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→ Brule  
TOS → ~~COA~~

**Schroeter, Tom EMPR:EX**

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**From:** Anderson, Duane EMPR:EX  
**Sent:** Thu, October 26, 2006 9:08 AM  
**To:** Partridge, Eric J EMPR:EX  
**Cc:** Brino, Karina L EMPR:EX; Hermann, Fred EMPR:EX; Lewis, Jim E EMPR:EX; Ryan, Barry D EMPR:EX; Schroeter, Tom EMPR:EX  
**Subject:** Recent Industry developments

2 recent developments of possible concern to BC mining industry and Ministry:

Galore Creek feasibility study capex @ US\$ 1.8 billion and estimated after-tax return, @ US\$ 1.50 copper, of 10.6%. Currently view Galore Creek as being the most promising, significant metal mine project in BC. While nominally economic, US\$1.50 copper exceeds all reputable long-run copper prices I've seen so far and the project's large capex, remoteness and complexity could make it difficult for Novagold to finance or cause Barrick to undertake a comprehensive review of the project before proceeding. Concerns are consistent with market's muted reaction to release of feasibility study results. Potentially adverse implications for other NW BC projects and BC projects in general.

Fording Coal / Elk Valley Coal Partnership volumes and prices under pressure. Coal markets are large and complex and can change quickly. However, current SE coal volumes and prices are being revised lower and price expectations are declining for future coal years ==> potential for sharply lower revenues, profits, taxes, capex, etc. Furthermore, Willow Creek has suspended operations indefinitely (Pine Valley in CCAA), Trend has suspended operations pending completion of wash plant to produce higher-valued product (owner NEMI in CCAA but part of Anglo-lead consolidation), Dillon is (or soon will be) exhausted and no decision on Brule. NE potentially from 4 coal mines to 1 (Wolverine).

Call or email if any Qs, comments, etc.

Duane A.

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"In matters of public policy, if the question is: Should governments act based on principle or politics, the correct answer is yes." John Ibbitson