

Canadian

Winter 2006-2007

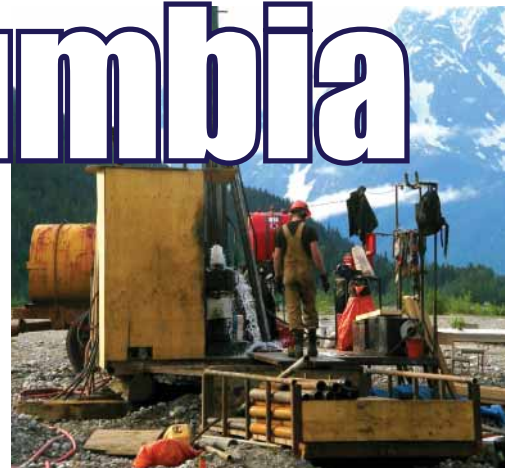
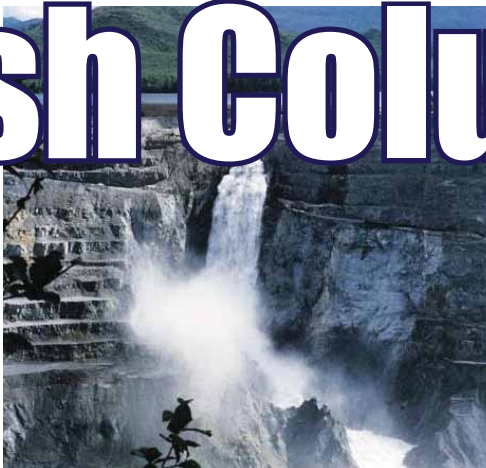
# MINING

Magazine

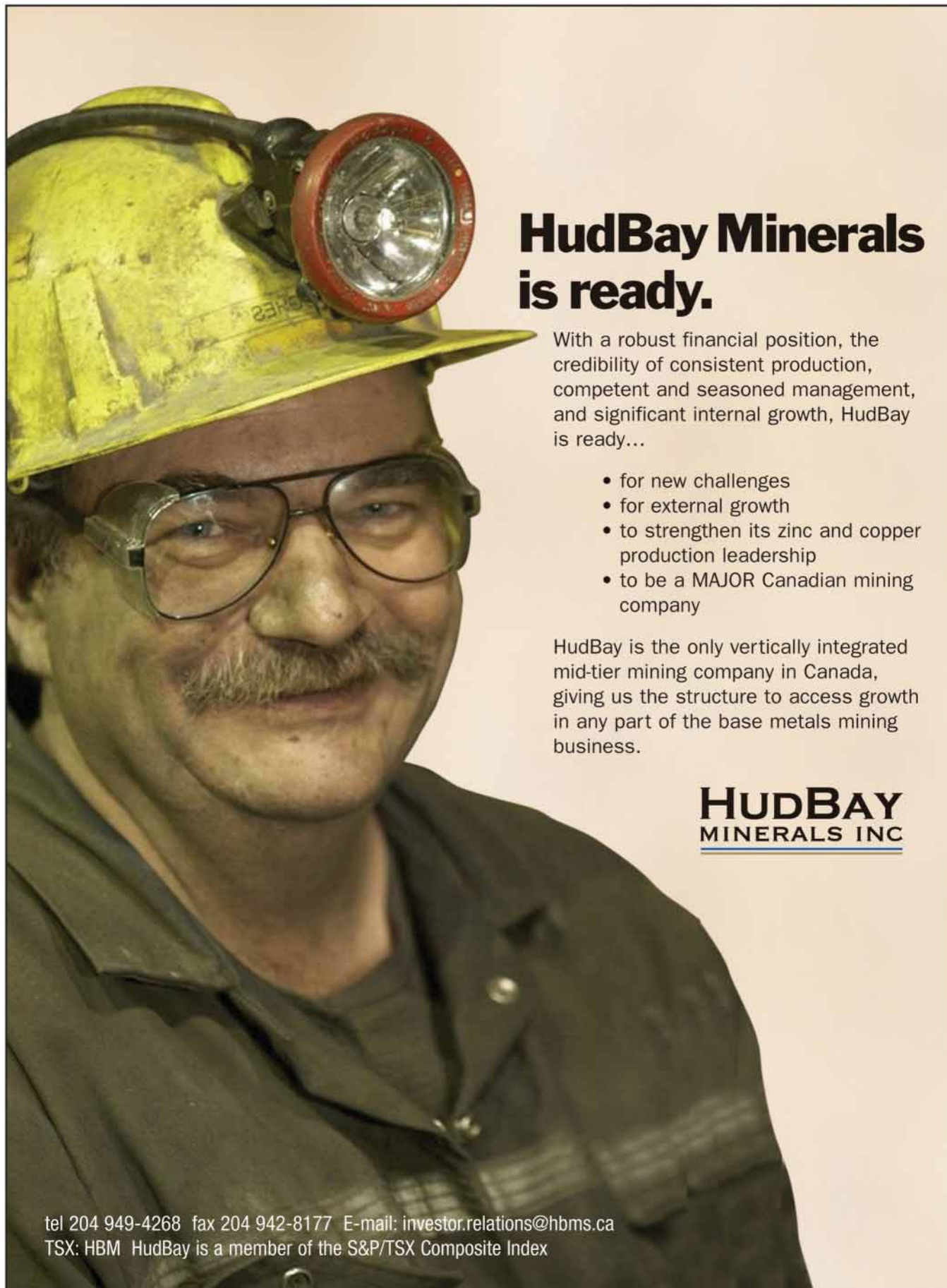


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**Canadian Addresses to:**

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Phone: (204) 953-3120

Toll free: (866) 999-1299

Toll free fax: (866) 244-2544

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## **President & CEO**

Jack Andress

## **Senior Publisher**

Maurice LaBorde

*mlaborde@matrixgroupinc.net*

## **Publisher & Director of Sales**

Joe Strazzullo

*jstrazzullo@matrixgroupinc.net*

## **Editor-in-Chief**

Shannon Lutter

*shannonl@matrixgroupinc.net*

## **Editor**

Jon Waldman

## **Finance/Accounting & Administration**

Shoshana Weinberg, Pat Andress, Nathan Redekop

*accounting@matrixgroupinc.net*

## **Director of Marketing & Circulation**

Jim Hamilton

## **Sales Manager**

Neil Gottfred

## **Sales Team Leader**

Rick Kuzie

## **Matrix Group Inc. Account Executives**

Albert Brydges, Lewis Daigle, Declan

O'Donovan, George Gibson,

Ken Percival, Vicki Sutton, Jason Wikis,

Donna Billey, Ron Morton, Melvin Ramos

## **Layout & Design**

Cody Chomiak

## **Advertising Design**

James Robinson

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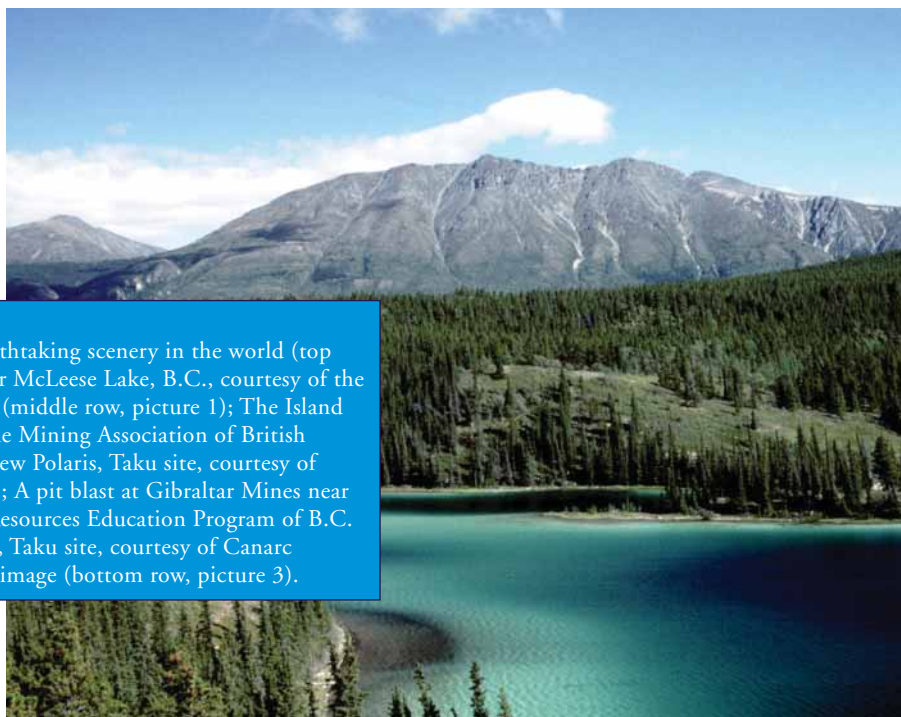
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## ABOUT THE COVER:

British Columbia boasts some of the most breathtaking scenery in the world (top row); Loading copper ore, Gibraltar Mines near McLeese Lake, B.C., courtesy of the Mineral Resources Education Program of B.C. (middle row, picture 1); The Island Copper Mine, Vancouver Island, courtesy of the Mining Association of British Columbia (middle row, picture 2); Canarc's New Polaris, Taku site, courtesy of Canarc Resource Corp. (middle row, picture 3); A pit blast at Gibraltar Mines near McLeese Lake, B.C., courtesy of the Mineral Resources Education Program of B.C. (bottom row, picture 1); Canarc's New Polaris, Taku site, courtesy of Canarc Resource Corp. (bottom row, picture 2); stock image (bottom row, picture 3).







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Bob Hamaguchi

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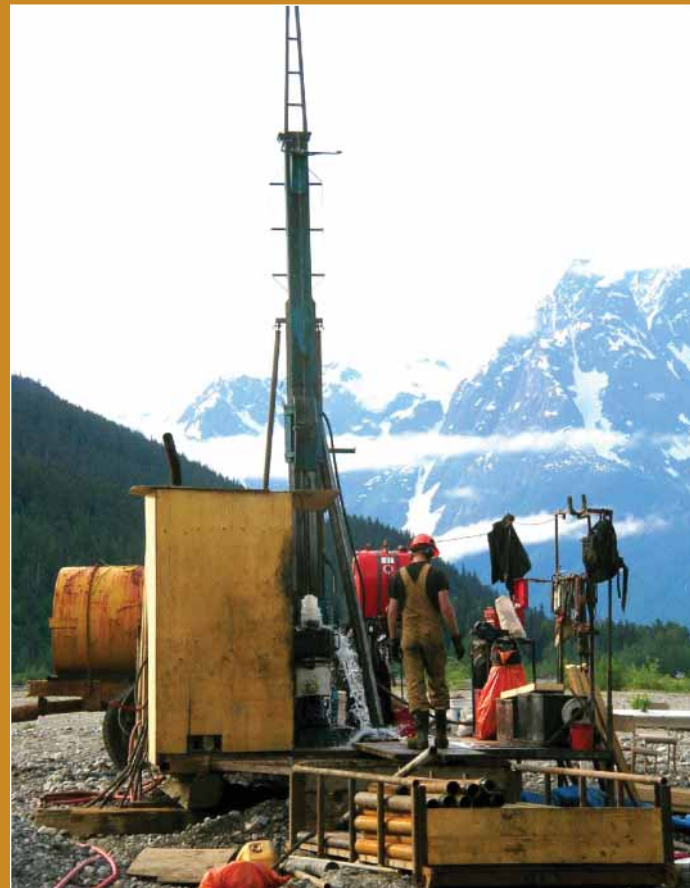
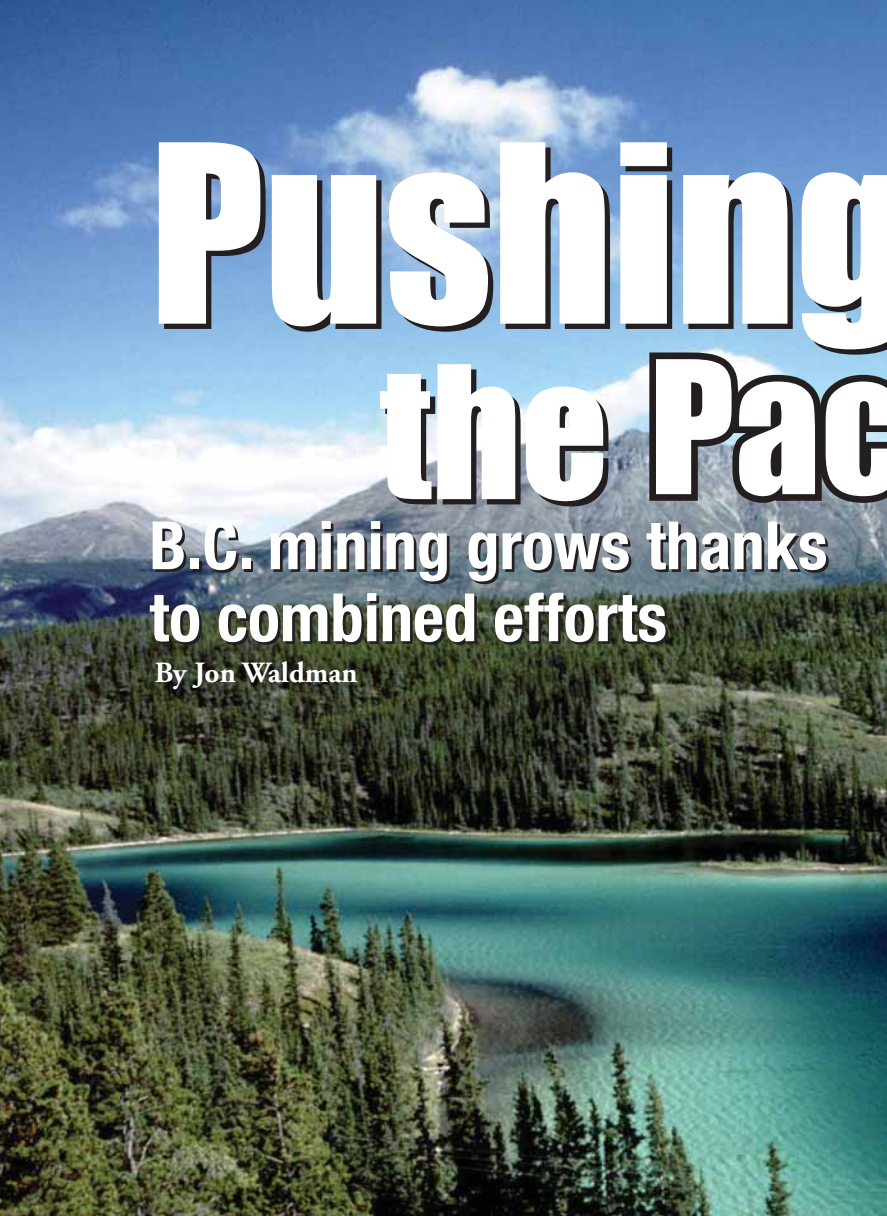
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# Pushing the Pacific

B.C. mining grows thanks  
to combined efforts

By Jon Waldman



If you've been in British Columbia for the last couple decades, you've probably noticed a lot more activity across the province's landscape. You're likely to have heard a lot more drills whirling as they plunge into the land for exploration. You may very well have seen a barrage of trucks hauling away ores for processing. Heck, if you walked through what were once dormant areas of the province, you could very well feel the land beneath you shaking—the result of activity in the province that is reaching high levels, the likes of which have either not been reached in the past or, at the very least, have not been seen in a number of years.

This is the experience that has been felt by bcMetals Corporation President and CEO Ian Smith. Smith, who has 40 years of mining experience



under his belt, has been with the company and seen what he describes as an exponential growth in copper mining and production in the Pacific province.

What Smith has seen recently in copper is just one sector of overall growth in the B.C. mining community. Gavin Dirom, senior director of environment, health and safety of the Mining Association of British Columbia, says that there was over \$200 million invested annually in exploration alone in the province, a number that is expected to increase, as well as more than 20 projects that, as of November 2006, were in the review and permitting process.

### **Metal mayhem**

Part of the growth of B.C.'s mining industry, in Dirom's eyes, can be attributed to a very active metal market, where costs are rising exponentially. He points to soaring commodity prices, where gold, copper and zinc are increasing in value, which means dollar signs not only for investors but also for the province which is rich in these materials and others such as silver.

Dirom is also quick to point out that there has been a strong resurgence in the market for molybdenum, which has caused once-closed mines to be reopened. This is confirmed by Adanac Moly Corp. Executive Chairman Larry Reaugh, whose junior company focuses on the metal with a property at Ruby Mountain in northern B.C. Reaugh notes that there has been an average annual increase in demand of 4 per cent for molybdenum, which translates to a projected additional requirement of 15 to 16 million pounds in 2007. For companies like Adanac, whose yearly output is 12 to 15 million pounds, this is a great opportunity for rapid growth.

Along with these metals, Dirom comments that coal demand, which has been a significant part of the province's mining landscape for decades, has been on the rise for the last five years. "The price of coal has been moving up as well, and our potential to be a major coal exporter is here," he says. "Certainly, there is a lot of value in coal in B.C."

All of this has contributed to what can best be described as a renaissance for the industry that, as Dirom reports, saw approximately 30 mines operating in B.C. during the 1980s.

The expansion has meant a greater amount of companies working in the province, including national and international entities. This includes both junior companies as well as the major players in mining. One example that Dirom points to is the Barrick Gold Corporation, which has been working in the Eskay Creek area (80 kilometres north of Stewart). The land has been extremely valuable to Barrick, who reported an estimated 172,000 ounce production of gold in 2005.

What has also occurred, to encourage and stimulate growth among the province's mining community, has been a concerted effort to have junior and major companies working together on mining ventures. As Business Edge reported on February 2, 2006, the combined work of these two divisions looked to achieve gross revenue targets that range between \$5 and \$7 billion.

Part of this can be attributed to the recognition by major companies of the exploration efforts by the juniors, according to Business Edge BC, a bi-weekly news magazine. As Aaron Regent, then president and CEO of Falconbridge Ltd. noted when interviewed by Business Edge, juniors have made themselves very attractive to the larger corporations. "If you look at a lot of major discoveries, it's junior mining companies... I think they're a key part of the formula that we have to explore," Regent said. "I'm not sure about other companies' (plans to joint venture) but I'm sure (partnering with juniors) is part of their strategy." The growth of the junior presence, as Reaugh comments, can be attributed to the willingness by the province to be promoting. With what he describes as a stable governmental structure and federal support, Reaugh is confident that the junior presence in B.C. will continue to be strong.

### **Commitments to people and places**

What has also made the mining industry in British Columbia such a success story has been the dedication

shown by the market to be concerned both for those working in mining territories and the surrounding environment.

Primarily, the mining industry has shown a great amount of concern for the province's aboriginal community. As Michael McPhie, president and CEO of the Mining Association of

### **Fast facts**

Just how large is the mining industry in British Columbia? Consider these stats:

- British Columbia has excellent mineral potential and world class mineral exploration and mining expertise, including 850 exploration and development company offices located in Vancouver. Today's modern industry has a proven record of finding minerals and developing successful mines in an environmental and socially responsible manner.
- The mining industry in BC generated gross revenues in 2005 of \$6.3 billion. The sector employs directly and indirectly some 28,000 people and is one of BC's most important industries. As a result of positive policy changes by the provincial government over the past 5 years and strong market demand and prices, the sector has been enjoying significant new investment and interest.
- In British Columbia, mineral exploration and potential mining activities have surged in the last few years. From only one in 2001, there are now over 20 major mining projects in the environmental assessment or permitting process, representing over half of the total new mine projects in Canada. Together these many projects represent a potential of some \$6 billion in new investment, thousands of new well paying jobs and significant social benefits. This potential increase in mining is due to positive conditions such as BC's favourable geology, a stable political system, reasonable infrastructure support, and persistent high commodity prices on world markets.

*Source: the Mining Association of British Columbia*



British Columbia wrote in the release "Mining Supports Call for New Relationship with First Nations" in 2005, the work being done to support First Nations peoples and bring them on board with the success the province has experienced has been phenomenal for what has been, at times, a strained relationship across Canada.

"In particular, the diamond industry in Canada's Arctic has grown, in just 15 years, to become one of the worlds largest," McPhie commented in his August 23, 2005 message. "Its success is due in part to the partnerships with the people of the north, predominantly First Nations. Beyond Canada, working with and developing constructive relationships with indigenous peoples is very much the norm for progressive mining companies and the resulting benefits that flow from those can be substantive."

Those who have chosen to be in B.C.'s rich mining communities are not only reaping the benefits of working in a very prosperous area, but also one of the safest spots in all of Canada.

The B.C. Mining Association, as well as other bodies, has been extremely committed to the wellness of those who work in the industry. According to WorkSafe B.C. statistics, mining holds an injury rate of 1.9 per 100,000 man-hours, which is down from 3.1, 10 years ago. This figure is not only well below that of other industries, but also has lead to mining being called the safest heavy industry in the province.

Along with attention to the health of its mining workforce, B.C. has also made environmental impact a top priority. This primarily comes in the form of a very thorough environmental assessment process, which is done in conjunction with federal reviews. These combined efforts have resulted in a strong mitigation plan that, as Dirom comments, has minimized the negative impacts on the land, while maximizing positives, such as enhanced habitats.

Of course, once a mine closes, the target in B.C., as is the case across the country, is to have as much reclaimable

land as possible. Thus, once work is done in an area, an environmental assessment review takes place, followed by a permitting review. Though this process can take a couple years, as Dirom explains, it is very thorough in its investigation.

"The permitting process drills down to the details of how exactly the operation will conduct itself and how the closure plan and the reclamation security will be implemented," he comments.

With all of these efforts, British Columbia looks like it will have a strong future in the mining market. **M**

### Did you know...

British Columbia's copper has become a hot commodity in today's metal market, but, in fact, the material has held exceptional value in the province for hundreds of years. Aboriginal tribe artisans, as noted in the BC Mining Plan, would create a variety of ceremonial items from copper, including shields.



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# Junior MINT\$ ?

## Should you take a chance?

*The next big success story...who knows? Picking a junior mining company that will rise to the top is far from an easy endeavour. There are no profits to consider, no previous earnings to base a decision upon. Yet, there are stories out there for those who seek tales of success. According to a 2005 Year in Review: Mining in Canada paper done by the government of Canada, starting in 2004, exploration and deposit appraisal spending by juniors surpassed that of seniors, becoming the major driver for Canadian exploration activity. For both 2005 and 2006, the juniors' share will account for an impressive 58 per cent of total expenditures with a total of \$757 million recorded by juniors in 2005 and a total of \$816 million expected for 2006.*

*Charles Carlisle is a writer for Mineweb ([www.mineweb.com](http://www.mineweb.com)). Here's what he has to say about junior mining companies:*

## When you invest in junior mining companies do your research well

By Charles Carlisle

Probably the most active sector of the mining market among private retail investors is in junior mining companies choosing which ones to place your life savings into (which I hope no reader of this column has) is a decision not to be taken lightly.

As in any industrial sector, amongst those plying for your dollar are honest and respectable players—and some others for which we would find it extremely hard to attribute such a description—and all shades in between. Indeed a month or so ago the Australian Stock Exchange took some unnamed companies to task for over-hyping the attributes of the properties on which their businesses are based.

The big attraction of junior miners for investors is the potential for large returns from a small investment should

exploration targets turn up a major potential mine. The junior itself is unlikely to bring the project to fruition but the big boost in stock price can come if they are swallowed up by a larger company prepared to pay a good premium to secure access to the deposit involved. Indeed, historically the share price of a successful junior explorer is likely to reach its peak in the euphoria stage which follows a major discovery. When the costs are assessed for bringing an actual mine to production, are taken into account, the stock price can fall back dramatically.

A typical case in point of a few years ago was shown by DiaMet—then a junior exploration company which found a massive diamond pipe in Canada. At one stage this junior mining company's market capitalisation was higher than that of De Beers—the world's largest diamond miner! Not a situation that was likely to be sustainable. Those who bailed out of the stock at that stage, or a little earlier, will have made fortunes. Those who bought the stock then may have lost them.

In gold, a similar pattern was seen with the infamous Bre-X which appeared to have outlined a huge gold deposit in Indonesia, with the majors clamouring for a piece of the action. The stock soared through the roof right up until the time Freeport undertook some test drilling on the site before deciding whether it would. When the results showed virtually no gold at all, the stock collapsed, followed by much of the exploration sector. It took the sector several years to recover from this as trust in juniors took a heavy hit.

The whole Bre-X setup was an elaborate fraud and it is probably unlikely the truth behind it will ever be fully known. The geologist involved in the fraud reportedly committed suicide by jumping from a helicopter at high altitude. Whether he jumped, was pushed, or is now living in anonymous luxury somewhere has been the subject of speculation ever since.

DiaMet and Bre-X represent the two extremes of investing in junior mining—success and fraud. Yet fortunes were made or lost in both by investors. The smart money gets out before the peak. Better safe and make a profit than hang on too long and make a loss. If and when a price downturn comes it can be rapid and dramatic.



But, as those who attend retail sector aimed mining investment junkets should know well, there are many organizations out there trying to persuade you to invest in their specific company and, it has to be said, some will put what nowadays is called extremely positive spin on their holdings. I recall talking to the CEO of what was then one of Canada's largest multinational mining companies who sat right through a presentation by one of these juniors only to realize at the end of the talk that the prospect being discussed was one the major company itself had owned and rejected some years before. He could not recognize it at all from the presentation made.

So, if you want to invest in a junior mining company and, hopefully not get your fingers burnt, proceed carefully. Do your research well. Due diligence is not just a term to be utilised in mergers and acquisitions—it should apply to any investment decision. Try and check the antecedents of those in senior management. Don't necessarily rely on the company's own mini cvs of the directors—positive spin can work pretty well here too.

*“Most of all, treat junior mining investment as being akin to a lottery, but one where good research can drastically increase the odds of winning.”*

Listen also to some of those who make a living tipping junior mining stocks—not all of them, you need to be selective here too. Find people with a good track record.

Even a real dog of a project can make you money if the market consensus, however ill-informed, assumes the prospect is worth following, but do be prepared to pull out quickly on bad news.

Juniors, by their nature, often operate in politically difficult countries and frequently pick up ground vacated in the past

by one of the majors, although this does not necessarily mean the prospect is not worth following through. The major concerned may have pulled out for a variety of reasons—perhaps the deposit was too small to be of interest to the company at the time, or it didn't fit in with their long term plans for some other reason—or perhaps it was just deemed sub-economic at the time because metal prices were low. Nevertheless, the political and technical risks associated with many junior mining prospects are by definition that much higher. That is the nature of the sector.

Most of all, treat junior mining investment as being akin to a lottery, but one where good research can drastically increase the odds of winning. In a bull metals market, as now, the chances of increasing your stake are good. If prices turn down, the opposite may be true. **M**

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# Hedging can do more than just please your banker

Anyone remember Cam-bior? For many investors and miners the hedge book is where real cash and future, potential profits go, disappear and never come back!

The experience of larger miners, that are hedged, has been a severely discounted share price as investors chase "pure plays" with "unlimited upside". The junior miner developer is caught between the market's need for unlimited upside and their financial backer's (usually a banker) desire to fix (limit) risk or hedge uncertainty. This usually means a private agreement (an over-the-counter or OTC hedge) to pre-sell production over a given time frame to guarantee a profit margin. From a risk management perspective, that is all well and good. The miner secures stable financing and the banker has additional protection. The downside is a lack of flexibility and perhaps more importantly, no unlimited upside.

I intend to illustrate circumstances where hedging risk is a prudent, enterprise building habit. These circumstances

need not exclude the friendly banker either. In fact, they are meant to include the banker and OTC hedges, as the necessary complement to lower the over-all risk. Another use of hedges is to transform non-cash assets, like excess inventory or a flexible timing of future transactions, into cash for additional insurance until non-cash assets or potential transactions are realized. The goal is to turn fixed liabilities and non-cash assets into cash. To do this a company must embrace the flexibility of options on futures or futures contracts.

I'll start with an example that comes from a real company with a real problem. For purposes of illustration though, I won't go into specifics of name or the commodity, suffice to say it is an active Canadian miner. The company, an active mining firm, I'll call *Rock and a Hard Place Ltd.* or RHP for short. A couple of years ago RHP acquired an interest in a working mine with options to develop further existing workings and to explore newly purchased blocks. The working capital for the operating mine came from a friendly banker experienced in financing miners. The banker lent RHP 20 million to buy and renovate/upgrade operations, including a small mill on-site. RHP secured the loan with a hedge on the output from the mine and mill. RHP is now committed to selling five million pounds of refined product at a fixed price over a fixed term of four years. The market price

of the refined ore, at the time of the loan, was two years ago very close to the hedge price established as a condition of financing.

Two years have elapsed later and two things have happened. First, the price of the refined product continued to move higher and now RHP has a forward liability equal to the difference in a higher spot price versus the hedge price, times the undelivered volume of refined product. Second, the mine has not produced as expected for a variety of reasons. Not only has RHP given up some upside on the delivered volumes but is at risk of defaulting on future deliveries due to underperformance at the mine. RHP thus may have to use what cash it has to buy in the spot market what it can't deliver from its mill.

RHP decides to purchase insurance on their hedge. This will give RHP flexibility but at a price. Initially of course, RHP decided it was too expensive to use to go with futures or options on futures for their hedge, since preservation of cash was a priority, hence doing it at the low cost OTC hedge. This is the classic example of being penny wise and pound foolish.

Now that RHP is in some trouble, we can still create a tailored hedge using options that can help RHP recover from these two liabilities. We start by knowing the exact exposure and then buy the cheapest instruments that match the exposure in volume, price and time. For instance, RHP need not offset its entire hedge book. Maybe the price of the milled product could drop over the next two years. It is important to stay focused on the problems today. Since right now it is tough to get volume in deliverable quantities, options work best because they offer the maximum flexibility. RHP can match

# EXPLORE Your Financial Options

By Chris James, Peregrine Financial Group of Canada, Inc.



Suddenly the mill and mine are working at above expectations. No longer requiring exposure on the put option side of the “hedge on hedge”, RHP buys back its short puts and simply maintains the long calls as insurance against higher prices. Thus, a tailored synthetic position in options on futures can generate value and delivery flexibility.

a long option (insurance) against a short OTC hedge and a sold short option against a short term liability (i.e. deficit in production).

Next we need to develop scenarios that project desired results under the specific risks encountered by RHP. For example, if deliverable volumes won't materialize in time to match the OTC schedule, then a hedge using short-put long-call synthetics (effectively a tailored futures long position that is more flexible than using an outright futures) will generate cash if the product continues to move up in price. Over the short-term, if market values erode, the synthetic can lose money, but not much, as the short puts are typically short-dated and soon expire. The long-dated calls preserve capital given the lessened time erosion on longer dated options. Since RHP is in a deficit of the deliverable underlying (the mine's product tied to an OTC hedge) then buying a futures contract at the strike price of the short put option if it expires in the money may not be such a

bad thing since it had to buy the product anyway to offset the OTC obligation that month.

Suddenly the mill and mine are working at above expectations. No longer requiring exposure on the put option side of the “hedge on hedge”, RHP buys back its short puts and simply maintains the long calls as insurance against higher prices. Thus, a tailored synthetic position in options on futures can generate value and delivery flexibility.

Sometimes a mine has too much production in one month and not enough in another month. When this happens, a company with the luxury of time and storage space can, by selling options, “trade off” their timing flexibility and generate cash to offset asset valuation risk over the long term. Now the risk is getting the right price on the hedge (or de-hedge an OTC hedge) at the right time.

Another use for an option's hedge is when a market is range bound. You should take advantage of range bound

price action by selling calls on rallies and selling puts on pullbacks. Make sure the option strikes are outside the current trading range. For added safety, place the put sales strike at or below the OTC hedge price. While the active option seller rakes in a premium, they must keep their eye on the risk. As soon as the market breaks they take appropriate action and liquidate the losing side. In the meantime they bank cash for the day they need to hedge (or not hedge) based on the eventual break out direction. In fact, price volatility benefits the hedger in this case. By assuming option risk this hedger generates cash. The risk being assumed turns a non-cash asset (surplus product) and a potential liability (un-hedged/not yet sold product) into cash, which can be used to offset these and other risks.

Thus, by using futures and options on futures, a firm never has to find themselves between the proverbial rock and a hard place. Options offer opportunity to move to a better place, fully hedged and happy. **M**

### By the numbers

- The total value of all mineral commodities mined in Canada, including metals, nonmetals and coal, increased to a second straight record of \$26.4 billion in 2005 compared with \$24.3 billion in 2004. This 8.5 per cent increase was due almost entirely to further significant increases in the prices of most metallic minerals. As a matter of fact, the volume of production of most metals remained relatively stable or even declined in 2005 compared with the previous year.
- The value of coal production increased to \$2.3 billion in 2005 from \$1.6 billion in 2004 in response to much higher prices for coal. The volume of coal produced actually declined by 1.0 per cent in 2005.
- The value of mined metal production for 2005 increased by \$0.9 billion to \$13.3 billion, a 7.7 per cent increase.

- For individual metals, the value of nickel production increased to \$3.3 billion, a gain of 2.4 per cent despite a 1.6 per cent decline in the volume of nickel produced. The value of copper produced rose sharply, by 20.9 per cent, although the volume of production increased by a more modest 4.8 per cent. Gold was the only major metal that registered a significant decline in production value, falling by 7.9 per cent to \$2.0 billion.
- According to preliminary data compiled by Natural Resources Canada, employment in the Canadian mining industry recorded a fractional 0.9 per cent decline in 2005, falling to an estimated 44 889, down from 45, 287 in 2004.

*Source: Greig Birchfield, Minerals and Metals Sector, Natural Resources Canada.*



# Unearthing

## the Challenges of

# MI 52-109 Compliance

By Paul Savage,  
Thomson Carswell

There is certainly no shortage of challenges facing the mining industry today. Although recent media attention has focused on unprecedented growth and resulting merger and acquisition activity in the sector, far less has been written about some of the more demanding regulatory compliance requirements.

Let's face it. It's not as glamorous to write about commodity price fluctuations, multi-national political risk or a burdensome environmental approval process. And there is nothing sexy about the evolving financial reporting regulations facing Canadian publicly-listed mining companies.

For all that has been written about Sarbanes-Oxley (SOX) legislation in the U.S., the same cannot be said about the similar Canadian legislation put out by the Canadian Securities Administrators—Multilateral Instrument 52-109 (MI 52-109).

This will eventually change however, as I have noticed an increasing hunger among mining company executives to understand the regulatory risks facing their industry, particularly MI 52-109.

So, welcome to the information banquet known as MI 52-109. Consider this your appetizer.

### A taste of what's to come

MI 52-109 requires CEOs and CFOs of Canadian (TSX and TSX-V) listed companies (except investment funds) to provide what might be considered their "stamp of approval" on their company's financial statements. Agree with it or not,

These compliance-related requirements are not only here to stay, I predict they will increasingly occupy the agendas of your company's senior management.

these requirements are meant to increase investor confidence and reduce the risk of future Enron-type scandals in the capital markets.

These compliance-related requirements are not only here to stay, I predict they will increasingly occupy the agendas of your company's senior management.

Case in point: since 2004, CEO/CFO certification requirements have been expanding annually. As of June 30<sup>th</sup> 2006, CEO and CFO are now also required to certify that they have *designed* internal controls over financial reporting (ICFR) in the annual certificates filed with securities regulators.

It's also widely anticipated that by December 31, 2007, companies will be required to test and report on the effectiveness of those internal controls in the MD&A section of their annual report.

Yet, as we Canadians are still in the infancy stages of this new compliance regime, practical guidance in this area has been scarce. As a result, a lot of companies struggle to translate the certification requirements into a practical action plan. I suspect many senior executives are left wondering, "Have I got it right?", or even "Have I done enough?"

For mining companies, the challenges of designing and testing the effectiveness of ICFR may be exacerbated by the impact foreign operations have on financial results. Designing and evaluating financial reporting controls over your South American mining operation, for example, may present some unanticipated hurdles.

Mining companies may also need to review their financial controls in areas that require specialized expertise such as reserve valuation, mineral claims or land purchases and leases.

### Three tips on internal controls

Here are three basic guidelines to consider as you work through your internal controls certification project:


1. **Map it out.** Even though MI 52-109 doesn't specifically require it, consider using an internal controls framework to guide your ICFR work. It's the road map that you'll follow as you work through your project. For example, the COSO model utilizes a top down, risk-based approach for designing and managing internal controls.
2. **Get serious.** Take the regulations seriously. Securities regulators certainly are. Nothing can send your company's reputation spiralling south quicker than unfavourable press

about your company's financial reporting.

3. **Be committed.** Continue developing your company's understanding and overall competencies in the areas of internal controls. It makes good business sense and it's becoming increasingly relevant in today's environment.

And finally, stay tuned. You can rest assured they'll be more to come on this topic in the future. **M**


*Paul Savage is an Internal Controls Specialist with Thomson Carswell, provider of Compliance Partner™, Canada's leading product based solution designed to meet the ICFR compliance needs of Canadian mining companies. You can email Paul for more information on this topic at paul.savage@thomson.com. This article does not represent official or unofficial policy of any government body. In this article the author is not engaged in rendering legal, accounting or other professional advice. Before proceeding, readers should consult competent legal, accounting or other advisors as required.*



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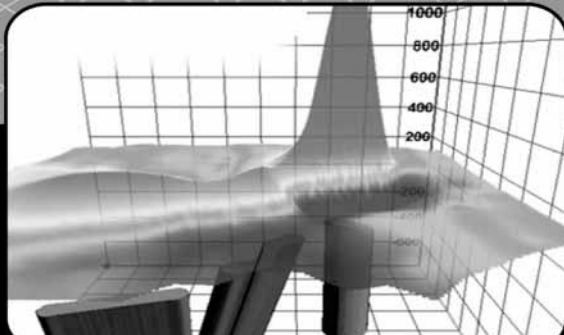
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# Takeover Timetable

By Jon Waldman

**I**t hasn't been that long, has it? It seems like only a couple days ago that I sat here at my desk-top and wrote up a timeline of the sale of Falconbridge Ltd. and Inco Ltd.

As you may recall, in the last issue of *Canadian Mining Magazine*, we looked at the wild ride that the two Canadian companies took en route to what appeared to be a sale to Phelps Dodge Corp.

Though our story seemed to be at an end, the story, which had everyone on Bay Street scurrying around like prospectors in the days of the Klondike, did not finish with our Summer 2006 issue. After we went to press, XStrata Plc renewed their efforts to takeover Falconbridge, and by the end of July, XStrata came out the big winner in the buyout action. Inco, meanwhile, nixed their merger with Phelps Dodge in August and in October announced that the company had instead been sold to Companhia Vale do Rio Doce, better known as CVRD.

And what of Phelps Dodge, the supposed winner in the Falconbridge/Inco lottery you ask? Well, the ground they stood on looked pretty shaky. As *legalweek.com* reported on Friday, November 24, 2006, Phelps Dodge was subject to a takeover bid by Freeport-McMoRan Copper & Gold, Inc.

The article, "Wall St. rivals strike gold with latest mining merger" all but proclaimed the bid to be a done deal, but others in the market weren't ready to drive a "sold" sign into the Phelps Dodge lawn. In the *Globe and Mail's* November 23 edition, Bill Belovay, a funds manager with the Jones Heward Investment

Counsel, commented that, "I reckon there is a strong possibility somebody else will come in. What characterizes Phelps Dodge is its lower-risk areas of operations. Plus they're sitting with a piss-pot full of cash."

Further, Freeport itself has become the subject of acquisition rumours. On November 22, just two days before *legalweek* reported on the Phelps Dodge takeover, *Market Watch's* Laura Mandaro wrote that Freeport was subject to takeover bids from a variety of companies, including BHP Billiton, an Australian juggernaut.

So is there anything we can truly say is safe in what looked to be a done deal just a few short months ago? Not really. By the time we start production of the Spring 2007 issue of *Canadian Mining Magazine*, any of these companies could be bought, sold, merged or taken over.

This is the new reality of the industry. The Falconbridge/Inco saga is certainly not an anomaly in the mining world, where friendly and hostile takeover bids are fast becoming the norm, while merger announcements seemingly happen on a regular basis.

Let's now take a look back at some of the recent transactions involving Canada's mining companies.

## November 28, 2006

As announced by CCN Matthews, the Ontario Superior Court handed down an approval of the merger between International Uranium Corporation and Denison Mines Inc.

According to a release from IUC, "the merger of IUC and Denison will create a growth oriented and diversified uranium producer with estimated combined annual production of

# Buy! Sell! Merge! Done deals or transactions still on the go?

approximately 5 million pounds U3O8 by 2010 and a strong financial position with approximately \$118 million in working capital.”

The new company, Denison Mines Ltd., carries assets across North America, including locations in Saskatchewan, Colorado, Utah and Arizona.

The first news of the merger occurred in September 2006 when Denison issued a release on the merger. Just two months later, Denison shareholders approved the merger.

## **November 4, 2006**

In a release from both companies, an announcement was made that Goldcorp Inc. had acquired Glamis Gold Ltd.

The wheels for this acquisition truly began spinning on August 31, 2006, when the two businesses announced the agreement of a combination valued at \$23.1 billion. The new power in the gold industry would retain the Goldcorp Inc. title.

The move was the second such transaction for Vancouver-based Goldcorp in 2006, as the company acquired Virginia Mines Inc. in March.

## **November 1, 2006**

Canadian company Lundin Mining Corporation looked beyond the Canadian borders for a new partner in EuroZinc Mining Corporation.

The talks between the two became serious on August 21, 2006, when the companies dually presented a Plan of Arrangement. With court approvals and shareholder meetings taking place in October, the merger ran fairly quickly.

Though the name of the company would remain under the Lundin branding, representation on the board was announced as being equal from both parties.

The deal gave Lundin an immediate acquisition of four mines across

Europe and a fifth that would be opened in 2007.

## **October 19, 2006**

Another case of an extended takeover saga reached a new front on this day, as Ashton Mining of Canada Inc. announced a shareholder meeting to discuss a requisition by the Stornoway Diamond Corporation.

At that time, Stornoway had crept up to a 75.6 per cent ownership level.

The story began back on July 24, when Ashton announced they had received a takeover bid by Stornoway. Just three days later, this action was described as being, “opportunistic and coercive,” by Ashton in a release.

Further, on August 11, Ashton advised its shareholder to take no action in response to Stornoway. Ashton then began to take legal actions, setting up a hearing with the BC Securities Commission. That request was denied.

At that juncture on September 6, Ashton Board Chair John Cole released a statement, stating that, “Stornoway’s offer is financially inadequate, and not in the best interests of Ashton’s minority shareholders.”

Just under a month later, Stornoway had more than 70 per cent ownership of Ashton.

## **September 5, 2006**

Blue Pearl Mining Ltd. announced that they had made a major acquisition on this day, completing the acquisition of the Thompson Creek Metals Company.

The deal was reported to be worth \$575 million USD, with contingent payments pending based on future molybdenum prices.

As part of the agreement, Blue Pearl took over all of Thompson Creek’s mining operations, including their processing facility in Idaho, refinery plant in Pennsylvania, and its interest in the

Endako Mine and processing facility in central British Columbia.

As part of the announcement, Blue Pearl touted that they had now established a position of being, “one of the world’s largest molybdenum producers,” as noted in a release on their website.

## **August 9, 2006**

Gammon Lake Resources Inc. and Mexgold Resources Inc. completed a business combination, with the latter company being absorbed after the purchase of outstanding common shares and stock options. Mexgold shareholders were given .47/share in Gammon Lake as part of the deal.

As described in a release from the company’s website, Gammon Lake commented that it, “will be in a strong position to accelerate the exploration and development of the combined portfolio of properties.”

The combination was all but signed and sealed on July 28, 2006, when a Mexgold shareholders meeting saw an incredible 99.73 per cent vote in favour of the merger move.

Officially, Mexgold now becomes a subsidiary of Gammon Lake.

## **March 15, 2006**

Barrick Gold officially completed their takeover of Placer Dome Inc. with the acquisition of remaining common shares.

The final action in the agreement finished what had been a longer process that began on October 31, 2005, when Barrick put in a \$9.2 billion USD offer to purchase a portion of the company, while Goldcorp Inc. would also be involved in the deal. After a series of offers, Barrick and Placer Dome finally announced on December 22, 2005 that the two had entered into a friendly transaction agreement.

For its part, Goldcorp’s asset purchase rose in that span from \$1.35 billion USD to \$1.485 billion USD. ■





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# Keeping on Top of the Mineral Exploration and Mining Business

With thousands of companies exploring for a plethora of minerals all over the world, how is anyone able to keep track of what's happening? Add to this the fact that there are tens of thousands of suppliers and hundreds of thousands of individual participants, ranging from investors through explorers to analysts, consultants and bankers, it's no wonder that keeping on top of the mining industry is tough. But keeping on top is what you have to do in the industry if you hope to cut the best deals.

Andy Robertson and Graham Baldwin identified this dilemma in 1989 and set about trying to solve it. Seventeen years later, InfoMine, the company they founded, is the worldwide leader in the provision of mining knowledge services. "The biggest breakthrough came with the commercialization of the internet in 1994," says Baldwin. "Before that, we were distributing data on disks every week". There is no doubt that the internet has revolutionized information technology, no more so than in the mining industry.

Today, InfoMine is a 55-person company headquartered in Vancouver, Canada, with thousands of clients worldwide. In the last two years, additional InfoMine offices have opened in Spokane WA USA, Lima Peru and Belo Horizonte Brazil.

If it's the latest news you want, you can get it on InfoMine, right-up-to-date, and fully searchable—all linked to complete information on those companies making the news and the projects on which they are working. Need to know who's looking for gold in Peru? InfoMine can tell you in seconds. Need to find which companies an individual is associated with? InfoMine's your source.

But it doesn't stop with news, companies and projects.


"There are tens of thousands of suppliers and consultants servicing mining companies, and when a company needs expertise in a remote location they need to know who can meet their needs quickly and efficiently," says Baldwin. "The InfoMine Buyer's Guide and Consultants Directory are now replacing hard copy directories, and users can be sure that the information is right up-to-date". Looking for equipment? Check out the Equipment section of InfoMine which has hundreds of new listings every week—there's no better source.

And it's not just about services and equipment either. InfoMine has developed very successful human resources services. The Careers section of InfoMine provides hundreds of new mining and mineral exploration jobs every business day, all fully searchable. Most major companies now come straight to InfoMine for their recruiting needs since

it is such a cost effective service. And these services have recently expanded to cover the oil and gas business with the launch of a new site: [www.InfoOil.com](http://www.InfoOil.com).

Seven years ago, InfoMine identified the need for online Continuing Professional Development (CPD) to meet the needs of professionals operating in remote locations. The result was EduMine, a site devoted to the provision of a suite of online courses and technical reference materials for mining. Today EduMine boasts over 1,000 hours of online training in over 60 courses, some in Spanish, and a plethora of useful online tools to assist professionals in carrying out their duties.

During the last year, InfoMine expanded its operations by acquiring Western Mine Engineering of Spokane WA, experts in mining cost analysis. As well as maintaining existing mine cost services, this expertise is being channelled into a new section of InfoMine to be called CostMine, which will integrate closely with our other mine information services.

While all InfoMine sites are free to access, users will probably find that they'll need to subscribe to gain access to the valuable content. However, with subscriptions starting from as little as CAD \$12 per month, there's a subscription level for just about everyone. 



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# Tools of the Trade

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## The next wave

### Caterpillar Inc.—Electric drive mining trucks

Caterpillar Inc. is working towards a line of AC electric drive mining trucks. As Chris Curfman, president of the company's Global Mining division and Caterpillar Inc. vice president says, "we recognize that there are unique applications that would make the addition of AC electric drive an important and attractive complement to our current truck line. We are working with Caterpillar's product development teams to generate equipment solutions that meet our objective of providing our customers with the best choice of haul trucks for every mining application."

Caterpillar was one of the first manufacturers to commercialize electric drive trucks in the late 1960s, but elected to focus its design and development efforts on mechanical drive to best meet customer needs. With recent advances in AC drive technology, coupled with proven components and technologies from existing Caterpillar products, the company concluded it was the appropriate time to make electric drive available to its customers as a complement to its highly successful mechanical drive.

The image shows a truck equipped for testing electric drive technology. The test truck is merely a development tool and does not represent a model that will be produced commercially.

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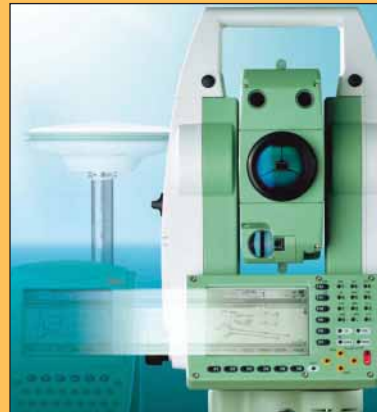


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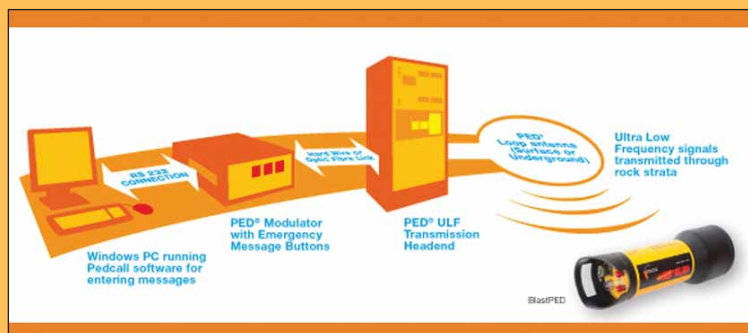
## Better and brighter

### NL Technologies—Northern Light GII Li-Led

Last issue we introduced the GII Led cap lamp, which incorporated LED and a Lithium-Ion (Li-Ion) battery to provide lighter, brighter and cost-effective lighting. NL's next model, the Northern Light GII Li-Led, is proving to be just as popular. It features a three-watt LED and is also powered by a light-weight rechargeable Li-Ion battery pack, with the whole product weighing in at only 0.9kg or 2.0 lbs.

Switching to LED technology results in significant cost savings, namely through the elimination of replacement bulbs and associated maintenance labour. The LED also eliminates the risks of bulb failure underground—improving safety—improving the overall reliability and utilization of the lamp.

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## New system promotes safety

### Mine Site Technologies—BlastPED system

Mine Site Technologies' BlastPED system allows remote, centralized blasting and was developed to eliminate the high cost of maintaining the integrity of underground blasting cables. By eliminating these cables, costs are reduced on maintenance and lost production due to misfires.

BlastPED has been designed with safety as a prime criteria. The BlastPED system has several levels of security. While the system is extremely secure, it is also simple to operate for the authorised personnel. The software is similar to the PED operating software, PEDCALL, therefore personnel do not need to learn a new system.

In fact, Pugwash Mine in Nova Scotia has implemented BlastPED as their remote, centralized blasting system. They installed the PED System three years ago to provide personal paging and emergency warning communications.

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## INCO Exploration

**For 75 years this Canadian company has struck gold with their nickel mines.**

Their website slogan says it all: Building the world's leading nickel mine company. The saying is more than just lip-service, it's fact. In October 2006, parent company Inco Limited, reported the highest-ever quarterly earnings in the company's extensive history.

The company traces back its origins to the days of westward expansion. In 1883 Tom Flanagan detected copper sulphide in a right-of-way cut through rock on the rim of the Sudbury Basin. It later became the Murray Mine.

Inco has certainly come a long way since those early beginnings. The future also seems to point to success as this global mining leader continues to dominate in the nickel mining sector.

### At work

With three different Canadian exploration sites—one in Manitoba, one in Ontario, and one in Newfoundland and Labrador—Inco is poised for continued success. The Manitoba property, the Thompson Nickel Belt, is continually being explored for new sources of nickel feed. The area consists of a series of early Proterozoic sedimentary rocks that have been metamorphosed to schists and gneisses and have been folded into complex patterns making exploration very challenging. For this reason, Inco uses an integrated approach that combines geology and geophysics. AMT (audio magneto-telluric)

surveys are used to interpret the geology to depths of two kilometres and promising environments are then investigated by surface UTEM surveys that are capable of detecting conductive rocks to a depth of approximately 600 metres.

The Ontario property is located in the Sudbury Basin where Inco has been exploring for almost 100 years. Even with this history, the company is still finding high-grade ore accessible from the surface or existing mines. Deposits discovered in the last five years include Kelly Lake, near Copper Cliff South Mine; an extension to Totten; and Pump Lake, near the Copper Cliff North Mine.


Voisey's Bay is one of the most recognizable mining names in Canada. Located in Newfoundland and Labrador, many significant deposits have been found on the Voisey's Bay property. The most important of these deposits, the Ovoid, is a near-surface accumulation of high-grade massive sulphide. Other deposits include Discovery Hill (consisting mainly of disseminated sulphides with narrow veins and stringers of massive sulphide), the Eastern Deeps (characterized by a basal massive sulphide zone partially surrounded by disseminated sulphide), and the Reid Brook Zone (a sheet-like body that plunges eastward from the near surface to depths of 1500 metres).

### In the community

Not only is Inco a giant when it comes to mining exploration, the company is also a key contributor in the national and local community. For example, in October 2006 the company announced a one million dollar agreement with the World Wildlife Federation (WWF) to advance a number of conservation initiatives, both Canadian and around the world. Objectives include conserving at-risk species, developing a conservation stewardship approach for Inco in Canada and exploring work of a similar nature in areas where Inco operates internationally. As Inco's Vice President of Environment, Safety and Health noted, "among other benefits, we believe that their expertise [the WWF] will result in better conservation stewardship in the lands that adjoin our operations, not just in Canada but at our other locations around the world."

Closer to home, Inco announced the construction of a new state-of-the-art facility in Sudbury that will not only help the community, but the environment as well. The \$115 million facility is expected to reduce sulphur dioxide (SO<sub>2</sub>) emissions from its Sudbury operations by 34 per cent. Announced in the Summer of 2006, the project will likely be completed by the time you're reading this article.

Using unique fluid bed roaster (FBR) off-gas scrubbing technology, the FBR SO<sub>2</sub> Abatement Project will lower allowable emissions from the current regulatory limit of 265 kilotonnes to 175 kilotonnes annually. Inco Chairman and CEO Scott Hand says, "this project continues a steady decline in SO<sub>2</sub> emission levels at Inco's Ontario operations since 1970. We are committed to doing even more to improve our environmental performance, and continuing to invest in new and innovative solutions to reach our goal of a 75 per cent reduction from current emission limits by 2015."

For more information on Inco and its activities go to [www.inco.com](http://www.inco.com). 





# China Bound

## Part 2: Imports

**A billion people + a billion opportunities =  
billions of dollars in imports and exports**

**T**he number of sectors represented on this mission shows how eager Canadian and Chinese business people are to explore bilateral commercial opportunities. Governments in both countries are actively putting into place frameworks to help make that happen. With China redefining global trade, a China business plan is no longer an option for Canadian companies; it's a must.

Said in a speech by International Trade Minister Jim Peterson in January 2005 after a trade mission to Shanghai, Beijing and Hong Kong, with representatives from 280 Canadian companies.

China has gone global. In fact, according to Paul Evans, co-CEO of the Asia Pacific Foundation of Canada (as noted in his paper Canada, meet global China, March 2006), China has "become part of the global economy at the same time that it is changing it. In the course of a genera-

tion, it has emerged as the shop floor of the world by crafting a production system that fuses high-end technology with low-wage, labour-intensive activity; cut-throat domestic competition; a reliable, docile, and capable industrial workforce; utilization of huge sums of foreign investment and technology; and the new appetites of a billion domestic consumers."

A billion domestic consumers. Wait, let's clarify. ONE BILLION domestic consumers. Compared with Canada's measly population of just over 30,000 million, what could these two countries possibly have in common? More importantly, how is it that Canada can (and has) benefited from China's exports to our fair land? Just look at the numbers:

- China is Canada's second largest trading partner and is poised to overtake Mexico to be the United States' second largest trading partner;
- China is the world's largest consumer of commodities including

steel, copper, coal and cement and is the second biggest consumer of oil after the US; and

- China is the world's third largest trading country, accounting for six per cent of the world's total.

In fact, according to Statistics Canada, trade data shows that Canada's imports from China hit \$24.9 billion during the first nine months of 2006, up 17.2 per cent from the same period last year.

Electronics. Clothing. Tools. Canada is on the receiving end of many products made in Asia and exported from China. In 2005 the top five major imports from China included boilers and mechanical appliances; electrical machinery and parts; toys, games, sporting goods and parts; furniture, bedding, mattresses; and woven clothing and apparel. Seventh on the list, comprised by Industry Canada, is iron and steel.

Check out this spread for facts and numbers on China.







## Meeting in China

The CHINA MINING conference has been successfully held every year since 1999 and is considered Asia's premier mining congress and exhibition. In 2006 it was held in Beijing in November and attracted over 2,000 delegates and 150 exhibitors in 2005.

Here is what two government attendees had to say:

- "CHINA MINING is getting better every year, we are extremely happy to be supportive of it as an event and to link in our bilateral consultations with our friends at MLR with this world class mining conference." (Irwin Itzkovitch, Assistant Deputy Minister, Natural Resources Canada)
- "Mining in British Columbia is an industry worth more than \$6 billion and growing. We welcome China's investment, and see this as a great opportunity for British Columbia and a key element of our Asia-Pacific Strategy." (Bill Bennett, Minister of State for Mining, British Columbia)

The 2007 CHINA MINING event will be held November 12-15, 2007. Go to [www.china-mining.org](http://www.china-mining.org) for more information.

## Facts and Figures

**Official Country Name:** People's Republic of China

**Capital:** Beijing

**Area:** 9,561,000 km<sup>2</sup>

**Time Zones:** + 16 (difference from P.S.T.), + 13 (difference from E.S.T.)

**Currency:** Renminbi (or Yuan) / 1 Rmb = 10 Jiao = 100 Fen C\$1.00 = 7.10 Rmb (average, week ending September 30, 2006)

**Currency Control:** Rmb 6000

**System of Government:** Communist

**Head of State:** President Hu Jintao

**Population:** 1,303.7 million (mid-2005)

**Languages:** Mandarin is the official state language taught in schools and spoken mainly in north China. Other major dialects include: Shanghaiese, Cantonese, Fukienese and Hakka.

**Literacy Rate:** 83 per cent

**Ethnic Background:** Han Chinese 92 per cent, the remainder is made up of 55 different minority nationalities.

**Religion:** Although places of worship were closed during the Cultural Revolution, the Chinese government adopted a policy of religious tolerance in 1977 and provided for freedom of religious belief in the 1982 Constitution. 8 per cent of the population are Buddhists, 2 per cent are Muslims and 1 per cent are Christians. Other religions practiced include Daoism, Confucianism and Ancestor Worship.

**Population by Age:** 22.0 per cent below 15 years, 70.0 per cent between 15 and 65 years, 8.0 per cent above 65 years

**Distribution of Population:** 37 per cent urban, 63 per cent rural

*Source: Asia Pacific Business*

## By the Numbers

(million C\$)	Canada's Trade with China in...	2001	2002	2003	2004	2005
Exports		3,978	3,639	3,955	6,039	6,598
Imports		12,724	16,003	18,572	24,093	29,477
Balance of Trade		-8,746	-12,364	-14,617	-18,054	-22,879
		2000	2001	2002	2003	2004
Canada's Share in China's Trade		1.46%	1.58%	1.28%	1.18%	1.52%
China's Share in Canada's Trade		1.96%	2.32%	2.75%	3.27%	4.07%

*Source: Asia Pacific Business*





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### YUKON

#### Mining awards for outstanding reclamation

The annual Robert E. Leckie Awards for outstanding quartz and placer reclamation practices were announced in November 2006 at the Yukon Geoscience Forum banquet.

"These awards acknowledge the great efforts by exploration and mining companies, operators and others who go above and beyond the normal call of duty for responsible mining and reclamation," Energy, Mines and Resources Minister Archie Lang said.

Best practices include adding features to the land that notably enhance the area and local community; returning mined land to a condition that is not only structurally sound but also aesthetically pleasing; or cleanup on properties mined prior to mining land use regulations coming into effect. Awards were presented to:

- A-1 Cats for exceptional reclamation at their placer operation on Dominion Creek; and
- Dynamite Resources for cleanup of a property disturbed prior to mining land use regulations at Antimony Mountain.

There were also two honourable mention awards given to:

- Bardusan Placers for their reclamation work in the Lightning Creek area near Keno; and
- Deloitte & Touche for their reclamation work at Anvil Range Mine near Faro.

Energy, Mines and Resources is responsible for these awards. A committee comprised of representatives from government, mining associations and the private sector evaluated the nominations and made recommendations to the department.

#### Thirty-fourth Yukon Geoscience Forum coming to Whitehorse

The latest in technology, exploration, reclamation and research for minerals, and oil and gas was

"These awards acknowledge the great efforts by exploration and mining companies, operators and others who go above and beyond the normal call of duty for responsible mining and reclamation."

showcased at the annual Yukon Geoscience Forum in Whitehorse from November 26 to 29, 2006.

Hosted by the Yukon Chamber of Mines, about 300 participants from across Canada will attend the forum, including geologists, scientists, academics, service and supply companies, investors, prospectors, placer miners, various levels of government, and mining and oil and gas companies.

"This is a keystone event for the mining, oil and gas industries and the territory," Yukon Chamber of Mines President John Witham said. "With rising commodity prices and the high global demand for natural resources we can look forward to a continued increase in exploration and pre-development activity."

The event included workshops and a trade show.

### NORTHWEST TERRITORIES

#### New deal for Kettle River Resources Ltd.

As reported by The Canadian Press in October 2006, Peregrine Diamonds Ltd. has announced a deal that will see them acquire Kettle River Resources Ltd. in an all-stock transaction. If completed, it will raise Peregrine's interest in the WO diamond project in the Northwest Territories to 61.1 per cent.

Under the agreement, Peregrine will exchange one share for every five shares

of Kettle River. This will involve an issue of 2.3 million Peregrine shares, with 405,000 reserved to cover Kettle River's options, warrants or convertible securities. Peregrine will also immediately provide a \$2.5-million secured loan to Kettle River, to be drawn on as needed to meet its WO joint-venture obligations.

The takeover is expected to be completed by January 31, 2007 but Peregrine will get a \$1-million break fee if Kettle River accepts another offer.

[www.pdiam.com](http://www.pdiam.com)

#### De Beers signs agreement for Snap Lake Project

The North Slave Metis Alliance (NSMA) and De Beers Canada Inc. announced that they signed an Impact Benefit Agreement for the Snap Lake Project in the Northwest Territories, in August 2006. This agreement formalizes the NSMA's participation in the Snap Lake Mine through the establishment of business contracts, training and employment opportunities, scholarships and financial benefits.

"Our vision is to ensure our businesses are creating opportunities for our People," said Bill Enge, President of the North Slave Metis Alliance. "In negotiating this agreement, our focus was on supporting the development and growth of business opportunities, with a view to investing a significant portion of the profits earned by our businesses into scholarships, training and educational opportunities for our members."

"Concluding this Impact Benefit Agreement clearly establishes how the North Slave Metis Alliance will participate in and enjoy the success of the Snap Lake diamond mine," said Chantal Lavoie, Vice President, NWT Projects. "Our Agreement enables the North Slave Metis Alliance to move forward with their new shotcrete business, and we look forward to being their first major customer."

The Snap Lake mine will employ 500 people during full production and will produce 1.5 million carats per year. It will be the first completely underground diamond mine in Canada





## News Watch:

### The North

and De Beers' first mine outside of Africa. The project is under construction and scheduled to begin production in October 2007.

[www.debeerscanada.com](http://www.debeerscanada.com)

#### NUNAVUT

### Miramar Mining completes \$15-million FT financing

Financing to the tune of \$15 million will be used to incur exploration

expenditures on Miramar Mining Corp's projects in Nunavut, expected to happen by December 31, 2007.

Through a syndicate of Canadian investment dealers, Miramar has completed the sale of 2,040,820 flow-through common shares at \$7.35 per share to raise gross proceeds of \$15,000,027.

"Work at the newly identified BN zone at the Boston deposit will continue to focus on potentially identifying either a supplementary underground development area or a larger production centre which may be amenable to open pit exploitation," said Tony Walsh, Miramar's president and chief executive officer. "The proceeds from this financing will allow us an expanded work program at the BN zone along with generating and testing of priority targets on Miramar's extensive landholdings, without depleting our other non-exploration allocated cash in 2007."

[www.miramarmining.com](http://www.miramarmining.com)



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## British Columbia

### Teck Cominco part of Olympics

Teck Cominco Limited has been announced as an official supporter of the Vancouver 2010 Olympic Winter Games in Vancouver/Whistler.

The six-year partnership, which was signed on December 4, 2006 will see the Vancouver-headquartered, international mining company supply all metal to be used for creating the medals awarded at the Olympic and Paralympic games, as well as being a sponsor for the Canadian Olympic and

Mining Congress in December 2006, noting that, "the purpose of the trip was to cultivate investment in our mining industry and to make sure that Chinese companies know what's available here in British Columbia. Investors showed great interest in B.C.'s mining potential, which can be a key element of our plan to unleash B.C.'s potential as Canada's Pacific Gateway."

The Mining Congress is Asia's largest mining exhibition, with over

"The Olympic and Paralympic medals inspire people everywhere to realize their full potential, in whatever they do. We are proud to supply the gold, silver and bronze for the medals that are the source of so much inspiration for the world."

Paralympic teams through the 2012 Games in London, England.

"Teck Cominco is thrilled to become part of Canada's Games and to help welcome the world to Canada and British Columbia in 2010," said Teck Cominco President and CEO Don Lindsay in a release. "The Olympic and Paralympic medals inspire people everywhere to realize their full potential, in whatever they do. We are proud to supply the gold, silver and bronze for the medals that are the source of so much inspiration for the world."

Teck Cominco's relationship with the Vancouver Organizing Committee will also include input on sustainability initiatives.

[www.teckcominco.com](http://www.teckcominco.com)

### Opportunities grow in China

Bill Bennet, Minister of State for Mining, noted upon his return from a trade delegation to Beijing that mining investment opportunities in the country are strong. Bennet returned from the 2006 China

2,500 delegates attending this year's event, which was held in mid-November. This is the first time the province has attended, as it is actively strengthening its trade relationship with Asia. Representatives from B.C.'s two major industry associations, the Association for Mineral Exploration British Columbia (AMEBC) and the Mining Association of British Columbia (MABC), also attended the congress for the first time. The presence of these two associations along with 19 B.C. mining companies demonstrated industry's interest in doing business with Chinese companies.

The minister and ministry staff met with Chinese officials, mining companies and investors and successfully profiled opportunities for investment in exploration activities and mine development in British Columbia. Specifically, the Chinese expressed strong interest in B.C.'s coal, copper, molybdenum and nickel deposits.

B.C. actually has the world's largest concentration of exploration companies and mining professionals, with 60 per cent of Canadian exploration and mining companies based in the province.

### Polaris wins award

Polaris Minerals Corporation received the prestigious 2006 Mining and Sustainability Award for its efforts in promoting sustainable development in the British Columbia mining sector.

Polaris Minerals Corporation and its partners, the Kwakiutl and Namgis First Nations are developing the Orca Quarry near Port McNeill. Polaris and its partners, the Hupacasath and Ucluelet First Nations, also propose to develop the Eagle Rock Quarry, near Port Alberni. The company was nominated for its engagement with local communities and its respect for the traditional rights of First Nations while balancing economic, social and environmental goals.

"The Polaris management team and their community and First Nation project partners deserve tremendous credit for the leadership and commitment that has been demonstrated which has led to such a success," said McPhie. "B.C.'s mining and minerals industry continually strives to maximize its economic contribution, engage with communities and provide stewardship for our natural environment. Polaris has clearly shown how mining and mineral development can provide a significant net benefit to society."

The Mining and Sustainability Award was launched in 2005 by the Mining Association of B.C. to publicly recognize the diverse companies, communities, First Nations, non-governmental organizations, government agencies and individuals committed to advancing and promoting sustainable development in the B.C. mining and minerals sector.

There were 11 nominees for the award this year.

[www.polarmin.com](http://www.polarmin.com)





## News Watch:

### British Columbia



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"Industry's continued support shows the government's programs are working to help us meet the goal of creating more jobs per capita than anywhere else in Canada."

### Oil and gas sales boom

The October 11 2006 sale of oil and gas rights in northeast British Columbia generated \$101 million in bids, bringing the total revenue for the first ten months of 2006 to \$597 million, an 11 per cent increase over the 2005 revenue, which was \$535.5 million.

"Industry is paying even more per hectare now than last month," said Richard Neufeld, Minister of Energy, Mines and Petroleum Resources. "Industry's continued support shows the government's programs are working to help us meet the goal of creating more jobs per capita than anywhere else in Canada."

One hundred and sixteen parcels covering 96,659 hectares were offered for sale with bids accepted on 96 of the parcels. The average price per hectare increased to \$1,140 per hectare from \$878 last month. While 20 parcels located in various parts of the northeast attracted bids in excess of \$1 million, the key area of the sale was a block of 13 drilling licences 60 km northeast of Fort Nelson that generated bids totalling more than \$56 million.

Complete results of the sale are posted on the Ministry of Energy, Mines and Petroleum Resources website at [www.em.gov.bc.ca/Sub-webs/Landsale/results/default.htm](http://www.em.gov.bc.ca/Sub-webs/Landsale/results/default.htm). 

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- ▶ Stable, secure land tenure system
- ▶ Partnerships between Aboriginal peoples and industry
- ▶ Manitoba Mineral Exploration Tax Credit (MMETC). The expiry date for the MMETC is March 31, 2007.
- ▶ Web access to Manitoba mineral dispositions, open assessment reports, diamond-drill hole locations and geoscience data

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**Manitoba** 

### New Alberta premier wants oilsands processed at home

Alberta's new premier-designate wants more of the oilsands to be processed within Alberta rather than being transported as a crude resource to the United States. "I know we can't add value to every ton of bitumen but we can certainly improve that," Ed Stelmach said in December 2006, in his first news conference since his upset victory to become Conservative leader and premier of Canada's richest province.

According to the Canadian Press, Stelmach wasn't offering any specifics on how that would work, but refining the synthetic crude oil derived from tar-like bitumen is an expensive process that most companies have determined is uneconomic to perform in Alberta.

EnCana Corp. announced a \$15-billion deal with ConocoPhillips in October to ship oilsands crude from Alberta to refineries in the United States. That pact came after EnCana spent years looking for a partner to handle refining operations. EnCana spokesman Alan Boras said the Calgary-based company would welcome any increased options to process oilsands feedstock within the province. "We made an arrangement that fit the circumstances at this time," he said.

### Talisman sells non-core assets

Talisman Energy Inc. sold its non-core assets in northern Alberta for \$582 million in December 2006. The sale included its share of the Syncrude oilsands partnership.

The move is part of Calgary-based Talisman's previously announced strategy to get out of the oilsands and focus on core production.

According to the Canadian Press, Canadian Oil Sands Ltd. has signed a deal to acquire Talisman's 1.25 per cent interest in the Syncrude partnership for \$475 million, including \$237.5 million in cash and about 8.2 million units of the income trust. That transaction is conditional on clarification of

"We are pleased to consolidate another piece of Syncrude. We consider Syncrude to be the best oilsands project today with its superior resource holdings, newly expanded production infrastructure and nearly 30 years of operating experience."

how it could impact Canadian Oil Sands' tax status under proposed new federal legislation.

Several deals are on hold while energy trusts and exploration companies await clarification from Ottawa on the maximum size of acquisitions allowed under Finance Minister Jim Flaherty's plan to eliminate the tax-free status of existing income trusts in 2011. Should the Talisman deal proceed, Canadian Oil Sands would increase its share of Syncrude to 36.74 per cent.

"We are pleased to consolidate another piece of Syncrude," said trust president and CEO Marcel Coutu. "We consider Syncrude to be the best oilsands project today with its superior resource holdings, newly expanded production infrastructure and nearly 30 years of operating experience."

The transaction is effective Dec. 1, 2006 and is expected to close on or before Feb. 28, 2007.

### Alberta Star announces new findings

Alberta Star Development Corp. identified 18 new surface uranium anomalies from its recently completed regional high-resolution aeromagnetic gradiometer-radiometric survey over

the Eldorado and Contact Lake uranium belt. The airborne geophysical survey was conducted in July and consisted of 16,708 line kilometres at 100-metre-line spacings and was completed under very favourable weather conditions. Several of the larger anomalies show uranium radiometric signatures of comparable or greater-in-strength to the known zones of uranium mineralization already identified on the company's properties.

Tim Coupland, president and chief executive officer, commented: "We have now identified 18 new previously undiscovered uranium anomalies and several secondary undiscovered uranium anomalies with the recently completed radiometric survey which was conducted over the company's claim block in the Eldorado and Contact Lake uranium district. The survey provides the company a level of detail that was historically unavailable and unparalleled in highlighting centers of volcanic-hosted iron oxidecopper-gold and uranium mineralization."

Based on the results of the survey the company intends to continue to rapidly advance its uranium exploration activities and development of its uranium assets in this large and emerging Canadian uranium district. The results of this survey will be combined with the company's groundwork, completed this summer, which consisted of detailed geophysical ground IP surveys, geochemical sampling, mapping and drilling. This survey will now allow the company to evaluate the uranium potential of its properties and assist in positioning of its drill locations, including drill targeting high-priority uranium anomalies located on the Eldorado and Contact Lake iron oxidecopper-gold and uranium projects for 2007-2008.

[www.alberta-star.com](http://www.alberta-star.com)

### New Energy Innovation Fund supports energy development and environmental protection

The Alberta government announced in August 2006 that it will be





## News Watch:

### Alberta

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dedicating \$200 million over the next three years towards research, advanced technologies, market development and innovative projects focusing on energy supply and protection of the environment. Initial project funding for the Energy Innovation Fund in this fiscal year.

To receive funding, projects must increase the efficiency and effectiveness of energy exploration, extraction or development in Alberta. They must also focus on energy and/or environmental research; technology; innovation and efficiency; and they can involve renewable or non-renewable energy resources.

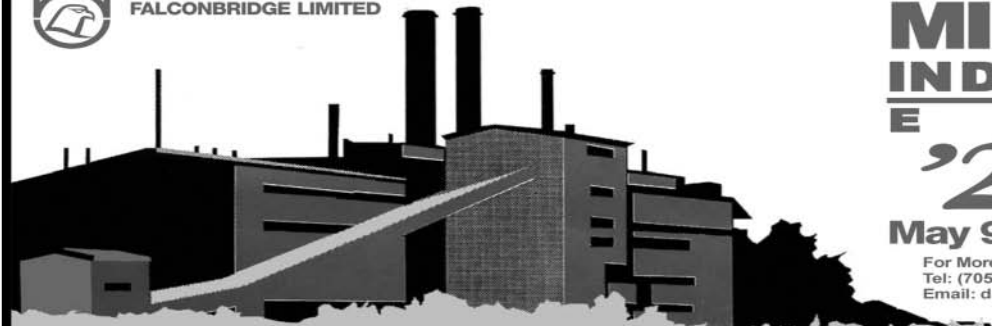
Examples of activities and areas that may be considered for funding include:

- Energy efficiency and renewable energy;
- Bio-energy;
- Gasification of coal and municipal waste;
- Environmental research, such as groundwater mapping; and
- Land management and wildlife habitat research.

The \$200-million fund will be administered by an advisory group from five sponsoring ministries: Energy; Agriculture, Food and Rural Development; Environment; Innovation and Science; and Sustainable Resource Development. The advisory group will consult with industry and government stakeholders prior to finalizing its recommendations. Details of approved projects will be announced by each sponsoring ministry. 



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### De Beers sells participating interest in Fort A La Corne Diamond venture

In September 2006 De Beers Canada Inc. confirmed it had agreed to sell its entire 42.245 per cent interest in the Fort à la Corne joint venture project in Saskatchewan to Kensington Resources Ltd., a wholly owned subsidiary of Shore Gold Inc., for C\$180 million in cash.

The agreement will be completed and closed following the registration of mineral disposition transfers of the Fort à la Corne JV properties. "This deal makes sense for the Fort à la Corne project as it allows for unitization of the assets previously held by the joint venture with the neighbouring Star kimberlite held by Shore Gold. This will improve the viability of the kimberlite field and make way for Shore Gold to develop the project," said Jim Gowans, President and CEO of De Beers Canada.

De Beers is currently constructing two mines in Canada, Snap Lake in the NWT and Victor in Ontario. A third project, Gahcho Kue (a joint venture with Mountain Province, also in the NWT) is well advanced and is undergoing an environmental assessment. In addition to a range of joint venture and option agreements, the company continues to dedicate significant resources to early stage exploration and investment in new exploration technologies in Canada.

[www.debeerscanada.com](http://www.debeerscanada.com)

### Forest Gate recovers 118 diamonds

Forest Gate Resources Inc. recovered 118 diamonds from two three-inch-diameter drill holes targeting its

portion of the 121 kimberlite pipe located on its east side property near Prince Albert, the company announced in November 2006. The 121 kimberlite pipe spills eastward across the shared boundary with Shore Gold on the eastern flank of the massive Fort à la Corne diamond field.

"What I like is that we have diamondiferous kimberlite right off the top of the pipe," said Steve Roebuck, Forest Gate's vice-president of exploration. "We hit kimberlite around the 140-metre depth interval and all the units sampled are diamondiferous."

[www.forestgate.ca](http://www.forestgate.ca)

### Cameco reports second setback at Cigar Lake mine project

Uranium Cameco Corp. revealed in October 2006 that flooding will delay construction at its Cigar Lake mine by at least a year—the second such setback since June. Part of the Northern Saskatchewan mine filled up with water following a rock fall that month.

The announcement caused shares in the Saskatoon-based company declined \$1.76 or 4.1 per cent to \$41.19 Canadian in early trading on the Toronto Stock Exchange.

Non-essential personnel were temporarily evacuated as a precaution. No one was hurt and there was no environmental damage, Cameco said in a statement.

The delay in construction is expected to raise the project's capital cost, Cameco said. The company did not say how much the cost would increase, but noted it would provide an estimate once plans are underway to repair the damage.

Water also flooded a mine ventilation shaft at the Cigar Lake mine in June, which pushed back construction by six months.

At that time, Cameco said its capital costs would rise to \$600 million from the last estimate of \$520 million. Saskatoon-based Cameco is the world's largest uranium producer. The Cigar

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## News Watch:

### Saskatchewan

Lake project is located about 660 kilometres north of Saskatoon.

[www.cameco.com](http://www.cameco.com)

#### Halo to conduct geoscience study

Halo Resources Ltd. will be conducting research on the Geological Survey of Canada's Flin Flon project, part of the government of Canada's national Targeted Geoscience Initiative III program. The Flin Flon project is a five-year integrated geoscience study aimed at helping in the discovery of significant new base metal deposits in established mining communities of the Flin Flon-La Ronge-Lynn Lake district of Northern Manitoba and Saskatchewan. These studies range from regional to local in scope, the latter including detailed studies at Flin Flon and the newly approved work at Sherridon.

The government of Canada committed \$25-million over five years to extend the mission of the Targeted Geoscience Initiative program with a focus on base metal reserves in established mining communities. Project areas include: Southern British Columbia, central Manitoba Saskatchewan, Abitibi and central Newfoundland.

[www.halores.com](http://www.halores.com)

#### Forum Uranium begins drilling at Key Lake Road

In September 2006 the Forum Uranium Corp. provided the initial results from its 2006 mapping and prospecting program on the northern half of the Key Lake

Road project, and has since commenced a 4,000-metre drill program. The Key Lake Road project is located with good road access, within 30 kilometres of Cameco Corp.'s Key Lake mine/mill complex in the Athabasca basin of Northern Saskatchewan.

Several new uranium showings grading up to 0.7 per cent U<sub>3</sub>O<sub>8</sub> have been discovered while prospecting along 150 kilometres of shallow, east-northeast-trending electromagnetic conductors over a 40-kilometre length of the Key Lake Road shear zone within Forum's property. The Key Lake Road shear zone is a major regional structure in the Wollaston transition zone that hosts a number of producing and developing uranium mines and prospects.

A diamond drill has been mobilized to test the DD zone and newly discovered surface uranium occurrences coincident with electromagnetic conductors in the Wollaston transition zone. A number of drill targets averaging 150 metres in depth is envisioned in this initial 4,000-metre drill campaign owing to the shallow nature of both the basement-hosted mineralization and associated electromagnetic conductors.

Assay results from the southern half of Forum's large landholdings along the highly prospective Key Lake Road shear zone, including the Molly zone and surrounding area, are expected in October.

[www.forumuranium.com](http://www.forumuranium.com)

#### Saskatchewan snapshot

- In 2005, the value of Saskatchewan's mineral sales was about \$3.6 billion and it remained the global leader in the production of potash and uranium.
- In 2006, it is estimated that about \$208 million will be spent on mineral exploration in Saskatchewan. This level of expenditures represents an all-time record in terms of current year dollars and continues a substantial year-over year increase marked by actual expenditures of \$31.5 million in 2003, \$60.8 million in 2004, and \$150 million in 2005.
- As of September 30, 2006, there were 5,634 active mineral dispositions, totalling 10.3 million hectares, issued pursuant to *The Mineral Disposition Regulations, 1986*. This is 25 per cent more area than was under disposition at the end of December 2005.
- In the Athabasca Basin, the world's premier exploration district for high-grade uranium deposits, it is estimated that about \$100.2 million will be spent on exploration in 2006, a significant rise from the 2005 figure of \$74.6 million.
- In 2006, expenditures for diamond exploration are forecast to be about \$85 million, up significantly from actual total expenditures of \$55.4 million in 2005.
- Saskatchewan is the second-ranking Canadian jurisdiction in oil production, the third-ranking in both gas and coal, and the fourth-ranking in gross, non-fuel mineral production. Combined oil and gas sales were over \$8.7 billion in 2005, providing approximately \$1.4 billion in total government revenue.

Source: Saskatchewan Industry and Resources



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### Convention celebrates mining

More than 800 national and international visitors met in Winnipeg in November 2006 for the annual Manitoba Mining and Minerals Convention.

This year's conference, considered to be one of the premier mining conferences in Canada, celebrated the 50<sup>th</sup> anniversary of Inco's Thompson nickel discovery with a full-day session on Manitoba's world-class nickel potential. Inco employs approximately 1,500 people and produces about 100 million pounds of nickel each year.

Mining in Manitoba is big business. As Science, Technology, Energy and Mines Minister Jim Rondeau noted, "mining is Manitoba's second-largest primary resource industry, bringing in approximately \$1.5 billion annually in mineral production to the provincial economy."

The minister also noted the annual Fraser Institute survey of exploration and mining companies ranks Manitoba third in the world for investment attractiveness based on its mineral policies and geological database.

The mining convention includes trade show exhibitors as well as numerous workshops on a range of topics including:

- A unique Aboriginal mining workshop on community prosperity through mining, recruiting and training, and partnerships with government and community;
- Manitoba's growing nickel potential;
- New mining frontiers and developments;
- Reclamation of orphaned and abandoned mines; and
- New results from geoscientific investigations in Manitoba's far north.

Recent initiatives to boost the mining industry in Manitoba include:

- The renewal of the Mineral Exploration Tax Credit, which provides tax incentives for Manitobans who invest in exploration in the province;
- The Mineral Exploration Assistance Program and the Prospectors' Assistance Program, which offer approximately \$2.5 million in annual funding to support exploration; and

"Mining is Manitoba's second-largest primary resource industry, bringing in approximately \$1.5 billion annually in mineral production to the provincial economy."

- The establishment of a \$70-million account for the rehabilitation of orphaned and abandoned mine sites, of which \$4 million is being spent this year for priority rehabilitation projects at Lynn Lake, Ruttan, Sherridon and Snow Lake.

### Province hosts abandoned mines workshops

Officials from Canada, the United States and Britain convened in Winnipeg in October 2006 for best practices workshops on managing orphaned and abandoned mines. More than 100 delegates came to the National Orphaned/Abandoned Mines Initiative (NOAMI), uniting provincial, territorial and federal government officials, non-governmental organizations, Aboriginal communities, mining industry officials and others.

The two-day NOAMI workshop will address key priorities including:

- Site and risk/hazard assessment, monitoring and reclamation;
- Community and Aboriginal involvement;
- Funding options, regulatory structures and opportunities for collaboration; and
- Applying best practices.

Manitoba was a natural choice for a conference on rehabilitating orphaned

and abandoned mines. In September the province committed \$70 million to rehabilitate abandoned mines in 149 sites throughout the province. This year the province is spending \$4 million for rehabilitation projects at Lynn Lake, Ruttan, Sherridon and Snow Lake.

### Halo joins in Flin Flon TGI-3 geoscience study

Halo Resources Ltd. announced in October 2006 that they will be conducting joint research along with the Geological Survey of Canada's Flin Flon project, part of the government of Canada's national Targeted Geoscience Initiative III program.

The Flin Flon project is a five-year integrated geoscience study aimed at helping in the discovery of significant new base metal deposits in established mining communities of the Flin Flon-La Ronge-Lynn Lake district of Northern Manitoba and Saskatchewan. These studies range from regional to local in scope, the latter including detailed studies at Flin Flon and the newly approved work at Sherridon.

Halo's Sherridon property, located in Northern Manitoba, covers an area of 188 square kilometres, including the former Sherritt-Gordon-mines-operated copper-zinc mine which produced from 1933 to 1950.

The property is considered by Halo to be highly prospective for new VMS discoveries and is linked by road and rail to Hudson Bay Mining and Smelting Co. Ltd.'s Flin Flon mining and metallurgical complex approximately 70 km to the southwest. Halo believes that the involvement of technical experts from the provincial and federal governments and from academia will bring significant benefit to its exploration efforts at Sherridon.

[www.halores.com](http://www.halores.com)

### New deal worth \$1.2 Million

Murgor Resources Inc. signed a deal worth nearly \$1.2 million in September 2006, ensuring them the acquisition of four properties that contain possible





## News Watch:

### Manitoba

zinc, copper gold and silver deposits in Manitoba and Saskatchewan.

The junior Montreal miner explained in a press release that it has acquired an


option on the four properties, which include the Fon, Wim, Hudvam and Tyr metal deposits from a unit of HudBay Minerals Inc. (TSX:HBM).

The properties cover about 5,368 hectares in the Flin Flon and Snow Lake areas of Manitoba and Saskatchewan, a major base metals mining area and the deal follows a letter of intent between the two companies in July.

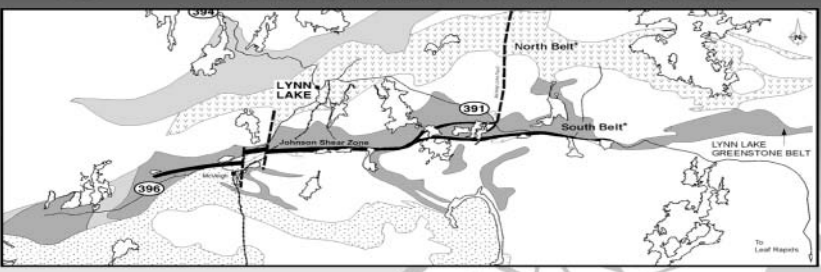
"This is a new beginning and a strategic move for Murgor, bringing the company into new commodities, new areas and one step closer to polymetallic production," said Andre Tessier, president and CEO of Murgor. "What better place to grow than the Flin Flon belt, where more than 137 million tonnes of polymetallic ore has been produced to date and where deposits of up to 63 million tonnes have been mined."

Under the deal, Murgor will pay \$1.16 million in cash and shares over a four year period. In addition, Murgor will be required to spend nearly \$8.1 million on exploration on the four properties.





## LYNN LAKE GREENSTONE BELT



**The Lynn Lake Greenstone Belt**

The area is considered at this time as one of the most favorable places in Canada to locate new nickel and/or gold reserves. The historic Lynn Lake Belt ranks as the third largest nickel producing region in Canada after Sudbury and Thompson, and this ranking comes with no active mine at this time. Business services and necessary community infrastructure to support an exploration program or operating mine.

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### Safety improves in Ontario

The Ontario mining industry has seen marked progress in its efforts to increase safety.

According to statistics from the Mines and Aggregates Safety and Health Association, the first nine months of 2006 saw lost time fall from 0.9 per 100 workers to 0.7 for the first nine months in 2005. In the same time period medical aid frequency fell from 8.1 per 100 workers to 7.2, an 11 per cent decrease. In total for these nine month periods, there were 23 less lost time and 94 fewer medical aid injuries that were reported.

### New OMA head

The Ontario Mining Association Board of Directors announced that Olivier Chatillon has been named as the organization's new chairman.

Chatillon, currently serving as the president of Omya Canada Inc., came to Canada in 1992 after being with the Switzerland-headquartered company since 1984. A chemical engineer by trade, Chatillon has also worked for Omya locations in Austria and Turkey among others.

Chatillon also acts as a director with both the Mining Association of Quebec and the Major Power Consumers in Ontario. He has also been a recipient of the Decoration of Knight in the French National Order of Merit for his work in Africa.

Chatillon's term will be two years in length.

### Brett to raise \$5-million with FT-NFT financing

Brett Resources Inc. has proposed to raise up to \$5-million through the issuance of \$3-million worth of flow-through shares and \$2-million worth of non-flow-through units. Their press release in December 2006 noted that each flowthrough share will be sold at a price of 80 cents. Each non-flow-through unit will be sold at a price of 70 cents and will comprise one common share and one-half of one common share purchase warrant. Each full warrant will be exercisable into one

common share of the company at an exercise price of 95 cents for a period of two years from the closing date.

The flow-through proceeds will be used to advance the company's Hammond Reef gold project in Ontario.

[www.brettresources.com](http://www.brettresources.com)

### Global mining company Xstrata Nickel develops mine in Ontario

Xstrata Nickel announced in December 2006 the first phase of development of the Fraser Morgan nickel project located in Sudbury, Ontario. By March 2007 \$18 million will be invested, to complete a pre-feasibility study, definition drilling, equipment procurement and infrastructure improvements at the 3900-foot level of the existing Fraser shaft to allow for project development and for potential future ore handling.

Subsequent development phases will be subject to approval in the second and third quarters of 2007. Mine production could begin in early 2009. When brought into production, Fraser Morgan annual production will contribute an estimated 7,200 tonnes refined nickel per year over a seven-year mine life.

"The Sudbury operations remain a key component of Xstrata Nickel's growth strategy, and the first phase of development of the Fraser Morgan project demonstrates our ongoing commitment to this resource-rich area," said Ian Pearce, Chief Executive Officer of Xstrata Nickel.

"Fraser Morgan is a promising project that builds on our portfolio of assets in the Sudbury Basin," said Mike Romaniuk, Vice-President of Sudbury Operations.

Field work in Phase One will be undertaken primarily using existing Xstrata Nickel employees. It is anticipated that by early 2007, up to 30 employees will be working on field work related to the Fraser-Morgan project.

The Fraser Morgan nickel-copper orebody was discovered in 1995 and consists of five separate mineralized zones located two kilometres east of

Xstrata Nickel's Fraser Mine. The orebody, which will be accessed by the existing Fraser Mine shaft, contains 4.9 million tonnes of measured and indicated reserves grading 1.8 per cent nickel and 0.65 per cent copper, and 2.4 million tonnes inferred resources grading 1.8 per cent nickel and 0.5 per cent copper.

[www.xstrata.com](http://www.xstrata.com)

### Ontario invests in First Nations mining summer camp

The McGuinty will be investing in a First Nations Summer Youth Career Camp in Mining, Northern Development and Mines Minister Rick Bartolucci announced in November 2006.

"I am pleased that our government is supporting an initiative that will have a significant and positive effect on First Nations youth in the Far North," said Bartolucci, who is also chair of the Northern Ontario Heritage Fund Corporation (NOHFC). "The future leaders of northern aboriginal communities will benefit from learning about current mining practices, career choices and the potential benefits of mineral development."

The 12-day mining camp will provide an opportunity for youth from First Nations in the Shibogama First Nation Council to learn more about the mining industry and the career choices the resource sector offers. Participants are from Kasabonika Lake First Nation, Kingfisher Lake First Nation, Wapekeka First Nation, Wawakapewin First Nation and Wunnumin Lake First Nation.

The NOHFC will invest \$16,175 for transportation, accommodations and the purchase of equipment.

### \$60-million investment in land rehabilitation

The McGuinty government is investing \$60 million over the next six into an Abandoned Mines Rehabilitation Program, in an ongoing effort to clean up Ontario's abandoned mine sites. The investment was announced in November 2006.





## News Watch:


### Ontario

Over the next six years the province will invest \$10 million annually. Work will include capping, monitoring, filling in or fencing off physical hazards—such as excavations that are open to or near the surface—to help ensure public safety. In the long term, many lands can be made available for recreational, community or business use, or for further mineral exploration and production.

This year's projects will include the ongoing rehabilitation of the Kam Kotia site (Timmins), work at the Agnew Lake site (Sudbury) and a study of 86 tailings sites across the province to determine the next steps in the rehabilitation process.

"The Sudbury operations remain a key component of Xstrata Nickel's growth strategy, and the first phase of development of the Fraser Morgan project demonstrates our ongoing commitment to this resource-rich area."

"While the province's Abandoned Mines Rehabilitation Program can be applied in cases where there is no current mine owner, or for companies in receivership, this program does not free companies or individuals from their obligation to rehabilitate their mining lands," Bartolucci, Northern Development and Mines Minister, said.

This initiative is part of the government's Northern Prosperity Plan for building stronger northern communities. The Northern Prosperity Plan has four pillars: strengthening the north and its communities; listening to and serving northerners better; competing globally; and providing opportunities for all. 



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### New control for northern mines

In December 2006 Canada's Minister of Indian Affairs, the Makivik Corporation, and the Premier of Nunavut signed the Nunavik Inuit Land Claims agreement. This agreement confirms Inuit control of all minerals found in 500,000 hectares in the northern regions of Quebec and Labrador. It arrangement covers the offshore region of Quebec, and some of the islands and waters along the shores of James Bay, Hudson Bay, Hudson Strait and Ungava Bay, as well as a portion of northern Labrador and an off-shore area adjacent to Labrador. It settles unresolved issues stemming from the James Bay and Northern Quebec Agreement. Nunavik is made up of the entire portion of Quebec that lies north of the 55th parallel, covering one-third of the province.

The Inuit of Nunavik will receive a capital transfer of \$54.8 million in nine years in capital transfers to the Nunavik Inuit Trust. Canada will also make a one-time payment and ongoing implementation funding payments totalling \$57.6 million in the first 10 years of the agreement. The Nunavik Inuit will now own about 80 per cent of the islands in this region including surface and subsurface rights, covering a surface area of more than 5,000 square kilometres. Nunavik Inuit lands will include all lands above the ordinary high water mark, and the mines and minerals found within, upon or under them.

"To actually have control and own these islands that we've been using for thousands of years as our shelters and our grocery stores, for us it is a very important moment, Makivik President Pita Aatam said. The agreement also defines relationships with groups that overlap with the Nunavik Inuit including the Creeds of northern Quebec, the Labrador Inuit and the Nunavut Inuit.

The plan has an initial duration of 10 years with provision for renewal.

### Takeover creates gold-mining giant

In a December 2006 vote, shareholders of Cambior decided to overwhelmingly approve the takeover of the Quebec-based gold miner by Toronto's IAMGOLD. This \$1.04 billion transaction creates the world's 10th largest gold mining company. IAMGOLD shareholders are not being

"The Inuit of Nunavik will receive a capital transfer of \$54.8 million in nine years in capital transfers to the Nunavik Inuit Trust. Canada will also make a one-time payment and ongoing implementation funding payments totalling \$57.6 million in the first 10 years of the agreement."

allowed to vote on the merger. Cambior shareholders will receive 0.42 of one common share of IAMGOLD for each Cambior share they hold, a 31 per cent premium to the Cambior share price on September 14, 2006. In a statement, Louis Gignac, President and CEO of Cambior, said, "production will have doubled, the project pipeline will extend and diversify, and the new IAMGOLD now possesses the human capital and financial capital required to continue growing." In September, IAMGOLD and Cambior announced a friendly all-share merger to create a 1-million ounce

gold producer. The new IAMGOLD is expected to produce 1.11 million ounces of gold in 2007, increasing to 1.32 million ounces by 2009. Merrill Lynch Metals Analyst Michael Jalonen estimated that the merged company's cash costs will increase by \$20 per ounce, but will be modestly accretive to IAMGOLD's NAV."

[www.cambior.com](http://www.cambior.com)

[www.iamgold.com](http://www.iamgold.com)

### Alexis-Xstrata Copper Canada to test Horne West Zone, Rouyn-Noranda

Alexis Minerals Corporation and Xstrata Copper Canada announced in November 2006 that recent compilation of the Horne Mine property has identified a historic gold and zinc mineralized zone, the West Zone, which demonstrates excellent potential for expansion. The zone is located approximately 1 km to the west of the historic Horne Mine.

"The Joint Venture has focused aggressively on the discovery of new deposits in the Rouyn-Noranda region over the last two years," stated David Rigg, President, Alexis Minerals. "Recent compilation work to re-evaluate and re-interpret the very large exploration database for the Rouyn-Noranda Camp, most recently over the Horne Deposit area, has led to the identification of many new targets. The West Zone target has many of the features of the 'Bousquet 1' mine environment on the LaRonde-Dumagami-Bousquet deposit trend in the nearby Cadillac Camp. Drilling on the West Zone may well prove the adage that many new discoveries are made 'in the shadow of a headframe'. We continue our aggressive program of surface drilling throughout the region."

[www.alexisminerals.com](http://www.alexisminerals.com)

[www.xstrata.com](http://www.xstrata.com)

### Starfire announces potential for uranium

Starfire Minerals announced in November 2006 the their chemical report for the 2006 field program found the potential for substantial uranium mineralization on their Cross-Structure





## News Watch:

### Quebec

Property in Havre St. Pierre, Quebec. The Cross Structure property is located in the south-eastern part of Quebec, along the north shore of the Gulf of St. Lawrence.

The fieldwork program was designed to test the Cross Structure dyke zone previously identified by Aguanish Uranium Inc in 1977. The program was also designed to test fourteen radiometric targets delineated by Starfire during the 2005 airborne survey over the property area. Cross Structure is a low grade, high tonnage uranium target with historical reserve estimates from previous work prior to implementation of NI 43-101 standards. Any historical information provided is for reference only and the reader should not infer or assert that the information is correct, reliable, relevant or accurate and should not be relied upon. The present program was the first attempt to test the surface potential of all previous and recent delineated uranium mineralization on the property.

[www.starfireminerals.ca](http://www.starfireminerals.ca)



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### NEW BRUNSWICK Major conference in November

The Exploration and Mining New Brunswick 2006 conference was held in early November 2006. The event was hosted by the Department of Natural Resources, in co-operation with the New Brunswick Prospectors & Developers Association, and the New Brunswick Branch of the Canadian Institute of Mining, Metallurgy and Petroleum. It was aimed at increasing awareness of the province's mineral and petroleum resource potential.

This year's conference featured recent trends in gold and natural gas exploration in New Brunswick as well as trade show exhibits.

Natural Resources Minister Donald Arseneault said the annual conference provides an excellent opportunity for private sector representatives to discuss New Brunswick's mineral and oil and gas industries. "The very fact that we have hosted this event consecutively for over three decades demonstrates our strong commitment to the mineral industry in New Brunswick. We want to ensure that the mineral industry remains a major contributor to New Brunswick's economy well into the future." Arseneault addressed the delegates during the conference, highlighting the fact that New Brunswick is a major Canadian producer of copper, lead, zinc, silver, potash, salt, limestone, silica, and peat and more recently natural gas.

### NEWFOUNDLAND & LABRADOR Mineral Resources Review 2006 highlights: strong year for mining

Mining's contribution to province's economy was looked at in November 2006. Mineral Resources Review 2006 marks the 53<sup>rd</sup> annual meeting of the provincial branch of the Canadian Institute of Mining, Metallurgy and Petroleum and the 30<sup>th</sup> annual Mines Branch Review of Activities. It features presentations, technical sessions, a trade show and networking opportunities.

The province's mining activity is valued in excess of \$2.6 billion and provides the equivalent of more than 3,450 full-time, year-round jobs. "The investment in mineral exploration in this province

"The very fact that  
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this year is projected to be \$79 million, which is a significant increase over last year," said the Honourable Kathy Dunderdale, Minister of Natural Resources. "Exploration is the key to development and the benefits are realized throughout Newfoundland and Labrador, particularly rural communities, making the mineral industry a significant contributor to the provincial economy."

The government has increased funding under the Mineral Incentive Program by 55 per cent this year to help foster more growth. Under the junior exploration assistance component, every dollar government spent in 2005 resulted in \$3 in private sector investment in grass-roots exploration. The program assists prospectors, junior exploration companies and developers of natural stone such as sandstone, marble or slate. Government also expanded the budget of the Geological Survey Division this year by \$500,000.

### NOVA SCOTIA Minister dismisses Pioneer Coal appeals

Two appeals for an industrial approval for surface coal mining in Point

Aconi, Cape Breton, were dismissed in November 2006, by Minister of Environment and Labour Mark Parent. Upon his decision he said, "after careful review of the appeals, I have concluded that approval to Pioneer Coal was based on a complete application which included information and documentation in accordance with the provincial Approval Procedure Regulations.

Pioneer Coal was granted industrial approval to operate on September 12, 2006. The approval contains more than 50 conditions that focus on protecting drinking-water sources, wildlife, aesthetics, wetlands, and residential properties in the area.

A copy of the minister's decision can be found on the Department of Environment and Labour website at [www.gov.ns.ca/enla/ea/princemine.asp](http://www.gov.ns.ca/enla/ea/princemine.asp).

### Acadian Gold Corporation on track

In November 2006 the Acadian Gold Corporation announced to its shareholders that progress with respect to advancing its Atlantic Canadian gold and zinc effort continues on track. At the present time the Scotia Mine (zinc-lead) at Gays River, Nova Scotia, which is being readied for production in Q1-2007, has somewhat overshadowed the Company's Scotia Goldfields Project. According to a company press release, this development reflects management's recognition of the importance of capturing the current high prices for zinc and lead by bringing the Scotia Mine into production as quickly as possible. The original target for commencement of operations at Scotia Mine was Q2-2007. At the current rate of progress this operation should start ahead of schedule.

Although a considerable portion of the company's human resources were dedicated to advancing the Scotia Mine, substantial effort continued on the Scotia Goldfields Project, specifically on the Beaver Dam property, and as well, on the expansion into the Buchans region of Newfoundland with a friendly take-over bid launched for Buchans River Limited by Royal Roads Corp. Royal Roads is approximately 57 per cent owned by Acadian Gold.

[www.acadiangold.ca](http://www.acadiangold.ca)





# Job Watch

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According to the Mining Industry Human Resource Council (MiHR) mining in Canada is big business—that's only getting bigger. For example, in 2004 Canada ranked third in world diamond production (by value)...a whopping 340 per cent increase from 2001. New diamond mines opening in the north, not to mention a huge upsurge in Alberta's oilsands, combined with increased activity in other sectors, including construction, means even mores strain on an already burdened workforce.

A ground-breaking study completed and released by MiHR in 2005 made it clear that the industry is, in-fact, in dire need of a strategy to combat the lack of a skilled workforce. The numbers below say it all (go to [mitac.ca](http://mitac.ca) for the complete report):

- The age of the minerals and metals industry workforce is higher than that of the overall Canadian workforce. Based on data collected in the employer survey, 14.5 per cent of mining workers are expected to retire within five years and 24.5 per cent are predicted to retire within a decade.
- The "youth pool" is shrinking as a proportion of the total Canadian population. In 2001, 13.5 per cent of the population was in the 15-to 24-year-old age group but that pro-


**Continued on Page 46**



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portion is projected to decline to 12.2 per cent by 2016. Operations in northern regions have access to a larger pool of youth but out-migration of youth in many of these areas is becoming an issue.

- The sector's labour force expanded by 3.6 per cent between 2003 and 2004, compared to an average annual growth of approximately 2 per cent over the past decade. Economic indicators point to continued growth in the industry for a number of years, putting pressure on the sector to meet a growing demand for workers.

### Mining for solutions

While the industry has little control over the number of people retiring, the shrinking youth pool or the upsurge in demand, there is one factor that can be manipulated—that is the percentage of youth seeking the industry for long-term careers. Working towards that effort,

MiHR has developed 44 courses and 120 course outlines that cover a wide-variety of subjects in mineral extraction and processing, ensuring opportunities in the industry are viewed as more than just short-term jobs. They've also been heavily involved in promoting the industry, for example at the Mining in Society show, demonstrating what makes mining great. The show also included a job-fair where 30 of the largest mining companies were onsite to interview and recruit potential employees.

### Need employees, call these guys

Companies specializing in recruiting skilled workers do exist and they can make your job-hunt easier! Companies like CJ Stafford, who for over 20 years has worked with clients to located great employees in the mining, minerals and metals sector, are in-touch with both the industry and the workforce. They not only understand your requirements, but they're also in-tune with

the needs of potential employees. Known throughout the industry, they're able to post your career openings on their website, at the fingertips of anyone searching for mining-related openings.

A knowledge of the industry cannot be underestimated. Take The Bedford Consulting Group, for instance. Throughout the years, they have perfected a knowledge of what employers in the natural resources sector are looking for and have, in response, established a global network of talent with a database that contains over 10,000 profiles of key individuals. A quick peak at their client list—which includes mining giants such as Abitibi Consolidated Inc., Barrick Gold Corp., and TransAlta Corporation—indicate that this company isn't just talking-the-talk, they are also walking-the-walk.

*Stay tuned to this growing section of the Canadian Mining Magazine in future issues.*



# Calendar of Events

## JANUARY

**Event:** CAPP Stewardship Seminar Series, 2007  
Environmental Issues Seminar  
**Date:** January 22, 2007  
**Location:** Calgary, Alberta

**Event:** 39th Annual Canadian Mineral Processors  
Operators Conference  
**Date:** January 23-25, 2007  
**Location:** Ottawa, Ontario

**Event:** Mineral Exploration Roundup 2007  
**Date:** January 29 to February 1, 2007  
**Location:** Vancouver, Vancouver, British Columbia

## FEBRUARY

**Event:** International Process and Technology  
Innovations for Effective Waste  
Management  
**Date:** February 5-7, 2007  
**Location:** Mississauga, Ontario

**Event:** SME (Society of Mining Engineers) Annual  
Meeting and Exhibit 2007  
**Date:** February 25-28, 2007  
**Location:** Denver, Colorado

**Event:** 15th annual Coal Properties & Investment  
**Date:** February 27-28, 2007  
**Location:** West Palm Beach, Florida

## MARCH

**Event:** PDAC 2007 (Prospectors and Developers  
Annual Convention)  
**Date:** March 4-7, 2007  
**Location:** Toronto, Ontario, Canada

## APRIL

**Event:** 2006 Northeastern Ontario Mines &  
Minerals Symposium  
**Date:** April 11-12, 2006  
**Location:** Kirkland Lake, Ontario

# ACADIAN GOLD CORPORATION

ADA-TSX-V

'TARGETING GOLD & ZINC IN ATLANTIC CANADA'

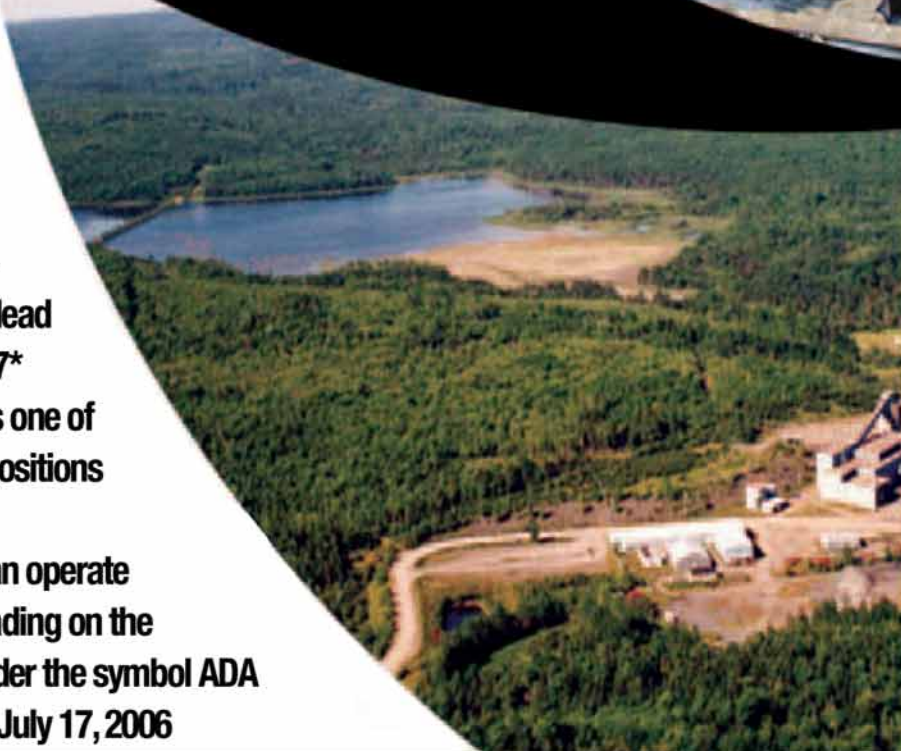
## GOLD

- 'Scotia Goldfields Project' largest gold resources in Nova Scotia
- One of the largest mineral claim positions in Nova Scotia
- Currently in major drill program on potential bulk tonnage - open pit deposit at Beaver Dam



## ZINC

- Annual production of 39,800,000 pounds of zinc and 16,500,000 pounds of lead targeted to start in Q2-2007\*
  - 'Scotia Zinc Project' boasts one of the largest mineral claim positions in Nova Scotia
  - Modern Mill Facility that can operate at 2,000 tonnes per day Trading on the TSX-Venture Exchange under the symbol ADA
- \* see Press Release 16-06 July 17, 2006



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With its 8-12 hour data storage capacity and daylight readable graphical interface, the G-859 data acquisition offers either continuous (automatic) or discrete station recording. The high sampling rate in continuous mode allows an operator to survey a large area at a fast pace. Both magnetometer and GPS data are simultaneously logged at up to 5 samples per second for economical surveys at high sample density.



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**O.T. Mining** exploring in the shadow of "The Richest Hill on Earth" at Butte and **Namex** strategically located in the Sudbury Mining Camp.

## **THE O.T. MINING CORPORATION**

**OTC:  
OTMN**

O.T.'s property located midway between the producing "Richest Hill on Earth" at Butte and the Montana Tunnels Mine.

► The Ruby Property has just been expanded from 10.3 square miles to over 20 square miles as a result of its 2005 exploration program. The 2006 program will consist of geophysics, geochemistry and up to 24 diamond drill holes. Exploration permits are being obtained at this time.

► Two new discoveries since 2004 including a new Boulder Batholith-hosted porphyry copper-molybdenum deposit characterized by a 2400-foot drill intersection of continuous copper mineralization and a four-foot wide base and precious metal vein averaging two ounces per ton silver, two percent copper and 10 percent combined lead and zinc near the past-producing Ruby gold (2.44 ounces per ton) – silver (38.66 ounces per ton) mine.

► Currently drilling to delineate copper-molybdenum mineralization within a 15,000-ft. by 8000-ft. induced polarization and Titan 24 geophysical anomaly with coincident Mobile Metal Ion soil geochemical anomalies.

► Experienced management and technical team employing cutting-edge technologies in airborne and ground geophysics and geochemistry integrated with sound geological mapping.

► 21 percent ownership of Namex Explorations Inc.

## **NAMEX EXPLORATIONS INC.**

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► Ground position comprising 4388 hectares in politically-stable Canada with targets including:

Golden Pine Property – A recent 1.6-m channel sample averaged 60.14 grams/tonne gold in highly-altered and deformed rhyolite. Further sampling under way.

Post Creek Property – On strike with the FNX Podolsky Ni-Cu-Co-PGM deposit on the Whistle Offset Structure. Mineralized Footwall and Sudbury breccia identified in drilling. Extensive base metal massive sulphide mineralization in volcanic rocks with values up to 9.15 percent zinc, 3.42 percent copper and 0.69 grams gold.

Woods Creek Property – Drill hole WCB10 in Nipissing Diabase gave values up to 1.09 percent nickel, 0.95 percent copper, 1110 ppm cobalt, 125 ppb platinum, 176 ppb palladium. Geology analogous to Ursa Major Ni-Cu-Co-PGM deposit, 15 km to the west. Abuts Shakespeare Uranium Mines ground presently undergoing drilling.

► Current 43-101 by Watts, Griffis and McQuat

## **FOR FURTHER INFORMATION CONTACT**

James W. Hess, President, The O.T. Mining Corporation & Namex Explorations Inc.  
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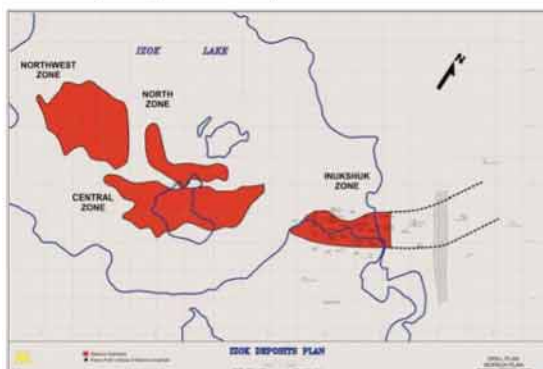
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**DEVELOPING CANADA'S NORTH,  
Amaqqut Group of Projects, Nunavut, Canada  
Wolfden Resources Inc.**

Wolfden Resources Inc. holds several of the world's highest grade undeveloped copper-zinc deposits located in the Kitikmeot region of Nunavut, Canada. The Amaqqut (Inuit for wolves) Group of Projects is comprised of six deposits, 4 poly-metallic and 2 gold, in the Slave Structural Province spanning from the Coronation Gulf south to the Nunavut-NWT border. This region, known primarily for diamond mining, has the potential to become one of the world's next major mining district with Wolfden being its primary developer.

In addition to its deposits, Wolfden has amassed a major land holding in what might be considered one of the most prospective and under-explored, geological regions worldwide. These holdings include several entire greenstone belts and will be subject to exploration programs in 2007 aimed at discovering additional deposits. Currently, the primary projects in Wolfden's portfolio are the Izok and High Lake deposits, and the Lupin Gold Mine.

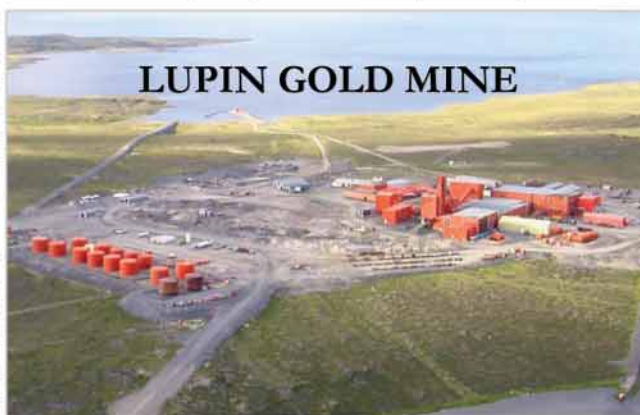
Deposit	Category	Tonnes	Cu (%)	Pb (%)	Zn (%)	Au (%)	Ag (%)
IZOK	Indicated	14,400,000	2.52	1.28	12.94	Trace	71.0
	Inferred	370,000	3.79	0.27	6.4	Trace	54.2
HIGH LAKE	Indicated	17,250,000	2.25	0.31	3.35	0.95	69.7
	Inferred	42,000	0.49	0.44	2.38	0.21	121.5
ULU	Indicated	720,000				11.70	
	Inferred	410,000				10.73	
LUPIN	Resource	Underway					



The Izok deposit represents one of the, if not the, highest grade undeveloped copper-zinc deposits in the world. With an average copper equivalent grade that exceeds 11%, Izok is an asset that will help grow Wolfden into one of the next major Canadian base metal producers. The fact that the majority of the Izok deposit can be mined via open pit makes it a key development project that could aid in the overall development of Canada's North. Being a base metal mine, Izok will need to move concentrates and its development will include an all-season road that will effectively provide the transportation infrastructure that the north has long been lacking. This transportation initiative could span from the Arctic Ocean (either at the Coronation Gulf or Bathurst Inlet) to Izok, then potentially to the diamond mines. The permitting process for Izok is now underway, and a full-feasibility study is to be completed in 2007 as well as additional drilling to expand the Izok deposit at depth.

The High Lake deposit is the most advanced development project in Wolfden's portfolio. Averaging more than 2.2% copper, 3.3% zinc with substantial gold and silver credits, and located only 45km from a proposed deep water port on the Arctic Ocean, the High Lake Mine Project will be the first major step in Wolfden's transformation from explorer to producer. High Lake is currently in the regulatory and environmental approval process with construction starting upon completion.

A silhouette on Canada's northern landscape, and truly a Canadian landmark, the Lupin Gold Mine has produced more than 3.3 Million ounces of gold since it opened in the 1980's. Lupin is the pioneer of the winter road that originates at Yellowknife and that now services Canada's 3 diamond mines. In 2007, Lupin, a fully permitted and operational mine and mill complex, will be the subject of a major underground drill program aimed at defining the "Shaft Zone", the "South of Shaft (SOS) Zone" and the new McPherson horizon all of which occur within hundreds of meters of the mine shaft. Drill intersections in excess of 20 grams per tonne gold (+ 0.5 ounces per ton) are not uncommon in these zones.



[www.wolfdenresources.com](http://www.wolfdenresources.com)

Phone: 807-346-1668 Fax: 807-345-0284

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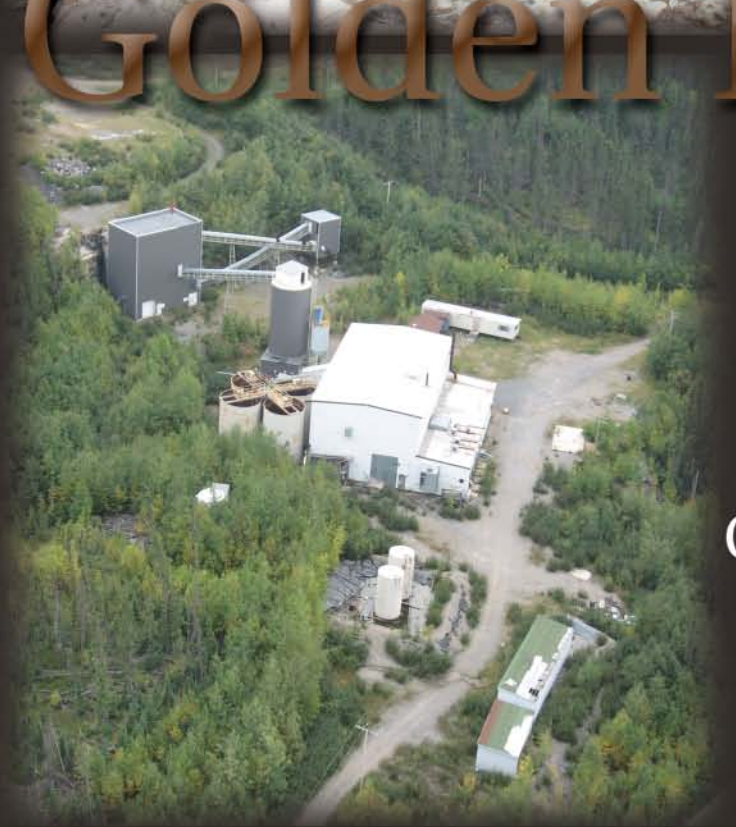
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# Golden Band



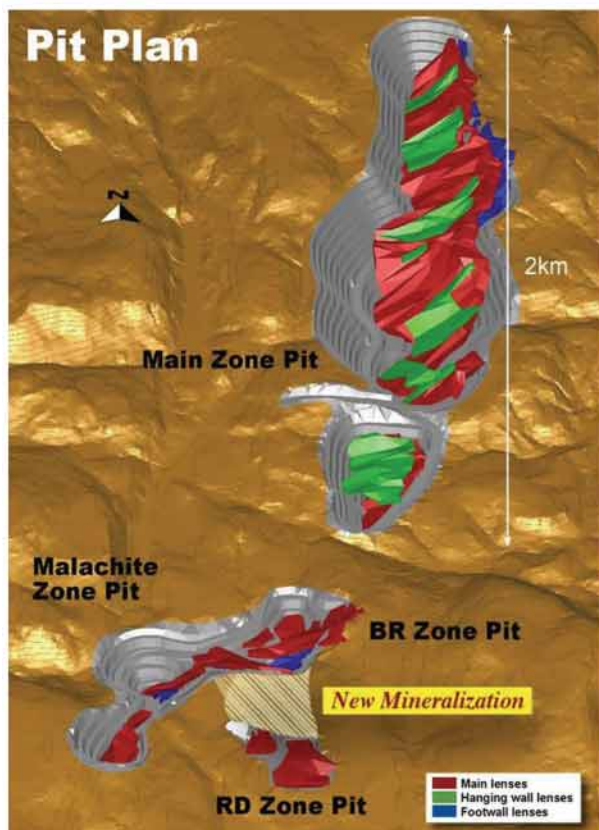
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  - Total mine life of >9 years with room to expand
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  - Expected cash costs of \$91/oz. PGM based on 18-month average commodity prices
- Excellent resource expansion and exploration potential, with major drilling and exploration program starting early 2007



For more information contact Phillip Walford, President and CEO  
 416.987.0711 [gen@marathonpgm.com](mailto:gen@marathonpgm.com) or [www.marathonpgm.com](http://www.marathonpgm.com)




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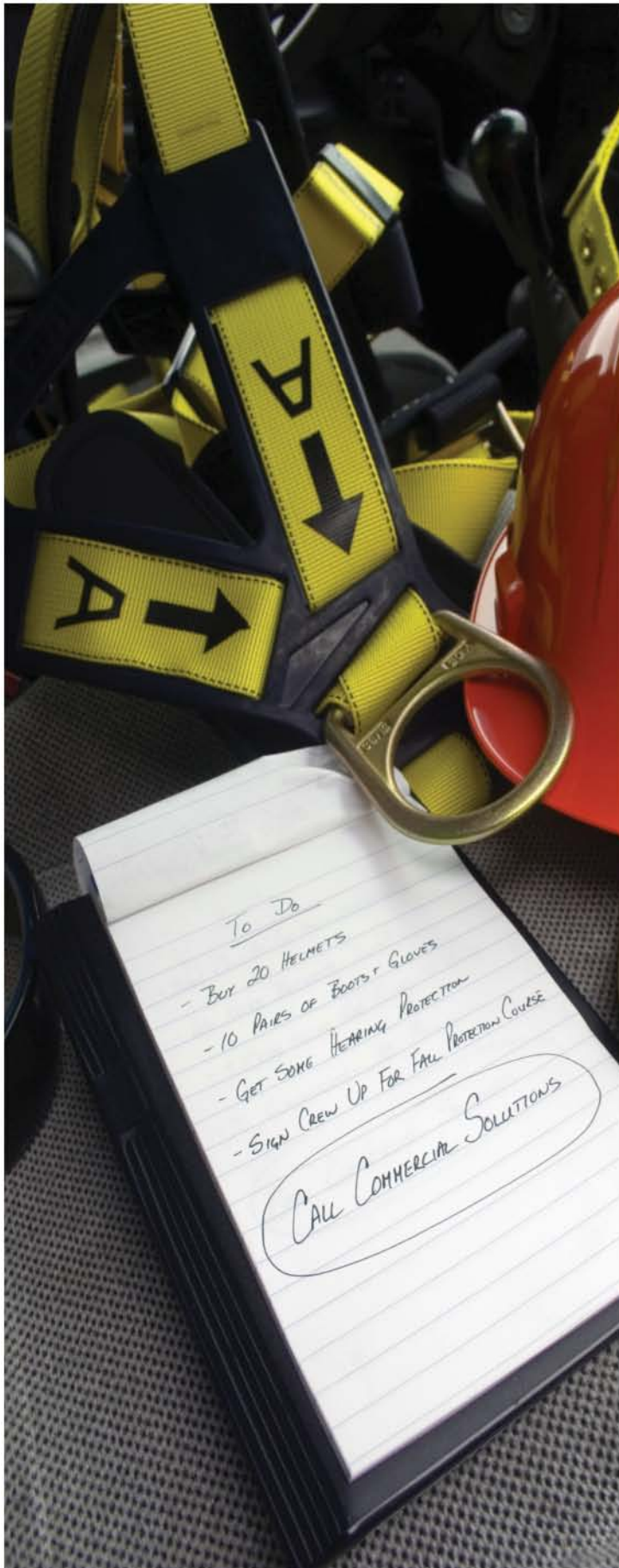
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