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ZINIFEX BIDS FOR AUSTRALIAN NICKEL MINER

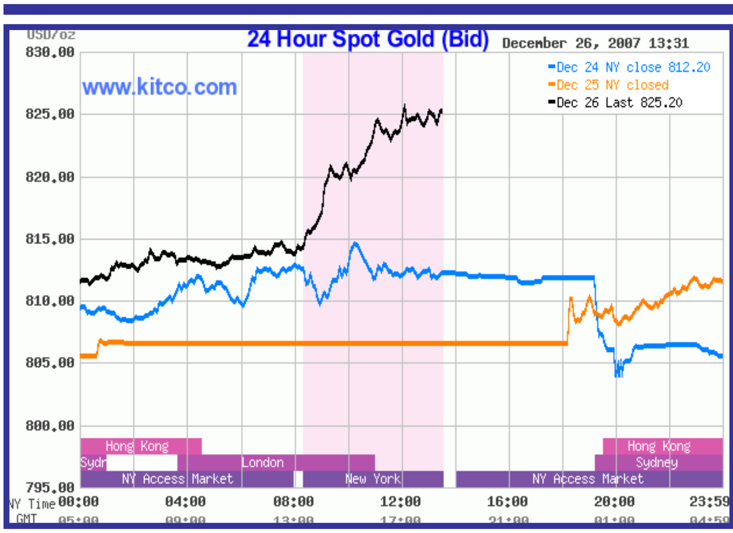
December 17, 2007 (Reuters) – Australian zinc producer Zinifex Ltd launched an all-cash bid worth up to A$775 million ($668 million) for nickel miner Allegiance Mining, the latest in a hectic round of industry consolidation. The acquisition would allow Zinifex to diversify out of zinc and copper, giving it Allegiance’s Avebury nickel mine in Tasmania, which starts production in 2008 amid rising China-driven demand for the metal, which is used in stainless steel. Zinifex has a war chest for acquisitions after spinning off its zinc smelting businesses into a joint venture in October.

The offer is two tiered at 90 cents a share for the first 30 percent of Allegiance, rising to A$1 a share for all shareholders if it gets more than 30 percent, or if the offer is recommended by the Allegiance board. At A$1 per share, the offer is worth A$775 million, based on Reuters’ calculations, a 41 percent premium to Allegiance’s 71 cents per share closing price on Friday.

Zinifex’s incoming Chief Executive Andrew Michelmore said on Monday the company remained confident about global demand for nickel, particularly from China. Zinifex, which has A$1.7 billion to spend and is still eyeing further buys in copper, said the deal would be an entry point for the company into nickel.

Allegiance’s Avebury nickel project has expected output of 8,500 tonnes a year. Zinifex owns the nearby Rosebery mine in Tasmania and Century mines in Queensland. Michelmore, who starts in February 2008, later told reporters there was significant potential to grow production at Avebury. He said Zinifex would

INSIDE THIS ISSUE



USD	DECEMBER 21, 2007	DECEMBER 14, 2007
GOLD	810.50	789.50
SILVER	14.2900	14.0100
PLATINUM	1,516.00	1,462.00
PALLADIUM	355.00	346.00
ALUMINUM	1.0730	1.0714
COPPER	3.0073	2.9121
LEAD	1.2043	1.1163
NICKEL	12.0202	11.7400
URANIUM	90.00 (12/17/07)	92.00 (12/10/07)
ZINC	1.0689	1.0569

continue to sell all output from Avebury to Jinchuan if the deal was successful, and the Chinese firm would have first rights to any expansion of the mine.

Zinifex said last month it was prepared to go hostile in a search for acquisitions. Michelmore said on Monday the company was still looking at other major acquisition opportunities and was still keen on copper.

RIO WILL PUT US$1.1 BILLION INTO AUSTRALIAN COAL AND US NICKEL/COPPER MINES

December 17, 2007 (Reuters) – Rio Tinto said it was to invest $1.1 billion expanding mines in Australia and the United States, as it looks to internal growth to fight off an unwanted approach from rival BHP Billiton. Rio said it would spend $793 million as its 80-percent share of the cost to extend the Kestrel coal mine in Australia.

Rio also said it was to invest $300 million developing Eagle, a high-grade nickel and copper mine in Michigan, United States, projected to deliver 16,000 tonnes of nickel per year over seven years until 2016. It is also in final contract negotiation to develop a nickel mine at Sulawesi in Indonesia, and forecast an initial operation of 46,000 tonnes per year with first production commencing by 2015.

The total cost of the work at the Kestrel mine in the coal-rich Bowen Basin region of Queensland state, aimed at increasing productivity when existing sections of the mine start showing signs of depletion in about four years, was $991 million, Rio said on Monday. Rio holds an 80 percent stake in the mine. Mitsui Kestrel Coal Investment, which is owned by Japan’s Mitsui Group holds the other 20 percent. The work will allow for annual production of around 5.7 million tonnes of coal until 2031, Rio said.

The work will provide access to 112 million tonnes of high quality hard and semi-hard coking and thermal coal for export, it said. So far this year, Rio Tinto has spent $44 billion on new projects, including its $38.1 billion acquisition of Alcan in October.

GMO: ANNOUNCES JV FORMATION WITH POSCO FOR MT. HOPE PROJECT

December 18, 2007 (Knobias) – General Moly, Inc. (GMO) announced that it has entered into a letter of intent with POSCO, the world’s third largest steel producer, pursuant to which POSCO will have the right to acquire a 20% interest in General Moly’s Mount Hope molybdenum project (the “Mount Hope Project”), subject to negotiation and execution of final documentation.

In order to facilitate the investment, General Moly intends to form a new entity that will operate the Mount Hope Project on a joint venture basis. Pursuant to the letter of intent, it is anticipated that POSCO will make equity contributions to the joint venture totaling $170 million.

Payments by POSCO are anticipated to be $50 million upon signing of definitive documentation, $50 million on July 1, 2008 and $70 million upon receipt of all material permits required to initiate full construction of the Mount Hope Project, which is expected in the first quarter of 2009.

It is also anticipated that POSCO will have rights to 20% of production from the Mount Hope Project and will be responsible for 20% of total project capital and operating costs from January 1, 2008 onward.

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CHINESE ENTERPRISES RUSH INTO RUSSIAN MINING BUSINESS

December 18, 2007 (Asia Pulse) – Recent years saw strengthening of cooperation between Chinese and Russian companies on resources exploration and mining in the Far East Area. According to information from Chita State of Russia, China's Shandong Luneng group is building the Berezovskoye iron ore mining project with annual output capacity of 10 million tons and would supply iron ore to China after it goes into operation in 2008.

The Berezovskoye iron ore field has iron ore reserve of 400 million tons and is just about 20 km away from the Sino-Russian border port, with 70 per cent iron ore suitable for open cut mining. China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. is also cooperating with Chita State on mineral exploration and mining.

Earlier, Russia's Jewish Autonomous Region also announced that one Chinese company registered locally had obtained a 20-year mining license for manganese mine with annual output of 20,000 tons, in order to supply materials to a metallurgical company in northeast China's Heilongjiang Province.

It's learned that Russian iron ore reserve concentrates at East Siberia area with over four billion tons of reserve.

CHINALCO APPROVED TO ADD COPPER INTO LINES OF CORE BUSINESS

December 18, 2007 (Asia Pulse) – Chinalco, the parent company of Chalco, received a greenlight from China's National Development and Reform Commission (NDRC) to add copper and other nonferrous metals into the scope of its core business. This indicates that Chinalco is closer to its ambition to turn itself from an aluminum smelter to a comprehensive nonferrous metals producer.

Chinalco has completed the business layouts in the copper sector. It has bought the majority equity in Yunnan Copper Group and a 91 per cent stake in Peru Copper Inc so as to acquire a mass of copper resources. In addition, it has three copper deep processing plants.

As China's copper industry has become saturated, Chinalco's copper business will focus on resource exploration and deep processing, said Lu Youqing, vice general-manager of Chinalco. Apart from copper, Chinalco has engaged such rare metals as molybdenum and titanium.

COURT RULES CANANEA STRIKE CAN CONTINUE

December 18, 2007 (BNamericas) – A Mexican court has ruled that a four-month strike at Grupo Mexico's giant Cananea copper mine can continue, the national mining-metalworkers union STMMRM said in a statement. "The legal team is looking over the situation now to see if we can somehow appeal this," a Grupo Mexico communications officer told BNamericas. The company had wanted the court to declare the strike illegal.

STMMRM called strikes at three Grupo Mexico mines on July 30, including Cananea, over issues relating to collective contracts and mine safety and hygiene. Strikes are also ongoing at the San Martin zinc mine and Taxco silver-lead-zinc mine, although the court ruling only refers to Cananea.

Grupo Mexico and STMMRM have repeatedly failed to come to an agreement to end the stoppage. Most recently, on December 6 the labor ministry mediated in a meeting between the two parties that fell apart. The strike at Cananea is costing the company some US$3.6mn/d in lost sales revenue, Grupo Mexico has said.

RIO TINTO TO TRIPLE SPOT IRON ORE SALES

December 19, 2007 (Financial Times) – Rio Tinto, the world's second largest iron ore producer, will more than triple its spot iron ore sales in 2008 in a move signalling that the mining industry is progressively moving away from the current annual contract system favoured by clients.

The announcement comes as Vale (previously known as CVRD), Rio Tinto and BHP Billiton embark on difficult price talks with Chinese and Japanese steelmakers. Analysts predict they will ask for price increases of up to 50 per cent for the annual contracts. Spot prices for India's iron ore sales to China have surged recently on tight supplies and robust demand. They have hit a record high of almost $200 a tonne while the annual contracts for iron ore from Australia into China stay at about $85.

Analysts said the move towards higher spot sales and increased use of hybrid contracts – based on more frequent price adjustments than the annual contracts – is a message to the steelmaking industry that benchmark prices for the annual contracts need to rise significantly in 2008.

Sam Walsh, Rio Tinto's chief executive iron ore, described the gap between the benchmark and spot prices as "huge". "We intend to continue to take advantage of those higher prices [in the spot market]," Mr Walsh said. Wall Street's banks forecast a price increase of between 25 and 50 per cent for the annual contracts, which run from April.

Jim Lennon, of Macquarie in London, said that iron ore prices were surging amid robust demand from the Chinese steelmaking industry and tight supplies. "We are facing a genuine physical shortage of iron ore," Mr Lennon said, pointing out that about 35m-40m tonnes of supplies were lost this year because of production problems in Australia, Brazil and South Africa.

Rio Tinto said it would sell up to 15m tonnes, or just less than 10 per cent of its production, in the spot market next year, up from just 4.3m tonnes in 2007. It added that it had contracts for a further 6.5m tonnes based on hybrid contracts.

Analysts said they also expected Vale and BHP Billiton to boost spot sales significantly in 2008. One analyst said the iron ore miners could sell up to 15-20 per cent of their tonnage into the spot market in the next two years. Tom Albanese, chief executive of Rio Tinto, said this trend reflected changes in the iron ore market.

Rio Tinto said yesterday that its decision to sell more iron ore in the spot market reflected its confidence that prices would stay high. It is expected that the sale of up to 15m tonnes of ore at spot market prices will have a substantial impact on Rio Tinto's profits for 2008.

INDIAN COMPANY TO EXPLOIT ETHIOPIAN 160 MT POTASH DEPOSIT

December 19, 2007 (MineWeb) – One of India's leading coal mining companies - New Delhi based Sainik Coal Mining Pvt. Limited has been granted a mining license by the Ethiopian government to exploit and further explore vast potash reserves in the Dallol Depression, in the arid Afar region near the Eritrean border.

The license granted by Ethiopia's Minister of Mines and Energy Alemayehu Tegenu enables Sainik to mine the potash deposits, which were discovered by an American geologist 37 years ago in Musely and Crescent areas on a large scale. The deposit is estimated as containing 160 million tonnes.

According to Ethiopia's Reporter Newspaper the mining license grants Sainik an exclusive right for a large scale potash mining within the license area, 10 sq. km for twenty years. The company has also acquired exploration rights for potash and other saline minerals, such as magnesium and calcium.

According to Sainik Director Nitin Wagh, his company anticipates producing one million tonnes of potash per year by and a total of 20.85 million tonnes of potash in the next twenty years. The company plans to use solution mining/evaporation pond techniques to work the deposit. The agreement signed between the company and the Ethiopian government indicates that Sainik has set aside US$451,164,784 for the project.

The agreement further says Sainik intends to process and market the refined product to the international market and to this endeavour, the company is already in talks with large potash consumers for long-term business agreements. Potash is used in the making of fertilizer.

Sainik plans to start production in the next two to three years and will be presenting a Bankable Feasibility Study (BFS) to the Ethiopian government in nine months time.

BRAZIL'S CSN TO INVEST $5.25B TO INCREASE IRON ORE MINING, STEEL PRODUCTION

December 19, 2007 (MineWeb) – Brazil's CSN Tuesday, the nation's second largest steelmaker, made good on its pledge of last September to invest US$9 billion over the next four years, revealing plans to plow R$9.5 billion (US$5.25 billion) into mining, steel and cement projects in Minas Gerais state over the next six years.

Cia Siderurgica Nacional (CSN) President Benjamin Steinbruch Tuesday signed a protocol with the government of Minas Gerais, which includes expansion of the capacity of CSN's Casa de Pedra iron ore mine from 16Mt/y to 65Mt/y by 2011.

The company will also build a new 6 Mt/y pellet plant, a 4.5Mt/y steel mill, and two cement plants. In September CSN announced plans to construct a $2.9 billion, 4.5-million tonne steel slab plant near Casa de Pedra. All the iron ore CSN now uses comes from Casa de Pedra, with half mainly consumed in the domestic market.

Of the total capex investments, the lion's share will go to projects in the Congonhas municipality with Arcos City expected to get the cement plants while Belo Horizonte will become a steel beneficiation and distribution center for CSN.

The investments are anticipated to generate more than 10,000 jobs, according to a CSN news release. Steinbruch said the investment also reaffirms the company's value generation commitment to its shareholders, as well as generating wealth and jobs in Minas Gerais and Brazil.

NEWMONT WINS ANOTHER ROUND IN ALLEGED BUYAT BAY GOLD MINE POLLUTION FIGHT

December 19, 2007 (MineWeb) – For the second time in a year, PT Newmont Minahasa Raya has been cleared of allegations that it supposedly polluted the waters of Buyat Bay through the mine's subsea tailings disposal practices. A South Jakarta District Court ruled that the environmental NGO WALHI had failed to prove its claims that the Newmont Mining subsidiary had polluted Buyat Bay with mercury and other hard metals as a result of its mine tailings.

At the time the civil suit was filed last March, the National Director of WALHI, Chalid Muhammad, said the NGO hoped to force the Indonesian government to act "with more determination in handling the Buyat Bay case so there will be no repetition of environmental crimes, such as those committed by Newmont, and also so that the government will act against anyone who pollutes the environment and endangers community livelihoods."

However, in April, after a lengthy criminal trial, a judicial tribunal ruled that Newmont Minahasa Raya President Richard Ness and Newmont Mining had not polluted Buyat Bay. Eventually several villagers would file criminal charges against PTNMR, claiming that they suffered disease and illness from heavy metal pollution. However, they would later recant their claims. Meanwhile, no evidence was found by international and Indonesian experts that diseases and rashes found among some villages surrounding Buyat Bay had actually been caused by water pollution allegedly generated by heavy metals in mine tailings disposal.

Newmont quoted Tuesday from an opinion published by presiding Judge I Ketut Manika, who ruled that "the plaintiff could not prove that Newmont polluted the environment, sickening fish and damaging coral reefs." PTNMR lead counsel Luhut M.P. Pangaribuan claimed that "most of the so-called evidence presented by WALHI has been examined and resoundingly dismissed by judges in the criminal trial; this civil case is a waste of the court's time and resources."

However, Muhammad Chalid was quoted by the Indonesian news media Tuesday as stating that he would appeal the court's decision. The NGO's attorney, Firman Jaya, told reporters that the judicial panel had only considered formal evidence.

Ironically, Jaya had originally objected to judges visiting the former mine site to examine the situation, claiming that the spot checks would be useless. While the South Jakarta District Court ruled in Newmont's favor, it denied the company's request that WALHI pay compensation for alleged defamation.

MONGOLIA SEEKS FULL CONTROL OF COAL MINE

December 19, 2007 (Financial Times) – Mongolia's new prime minister has said the government has a "moral right" to full control of the $2.4bn Tavan Tolgoi coal project, but has vowed not to abuse the rights of its private developers, according to officials and an industry bulletin.

The government would soon start talks with the local consortium that owns the project in order to reach a deal protecting the interests "of all parties", Sanj Bayar, prime minister, said in a speech last week to the Great Hural, Mongolia's parliament.

The planned takeover of the Tavan Tolgoi project, which has coal reserves estimated at 3.8bn tonnes, comes amid intense frustration among international mining groups about what they say is a lack of clarity about Ulan Bator's intentions for the industry.

Soaring Chinese appetite for energy has sparked intense interest among foreign miners in the coal project, with BHP Billiton and Peabody Energy reportedly discussing potential investment, and China's Shenhua Energy saying last month it hoped to invest in it. Under a Mongolian law passed last year, the government has the right to take a 50 per cent stake in strategically important mining projects that are the result of state-funded prospecting.

The state was also given the power to take a minority stake in projects that were purely the result of private prospecting, while a windfall tax was imposed on sales of copper and gold.

International mining executives say they are deeply frustrated with the lack of progress on resources development projects, which have become a hot political issue in poverty-stricken Mongolia. "There's no question that the investment community is losing patience, as is the mining community, and we all look forward to resolution of these long-delayed issues by the new prime minister," said Howard Balloch, chairman of investment banking firm Mongolia International Capital Corp.

RUSAL POISED TO GET NORILSK NICKEL

December 20, 2007 (Forbes) – Russia's largest miner, Norilsk Nickel, is poised to slip out of the hands of Russian steel billionaire Vladimir Potanin, and into the clutches of the Kremlin. Potanin, who ranks 38th on the Forbes list of the world's billionaires, has until Friday to match a $15.7 billion takeover offer from Rusal, a Kremlin-friendly aluminum company, for a 25% plus-one-share stake owned by his former business partner, Mikhail Prokhorov.

Rusal is offering Prokhorov an 11% stake in itself, and $15.7 billion in cash. That's a 24% premium on Norilsk Nickel's current market value. Analysts believe Potanin will struggle to gather the necessary funding for a counter offer, leaving the path clear for Rusal to take control of the rest of the company. Potanin owns at least 26% in Norilsk Nickel, according to Thomson Financial.

Prokhorov's shares would give Rusal a blocking stake in Norilsk Nickel, and the potential to build up towards a full takeover. It would also come under indirect control of the Kremlin, which has been a strong backer of Rusal.

Rusal has already started syndicating a $4.5 billion loan to partially fund the purchase, the Russian news agency Interfax reported Thursday.

Potanin and Prokhorov took control of Norilsk Nickel in 1995, but at the start of 2007 announced plans to go their separate ways, attributing the split to a difference in personality. Potanin would get Norilsk Nickel, while Prokhorov would get Polyus Gold, Russia's largest gold miner.

Speculation of the Kremlin's interest in Norilsk Nickel began to build over the summer, with Potanin saying the possibility of the government buying back Norilsk shares was not "a personal tragedy, but a change in the business climate."

"The state is interested in creating a national champion with the sector with very strong mergers and acquisitions capacity abroad," said Kirill Chuiko, an analyst at UralSib Securities in London.

MORGAN STANLEY RULES OUT CHINA BUBBLE SCENARIO

December 20, 2007 (AsianInvestor.net) – The firm believes China will be able to handle the multiple challenges of a US economic slowdown, asset reflation and monetary tightening. Morgan Stanley believes that even if the US slips into recession in 2008, the Chinese economy will continue its robust expansion, with only some disruptions from export slowdown and asset price deflation.

"We are now ruling out a bubble scenario for Chinese equities, although we remain bullish on the Hong Kong listed offshore China equities in 2008," Morgan Stanley writes in a recent report. "We think corporate China can handle the three challenges including a US recession and export slowdown, domestic asset price deflation, and monetary tightening and austerity controls, well through 2008."

As "decoupling believers", Morgan Stanley believes the MSCI Barra China will produce an earnings growth of 24% in the coming year, although market multiples might contract if the US recession materializes. Morgan Stanley uses the current year price/earnings as the multiple to estimate the index target, which would be used by the market for most of 2008.

In the next few months, Morgan Stanley expects the market to experience range-trading or even a correction. However, it believes that eventually, "earnings growth will win out" and aggressive US Federal reserve cuts will translate into a re-rating once again. "We are likely to stay bullish for most of the time in 2008."

Morgan Stanley's base case scenario incorporates an imported soft-landing, whereby the world economy slows down while China decouples. It is underweighting domestic asset price and US demand sensitive sectors, such as banking, insurance, real estate, oil and materials because they are exposed to the most macro uncertainties.

"We believe the best way to continue enjoying China growth in 2008 is to overweight domestic consumer demand driven sectors, such as consumer products, retail and telecom, as their earnings are based on much safer and strong volume growth," Morgan Stanley says.

BANNERMAN NAMIBIAN URANIUM LICENSE VALIDITY CHALLENGED

December 20, 2007 (MineWeb) – The only thing known about Savanna Marble CC is that it has identified "attractive marble for exports" in Namibia's uranium-rich Erongo region, but is short of "N$1.6 million or (US$228,690) for the purchase of additional equipment and as working capital", according to a spatial development initiative to promote the country's coastal areas.

But the small outfit (it is a closed corporation) is likely to jeopardise ASX- and TSX-quoted Bannerman Resources Ltd.'s plans of exploiting Namibia's rich uranium deposits.

On Thursday the Namibian-focused Australian company announced that it is facing court action in the south western country over an exploration tenement in the Erongo region, EPL3345, brought about by Savanna Marble, which is seeking an order to declare the granting of the licence null and void.

Savanna, which says the EPL is overlapping on its tenement in the same area, has sued Namibian Minister of Mines and Energy, Bannerman's 80% owned subsidiary Bannerman Mining Resources Namibia and one Robert D. Wirtz, whom the Australian company says has no connection with it.

It is also seeking an order reviewing and correcting or setting aside the decision taken by the Minister of Mines and Energy in Namibia to grant Bannerman Namibia EPL3345 with exclusive mineral rights for the nuclear fuel group of minerals over the area covered by Savanna's EPL3045.

EPL3345, which the company calls Welwitschia after a desert plant, hosts Bannerman Resources' Goanikontes Anomaly A deposit, where it is planning a US$300 to US$400-million uranium mine.

In September Bannerman Resources realised a scoping study on the deposit that indicated it to be economically viable, and announced that it could begin production in mid-2011. It said mining and milling would be similar to that of diversified giant Rio Tinto's nearby Rössing mine, with a maximum production target of 4,000 tons per year yellow cake. On Friday this week, nevertheless, it was on the defensive over Anomaly A, saying the court action will have no effect on its work at the deposit.

Mineweb could not confirm with the Ministry of Mines if Namibian law allowed for the overlapping mining permits for different minerals, as stated by Peter Batten, Bannerman's managing director. "This is quite common," said Batten. "Apart from the Savanna dimension stone prospecting licence there is also a mining licence for copper, a prospecting licence for limestone and an application for mica. Bannerman Namibia does not expect that Savanna's right to mine dimension stone will impact Bannerman's ability to explore for and mine uranium in the overlapping parts of its licences."

He added, "The proceedings are an attack on the decision of the Namibian Minister for Mines to grant EPL3345 and the company has formed the view that the proceedings have no proper foundation and are unlikely to succeed."

RIO BID BY BHP COULD LEAD TO TIGHTENING OF WORLD URANIUM MARKET

December 20, 2007 (Reuters) – A formal bid by BHP Billiton for smaller mining rival Rio Tinto could tighten the uranium market due to uncertainty over supply, industry sources and analysts say. A link-up would create the world's largest uranium company, ahead of Canada's Cameco, but a lengthy merger process might slow expansion at BHP's Olympic Dam mine in Australia.

Rio is the second largest producer of uranium in the world with two large operating mines – Ranger in Australia and Rossing in Namibia. In 2006, Rio's total production was 7,094 tonnes, second only to Cameco, which produced 8,249 tonnes. "The biggest implication for the market, and for Cameco, is whether the significant expansion at Olympic Dam proceeds as scheduled," Cameco Chief Executive Jerry Grandey said.

BHP Billiton produced 2,868 tonnes of uranium in 2006, making it the sixth largest uranium producer in the world. "BHP is expected to triple the size of their Olympic Dam uranium mine in Australia," said Tim Williams, director of metals and mining at UK-based Ernst & Young.

Olympic Dam, with the world's largest uranium deposit, is also Australia's largest underground mine. BHP is considering a major expansion to more than double production capacity by 2013. The firm is now conducting a pre-feasibility study.

Cameco's Grandey said while there was no doubt BHP had the technical and operational expertise, Olympic Dam was a large investment with a price that kept rising as the dollar weakened. Gene Clark, executive officer at uranium consultancy TradeTech, expects at least a one-year delay in the decision on the expansion at Olympic Dam if a merger is successful.

"This would be on the basis that it would take at least that long to rationalise the operations of the resulting company, during which time this project decision would probably be no higher than second-tier priority," Clark told Reuters. A protracted merger process could compound any delay.

BHP has acknowledged that competition authorities would scrutinise a combination of the two firms, especially in iron ore, and has said approvals would likely take 9-12 months. This could put off any decision to expand – or drive up the merged company's cost of capital sufficiently to threaten the economics of the Olympic Dam project, Clark said. "The bottom line for the uranium market is likely, then, to be higher prices in the 2010-2016 time frame than otherwise anticipated," he added.

ANGLOGOLD ASHANTI TO CLOSE GOLD HEDGE BOOK

December 21, 2007 (AAP) – The world's third largest gold producer AngloGold Ashanti Ltd has confirmed it will completely close down its hedge book to take advantage of high spot market prices for the yellow metal. The South Africa-headquartered company's hedge book has dragged down earnings recently, prompting market speculation that new chief executive Mark Cutifani will lead it to a hedge-free position.

Mr Cutifani, who left nickel-focused Vale Inco (formerly CVRD Inco) to join AngloGold Ashanti in September, has long said he is not a fan of hedging and today told AAP that he would run down the company's book to zero. "We'll make a strategy statement in February about our long term approach ... and will be careful with what we say," he said. "It will be done through three or four different strategies but by the end of 2008, I would like to see substantial progress. The problem is, the market generally sets against you. Its seen as opportunistic."

AngloGold Ashanti operates the Sunrise Dam mine and has stakes in the Boddington and Tropicana mines in Western Australia – the latter considered one of the best gold discoveries in a decade. It is among many gold producers seeking to close or greatly reduce its hedge book, including the world's top two gold producers – Canada's Barrick Gold Corporation and America's Newmont Mining Corporation.

According to the latest Societe Generale Gold Hedge Book Analysis, the marked-to-market value of the producer hedge book deteriorated by $1.1 billion to total negative $9.1 billion at the end of the September quarter, primarily due to the effects of a 14 per cent increase in the end-quarter gold price.

ANGLO AMERICAN BUYS 70% STAKE IN AUSTRALIAN COAL MINE

December 21, 2007 (Reuters) – Anglo American , one of Chile's top copper miners, said on Friday it had acquired 70 percent stake in Foxleigh coal mine in Queensland, Australia for $620 million.

Anglo America said Foxleigh's current joint-venture partners, the Korean steel company POSCO and Japanese trading and mining investment company Itochu, would keep 20 percent and 10 percent stakes respectively.

INVESTORS SNAP UP SHARES IN INDIA CEMENTS

December 21, 2007 (FinanceAsia.com) – The company raises $150 million to expand its business, bringing the total amount raised through QIPs in the past two weeks to $2 billion. India Cements has become the fifth Indian company to finish a qualified institutional placement (QIP) of size in less than two weeks, raising $150 million that will help pay for the purchase of two second-hand freight ships and new plants in North India.

The deal was completed just ahead of a ruling by India's competition commission on Thursday, which determined that the country's cement industry is involved in restrictive trade practices and ordered an end to price fixing. The inquiry into the issue began 17 years ago and involved 44 cement makers, including India Cements, according to local media reports. The firms have been given two months to comply with an order not to set prices in concert.

Given that India's cement industry is highly fragmented, the ruling may result in downward pressure on cement prices.

Like several other recent QIPs, existing shareholders played an important role in terms of building momentum in the book, but outside investors also showed their continued appetite for Indian equities – despite the heavy supply of late. The five most recent QIPs have raised a combined $2 billion.

According to one source, the offering was about 2.2 times subscribed, although two accounts alone ordered enough shares to cover 80% of the offering. One of those accounts was said to have represented the group's controlling shareholder. All in all, the book included 14 accounts.

The price was set at Rs285 per share, which was slightly above the floor of Rs280 that was given as guidance by the bookrunners at launch. Because of the recent volatility in the stock, they didn't provide a ceiling, but investors say it was widely assumed that the price would end up somewhere in the Rs280 to Rs290 range.

The final price represents a 2.6% discount to the closing price on Tuesday, which is the day when the deal was both launched and closed. However, the price has been whipped around a lot lately, making it somewhat difficult to compare this discount to other QIPs. The company had initially planned to sell the shares on Monday, but after the share price suddenly jumped 10.2% on Friday, joint bookrunners ABN AMRO Rothschild and Deutsche Bank understandably decided to hold off. In terms of getting enough demand for the deal, this proved to be the right strategy as the stock lost all of those gains on Monday when it fell 9.5%.

CITIGROUP WARNS METALLURGICAL INNOVATION CRUCIAL TO CERRO CASALE COPPER/GOLD PROJECT

December 21, 2007 (MineWeb) – As the world's top gold miner, Barrick, closes in on completion of its acquisition of Arizona Star and achieving its goal of 51% ownership of the Cerro Casale copper-gold project, Citicorp declared Thursday technical innovation will be critical to the mega-project's financial success. Citigroup Metals Analysts John H. Hill and Graham Wark acknowledged that Cerro Casale "has a technically and commercially contentious history, but significant asset value as a major deposit..."

They concluded that Cerro Casale was a "good deal at $800/oz gold and $2.50/lb copper." Nevertheless, they cautioned, "economics on the project are unsurprisingly poor at AMEC [2006 Feasibility Study] parameters and commodity prices of $450/oz gold and $1.50/lb copper."

The Cerro Casale deposit is a large gold and copper orebody with reserves of 23 million ounces of gold and 6 billion pounds of copper and is reputedly one of the largest undeveloped gold/copper deposits in the world.

Kinross Gold owns 49% of Cerro Casale through its acquisition of Bema Gold.

However, Hill and Wark also noted that higher operating and capital costs will be "somewhat offset by synergies with existing Barrick and Kinross infrastructure in Chile and Argentina." Nevertheless, the analysts estimated that pre-development capex could increase from $2 billion to as much as $2.8 billion.

"Infrastructure requirements are imposing due to the mine's 4,450m (14,600-feet) elevation in the Andres. Pipelines will be needed to bring in water (121 km from N) and copper-gold concentrate out (230 km to coast). Capex could reach $3 billion," they said. "Metallurgical innovation, such as combined-cycle copper/gold concentrate leach, will be required," they added.

Hill and Wark forecast that, for the foreseeable future, they expect Barrick to maintain 8 million ounces of gold production at "slightly above-industry cash costs. Reserves of 125 million ounces are the largest in the industry."

Nevertheless, they cautioned, that as deep as Barrick's project pipeline may be, "ABX needs to deliver on Pascua Lama."

JAPAN CONCERNED ABOUT BHP-RIO DEAL

December 22, 2007 (Reuters) – Japan's Fair Trade Commission, worried about a BHP Billiton takeover of Rio Tinto, has begun talks with counterparts in Europe and Australia about a possible investigation, the Asahi newspaper reported on Saturday. Japan's Iron and Steel Federation, which represents companies such as Nippon Steel Corp and JFE Steel Corp, has said it vehemently opposes the proposed merger, arguing that it would be anti-competitive.

The Asahi newspaper said the Japanese watchdog was likely to talk with counterparts in South Korea and Taiwan, countries which also have steelmakers highly dependent on the miners.

On Friday, Britain's Takeover Panel gave BHP a February 6 deadline to make an offer or walk away. The company said it was considering its options in light of the deadline but said no decision had been taken.

BHP has said the deal would create value for both sets of shareholders, generating $3.7 billion in synergy benefits after seven years, and has pledged to buy back $30 billion in shares if the deal goes through.

It has acknowledged that competition authorities would scrutinise a combination of the two firms, especially in iron ore, but has argued that a merger would help customers get more supply by accelerating the development of new mines.

NOTICE

The next issue of the Global Mining Newsletter
will be published on Wednesday, January 2, 2008
as we are observing the New Year Holiday on
Monday, December 31, 2007 and
Tuesday, January 1, 2008.

Our offices will be closed Monday, December 31, 2007
and Tuesday, January 1, 2008
in observance of the holiday.