

BEHRE DOLBEAR

Global Mining News

CHINA, ZAMBIA STRIKE NEW DEAL

February 4, 2007 (Finance24.com) – China has offered Zambia tariff-free market access for its products and will allow its citizens to borrow investment capital from the Bank of China, finance minister Ng’andu Magande said on Sunday.

Magande also said Chinese firms had started feasibility studies on how \$800m in investments pledged by Beijing would be spent. Zambian President Levy Mwanawasa announced the cash pledge on Saturday after talks with China’s Hu Jintao, who is on a three-day state visit.

“It is exciting that China has opened up its market to 452 Zambian products from the previous 192 products, and the best thing is that Zambians can now borrow money from the Bank of China to manufacture goods required to export to that market,” Magande said in an interview.

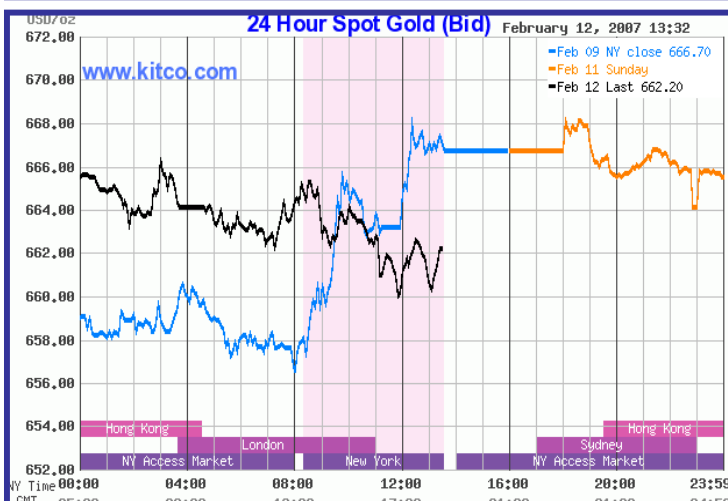
Relations between China and Zambia have been cordial for decades, and China has invested to help build a major railway line and develop copper mines in the southern African country, which has consistently supported a one-China policy. The Bank of China has a Zambian branch, which previously provided services only to Chinese investors.

Magande said the \$800m pledged by China would roll into a country of 11.5 million people over the next three years, starting this year. “The new investments include a \$250m copper smelter at Chambishi”, which would process 150,000 tonnes of finished copper starting in 2008, he said.

Chinese firms investing in Zambia after the creation of a special economic zone in Chambishi town would be exempt from paying 25% import duty for equipment, while the 17.5% value added tax

INSIDE THIS ISSUE

China, Zambia Strike New Deal	1
Private Equity Cycle to End Badly, Commodities Expert Warns	2
Yunnan Copper to Sell Shares	3
Workers at BHP’s Chilean Cerro Colorado Copper Mine Accept Contract Offer.....	3
Uzbekistan to Auction Off U.S. Gold Venture in March.....	3
Kremlin Inc. to Grab Billionaire’s Nickel Giant?.....	4
Base Metals Bull Market Expected to End in 2007	4
Bolivia: Miners Protest Tax Hike Plan	5
BHP to Buy Back \$10 Billion Shares; Goodyear Retires	5
China’s 2007 Copper Output to Rise 10% to 3.3 Million Mt: Antaika	6
Australia’s Zinifex Sees Zinc Price Recovery Dependent on China Exports	6
Two Russian Listings in London Fall Short of Target.....	7
Tanzania Keen to Encourage Greater Investment in Its Mining Sector.....	7
Citigroup: It’s Aluminum’s Turn to Shine.....	8
Billiton to Buy Into Guinean Bauxite	8
Gold Fields Raises ‘Largest-Ever’ R8,9bn in 5 Days; R1,3bn Over-Subscription Bonus Also on Way	9
South Africa: Anglo Coal in R7bn BEE Transaction.....	10



USD	FEBRUARY 09, 2007	FEBRUARY 02, 2007
GOLD	664.50	654.70
SILVER	13.8400	13.6600
PLATINUM	1,196.00	1,165.00
PALLADIUM	336.00	339.00
ALUMINUM	1.2628	1.2746
COPPER	2.4499	2.4952
LEAD	0.7462	0.7697
NICKEL	17.4656	18.5066
URANIUM	75.00 (02/05/07)	75.00 (01/29/07)
ZINC	1.4218	1.4832

would be deferred until they begin to make profits, he said. Magande and the state media hailed Hu's visit as the best way to 'conduct world politics'. "China is only interested in economic development and rarely talks about politics. If everyone (in the world) was behaving like this, then there would be more development," Magande said.

Zambia, however, has seen unrest over China's growing power in Africa, including a riot at a Chinese-owned mine over pay. The opposition Patriotic Front has accused the government of selling out to Beijing. The

Copperbelt region, where the special economic zone is to be created, was dropped from Hu's itinerary, apparently out of fears that there might be protests by families of workers who died in a 2005 explosion at a Chinese-owned mine.

The Patriotic Front said during last year's presidential race that it wanted to switch diplomatic recognition to Taiwan and expel mainland Chinese people from Zambia. Mwanawasa's government re-affirmed its recognition of Beijing on Saturday. The Patriotic Front was barred from meetings with Hu.

PRIVATE EQUITY CYCLE TO END BADLY, COMMODITIES EXPERT WARNS

February 5, 2007 (MarketWatch) – The debt-laden private equity market is headed for a shakeout and will exacerbate the pain from the next sharp downturn in world financial markets, commodities expert Jim Rogers said Monday. With resources companies increasingly coming under the radar of cashed-up buyout firms, Rogers told journalists in Australia even the country's biggest companies, like global miner BHP Billiton PLC, could become targets.

"There is going to be a gigantic shakeout when that whole mess starts coming apart," said Rogers, who is author of the books 'Hot Commodities' and 'Adventure Capitalist.' He also co-founded the Quantum Fund with George Soros.

"Ten years ago, it was brilliant...but now it is to the stage where it can't be brilliant. There is too much money, they are paying too high prices and they are leveraging themselves too much," he said. While some private equity investors will do well, there are many new players who are "leveraging themselves to the hilt, paying higher multiples than they paid before." The fallout will have implications for the commodities market and the wider financial markets.

Rogers is on a UBS-hosted tour of Australia, which is experiencing a surge in private equity activity as buyout firms are attracted to the country's healthy and well-regulated local market and its stable political environment. With the board of Australia's Qantas agreeing in December to a A\$11 billion bid from a consortium led by Macquarie Bank Ltd. and Texas Pacific Group, analysts say no company seems out of reach.

Rogers said the likes of BHP could become targets for private equity. "There are now gigantic amounts of private equity being raised. Billions of dollars are being raised for private equity. It has got to go somewhere," he said.

"BHP, on an asset basis, is a cheap stock. This isn't a prediction. Whether a private equity group wants to come in and try to buy them or whether BHP wants to sell, I've not a clue. But I do know that if you look at their assets and you look at the amount of private equity out there, that's what these guys do, they go around looking for companies where they think they'll make a lot of money."

He said Australian resources companies could also be targeted by Chinese interests as the rapidly growing country seeks to ensure ongoing supply of commodities. "You have the resources. The world needs the resources. The Chinese right now are going around the world buying up resources everywhere they can," he said. "I presume they'll try to do the same down here (Australia). Somebody will. You have some very valuable companies."

After zinc prices slumped Friday on concerns about sharp losses incurred by metals-trading hedge fund-giant Red Kite Management Ltd., Rogers also warned that a lot more hedge funds are going to get into trouble. That will likely drive down prices in whatever market the funds are heavily invested in, providing a buying opportunity for those who survive the fallout.

"Some of these guys are going to come apart at the seam. I don't know who's got what positions in what, but I know when some of them start blowing up, it's going to have huge ramifications," he said.

Rogers has predicted the current commodity bull run could last until 2014-2022, aping the bear market in the 1980s and 1990s, thanks to sustained demand driven by China and a dearth of new sources of supply following years of under investment in commodities.

YUNNAN COPPER TO SELL SHARES

February 5, 2007 (*Shanghai Daily*) – Yunnan Copper Industry Co, China mainland's third-biggest copper producer by output, has won approval to sell as many as 500 million shares in a private placement.

Yunnan Copper received approval from the China Securities Regulatory Commission, the Kunming, Yunnan-based company said in a filing to Shenzhen Stock Exchange. It didn't say what the money from the share sale will be used for, Bloomberg News said.

Shares in Yunnan Copper fell 5.4 percent to 12.79 yuan (US\$1.65) on Friday. They have risen 128 percent in the past year compared with an 88 percent gain in the Shenzhen and Shanghai 300 Index, which tracks yuan-denominated A shares listed on the mainland's two exchanges.

WORKERS AT BHP'S CHILEAN CERRO COLORADO COPPER MINE ACCEPT CONTRACT OFFER

February 5, 2007 (*MarketWatch*) – Unionized workers at BHP Billiton Ltd.'s Cerro Colorado copper mine in Chile received a sweetened contract offer from the company Sunday, and voted to accept it, calling off a strike planned for Feb. 7, a union leader said late Sunday.

"We're still waiting for one last shift to vote Monday morning, but already more than 50% of voters cast their ballots in favor of the new offer," union spokesman Jose Galaz told Dow Jones Newswires.

Last-minute talks were held Sunday morning and afternoon, in which the company sweetened its offer to include a 4.8% wage increase and bonuses totaling 6.9 million pesos (\$12,600), Galaz said. The mining company has first offered a 2% wage increase, while workers sought a 7.8% hike.

The Cerro Colorado union negotiating the contracts represents about 535 of a total of 700 workers. Current contracts expired Jan. 31.

Last year, BHP was hit with a 25-day strike at its Escondida mine, where workers won a 40-month contract that included a 5% wage increase, a 2.5-million-peso (\$4,600) end-of-conflict bonus, a CLP6.5 million copper-price bonus and a CLP2 million interest-free loan, as well as education, housing and health care benefits.

Workers at Cerro Colorado sought similar benefits, despite copper prices tumbling to around \$2.50 after Escondida workers negotiated their contracts. Cerro Colorado produced 90,464 metric tons of copper in 2005, according to data provided by the Consejo Minero mining trade group.

UZBEKISTAN TO AUCTION OFF U.S. GOLD VENTURE IN MARCH

February 5, 2007 (*Reuters*) – Uzbekistan will sell off gold assets formerly managed by U.S.-based Newmont Mining Corp on March 2, the state property exchange said in a statement on Monday. Last year an Uzbek court declared the Newmont gold venture in the Central Asian state bankrupt after seizing \$49 million of assets, gold and cash to cover back tax claims.

Newmont has filed for international arbitration, saying Uzbekistan had repudiated its obligations to the 50/50 Zarafshan-Newmont joint venture with the state. The

exchange had originally planned to hold auctions on Dec. 18 and Jan. 18 but they did not take place due a lack of bids.

The statement said local companies holding licences to mine precious metals in Uzbekistan were allowed to take part in the tender, and added that the starting price was set at \$139 million. Earlier, a source close to the deal told Reuters the auction was largely a formality for the state to take over Newmont assets.

**To subscribe or unsubscribe to
Global Mining News, please contact:
newsletter@dolbear.com**

KREMLIN INC. TO GRAB BILLIONAIRE'S NICKEL GIANT?

February 5, 2007 (*Forbes*) – Vladimir Potanin, chairman of nickel giant Norilsk Nickel, is considered one of the last remaining billionaire oligarchs of Russia's Yeltsin era – but not for long. It looks as though the 45-year-old could soon find himself plucked from power by the acquisitive hand of the Kremlin. In an interview with the Russian edition of Newsweek magazine, Potanin said that he did not see the possibility of the Russian government buying back Norilsk shares as “a personal tragedy, but as a change in the business climate.”

Last week speculation had mounted that Norilsk could be shopped to the Kremlin after its chief executive, Mikhail Prokhorov, sold his 25% stake to Potanin. Norilsk Nickel is one of Russia's last few strategic assets majority-owned by private investors, but with a government that's shown growing signs of resource nationalism it probably won't stay that way. “It's increasingly likely that the state will acquire a significant interest in Norilsk Nickel,” said Cliff Kupchan, an analyst at the political risk consultancy Eurasia Group.

It's been rumored for some time that the Kremlin was preparing to use its diamond monopoly Alrosa as a vehicle to acquire a portion of Norilsk, Kupchan said. Yesterday the chief executive of Alrosa resigned, with a former executive from Norilsk Nickel set to take his place.

And while the flush Potanin may have easily spent \$3.5 million on a private concert with George Michael

recently, that's peanuts compared to the \$7.8 billion he'll reportedly have to shell out for Prokhorov's 25% stake. “It's unclear how he would get that financing, and a state buyout is one easy way. Potanin is in flux right now,” Kupchan said. “My sense is that he would rather not be in the more exposed strategic sectors like metals and mining, and that the retail sector is where the state has much less of appetite.” Some say that's where Potanin could head next.

The billionaire is one of the last oligarchs of the 1990s, along with Mikhail Fridman, who controls Alfa Group. But Potanin is not on the inner circle like Oleg Deripaska or Roman Abramovich, said Kupchan. “He's not a pocket oligarch. He's low-key, independent, and stays out of the spotlight.”

Unfortunately for Potanin, no amount of political dexterity will dent Russia's ambitions to take control of its metals and mining industry. “Resource nationalism serves as a source of both funding and political legitimacy for Putinism [the current political system in Russia],” said Kupchan.

“In addition to the revenue stream, state control of energy and metal assets are seen by the elite and the people as reversing the unjust rubber band capitalism of the Yeltsin era.” Potanin should perhaps enjoy it while it lasts.

BASE METALS BULL MARKET EXPECTED TO END IN 2007

February 5, 2007 (*InvestmentExecutive.com*) – The consensus among forecasters is that base metals peaked in 2006 and, depending on the metal, will head lower this year as the global economy slows. If the consensus is correct, the reversal may mark the end of a four-year bull market for base metals that has recently sent prices to unprecedented highs.

But the sector has defied bearish forecasts before, especially in 2006, when prices considered “inflated” at the beginning of the year headed much higher. Nickel jumped 158%, zinc gained 142%, and lead and copper added 54% and 36%, respectively, by yearend.

Copper has been pegged for further losses, even though the price of the base metal fell to a nine-month low in January. London-based GFMS Metals Consulting Ltd. believes a continuing downturn in the copper-dependent U.S. housing sector, combined with lower Chinese

imports and a more stable supply environment, will lead to a surplus in 2007.

Zinc and nickel are expected to replace copper as sector leaders. Toronto-based Bank of Nova Scotia and London-based Standard Bank have chosen zinc as their top commodity pick for 2007 because demand from U.S. non-residential construction and from China remains strong, while London Metal Exchange stocks continue to decline. “Zinc will probably move even higher in the first half of 2007, before significant mine expansion begins to trim prices in late 2007 and in 2008,” economist Patricia Mohr at Bank of Nova Scotia reported in her yearend commodity review.

Wild cards could skew projections. One is lack of a “buffer” in LME inventories, meaning stocks are vulnerable to supply disruptions like those that plagued the sector in 2006. Supply disruptions, in the form of strikes and technical problems, are so common that

London-based Natexis Commodity Markets Ltd. has raised its “disruption allowance” to account for production loss in 2007.

Investment funds have a strong influence on metal prices. They’ve propped up the bull market so far but could turn

bearish as they register the wide discrepancy between spot prices and long-term average prices for metals, Natexis says.

BOLIVIA: MINERS PROTEST TAX HIKE PLAN

February 6, 2007 (Houston Chronicle) – More than 20,000 miners from across Bolivia marched into La Paz Tuesday, tossing bits of dynamite that sent booming explosions echoing through the streets in a protest of President Evo Morales’ plans for a steep hike in mining taxes. The hard-hatted miners whistled and chanted as they filed through the center of the capital city in the protest against the tax proposal they say would unfairly burden hundreds of small independent miners’ cooperatives.

Police said they had confiscated some 284 sticks of dynamite from the protesters, along with hundreds of detonators and rolls of fuse – all sold in Bolivia without restrictions. After negotiations with the miners Monday night, the government announced that the cooperatives’ taxes would be frozen at current levels until further notice. The proposed tax increase would be directed instead at larger private mining companies operating in Bolivia, officials said.

But the concession failed to deter the thousands of miners already gathered in La Paz’s poorer twin city El Alto from marching down the hill into the capital Tuesday morning. The tax freeze “seems reasonable to us,” Interior Government Minister Alfredo Rada said at a news conference Tuesday. “We hope that this proposal will not continue to be met with intolerance and irrational actions like those of the cooperative miners this morning.”

The miners’ cooperatives argue that the government should not penalize their labor with higher taxes but

instead focus on the mineral dealers who buy and sell their ore. “We have asked the government not to impose this tax,” Andres Villca, leader of National Federation of Mining Cooperatives, known by its Spanish acronym Fencomin. “Instead, we have asked them to look for a way to control the sale of the minerals, which is the fundamental part.”

Rising international metal prices, fed in part by spiraling demand from China, have doubled the value of Bolivia’s mineral exports, from \$547 million in 2005 to over \$1 billion last year, with cooperatives accounting for just over a third. The metals – mostly zinc, silver, gold, and tin – together represent Bolivia’s largest export after natural gas.

But the Bolivian government only collected \$45.5 million in mining taxes in 2006, and aims to dramatically increase its collections this year, perhaps to as much as \$300 million. The proposed tax increase is a first step toward Morales’ announced goal of “nationalizing” Bolivia’s mining sector, though how the process will proceed beyond the tax increase is unclear.

Bolivia’s extensive mineral deposits are already owned by the state, which operates a handful of mines through state mining company Comibol. The rest are mined through concessions granted to the cooperatives or to international companies such as U.S.-based Coeur d’Alene Mines Corp. and Apex Silver Mines, Limited.

Morales has said that any concessions left idle or lacking in investment should be returned to the state.

BHP TO BUY BACK \$10 BILLION SHARES; GOODYEAR RETIRES

February 7, 2007 (Bloomberg) – BHP Billiton Ltd., the world’s biggest mining company, will buy back \$10 billion of shares after higher metal prices drove profit to a record. Record commodity prices last year enabled Chief Executive Officer Charles “Chip” Goodyear, who plans to retire in 2007, to deliver his seventh straight half-year record profit and reward shareholders. BHP has a \$17.5 billion pipeline of projects and said China, whose economy grew 10.7 percent last year, will continue as the main demand driver for raw materials.

“The size of the capital management was beyond what the market was expecting and it indicates their confidence in the future outlook of the company,” said Robert Patterson, who manages the equivalent of \$3 billion at Argo Investments Ltd., in Adelaide, including BHP shares. Goodyear, 49, has “been very successful for the company,” he said.

Analysts had expected the company to buy back \$3 billion in shares and to report profit of \$6.3 billion,

according to a Bloomberg survey. The buyback, which will start in Australia, represents 9.1 percent of shares in issue.

BHP and Rio Tinto Group, the world's third-largest mining company, have been under pressure from shareholders to return more cash after reporting record profits. Shares of London-based Rio fell last week after investors deemed a 30 percent increase in dividends insufficient.

The share buyback doesn't preclude BHP from making future acquisitions, said Rob Clifford, an analyst at ABN

Amro Holding NV in Melbourne. Mergers and acquisitions aren't "on hold," Goodyear told a conference. "You will find us as aggressive as anyone, but it is important to know you can't rush this investment process."

The company will look both inside and outside for his replacement, the Houston-bred Goodyear said. Goodyear, who joined the company in 1999, said he normally stays at a company for eight to nine years and his departure will keep BHP "fresh."

CHINA'S 2007 COPPER OUTPUT TO RISE 10% TO 3.3 MILLION MT: ANTAIKE

February 7, 2007 (Platts) – China's copper output is expected to increase to around 3.3 million mt in 2007, up 10% year on year compared with the 2006 level, an official from Beijing Antaike, the state-run nonferrous metals provider, told Platts on Wednesday.

The Antaike official said: "Copper output is expected to mark a steady growth this year but output would still be limited by tight copper concentrates." He added that the fundamental demand for copper in China would still be the key drive raising Chinese copper output.

Meanwhile, one Shanghai-based trader said domestic consumption for copper started to pick up due to the warmer winter this year. "Temperature in Shanghai is

now at around 20 degrees and this is hotter than usual and warmer weather raises copper consumption from end-users. Producers in China are set to ramp up their output earlier this year as higher temperature increases demand for downstream copper products used in electrical appliances such as air-conditioning," the trader said. "Copper demand is set to pick up further in March following the Chinese New Year holidays."

Another trader said: "We are now seeing more copper consumption ahead of the Chinese New Year as more producers want to stock up enough feed supplies before the weeklong holidays in China starting February 17.

AUSTRALIA'S ZINIFEX SEES ZINC PRICE RECOVERY DEPENDENT ON CHINA EXPORTS

February 7, 2007 (XFN-ASIA) – Zinc producer, Zinifex Ltd, said a recovery in zinc prices back to the record levels seen in the December quarter will largely depend on whether Chinese producers continue to export the metal. Chief executive Greig Gailey, told an mining industry meeting in Melbourne, that the fall in the metal's price to the current level of around 3,220 usd a metric ton from an average of 4200 usd on the London Metal Exchange over the December quarter, comes as no surprise.

He noted that a substantial price differential opened up in the final quarter of 2006 between domestic Chinese prices and the LME price which encouraged Chinese producers to export, with much of the exported metal finding its way into the Singapore LME warehouses. He noted that a further recovery in the price will now largely depend on the actions of the Chinese producers and whether they will continue to export.

Gailey said some of the Chinese producer selling was an opportunistic response to the exceptionally high LME zinc prices, adding: "Much of the arbitrage which existed between Chinese domestic pricing and LME has now evaporated thus reducing the incentive to export (further)." Gailey said supply and demand fundamentals still look very positive for the metal in the short to medium term.

Longer term, Gailey said, the price outlook depends on demand being sustained and the industry not oversupplying the market. He said Zinifex expects demand to be sustained because of China's industrialization. "What is occurring in China is not a one or two year event. This economy is rapidly changing – faster than any western economy has ever developed – and this is at least a decade long process," Gailey said.

He said barring any unforeseen global shock which impacts on demand, Zinifex is bullish about the medium and longer term outlook for zinc.

TWO RUSSIAN LISTINGS IN LONDON FALL SHORT OF TARGET

February 8, 2007 (*Financial Times*) – Two Russian companies yesterday priced new share offerings in London and Moscow at the lower end of initial expectations, raising questions about whether investors' appetite for such new issues is waning.

The two deals from Polymetal, the world's fifth-largest silver miner, and Sitronics, the technology group, follow the decision earlier this week by GV Gold, a Russian miner, to postpone its initial public offering amid lackluster demand.

Polymetal raised about \$600m after pricing its shares at \$7.75 for each ordinary share and global depository receipt, from an initial price guidance of \$7.25 to \$9.50. Meanwhile, Sitronics – a subsidiary of the conglomerate Sistema – raised about \$350m after pricing its shares at \$0.24 for each share and \$12 for each GDR – at the very bottom of its initial range. Shares in both companies fell during trading in the “when-issued” market.

The developments underline the increasingly tough environmental companies from Russia and other former Soviet states are likely to face this year as investors become increasingly selective.

“Russia is no longer an automatic buy,” said Christopher Weafer, chief strategist at Alfa Bank. “Therefore new issues will have to be very attractively priced to persuade

investors to invest. [Investors] are demanding on price, on risk and on transparency.”

Vitaly Nesis, the chief executive of Polymetal, yesterday told the *Financial Times* that recent sentiment for Russian IPOs was less positive than in the past. “There is an increasing wariness among investors who feel that some of these offerings in the past have been overpriced and did not perform as well as expected,” he said.

However, he added that the pricing of the deal yesterday was “not disappointing” and achieved a good balance between the needs of both the company and investors. “I remain optimistic about the long-term prospects,” he said.

Tom Troubridge, head of the London capital markets groups at PwC, said: “Sometimes the pendulum swings too much in one direction in terms of whether it's a buyer's market or a seller's market and it can swing very quickly.

“So it is probably premature to read into this week's activities a sign of waning demand for Russian offerings.”

The pipeline of new share offerings is strong. Alfa Bank estimates that there are \$30bn-\$35bn worth of new share offers from Russian companies this year, compared with \$17.6bn in 2006.

TANZANIA KEEN TO ENCOURAGE GREATER INVESTMENT IN ITS MINING SECTOR

February 8, 2007 (*Hoovers*) – Tanzania is keen to encourage greater private-sector investment in its mining sector, President Jakaya Mrisho Kikwete said Tuesday. Kikwete, a former minister for mining for the east African country, said Tanzania is keen to enhance investor confidence and it has already taken a number of steps to attract international companies.

Tanzania offers tax incentives in the mining sector, including a 100% depreciation allowance in the year of expenditure, dividend repatriation by foreign corporations, and royalties of 5% on diamonds and rough stones and 3% on gold and other minerals. Kikwete said value-added tax isn't applied to mining companies that export minerals. In addition, he said the country has sought to allow the sector to operate “more freely” since enacting reforms in the mid-1990s, and the government has embarked on a process of privatization of assets.

Kikwete, speaking at the Mining Indaba industry conference in South Africa, said Tanzania must acknowledge that it presents a number of challenges for mining companies, including poor infrastructure as well as a lack of capacity and efficiency in public services that impede investment, but he added the country is trying to improve the situation. “Mining or no mining, it is in our interest,” he said.

Kikwete said the government has in recent months been discussing renegotiating partnerships with companies, and recently concluded a deal with Canada's Barrick Gold Corp. and is in the process of agreeing deals with other companies. He said Tanzania is looking to achieve agreements that are beneficial to both sides, and which ensure that the benefits of Tanzania's resources reach the government and all the way down to local communities.

An example of this, he said, is companies taking an interest in the communities near their operations and to

source goods locally as much as possible. Tanzania's mining industry is mainly dominated by gold, which is the country's fastest-growing sector, with up to \$2.5 billion worth of investments since 1998, government data show. Tanzania's annual gold output is estimated at

1.75 million troy ounces, making it Africa's third-biggest gold producer after Ghana and South Africa.

CITIGROUP: IT'S ALUMINUM'S TURN TO SHINE

February 8, 2007 (MarketWatch) – An upswing in aluminum prices stands to benefit major world producers Alcoa, Inc. and Alcan, Inc., said Citigroup analyst John Hill, who upgraded the two companies in a report released Thursday.

“We find the aluminum situation is brightening, with prices ticking higher after badly lagging other nonferrous metals during the powerful up-leg of the commodity supercycle over the past four years,” Hill said. He raised earnings estimates on Alcoa and Alcan to buy from hold, citing stronger aluminum pricing and increases in margins for the companies' downstream, or more finished products.

Supporting demand, buyers of metals for industrial purposes are likely to continue to substitute aluminum for

other pricier metals, such as copper, zinc and stainless steel, said Hill. And worries about an oversupply from Chinese production of alumina, the raw precursor to aluminum, are overblown, he said.

“On a net basis, we see the China situation as supportive of long-term aluminum prices in the \$1.10/lb range,” Hill said, adding that it was unlikely that prices for the lightweight metal would drop back to 80 cents a pound.

The price of aluminum for delivery in three months rose 23% on the London Metal Exchange from Jan. 3, 2006 to Dec. 29 of that year. That rise compared to a 144% increase in the price of nickel and 122% increase in the price of zinc, LME data show. Copper rose 44% after a losing much of its early-year gains in a May sell-off.

BILLITON TO BUY INTO GUINEAN BAUXITE

February 8, 2007 (Business Report – Johannesburg) – Following news of Billiton's interest in a very early stage DRC bauxite project, Marius Kloppers, an executive director, says his company is also looking at a stake in Global Alumina's Republic of Guinea-based deposit containing the same commodity.

Speaking at his company's end-December interim results presentation, Kloppers said the deal in Guinea would see his company become the “executor and a shareholder in the project” itself, which involves a potential mine and alumina refinery. Kloppers described the deposit's size as a “couple of billion tonnes” and said a 7-8 billion rand investment decision would be made in the future on the project.

According to the Global Alumina website, a 2.8 million tonne per annum aluminium refinery is planned, with the

potential to boost this to 4mtpa, with first production in 2009. The company has a heavy exploration focus on Africa, including diamonds in Angola and mineral sands in Mozambique. Kloppers said that more than half of BHP Billiton's exploration spend is in Africa.

In South Africa, he said the Klipspruit coal project, which would cost about \$250-300 million to build, was just recently added to the company's project pipeline, as a feasibility study stage project. Kloppers said if all of the company's distributions were added up since it merged with BHP Billiton earlier in the decade, the full market capitalisation at that time would already have been paid back.

GOLD FIELDS RAISES 'LARGEST-EVER' R8.9BN IN 5 DAYS; R1.3BN OVER-SUBSCRIPTION BONUS ALSO ON WAY

February 9, 2007 (*Mining Weekly*) – Gold Fields could well adapt the Toyota slogan to itself because everything keeps going right for the world's largest gold-resources company. Yes, Gold Fields is the world's largest gold-mining company when it comes to the custodianship of gold resources as measured in millions of ounces. But many only a few days ago saw it potentially paralysed into immobility through a lack of funds.

Analysts were lamenting overhangs and potential poisoning from the toxic 14-year hedge book that it had inherited in the takeover of Western Areas Limited. But it put a \$528-million bulldozer on the hedge and five days later raised the most capital any South African gold company has ever done in its long history of capital raising. On the dot, as it said it would, it garnered in R8.9-billion in a mere five days.

The scrip issue was over-subscribed to such an extent that Gold Fields is now almost certain of gathering in another R1.3-billion in over allotment options, probably well before the March 2 deadline.

Gold Fields CEO Ian Cockerill, who has come through every challenge looking stronger, was delighted with “the positive response and oversubscription” and the restoring of the enlarged company's “firepower”. Firepower seems to indicate an appetite for more acquisitions, which he says he will consider if they add value. The 2.9% discount to the value of the shares at the time the capital raising closed was below expectations.

The raising of R8.9 billion was \$1.2 billion at a rand-dollar exchange rate of R7.30, with the new shares representing 14% of Gold Fields' issued ordinary share capital prior to the capital raising.

The record Gold Fields capital raising took place from Thursday January 25 at the close of US business on Tuesday January 30. Gold Fields says in a media release that, in the capital raising, 79 million new shares were placed by JPMorgan Securities and Citigroup Global Markets. The private placement is with institutional investors at an offer price of R113.50 a share, which represented a discount of only 2.9% to the closing price of Gold Fields shares on the JSE on Tuesday January 30.

The R8.9 billion or \$1.2 billion was raised at a rand-dollar exchange rate of R7.30, the new shares

representing 14% of Gold Fields' issued ordinary share capital prior to the capital raising. The proceeds of \$1.2 billion will be used to repay debt incurred for purposes of Gold Fields' acquisition of Barrick Gold Corporation's 50% interest in the South Deep asset and its rights under the joint venture agreement with Western Areas Limited. As is customary in both local and international primary capital raisings, the two bookrunners were granted an over-allotment option.

In terms of that, Gold Fields must now issue an additional 11.85 million new ordinary shares at R113.50, in order to cover over-allotments. Gold Fields investor relations head Willie Jacobsz points to the high quality of the company's enlarged shareholder base and the overwhelming support from existing shareholders being very positive to Gold Fields. Their investment will allow Gold Fields to take advantage of the significant organic growth potential inherent within the company's large portfolio.

Having completed the Barrick transaction and having secured 97.7% of Western Areas, Gold Fields has confidence in the prospects for the enlarged business, in particular, as the South Deep gold mine fits naturally with Gold Fields' portfolio of high quality, long-life assets. The hedge would have forced it to sell gold at less than half the current market price until 2014. Gold Fields debt has now been reduced to \$700 million, below the outer \$750-million band that it has set for itself.

The new shareholders will have the right to the dividend of 90c a share announced on January 25. Admission, settlement and commencement of dealings were expected to have taken place on Wednesday February 7. Gold Fields has put its overall capital expenditure requirements at R9.7 billion as it seeks to deepen its South African mines, as well as start another in Peru. There is also R3.5 billion earmarked for upgrading South Deep, a rich 30-million ounce reserve. Last year, Gold Fields issued an additional 13% of share capital and paid \$1.2-billion in cash to buy Barrick Gold's 50% stake in South Deep.

According to Bloomberg, the share offer represented a discount of 9.9 % on the rand closing price on January 24, the day before the capital-raising announcement.

SOUTH AFRICA: ANGLO COAL IN R7BN BEE TRANSACTION

February 9, 2007 (*Business Day – Johannesburg*) – Anglo American's wholly owned coal subsidiary Anglo Coal SA has taken another step towards meeting government's economic empowerment requirements with the creation of a R7bn black-empowered coal firm.

The group said yesterday it had formed a new company, Anglo Inyosi Coal, which would be 27% owned by a consortium of black women, business people and communities. An employee share ownership scheme would also be introduced this year. However, it was unclear to what extent the move would enable Anglo Coal to meet the requirements of the mining charter, which is a precondition to securing mining licences.

The charter requires 15% black equity ownership by 2009 and 26% by 2014. Asked at a press conference about Anglo Coal's empowerment status after this deal, Anglo American SA acting CEO Philip Baum said Anglo Coal had engaged with the minerals and energy department on it. The deal was based on production volumes and it would be put together with other empowerment transactions and goals Anglo Coal had achieved and taken to the department. The department did not commit itself in advance to approvals, he said.

Baum was referring to Anglo Coal's involvement in establishing Eyesizwe Coal and Exxaro Resources, as well as its R1,7bn of procurement spending last year and achievement of milestones in black management and employment of women in mining. Anglo Inyosi Coal will

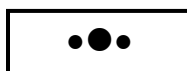
own the Kriel colliery, which produces 10,5-million tons of coal a year, as well as four undeveloped coal properties: New Largo, Elders, Zondagsfontein and Heidelberg.

The undeveloped coal properties can potentially produce another 38-million tons of coal a year, mostly for the domestic market. The total resources of the new company are 4,1-billion tons of coal. Anglo Inyosi Coal will pay Anglo Coal R7bn for these assets through R68m in share funding by Anglo Coal, R25m sharefunding by Inyosi and a R6,9bn loan from Anglo American.

Anglo Coal SA CEO Ben Magara said Anglo had looked at the financing offered and decided that the best option was for it to extend the loan itself. The interest rate was within the norms for empowerment deals and not material to the Anglo group's earnings. The mine properties have a R15bn project pipeline, which will be funded by Anglo Coal.

Under the deal, R5m a year will be paid by Anglo Inyosi Coal to broad-based beneficiaries with another R1m to fund administration costs.

The Inyosi consortium is represented one-third by the Litemba Consortium, 100% owned by historically disadvantaged women; one-third by Pamodzi Coal, a newly created firm within Pamodzi Investment Holdings; 19% by WDB Investment Holdings, a women's financing group, and 15% by communities near the mines.





Beijing
 No. 12B Fuxing Road, Suite 722
 Beijing 100814
 Tel: +86.10.6397.8500
 Fax: +86.10.6397.8580
 beijing@dolbear.com



Denver
 999 Eighteenth Street
 Suite 1500
 Denver, Colorado 80202
 USA
 Tel: +1.303.620.0020
 Fax: +1.303.620.0024
 denver@dolbear.com



Guadalajara
 Niños Heroes 2716-202
 Col. Jardines del Bosque
 44520 Guadalajara, Jalisco
 Mexico
 Tel: +52.33.3121.1073
 Fax: +52.33.3121.1490
 mexico@dolbear.com



Hong Kong
 Tel: +852.9039.0288
 hongkong@dolbear.com



London
 Winchester House
 259-269 Old Marylebone Road
 London, NW1 5RA
 United Kingdom
 Tel: +44.207.170.4034
 Fax: +44.207.170.4035
 london@dolbear.com



New York
 100 Park Avenue, Suite 1600
 New York, New York, 10017
 USA
 Tel: +1.212.684.4150
 Fax: +1.212.684.4438
 newyork@dolbear.com



Santiago
 Av. Fleming 11.020, Casa 15
 Las Condes, Santiago
 Chile
 Tel: +56.2.243.0947
 Fax: +56.2.243.0022
 santiago@dolbear.com



Sydney
 Level 9, 80 Mount Street
 North Sydney, NSW 2060
 Australia
 Tel: +61.2.9954.4900
 Fax: +61.2.9929.2549
 sydney@dolbear.com



Toronto
 67 Yonge Street
 Suite 1201
 Toronto, Ontario M5E 1J8
 Canada
 Tel: +1.416.369.9011
 Fax: +1.416.369.0449
 toronto@dolbear.com



Vancouver
 600-890 West Pender Street
 Vancouver, British Columbia V6C 1J9
 Canada
 Tel: +1.604.646.4666
 Fax: +1.604.687.1327
 vancouver@dolbear.com

BEHRE DOLBEAR

founded 1911 MINERALS INDUSTRY CONSULTANTS

Our **People** Have Run The World's **Mines**

www.dolbear.com