

BEHRE DOLBEAR

Global Mining News

PHILIPPINES'S RICH DEPOSITS TICKET TO ECONOMIC GROWTH: REYES

May 21, 2007 (Platts) – The Philippines is a logical choice for many prospective mining investors because of the country's potentially high mineral wealth, and the country should take advantage of this interest to generate funds needed for economic development, said Environment and Natural Resources Secretary Angelo T. Reyes in a speech before members of the Philippine business community during the JP Morgan Philippines Corporate Access Days forum held on May 18, 2007 in Makati City, Philippines.

“The Philippines, being situated along that well-defined belt of volcanoes called the ‘circum-pacific rim of fire’ that extends from the tip of South America to North America, East Asia and Oceania, is rich in these mineral deposits,” Reyes said, naming gold, copper, iron, chromite, nickel, cobalt and platinum.

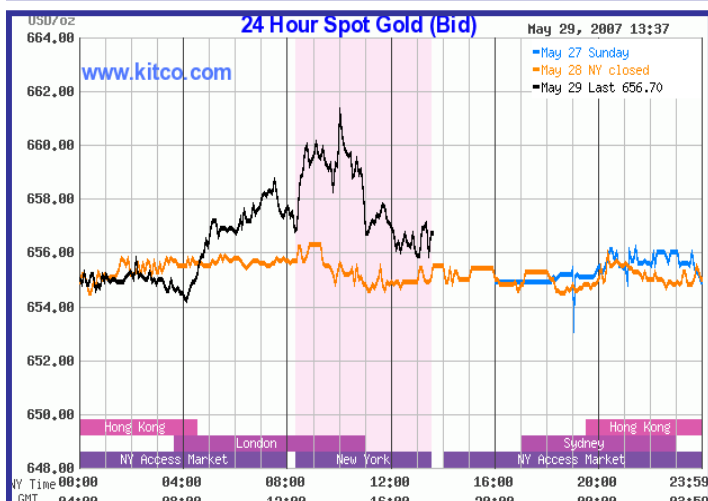
Reyes disclosed that a total of \$694 million in investments have been placed in the country's mining industry during the past two and a half years of the government's mining revitalization program. He said the investments are still expected to rise in the coming years with significant inflow next year up. For this year, Reyes said local mining investment is expected to reach \$348 million.

Reyes also said that since the start of the government's mining revitalization program in 2004, some 6,500

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USD	MAY 25, 2007	MAY 18, 2007
GOLD	655.30	657.00
SILVER	12.9250	12.8700
PLATINUM	1,276.00	1,308.00
PALLADIUM	367.50	362.00
ALUMINUM	1.2487	1.2614
COPPER	3.2396	3.2931
LEAD	0.9779	0.9049
NICKEL	23.1332	23.7229
URANIUM	125.00 (05/21/07)	120.00 (05/14/07)
ZINC	1.6375	1.6468

new jobs have been created by the industry and that an additional 30,000 jobs are still projected to be generated between 2008 and 2010.

He said that the Philippines has around 2.2 square kilometers of offshore and exclusive economic zone area that can be explored for such resources. "The country's rich mineral wealth cannot just be left untapped on the ground but has to be developed and exploited in order to

generate the capital wealth needed for the development of our communities and country," Reyes said.

DENR 2006 mining industry statistics showed that mining gross production value reached Peso 68.4 billion (\$1.5 billion.); mining's contribution to gross domestic product (for 2005) also reached P14.8 billion; and taxes, fees and royalties from mining amounted to P3.1 billion.

BHP BILLITON, GLOBAL ALUMINA TO RAISE US\$2 BN

May 21, 2007 (Bloomberg) – BHP Billiton, Global Alumina Corp and their partners will seek to raise US\$2 billion to fund the development of a new alumina refinery in Guinea. The joint venture intends to fund the project from a combination of bank loans and export credit guarantees, Bruce Wrobel, chief executive officer of Global Alumina, told reporters at a press conference in Dubai on Monday.

BHP Billiton, the world's biggest mining company, is building the Sangaredi project with Global Alumina and

United Arab Emirates-based partners, Mubadala Development Co and Dubai Aluminium Co.

Aluminium producers want to gain more control over the supply of raw materials to make them less vulnerable to price swings. The Sangaredi project includes an alumina refinery with an annual capacity of 3 Mt and a bauxite mine that can produce 9 Mt/y.

NICKEL MAY RISE 20%: CREDIT SUISSE

May 21, 2007 (Bloomberg) – The price for nickel, used to make stainless steel, may rise 20% as a shortage of smelters to process ore into metal constrains supply, Credit Suisse Group said in a report. Nickel may reach US\$65,000/t in the "near term," Credit Suisse London-based analysts led by Jeremy Gray and Eily Ong said.

Smelting output may grow at 4.6% this year compared with demand growth as high as 5% should stainless steelmakers rebuild inventories and global economic growth increase, the report said. Nickel for immediate delivery rose to a record US\$54,050/t in London on May 15 as China's economic growth fueled demand for the metal.

Cost overruns and delays at BHP Billiton's Ravensthorpe and Cia Vale do Rio Doce's (CVRD) Goro projects, the two largest nickel mines under construction, exacerbated supply shortfalls, helping drive price increases.

"Prices will remain strong over the next two years given the lack of supply growth until 2009 at the earliest," Gray and Ong wrote in the report. "The current profile of new smelters is unlikely to be enough to feed ongoing strong demand from the stainless steel industry in the next two years."

MINERS GRAPPLE WITH RISING TAX DEMANDS – BOLIVIA

May 21, 2007 (Reuters) – Bolivia's move to impose a 50 percent tax on all profit coming from the country's vast mineral wealth is the most damaging blow yet to miners looking to extract hefty returns around the world. With high metals prices driving up mining sector earnings and some companies posting their biggest profits in nearly a decade, some governments are eyeing these windfalls jealously.

"Fifty percent would definitely be one of the highest tax rates of any of the countries in the region," said Haytham Hodaly, analyst at Salman Partners, who expects a significant amount of debate in the Bolivian parliament before it actually gets passed.

Bolivia become the latest country in Latin America to seek a larger slice, with a government official telling

Reuters on Friday the country plans to hike taxes on mining companies from 35 percent currently. Chile and Peru have implemented more modest increases in mining royalties, according to Patricia Mohr, vice-president of economics at Scotiabank Group.

That issue and others, from metals price forecasts, the outlook for mergers and acquisitions and the rising demands for more environmentally friendly mining operations, will be in focus on Monday when the Reuters Global Mining and Steel 2007 Summit starts. Investors,

miners and steel makers will sit down with Reuters reporters around the globe to offer their perspectives on current industry issues, and what they believe the future will hold.

The tax issue has taken center stage for many mining companies, which typically operate in foreign countries under some form of contract that stabilizes rates. These stabilization agreements offer some protection from higher rates to companies' existing operation but could impact new projects.

'SUBSTANTIALLY' ALL FUNDING FOR R14BN HOLCIM BEE DEAL BEING ARRANGED OFFSHORE

May 22, 2007 (*Engineering News*) – Efforts to assemble the nearly R14-billion required by the black economic empowerment (BEE) AfriSam Consortium (ASC) to buy a controlling 85% interest in leading Southern African cement producer Holcim South Africa are well advanced and should be concluded ahead of the proposed May 31 deadline, an individual close to the deal tells *Engineering News*.

However, he admits that other technical and legal aspects of the transaction may extend beyond that date, given the complexities of a deal that also covers multiple jurisdictions, including Switzerland, South Africa, Namibia, Botswana, Lesotho, Swaziland, Mozambique and Tanzania, as well as the potential upcoming public sector strike.

The source dismissed suggestions that the consortium might be battling to raise the necessary finance, revealing that various funding mechanisms and instruments are being used, including ones not traditionally available in the South African marketplace.

He also confirms that substantially all the finance will be arranged with offshore partners, despite significant interest from South African lenders. "Given the lending limits of between R1.5-billion and R2-billion for most South African banks, it was only natural that we raised the debt abroad, where there is a far greater capacity to fund large deals," he said, pointing out that a significant portion of the money would flow to Holcim South Africa's erstwhile shareholder, Aveng, and would not, therefore, be flowing offshore, as has been reported.

The proposed BEE deal was initially announced in August last year as a conditional R6.8-billion transaction that would have seen Holcim Switzerland selling 85% of its 54.35% interest in Holcim South Africa to ASC – it was conditional as it required Aveng to waive its pre-emptive rights.

However, following months of deliberation, public posturing and 'constructive engagement', steel and construction group Aveng, which holds 45.65% in the Southern African cement company, announced in late April that it had decided to tag its entire stake into the deal. This decision by the JSE-listed group saw the scale of the transaction rise considerably, given a revised enterprise estimate for the business of R16.4-billion, which was based on the performance of the company in the intervening period.

However, the source tells *Engineering News* that the terms of the transaction remain substantially the same as they were in August and that Aveng and Holcim Switzerland are receiving exactly the same terms. He admits that resistance to the deal, as well as some of the associated adverse commentary, took ASC and Holcim Switzerland by surprise, particularly suggestions that it was merely a sophisticated disinvestment scheme.

He believes that the global group has "no intention of disinvesting" from its remaining 15% stake, confirming that the shareholders agreement includes an opportunity for the Swiss giant to take on equity that might become available in future.

Indeed, the same agreement has reportedly resisted the traditional BEE lock-in clauses, which means that there are no legal safeguards preventing ASC from liquidating part, or all, of its stake. But the source stresses that such a move would go against the spirit of the transaction, while there were also some contractual agreements in place that could constrain ASC from reducing its holding below a majority interest.

URANIUM MARKET TO STAY TIGHT UNTIL 2012, MAYBE BEYOND – RIO TINTO

May 22, 2007 (*Mining Weekly*) – The global uranium market was expected to remain tight for at least another five years, and maybe more, diversified mining giant Rio Tinto said on Monday. “The market is likely to be tight to 2012, and potentially beyond,” Rio Tinto energy CE Preston Chiaro said in a presentation posted to the company’s website, citing the World Nuclear Association.

The uranium spot price reached \$120/lb in May, many times higher than the average spot price in 2004 of less than \$20/lb.

Gold majors in South Africa were eyeing opportunities in their yellowcake-containing slimes dams and mine dumps, with AngloGold Ashanti, Gold Fields and Harmony all discussing their uranium plans in the March quarter results announcements.

Chiaro said that Rio Tinto was busy with a project to extend the life-of-mine at its Rossing uranium mine, in Namibia, which began production in 1976. The extension cost a total of \$112-million, and further extension potential was also being investigated. Rossing currently produces some 3 500 t of U3O8.

GOLD-NUMBER-TWO NEWMONT SEES \$750/OZ ‘ACHIEVABLE’ BY END-2007

May 22, 2007 (*Mining Weekly*) – Gold producer Newmont said predictions that the yellow metal could hit as much as \$750/oz by the end of the year were achievable as locked in factors continued to nudge the price into even higher positive territory.

“We believe the benchmark is not out of the realm of possibility as there are fundamental factors which will not change in that time but which will continue to pressure the gold price to nudge higher,” Newmont regional group executive for operations Russell Clark said at the 2007 Paydirt Australian Gold Conference, in Perth.

He noted that, in the past five years, global gold production had fallen by 100 t/y at a time when the China bull market and the emergence of a burgeoning middle

class in India had brought pressure on dwindling global gold stocks. In that period, gold production costs had risen by about 45%.

“The one advantage in this pressure cycle is that the price of gold has risen – averaging \$599/oz in 2006. Today it is \$662/oz – an increase of 10% already on 2006 and the potential for a 20% increase by year’s end exists, putting \$750 in sight,” he said. Clark added Newmont had been among lead gold producers whose output had fallen – down to 5.9-million ounces in 2006.

“We expect further decline to around our guidance for 2007 of between 5.2-million and 5.6-million ounces but will see a kick from next year.” – Kevin Skinner

CHINA TO IMPOSE OR INCREASE EXPORT TAX ON METAL PRODUCTS ON JUNE 1

May 22, 2007 (*Interfax-China*) – The Chinese government will impose an export tax on steel products of between 5% and 10%, as well increase the export tax on billets, ferroalloy products, unwrought zinc and nickel ores to between 10 and 15% on June 1 this year, according to a Ministry of Finance announcement.

The policy is aimed at further reducing exports of high energy-consuming and highly polluting products, while encouraging the import of raw energy materials and low-level resource products in an attempt to address China’s trade imbalance, according to the document released by the MOF.

A total of 83 types of steel products including wire, hot-rolled plate and steel section will be levied between 5% and 10%. This move follows the cancellation of export tax rebates for those 83 types of steel products on April 15 this year. The export tax on billets, steel ingots and pig iron will be increased from a current 10% to 15% on June 1.

The export tax on the ores of nickel, chromium, tungsten, manganese, molybdenum and rare earth will also be increased from a current 10% to 15%. Coal tar, various ferroalloy products, unwrought zinc and calcium fluoride

export taxes will also be increased from a current level of between 5% and 10% to between 10% and 15%.

Furthermore, the export of rare earth metals, refined lead, terbium oxide, dysprosium oxide as well as nonferrous scrap metal will be levied at 10% from June 1.

Ammonium parastungstate (APT), molybdenum oxide, ammonium molybdate, sodium molybdate, magnesite and burned magnesium export taxes will range from 5% to 15% as of June 1.

NOVAGOLD AND TECK COMINCO FORM PARTNERSHIP TO BUILD GALORE CREEK COPPER-GOLD MINE

May 23, 2007 (*Street Insider*) – NovaGold Resources Inc. and Teck Cominco Limited announced the formation of a partnership that will invest US\$2 billion to build the Galore Creek copper-gold mine in northwestern British Columbia. On closing of the transaction, NovaGold and Teck Cominco will each hold a 50% interest in the partnership.

To earn its 50% interest in the Galore Creek partnership, Teck Cominco will fund approximately US\$478 million

(C\$520 million) in construction costs, with each company responsible for its pro rata share of funding thereafter. In addition, NovaGold will receive up to US\$50 million of preferential distributions once Galore Creek is fully operational, if the project exceeds certain agreed upon minimum revenues in the first year of commercial production.

NATIONAL AUSTRALIA BANK RAISES BASE METAL PRICE FORECASTS FOR 2007

May 23, 2007 (*XFN-ASIA*) – National Australia Bank Ltd (NAB) said it has raised its forecast for its base metals index (bmi) to average 416.5 points in 2007, a year-on-year increase of 36 pct. Previously it had forecast the index, which measures aggregate base metals prices, would average 357.0 points in 2007.

NAB said the index surged 9.7 pct in April from March to average 454.0 points due to rising nickel prices and a resurgence in the copper market. NAB minerals & energy economist Gerard Burg said global metal demand remains driven by China, adding that the raised forecast for the bmi reflects recent upgrades to China's economic growth forecasts. China's economy is forecast to expand by 10.7 pct in 2007 – the same rate as 2006, Burg said.

'Slowing metal consumption in the US is likely to be more than compensated by increased demand in rapidly growing economies such as China and India,' he said. Burg said NAB is forecasting global copper consumption to increase by around 4.2 pct in 2007, year-on-year, with China providing the bulk of this growth. Burg said Chinese buyers have been replenishing stockpiles which were heavily drawn down in 2006.

The International Copper Study Group (ICSG) is forecasting the copper market will record a production

surplus of around 176 000 metric tons in 2007 though this represents a narrowing of the market balance relative to 2006. Burg said with strong demand from China – including the restocking process – NAB expects a reasonably balanced market in 2007. He said NAB has revised its forecast for the average copper price on London Metal Exchange in 2007 upward to 6,950 usd a ton from 6,308 usd, making a 3.3 pct year-on-year increase.

Meanwhile, Burg said, nickel prices pushed higher in April, increasing by around 9.0 pct to average 50,452 usd a metric ton. 'Nickel stockpiles on the London Metal Exchange remain perilously tight – with stocks at the end of April at around 1.3 days of consumption,' he said. 'The continued strength of stainless steel production is underpinning global demand, with nickel supplies unable to rapidly increase,' Burg said.

Burg said NAB has lifted its nickel price forecast to average 44,200 usd a ton in 2007 from a previous forecast of 35,057 usd, making a year-on-year increase of 82 pct.

CHINA BOOSTS ZAMBIA MINING INVESTMENTS TO \$900M

May 23, 2007 (Reuters) – China has boosted its planned investment to \$900-million in Zambia's mineral-rich Copperbelt over the next four years, the government said on Wednesday. The Ministry of Commerce and Trade said China Nonferrous Metals Corporation (CNMC) president Luo Tao told Zambian authorities that Chinese firms would now add an extra \$100-million to the initial \$800-million investments planned for the new Chambishi economic zone.

The zone, pioneered by CNMC, is designed to draw investment from scores of Chinese companies in copper and cobalt mining, agriculture and manufacturing to create 60 000 jobs. Deputy Commerce and Trade Minister Dora Siliya was in China to finalise investment arrangements with firms planning to set up in Zambia starting from this year, the statement said.

A senior Treasury official told Reuters that Chinese firms had shown interest in setting up manufacturing plants, including processing copper into finished products such as cables. President Levy Mwanawasa said in February after talks with Chinese leader Hu Jintao that his government would create the economic zone in the Copper Belt town of Chambishi, 420 km north of the capital Lusaka, and exempt Chinese firms from import and value added taxes.

Analysts say the move fitted in China's strategy to tap raw materials from African nations in exchange for grants and unconditional loans to the world's poorest continent.

RUSAL TO BUILD EURASIA'S LARGEST BAUXITE AND ALUMINA COMPLEX

May 23, 2007 (Canadian Mining Journal) – Rusal, the huge Russian producer, has announced plans to begin construction of the largest bauxite and alumina complex in Europe and Asia next month. The Komi complex, in the republic of the same name, will cost over US\$1.5 billion, says the company.

The project includes the construction of a 1.4-million-t/y alumina refinery in the Komi Republic's Sosnogorsk region, and capacity expansion at its operating Middle-

Timan bauxite mine up to 6.4 million t/y from the current 2.6 million t/y. The refinery will operate using state-of-the-art Bayer technology. The proven reserves of the Eurasia Middle-Timan bauxite deposit, the largest in Russia and Eurasia, amount to 260 million t.

The Komi complex is expected to be commissioned at the end of 2009 and will create more than 10,000 new jobs. The startup will boost Russian alumina output by more than 40%.

REFINED ZINC IN MINOR SURPLUS, LEAD IN SMALL DEFICIT IN Q1

May 24, 2007 (Thomson Financial) – Global refined zinc metal markets are in surplus for the first quarter primarily due to increases in Chinese production, whilst refined lead metal has a small deficit after reductions in output in Australia. In figures released today, the International Lead and Zinc Study Group said refined zinc is in surplus of 84,000 tonnes while refined lead is in deficit of 38,000 tonnes.

Zinc usage increased by 7.4 pct in Europe and down 2.1 pct in the US, with a global usage of 2.7 mln tonnes for the quarter. Lead usage was down by 4.4 pct in the US but was offset by gains in Europe of 2.9 pct. Globally their was a rise in lead metal usage of 92,000 tonnes.

Today's first quarter figures also show Chinese net exports of refined lead fell by 76 pct to 35,000 tonnes compared with the first quarter last year. Mined zinc

production is up over 100,000 tonnes following increases in China, Mexico, Peru and Portugal.

Despite falls in US and Australia lead mine production, global output was up 2.7 pct to almost 900,000 tonnes following gains in China, Peru and Sweden.

SOMETHING TO PONDER

The word **crystal** is derived from the Greek word Krystallos which came from the Latin word Kryos meaning icy cold. The ancients believed that crystals formed from water which froze so hard that it would never melt.

BARRICK SELLS GOLD FIELDS' SHARES

May 24, 2007 (*miningmx.com*) – Barrick Gold has sold 14.1 million shares it owned in Gold Fields it received in part payment for its 50% in South Deep, a development that eases the overhang on the South African gold company's stock.

Gold Fields issued a statement to Johannesburg's Stock Exchange Service (Sens) saying Barrick had reduced its stake to about 4.63 million shares. "On reconciliation of its share register it has come to the attention of Gold Fields that Barrick has reduced its holding in Gold Fields from 18,701,944 to 4,630,250 shares," it said.

Barrick, a Canadian gold producer, was awarded 18,701,944 Gold Fields shares as part payment for its 50% stake in South Deep, an agreement signed last year. A further 46 million shares were issued to buy the JSE-listed gold company, Western Areas, which counted Harmony Gold and JCI as its major shareholders. Western Areas owned the other 50% of South Deep.

This represented a total share issuance of 64 million shares, a 11.6% increase in the share capital of Gold Fields. Since then, Gold Fields has underperformed AngloGold Ashanti, Harmony Gold and Barrick Gold.

Harmony Gold CEO, Bernard Swanepoel, told Reuters on April 11 that the company's stake in Gold Fields, estimated to be about 14.5 million shares, was being treated as a "short-term, near-cash" investment. Harmony said earlier it had sold 1.5 million Gold Fields shares and was likely to have sold more or all of its Gold Fields stake by year-end.

JCI is unlikely to release its Gold Fields shares owing to a long-standing merger proposal with Randgold & Exploration which is being hampered by legal action. The release of the shares, viewed as a core element of its value, would also require a shareholder vote.

LIONORE DETERMINES INCREASED NORILSK NICKEL OFFER OF CDN\$27.50 IN CASH PER SHARE TO BE A SUPERIOR PROPOSAL

May 24, 2007 (*CCNMatthews*) – LionOre Mining International Ltd. today responded to the increased offer by OJSC MMC Norilsk Nickel to acquire all of the issued and outstanding common shares of LionOre at a price of Cdn\$27.50 in cash per common share.

LionOre's Board of Directors has reviewed the increased Norilsk Nickel offer in consultation with its financial and legal advisors and in the context of its obligations under its existing Support Agreement with Xstrata plc dated March 25, 2007, as amended. The Support Agreement was entered into in connection with the original offer by Xstrata to acquire all of the common shares of LionOre at a price of Cdn\$18.50 in cash per common share which was subsequently increased to Cdn\$25.00 in cash per common share.

The Board has determined that the increased Norilsk Nickel offer constitutes a "superior proposal" for purposes of the Support Agreement and has notified Xstrata of its determination. Pursuant to the Support Agreement, Xstrata is now entitled, on or prior to June 1, 2007, to exercise its matching right and further increase the current Xstrata offer.

The current Xstrata offer expires on May 25, 2007, unless extended. The increased Norilsk Nickel offer is open for acceptance until June 18, 2007. LionOre will mail to its shareholders in due course a notice of change updating its previous Directors' Circulars issued in respect of the Xstrata and Norilsk Nickel offers.

ALCOA TO UNDERTAKE FEASIBILITY STUDY FOR AN ALUMINUM SMELTER IN GREENLAND

May 24, 2007 (*AZOM.com – The A To Z of Materials*) – The Greenland Home Rule Cabinet agreed to enter into a Memorandum of Understanding (MOU) with the aluminum company Alcoa Inc. The agreement entails cooperation on a feasibility study for constructing an

aluminum smelter with a 340,000 metric-ton-per-year capacity in Greenland.

The MOU also encompasses a hydroelectric power system and related infrastructure improvements,

including a port. The exact size and cost for the overall venture will be determined when the project plan is finalized.

Under the MOU, the parties will begin site selection, environmental studies, engineering assessments, and other aspects of the project. If the viability of the project is proved, ground breaking for the hydroelectric power system would be expected in 2010, and for the smelter in 2012. The smelter could then commence operation by the end of 2014.

“The aluminum industry offers an excellent opportunity that we may in Greenland exploit our hydropower resources for the benefit of the country’s occupational and business development,” stated Minister of Trade, Labor and Vocational Training, Siverth K. Heilmann. “At the same time the project is in full accordance with the Cabinet’s long-term goal of replacing hydrocarbon-based energy production with hydropower, one of the reasons being concern for the global environment.

“I have visited smelters in different parts of the world, and through personal experience learned about Alcoa’s consideration for the environment and commitment to ensure that a future smelter will also in Greenland become an asset to the local community, socially and educationally, as well as economically,” said Heilmann.

In order to facilitate a quick initiation of the important field surveys, the parties have agreed that the MOU will be signed in connection with the upcoming meeting of the Joint Committee in Ilulissat, 25-27 May 2007.

Upon completion, this development project would represent one of the largest investments in Greenland’s history, stimulate economic growth and manufacturing diversity, create up to 600 direct, stable jobs, and contribute to increase Greenland’s overall productivity and economic self-support.

ALCAN IN TALKS WITH BHP BILLITON

May 24, 2007 (AP) – The Canadian aluminum producer Alcan Inc., fending off a hostile \$27 billion takeover bid by U.S. competitor Alcoa Inc., has entered talks with Australian mining giant BHP Billiton Ltd., a newspaper reported Wednesday. Analysts say such a deal could be in the works, and that still other suitors may be waiting in the wings.

Alcan rejected Alcoa’s offer as inadequate on Tuesday, saying in a filing with U.S. regulators that the Montreal-based company was exploring alternatives, including ongoing discussions with third parties. Canada’s Globe and Mail, citing unidentified people familiar with the matter, reported that Alcan was in talks with BHP Billiton, the world’s biggest resource company.

Bill Selesky, an analyst at Argus Research Corp., said market speculation indicates that several industry players, including BHP Billiton and Anglo-Australian rival Rio

Tinto PLC, may be talking with Alcan. He said Alcoa would be a particularly good fit, though it would have to raise its bid if it hopes to buy Alcan. Other potential buyers, such as BHP Billiton and Rio Tinto, were awash in cash after recent years of strong business, Selesky said.

In addition to BHP Billiton and Rio Tinto, Alcan may have a third potential buyer – Brazil’s Companhia Vale do Rio Doce SA, the world’s second largest mining company – according to analyst Charles Bradford of Bradford Research/Soliel Securities.

Media and investment speculation has hinted at a possible \$100 billion-plus bid by BHP Billiton for Rio Tinto. BHP Billiton Chief Executive Chip Goodyear said Wednesday he did not rule out “opportunistic” takeovers. Alcoa has maintained its offer brings attractive value to Alcan shareholders.

CADMIUM PRICES TREBLE ON DEMAND

May 24, 2007 (Business Standard) – Prices of cadmium, a metal used mainly as a hardening agent in alloys, almost trebled in the last 15 months due to rising demand from consumer industries. Hindustan Zinc, the country’s largest producer, currently quotes cadmium of 99.5 per cent purity at Rs 478 a kg compared with Rs 174 a kg last February.

Global cadmium prices have also moved at a brisk pace and are currently quoting at \$4.25 a pound compared with \$3.25-3.30 a pound in the same period. Hindustan Zinc produces about 400 tonnes of pure cadmium and sells a chunk to the overseas market, mainly to China. The other primary and secondary zinc producers, including Binani Zinc, manufacture about 50 tonnes of the pure metal.

The global cadmium production this year is estimated at around 20,000 tonnes, of which China and Japan contribute about 15 per cent each, while South Korea, Canada and Mexico contribute about 13 per cent, 10 per cent and 9 per cent, respectively, with the balance coming from the rest of the world.

Of late, the demand for cadmium has grown manifold, with increasing demand from consumer industries such as metal toys, metal coating and dyes and pigments.

S.A. UNION WANTS 20% PAY-RISE IN GOLD SECTOR

May 25, 2007 (Reuters) – South Africa’s small Solidarity mining union has demanded a 20-percent wage hike from the country’s three major gold producers, it said on Friday. The initial demand is the same as the union made two years ago in the previous round of talks that resulted in a strike.

The biggest mining union, the National Union of Mineworkers (NUM), has not released its wage demands yet, but it too started with a 20-percent demand two years ago. Union demands are being handed to the Chamber of Mines, which negotiates on behalf of AngloGold Ashanti Ltd, Gold Fields Ltd and Harmony Gold Mining Company Ltd.

South Africa, the world’s biggest gold producer, was hit in 2005 by the first industry-wide strike in 18 years, paralysing production for five days. The two-year wage deal that ended that strike expires on June 30. After the strike, the two sides eventually settled on a deal with wage increases of 6-7 percent in the first year and inflation plus 1 percent in the second year.

Wage talks are due to be tough this year due to high bullion prices, a spate of recent strikes and new union leadership, the lead negotiator for the industry told Reuters in February.

SIGNING PAVES WAY FOR CHINESE BAUXITE MINING PROJECT IN QUEENSLAND

May 25, 2007 (MineWeb) – An agreement has been signed between the Chinese mining group Chalco, the Queensland Government and the Aboriginal traditional landholders over a large bauxite deposit on the Cape York peninsula (the same area as Rio Tinto’s big Weipa bauxite operation which has already been going for 45 years and which currently mines over 16 million tonnes of bauxite a year – and still has over 1 billion tonnes of reserves).

CHALCO (Chinese Aluminium Company) won the right to develop the Aurukun deposit against international competitors two years ago and today signed an agreement with Queensland Deputy Premier Anna Bligh and elders and councillors from the Wik and Wikway people.

The Aurukun deposits were for years held by the Aurukun Associates, a consortium made up of Billiton

Aluminium Australia BV (Royal Dutch Shell) and Pechiney, but were returned to the Crown after years of inactivity. Chalco plans to develop deposits just north of Aurukun and is to undertake studies for a refinery either in Bowen, Townsville or Gladstone.

The blueprint involves a projected expenditure of \$A3 billion and a mining of 6.4 million tonnes of bauxite on deposits on that are considered to have at least a 30 years life. An earlier Queensland Government statement suggested a mining rate of 7.5 Mtpa to produce 2.1 Mtpa of alumina. The state government said that as part of the agreement with CHALCO the government had been asked to assist in provision of “common user” infrastructure for a maximum outlay of \$A300 million.

The construction phase was expected to employ 700 and more than 100 on completion.

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MINING FIRM TO BUILD P1.2-B NICKEL PROCESSING PLANT – PHILIPPINES

May 25, 2007 (*Balita*) – Berong Nickel Corporation (BNC) in barangay Berong, Quezon, Palawan is planning to build a P1.2 billion nickel processing plant that would process 1.47 million metric tons (MT) of nickel ore annually. The processing plant is similar to Coral Bay Nickel Corporation (CBNC) in barangay Rio Tuba, Bataraza that will process nickel raw materials before shipping to China and other foreign countries.

Palawan has a large deposit of nickel ore totaling about 414 million tons. The largest nickel ore deposit is found in barangay Berong. In his visit to the provincial board, BNC chief executive office George Budjor assured that their mining operation would strictly follow the province's environmental policies, and would do its best to help improve the lives of the people residing in the surrounding communities.

Earlier, the provincial board questioned the special mining permit (SMP) issued by the Department of Environment and Natural Resources (DENR) to BNC allowing it to operate for at least two years in the area.

The issuance of an SMP, according to Budjor, will allow them to initially push forward in the shipment of one

million dry metric tons of nickel ore in a year, a direct shipping operation that has a capital cost of US\$ 15-million. BNC started to ship out nickel ores in January this year. The project's overall capital is about US\$ 200-300 million.

Currently, the mining company has created employment for their operation wherein more than 90 percent of its employees are local residents of Quezon, Palawan.

From the project, Palawan is expected to earn millions of pesos from the annual revenue sharing scheme. Under the local government code, 60 percent goes to the national government while 40 percent to the local government.

Under a signed memorandum of agreement with the indigenous people, BNC has committed to assist them through education services, livelihood projects, construction of road networks, among others. Budjor stressed they are now in the health services screening, construction of potable water system, and are helping the IPs claim their certificates of ancestral domain. (PNA)

CONSOLIDATION TALK RIFE IN GLOBAL IRON ORE INDUSTRY

May 25, 2007 (*Platts*) – Talk of possible mergers and acquisitions among iron ore producers has heated up, centering most recently on the top North American producer, Cleveland-Cliffs. Unlike the highly fragmented steel industry, in which frenzied consolidation is taking place, the global iron ore market is already relatively highly consolidated. About two-thirds of the seaborne (export) market is in the hands of just three producers (CVRD, Rio Tinto and BHP Billiton) with combined exportable output of more than 430 million mt/year. In terms of total iron ore output, the three account for 73% of global production.

Cleveland-Cliffs accounts for only about 1% of global output but is at the top end of a host of smaller producers, and supplies iron pellets to many integrated steelmakers in the US. The company, itself the product of the consolidation of the North American iron ore industry, accounts for an estimated two-thirds of North American iron pellets production and also produces ore in Australia.

Cliffs has for months been mentioned by analysts and stock pundits as a prime takeover candidate by virtue of its enviable [North American] market share and relatively

small market capitalization – about \$3 billion. Two weeks ago the chatter began to intensify, with CVRD and Rio Tinto, the world's top two producers respectively, mentioned as possible buyers, along with steelmaker Arcelor Mittal.

The company's largest customer is Mittal Steel, part of the Arcelor Mittal. Mittal and Cliffs also co-own Hibbing Taconite, a pellet joint venture (Mittal holds 62.3%) in Minnesota with a production capacity of 8.2 million st/year.

All three companies touted as possible buyers may have their hands full, however. Cliffs would have been a natural fit for CVRD, which is the largest exporter of iron ore to US mills but has no North American operations. The acquisition would also give CVRD more assets in its own back yard, where Cliffs recently entered a joint venture with Brazilian iron ore upstart MMX to develop the Amapa project.

CHINESE FIRMS TO BUILD \$5B ALUMINUM PLANT IN KSA

May 26, 2007 (MENAFN) – Gulf Daily News reported that two Chinese companies have signed a framework agreement to build two aluminum processing plants and related facilities worth nearly \$5 billion in Saudi Arabia. Under the terms of the agreement, the two Chinese contractors will help the Saudi company Western Way for Industrial Development obtain funds equivalent to half of the project costs from Chinese banks.

The China Nonferrous Metal Industries Foreign Engineering and Construction Company (NFC) will build

an alumina plant and an electrolytic aluminum plant in the southeastern Saudi city of Jazan, while the China National Machinery Industry Corporation will construct a dock and a power plant supporting the plants.

The alumina plant will have annual output of 1.6 million tons while the capacity of the electrolytic aluminum plant will be 660,000 to 700,000 tons.

***SOMETHING TO PONDER***

Gold is virtually indestructible. Only a few chemicals will attack gold, thus it will last for many centuries. No wonder the Spacecraft Voyager launched in 1977 and sent to explore Saturn before traveling off into space for thousands of years was carrying a pure gold plate which had been engraved with wording and pictures telling about the planet earth as we know it , just in case it was discovered by some other far away civilization on a distant planet.. NASA wanted the most durable and lasting metal possible.

Due to its permanence, virtually **all the gold ever mined is probably still in existence somewhere** in the world in some form or other (excluding that which we may have sent into space).



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