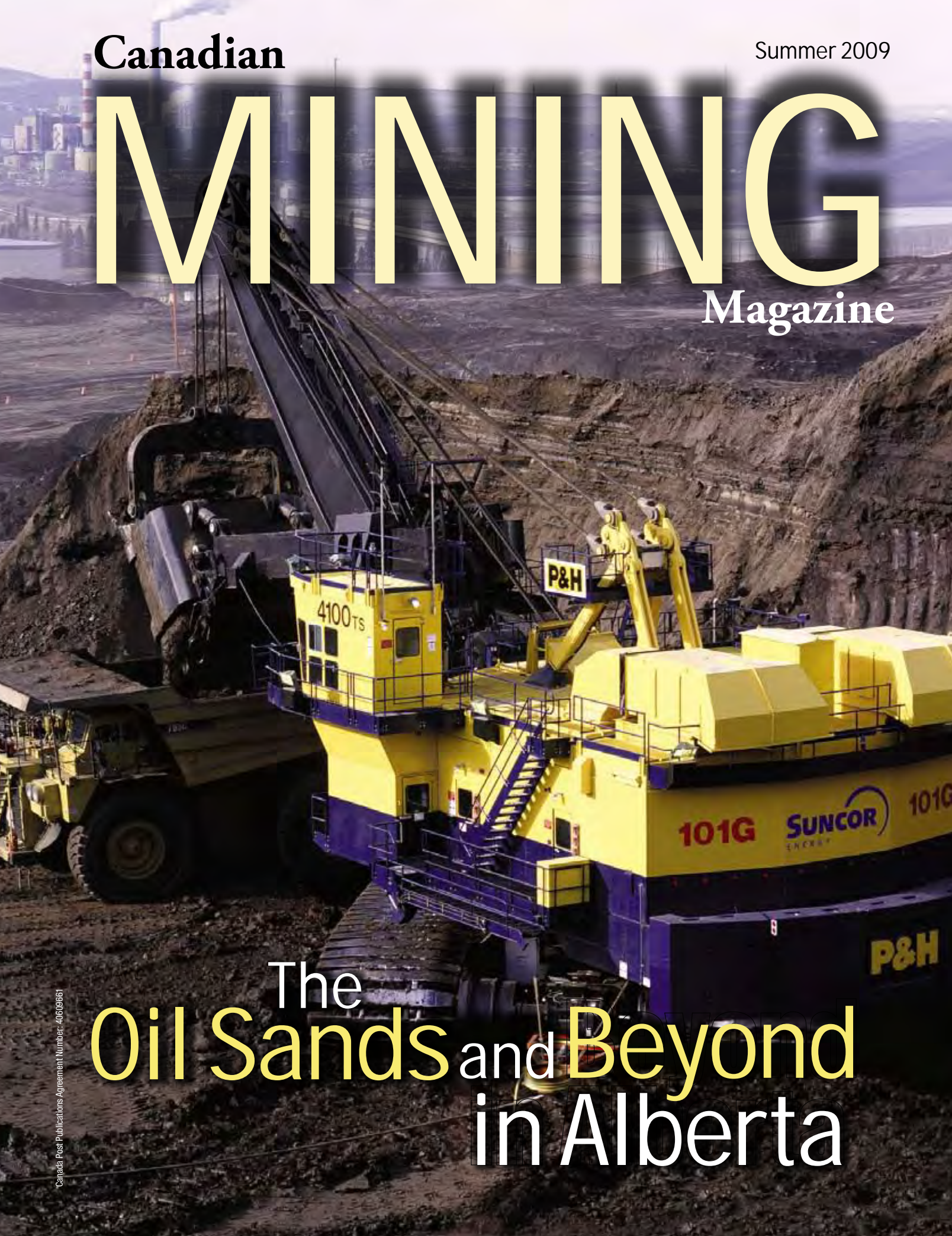


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Oil Sands and Beyond
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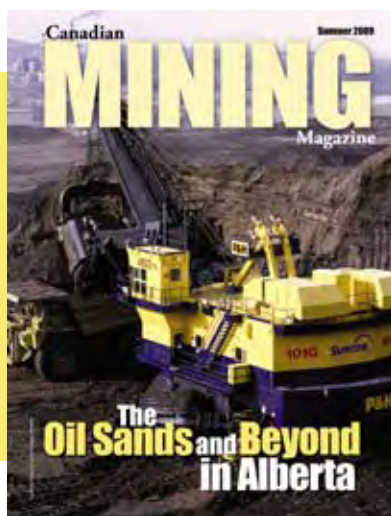
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ON THE COVER:

Suncor's oil sand is mined using shovels with buckets that hold 100 tonnes, loading huge 240 to 380 tonne trucks. The mine delivers about 500,000 tonnes of oil sand per day to the ore preparation plants. Photo courtesy of Suncor.

The Oil Sands and in Alberta

In July 2009 a stalled oil sands project near Fort McMurray, Alberta was kick started back into high gear. The 10,000-barrel-per-day Algar thermal oil sands project, which had been suspended back in January when oil prices collapsed, is now a go says Connacher Oil and Gas Ltd. What's more, the company was also able to resume construction of the \$345-million steam-assisted gravity drainage facility after completing a \$200-million debt offering in mid-June, and expects to be running at capacity by the end of 2010.

Is this good news indicative of what's to come for oil-rich Alberta? It seems so. Activity in Alberta's oil sands continues to pick up despite the vitality of crude oil prices. What's more, a run-up in oil prices in late June and recent news that two oil sands projects, including Imperial Oil Ltd.'s \$8-billion Kearl mine outside Fort McMurray, are going ahead has buoyed many.

This is encouraging, especially since earlier in 2009 Statistics Canada predicted that oil-sands spending would drop to \$13.2-billion in 2009, down more than 30 percent from last year. The natural gas sector also needs to begin to turn around because until that happens, the formally debt-free province—which is predicting a \$4.7-billion deficit this year—will still be in tough times. Natural gas royalties account for more than half of the province's total non-renewable resource revenues, and are expected to drop from \$6-billion last year to \$3.7-billion this fiscal year, mainly due to low natural gas prices.

A more recent report, released in mid-July by Moody's Investor's Services, predicted that Canada's oil sands developers will emerge from the economic downturn smaller in number and ready to advance projects at a more measured pace than during the boom.



Beyond



Photo courtesy of Suncor.

However, the report said the slowdown should be a boon for the sector overall as high-cost plans get scrapped and development costs drop. Since last autumn, companies have deferred or cancelled more than \$90 billion Canadian worth of Alberta oil sands projects.

"For the industry as a whole, on a longer-term basis, it's a positive development because it's a pullback from the breakneck pace of development that was going on out there," Terry Marshall, Vice-President and Senior Credit Officer for Moody's and lead author of the report, said.

The report also noted that last year, when oil fell below \$40 a barrel from a record above \$147, companies such as Petro-Canada, Royal Dutch Shell and Canadian Natural Resources Ltd., suffered spiralling costs due to an overstretched labour pool and inflation in prices for materials such as steel.

More good news was announced in July when, as mentioned earlier, Imperial Oil, one of Canada's largest corporations and a leading member of the country's petroleum industry, announced that its board of directors approved the first phase of the Kearl oil sands project, a surface mining operation northeast of Fort McMurray.

The Kearl project is envisioned to be developed in three phases and could ultimately produce more than 300,000 barrels a day of bitumen. The first phase of the project, expected to begin production in late 2012 with total production to average 110,000 barrels per day, is anticipated to cost about \$8 billion or approximately \$4.50 per barrel to construct.

Another oil sands project that made headlines was, effective January 1, 2009, the fact that Shell Canada Energy became the operator of the Muskeg River Mine and Jackpine Mine. Albion Sands Energy had operated both mines on behalf of the

Oil sands facts and stats

- There are 173 billion barrels of oil in the oil sands proven to be recoverable with today's technology.
- Oil sands are contained in three major areas of northeastern Alberta beneath about 140,000 square kilometres, with approximately 500 square kilometres of land disturbed by oil sands surface mining activity. That's roughly the size of Florida, with the amount of land disturbed for oil sands mining roughly equivalent to the size of the Kennedy Space Centre.
- Approximately 80 percent of recoverable oil sands is through in-situ production, with less than 20 percent recoverable by mining.
- Every dollar invested in the oil sands creates about \$9 worth of economic activity; with one-third of that economic value generated outside Alberta—in Canada, the U.S. and around the world.
- One in 13 jobs in Alberta is directly related to energy.
- Oil sands make up about five percent of Canada's overall greenhouse gas emissions and less than one-tenth of one percent of the world's emissions.
- A \$2 billion investment to advance steel-in-the-ground carbon capture and storage (CCS) projects is expected to reduce emissions by five million tonnes in annual reductions by 2015. That's the equivalent of taking one million vehicles, or one third of all registered vehicles, off of Alberta roads.
- The Government of Alberta and private industry have each invested more than \$1 billion in oil sands research. Combined efforts will continue to bring science solutions that reduce the environmental footprint of oil sands development and increase economic recoveries.

Source: The Alberta Government

Athabasca Oil Sands Project (AOSP), a joint venture among Shell Canada Energy (60 percent), Chevron Canada Limited (20 percent) and Marathon Oil Sands L.P. (20 percent). Under an agreement among the AOSP joint venture owners, Shell Canada Energy became the mine operator, with Albion Sands facilities becoming Shell Albion Sands facilities on January 1, 2009. Shell already operates the Scotford Upgrader for the AOSP joint venture.

"We have long been one business and one team with the Scotford Upgrader in producing energy for Canadians," said John Rhind, Albion Sands Energy's Chief Operating Officer. "We will soon be working as one company. We look forward to participating in Shell's learning and development programs as well as leveraging its global technical expertise

and brand recognition to benefit our business here in Fort McMurray."

John Abbott, Shell's Executive Vice President of Oil Sands and Albion Sands CEO agreed, saying, "we welcome Albion Sands team members to the Shell family and are proud to be part of the Fort McMurray community. Clearly Alberta's oil sands continue to be an area of investment and growth for us. Oil sands is a long-term business and this move demonstrates Shell's ongoing commitment to being the leading oil sands operator, to Albion Sands and to the region."

Before production kicked back into high gear on various projects the Alberta government released a 20-year strategic plan for the oil sands that aims to reduce the environmental footprint, optimize economic growth, and increase the quality of life in the region. At the release of

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the report in February 2009, Lloyd Snelgrove, President of the Treasury Board and Minister responsible for the Oil Sands Sustainable Development Secretariat said, "this strategy will guide our responsible approach to development, with an increased focus on the environment and the importance of this significant resource to local communities."

Responsible Actions: A Plan for Alberta's Oil Sands outlines long-term strategies and immediate actions that address economic, social and environmental challenges and opportunities in the oil sands regions. The plan showcases current efforts such as carbon capture and storage, and strengthens the approach for land reclamation, cumulative effects management and environmental conservation.

Along that same thread, in June the government awarded \$1.5 million to the School of Energy and the Environment at the University of Alberta to support oil sands reclamation research. The recently established Oil Sands Research and Information Network (OSRIN) will use the grant to conduct comprehensive reclamation related research. OSRIN will help provide industry with the scientific foundation for the best environmental management practices in the oil sands.

This funding builds on a previous commitment made by the Alberta government to establish and operate OSRIN. The School for Energy and the Environment received a \$3-million grant last year through the Energy Innovation Fund to launch the network to provide a structure for allocating related Government of Alberta research funds. Research will be targeted at improving reclamation and tailings management in the oil sands industry through better information, technology or other systems.

Beyond the oilsands

While Alberta is probably best known for the oil sands there is plenty of other mining activity in the province. One good news story that made headlines in July is the record sale of coal by Grande Cache Coal Corporation. Grande Cache Coal—an Alberta based metallurgical coal mining company that holds coal leases covering over 22,000 hectares in the Smoky River Coalfield in



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west-central Alberta—sold 0.51 million tonnes during the three months ending June 30, 2009. This represents the largest quarterly sales volumes in the corporation's history and was mainly driven by a significant increase in spot sales, primarily into the Chinese market.

The Kearl project is envisioned to be developed in three phases and could ultimately produce more than 300,000 barrels a day of bitumen.

According to a company press release bigger and better is in the future for Grande Cache Coal. The corporation anticipates sales volumes for fiscal 2010 will be 1.3 to 1.5 million tonnes, up from the previous guidance of 1.2 to 1.4 million tonnes. The increase is due to a higher level of spot sales experienced to date, together with a modest recovery in

demand from traditional customers compared to the latter part of fiscal 2009.

"Amidst continued uncertainty in the global economy we were able to adapt to changing market conditions through spot sales that led to record sales volumes in the first quarter," said Robert Stan, President and Chief Executive Officer. "We will continue to pursue new market opportunities and spot sales and adjust our operational plans to deal with the current economic climate, while at the same time positioning our company for expansion as market conditions improve."

Grande Cache Coal has also recently taken steps to increase its current level of production to meet anticipated sales volumes for fiscal 2010. Additional manpower has been added at both the surface mine and the underground mining operations resulting in the hiring of over forty new employees.

Another positive story coming out of Alberta was announced earlier in July by Donald Benson, Chairman and Chief Executive Officer of Nordic Oil and Gas Ltd. He outlined a joint venture with

partner Western Warner Oils Ltd., to examine the possibility of using Underground Coal Gasification (UCG) as a means to convert the coal into product gas at its recently acquired Drumheller, Alberta property.

Coal gasification involves injecting oxygen and saline water into the deeply buried coal to turn it into synthesis gas. "The basic UCG process involves drilling two wells into the coal—one for injection of the oxidants (water/air or water/oxygen mixtures), and another some distance away to bring the product gas to the surface," Benson said.

This application comes on the heels of a decision made by the Alberta government back in March to provide \$8.83 million to Swan Hills Synfuels of Calgary towards a \$30-million project near Swan Hills in north-central Alberta. The Alberta government says that will be the deepest underground coal gasification conducted in the world—more than 1,000 metres below the surface.

While Alberta's economy is expected to lag the Canadian average this year, predictions are that in 2010 there will be a noticeable rebound. A recent report done by The Canada West Foundation called *A Rough Patch: Alberta Economic Profile and Forecast* predicts that the province's economy will decline 2.4 percent this year and grow by 1.9 percent next year.

Senior Economist Jacques Marcil, who wrote the report, pointed out that this downturn is an anomaly in Alberta's history: the combination of low energy prices and global recession. "Alberta is being hit harder than in previous recessions. In past economic slowdowns, either the energy industry kept Alberta growing while the national economy was struggling, or the energy industry took a hit while the national economy stayed the same. The one-two punch of global recession and plunging energy prices mean that Alberta will be hit worse than the rest of Canada this year."

However, even though development has slowed dramatically, Alberta's vast oil sands reserves and the immense need for them is not going anywhere any time soon. This need, particularly from Canada's neighbours to the south, is what will keep the province going and eventually growing when economies start to recover; hopefully in the near future. **M**



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Canada's Junior Mining Companies Take Centre Stage



Last year's market collapse hit Canada's juniors hard. Numerous companies celebrated extreme highs in 2008 only to slump to record lows in 2009. The swiftness of the transformation was stunning—after all, it wasn't long ago when many juniors had all-star status that left investors swooning.

According to the annual PricewaterhouseCoopers (PwC) Junior Mine, a review of trends in the TSX-V mining industry released in March, the market capitalization of the top 100 companies declined marginally from \$20.2 billion on June 30, 2007 to \$18.1 billion a year later. However, by the end of November 2008, the market capitalization of the top 100 had dropped to \$4.1 billion as the global financial crisis worsened.

Geosoft to resell ESRI ArcView to junior mining companies in Canadian market

Geosoft Inc. announced in January 2009 that it will resell ArcView to the Canadian junior mining market under a value-added reseller agreement reached with ESRI Canada. This agreement reflects the complementary nature of the two company's products and extends the close relationship that Geosoft and ESRI Canada already have.

"Geosoft has tremendous relationships with the junior mining market in Canada and it benefits these customers to have a single source for purchasing Geosoft solutions bundled with ESRI technology," said Paul Salah, Director, Business Partners at ESRI Canada.

"Reselling ArcView benefits our customers and reinforces our commitment to ESRI," said Lorraine Godwin, Business Manager, Canada/USA at Geosoft.

This agreement applies to junior mining companies who purchase Geosoft's Target for ArcGIS product—a surface and drillhole extension for ESRI's ArcView software that simplifies the compilation, mapping and analysis of geospatial data.

"But if the first half of 2008 was challenging the worst was yet to come," said Paul Murphy, PwC Canada's Mining leader. "By September 30 the mining sector's market capitalization had plummeted to \$15.3 billion and, by November 30, to \$7.9 billion, a 73 percent decline in the five months to the end of November 2008."

However, despite a wobbling global economy, the mining sector should experience a resurgence in 2009, according to Ernst & Young. This will be a result of reduced inventories and strong global infrastructure spending, including as much as \$3 trillion in stimulus packages announced across many countries over the last few months. In fact, more than 70 percent of China's stimulus package is weighted towards metals-intensive infrastructure spending.

In mid-July 2009 Dr. Tim Williams, Ernst & Young Global Mining Director, said the turnaround is already underway. He told reporters, "the outlook has changed beyond all recognition since March, pointing to the fact that shares

that were trading at a low of \$5/share are now at \$22/share and many junior mining companies were trading at levels 100 times higher than they were after the market collapsed last October.

In addition to increasing share prices, metal prices were also on the rise in mid-July. For example, the price of copper has risen over 70 percent since the start of the year.

Even so, until confidence in the market returns, investors may not be willing to take on additional risk. This could leave some projects sidelined and some companies without money to cover even basic administration. Murphy thinks this could mean that, "juniors will become takeover targets."

This seems to be exactly what's happening in Canada's small but booming potash industry. Three juniors—Western Potash Corp., Potash One Inc. and Athabasca Potash Inc.—seem to have caught the eye of potash-hungry BHP Billiton, the world's largest mining company.

According to a Mining.com article printed in June 2009, Don Cox, the

Chief Strategist for Canada's Coxie Commodity Strategy Fund, thinks BHP Billiton is setting its sights on becoming a major potash player. BHP Billiton, which is already in the process of developing the world's largest potash mine near Saskatoon, cannot do this with just one property though...hence the interest in the Saskatchewan trio mentioned earlier.

"If you're a small potash exploration company operating in Saskatchewan, BHP Billiton might be interested in you," Coxie hinted during an exclusive interview with BNW Business News Wire. "Their cash flows are enormous and they want to be known as the leading resource company in the world."

However, a BHP Billiton spokesperson declined to discuss any future takeover plans in the Mining.com article.

Junior success stories made in Canada

Even in a climate that is marred by uncertainty, there are a number of Canadian juniors who are enjoying success. One such company is Premier Gold



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Mines, a well financed mineral exploration and development company that has several projects on the go northwestern Ontario and a joint venture in Mexico.

One of their Canadian properties, Red Lake, is known as the high grade gold capital of the world and the Number 1 address in Canada for high grade gold discoveries. According to Premier's website, there have been five significant gold discoveries in the Red Lake area, since 1995, four of which are or appear to be high grade.

In July 2009 Premier announced that drilling had intersected the first of two primary targets on the Rahill-Bonanza Property, a joint venture being explored with Red Lake Gold Mines Limited, an affiliate of Goldcorp Inc. The current hole (PG09068A) intersected approximately 120 metres of veining and mineralization within the West Granodiorite Zone target, representing a significant strike and depth extension to this known deposit.

This announcement follows a June release that announced that ongoing drilling at the company's Hardrock project in northwestern Ontario continues to intersect significant gold mineralization across multiple. The current program, consisting of delineation and exploration drilling, will continue throughout 2009 and is expected to result in an NI 43-101 compliant resource estimate by year end. Drilling at the EP Zone is exceeding expectations with recent step-out and infill holes returning some of the best results received to date. In fact, the first three holes drilled to test the south Porphyry Zone all returned high-grade gold mineralization within multiple zones. Highlights from recent drilling includes:

- EP Zone: 5.21 grams per tonne gold (g/t Au) across 37.0 metres within the North Limb 19.03 g/t Au across 11.3 metres in step-out drilling on the South Limb.
- SP Zone: 6.63 g/t Au across 28.1 metres within the SP Zone underground target 36.22 g/t Au (1.06 oz/ton) across 2.2 metres within the HGV Zone target.

Premier holds a 70 percent interest in the Hardrock Project, which is operated under a joint venture with Roxmark Mines Limited. The Hardrock Project is host to several past-producing mines which collectively produced nearly

3.0 Million ounces of gold within 600 metres of surface from 1938-1968.

Another junior that recently announced positive details is VMS Ventures Inc. The company, which is focused mostly on acquiring, exploring and developing copper-zinc properties in the Flin Flon-Snow Lake VMS Belt, also holds the largest land package that is considered a prospective for nickel-copper mineralization at Lynn Lake. The company is, to date, Canada's third largest nickel producing camp.

In June 2009 VMS Ventures

Despite a wobbling global economy, the mining sector should experience a resurgence in 2009, according to Ernst & Young. This will be a result of reduced inventories and strong global infrastructure spending, including as much as \$3 trillion in stimulus packages announced across many countries over the last few months.

announced the details of the upcoming field program on their Copper project, the largest contiguous land package in the company's Snow Lake property portfolio. This belt is host to three separate VMS mineralized occurrences, the Copperman, the Sylvia and the Koff zones.

"Given the proximity of two significant VMS occurrences on either side of the exploration permit, and the abundant untested airborne conductors identified in the 2008 VTEM airborne geophysical survey of the claims, the area is considered to be highly prospective to host additional deposits offering numerous targets to be investigated," said Dr. George Gale, Vice President of Exploration.

Before exploring these areas VMS Ventures Inc. conducted an airborne geophysical survey over the northern

part of the property in early 2007 using GEOTECH's VTEM system. A large number of well-defined EM conductors with associated magnetic responses were identified and were followed up on in 2008 with reconnaissance soil geochemical surveys to assess the geophysical anomalies in terms of their base and precious metal content.

From there six reduced areas of anomalous geochemistry within the larger project area were identified and detailed soil geochemical surveys based on partial extraction techniques will be undertaken in each of these areas this year. Significant and coincident geophysical and geochemical responses identified as "Exploration Objects" will become the focus of follow-up diamond drilling contemplated for late summer 2009.

Junior success stories around the world

Emerging junior exploration company Kootenay Gold Inc. has interests in both British Columbia and Mexico. However, it's their project in the Sierra Madre Region of Mexico that is getting them noticed.

The Promontorio Silver project, located in northwestern Mexico, tops their list of priorities. In June 2009 the company announced that excavation work relating to trenching in and around the Promontorio mine area was recently completed and totalled forty-seven trenches for 2,613 metres. Twelve mineralized zones were tested and sought to confirm mineralization identified by prospecting and known showings. Jim McDonald, CEO of Kootenay commented, "the Dorotea Zone remains a high priority target for trenching and additional drilling. The structure has good strike potential and may project into the Pit Discovery area 1600 metres to the southeast. The Dorotea Zone is known to contain significant values of gold and silver as demonstrated from surface samples and drill results in 3 holes drilled during 2008 that included 6 meters grading 5.92 gm/t Au and 167.20 gm/t Ag within 13.5m grading 2.78gm/t Au and 77gm/t Ag in KP-55 from a 3m depth; while 47 drill holes at the Pit Discovery have encountered wide-spread mineralization in an area measuring 300m by 300m on

surface and to a 450m depth.” Later in June the company announced that Brian Groves, an expert with over 29 years of experience, joined the Kootenay board of directors. Groves commented, “having just completed a visit to Kootenay’s Promontorio Silver/Gold Project, I am pleased with the results of the systematic exploration completed to date and based on these results, the potential to develop a large silver/gold ore body in Mexico. The trenching, mapping and modeling now underway will provide excellent targets for the next round of drilling at Promontorio. I feel confident my network of contacts, combined with my technical and corporate development experience will complement the Kootenay team.”

Red Rock Energy Inc. is another junior to keep an eye on, especially after

their February 2009 announcement that it has been advised by management of Uranium City Resources Inc. that the transaction in which Red Rock agreed to purchase all of UCR’s exploration property claims located in northern Saskatchewan received shareholder approval at a February meeting.

Earlier in January Red Rock also released the latest analytical test results from its 2008 Diamond Drilling campaign conducted at the Uranium City camp. Operational focus in the final quarter of 2008 was on the newly discovered Fusion Zone at Lake Cinch and River zone at Cenex.

At the Fusion Zone an additional six holes were drilled to test the zone during this period. The current results from holes 08RB2-37 to 08RB2-42 confirm the uranium-bearing Fusion Zone,

which is along the Lake Cinch Main Ore Fault structure, continues at least locally between the intersections found in previous drilling.

Management feels the core corporate objective of exploring for new uranium zones that are in close proximity to Red Rock’s historic resources is beginning to meet its potential given the strong exploration results from the 2008 program. In addition to the new Fusion Zone discovery east of the former Lake Cinch mine underground workings, the 2008 program also resulted in the discovery at Cenex of an extension to the River uranium zone which was previously mined underground to the west.

During early 2009 Red Rock will prepare an internal estimate of the tonnes and grade of inferred resources identified by the 2008 exploratory drilling. If this internal study indicates the level of inferred resources is material, then Red Rock will commission an independent consultant to prepare a NI 43-101 compliant report documenting the estimated resources that have been identified.


When it comes down to it, junior exploration companies are the future of mining. They find promising properties, prove the resources, stake the raw material and bring mines into production. Even though times are tough for some juniors, times are thriving for others. Because of this fascinating time for Canada’s juniors, Canadian Mining Magazine has decided to create a new department for future editions, dedicated solely to the juniors who are making headlines. If you want to be a part of this exciting new department, contact our editorial staff at editor@matrixgroupinc.net. **M**


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A GOLDEN OPPORTUNITY...

With an estimated 100,000 metres of drilling expected by year end, **Premier Gold Mines Limited (PG)** is spearheading one of the largest exploration programs in Canada. Premier's goal is discover, delineate and develop ore bodies in the heart of three separate gold mining camps in Ontario, a province that has produced many millions of ounces of gold and has been the birthplace of many major gold producers. The districts the company is focused in are Red Lake, Geraldton, and Musselwhite. Unlike most other juniors that are exploring one marquis project, Premier has three that can each be potential "company-makers".

Red Lake

Premier has three projects in Red Lake, two joint ventures with Goldcorp (G) and one 100%-owned property. The most active property in Red Lake is called the Rahill-Bonanza Project, a 49%-PG and 51%-G joint venture. It is located along the mine trend directly between the Bruce Channel discovery, which Goldcorp purchased for \$1.2 billion, and Goldcorp's Red Lake Gold Mines (RLGM). That mine is considered to be the world's richest gold mine and the platform for Goldcorp's phenomenal growth.

Recently, at their investor day presentation, Goldcorp announced that they may be developing a high-speed tram to connect the RLGM with their Cochenour Mine, as well as dewater the Cochenour Mine as a part of the mine development of the Bruce Channel deposit. A straight line drive between RLGM and Cochenour would go directly through the joint venture ground, which will open this area up to exploration at depth.



The Macleod-Cockshut Headframe, sitting next to the Trans-Canada Highway, located at the Hardrock project..

Hardrock (Geraldton)

Located along the Trans-Canada Highway, approximately 250 kilometres northeast of Thunder Bay, the Hardrock Project is Premier's main focus for 2009. After 11 years of persistence, Premier successfully negotiated an agreement with Barrick Gold to sell this property in October of 2008 to a joint venture that includes Premier (70%) and Roxmark Mines Ltd (RMK, 30%). Premier was immediately able to raise \$15 million dollars at the heart of the global economic meltdown because of the potential of the company, its management and properties.

Some \$9 million dollars has been budgeted for this property and an estimated 70,000 metres will be drilled to complete a NI 43-101 compliant mineral resource estimate by Q4 of 2009. The drill program is designed to delineate resources in both open pit and underground areas. Drilling to date has exceeded Premier's expectations. There are tremendous infrastructure advantages to this property with Trans-Canada Highway, the Trans-Canada

Pipeline, and a Hydro sub-station all nearby. The full service town of Geraldton sits three kilometres to the north, providing access to a large and capable work force. All of these factors combined would significantly reduce Premier's capital expenditures and time required to develop a possible mine.

PQ-North (Musselwhite)

This 100%-owned property is located on the same PQ-Limb and on-strike from Goldcorp's Musselwhite Mine. As Goldcorp mines the PQ-Limb towards the PQ North property they are discovering more deposits with increasing grade. Premier began a small drill program this winter to test the geology of its property as most is covered by overburden. In this phase one drill program, Premier hit two high-grade holes including 10.24 grams per tonne gold (g/t Au) across 5.1 metres (m) and 10.25g/t Au across 1.8m, both results significantly higher than Musselwhite's average production grade of 5.5g/t. Given this early success, Premier has significantly increased the budget at PQ-North and will continue exploring with two drills during the coming summer months.



Premier's strategic land package in Red Lake. The last piece on the main mine trend that is not wholly owned by Goldcorp.

Keeping Obstacles on Your Radar Vision

Shovels, excavators and most mobile mining equipment have significant blind spots due to their large sizes. While this statement is an obvious fact, the extent of these blind spots may not be as clear. Figure 1 shows the measured blind spot map of a Hitachi EX5500 (John Steele, PhD, PE, "Final Report Blind Area Study Large Mining Equipment", July 22, 2006) hydraulic shovel. The grey areas indicate the blind spots while the shade of yellow indicates the area visible through the mirror.

While Hitachi EX5500 is not the largest shovel used in open pit mines, its blind spots at some points far exceed 24m according to the diagram shown in Figure 1. A multi-camera surveillance system is an effective way of viewing the blind spots and reducing the probability of an accident for large mining shovels. However, due to the lack of distance/depth information in two-dimensional camera images, the operator can only rely on visual cues to guess the distance between objects. Furthermore, quite often accidents occur when the operator is momentarily not looking at the display.

The probability of these cases happening can be dramatically reduced if the

machine is also equipped with an active proximity system, which can notify the operator if needed, and the operator can use the camera views to see what caused the warning.

"A system that can effectively combine proximity information with vision could be a valuable addition to heavy equipment in open-pit mining as it can prevent many accidents," says Mark Richards, the Mining Technology Manager at Teck Metals Ltd.

According to the Mine Safety and Health Administration of the US (MSHA), "20 percent of all mining-related deaths in the last 5 years could have been prevented through the use of proximity detection".¹ While fatalities are the most notable consequences of these accidents, the financial losses due to equipment damages and the subsequent down times should also be taken into account.

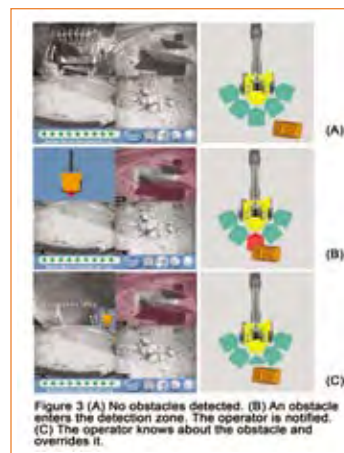
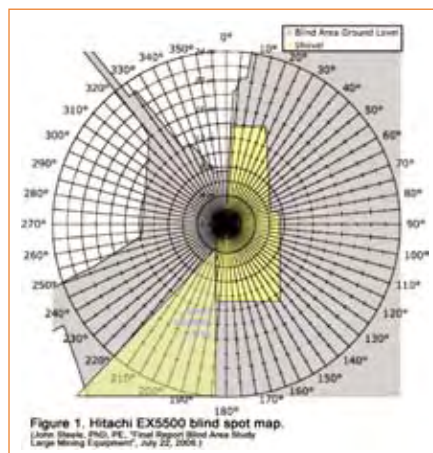
Some of the more practical sensor technologies such as ultrasound, scanning lasers and radars have been utilized by the industry to address the problem. Each technology is associated with its own strengths and weaknesses, which have to be considered based on the requirements of the application at hand. Ultrasonic technology is one of the most commonly

used proximity detection methods. The sensors, while being cost-effective and simple, are limited by their short range, noisy outputs and long response times.²

Scanning lasers work by reflecting a beam off of a moving mirror. While providing accurate and high-resolution measurements, they are not suitable for this application due to their planar scans, which creates large blind spots above and below the scanning plane. 3D scanning lasers, on the other hand, provide the proper coverage, but their application is limited by their impractically long response times and high costs. In addition, the internal moving parts of these scanners increase the chances of failure due to shocks and vibrations. Furthermore, being optical devices, these sensors can be heavily affected by dust, fog or snow.³

Radar sensors, while typically not able to match the accuracy of laser scanners, benefit from their solid-state construction and faster operation. Additionally, they exhibit a much higher level of immunity to severe weather conditions and small particles such as dust.

Motion Metrics International Corp. (MMI) has developed ViewMetrics™ - Radar which analyzes and correlates the



output from several radar sensors with those of 3 wide-angle cameras, providing a total coverage of about 300 degrees around the mining equipment. The selected radar sensors feature a solid-state construction to withstand the shocks and vibrations incurred in mining operations. While the integration of radar and camera vision in a single product package is new, the individual components including the radar sensors and the camera-surveillance system have been extensively used for mining applications for several years.

The hardware consists of a few radar sensors (typically six for a mining shovel), three or four surveillance cameras, an in-cab junction box, an industrial CPU box, a rugged touch-screen LCD inside the cab and the connecting armoured cables. If the machine is already equipped with MMI's digital surveillance system, ViewMetrics™, the existing hardware can be upgraded using a single USB connection. See Figure 2.

To reduce cabling and therefore the installation time, all of the sensors are placed on a single cable branch on a CAN bus network. CAN bus is the most widely used network for automotive and heavy duty industry due to its robustness and immunity to typical grounding issues. For example, in most modern automobiles, the airbags and the stability control units are all placed on CAN bus networks. Another benefit arising from this hardware configuration is the complete flexibility in the number of sensors that can be added or taken out at the installation site.

To avoid crowding the cabin with another monitor, the user interface blends seamlessly into the previously installed digital camera surveillance system. When there is no close obstacle, the screen is identical to a normal surveillance view (Figure 3A). When an obstacle enters the detection zone, the user is provided with a bird's eye view of the machine with the corresponding sensor locations highlighted. In addition, the corresponding surveillance view is indicated by a red border with its thickness indicative of the distance to the closest obstacle (Figure 3B).

If the operator knows about an existing obstacle, such as during maintenance, he/she can touch the bird's eye view and the warning will stop. By doing

this the user has automatically adjusted the range of that particular sensor to ignore that obstacle. Yet, to avoid compromising safety, the system keeps watch for new obstacles (Figure 3C). The detection range is automatically reset once the obstacle is removed from the detection zone. **M**


Nima Nabavi is the ViewMetrics™-Radar product manager at Motion Metrics International Corp. For further information email info@motionmetrics.com.


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- ¹ Linda Zeiler, "Safety Inside the Red Zone", MSHA, 2006.
- ² Jerry D. Woll, "VORAD Collision Warning Radar", IEEE International Radar Conference, 1995.
- ³ Keith Gray, Project Manager, "Obstacle Detection Sensor Technology", John Deere Technology Center, Moline Illinois, July 26, 2002.


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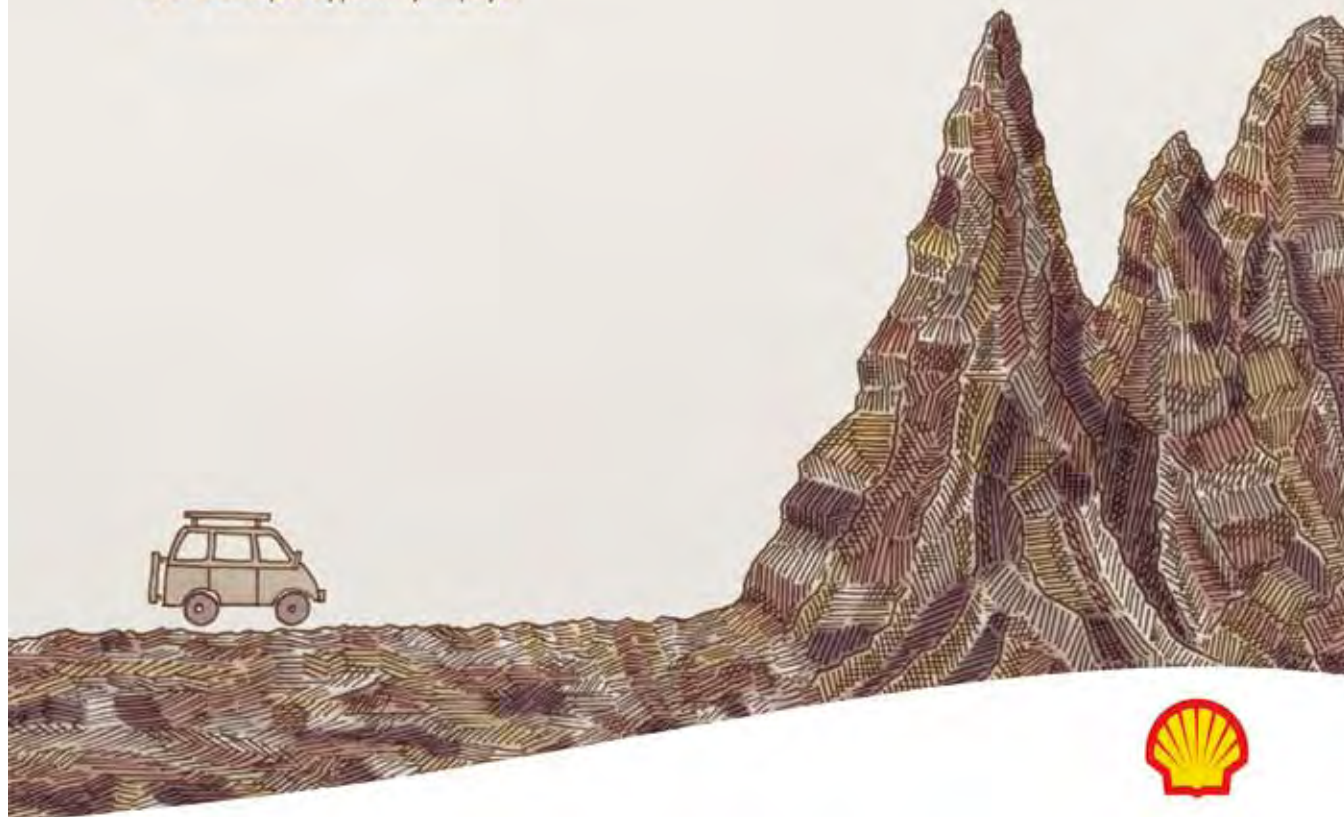
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The Latest Labour Market Information and Diversity Guides From MiHR

By Alana Kennedy, MiHR

Despite the current industry lull, the Mining Industry Human Resources Council (MiHR) continues to forecast the need for tens of thousands of skilled workers across Canada over the next decade. The recent economic downturn has merely lowered projections of the number of skilled workers the mining industry will need to replace—we're encouraging employers to support students enrolled in mining related training/education programs and continue their efforts in workplace in diversity. Here are the latest products and initiatives MiHR has developed so we can collectively address the HR challenge now:

New labour market information for the mining industry

MiHR is actively engaged in acquiring and analyzing labour market information (LMI), and began developing the Mining Industry Workforce Information Network (MIWIN) in 2007. Accurate LMI and forecasting are essential for enabling the mining industry to proactively plan and manage the industry's workforce.

The main objective of MIWIN is to forecast future hiring requirements in the mining industry on an occupation, region and commodity-specific basis. To date, MiHR has conducted forecasts for the mining sectors of British Columbia and Saskatchewan, all freely available at www.mihr.ca/en/publications. The recently

completed Ontario study will be made publicly available in August 2009. Subscribe to MiHR's RSS feeds and newsletter to keep updated; in the near future MIWIN will have a pan-Canadian forecasting capability.

Helping employers to recruit and advance Aboriginal workers

Mastering Aboriginal Inclusion in Mining is a modular series of programs designed to nurture and grow the competencies that help businesses become companies-of-choice for Aboriginal talent. The modules and training program (available through www.aboriginalhr.ca) make a strong business case for Aboriginal inclusion and help employers move up the "Inclusion Continuum"—a model of how well a corporate workplace attracts, engages and advances Aboriginal inclusion. Developed jointly with the Aboriginal Human Resources Council, these initiatives educate and equip mining companies with the knowledge necessary to recruit, retain and advance more Aboriginal workers in the sector.

Giving Aboriginal communities the information they need to start a mining career

The Mining Industry Human Resources Guide for Aboriginal Communities provides students, teachers, career counsellors and

continued on page 33



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TRANSACTION REPORT



TRANSACTIONS IN ABUNDANCE IN THE YUKON

Weststar acquires Golden Fox claims in Yukon

In July 2009 Weststar Resources Corp. announced that it has entered into an agreement to acquire an undivided 100 percent interest in the "Golden Fox" Claims, located in the Yukon Territories. The Golden Fox Claims, consisting of 50 claim units totalling approximately 2,500 hectares, are located on the eastern border of Underworld Resources Inc.'s "Black Fox" property, near the headwaters of Thistle Creek.

The Thistle Creek area has seen placer gold production over the past 30 years, producing in excess of 63,000 ounces of gold (Yukon Geological Survey Records, 2008). The source of this placer gold is unknown at this time.

Acquisition costs were as follows:

- \$75,000 due on signing of the agreement;
- \$75,000 cash and 2,500,000 shares of the Company due within five days of TSX Venture Exchange approval of the acquisition;
- The Vendor will retain a three percent Net Smelter Royalty, of which one-third (one percent) can be purchased by the Company for \$1,000,000; and
- The company is also required to spend \$250,000 over the next 12 months as a work commitment.

The acquisition is subject to TSX Venture Exchange approval. Weststar is planning to mobilize a field crew to the property as soon as possible to begin a systematic geological and geochemical survey of the claim block.

"We are very excited to obtain these strategically located claims in an area that has created a substantial amount of news

lately, and which looks to contain a significant new gold discovery," says Weststar President, Mitchell Adam. "We're looking forward to quickly establishing the merits of this gold property, enhancing and diversifying our asset base alongside our coal holdings."

Property agreements between Aldrin and Ryanwood

Aldrin Resource Corp. also announced in July that it has entered into a property option agreement with Ryanwood Exploration Inc. to acquire a 100 percent interest in two mineral exploration properties in the Dawson Mining District, Yukon Territory.

The Brew Property is comprised of 168 quartz mining claims covering an area of 33 square kilometres or 8,400 acres. The property is located 100 km south of Dawson City and 20 km east of Underworld's White Gold Discovery.

In order to exercise its option on the Brew Property, Aldrin must pay Ryanwood a total of \$425,000 over a four year period ending June 26, 2013. Aldrin must also incur exploration expenditures totalling \$1,500,000 on or before November 15, 2012 and issue Ryanwood a total of 1,250,000 common shares before June 26, 2013.

The Ind Property is comprised of 138 quartz mining claims covering an area of 27 square kilometres or 6,800 acres. The property is located 24 km south of Dawson City and 14 km south west of the famous Bonanza and Eldorado Creeks.

In order to exercise its option for the Ind Property, Aldrin must pay Ryanwood a total of \$575,000 over a four year period ending June 26, 2013. Aldrin must also incur exploration expenditures totalling \$1,500,000 on or before November

15, 2012 and issue Ryanwood a total of 1,500,000 common shares on or before June 26, 2013.

Alix and Cloudbreak to combine Yukon properties and jointly explore

In July 2009 both companies announced that they have entered into a joint venture agreement with regards to the companies recent acquisitions in the Yukon. Each will be responsible for 50 percent of all expenditures and work programs and will be joint operators of the combined property.

The lode quartz mineral claims, adjacent to the White Gold Property held by Underworld Resources Inc., have been acquired by both Alix and Cloudbreak. The combined 25 claims total approximately 1,000 hectares and are tagged directly to the east of Underworld's White Gold Project and approximately 4 km from the recently announced discovery of 103 meters of 3.4 g/t Au.

Alix and Cloudbreak are now arranging to mobilize a field crew to the property as soon as possible to begin a systematic geological and geochemical survey of the claim block.

IN OTHER NEWS...

StrataGold acquired

As of June 4, 2009 all of StrataGold Corporation's issued and outstanding common shares were acquired by Victoria Gold Corp. by way of Plan of Arrangement. StrataGold shareholders will have by now, received 0.1249 of a Victoria common share for every common share of StrataGold owned. In due course, the Victoria website will be updated to reflect the amalgamation of the two companies. **M**

Tools of the Trade

ADD-Vantage 9000 series hits market

The ADD-Vantage 9000 series, designed by One Eye Industries, features all-steel construction, a stainless steel 25-micron absolute screen that is cleanable, a secondary magnetic filter and an internal bypass. This series will filter down to five microns before the bypass is activated; after which it can filter the most damaging contaminants (iron and steel) down to sub-micron sizes. Even if the filter is dirty or the oil is cold, there is continuous filtration of the ferrous contamination.

The ADD-Vantage 9000 is recognized as the most effective and advanced primary full flow filtration technology for fluid filtration solutions of hydraulic lube oil and fuel in the world and can be used for 10+ years.

www.oneeyeindustries.com



Atlas Copco launches ROC T35M, a robust surface drill rig

The new ROC T35M combines the straightforward design concept of Atlas Copco's former CM line with the well-tested features of the ROC family, in a new modular design developed for the next generation of Atlas Copco's surface crawler drill rigs. All have a focus on productivity, cost-efficiency and hole quality.

ROC T35M is a fuel efficient drill rig equipped with a highly productive rock drill. The well-proven COP 1840 rock drill with 18kW drilling power provides high penetration rate. It gives more drilling power for less input energy, resulting in less fuel consumption. The hydraulic based control system COP Logic adjusts the feed speed, feed pressure and impact pressure in realtime according to the rock condition.

www.atlascopco.com



Gearing up with Havlik Gear

Ontario-based gear experts, Havlik Gear, are supplying some of the largest gears produced in North America. "We have the largest gear-cutting capacity in Canada by a fairly large margin," explains General Manager, Rob Borrelli.

At Havlik Gear, which opened in 1993, the main business emphasis is on open gearing, special gearing, replacement gearing, bevel and worm gearing, gear units and gear grinding of all sized gears.

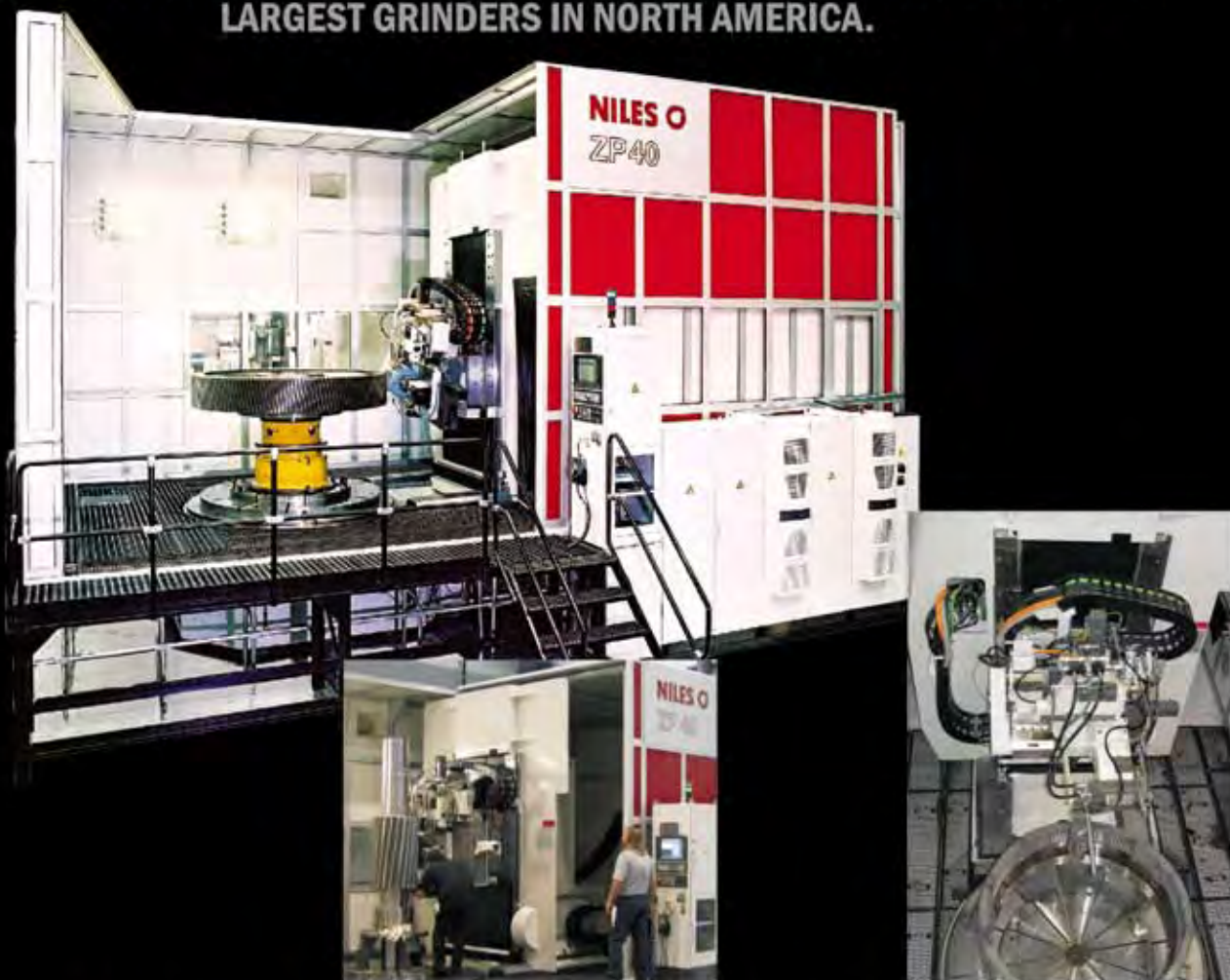
Havlik will soon install a new Kaap Niles ZP40 grinding machine. The ZP40 was designed to profile grind spur and helical external and internal gears using dressable corundum or sintered grinding wheels. This machine can also be set-up to accommodate application-specific requirements for maximum flexibility, high precision and optimum productivity. It can also accommodate shaft pinions, mating bull gears and internal ring gears. The capacities of this machine are also quite large, with 160 inches OD possible and up to 60 inches of face grinding possible.

In order to house this new machine, Havlik is currently building a new 20,000 square foot structure, in Cambridge, Ontario.

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The ZP40 is designed to profile grind spur and helical external and internal gears using dressable corundum or sintered grinding wheels. An integrated measuring device further increases machine's flexibility. The ZP machine can be set up to accommodate application-specific requirements for maximum flexibility, high precision and optimum productivity.

It is specifically designed to accommodate shaft pinions, mating bull gears and internal ring gears.

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New mid-range Sandvik Breaker

The latest addition to the range of hydraulic hammers on offer from Sandvik Mining and Construction is the Sandvik BR2577. Suitable for carriers in the 23 to 28 tonne range, the 1,700 kg breaker will replace the BR2568 (formerly the Rammer E68). With an impact rate of 450 to 750 blows per minute, the all new BR2577 also features Sandvik's Fixed Blow Energy system that ensures optimum impact energy with every blow, regardless of hydraulic flow fluctuations. A key feature of the new breaker is its flexible design that allows customers to choose from a range of options as a "Retrofit" to match their application, material and budget. This flexibility enables customers to retrofit the hammer after purchase and ensure that the hammer is always to the latest and most appropriate configuration as application requirements change.

www.sandvik.com

MineStar™ FleetCommander released from Caterpillar

Caterpillar recently announced the release of FleetCommander 3.0, which includes software and hardware upgrades that expand capabilities for improving day-to-day mine site operations. MineStar™ FleetCommander is a comprehensive surface mine monitoring and control system that uses technology to improve productivity and lower costs. Real-time interaction with mobile field equipment allows mine managers to improve machine utilization, manage operators, track material movement and monitor production in near real-time.

FleetCommander has proven its value in mines worldwide. Operations that switched from manual control to FleetCommander typically have experienced a 10 to 15 percent productivity improvement. One mine implemented FleetCommander for managing its shift change process and gained 15 truck loads per shovel each shift. MineStar FleetCommander 3.0 builds on proven results and delivers an additional 5 percent productivity improvement compared to previous versions.

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The North

NORTHWEST TERRITORIES

New discoveries for North Arrow Minerals

North Arrow Minerals Inc. announced in July 2009 that an early summer prospecting and mapping program at its Phoenix Lithium project has resulted in the discovery of spodumene-bearing pegmatites at six new locations and has also outlined significant new exploration potential in the area of the Big Bird Pegmatite. The project is located approximately 60 km east of existing winter road infrastructure that services the Diavik and Ekati diamond mines. In the Big Bird area, a new spodumene-bearing pegmatite has been identified sub-parallel to, and less than 200m to the southwest of the 1,200m long Big Bird pegmatite. The new zone is defined by two pegmatite outcrops containing 15 to 20 percent spodumene. The outcrops are located over 900 m apart and are coincident with a well defined northwest, southeast trending magnetic low. A revised geologic map of the Big Bird area is presently being compiled.

Minister profiles importance of MGP in Washington

Minister of Industry, Tourism, and Investment Bob McLeod and Nunakput MLA Jackie Jacobson returned from meetings with senior U.S. government officials in Washington, D.C. on June 29, 2009.

The meetings were "a success," says McLeod. "We were able to raise the profile of natural gas as a clean fuel, one that will contribute to the transition of a low carbon economy in North America, and to emphasize the importance of Canadian resources in achieving this. I believe we managed to translate these points very well."

While in Washington, Minister McLeod and MLA Jacobson met with members of both Congress and the House of Representatives. They also conducted a series of interviews with northern, Canadian and international media.

The trip culminated in a speech to the Woodrow Wilson Institute, a Washington-based think tank, in which the Minister profiled Arctic Natural Gas in both the United States and Canada as a way not only to provide a cleaner fuel to the North American economy, but also as an opportunity for private investment to sustain economic recovery.

While in Washington, Minister McLeod raised the profile of the Mackenzie Gas Project and the issue of U.S. support for the Alaska Project to highlight the need and importance of federal support and commitment in Canada.

"Our intention was to heighten awareness to some actions and decisions that must be forthcoming to ensure a timely advance

of ore deposit they were required this very important project," Minister McLeod said. "We've got people talking again."

NUNAVUT

Uranium North identifies high priority targets on Yathkyed Property

Uranium North Resources announced in July 2009 the identification of two high priority uranium targets on its Yathkyed Property in Nunavut. An airborne radiometric and magnetic geophysical survey over the property has detected 56 uranium anomalies. The two most significant anomalies from the survey are at least three times more intense than the other anomalies in the region. The northern most anomaly is located within 500 metres of three historic uranium prospects discovered in the 1970s. Trenching at these prospects returned 1.9 percent U₃O₈ and 0.46 percent Cu over 1.2 metres and, 0.28 percent U₃O₈ over 0.6 metres and 0.85 percent Cu respectively.

"This intense airborne anomaly is situated near known uranium mineralization reported as high as 1.9 percent U₃O₈ and appears to have potential for lateral extent. This represents a significant new target for the company and demands immediate follow-up," said Mark Kolebaba, President of Uranium North.

Peregrine announces \$1.5 Million 2009 diamond exploration

Peregrine Diamonds Ltd. announced that a 2009 diamond exploration program with a \$1.5 million budget has been approved for its 100 percent-owned Nanuq property in Nunavut. The 314,000 hectare property is situated approximately 275 kilometres north and 250 kilometres northeast, respectively, of the communities of Rankin Inlet and Baker Lake. The 2009 exploration program is designed to set the stage for a 2010 drill program by increasing the kimberlite indicator mineral sample density on the property and by field checking priority geophysical anomalies. Peregrine discovered three diamondiferous kimberlites at Nanuq in 2007. Many priority geophysical anomalies and unexplained KIM anomalies remain to be investigated, with some of the geophysical anomalies being larger than five

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News Watch:

The North

hectares in size. The company believes there is excellent potential to make additional diamondiferous kimberlite discoveries in this new Canadian diamond district.

YUKON

Exploration project held up

A major lead-zinc ore exploration project that straddles the Yukon-Northwest Territories boundary is still waiting for approval on the NWT side, despite moving on the Yukon side.

According to CBC.ca, Selwyn Resources is exploring an area in Howard's Pass, near Tulita, NWT. The deposit straddles the boundary between NWT and the Yukon and has been described as one of the largest undeveloped lead-zinc deposits in the world.

The company said that when it decided to explore the size of the ore deposit they were required to obtain an environmental assessment, provide a land use plan and get permits from both sides of the boundary. In the Yukon, this process took 90 days. However, in the Northwest Territories it has taken over two years just to get the environmental assessment, which was just completed.

CBC.ca reported that company spokesman Justin Himmelright said that they've pushed ahead to spend \$50 million exploring the Yukon side of the deposit and have set up two 50-person camps to drill test holes for a couple of years. **M**



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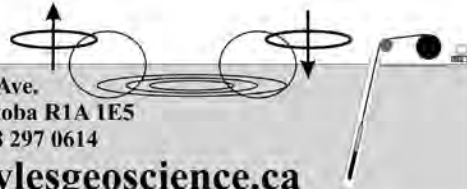
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British Columbia

International Wayside Gold Mines samples up to 204 g/t at Cariboo Gold Project

In July 2009 International Wayside Gold Mines Ltd. announced prospecting assay results from the Butts Zone which has defined the current stage of the 2009 exploration program, including diamond drilling at Wilf's Showing on Cow Mountain (which began July 8, 2009) and trenching along the B Road on and around the Butts Zone, which is about 2.3 km to the mine grid west of the BC Vein and proposed Bonanza Ledge mine on Barkerville Mountain.

Significant gold values returned from reconnaissance rock and channel sampling confirms the Butts Zone as one of the potential areas in the company's Cariboo Gold Project for both quartz vein and replacement styles of gold mineralization. The company initiated operations in the Cariboo District in 1994 and since that time has focused on the exploration and development of its gold properties.

BC's land rights sales reflect investor confidence

The June 2009 land rights sale resulted in \$178.4 million in bonus bids, bringing the calendar year to date total to \$246.4 million, a positive signal of investor confidence, announced Energy, Mines and Petroleum Resources Minister Blair Lekstrom.

"This month's sale is triple the total sales during our last five months combined and is the ninth largest in B.C. history," said Lekstrom. "It is a clear indication that there is strong investment interest in B.C.'s burgeoning oil and gas industry."

The June 17 sale offered 31 parcels covering 75,281 hectares, and sold 21 parcels covering 63,611 hectares. The average price per hectare was \$2,804.

The key parcels in the sale included eight drilling licences that totalled over \$173 million. Bids ranged from \$2,100 to \$11,765 per hectare with one parcel bringing in over \$62.5 million. These parcels are located in the Horn River Basin approximately 30 km north of Fort Nelson.

B.C. has held six sales thus far in 2009 and sold 163,144 hectares, which is 111,719 fewer hectares compared to the same period in 2008. The year-to-date average price remains very strong at \$1,510 per hectare.

The next sale is scheduled for July 15, 2009 and will offer 26 parcels covering 59,281 hectares.

Seismic data to spur oil and gas exploration

New seismic data is now available for oil and gas exploration in the Nechako region, west of Quesnel. The seismic survey was conducted to help explore the oil and gas potential in the heart of the mountain pine beetle-affected area of interior B.C. The survey was conducted in the summer of 2008, at a cost of \$2.5 million, and was part of a \$5-million provincial grant to Geoscience BC in 2005.

The project is part of a larger provincial-federal collaborative effort to improve geoscience knowledge of the region, in order to reduce investment risk and encourage petroleum exploration. As part of this program, the Ministry of Energy, Mines and Petroleum Resources has also released new geological maps, gravity and magnetic data, petroleum source rock studies, and reservoir rock evaluations of the Nechako.

The new seismic survey produced approximately 330 line-kilometres of Vibroseis seismic reflection data. The Nechako region has presented some exploration challenges in the past because of surface volcanic rocks that interfered with seismic signals and made the resulting images unclear. The new results demonstrate that in some parts of the region rock units with oil and gas reservoir potential can be successfully imaged with modern seismic technology.

Millrock announces private placement financing

In June 2009 BC-based Millrock Resources Inc. announced that Altius Minerals Corp., through its wholly-owned subsidiary Altius Resources Inc., has agreed to a private placement financing with the company to initially fund

a strategic alliance for exploration of five areas in Alaska.

"Millrock is very pleased to engage in this alliance with Altius," stated Millrock President & CEO Gregory Beischer. "We anticipate a highly productive, collaborative relationship from which several excellent new gold exploration projects are likely to flow. Timing is crucial for project generator companies. We see an imminent surge in gold price and a strong demand for gold projects. Millrock, by virtue of this alliance, will substantially broaden its array of quality projects that will be explored with funding from third-party companies."

Hochschild acquires Southwestern's 48 percent shareholding in Zincore

Zincore Metals Inc., a Vancouver-based mineral exploration and development company focused on zinc and base metal opportunities in Latin America, announced in May 2009 that Hochschild Mining plc has acquired a 48.2 percent shareholding in Zincore as a result of acquiring Southwestern Resources Corp. Hochschild is a London Stock Exchange listed mining company with a market capitalization of approximately \$1.2 billion and has significant mining operations in Peru.

On March 24th, 2009, Southwestern and Hochschild announced a plan of arrangement whereby an indirect, wholly owned subsidiary of Hochschild would acquire all of the issued and outstanding common shares of Southwestern. The plan of arrangement was approved by Southwestern shareholders on May 8, 2009 and by the Supreme Court of British Columbia on May 11, 2009. Through its acquisition of Southwestern, which closed yesterday, Hochschild has acquired a 48.2 percent interest in Zincore.

Timo Jauristo, Zincore's President and CEO commented, "the acquisition of Southwestern's interest in Zincore by Hochschild is very positive. Hochschild is a large, Peru-based mining company with significant experience in Latin America. Zincore now has a stronger partner while we advance our existing exploration and development projects and seek additional properties." M

Province extends energy incentive programs; moves forward on competitiveness review

The Alberta government will extend two programs announced last March to help keep Albertans working in the province's energy sector during the current global economic slowdown. Eligibility for the programs will be extended by one year to March 2011.

"Producers need to begin setting budgets for the upcoming drilling season, and we need to provide timely assurance that these programs will be extended," said Energy Minister Mel Knight. Both programs were originally set to expire in March 2010. This one-year extension provides the certainty needed for oil and gas producers to plan new drilling programs. "Additional drilling results in new, on-going royalty revenues for the province, keeps businesses going and people employed."

The one-year extension affects the following two previously announced programs:

- **The drilling royalty credit for qualifying wells.** This program provides a \$200-per-metre-drilled royalty credit to companies on a sliding scale based on their production levels from 2008.
- **The new well incentive program.** This program offers a maximum five-percent royalty rate for the first year of production from new oil or gas wells.

The province's review of overall competitiveness is expected to be complete by fall of 2009 and will look at all components of conventional operations including regulatory efficiency, fiscal aspects, all aspects of taxation, availability of labour, and other costs. As part of the review government will consult with industry.

Strata picks University of Alberta for Bitumen Recovery Technology

Strata Oil & Gas Inc. has entered into an option agreement with the University of Alberta for the exclusive Canadian license to the technology relating to "Steam-Over-Solvent Injection for

Heavy-Oil Recovery in Fractured Reservoirs" described in part in the Canadian patent application "Hydrocarbon Recovery Process for Fractured Reservoirs" (serial no. 2,639,997).

The technology has been developed by Dr. Tayfun Babadagli's team at the University of Alberta to extract bitumen from fractured carbonates. "As the University of Alberta's exclusive technology

transfer agent, TEC Edmonton looks for local licensing opportunities so that the benefits from local discoveries benefits local businesses," says David Cox, CEO of TEC Edmonton. "Through the licensing of this technology, oil reserves have the possibility of being accessed with reduced environmental impact. This is great for our environment and for Strata."






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Alberta

"The carbonate-hosted bitumen resources of Alberta are the next frontier in the North American oil industry. Like oil sands two decades ago, carbonates represent an enormous and relatively untapped petroleum resource," said Manny Dhinsa, President of Strata.

Strata owns 100 percent of the world-class Cadotte Project in the Peace River region of Alberta, a projected 56,000

barrel-per-day operation with an expected production life of more than 20 years and a discounted net-present-value of \$1.2 billion.

"According to lab research, this novel extraction technology results in much faster recovery and could yield up to 80 to 95 percent compared to less than 20 percent with conventional techniques," says Dhinsa.

The technology is easily implemented using established equipment and extraction materials. It is also environmentally-friendly in that it allows for material-recycling and reduced thermal treatment.

Oil sands developer commits to upgrading capacity

Alberta is poised to see an increase in its oil sands upgrader capacity. In an agreement reached earlier this year, the Fort Hills Energy Corporation committed to increase upgrading capacity in Alberta in exchange for an extension of two oil sands leases 90 kilometres north of Fort McMurray. If the company is unable to follow through on its value-added plans, it will reimburse Alberta taxpayers up to \$500 million in lost revenue.

In seeking the lease extension, the Fort Hills partnership requested that the province recognize the work it had already put into the project. The partnership had sought the extension in the fall of 2008 when it temporarily suspended a decision on funding both its mining and Sturgeon County upgrader projects.


Terms of the agreement require Fort Hills Energy to increase upgrading capacity in Alberta beginning with Phase 2 of its mining project or reimburse Alberta taxpayers up to \$500 million in potential lost revenues to the province. The company may increase upgrader capacity through construction of its own project or by investing in or accessing new or underutilized upgrading capacity in Alberta.

The Fort Hills mining operation will be similar to other major mining projects in the Athabasca oil sands north of Fort McMurray. Through a limited partnership agreement, Petro-Canada operates and leads development of Fort Hills with a 60 percent interest. Partners UTS Energy Corporation and Teck each hold 20 percent interests. **M**

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Saskatchewan overtakes Ontario as top mineral producer

In July 2009 Natural Resources Canada (NRCan) announced the standing of the provinces in their annual Information Bulletin on Mineral Production for 2008. The document noted that Saskatchewan is now the leader in mineral production in Canada, out-producing Ontario for the first time.

In 2008 Canadian mineral production grossed over \$45 billion, an 11.7 percent increase from 2007. Saskatchewan was responsible for the majority share of Canada's output at 21.5 percent. This represents an increase of 76.6 percent (from 14.4 percent) from 2007. Ontario, last year's leader, was close behind at 21.3 percent, down from 26.4 percent. British Columbia held steady, ranking third again at 14.7 percent with Quebec still in fourth place at 11.5 percent.

Noted in the report was that potash was the top-ranked commodity in Canada for 2008 due to higher prices, showing a notable increase in value, up 192.9 percent to \$8.2 billion, but with a decrease in volume (5.7 percent). Canada continues to rank first in the world for potash production with most of their potash production concentrated in Saskatchewan. The province is the largest potash producer in the world and accounts for almost 25 percent of world potash production.

Government program registers first decommissioned mine

Cameco Corporation's former Contact Lake gold mine has the distinction of being the first decommissioned and reclaimed mine site to be entered in the Saskatchewan government's Institutional Control Registry.

Saskatchewan is the first jurisdiction in the world to establish a framework and fund for managing all mine and mill sites in perpetuity. The province established ground-breaking legislation two years ago when it introduced *The Reclaimed Industrial Sites Act* and implemented the industry-funded registry.

The Contact Lake gold mine operated from 1994 until 1998 in the Lac La Ronge area. Decommissioning and reclamation activities and associated post-decommissioning monitoring were completed from 1998 to 2008. Environmental inspection and monitoring to date indicate the site is stable with decommissioning and reclamation measures performing as expected.

Cameco's site now qualifies to be released under *The Environmental Management and Protection Act* and for acceptance into the Institutional Control Program under *The Reclaimed Industrial Sites Act*.

New mineral exploration incentives announced

In May 2009 the government introduced a number of incentives to spur mineral exploration and support junior mining companies during a time of fluctuations in world financial and commodity markets.

The incentives will help companies maintain their land holdings through initiatives that recognize greater valuation of their existing exploration work on those holdings and through removal or deferral of some rents and charges.

The incentives include:

- A change to company expenditure requirements on mineral dispositions, recognizing twice the value of exploration work conducted between March 2009 and March 2011. This change helps companies hold their dispositions during the downturn while encouraging continued investment in mineral exploration.
- More flexibility under regulation for companies to allocate exploration expenditures among a number of commonly held mineral dispositions.
- Removal of annual rents for coal permits during the second and third years of their terms, from March 2009 to March 2011. This change allows permit holders time to seek new investors without jeopardizing their current land holdings.
- Deferral of fees associated with the government's new Mineral Administration and Registration System (MARS) until March 2011, thus keeping Saskatchewan's land acquisition costs among the lowest in the country.

These changes are expected to cost approximately \$1 million to government in foregone fees and rentals through the period ending March 31, 2011. **M**

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Manitoba takes the lead with oil and gas

Manitoba has overtaken Saskatchewan and Alberta as the most attractive province for oil and gas investment, according to a global survey of petroleum executives and managers released by the Fraser Institute research group.

Last year's leader, Saskatchewan, is now in the second spot. Alberta, long hailed as Canada's oil-producing giant, lags behind Nova Scotia, Ontario, Quebec, British Columbia and Newfoundland and Labrador in terms of the provinces that petroleum executives prefer to deal with, according to the institute's Global Petroleum Survey 2009, which ranks the "investment climate" of 143 oil- and gas-producing regions.

A total of 577 senior executives and managers responded to the survey, which was larger than previous ones and encompassed more regions worldwide. The survey questioned them on issues including royalties and licensing agreements, taxation, trade and labour laws and political stability.

Despite its vast oilsands reserves, Alberta ranks behind China, the Philippines and Brazil in terms of attracting petroleum investment, according to the survey. Manitoba is number 21 on the list of 143 regions, while Saskatchewan has fallen from the 10th spot (out of 81 regions represented) in 2008 to 38th in 2009. Meanwhile, Nova Scotia was number 54, Ontario was 60, Quebec 68, British Columbia 71, Newfoundland and Labrador 82 and Alberta 92.

At the bottom of the list were countries including Venezuela, Sudan, Russia, Nigeria and, in last place, Ethiopia.

HudBay Minerals Inc. expected to close Flin Flon smelter

HudBay Minerals Inc. announced that it expects to close its copper smelter in Flin Flon, Manitoba before July 1, 2010, and its copper refinery in White Pine, Michigan shortly thereafter.

The financial impact of the smelter closure on the company will be minimal, as the processing costs from the sale of concentrates are expected to be similar.

Further, the smelter is part of an integrated complex, and reclamation costs, which have been fully accounted for on the company's balance sheet, only occur when the entire Flin Flon metallurgical complex ultimately shuts down. HudBay anticipates manpower reductions as a result of the closure to be approximately 225 in Flin Flon and 65 at the White Pine Copper Refinery.

"The Flin Flon copper smelter has been a great asset and one of the centerpieces of our operations for over 80 years," said Peter R. Jones, HudBay's Chief Executive Officer. "Today's business realities, combined with the age of the plant and regulatory changes, make continued operation of this plant impractical and uneconomic. We are strongly positioned post-smelter closure with our metallurgical facilities, the 777 and Trout Lake mines, and an impressive project pipeline including Fenix and Lalor."

"We will work closely with our employees, unions, and affected local, provincial and state governments, as well as other stakeholders, to mitigate the impact of the closures," added Tom A. Goodman, senior vice president, operations. "After the closures, HudBay will remain a fully integrated zinc producer with its state-of-the-art, environmentally-friendly zinc processing facilities in Flin Flon and Brampton."

Manitoba Mineral Exploration Tax Credit extended

The Manitoba Mineral Exploration Tax Credit (MMETC) is extended to flow-through share agreements entered into before April 1, 2012. The tax credit is increased from 10 to 20 percent for flow-through shares agreements entered into after March 31, 2009 and before April 1, 2010, and to 30 percent for agreements entered into after March 31, 2010 and before April 1, 2012.

The MMETC was introduced in Budget 2002 as a 10 percent non-refundable personal income tax credit that reduces Manitoba income tax payable. The credit is earned when a Manitoba taxpayer purchases flow-through shares in qualifying

exploration companies to finance Manitoba-based mineral exploration projects. Combining the MMETC with the 15 percent federal exploration tax credit offers additional incentive to invest in exploring for minerals in Manitoba.

Effective for fiscal years ending after June 30, 2009, the mining tax rate will be reduced from 18 percent to the following graduated rates:

- 10 percent when total operator's profit is less than \$50 million.
- 15 percent when total operator's profit is between \$55 and \$100 million.
- 17 percent when total operator's profit is over \$105 million.

Operators with total profit between the tax thresholds will pay at the following notch rates:

- For total profit of \$50 to \$55 million: Tax = \$5 million + 65 percent x (total profit - \$50 million).
- For total profit of \$100 to \$105 million: Tax = \$15 million + 57 percent x (total profit - \$100 million).

Previously announced business tax reductions beneficial to mining industry:

- Corporation Income Tax rate to be reduced to 12 percent on July 1, 2009.
- Corporation Capital Tax to be phased out by the end of 2010.

Financing announced to develop the Tartan Lake Gold Mine

Takara Resources Inc. and St. Eugene Mining Corporation Ltd. announced in June 2009 that they have entered into an agreement for a proposed arms-length merger. St. Eugene holds the rights to acquire a 100 percent interest in the Tartan Lake Gold Mine and a 35 percent interest in the Amisk Lake Gold Project in Saskatchewan. The Tartan Mine is a past gold producer located 12 kilometres northeast of Flin Flon, Manitoba.

The Tartan property consists of about 2,700 hectares of mineral claims and leases containing many known gold showings, some discovered after the mine closure, and offers the potential for new discoveries and growth (see www.steugenemining.ca). M

Ontario supports the continued growth in Northern Ontario's mining supply and services sector

Ontario's North Economic Development Corporation (ONEDC) will soon begin work with the sector to determine which global markets could provide the greatest opportunities for growth. For instance, the sector's expertise in mining health and safety could be in high demand in many international jurisdictions.

"The long-term prospects for the minerals industry are excellent. Ontario's vital mining supply and services sector is wisely preparing now for the next upturn," said Michael Gravelle, Minister of Northern Development, Mines and Forestry and Chair of the Northern Ontario Heritage Fund Corporation (NOHFC).

Already considered a world player, Ontario's northern mining supply and services sector plays a vital role in the provincial minerals industry. Last year the industry contributed \$9.6 billion to Ontario's economy. Capitalizing on new global opportunities will help the sector grow, and continue to contribute to Ontario's economy.

Through the NOHFC the province is providing \$120,000 toward this project.

McGuinty Government to introduce legislation for a sustainable mining future

Proposed changes to Ontario's Mining Act would see significant strides in Aboriginal consultation, provide clear rules for industry and reduce the impact of mineral exploration on the environment.

According to the government, the proposed legislation which was introduced in April, promotes balanced development that benefits all Ontarians. If passed, it would modernize the way companies stake and explore their claims to be more respectful of private land owners and Aboriginal communities. At the same time, it would support a vibrant minerals industry that would help many communities realize their economic and social aspirations.

The proposed legislation includes a number of ground-breaking provisions,

which would make Ontario a national leader in mineral resource stewardship, including:

- Incorporating Aboriginal consultation in mining legislation and regulations;
- Requiring awareness training to obtain a prospector's licence; and
- Introduction of a dispute-resolution process for Aboriginal-related issues in mining.

If the legislation is passed, Ontario will begin putting new rules in place later this year. Mining is Canada's largest private sector employer of Aboriginal people.

Everton to acquire Hays Lake Gold Inc. and its interests in the Shoal Lake West and Shoal Lake East Gold Projects near Kenora, Ontario

Everton Resources Inc. reported in July that it has signed a Letter of Intent (LOI) with Hays Lake Gold Inc. whereby the company is proposing to acquire all of the issued and outstanding shares of HLG, subject to the terms and conditions outlined in the LOI. To date, the LOI has been accepted by shareholders holding more than 90 percent of the issued and outstanding common shares of HLG.

HLG has various options to acquire a consolidated land package located in the Shoal Lake region of north-western Ontario, in the prolific Archean Greenstone Belt. The land package is comprised of two adjacent properties, Shoal Lake West (SLW) and Shoal Lake East (SLE) covering 38 km² and located approximately 45 km southwest of Kenora, Ontario. Two significant high grade gold deposits with an in-situ NI 43-101 compliant indicated resource of 416,000 oz of gold and an inferred resource of 282,000 oz of gold have been identified on this land package; including the Cedar Island gold deposit located on the mainland (SLE) and the nearby Duport gold deposit located on Stevens Island (SLW).

Andre Audet, Chairman & CEO of Everton Resources said, "the proposed transaction with HLG provides a compelling opportunity for Everton

to participate in the development of advanced gold projects in the prospective Archean Greenstone Belt of north-western Ontario. What makes this deal interesting is that HLG has, for the first time, assembled this large land package to make the overall project viable through the use of a common road network, power grid and milling complex. The Shoal Lake gold project holds two significant high grade gold deposits with in-situ NI 43-101 compliant indicated and inferred resources and 5 former gold producing mines. Everton is of the opinion that the Shoal Lake package of properties hosts a significant gold target with excellent potential to increase the gold resource and warrants additional exploration. Everton intends to fast track the development of the Shoal Lake gold project by teaming up with HLG's first-class development team."

New Innovation Centre for Toronto

The federal government of Canada and the government of Ontario will each provide \$5.5-million in funding for a new Innovation Centre for the Canadian Mining Industry, to be built at the St George campus of the University of Toronto.

The project will also receive private donations worth \$9-million and is expected to create 200 jobs, the university said on Monday.

The centre is envisioned as a research hub for University of Toronto researchers, undergraduate and graduate students from the university's Mineral and Civil Engineering programs.

The centre will house research space for 27 graduate students and post-doctoral researchers, and will feature a laboratory for visualisation and data analysis, an interdisciplinary design studio for 100 undergraduate and graduate students, a seminar room, studio space for multi-disciplinary project-based research and learning, and a full range of green building features, including roof-top photovoltaic cells, energy-efficient lighting, water conservation, grey water capture and recycling measures. **M**



Québec

First-ever mining strategy for Quebec

Serge Simard, Quebec minister for natural resources and wildlife, unveiled on June 29, 2009, Quebec's first-ever mineral strategy: *Preparing the Future of Quebec's Mineral Sector*.

"This strategy will make the Quebec mining industry an example of sustainable development that creates wealth, furthers social progress, and respects the environment. It falls within the scope of our government's actions to develop a new economic space, particularly for the opening up of Quebec's North. We are looking to local and aboriginal communities to take part in the development of the sector and reap the benefits of mining," declared Simard.

The strategy is constructed around three main policies. One, the mineral sector will be prepared to create wealth now and in the future. Two, mineral development will be done in an environmentally friendly manner. Three, the government will foster integrated, community-centred development.

The details of the strategy can be read in English at www.quebecmining.gouv.qc.ca or in French at www.quebecminier.gouv.qc.ca.

"This strategy has the potential to strengthen Quebec's already enviable position and could help ensure the sustainability of mining for future generations," noted Michel Boucher, General Manager of Xstrata Nickel's Raglan mine in Nunavik. "We are

confident that the government of Quebec will be able to implement measures quickly to achieve these objectives once it has consulted communities, the public, mining companies and other stakeholders engaged in the development of Quebec's mining sector."

Agnico-Eagle Mines Limited's David Garofalo named Canada's CFO of the Year for 2009

David Garofalo, Senior Vice President, Finance and Chief Financial Officer of Agnico-Eagle Mines Limited in Northern Quebec, has been chosen as Canada's CFO of the Year™ for 2009. Garofalo was honoured April 14 at a gala dinner in Toronto.

Canada's CFO of the Year Award is presented annually by Financial Executives International Canada (FEI Canada), PricewaterhouseCoopers LLP and The Caldwell Partners International. The award honours and recognizes the quality, insight, direction and leadership of Canada's senior financial executives.

"Now more than ever, CFOs must be proactive and visionary in order to adapt to the changing environment and to effectively compete in the global capital markets," says Michael Conway, Chief Executive & National President of FEI Canada. "This award recognizes financial executive leaders, like David Garofalo, who have demonstrated excellence to help guide their business, especially through these challenging times."

Shell considering sale or closure of Quebec refinery

Royal Dutch Shell Plc may close or sell its Montreal East refinery in Quebec. These are among various options it's considering for the plant as part of a global review of assets.

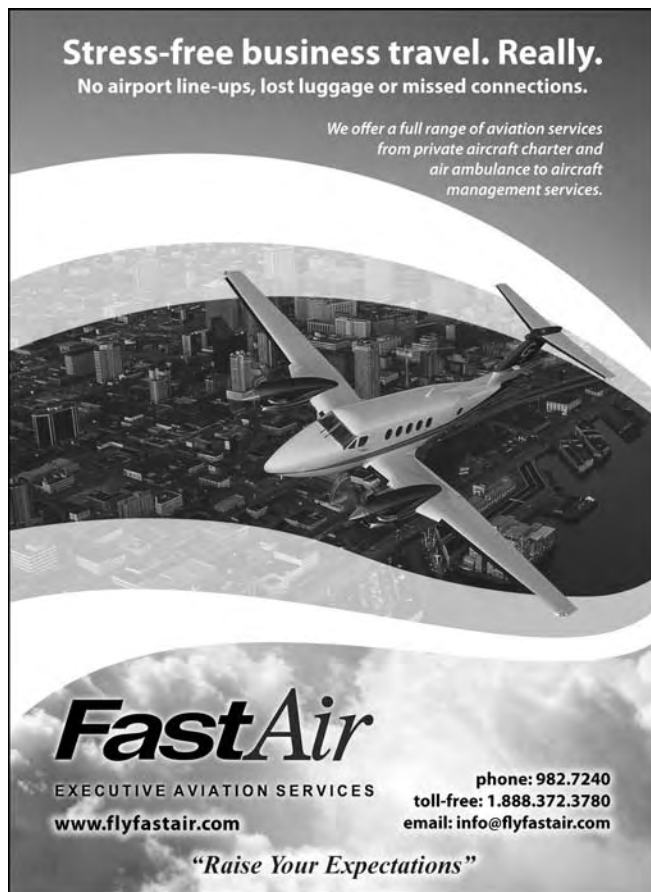
Possibilities include the sale of the refinery and some associated downstream businesses; closure of the plant; conversion into a terminal; establishment of a joint venture; or continued operation, a Shell spokesman said today by telephone, declining to be identified in line with company policy.

Shell is continuing to review its global assets as Peter Voser settles into his new role as Chief Executive Officer, replacing Jeroen van der Veer. Voser said in May that The Hague-based Shell has become "too complex," announcing plans to merge the exploration and production, gas and power, and oil-sands units along geographical lines.

A review of the Montreal East refinery could take some months and no decisions on its future have yet been taken, the spokesman said. The plant can process 130,000 barrels of oil a day.

38 unit mineral package located in the Duparquet Township

In July 2009 Explor Resources Inc. announced the acquisition of a 38 unit mineral package located in the Duparquet Township, in the Rouyn-Noranda Mining Division, Province of Quebec for a total of 1,369.59 hectares. The units are contiguous to the East Bay Property. Explor will pay \$20,000 at signature to acquire a 100 percent interest in the additional East Bay claims. **M**



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Anaconda Mining begins toll milling of Pine Cove ore at Nugget Pond Facility

Anaconda Mining Inc. announced in July that it has begun custom milling ore from the Pine Cove gold mine at Crew Gold's Nugget Pond mill as per their Toll Processing Agreement with Crew (see Anaconda news release dated June 1, 2009 for additional information regarding the agreement).

Milling of Pine Cove ore commenced at Nugget Pond on June 29 from stockpiled ore that was trucked from the mine site during the previous week. The Nugget Pond mill has a rated milling capacity of 450 tonnes per day and it is anticipated gold recoveries will be in excess of 90 percent.

"We are very pleased with the start-up of toll milling operations," stated Lewis Lawrick, President & CEO of Anaconda. "Thus far throughput and gold recovery are as projected, which bodes well for our cash flow projections from this arrangement."

The company will be providing additional updates on the redevelopment of the Pine Cove mill in the coming weeks.

New Island announces sale of claims rights to Marble Deposit

New Island Resources Inc. announced in June that it has sold the claims rights to its marble deposit near Deer Lake, Newfoundland to Island Industrial Ltd. for \$10 and other good and valued consideration. Under the terms of the sale agreement, New Island will receive a royalty of ten percent of the gross profits from the sale value of products generated from the deposit. Additionally, New Island retains a right of first refusal should Island Industrial Ltd. decide to dispose of the property in the future.

Harold Wareham, President, states that while disappointed New Island was unable to bring the marble deposit into commercial production, it is pleased to be able to reach an agreement with Island Industrial Ltd., a company which is and has been actively involved in the dimension stone industry in the province.


NEW BRUNSWICK

Great Western Minerals Group Ltd. reported in June that the first phase of exploration work is complete on its Benjamin River rare earth project in the province of New Brunswick. The program consisted of

36 line-km of ground magnetic and VLF-EM geophysical surveys on 50m line spacing. The results were successful in delineating a geophysical anomaly approximately 1,200m long and up to 200m wide. The anomaly coincides with known exposures of an apatite-diopside-magnetite vein that previous surface sampling has confirmed contains significant rare earth mineralization in addition to phosphate and iron.

The Benjamin River property consists of 491 mineral claims covering approximately 10,380 hectares. The location of the project, near Bathurst, and the excellent infrastructure including rail, highways, power and ports enhances the economic aspects of the property.

Jim Engdahl, President and CEO of Great Western Minerals Group said, "it is important that we continue work on our heavy rare earth-enriched projects while advancing our more advanced core rare earth projects. These are the elements that are most likely to be in short supply and are absolutely critical to many applications on which the world is becoming dependent".

Further exploration work on the property is planned and will be announced when underway. 

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leaders in Aboriginal communities with detailed information on the numerous career opportunities available in Canada's mining industry, as well as the training and education opportunities associated with those jobs. Divided into four sections that cover the main areas of mining—exploration, development, operations and closure—the guide describes the activities, opportunities and training programs related to all occupations in the mining industry. The guide is also available online at: www.aboriginalmining.ca

Industry's shared knowledge on diversity practices

Mining for Diversity is a practical resource for Canadian mining industry employers to attract, recruit and retain diverse talent groups, including mature workers,

women, new Canadians, youth and workers in transition from industries in decline.

Created through consultation with industry, the innovative and promising practices described in the guide are valuable corporate intelligence. A total of 27 mining companies with Canadian operations "opened their HR departments" and exchanged innovative and ground-breaking attraction, recruitment, and retention programs.

Mining for Diversity is a valuable free resource. To obtain a copy please email info@mihr.ca or visit www.mihr.ca to download.

RAMP-UP: focus on women in mining


RAMP-UP, a study on the status of women in the Canadian Mining Industry, begins in July 2009. Led by Women in Mining Canada, partners in the study include MiHR, MAC, PDAC, NRCan, Deloitte

and CIM. If you are a woman in mining, we would like to hear from you if:

- You work for an exploration or mining company; OR
- You are in management and on Boards of Directors; OR
- You are taking a mining-related, post secondary qualification.

All surveys are strictly confidential and survey data will be made available to you. We would appreciate your input and help. If you would like to take part, please contact msturk@mihr.ca.

About MiHR

A recognized leader in the development and implementation of national human resources solutions, MiHR contributes to the strength, competitiveness, and sustainability of the Canadian mining sector. Check out www.mihr.ca for more information. 

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