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INSIDE THIS ISSUE

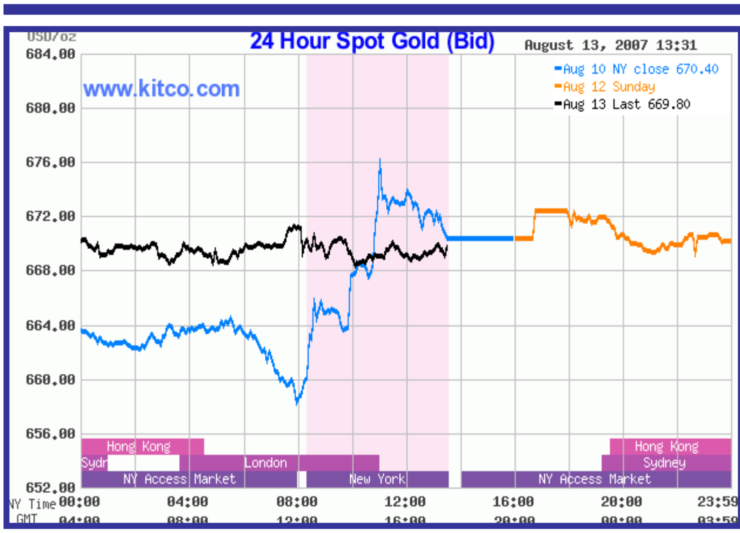
ANOTHER FALSE DAWN FOR GOLD?

August 5, 2007 (MineWeb) – As was pointed out during the week by the commodity analysts at Natixis in London, base metals are in a volatile phase with big fluctuations particularly in copper lead and zinc (Base metals 2007 – Learning to live with volatility), but precious metal prices have been, in comparison, fairly stable. But the end of the week saw an upwards shift in the gold price to over $670 an ounce, where it has remained on Monday, and the question in gold watchers minds is does this represent the next stage in the runup to significantly higher price levels, a new slightly higher trading range, or yet another false dawn?

This year, the price has fluctuated between $608 and around $680, but most of the time it has rested in the $640-$660 ranges with the occasional breakout above. It has breached $670 before – in February, April, May and June – but has always so far been brought down back to the earlier trading range, often through rumours of, or actual, Central Bank sales, or occasional bursts of dollar strength, movement in the oil price, or any other factor which makes the markets nervous.

Gold fundamentals remain positive for the price. Jewellery demand seems to have accepted higher price levels and appears to have stabilised, or increased. ETF gold investment has continued to rise and now is at record levels. Mine production is flat at best and the price has ridden some pretty high levels of Central Bank sales. The 200 day moving average price has been rising consistently.

To set against this is, almost certainly, the desire of the international monetary authorities worldwide to not see a huge



USD	AUGUST 10, 2007	AUGUST 3, 2007
GOLD	668.50	670.50
SILVER	12.6900	12.9600
PLATINUM	1,269.00	1,286.00
PALLADIUM	349.00	364.00
ALUMINUM	1.1421	1.2022
COPPER	3.3815	3.6242
LEAD	1.3032	1.5377
NICKEL	11.5235	13.3583
URANIUM	110.00 (08/06/07)	120.00 (07/30/07)
ZINC	1.5059	1.5944

depreciation in the value of the US dollar which would destabilise the world's economic system and the US economy itself, which is still by far the world's largest. It seems likely therefore that, as I have said before, that any upward movement in the gold price (which correlates with dollar depreciation) is likely to be stage managed as far as the monetary authorities are able to do so. Gold will almost certainly continue to rise, but it may take some kind of catastrophic incident affecting the US economy directly, to trigger a major breakout.

So the scenario is, as I see it, an upward price movement through the remainder of the year – but a gradual one. $700 may be breached, but perhaps not yet, but I still believe the $1,000 gold price is an awful long way ahead, and if it is not, then that would suggest collapsing economies on a scale that would be in no-one's interest. Gold may rise sky-high, but if it does the rest of your assets may be worth little!

So, maybe not a false dawn, but perhaps the start of a move to the next gold price plateau unless there is some more heavy handed action by monetary authorities to stabilise the dollar and keep gold in its cage.

As for gold stocks, this is, of course, not particularly good news. Costs are in general rising faster than the gold price and the latest run of half yearly statement from the gold mining majors are hardly encouraging in this respect. Just as higher gold prices can lead to a fall-off in production as miners work lower grades which are thus made economic, so the rising costs and flat gold price scenario may lead to higher gold production as the miners revert to mining higher grades and perhaps this could lead to higher output in the years ahead assuming this situation continues. But, this takes a fair amount of time to work through the system.

But, coming back to basics, fundamentals for gold are currently strong and the general consensus appears to be that a continuing increase in the gold price is definitely likely, but whether this will be slow and managed, or a fast move to higher levels, remains to be seen.

NEWMONT SEES GOLD PRICE APPROACHING $750/OZ

August 6, 2007 (Reuters) – Newmont Mining said on Monday that strong demand from the jewelry sector was set to push gold prices up to around $750 an ounce in the northern autumn. "There is very strong demand right now so we are setting ourselves up for an attack on the US$750 per ounce level in early fall this year," said Newmont vice chairman Pierre Lassonde on the sidelines of the annual Diggers and Dealers conference.

Gold bullion prices raced to 26-year highs around $730 an ounce in May 2006, but have since retreated with current spot prices around $672. He also said that jewelry consumption trends recently, particularly in China and India, suggested prices could top all-time highs of around $850 per ounce in the next year or so.

Lassonde also said that he saw no difference in the risks of mining in Indonesia, where the company recently defended itself against pollution charges, to operating in countries such as Peru and Argentina.

CITIGROUP UPGRADES COPPER PRICE FORECASTS

August 6 2007 (MineWeb) – The combination of strong global demand and a struggling supply, Citigroup envisions a structural change in copper markets, which convinced London-based analysts to upgrade 2008-2010 copper price forecasts to US$3-3.50/lb.

In their recent report, "Metals and Mining Strategy Copper Look at These Prices," analysts Craig Sainsbury, Heath R. Jansen and Liam Fitzpatrick increased their local-term copper price forecasts from $1.10/lb to $1.45/lb. The 32% increase is driven by the combination of structural costs increases for existing producers, combined with increasing capital and operating cost hurdles.

The analysts also predicted that UK-based copper miners will deliver 1.4mt of new copper production, representing 25% of additional global supply. "Therefore copper bulls, the better leverage will be in growth stocks such as First Quantum, Antofagasta, Vendanta and Xstrata," they asserted.

Meanwhile, Citigroup recommended First Quantum Minerals (FQM) as its preferred pure play copper exposure, "given the longer-term strategic upside (exploration/development potential in Africa) as well as our belief that FQM is a prime potential takeover target."

The analysts asserted that further upside value in equities would need to be driven by exploration success; further copper price upside; cost reduction; improved profile; and M&A activity. Based on these drivers, Sainsbury, Jansen and Fitzpatrick highlighted "Xstrata and First Quantum as the two most likely companies to deliver."

Citigroup noted that "cash generation remains a strong theme for all the miners. Between now and 2010, we see the copper-exposed equities generating 70% of their current market value in surplus." The analysts explained that "with the strong commodity prices and limited avenues for capital investment, we see significant build up of cash on the balance sheet."

NIGER ENDS 'MONOPOLY' OF FRENCH NUCLEAR GROUP

August 6, 2007 (AFP) – Niger's government has ended the effective monopoly of French nuclear group Areva in uranium mining in the country, and is seeking higher prices for the mineral, according to a ministerial statement. "Niger is determined to launch a policy of diversification of its partners, which means that Areva's monopoly in our country is broken," Foreign Minister Aichatou Mindaoudou said on television late Friday.

The move followed the expulsion last month of the company's local head, Dominique Pin, amid accusations that it was supporting rebels of the ethnic Tuareg Movement for Justice (MJC) in the uranium-producing north. Areva has been operating two uranium mines in Niger for 40 years and is the west African country's biggest private employer. President Mamadou Tandja has accused it of backing the MJC in a bid to keep out competition.

Areva has denied the accusations, and said last week that its contracts with Niamey had been renewed. The row prompted talks at the weekend in Niamey between French Cooperation Minister Jean-Marie Bockel and Niger officials, including Tandja.

Following the meeting between Tandja and Bockel, Mindaoudou told journalists the revamped contract with Areva obliges the company to sell its uranium at a higher price. The new price – 40,000 CFA francs, or 60.98 euros (84 dollars) a kilo – represents a significant increase over the old price of 27,300 CFA but is still well below the current international rate. The increase, retroactive to January 1, is only valid until the end of 2007, Mindaoudou said late Friday.

In addition, for the first time Niger will be allowed to sell directly on its own account 300 tonnes of uranium, 100 this year and 200 in early 2008. Further negotiations with Areva will determine new prices for 2008 and beyond, she said. Prime Minister Seini Oumarou had earlier criticised the sale price of uranium that Areva fixes, commenting on state television that a kilo currently sells for 122,000 CFA francs (186 euros) on the international market.

Mindaouodou said that in future Areva would be treated like any other mining company in its search for new deposits in Niger, which is the world's third largest producer of uranium with some nine percent of the market.

Since 2006 Niamey has granted some 20 licences to prospect for uranium to Chinese and Canadian companies.

BULLISH NEW GOLD PREDICTION $1000 AN OUNCE AND BEYOND

August 7, 2007 (MineWeb) – Any gold producers still holding hedge books, particularly if they are more than four years old, are holding a losing proposition as the utilisation of such a financial tool has been a seriously negative function for at least three years with the progressive rise in the gold price. That was one point made by Newmont's Pierre Lassonde to Mineweb at the opening of Diggers & Dealers Forum in Kalgoorlie yesterday – the largest mining conference by an Australian country mile. Newmont's negative financial performance just reported was in part due to the global gold mining giant closing out the balance of its hedge book.

He saw the US's appalling current account deficit (now representing 6% of gross domestic product) as pushing the $US down and helping create a "Tsunami of liquidity around the world." Lassonde gave a six point forecast to delegates:

- The bull market for minerals will last for at least another 20 years, and while the drivers of China and

India may have soft moments, they will be an ongoing force for minerals and metals demand.

- The US dollar will plunge through the massive current account deficit though the size of the country's economy was unlikely to create a recession in the next few years.
- The Canadian dollar will like reach parity and beyond with the $US while the Australian dollar will make further inroads on the Greenback.
- Copper and molybdenum are two metals that may experience a weakness, though oil, gold, platinum and nickel will maintain strength.
- Since the 1990s the Dow Jones Average marker has had a fluctuating tussle with the gold price including a nadir for the metal in 1996 when the Dow was 28 times greater. The two were now moving into balance and could see gold move to a 2:1 status in the foreseeable future.
- The gold price could reach $US750/oz by the end of this year and $US850/oz in the following 12 months.

Lassonde sees the gold price moving towards "three zeros and a figure in front" and he was not sure whether that figure in front would be a one or what?

XSTRATA BIDS FOR ELAND PLATINUM; FIRST-HALF NET SOARS

August 7, 2007 (Bloomberg) – Xstrata Plc offered 7.5 billion rand ($1.07 billion) for Eland Platinum Holdings Ltd., South Africa's best-performing stock this year, and said first-half profit more than doubled. Xstrata, based in Zug, Switzerland, bid about 105 rand a share in cash for Johannesburg-based Eland, according to a statement today. The offer values Eland at 8.99 rand, or 9.4 percent, more than its closing share price yesterday.

"This is very strong growth by acquisition," Mark Tinker, a fund manager at AXA Framlington Ltd. in London who holds Xstrata shares, said in an interview. Eland is due to start production at its Elandsfontein project in October. The mine has an estimated resource of 22.7 million ounces of platinum, palladium, rhodium and gold.

"This really represents the first time when we identified a meaningful entry point that can be converted to value," Chief Financial Officer Trevor Reid said today in a phone interview from London.

Xstrata will pay about $24.30 for each ounce of the 43 million ounces Eland has in all of its platinum-group metal reserves, said Fidelis Madavo, an analyst at Public Investment Corp. That's higher than about $17.30 an ounce Lonmin Plc paid for Afriore Ltd. in November, and the $12.30 Impala Platinum Holdings Ltd. paid for African Platinum Plc in May, because Eland's assets are close to production, Madavo said.

Xstrata earmarked $28 billion, or about half of its market value, for expansion at existing assets, the company said, to meet with an annual growth rate projected at 12 percent to 2013. Of the total, $4.5 billion has already been approved, and another $7 billion is in the process of being approved.

The company's copper output probably will double in between five and seven years as expansion takes place at the Collahuasi and Tintaya mines in South America and Tampaka in the Philippines, Davis said today in a presentation in London.

MERAFE SEEKS IRON ORE, UPS FERROCHROME OUTPUT

August 7, 2007 (miningmx.com) – MERAFE Resources, the South African ferrochrome and coal empowerment company, is looking actively for an iron ore asset to add to its portfolio, management said on Tuesday. Merafe is a 20.5% partner in Xstrata's ferrochrome business in South Africa and has reduced its debt levels to a point where it is now talking about paying dividends and making acquisitions.

Merafe plans to reduce its debt level during 2008 by 55% to R335m, which it will then secure for five years and service only the interest. It will then refinance that debt. Merafe knocked R121m off its debt during the first half of its financial year.

"We are looking at iron ore. We want to get into that space," Phiri said. South African iron ore production is dominated by Anglo subsidiary Kumba Iron Ore and Assmang partly owned by African Rainbow Minerals. Merafe plans to use a similar model to that in the Xstrata relationship, where it is the empowerment partner, and in Scharrig Mining, where it created an equally held joint venture partnership in coal. The JSE-listed Merafe will begin producing coal from the second half of next year and is again looking hard for acquisitions in that sector.

Two mothballed furnaces will be returned to production during the course of the second half of the year, bringing to 20 the number of furnaces the Xstrata/Merafe partnership will have in production. The partnership's Project Lion will also reach steady state production this year.

The partnership will then produce 1.764 million tonnes of ferrochrome a year from the start of 2008 against design capacity of 1.96 million tonnes. This is against about 1.4 million tonnes of production this year, said financial director Stuart Elliot. The increased production will most likely go to China where stainless steel production is 6.8 million tonnes out of capacity for ten million tonnes.

The partnership's sales to China have grown to 20% of production from nothing in 2006. "That's where the natural market is and where the growth is. Any further increases in our production will target that market," Elliot said, referring to the 360,000 tonne increase over this year's forecast output.

"This increased production will go directly to the bottomline. There's no capex, no debt or interest to bring this into production," Elliot said.

ANGLO PLATINUM REACHES PAY DEAL WITH UNION

August 8, 2007 (MineWeb) – South Africa's National Union of Mineworkers (NUM) has reached a wage settlement with Anglo Platinum, the world's biggest platinum miner, a union official said on Wednesday. The deal avoids a strike at Anglo Platinum (Angloplat) and may calm some market nerves about possible stoppages in the world's number one platinum producing country.

The two-year agreement follows around two months of wage talks with South Africa's biggest mining union and offers increases of 8.5-10 percent effective from July 1 this year, NUM general secretary Oupa Komane told Reuters. Further raises of 8 and 9 percent for two grades of workers will come into force from July next year. Workers had demanded hikes of 10-12 percent.

"We have settled," Komane said. "The leadership that has led this negotiation has demonstrated maturity." He said the deal also involved a higher minimum wage of 3,000 rand ($426.2) for surface workers and 3,200 rand for those underground. It would be officially signed on Aug. 24.

Solidarity, a smaller South African union, is scheduled to meet with government negotiators on Friday to discuss a pay package.

DAVIS MIGHT TAKE A STEP BACK AMID DEAL FRENZY – XSTRATA

August 8, 2007 (Financial Times) – Throughout the present commodities boom, Mick Davis of Xstrata has been one of the mining industry's most bullish voices. His view that commodities prices would be "stronger for longer" has underpinned his strategy of rapid expansion through acquisition, knowing that deals that may seem expensive at the time would look good value in years to come.

But Xstrata may be becoming a victim of its own success. Previously conservative mining groups have in the past few months been making more confident statements about the longevity of the commodities boom, and are being more aggressive in launching takeover bids.

Many bankers and analysts expect the flow of mining deals to continue, spurred on by high metals prices and a desire to be the hunter, rather than the prey. Contrary to market expectations, however, Xstrata may choose to sit back from the deal frenzy.

In an interview with the Financial Times yesterday, Mr Davis said the current frothy market conditions made him less likely to launch a big bid. "There are big transactions out there that make sense for Xstrata, but I am not as confident as I used to be on completing big transactions." Several companies launching takeovers in the past year have found themselves outbid, indicating that there is now a "first-mover disadvantage".

Mr Davis said the battle for LionOre showed Xstrata how competitive the markets had become. "No-one had shown an interest in LionOre. We felt we had unique synergies, yet when we made the bid, Norilsk was there. Exceeding their price did not make sense for us." Xstrata is repeatedly mentioned as a potential bidder whenever a mining company looks vulnerable to a takeover, from Anglo American to Lonmin.

Mr Davis said Xstrata would continue to look at large takeover deals "provided we can do it at the right price", but at the group's first-half results presentation yesterday he stressed the virtues of smaller, bolt-on acquisitions and organic growth.

Mr Davis said the deal was "a very intelligent way to enter the platinum business", offering good value for money and little chance that an interloper would emerge. "You have to be realistic in transactions," he said.

This new, more sober attitude to dealmaking will not necessarily disappoint the market. Several analysts said that Xstrata's strong portfolio of mining projects, which it said totalled $28bn, meant it had less need to grow by acquisition. They said these projects should help Xstrata narrow the gap between its valuation and that of bigger rivals such as Rio and BHP Billiton.

NUM MULLS COAL SECTOR WAGE OFFER, SMALLER UNION TO STRIKE FROM SUNDAY

August 8, 2007 (Mining Weekly) – Employers belonging to trade union Solidarity would down tools at South Africa's largest coal mines from midnight on Sunday, the union said on Tuesday. Solidarity, which rejected the Chamber of Mines' pay offer last week, remained committed to a 15% pay hike, and said it would serve its strike notice on the Chamber of Mines on Friday.

Coal-miners, including Anglo Coal, Xstrata, Eyesizwe, Optimum Colliery, Delmas Coal, Springlake, and Kangra, tabled an offer ranging between 10% for lower-paid workers and 7.5% for higher-paid employees last week. Solidarity represented just over 6% of the total coal mining work force, but spokesperson Reint Dykema said that its 3,500 members represented the "backbone" of the mining industry.

Solidarity members were mainly artisans, miners and officials and Dykema said that the lower-skilled workers would have to run the mines. "Solidarity members are unhappy with the fact that lower levels have been offered 10%, while the artisans are being rebuffed with an 8% offer," he said.

Dykema said that the financial position of the coal-mines was strong and that, by 2009, coal would overtake gold to be the second-largest earner after platinum. But the National Union of Mineworkers (NUM) general secretary Frans Baleni indicated that it was responding "positively" to the chamber's offer.

The union started consultations to get a mandate from its members to either accept or reject the offer last week and, while it was expected to make a decision early this week, Baleni said on Wednesday that the NUM would only have a final answer next week. "It [consulting members] is taking longer than what I thought. We will delay it until next week," he stated.

GRUPO MEXICO WORKERS SAY COURT REVERSES STRIKE ORDER

August 9, 2007 (Bloomberg) – A Mexican court ruled that strikes that have halted production since last week at two mines owned by Grupo Mexico SAB can continue, overturning a government order to end the stoppages.

Ruling on an appeal filed by the miners' union, the court reversed an order on Wednesday from a government arbitration court denouncing three mine strikes as illegal and ordering work to resume within 24 hours. The government said the workers' complaints were "imprecise and vague."

The ruling affects strikes at the Cananea copper mine and San Martin zinc mine, union attorney Nestor de Buen told Mexico City-based Radio Formula in an interview. A court will rule on August 9 on a stoppage at the Taxco zinc mine, he said.

The strikes, which began July 30, have cost Grupo Mexico about $3 million a day in lost production at the Cananea mine, company attorney Salvador Rocha said in a telephone interview from Mexico City. The company is willing to hold talks with the union and comply with "reasonable" demands, he said. "The strikes harm the national economy, harm the workers and harm the company," Rocha said. "We are going to do our best to help end the strikes as soon as possible."

The district court hasn't notified Grupo Mexico of its decision, Rocha said. The court may take as long as six days before making a final ruling once it notifies the company of today's decision, he said.

RIO'S BID FOR ALCAN JUMPS QUEBEC HURDLE

August 9, 2007 (Sydney Morning Herald) – Rio Tinto has passed the first regulatory hurdle in its $US38 billion ($44.51 billion) planned takeover of Canadian aluminium Alcan Inc. Rio received confirmation from the Quebec Government that its offer for Alcan meets the requirements of the continuity agreement between itself and the Canadian aluminium producer.

The agreement between the Government and Alcan was signed in 2006 as part of a $US1.8 billion investment program for the Saguenay-Lac-Saint-Jean region. Chief executive Tom Albanese said the takeover was now one step closer to reality.

"Rio Tinto has been an investor in Quebec and Canada for decades and is committed to growing the combined Rio Tinto Alcan presence, particularly in Quebec," Mr Albanese said. "The announcement by the Government of Quebec means we have satisfied one of the conditions of our offer and brings completion one step closer."

Rio Tinto said it had satisfactorily demonstrated to the board of Alcan and to the Quebec Government that there was no reasonable basis to believe that there would be a diminution of Alcan's commitment to the economy and society of the region.

BAOTOU ALUMINIUM SHAREHOLDERS APPROVE CHALCO DEAL

August 9, 2007 (AFX) – Baotou Aluminium Co Ltd said its shareholders have approved the company's takeover by Aluminum Corp of China Ltd (Chalco), Baotou said in a statement filed with the Shanghai Stock Exchange.

Earlier, the two companies jointly announced that Chalco will issue new A-shares to exchange for shares in Baotou Aluminium. Chalco said it will not raise funds from public investors to finance the deal.

Chalco will buy Baotou Aluminium for 21.67 yuan per share in cash, or swap 1.48 A-shares for every share held in Baotou Aluminium. The deal is pending approval from the China Securities Regulatory Commission.

RIO MAY SELL PALABORA UNIT FOR ALCAN PURCHASE

August 10, 2007 (Bloomberg) – Rio Tinto Group, seeking to buy Alcan Inc for US$38.1 billion to become the world's largest aluminium producer, might sell Palabora Mining Co to fund the purchase, according to Citigroup Inc.

Palabora, the operator of South Africa's largest copper mine, and the Northparkes copper and gold mine in Australia are "small, limited-growth operations that could be sold to an eager junior," Citigroup analysts Heath Jansen, Clarke Wilkins and John Hill wrote in a report on Thursday.

Rio Tinto, led by chief executive officer Tom Albanese, is considering at least $10 billion of asset sales to finance the purchase of Alcan. Selling the aluminium producer's packaging unit would probably raise about US$5 billion, leaving the remainder to come from London-based Rio's existing assets, the analysts said.

Rio Tinto owns 80% of Northparkes, with the remaining 20% held by Tokyo-based Sumitomo Corp and Sumitomo Metal Mining Co. The mine produces about 80,000 t of copper each year and 95,000 oz of gold, the bank said. Rio Tinto also has a 58% stake in Palabora, whose production costs are "high", Citigroup said.

Rio Tinto also may sell its uranium assets, the Citigroup analysts said. The value to the company of selling them may be "significantly stronger" than holding them, they wrote.

Albanese said on August 5 that Rio Tinto plans to expand its investments in uranium, rather than sell them. Rio controls Energy Resources of Australia Ltd, producer of more than 10% of the world's uranium, which is studying an extension of the life of the Ranger mine in the Northern Territory.

COPPER/COBALT MINER, KATANGA, SAYS CAMEC TRYING TO TERMINATE RIGHTS PLAN

August 10, 2007 (Reuters) – Katanga Mining Ltd. said on Thursday it has received a request for a special shareholder meeting from Central Africa Mining & Exploration Co. (CAMEC), which has proposed a $1.9 billion takeover of the Canadian company.

Katanga, which is cool to the idea of a takeover, said the move was an attempt by CAMEC to terminate Katanga's shareholder rights plan, which Katanga put in place in May to prevent a "creeping takeover" of the company through share purchases.

"Katanga believes that CAMEC wants the shareholder rights plan terminated in order to enable it to pursue additional share transactions which are not in the interest of all Katanga shareholders and, importantly, are not permitted under the terms of the plan," the company said in a statement. "Katanga's board will meet to review the requisition and respond appropriately."

CAMEC has yet to make a formal offer for Katanga, which has said it is exploring alternatives to the proposal. Katanga said that it has held a number of meetings with interested parties, has signed confidentiality agreements, opened an electronic data room and facilitated visits to the company's mine site.

CAMEC, which operates in the Democratic Republic of Congo, already owns more than 20 percent of fellow DRC-focused Katanga. It has said it has lock-up agreements representing about 32 percent of Katanga's shares.

NEW AUSTRALIAN URANIUM MINE RE-SET FOR MID 2008

August 10, 2007 (MineWeb) – The hot and cold picture painted for the Honeymoon uranium project in the past two years – a project that already has advanced permitting from the South Australian Government – is warming up. The emerging powerful global uranium player Uranium One now has Honeymoon well beyond the blueprint stage and is setting the project's marketplace for yellowcake sales.

Uranium One has secured two customers – one in the United States, the other in Europe – and at this stage plans to sell the remaining 60% of initial planned production unhedged. Uranium One's Executive Vice President – Australia and Asia, Greg Cochran, told a media conference during the concluding session of Diggers & Dealers Forum in Kalgoorlie that Honeymoon was originally scheduled to begin in the first quarter of 2008 but now was more likely to commission as an in situ leach (ISL) project about three months later.

Honeymoon has a resource of 6.5 M lb, with an indicated resource grade of 0.24% U308. There could be 880,000 lb U308 of "steady state" annual production, with a life of mine projected as six years. Cash costs could be $US14.13/lb and capital costs $US40 M.

South Australia is now clearly the best Australian state to get project development through political and bureaucratic hurdles – a virtual open gate compared to reluctant Western Australia and Queensland. However, Mineweb understands rapid advances are also being made on the Four Mile uranium discovery only 8 kilometres from Heathgate Resources Beverley ISL mine. As Beverley's output is winding down, Heathgate through exploration subsidiary Quasar (75% owner of the project in partnership with Alliance Resources), there is a push to seek development of a section of the Four Mile East deposit that is amenable to ISL recovery.

Cochran said Uranium One was looking to use a pulse technology in the uranium operation, a technique being applied at Olympic Dam in South Australia and also by Uranium One at its Dominion operation in South Africa.

Earlier in his presentation Cochran said the company's internal growth would come from production ramp up at Dominion, South Inkai and Kharasan in Kazakhstan and from Honeymoon. Expansion programmes were set at Dominion, South Inkai and Kharasan, and added growth potential could come from exploration in the United States, Australia and Canada.

He said external growth should come from a focus on near-term production, low technical risk, and from low cost and long life assets. Cochran said the company had an "unrivalled production growth profile, which would see 2007's maiden production of 2.5 million lbs of U308 grow to 7.5 M lb in 2008 and lift rapidly to 27 M lb by 2013.

LUNDIN MINING CORP. EXTENDS RIO NARCEA GOLD MINES, LTD. OFFER

August 10, 2007 (Reuters) – Lundin Mining Corp. announced that 146,356,544 shares of Rio Narcea Gold Mines, Ltd. (Rio Narcea), representing approximately 86.2% of the Rio Narcea shares outstanding, have been tendered to Lundin Mining's amended offer, announced on July 17, 2007. In addition, 16,982,220 share purchase warrants have been deposited to the amended offer.

In combination, the shares and warrants tendered under the offer total approximately 85.2% of the fully diluted shares outstanding. Under the terms of the amended offer, Rio Narcea shareholders and warrant holders will receive CDN$5.50 for each share and CDN$1.04 for each warrant tendered to the bid. the Company has extended the expiry time of the offer to 6:00 p.m. (Pacific Time) on August 20, 2007.

URANIUM ONE COMPLETES ACQUISITION OF ENERGY METALS

August 10, 2007 (Canada Newswire) – Uranium One Inc. ("Uranium One") and Energy Metals Corporation ("EMC") are pleased to report that Uranium One has completed the acquisition of all of the issued and outstanding common shares of Energy Metals Corporation ("EMC"). Each common share of EMC has been exchanged for 1.15 common shares of Uranium One. In addition, all outstanding options to acquire common shares of EMC have been exchanged for 1.15 options to acquire common shares of Uranium One.

The common shares of EMC have ceased trading on the NYSE Arca and will cease trading on the TSX at the close of trading on August 13, 2007.

HOTTER ANGLO BUYS COPPER PROJECT IN COLD ALASKA

August 10, 2007 (Mining Weekly) – Cynthia Carroll has bought into a copper project in icy Alaska, which must be a big shock for Sir Ernest Oppenheimer, who created the company 90 years ago in hot South Africa.

Coming from North America, frozen wastes are less likely to stand in the way of new Anglo American CEO Carroll's pursuit of copper, which forms the key part of a division – the base metals – that attained its highest ever six-month operational profit of $2.2-billion, up 17% on last year's record. Anglo American's partner in the Pebble project in south-western Alaska is Hunter Dickenson group's Northern Dynasty Minerals.

Carroll says that the Pebble copper project in Alaska provides Anglo with "one of the very few remaining large-scale copper deposits in the world". "Pebble is a unique low-cost long-life project," she enthuses. The Pebble orebody also reportedly contains gold and molybdenum deposits.

On how the Pebble project got to the board of Anglo under the seemingly unsuspecting noses of rivals, Carroll confides that in seems like "a few people were asleep".

In a reference to Rito Tinto, she says: "Rio, as we know, had taken a position in Northern Dynasty. We did not want to take a position in Northern Dynasty. We wanted to take a position in the project and so we went out a number of months ago to reignite the conversations with Northern Dynasty to see what we could do and this is how we have ended up, with access to develop one of the largest orebodies in the world, and we're really excited about that," she says.

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ALROSA-POLYUS GOLD MERGER RUMORS PREMATURE

August 11, 2007 (RBCNews) – It's too early to speak of a merger deal between Russia's state-owned Alrosa diamond company and the country's leading gold miner Polyus Gold, according to Finance Minister Alexei Kudrin. "We are examining the possibility of joining gold mining projects," he told reporters on Thursday. Kudrin said Alrosa was interested in various mining projects.

Alrosa was considering a number of projects, including "oil, gas and coal projects," Kudrin said. The diamond miner is also thinking of participation in the tender for the Elga coal field, including the Elgaugol and Yakutugol coal mines and railway assets.

According to some reports, Alrosa or its subsidiary Alrosa investment group are going to buy 22 to 25 percent of shares in Polyus Gold before the end of this year, if not sooner. But experts are split on the consequences of the acquisition. Nikolai Sosnovsky, at Sobinbank, thinks that investors, the two companies and the state would all benefit from the deal. He calculated that investors had already earned about 10 percent as the company's shares had been rising in price throughout the whole of last week on rumors of merger.

For Polyus Gold, the merger would mean better relations with the authorities, Alrosa being a state-owned company, Sosnovsky noted. If Lady Luck smiles on Polyus Gold, it could get a license for the Sukhoi Log gold mine, holding about 40 percent of Russia's total explored gold reserves.

Analysts at Alfa Bank say the merger would confirm that Mikhail Prokhorov, former CEO of Norilsk Nickel who controls a 22 percent stake in Polyus Gold, does not expect his stake to rise in value significantly in the medium term as the company's production will not grow substantially before 2010. "If this news is confirmed officially, Alfa Bank's analysts will see it as negative for the shares," said Angelika Genkel, senior analyst at Alfa Bank. The merger would not boost Polyus' gold mining business, Alfa Bank's experts believe.

Moreover, Alrosa will not have a big say in Polyus, 25 percent stake being just a portfolio investment. In future the diamond company would seek a controlling interest in Polyus. But this would not be easy because Vladimir Potanin, a major shareholder in Polyus Gold, does not want to sell his stake. In case of merger, Polyus' minority shareholders could be put at risk if they are offered stakes in Alrosa instead of cash, analysts warn. Alfa Bank's experts see this as the most likely scenario, given Alrosa's borrowing restrictions.

At the Investment Company Prospect, analyst believe that Alrosa, which has long planned to expand its product range, would be quite interested in joining the gold mining business. The diamond producer has enough cash to finance the acquisition. The company is thought to have had up to RUR 10.5 billion (approx. $415m) at the beginning of this year; in addition, VTB is ready to lend it another RUR 25 billion (approx. $1bn), and Alrosa could borrow over RUR 8 billion (approx. $316.2m) from a group of other banks. Given high diamond prices and strong production figures in the first half of this year, the company could earn another RUR 10 billion to RUR 15 billion (approx. $395m to $593m), Prospect's analysts calculated. All this allows Alrosa to buy the stake without increasing its debt burden excessively. For Polyus Gold, the arrival of a strategic investor, be it Alrosa or Vladimir Potanin, will give a new impetus for developing and improving its production and financial results, the bank's experts concluded.

LISTING IN HONG KONG – FURTHER CONSIDERATIONS

In the May 8, 2007 (BD Newsletter Issue 148), Behre Dolbear presented "Listing in Hong Kong" as an informative article, as prepared by Dorsey & Whitney of Hong Kong. The article below is a continuation provided to our readers for information purposes.

Operating History

- New applicants must generally have a trading record of at least 3 financial years under substantially the same management.
- The Exchange is prepared to accept a shorter trading record period and/or may vary or waive the profit or other financial standards requirement in respect of mineral companies, if the Exchange is satisfied that the directors and management of the issuer have sufficient and satisfactory experience of at least 3 years in mining and/or exploration activities.

Mineral Companies

- The following special requirements apply to issuers whose activities (whether directly or through a subsidiary company) include exploration for or production of natural resources consisting of substances such as metal ores, mineral concentrates, industrial minerals, mineral oils, natural gases or solid fuels, as well as companies engaged in mining, extraction of hydrocarbons, quarrying or similar activities.
- A company whose current activities consist solely of exploration must establish:
  - the existence of adequate economically exploitable reserves of natural resources, which must be substantiated by the opinion of an expert, in a defined area over which the issuer has exploration and exploitation rights;
  - an estimate of the capital cost of bringing the issuer into a productive position; and
  - an estimate of the time and working capital required to bring the issuer into a position to earn revenue.

Management, Ownership, and Control During the Track Record Period

- A new applicant must have been under substantially the same management and ownership during the 3-year track record period.

Minimum Market Capitalization

- Market capitalization of a new applicant of at least HK$200 million at the time of listing.

Minimum Public Float

- 25% of the issuer's total issued share capital. For issuers with an expected market capitalization of over HK$10 billion at the time of listing, the Exchange may accept a lower percentage of between 15% and 25%.
- Minimum public float as determined above must be maintained at all times.

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