export prices have dropped further this week to below \$60/kg CIF on weak overseas demand, causing more producers and traders to stop offering spot material, local traders said. Ferromoly export prices were mostly offered at \$61-62/kg a week ago.

One local trader said he sold 20 mt of spot material this week at \$59.50/kg in-warehouse Rotterdam. "Prices are down for sure and this is the highest price level that I have managed to sell the material this week. Prices are low but this is the current market level," he said. Another trader said he was now offering spot material at \$60/kg CIF Rotterdam but had received no buying enquiries this week. "We couldn't find any buyers this week. There is really not much to talk about. The market is quiet as demand in Europe is just so weak," he said.

A source close to Chinese producers said: "Most offers that I heard from Chinese producers are now at \$59.50-

60/kg CIF Rotterdam this week. But there is no demand from Europe. Even domestic prices came down too and the lowest domestic levels that I heard this week is at around Yuan 253,000-240,000 (\$32,326-30,665)/mt ex-plant." Domestic ferromoly prices were quoted at around Yuan 260,000-265,000/mt ex-plant a week ago.

The first trader agreed, adding: "I heard domestic prices are now at around Yuan 258,000-260,000/mt ex-plant in China. Prices in China are now equivalent to the export price levels. So it's pretty much the same selling either overseas or domestically."

Meanwhile, traders said moly concentrate prices had also moved lower this week to Yuan 3,800/mtu, down compared with Yuan 3,900-4,000/mtu quoted a week ago.

BELIEVING CHINESE DEMAND WILL SUSTAIN BASE METALS PRICES IS 'VERY DANGEROUS'

December 8, 2006 (*Mineweb.com*) – Precious metals analyst and newsletter writer Paul van Eeden Thursday warned that believing that Chinese metals demand will sustain base metals prices in the long term is "a very, very dangerous position to take." In a speech to the Northwest Mining Association convention, van Eeden also predicted that the gold price will reach \$900 to \$1,000 per ounce in the next two to five years because of a "very high probability of a currency crisis for the U.S.

dollar." Van Eeden urged his audience of exploration geologists, junior mining companies, academics, and suppliers "to question broadly accepted assumptions and ideas" about metals prices, including the notion that Chinese growth is fueling metal demand, which, in turn is responsible for high metal prices. In fact, van Eeden questioned if a bull market in base metals really exists. And, he suggested that the increase in base metals is "unsustainable."

Previously, van Eeden has asserted that base metals prices are “way too high, and that a decline in base metals due to following demand fall from slowing U.S. economy (that will impact European, Japanese and Chinese economic growth as well) is the biggest risk to gold that I can see. The risk is that if base metal demand softens, investment funds that had bought base metals as a hedge against the dollar may start selling all their metal holds, including gold.”

Van Eeden asserted that the U.S. economy is slowing, and the U.S. dollar is in a state of decline. As evidence, he cited that the U.S. dollar has lost 11.2% against the Euro, 9.09% against the Swiss Franc and 12.87% against

the pound. While van Eeden does not feel that China, Japan and other Asian economies will divest themselves of their U.S. dollar holdings because it is not in their best interest to harm the U.S. economy, he, nevertheless, does believe that these countries will hoard fewer U.S. dollars.

As the dollar weakens, van Eeden suggested that U.S. demand for goods and services will decline, which, in turn, impacts the economies of China and other Asian nations which provide goods and services to the U.S. In turn, that impacts Asian demand for base metals, which subsequently generates a worldwide decline in base metals prices.

RUSSIAN-MONGOLIAN COAL

December 8, 2006 (AFP) – Russian President Vladimir Putin promised significant investment in Mongolia as he met Mongolian counterpart Nambar Enkhbayar amid Russian efforts to win a big coal-mining contract in the neighboring country. Our relations are not just being revived but are developing in the most active way. The most important thing for us is the development of economic ties,” Putin said at the Kremlin meeting.

“We are talking about projects in the mining industry, electric power, construction and development of transport infrastructure,” Putin said, adding that Russian investment in Mongolia in the next few years could reach five billion dollars (3.7 billion euros).

A Kremlin official stressed earlier that “major Russian companies” were ready to make big investments in Mongolia, particularly the coal mine of Tavan Tolgoi and the copper and gold reserves of Oyu Tolgoi. At Friday’s session, Enkhbayar said he had found “full mutual

understanding” at the meeting with Putin and that mutual trade between the countries had reached almost 500 million dollars last year.

“We know of the desire of large Russian companies to invest in the Mongolian economy. We know these investments will bring the Mongolian economy not just large sums of money but good technology and development,” Enkhbayar said, speaking in Russian.

The Tavan Tolgoi coalmine is worth at least 300 billion dollars (250 billion euros) and is relatively close to the Chinese border – about 250 kilometres (150 miles) – facilitating exports, the Kommersant daily said earlier.

Mongolian authorities want the project divided up among foreign bidders in a joint venture with the Mongolian state, which would reduce the potential share held by Russian firms, Kommersant said.



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