

BEHRE DOLBEAR

Global Mining News

EASTER ACTIVISTS STOP OPERATIONS AT NSW MINE SITE

April 8, 2007 (Sydney Morning Herald) – Environmental activists have chained themselves to machinery and invaded the office of a central-western NSW mining site, halting its operations.

About 60 protesters have gathered at the Barrick Gold site at Lake Cowal near Condobolin, claiming the company is stripping the area of precious water supplies and destroying the land of the Wiradjuri people, the traditional owners of the land. A spokeswoman for Friends of the Earth Australia said two activists had now chained themselves to machinery inside the site.

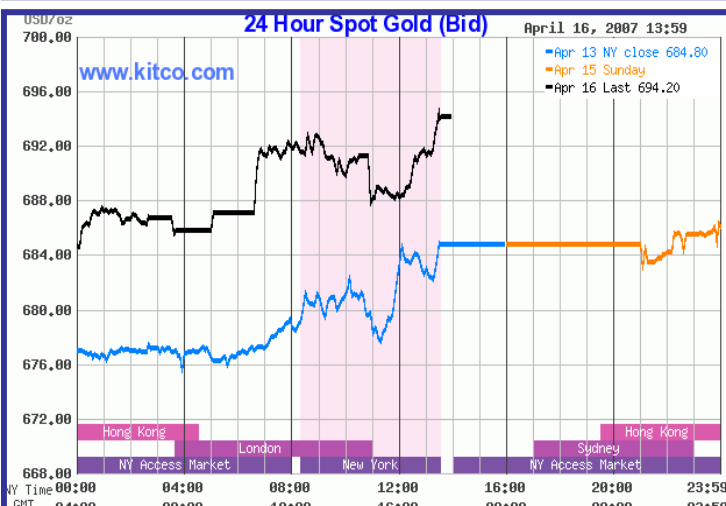
Fifteen others are currently inside the site office looking for artifacts they claim Barrick has taken from the site, and which belong to the Wiradjuri people. She said the activists' actions have stopped operations at the site and power has also been cut to the office. This is the seventh year protesters have gathered at the site over the Easter weekend.

GOVERNMENTS OF MINING NATIONS – GOOD GUYS, BAD GUYS

April 8, 2007 (MineWeb) – Argentina: “We want to work together with overseas interests to develop the local industry. We need the investment” Mexico: Foreign entities may hold 100% of a project; 100 year concessions and no royalties (tax, though) These, we hasten to add, are among the good guys.

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USD	APRIL 13, 2007	APRIL 05, 2007
GOLD	681.75	673.50
SILVER	13.8800	13.5800
PLATINUM	1,266.00	1,251.00
PALLADIUM	369.00	350.50
ALUMINUM	1.2726	1.2755
COPPER	3.5383	3.3861
LEAD	0.9185	0.9167
NICKEL	22.6343	23.7569
URANIUM	113.00 (04/09/07)	95.00 (04/02/07)
ZINC	1.5901	1.5431

At the Natural Resources Summit of the Americas run by Global Investment Conferences, the Secretary for Mining in Argentina and the Mining Co-coordinator in the Economic Secretariat in Mexico made presentations outlining the state of play in their respective countries and stating their cases for encouraging international investment.

After an excoriating address by Dr. Frank Lucas on how there is an increasing degree of “title grab” in a number of countries (neither Mexico nor Argentina were mentioned but Mongolia, Russia and especially Bolivia got some stick), with a remarkable increase therein running in line with the development of the metals bull market, it was comforting to listen to two Ministers who profess that cleanliness of title is important, especially the Mexican Minister who said at the top of his presentation that one of the attractions of investing in Mexico is that under the mining code, foreign investors are allowed to hold 100% of a property.

Dr. Lucas, meanwhile, had pointed out, inter alia, that after he and a colleague had performed a mightily long laborious process of trawling through every edition of Mining Journal back to the last century, he could produce the following with respect to changes in legislation, nationalisation (“theft”) and individual appropriations. In 1999, when the metals markets were dormant and mining was unprofitable; zero. In a period of three weeks in 2004 when the markets were just starting to stir; enough to fill one slide. In a period of three week this year, enough to fill three slides and the activities of the governments in question were considerably more blatant. He urged caution and considerable due diligence on the part of both mining companies and potential investors when looking at political risk.

Not all is as black as it seems, however and there are quite a few governments who play it by the book.

URANIUM SPOT PRICE SURGES PAST US\$100-LEVEL

April 9, 2007 (Market Wire) – The uranium spot price surged to a new record of US\$113 per pound as buyers aggressively bid for a lot of uranium at a recent bell-weather auction in Corpus Christi, Texas.

The modest-sized lot of 100,000 pounds was offered by Texas-based Mestena Uranium LLC, a small privately owned firm, while the aggressive bids came from both utilities and investors. The company’s auctions are closely watched in the industry because they’ve resulted in strong price increases in the past, including a previous auction in late 2006.

According to a report by The Northern Miner, senior executives at Mestena were “surprised” at the range of bidders participating in recent auctions, which include hedge funds looking to buy in anticipation of future price increases, as well as various utilities.

At the time of the auction (the deadline for the sealed bids was April 3rd) spot prices had reached US\$95 per pound, up from US\$75 per pound in February. The record spot price set at the April auction is a mere US\$2 shy of the all-time high in inflation-adjusted dollars. The long-term uranium price remains unchanged at about US\$85 per pound.

Industry analysts had predicted that spot prices might surpass the US\$100-level this year because of supply shortfalls and rising demand as government agencies and utility companies seek “green” long-term energy solutions. On the supply side, flooding at Cameco’s Cigar Lake mine in Saskatchewan and the long lead-times to construct new mines also contribute to the bullish outlook for uranium.

MACQUARIE SEES TIGHT MARKET FOR BASE METALS, REVISES LEAD OUTPUT FORECASTS

April 9, 2007 (Hoovers) – Production problems and delays at lead mines around the world will likely double the market’s supply deficit in 2007 and may keep lead prices extremely strong into 2008, said Macquarie Research in a weekly commodities report.

While the physical supply of copper has also tightened and may have moved into deficit in the first quarter, the

Australia-based research group said prices may not rise much from current levels as demand from Chinese buyers is easing because of the high price.

Macquarie has revised its lead supply output estimate following the temporary shutdown at the Magellan mine in Australia owned by Canada-based Ivernia and cuts in lead production forecasts at Xstrata’s Mount Isa mine and

Lundin Mining's Aljustel mine in Portugal. "(Disruptions) to (lead) production since the beginning of the year have already been enough for the lead market to look likely to record another deficit in 2007."

Macquarie is now forecasting the refined lead deficit for 2007 at 70,000 tons, more than double its previous estimate of 33,000 tons. Macquarie added that production woes could continue into 2008 as the timelines of several new mine projects such as Herald Resources' Dairi project in Indonesia remain uncertain. For 2008, it is forecasting a surplus of 45,000 tons.

Meanwhile, the recent rally in copper prices may be capped in the second quarter by a slowdown in Chinese buying, Macquarie said. Monday, the London Metal Exchange three-month copper futures contract was quoted at \$7,450.20 a ton, up 41.9% since hitting a 9-month low Feb. 2 at \$5,250/ton. The LME will re-open for trading Tuesday.

While the copper market tightened and may have been in a modest deficit in the first quarter due to strong Chinese

demand, the key issue is whether this demand will be sustained, it added. "Deterioration in the Shanghai/LME copper arbitrage would appear to imply that Chinese buying is starting to ease again at these higher prices, which could then limit the upside from here."

The outlook for nickel prices, which hit an all-time record at \$50,000/ton last Thursday, will hinge on whether nickel consumers will cut purchases to the point of sending the market into surplus, Macquarie said.

Macquarie noted signs of weakness are developing in European nickel demand. In this context, it added that manufacturing activity, gauging from purchasing managers' indices for March, may be slowing in the U.S., Europe and Japan, although China's strong productivity in 2007 has offset those slowdowns.

At a recent nickel conference hosted by Macquarie, industry participants said the surge in China's nickel pig iron output, which has helped alleviate the extreme tightness in the physical market, could become a bigger supply source in 2007.

ALCOA PLANS TO UP PRODUCTION IN RUSSIA 18% IN 2007

April 9, 2007 (*Interfax*) – Alcoa Russia plans to raise output 18% this year compared with 2006, William O'Rourke, the head of the U.S. aluminium giant's Russia division, said at an investment conference organized by the American Chamber of Commerce in Russia.

O'Rourke said Alcoa's Russian enterprises boosted output 25% in 2006. Those enterprises shipped a record 21,000 tonnes of products to consumers in March, he said.

Alcoa plans to increase output in Russia to 300,000 tonnes in the next few years. Output fell just short of 250,000 tonnes in 2006. Alcoa Russia has said it sold 103,000 tonnes of aluminium goods to consumers in Russia and exported 116,000 tonnes in 2006. The company expects overall shipments to rise 17% this year to 254,000 tonnes, including 126,000 tonnes to the domestic market and 128,000 tonnes abroad.

JINCHUAN JOINED IN MUNALI NICKEL PROJECT IN ZAMBIA

April 10, 2007 (*SinoCast*) – Jinchuan Group Limited, the largest producer of nickel in China and Asia, participated in a nickel mine project Munali in Zambia, along with major investor Albidon Limited of Australia.

Munali, with an annual production capacity of 8,500 tons after completion, is the first nickel mine of Zambia, and will come into production in the mid-year of 2008. It not only contains 100,000 tons of nickel, but also can give out 15,000 ounces of platinum family metal, 1,400 tons of copper and 400 tons of cobalt each year.

At the end of last year, Jinchuan Group Limited and Albidon Limited, the nickel mine developer that established in 2000, signed agreements. The two partners decided to sell the produced nickel concentrates to Jinchuan Group; Jinchuan Group will pump USD 20 million into the nickel mine. Meanwhile, Albidon Limited will invest USD 100 million in the establishment of the mine.

BARRICK GOLD TO EXPLORE POSSIBLE SALE OF NOVAGOLD SHARES

April 10, 2007 (AFX) – Barrick Gold Corporation, the world's largest gold miner, said it is exploring opportunities to sell off all or a portion of the NovaGold Resources Inc shares it owns through negotiated or private deals.

It said it will consider the general market conditions, prevailing market prices for the shares, business and

prospects of NovaGold, and alternative investment opportunities available at the time of sale.

Barrick is NovaGold's single largest shareholder. As of Dec 7, the day its 1.7 bln stg hostile takeover bid for NovaGold expired, Barrick held a 14.8 pct stake in the company.

CHINA MOLYBDENUM TARGETS \$977 MILLION FROM IPO

April 10, 2007 (FinanceAsia.com) – Eight cornerstone investors commit to a piece of the deal as the price range is set at a sizeable discount to comparable Hunan Nonferrous Metals. China Molybdenum has set the price range for its initial public offering at a level that offers a significant discount to fellow specialty metals producer Hunan Nonferrous Metals, but could still see it raise well over \$900 million if the greenshoe is exercised in full.

The company, known as China Moly, operates one of the largest pure molybdenum mines in the world, which is estimated to have 498,000 tonnes of molybdenum reserves and 506,000 tonnes of tungsten reserves.

The company is offering 22.7% of its issued share capital at a price between HK\$5 and HK\$6.40 per share, according to sources. With a base deal size of 1.08 billion new shares, this puts the total offering at HK\$5.4 billion to HK\$6.9 billion (\$694 million to \$888 million). The greenshoe, which will be no more than 10% (compared with the usual 15%), could boost the total takings to \$977 million.

Sources say the response among institutional investors to China Moly's offering has been positive so far and the discounted price should ensure enough orders. About

one-fifth of the base deal size, or 18% to 23% depending on the final price, has also been set aside for eight cornerstone investors and the quality of those names should help instil confidence among other investors too, the sources note.

The money raised from the IPO will be used partly to set up its own processing facilities to recover tungsten from the raw material left over after extracting the molybdenum. These facilities, which are already under construction and scheduled to be completed by early 2008, will boost the revenues generated by its tungsten reserves to 4%-5% in a couple of years from only 1% now, making the metal an important growth driver, analysts project.

The IPO proceeds will also help fund an increase of the ore output from its only mine as well as the processing capacity of various molybdenum products further down the value chain as the company strives to transform itself into more of an integrated molybdenum producer.

The final pricing it expected to be determined after the US close on April 18 with the trading debut scheduled for April 26.

CHINA TO CLOSE ALUMINUM PLANTS THAT BREACH RULES, AGENCY SAYS

April 10, 2007 (Bloomberg) – China, the world's biggest producer and consumer of aluminum, will close plants under construction that breach investment and environmental rules announced last year, the country's top economic planning agency said.

The government will also hasten the closure of obsolete aluminum factories to enforce standards for a project's capital and technology, the National Development and Reform Commission said on its Web site today.

China, which has faced overcapacity the aluminum industry that has depressed prices, wants to try and guard against an oversupply of the commodity, cut energy use

and bolster environmental protection. Still, fixed-asset investment in the aluminum-smelting industry has more than doubled this year.

The government will also tighten scrutiny of projects that make alumina, the semi-processed commodity that is made from bauxite and then turned into the lightweight metal, the commission's statement said.

China last year raised export taxes on primary aluminum to 15 percent from 5 percent, and cut the tax rebate on overseas sales of some aluminum products, such as sheets and strips, to 11 percent from 13 percent.

IVANHOE REACHES AGREEMENT WITH MONGOLIA ON TOLGOI

April 10, 2007 (Reuters) – Ivanhoe Mines Ltd. said on Tuesday it had reached an investment agreement with the Mongolian government on the Tolgoi gold and copper project in the South Gobi Desert.

Ivanhoe did not release details of the agreement, apart from saying it was subject to review and approval by the company, the Mongolian government, and by mining giant Rio Tinto PLC, which owns a stake in the project.

SIX REASONS WHY GOLD STILL LOOKS GOOD

April 10, 2007 (Money Week) – The new century has brought great years for investors in gold, whose annual average price soared from \$271 an ounce in 2001 to \$604 in 2006.

However, I think it's interesting that generally speaking they've done no better from getting into gold mining shares than if they simply bought into the metal – there was none of the gearing effect that one might have expected from improving margins. That was probably because equities generally suffered over much of the period.

If history repeats itself, we could within a few years see the gold price soar to more than \$1,500 an ounce, compared to the \$673 price when markets closed ahead of Easter. In real terms – that is, after adjusting for inflation – that would still be no higher than the previous peak reached in early 1980.

Many investors have been surprised by how gold has gone up without traditional drivers such as inflation, dollar collapse, major financial crisis or war. Undoubtedly that's because the world has been flooded with money by the central banks, inflating prices of all major investment assets.

But that doesn't mean gold will lose its traditional defensive characteristics. It is still, as its bulls have long pointed out, the only kind of money that isn't someone else's liability and dependent on others' financial soundness. The US still keeps 75 per cent of its foreign reserves in gold; the Eurozone's three largest economies keep 61 per cent of theirs in bullion.

GFMS, the independent metals research group, says in its latest annual gold survey that higher gold prices are "the most likely course of events in the short to medium term." In 2006 the average gold price had to rise 36 per cent in dollar terms to stimulate supply and depress demand to keep them in balance. Supply of gold traded on world markets fell by 5 per cent to 3,907 tons.

Central banks and other official holders cut their sales by a net 346 tons. Central bankers, having sold off a lot of gold in recent years at huge losses relative to later prices, are less willing to expose themselves to further ridicule.

And a handful of smaller nations are even quietly adding to their gold reserves. This is very good news for the gold price as it means the biggest threat overhanging the market – sales from the 30,000 tons held in official reserves – has become less of a worry.

Production of newly-mined gold fell by 79 tons last year. To blame were declining grades, mine closures, operational difficulties, and a shortage of new production coming on stream (the legacy of decades of under-investment due to declining prices).

On the demand side there was a dramatic fall in offtake by the jewellery industry – down 427 tons over the year – in reaction to higher gold prices. However, those elevated prices continued to boost dehedging as mining companies and others who sold forward to lock in prices, usually significantly lower than current ones, unwound their positions.

GFMS remains confident about the outlook for gold for these reasons:

- The dollar is likely to continue to weaken;
- Slowing economic growth in the US is likely to feed through to produce disappointing returns from major conventional assets;
- Rising international political tensions, especially in the Mideast.
- On the supply side, official-sector sales are likely to remain subdued, while scrap sales may soften unless the gold price ratches up.
- On the demand side, the jewellery market seems to have stabilized after adjusting to higher price levels. Dehedging should remain substantial.
- Investment demand looks solid, with ETFs (whose certificates, traded on stock exchanges, give direct ownership of physical metal) generating a third of net new investment.

There is a growing appetite for "safe haven" investments. And the outlook for mainstream investments is questionable, with equity values threatened by a fall-off in earnings growth and bonds and property by rising interest rates.

POLYMETAL TO SPEND \$150M ON PROJECT

April 10, 2007 (Reuters) – Polymetal, the country's third-largest gold miner, plans to spend \$150 million to \$200 million by 2010 to develop its Albazino project in the country's Far East as part of a wider expansion, the company said Friday.

St. Petersburg-based Polymetal plans to build two plants to process ore and concentrate from the deposit, which will produce at least 200,000 to 250,000 ounces per year of gold, almost as much as the company's entire production of the metal last year. "The capex will be divided equally between 2008 and 2009, with a little remaining in 2010," said Bree Schuette, Polymetal's director of investor relations.

Polymetal, also the country's top silver miner, was valued at \$2.4 billion in a share listing in February. It produced 256,000 ounces of gold and 17.3 million ounces of silver last year and is developing projects in Russia and Mongolia.

Polymetal last year acquired Resources Albazino, which is developing the deposit of the same name in Khabarovsk region. The deposit is around 150 kilometers from the Pacific port of Nikolayevsk-on-Amur. The company said local authorities had approved plans to build an ore-processing plant in Polin Osipenko, the area within Khabarovsk where Albazino is located.

NKWE PLOTS 1M OZ PLATINUM OUTPUT, AIM LISTING

April 10, 2007 (miningmx.com) – Australia's Nkwe Platinum, which has as its largest shareholder a South African black-owned company, plans to become an independent million ounce per annum producer and list on AIM and the JSE by mid-2007, managing director Maredi Mphahlele said.

But those plans come with a huge caveat: Nkwe and its partner Genorah must first resolve a legal tussle with Anglo Platinum, the world's largest platinum company, over the rights ownership of five farms on the Eastern Limb of the Bushveld Igneous Complex.

Anglo Platinum has taken the Department of Minerals and Energy (DME) and Genorah, the black-owned company and owner of the new-order prospecting rights to the farms, to court to prove it has the rights to the property, which Genorah acquired after the change in South African mineral legislation in 2004.

The matter is expected to come before the courts in June, roughly the time that Nkwe, which is 42% owned by Genorah, plans to shift its primary listing to London's Alternative Investment Market and the Johannesburg bourse, Mphahlele told Miningmx in an interview.

If the court case is decided in Anglo Platinum's favour, Nkwe will approach South Africa's Competition Tribunal, Mphahlele said, pointing out that Anglo Platinum, according to its annual reports and those of other platinum companies, controls more than half the known platinum group metal resources in southern Africa, with an astonishing 71% to 74% of the Eastern Limb's resources.

This legal fug has not deterred Nkwe from plotting an ambitious role for itself in South Africa's tightly

controlled platinum industry where the major producers have their fingers in many junior and mid-tier projects because of their processing and refining plants that are economically beyond the reach of many smaller companies to install for themselves.

Nkwe is already talking to technical partners on the construction of processing facility, including a base metals refinery, based on the con roast technology being tested by South Africa's mineral research facility Mintek. Nkwe is also looking for a strategic partner on its mining plans.

Nkwe has just raised A\$13m, most of which will go towards defining the resources at the two-farm Garatouw project on the Eastern Limb. Additional drilling will be conducted at its other projects on both limbs. Another A\$7m will come into Nkwe on the exercise of management share options around mid-year. The money should be enough to fund the feasibility study into Garatouw.

Resource definition and the pre-feasibility study are being run together up to mid-2008 to expedite the process, said Jackie van Schalkwyk, Nkwe's chief operating officer. It will take another two years to complete the bankable study into two possible mines on the five farms.

The focus is firmly on developing mines at the five Genorah farms, one of which, the Eerstegeluk has outcropping UG2 reef and a rich chromium deposit, making it the most obvious to bring into production first through opencast mining.

XSTRATA TAKEOVER BID FOR GLOUCESTER COAL ACCEPTED

April 10, 2007 (*MineWeb*) – Gloucester Coal and Xstrata have entered into a merger implementation agreement (MIA) for the proposed acquisition of all the shares in Gloucester via a scheme of agreement. Australian miner Gloucester Coal Ltd has today voted unanimously that shareholders accept a proposed \$391 million takeover bid by large-scale miner Xstrata Coal.

GCL has enjoyed an excellent reputation for managing safe and efficient coal mining and processing operations in the Gloucester Basin in NSW since 1995. Gloucester chairman Andy Hogendijk said the company's board of directors unanimously welcomed Xstrata's cash offer of \$4.75 per share. "The Gloucester Coal share price has performed strongly since the refloat of the business via book build at 69 cents on April 5, 2004, almost three years ago to the day," he said.

"The board believes the offer recognises the potential future growth of coal mining operations in the Gloucester

Basin and in the board's opinion represents an excellent outcome for the Gloucester Coal shareholders." Mr Hogendijk said the Xstrata offer of \$4.75 a share was at a 33 per cent premium to the one-month volume weighted average price of Gloucester Coal shares.

Xstrata coal chief executive Peter Coates said he was greatly looking forward to working with the Gloucester Coal team in the future. "Gloucester Coal's operations further extend the life of Xstrata's NSW mines with good potential to add to the resource and reserve base through near-mine exploration and further resource conversion," he said.

Mr Coates said the ability to blend thermal coal production with Gloucester's thermal coal product offered significant synergy potential. The transaction by way of a scheme arrangement is subject to regulatory, court and shareholder approvals.

COMMODITY PRICES TO BENEFIT FROM GLOBAL WEALTH

April 11, 2007 (*FinanceAsia.com*) – Tobias Merath of Credit Suisse predicts a strong year for commodities. Gold glitters: Credit Suisse is bullish on the prospects for the precious metal.

The last few weeks were mainly marked by the recovery of commodity prices following the sharp correction right at the start of the New Year. As a result, the major commodity indexes are now trading significantly higher again than in mid-January. Since its low point for this year on January 9, the Dow Jones AIG Commodity Index (DJAIG Index) managed to regain more than 8%. Over the same time, the Goldman Sachs Commodity Index (GSCI Index) even recovered more than 9%. While those numbers seem impressive, the YTD performance of commodity indexes remains poor, given the correction during the first two weeks of 2007.

The recovery of commodity indexes also masks the fact that the price trends in the individual commodity categories are still quite disparate. Energy commodities have been hit hardest by the correction at the outset of the year. However, they also led the subsequent recovery. The Dow Jones AIG Energy Index now stands at a higher level than on January 1. Base metal prices were also

strongly affected by the correction and unlike energy, had a harder time recovering. Only in late February did price dynamics pick up. In soft commodities, price movements have been limited so far this year. While the sector was barely affected by the correction, it also failed so far to break its sideward trend sustainably to the upside. The only commodity category which has seen continuous price increases since the outset of the year is precious metals.

Given the fact the global economy is still in a state of slowing growth, in particular in the US, the price trend across the individual commodity classes should remain disparate, depending on the sensitivity of the individual categories to the business cycle. In that context, some risks remain for industrial metals and energy, while our outlook for precious metals and soft commodities is 48 Spring 2007 favourable. Only when growth of global industrial production starts to pick up again later that year, would we expect more sustained price increases across the different commodity classes. This outlook also has implications for the attractiveness of broad-based commodity indexes as well as for our investment strategy for individual commodity classes.

COPPER PRICES LEAD THE WAY IN RUSH FOR METAL

April 11, 2007 (*Financial Times*) – Metal markets are in the middle of another price boom that may eclipse the one seen last spring, with copper, nickel, lead and tin all rising strongly in trading yesterday. This boom is more broadly-based than last year's, but supported by the same cocktail of factors: strong Chinese and global demand, constrained supplies, low levels of metal stockpiles and heightened financial speculation.

Metal prices had a shaky start to the year amid expectations of slowing global economic demand, rising supplies and concerns about the knock-on effects of the US housing slowdown. But sentiment has turned since mid-February, particularly towards copper, the flag-bearer of the base metals markets, on the assumption of stronger-than-expected demand in China, the world's biggest copper consumer.

That view was supported by Chinese customs data yesterday, showing a record 307,740 tonnes of copper were imported last month, with imports up 58 per cent in the first three months of the year. The benchmark copper prices rose more than 5 per cent to a seven-month high of \$7,710 a tonne on the London Metal Exchange, and have risen more than 48 per cent since early February.

With such strong upward momentum, hedge funds are talking about copper prices exceeding the record \$8,790 a tonne reached last May. Stronger-than-expected US nonfarm payroll data also helped boost sentiment in the metal markets which are seen as a measure of global economic activity.

“I think copper is looking overdone, and needs another impetus such as a supply disruption, because all the good news is already in the price,” said Robin Bhar, a metals strategist at UBS. Unlike last year, when the price rally was confined to copper, aluminium, zinc and nickel, this time lead and tin are also touching record highs.

Nickel prices are more than double what they were last May when they reached a then-record of \$21,850 a tonne, and yesterday burst through the \$50,000 a tonne level on the LME, before easing to \$48,500. Strong demand for stainless steel, which consumes about two-thirds of nickel supplies, and delays to new mining projects in Australia and New Caledonia have tightened the nickel market.

LUNDIN MINING AND TENKE MINING TO MERGE

April 11, 2007 (*Press Release*) – Lundin Mining Corporation and Tenke Mining Corp. announced Wednesday that they have entered into a definitive agreement to combine the two companies to form a leading intermediate base metals company with a global portfolio of world-class production, development and exploration assets.

The transaction will be completed by way of a Plan of Arrangement (the “Arrangement”). At closing, all Tenke common shares will be automatically exchanged on the basis of 1.73 Lundin Mining common shares for each Tenke common share. The consideration to Tenke shareholders pursuant to the Arrangement represents a 31.2% premium over Tenke's 20 day volume weighted average trading price as at April 10, 2007 based on Lundin Mining's 20 day volume weighted average trading price on the TSX of \$13.51 per share. Lundin Mining shareholders will continue to hold their existing number of common shares.

Upon completion of the Arrangement Lundin Mining will have approximately 389.9 million common shares outstanding which will trade on the Toronto Stock Exchange, AMEX and the Stockholm Stock Exchange, in

the case of the Stockholm Stock Exchange, as Swedish Depositary Receipts. Existing Lundin Mining and Tenke shareholders will own approximately 73% and 27% respectively, of Lundin Mining.

Tenke holds an interest in the Tenke Fungurume copper/cobalt deposits under development in the Democratic Republic of Congo as well as extensive copper/gold exploration properties in South America.

Pursuant to the Arrangement Tenke will convey its South American assets and cash in the amount of US \$5 million to a newly-incorporated, wholly-owned subsidiary. The shares of the newly-incorporated company will be distributed to Tenke shareholders pursuant to the Arrangement. Application will be made to list the common shares of the newly incorporated company on the appropriate exchange.

The Board of Directors of Tenke has received an opinion that the transaction consideration is fair from a financial point of view to the shareholders of Tenke from its financial advisor, Dundee Securities Corporation and are recommending approval of the Arrangement. The transaction is conditional upon the Tenke shareholders

approving the Arrangement by a 66.7% majority via special resolution as well as other customary conditions and regulatory approvals. Lundin Mining has elected to hold a special shareholders meeting to approve the issue

of Lundin Mining common shares pursuant to the Arrangement by a 50.1% majority via ordinary resolution.

APOLLO MANAGEMENT TO BUY XSTRATA ALUMINIUM BUSINESS FOR US\$1.15 BILLION

April 11, 2007 (Combined Sources) – Mining company Xstrata PLC said Wednesday it will sell its aluminium business to Apollo Management LP for US\$1.15 billion (euro857.7 million) in cash. The sale of Xstrata Aluminum had been anticipated after the company announced it was conducting a review of its aluminium assets in March, although the price was slightly above the analysts' consensus of about US\$1 billion, with forecasts ranging from US\$750 million-1.4 billion.

The world's fifth-largest mining company said the proceeds will go towards general working purposes and help fund acquisitions. Xstrata recently made recommended offers of US\$4 bln for LionOre Mining International Ltd and A\$391 mln for Gloucester Coal Ltd.

Xstrata Aluminum was created from Falconbridge Ltd's aluminium assets, known as Noranda Aluminum, following Xstrata's acquisition of Falconbridge in 2006. The business being sold comprises a primary smelter in Tennessee and three rolling mills in Tennessee, North Carolina and Arkansas.

Apollo Management will also acquire a 50% stake in the Gramercy refinery in Louisiana and the St Ann bauxite

mine in Jamaica both of which are owned through a joint venture with Century Aluminum Inc.

Numis called the sale to a private equity investor 'interesting', adding that many market commentators believed the most likely buyer would be Century Aluminum. The transaction is expected to be completed in the second quarter.

'Combining this with LionOre and Gloucester Coal, assuming all these transactions are effective from mid year, Xstrata will have made a net 3.2 bln usd of acquisitions in 2007 not in our forecasts at the beginning of the year,' said Simon Toyne, an analyst at Numis Securities. 'We believe that in aggregate these deals will add about US\$600 mln of EBIT to 2007 (7 pct of current forecast) and possibly a similar amount in 2008 at lower nickel prices,' he added.

He also said he anticipates the group's net debt to decline by at least US\$1.5 billion in 2007, combining the three deals and amid strong cash flows. Xstrata started the year with net debt of 13.6 billion.

GOLD COULD BREAK THE \$1,500/OZ BARRIER WITHIN FIVE YEARS: ML

April 11, 2007 (Platts) – The current bull market for gold could last another five years, if certain conditions are in place, and the metal's price could soar to an incredible \$1,500/oz, according to David Rosenberg, an economist with Merrill Lynch. He suggested that investors buy gold to beat the current period of stagflation.

"Although hardly out of control, the reality is that inflation concerns are starting to show up again in the fixed-income market," said Rosenberg in the current issue of Merrill's Portfolio Manager's Review. "We have seen these intermittent stagflation fears surface no fewer than three times in the past three years, and we found that in these episodes where the yield curve is steepening at the same time that TIPS (treasury inflation-protected securities) break-evens are widening, the best-performing S&P sectors were energy, materials and industrials."

"An asset that fares well in such periods is gold, which has already rallied 6% since the latest run-up in oil, the widening in TIPS spreads and steepening curve took hold simultaneously," said Rosenberg. "We reiterate that gold is in a secular, not merely cyclical, bull market. Indeed, gold formed a very similar bottom formation in 1999 as the S&P 500 did back in 1982." Rosenberg continued: "If this [scenario] plays out like other secular bull markets have in the past – emerging markets, bonds, stocks, oil, real estate – then this is a run that can be expected to last at least another five years and ultimately see bullion break the \$1,500/oz barrier." He has described gold as a "very successful hedge against deflation and inflation fears."

Rosenberg noted that although that view may raise eyebrows, "gold has already more than doubled this cycle

to levels that few were calling for five, six or even seven years ago.” He added that if gold had merely kept pace with inflation during the past 25 years, the nominal price would have already cleared that \$1,500/oz threshold.

“As we have already seen so far this cycle, gold has proven to be a very successful hedge against deflation ... and inflation fears (which is one reason why it is in a secular bull market),” said Rosenberg. “If gold’s secular

bull market plays out like other secular bull markets, expect this run to last for at least another five years (trough-to-peak % change) We reiterate that gold is in a secular, not merely cyclical, bull market. If gold had merely kept pace with inflation during the past 25 years, the nominal price would have already cleared that \$1,500/oz threshold.”

ALCOA EXPECTS GLOBAL ALUMINIUM SURPLUS OF 300,000 MT IN ‘07

April 12, 2007 (Platts) – US industry major Alcoa has revised its aluminium supply/demand picture and now expects a global aluminium supply surplus of 300,000 mt in 2007 versus a previously expected balanced market. The previous forecast was made three months ago. The aluminium market saw a deficit of 200,000 mt in 2006.

Alcoa Chairman and CEO Alain Belda said during a Tuesday evening conference call that Chinese consumption is expected to continue at a strong 23.1% growth rate this year. North America should see flat consumption growth in 2007 after several years of strong growth; Europe, up 3%; Latin America, up 4.4%; Asia (excluding China), 4.5%; and the CIS, 4.7%. Part of the reason for the flat North American growth is due to the downturn in the truck sector, said Belda. Total world consumption growth this year is expected at 7.7%.

Alcoa also is expecting a global surplus of 200,000 mt in the aluminium sector 2008, versus a previous estimate of

a balanced market. “We believe in growth of aluminium consumption over the next 15 years,” said Belda. “We expect continued strong demand and growth.” Despite the expected surplus this year, Belda said over the next several years, “It will be a challenge for new smelter construction to keep pace with demand growth.” China in particular is constrained by a lack of power supplies, “but I believe they will succeed,” he said.

The global alumina sector is expected to see a surplus of 1 million to 2 million mt this year. That compares with a previous forecast of 1.5 million to 3 million mt made three months ago. The change stemmed from increased demand from Chinese aluminium smelters and to the disruption in bauxite earlier this year amid labor unrest in Guinea. 2008 should bring a balanced alumina market, Alcoa predicted.

XSTRATA DECLARES FORCE MAJEURE ON ALUMBRERA COPPER SHIPMENTS

April 12, 2007 (Platts) – Xstrata Copper, a division of diversified Anglo-Swiss miner Xstrata, has been forced to declare force majeure on copper shipments from the Bajo de la Alumbrera mine in Argentina due to flooding between the mine area and the nearby port of Rosario, also in Argentina.

The flooding, which began March 29, has affected two deliveries of copper concentrate to the port, Xstrata Copper spokeswoman Emily Russell said. “Severe weather conditions since March 29 have caused flooding around the port area, and that has disrupted the rail service from the filter plant [at Tucuman] to the port,” she said.

“We announced to our customers yesterday [Wednesday] delays on two shipments, which should be arriving instead in May,” Russell added. The volume of the shipments was not immediately known.

Nuevo Central Argentino, the railway servicing the concentrate shipments from the filter plant to the port, is in the process of making repairs, which should be completed by April 21, Russell said. Production at Alumbrera has not been affected, she added, and the company continues to stockpile copper concentrate.

“We are looking at alternative transport for the final 80 kilometers, which is normally provided by train service,” Russell said. Alumbrera has production capacity of 190,000 mt/year of copper concentrate and 550,000 oz of gold in concentrate.

FITCH: RECAPITALIZATION AND LBO RISK LOW FOR GLOBAL MINING INDUSTRY

April 12, 2007 (*Business Wire*) – Fitch Ratings does not expect leveraged-buyout (LBO) transactions or leveraged recapitalizations in the global mining industry, discussed in a report published today. Resource companies have been, for the most part, spared from private equity activity bidding wars out of fears that future returns will be exposed to volatile commodity prices.

Consolidation in the metals and mining industry has been fueled by very strong cash flows over the past three years and near-term prospects for quick debt repayment.

Benefits generally include diversification by operation or commodity, integration of operations or consolidation of operations, as well as the ability to leverage exploration, engineering and metallurgical expertise.

Adequate liquidity and a flexible capital structure are crucial to maintaining a healthy asset base for mining and metals companies, given earnings and cash flow exposure to volatility in commodity prices, the long time horizons of development and capital projects, and relatively high operating risk.

BARRICK BUYS PORGERA STAKE FROM S.AFRICA'S DRDGOLD

April 12, 2007 (*Reuters*) – Barrick Gold Corp. will buy a 20 percent stake in the Porgera gold mine in Papua New Guinea from a unit of South Africa's DRDGOLD for \$250 million, raising Barrick's stake in the mine to 95 percent, the company said on Thursday.

In addition to the cash price, Barrick will pay an unspecified "adjustment amount" to DRDGOLD unit Emperor Mines, which is undergoing a restructuring to clear debt. The deal will leave Emperor with A\$130 million (\$107.3 million) in cash. Toronto-based Barrick, the world's biggest gold producer, will be entitled to the production and economic benefit of the additional interest in Porgera from the effective date of April 1, it said.

"Consolidating the ownership of the Porgera mine is part of Barrick's strategy of owning long-life world-class

assets," Barrick Chief Executive Greg Wilkins said in a statement. Emperor also granted Barrick – which acquired its initial share in Porgera through its acquisition of Placer Dome last year – the option of subscribing for up to 153.3 million of its shares, equal to about 13 percent of its capital.

Barrick is in discussions to possibly sell up to a 5 percent interest in the mine to Mineral Resources Enga Ltd., it said. The boards of Emperor and DRDGOLD, which owns a 78 percent share of Emperor, support the deal and will recommend shareholders vote in favor.

The mine produced about 542,000 ounces last year and has proven and probable reserves of 9.42 million ounces, Barrick said. DRDGOLD shares rose after the deal was announced, while Barrick eased 27 Canadian cents to C\$32.70 on the Toronto Stock Exchange.

THE \$800M GOLD STOCK HOAX

April 12, 2007 (*MineWeb*) – Bloomberg cannot verify its own story on the "Edward Pastorini" bid for Gold Fields. Wire news service, Bloomberg, on Thursday said that "a plan to take over Gold Fields Ltd., the world's fourth-largest gold producer, by a man who says he's a financier can't be verified". On Wednesday Bloomberg published a rash of articles stating categorically that "US financier Edward Pastorini may lead a bid for Gold Fields Ltd., the world's fourth-largest gold producer, to tap the rising price of bullion".

The new article, which does not appear to concede that Bloomberg may be in some kind of trouble, said details of the so-called Pastorini bid were based on "documents

sent to Bloomberg News by a Gold Fields executive on the condition of anonymity".

It turns out, according to new Bloomberg information, that an office phone number provided by Pastorini was used in 2003 by a Florida partnership that made phoney takeover bids for companies including Zapata Corp., a Rochester, New York-based fish harvester. Pastorini has reportedly declined in e-mails to Bloomberg News to divulge his background, his address or whom he represents. He said he was currently in South America at a meeting of his partners and that he plans to pursue his bid.

The fundamental issue is that within hours of the original publication of the first Bloomberg Pastorini article on Wednesday, more than 10m Gold Fields shares changed hands. The unusually high trade in the stock pushed it higher by as much as 11%, equal to a gain of \$940m in market value. Any “insider” who was long of Gold Fields stock at the start of trade on Wednesday, and long of sufficient quantity of Gold Fields stock, could have made hundreds of millions of dollars in the space of hours.

The original Bloomberg story on Pastorini’s purported plan to bid for Gold Fields was widely trashed in specialised investment circles, and in specialised media to boot. A New York Times blog claimed that “Edward

Pastorini” is an anagram for “Top Insider Award.” The only Edward Pastorini that crops up on a Google search is identified as having been a lighthouse keeper in upstate New York in the 1950s.

Mineweb described the Pastorini story as “Mad, bad and dangerous to believe”. “Earth to Bloomberg, the Gold Fields bid story is a hoax,” bellowed a Financial Times online headline. “Someone may have pulled a fast one on Bloomberg News,” said a New York Times online story. Upon the Wednesday close on the New York Stock Exchange, Gold Fields’ stock price had surrendered all but 22 cents of its gains, annihilating nearly \$800m of the day’s apparently false gains.

COBALT PRICE FORECAST RAISED 67% BY CREDIT SUISSE AS USE SURGES

April 13, 2007 (Bloomberg) – Credit Suisse Group raised its price forecast for cobalt, a metal produced as a byproduct of copper and nickel, by 67 percent because of rising demand for the metal in the aerospace and gas-to-liquid industries.

Cobalt will average \$25 a pound this year, compared with a previous forecast of \$15, Switzerland’s second-largest bank said in an April 12 report. Cobalt with 99.8 percent traded this week at \$30.625, according to data from publisher Metal Bulletin. Prices may rise to \$40 by the end of 2007, Credit Suisse said.

The bank said it expects “new demand from emerging markets, such as China and India, where the launch of low-cost airlines in air travel and mobile phone usage are set to multiply among an expanding middle class.”

Cobalt stockpiles will fall and potential supplies for new projects may be delayed, London-based Credit Suisse analysts Eily Ong, Jeremy Gray, Hannah Kirby and Ephrem Ravi said in the report. Demand will exceed production through to the end of 2008, due to limited new production starting up, Credit Suisse said.

STRUCTURAL CHANGES IN MOLYBDENUM DEMAND: REPORT

April 13, 2007 (Denis Battrum) – Molybdenum oxide price had stabilized in the mid-20s range for most of 2006, and the question is whether this is the new market equilibrium or whether molybdenum prices might slip back to earlier “historical” levels.

Molybdenum is undergoing significant structural change on both the supply and demand sides which makes a return to earlier price structures unlikely. Now we have been through a period of high copper and molybdenum prices, and yet inventories and molybdenum production from many by-product producers is declining.

In Chile’s case, falling head grades at their largest producer – a mine that has been operating since World War I – have resulted in a loss of 10 million pounds of production last year and possibly another 11 million pounds this year. So while the company continues to maximize copper output, molybdenum output is falling. This is a radical departure from the earlier reality of the molybdenum industry.

China’s molybdenum mine production is falling as well. One estimate has it down by about a quarter between 2002 and 2006. One entire historic mining district appears absent from the news. Production figures out of China are notoriously unreliable, but it appears as though the country wants to retain more of what they produce: China is in the process of adding export tariffs and non-tariff restrictions to molybdenum exports. A spokesman from the Chinese molybdenum producer JDC was quoted in March as saying that he expected a “...quotas system that would further restrict exports out from the country”.

Certainly the stellar gains in stainless and carbon steelmaking in China suggest they’ll need every pound of molybdenum they can get: China has become the world’s largest stainless steel producer with its output exceeding five millions tons in 2006, up 60 percent from 2005. Stainless steel capacity there is on track to reach 12 million tonnes by the end of 2007.

Canada also has seen significant erosion of its molybdenum production: Several mines have closed. The Highland Valley Copper mine is forecasting an equilibrium level of annual production around 3 million pounds – down from 10.7 million pounds in 2004. For Canada as a whole, the expected 2007 molybdenum production represents just a third of what it was in the late 1970s and early 1980s.

While the chronic oversupply and inventory accumulation that characterized the latter part of the last

century has been rationalized (through some very hard times for producers and their employees), demand for molybdenum has continued to rise. Looking at the demand side, molybdenum has a market niche in stainless steels and in carbon steels. There are other applications – catalysts for example – but steel is the main driver.

Many of these steels were on the drawing boards or in a field-trial stage, but not in substantial use while molybdenum languished at “historical” levels.

PLATINUM MARKET OPENS TO NEW ENTRANTS

April 13, 2007 (Miningmx.com) – Driven by steadily rising demand from autocatalyst producers, platinum production is expected to rise 80% by 2015, research by Independence Platinum shows.

That means annual platinum production will have to rise by about 6m ounces over the next eight years. Not surprisingly, the rate of investment in new platinum mines has reached unprecedented levels, with several junior mining houses now developing mines on the platinum-rich Bushveld Complex. One major problem they face is the high cost of refining platinum group metals (PGMs). South Africa has three refining facilities, owned by Anglo Platinum, Impala Platinum and Lonrho Platinum.

Mintek’s Rodney Jones developed the ConRoast Process, which has many advantages over conventional smelting technology in terms of environmental issues, health and technical flexibility. ConRoast is a unique process in the treatment of sulphide concentrates containing PGMs,

nickel, copper and cobalt. It removes sulphur from the metal sulphide concentrates by roasting, followed by smelting the concentrate in a furnace using an iron-based alloy as a collector of PGMs and other metals.

Sulphur emissions are captured and removed from the enclosed roasting equipment in a continuous stream of sulphur dioxide gas of an appropriate strength as feed to a plant to produce sulphuric acid for use in downstream base metal leaching operations.

Peter Craven, business development manager at Mintek, says ConRoast provides great flexibility in treating a range of ore types and concentrate compositions without imposing limits on the minimum quantities of contained base metals or sulphur. It can tolerate high contents of chromite, which has traditionally plagued the treatment of UG2 ores. As the Bushveld’s Merensky reef is steadily depleted, PGM producers will have to rely increasingly on UG2 ores to feed growing world demand.

JAPAN’S OMI RECOMMENDS IMF SELL GOLD RESERVES

April 14, 2007 (Dow Jones) – Japan’s finance minister said Saturday he had proposed to the International Monetary Fund’s policy-steering body that the fund sell its gold reserves to cover its falling income. “Japan has told (the committee): ‘Why not sell gold?’” Finance Minister Koji Omi told reporters after attending the International Monetary and Finance Committee’s spring meeting in Washington.

Omi’s proposal is in line with Japan’s long-held stance as well as recommendations made earlier this year by a high-level panel at the IMF. In late January, the panel, chaired by Andrew Crockett, president of JPMorgan Chase & Co., urged the fund to sell some of its vast gold reserves and invest the proceeds to raise income.

The fund currently is unable to earn enough revenue to cover its operating costs because of its shrinking loan portfolio. Countries such as Brazil, the Philippines and Uruguay have paid off loans from the fund ahead of schedule, reducing interest payments to the international lender, while fewer nations are seeking the fund’s financial support.

Commodities traders have been closely watching the IMF’s handling of gold. The fund is the third-largest holder of gold reserves in the world, after the U.S. and German central banks. As of late last year, the IMF said it held 103.4 million ounces of gold.

Omi Saturday also repeated Japan’s position that countries shouldn’t rely too much on exchange-rate

changes as a means of reducing the world's trade imbalances. "It's important that each country...move ahead with structural reforms and healthy developments, instead of trying to fix global imbalances solely through exchange rates," Omi said.

"The consensus (among the IMFC members) is that (each) individual country (should) maintain steady

developments by resolving its own structural problems and, through that process, mend the world's imbalances," he said.

Earlier, Omi had attended the IMFC's spring meeting. Members of the committee discussed a range of issues, from the fund's battered finances, to the world's economy, to global trade imbalances.



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SOMETHING TO PONDER

GOLD – A three inch cube of gold could be hammered so thin that it would cover an acre of ground!

An ounce of gold could be drawn into a wire that would be 3 miles long!

If you took all of the gold that had ever been mined in all of recorded history and put it in one place, it is estimated that it would form a single cube only 19 yards square and would weigh over 190 million pounds – so heavy it would sink deep into the ground!



Beijing
 No. 128 Fuxing Road, Suite 722
 Beijing 100814
 Tel: +86.10.6397.8580
 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: +52.33.3610.2113
 Fax: +52.33.3610.2112
 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: +61.2.9954.4988
 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

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