882276

Davidson

MJ - Oct. 20/06

Lihir and Ballarat agree gold merger to reduce risk profiles

LIHIR Gold Ltd has proposed a friendly takeover of fellow Australian-listed Ballarat Goldfields NL, paving the way towards combined gold production of over 1.25 Moz/y within four years from two operations, located in Australia and Papua New Guinea.

Ross Garnaut, chairman of Lihir, said: "Through this merger, we consolidate a new Asia-Pacific specialist gold producer, the second-largest producer in the region and a very attractive investment."

He added: "An important aspect of the merger is that it will reduce the risk profile of both companies, [as] at the moment both are single mine companies."

The boards of the companies have agreed that Ballart shareholders will receive five Lihir shares for every 54 shares in Ballarat, valuing Ballarat at about A$350 million, based on Lihir's share price before the deal, announced on October 17.

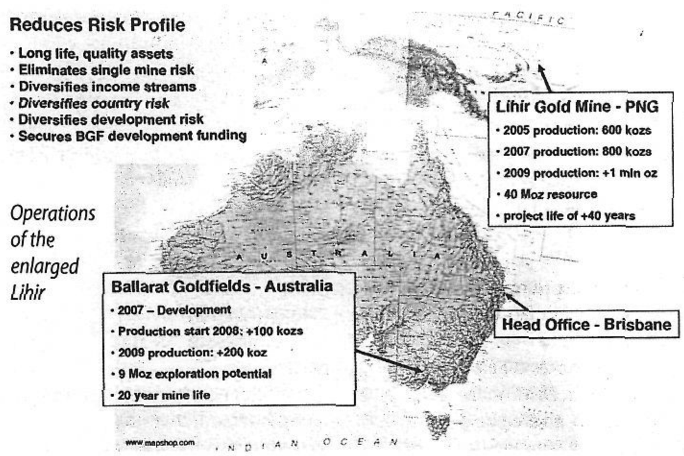
The offer represents a 28% premium to Ballarat's closing price on October 13, the last day of trading in Ballarat before a trading halt was imposed preceding the deal.

Mr Garnaut said: "The merger immediately creates a combined company with a market capitalisation of over A$4 billion." Existing shareholders in Ballarat will emerge with a 8% stakeholding in the enlarged company.

Lihir's mine, from which the company takes its name, is in Papua New Guinea. Operating since 1997, reserves currently stand at 442 Mt at 2.95 g/t Au.

Mr Garnaut explained: "For Lihir Gold Ltd, [the acquisition of Ballarat] is an important step along a path that the board of directors began to outline several years ago.

"We knew we had on Lihir one of the world's great gold resources, the sort of orebody on which great companies can be built. We took a view that this great resource would be most valuable in a multi-mine gold company with management headquarters in Australia, and its operational focus in the Asia-Pacific region."



Operations of the enlarged Lihir

Lihir's open-pit operation is currently being expanded. Production "substantially" higher that 2005's 596,000 oz of gold is forecast for the current full-year, with in excess of 800,000 oz forecast in 2007. Lihir is also evaluating options to increase production from the mine beyond 1 Moz/y by 2009.

Lihir plans open-pit mining of the orebody until 2021, after which stockpiled, lower-grade ore will be processed to beyond 2040.

An interesting aspect of the Lihir mine is that it has its own geothermal power-generating facilities. Its third geothermal power station, generating 20 MW, is due to be commissioned by year-end, bringing total capacity to 56 MW and fulfilling all of the operation's electrical needs.

Compared with generation using fuel oil, the facilities will save about US$20 million a year. The company also expects to sell US$5 million in carbon credits annually.

Ballarat is seeking to establish gold production from beneath historic workings in the Ballarat goldfields of Victoria, Australia. An inferred resource of 3.9 Mt at 11.3 g/t Au, for 1.4 Moz contained gold, has been established at the Ballarat East orebody but the company sees potential for at least 9.2 Moz over the whole property.

Commissioning of the gravity circuit began early this year (*MJ*, January 6, p9), and target commercial production of 250,000 oz/y at cash operating costs of less than US$300/oz is anticipated in 2009, at an additional capital cost of A$120 million.

Earlier this month, Ballarat announced progress in arranging a A$100 million debt facility, which, with current cash, would secure financing for the Ballarat East development.

However, the deal with Lihir has presented other financing options: Lihir has agreed to make an interim investment in Ballarat of A$41.7 million, via the subscription of 149 million shares in the latter at A$0.28 million, to fund the project until Ballarat shareholders meet to approve the deal.

If approved, "the merged company will have a very healthy balance sheet with low levels of gearing, good operating cashflows, and significant financial capacity", Mr Garnaut said.

"This is important for Ballarat in particular, as the company requires development funding and this merger provides the required financial resources to underpin that development."

Richard Laufmann, Ballarat's chief executive, who will become Lihir's executive general manger – Australian operations and business development, said: "The merger secures the future of the Ballarat operation. It means the shareholders can be confident in the long-term future and prosperity of this operation."

Smokey Hills debt mandate arranged for Platinum Australia

PLATINUM Australia Ltd has mandated Standard Bank of South Africa to arrange a R220 million debt facility towards developing its Smokey Hills platinum-group-metals project in South Africa (*MJ*, July 21, p13).

A 'bankable' feasibility study com- palladium, rhodium and gold (collectively termed 4E PGM) estimated at 95,000 oz/y, at an initial capital cost of about US$40.5 million.

This is a slight variation to preliminary figures released a month earlier, foreseeing a 96,000 oz/y 4E PGM

Platinum Australia says it will seek the outstanding R280 million needed to complete the project's financing from equity raisings in the company and contributions from its joint-venture partners at Smokey Hills. The company is earning a 80% interest in

THOMPSON CREEK RAISING

Toronto-listed Blue Pearl Mining Ltd has arranged an equity placing to complete its US$575 million purchase of privately-owned molybdenum producer Thompson Creek Metals Co (*MJ*, September 8, p10). A syndicate led by GMP Securities and UBS Securities Canada will place on a 'best efforts' basis 36.4 million subscription receipts at C$5.50 to generate gross proceeds of C$200 million. On completion of the acquisition, each subscription receipt will be exchanged for a share and half a share purchase warrant, exercisable in whole at C$9.00/share for five years. Additionally, a current Thompson Creek shareholder will invest C$39.7 million in Blue Pearl by buying 7.2 million shares and 3.61 warrants. The total shares issued will represent 47% of Blue Pearl's enlarged share capital (56% after full warrant exchange). The agents have been given an overallotment option of 5.45 million subscription receipts.

CVRD OFFER EXTENDED

CIA Vale do Rio Doce (CVRD) has extended its C$17 billion all-cash offer for Inco Ltd until Monday (October 23). The C$86.00/share offer, now endorsed by Inco's management, was set to close on October 16. As of Thursday last week (October 12), CVRD had received acceptances in respect of 10% of Inco shares. The offer has been cleared by competition authorities in the US, Canada and Europe (*MJ*, October 13, p1), but still needs approval from Investment Canada, which governs the acquisition of Canadian companies by foreign-owned entities.

PERKOA FUNDING

AIM Resources Ltd has made arrangements for a total of US$145 million in debt and equity financing for its Perkoa zinc project in Burkina Faso (*MJ*, September 22, p6). AIM has mandated Standard Bank plc to provide US$90 million in project loans, and Cartesian Capital to co-ordinate a US$35 million convertible note issue. The broker Seymour Pierce will arrange a US$20 million share issue. Perkoa's capital cost is estimated at US$135 million subject to shareholder approval. This is almost double that proposed in the feasibility study (*MJ*, January 6, p9), but the new figure includes contingency and mining contractor costs and is based on a revised mine plan with a year-earlier start-up – now 2007

Analysis

- Producing base metal miners are reporting record profits due mainly to higher metal prices. Aur Resources reported that its earnings for the 3rd quarter doubled over a similar period last year and Inmet's earnings nearly tripled. Aur is trading at 5.7 times its annualized 3rd quarter earnings and Inmet is trading at 5.8 times its annualized 3rd quarter earnings.
- In 2006, Aur is dominantly a producer of copper cathode and in 2007 Aur will add a copper and zinc concentrate production from its Duck Pond Mine and this will add to the bottom line although Aur has hedged forward 75% of its zinc production at prices less than half the current market.
- Inmet is a dominantly a copper concentrate producer but has significant zinc concentrate production and gold production.
- Copper, zinc and gold averaged $3.48 per pound, $1.53 per pound and $621.50 per ounce respectively. For 2007 we are forecasting copper prices to average $3.45 per pound, zinc prices to average $1.85 and gold to average $625 per ounce.
- Going forward while copper prices may not improve, zinc will and the improvement in zinc prices will add to Inmet's bottom line. In addition to the improved metal prices for zinc and gold, Inmet will benefit from the current shortage of copper and zinc concentrates and this shortage will result in significantly lower treatment charges and hence improved smelter returns.

Other Companies

- Aur Resources Inc. announced that revenue is forecast to be approximately $763 million for fiscal 2006. Operating profit, after business development, administration and senior notes interest costs, is expected to be approximately $569 million and net earnings, after all other expenses including depreciation and amortization, non-cash mine closure expenses, income tax provision and non-controlling interests totaling $261 million, are forecast at approximately $308 million, equal to $3.15 or CDN$3.58 per share for fiscal 2006. According to Reuters Estimates, analysts on average are expecting the Company to report earnings per share of $2.86 on revenues of $726 million and EBIT of $516 million for fiscal 2006.
- Blue Pearl Mining has closed its acquisition of Thompson Creek Metals Company. The acquisition price was $575 million, with additional payments of up to $125 million contingent on future molybdenum prices. Blue Pearl funded the acquisition and related transaction costs through a $204 million public equity offering, a $35 million equity sale to one of the vendors of Thompson Creek, a $402 million term debt facility and a $25 million revolving line of credit. The Thompson Creek assets include the Thompson Creek mine and concentrator in Idaho, a 75% interest in the Endako mine, concentrator and roaster in British Columbia and the Langeloth metallurgical refinery plant in Pennsylvania. For the first nine months of fiscal 2006 (ended June 30, 2006), Thompson Creek reported income from operations of $407 million and net income of $286 million (unaudited) and, for the full fiscal year ended September 30, 2005 (audited), income from operations of $456 million and net income of $323 million.

Davidson

- Agnico-Eagle (AEM) record third-quarter 2006 earnings of $45.2 million or 38-cents per share, compared to net earnings of $2.1 million or 2-cents per share for the same period of 2005. Agnico-Eagle expects to produce 250,000 ounces of gold, 5 million ounces of silver, and 170 million pounds of zinc and 16.5 million pounds of copper this year. Agnico plans to increase proven and probable gold reserves to 14 million to 15 million ounces by 2008. Agnico-Eagle is also building four new gold mines, which it hopes will more than triple gold production to 900,000 ounces by 2009. Among the gold projects under construction include the $135-million Goldex in northwestern Quebec, which is expected to produce 170,000 ounces of gold annually over a nine-year mine life. First gold production is expected in the second half of 2008. Construction has begun at the Kittila project in northern Finland with first production also planned during the second half of 2008. The $135-million Kittila is expected to produce 150,000 ounces of gold annually over a 13-year mine life. The final phase of construction has commenced at the $90-million Lapa project in northwestern Quebec, which is expected to produce 125,000 ounces of gold yearly during its seven-year mine life. Meanwhile, construction also began at the $210 million LaRonde II project in northwestern Quebec during the second quarter. Annual gold production is expected to average 320,000 ounces of gold over a 10-year mine life.
- Teal Exploration & Mining Incorporated (TL) has received an approval from Kalombo Mwansa, the Zambian Minister of Mines and Minerals Development, for a large-scale mining licence over its property in the Musenga area of the Zambian Copperbelt. The licence covers several prospective properties with the Mwambashi project the closest to development. The technical section of the feasibility study for a 12,000 tpy copper operation has been completed and a green light for the project is now mainly dependent on negotiation of a satisfactory off-take agreement with a local processing partner. Mwambashi will be operated by a local company in which TEAL holds a 70% interest and Korea Zinc the balance 30%.
- Pelangio Mines Inc. (PLG) reports on the announcement by Trade Winds Ventures (TWD) of a first mineral resource estimate for the M Zone gold deposit from the Company's Block A Property at Detour Lake, in northeastern Ontario, on which Trade Winds is earning a 50% interest in the project. Based on a 1.0 g Au/t cut-off grade, the indicated resource totals 14,158,000 tonnes grading 1.77 g Au/t containing 804,321 ounces of gold and the inferred resource totals 24,796,000 tonnes grading 1.88 g Au/t containing 1,499,552 ounces of gold.

Industry

- Zinifex Ltd. expects to produce significantly less lead and slightly less zinc concentrates in the year to June 30, 2007, compared with last fiscal year. Lead concentrate production is being impacted by the lower ore grades and is likely to be

HV — Oct. 30/06

→ Davidson

■FIRST METALS IPO ON TSX

Shares in First Metals Inc have begun trading on the Toronto Stock Exchange following a C$10.2 million initial public offering. The IPO comprised 3.7 million flow-though shares at C$1.10/share, and 6.2 million units at C$1.00/unit, with each unit comprising a common share and half a share-purchase warrant exercisable in whole at C$1.25/share, for two years. Jennings Capital was the agent for the deal. First Metals has projects in the Abitibi Greenstone Belt in Quebec. The company's chief executive, James Beatty, commented: "First Metals has been established to capitalise on the current favourable metals cycle. The listing is a critical milestone in our plan to effectively and efficiently become a near-term producer."

■URANIUMSA OFFERING

UraniumSA Ltd has opened a A$6 million initial public offering at A$0.20/share, and plans to list on the Australian Stock Exchange (ASX) next month. The company will explore uranium properties covering 7,600 km² in South Australia under joint-venture agreements with Marathon Resources Ltd and Stellar Resources Ltd, which are both listed on the ASX. UraniumSA's chairman is Tom Phillips, who was formerly chief executive of Mitsubishi Motors Australia. Russel Bluck, an experienced exploration geologist, is chief executive. Mr Bluck commented: "While the [property] portfolio contains a range of uranium exploration targets, the company will focus specifically on palaeochannel or roll-front and unconformity styles of mineralisation."

■WA NL'S RIGHTS ISSUE

ASX-listed Western Areas NL hopes to raise up to A$45 million via a rights issue of 17.5 million shares. Shareholders in the company will be able to subscribe for a new share at A$2.60/share for every eight shares held at 17:00 (WST) this Friday (September 8). The issue price represents an 11% discount to the five-day weighted-average share price before September 1. Western Areas' main trading brokers, Tricom Equities and Southern Cross Equities, are joint lead managers of the deal. Any shares left unsubscribed for after the rights issue are expected to be offered to leading institutions and investors. The proceeds of the issue will contribute to the funding of the Flying Fox nickel-mine expansion project in Western Australia – for which A$80 million in debt was secured last month (*MJ*, August 4, p17) – and for

Blue Pearl to join moly's top five

TSX-LISTED molybdenum explorer Blue Pearl Mining Ltd is set become one of the world's top producers of the metal after agreeing to acquire Thompson Creek Metals Co, an unlisted integrated producer of molybdenum, for up to US$700 million.

Ian McDonald, Blue Pearl's chairman and chief executive, said: "The Thompson Creek acquisition immediately propels Blue Pearl to the top ranks of the world's primary molybdenum producers. We will be transformed from a single-project development company into an integrated North American producer at a time when molybdenum trades at historically high levels."

Under the agreement, Blue Pearl will pay US$575 million in cash plus future contingency payments totalling up to US$125 million should the price of molybdenum exceed US$15/lb during the period 2007-09.

Blue Pearl, which on the day before the announcement had a market capitalisation of US$178 million, and at June 30, 2006, held cash and equivalents of C$6 million, says it will fund the US$575 million acquisition cost entirely from debt and equity financing. UBS investment bank has already signed a commitment letter for a US$450 million long-term loan facility to fulfil the debt component.

Citing latest statistics from a report by Roskill Information Services, Blue Pearl says that 5% of world molybdenum production was attributable to Thompson in 2004, ranking the group as the world's fifth-largest producer of the metal.

Blue Pearl says that the deal would create "the world's largest publicly-traded stand-alone molybdenum producer". The metal is principally produced as a mining by-product from primary copper operations.

Thompson's forecast mine production in 2006 totals 26 Mlb of molybdenum at an average cash operating cost of US$4.12/lb. The metal currently trades at US$25-30/lb in oxide form.

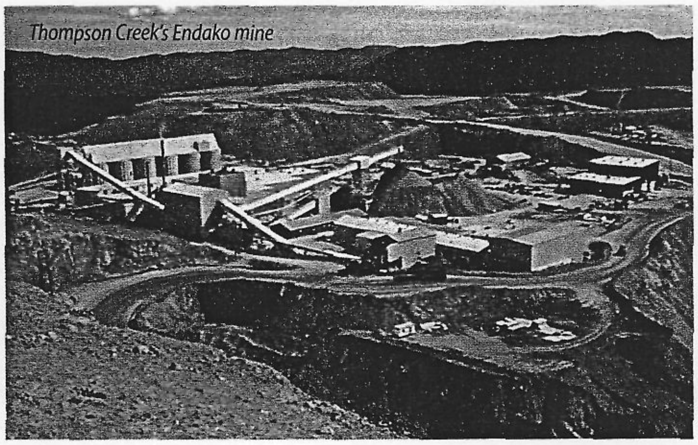
Thompson, formed in 1993, operates two open-pit molybdenum mines – Thompson Creek in Idaho (100%-owned) and Endako (75%) in British Columbia, and the Langeloth metallurgical refinery (100%) in Pennsylvania.

The Thompson Creek mine is estimated to have a further ten years of operation, based on current proven and probable reserves of 64.5 Mt at 0.119% Mo, and is expected to produce a total of 148 Mlb of molybdenum at a cash operating cost of US$3.68/lb.

With proven and probable reserves of 74 Mt at 0.063% Mo, the Endako mine is expected to operate for seven more years, with production totalling 66 Mlb at a cash cost of US$5.11/lb.

Mr McDonald commented: "Both mines are in politically stable jurisdictions, and Endako, in particular, is an important complement to our Davidson deposit near Smithers, British Columbia, as there can be many synergies between the two properties, including processing Davidson ore at Endako".

Blue Pearl's Davidson project has measured and indicated resources of 75.5 Mt at 0.177% Mo, and a feasibility study is currently in progress.



Thompson Creek's Endako mine

MJ - Sept. 21/06

Thor lists on Australian Stock Exchange

AIM-LISTED Thor Mining plc has secured A$10 million via a public offering underwritten by Patersons Securities as part of a secondary listing on the Australian Stock Exchange.

The offering, at A$0.20/share, follows the approval by shareholders in Thor of a one-for-three share consolidation, and the issue of a share-purchase warrant for every two post-consolidation shares.

John Barr, Thor's executive chairman, told *Mining Journal* this week that the proceeds of the offering will be used at the Molyhil molybdenum-tungsten project, located within the central portion of the Northern Territory; and for other exploration in this region, in particular for uranium.

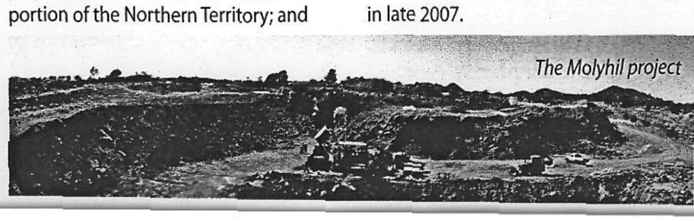
Mr Barr said: "[Of] the A$10 million that we're raising, about A$1.25 million gets spent on finishing the feasibility study at Molyhil, a pre-Christmas event ... And by June next year we are budgeted to spend A$3 million on uranium."

Mr Barr expects the Molyhil feasibility study to outline an operation at a capital cost close to the A$21 million estimated in a scoping study completed earlier this year (*MJ*, April 7, p8). The study considered a 300,000 t/y open pit to depths of 150 m. Production is scheduled to begin in late 2007.

Thor is acquiring a suite of uranium properties from ASX-listed Batavia Mining Ltd in exchange for 16 million shares in Thor and 8.5 million warrants. John Young, who was appointed chief executive of Thor in June, commented: "The uranium projects are logistically close to the Molyhil project, so from the start that's a good thing. There's over 3,500 km² of uranium exploration tenements, and they've all had various stages of exploration in the past."

Mr Young added that sandstone-hosted roll-front, structurally-controlled and primary intrusive-hosted uranium targets had already been identified on the properties.

Mr Barr concluded: "We're pretty aggressively out there spending money trying to evolve these assets. We think there's a nice base with Molyhil, because that's a relatively near-term production asset, and we think the uranium provides the sex for the shareholders, as it's the



The Molyhil project

Barrick's Deep stake

Barrick Gold (ABX-T, ABX-N) is selling its half interest in the South Deep gold mine in South Africa to **Gold Fields** (GFI-N) for nearly US$1.53 billion.

Gold Fields will pay US$1.2 billion in cash and the rest in shares valued at the average of the previous five days of trading in New York.

Barrick's 50-50 partner at South Deep, **Western Areas** (WARSF-O, WAR-J), is waiving its right of first refusal on Barrick's interest, though Gold Fields does own 18% of Western Areas.

Situated 45 km southwest of Johannesburg, South Deep produced 461,119 oz. gold at a cash cost of US$387 per oz. in 2005, up from the 428,585 oz. poured at US$383 apiece a year earlier.

However, the South Deep mine was severely damaged in early May when a loaded skip broke free of its winder drum during regular maintenance. The skip plunged some 1.6 km down the mine's main shaft, damaging it in several locations along the way and knocking the shaft out of commission.

Gold output has been roughly halved ever since, but Western Areas believes it can recommission the shaft early next year following an estimated 80 million rand (US$11.7 million) worth of repairs.

At last count, South Deep hosted proven and probable reserves of 147 million tonnes running 6.2

See **GOLD FIELDS**, Page 2

BY JOHN CUMMING

Toasting the official re-opening of the Kiena gold mine in Quebec (from left): Curé Jean-Claude Labbé; former Wesdome Gold Mines director Murray Pollitt; Pierre Corbeil, Quebec's Minister of Natural Resources and Wildlife; Kiena mine manager Pierre H. Terreaul; Wesdome president Paul Cregheur; and Kiena's head of human resources, Gabriel Maurice.

SITE VISIT

BY JOHN CUMMING

VAL D'OR, QUE. — The celebrations marking the official reopening of the Kiena underground gold mine on Aug. 18 were particularly sweet for **Wesdome Gold Mines** (WDO-T, WDOFF-O), coming as they did after many tough, frugal years spent assembling a viable property package, raising money and carefully hunting for new ore beneath Lac de Montigny.

Situated 10 km west of here, the Kiena headframe and mill sit on Parker Island, towards the southwestern end of the 8-km-wide Lac de Montigny, and are accessible by road via a causeway.

Wesdome fired up the mill on schedule on July 24, and began commercial production on Aug. 1. To get things rolling, the company milled 12,000 tonnes of stockpiled development ore grading 4 grams gold per tonne.

The ore is being run through a conventional semi-autogenous grinding mill, with gold recovered using the carbon-in-pulp process. Historically, gold recovery at the mine has been around 95%.

With limited feed from underground, the mill will be operating only five days per week at a daily rate of 1,250 tonnes for the rest of the year, well unde

See **WESDOME**, Pa

PM40069240 – PAP Registration #09263

→ Davidson

Blue Pearl aims for moly's top drawer

NM - Sept. 15/06

BY VIVIAN DANIELSON

VANCOUVER — A US$575-million takeover of a privately held molybdenum producer is expected to transform **Blue Pearl Mining** (BLE-T, BLEFF-O) from a single-project development company into the world's largest publicly traded primary molybdenum producer, as well as one of the world's top-five producers after including state-owned and private corporations that typically produce the metal as a byproduct.

Blue Pearl's core asset is the Davidson moly project near Smithers, B.C., where a feasibility study and permitting are under way to exploit a high-grade portion of an underground deposit. Measured and indicated resources total 75.5 million tonnes grading 0.177% moly.

Blue Pearl plans to complete the acquisition of privately held Thompson Creek Metals in early October. If all goes as planned, the company will wholly own the Thompson Creek open-pit moly mine and 25,000-tonne-per-day capacity concentrator near Challis, Idaho, and a metallurgical refinery in Pennsylvania with an annual roasting capacity of 35 million lbs. Another core asset will be a 75% interest in the Endako mine near Fraser Lake, B.C., where Blue Pearl had planned to haul ore from its proposed Davidson mine for processing.

"The entire suit of assets is very complementary to our existing assets, and are located in favourable jurisdictions," said chairman and chief executive Ian McDonald during a conference call with analysts, media and shareholders.

The transaction will also provide Blue Pearl with a production base with potential for growth in the years ahead. Thomson Creek's equity share of production this year is estimated to total about 26 million lbs. at an average cash cost of US$4.12 per lb. The company's net earnings for the first nine months

See **BLUE PEARL**, Page 2

NM $ 1 2109124
Regional Geologist
Min Of Energy Mines & Northern
Development
301-865 Hornby St
Vancouver BC V6Z 2G3

21/18
xx52(J)

0 61399 70331 6

→ Davidson

nd indicated resources amounted o 109.9 million tonnes averaging 3 grams gold per tonne, for 25.9 nillion contained ounces. The estimates are based on a gold price f US$400 per oz.

Western Areas has also been hampered by its hedge book. At the end f March, the company's hedging ommitments amounted to a deriv-

company realize an average of US$403 for each the 55,460 oz. gold sold during the first three months of 2006, compared with an average spot price of US$561 per oz.

Barrick had acquired the South Deep interest via its US$10-billion takeover of Placer Dome in January 2006. It says its remaining employees in South Africa will remain fo-

Barrick operations and projects in Africa.

For Gold Fields, the South p acquisition complements its recent decision to deepen its two largest gold mines in South Africa, Driefontein and Kloof, at a cost of 4.7 billion rand ($708 million).

The South Deep deal still requires South African regulatory approval, but should close in early 2007.

metres. The new workings would open up the Kloof Extension mineralization, where Gold Fields has pegged a reserve of 5 million tonnes grading 12.1 grams per tonne. The mineralization is on the Ventersdorp Contact Reef.

Sinking would start next July and mining would begin in 2009. The Extension project would last until 2021.

See **DRIEFONTEIN**, Page 16

Davidson

Blue Pearl aims for moly's top drawer

LUE PEARL, From Page 1

nded June 30, 2006) of fiscal 2006 ere US$286 million, based on income from operations of US$407 illion.

Along with the US$575-million urchase price, Blue Pearl will be quired to make contingency payents of up to US$125 million if rices remain above US$15 per lb. uring the next three years. The payents are waived if prices fall and main below US$15 over this peod. The corrosion-resistant metal urrently sells for about US$28 to S$30 per lb., up from below US$10 early 2004, primarily because of urging demand for its use in highd steel alloys and oil-and-gas pelines.

Blue Pearl has secured a commitment letter for a long-term loan of US$450 million, and intends to fund the balance through an equity issue. The company will also acquire Thompson Creek's working capital of about US$150 million.

McDonald told analysts that the company expects to pay off the debt portion ($450 million) over four years, based on moly prices of US$20 per lb. for 2006, US$15 for 2007, and US$10 for 2009 and thereafter.

"I think we're being pretty conservative, and our numbers don't take into account (projected) production from Davidson," McDonald said. "Nor do they take into account possible optimization at Thompson Creek, which is only operating at seventy-five per cent of capacity at this time because they got behind on some of their stripping."

McDonald said the goal is to pay off the debt as quickly as possible while prices are strong.

"Debt repayment, reserve expansion and organic growth from projects such as Davidson will be the hallmarks of this company going forward."

On the operations front, Blue Pearl has made site visits to the operations as part of its due diligence review, which resulted in a strong vote of confidence for existing management's "expertise and commitment" across the slate of assets.

"We do not plan to tamper with a winning management formula," McDonald said, adding that the company sees potential synergies between the Endako and Davidson properties, including processing Davidson ore at Endako's existing mill.

Endako was placed into production by Placer Dome and recently celebrated its 40th year of production. The complex includes an open-pit mine, a concentrator with a capacity of 30,000 tonnes per day, and a roaster. The mine has an estimated 7-year mine life based on proven and probable reserves of 74 million tonnes grading 0.063% moly, and is expected to produce 66 million lbs. moly at an estimated average cash operating cost of US$5.11 per lb. over this period.

The Thompson Creek mine has at least another decade of production based on proven and probable reserves of 64.5 million tonnes grading 0.119% moly. The mine is expected to produce 148 million lbs. moly at an estimated average cash cost of US$3.68 per lb. over the 10-year mine life, which could be extended by converting resources into reserves. Measured and indicated resources (including reserves) stand at 178.6 million tonnes at 0.094% moly, plus another 34.5 million tonnes at 0.066% moly in the inferred category.

Thompson Creek Metals produced about 5% of the world's moly production in 2004, the last year in which global production figures are available. The top three producers are Chile's state-owned **Codelco** at 19%, **Phelps Dodge** (PD-N) at 13%, and **Grupo Mexico** (GMBXF-O), at 8%. All three companies produce moly as a byproduct, primarily from large copper or copper-gold mines.

McDonald expressed confidence that the proposed transaction will proceed as planned, as **Sojitz Moly Resources** — Thomson Creek's partner at Endako — has waived a first right of refusal in favour of Blue Pearl. Sojitz is a subsidiary of Japanese trading house that will retain rights to market moly production from Endako.

→ Davidson

MARKET MOVERS

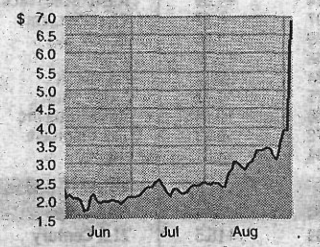
The Sun Sept. 8/06

Sun-Sept. 7/06

Blue Pearl Mining
TSX:BLE
Close: $6.86 Change: $2.94

Blue Pearl Mining Ltd. is set to become one of the world's largest molybdenum producers, after announcing a deal to buy privately held Thompson Creek Metals for US$575 million. Stock in the Toronto-based miner rose 75 per cent, pushing the stock above a 52-week high of $3.95 on trading of more than 6.4 million shares. Thompson Creek's operations include the Thompson Creek Mine and processing facility in Idaho and the Langeloth refinery in Pennsylvania, as well as a 75 per cent interest in the Endako Mine and processing facility in central British Columbia. Blue Pearl owns the Davidson deposit, a high-grade underground molybdenum deposit near Smithers. Molybdenum, valued for its corrosion-resistant properties, is a key component in high-end steel alloys and pipeline steel. It currently trades between US$28 and US$30 per pound, boosted by increased demand in China, a strong stainless steel market and upcoming oil pipelines projects.

BLUE PEARL UP 75 PER CENT



EXPLORATION UPDATE

Blue Pearl Mining (BLE : TSX). The Davidson property is located about 10 kilometres by paved and country road from Smithers, British Columbia. The town site is within the scenic Bulkley River Valley and is fully accessed by daily air service and Highway 16. The Davidson Deposit contains measured and indicated resources at a 0.1% MoS_2 cutoff of 588 million pounds of Molybdenum, which at current spot prices of US$23/lb equates to a gross metal value of US$13 billion.

The Davidson deposit is not a new discovery. In fact, it is a known resource which up until the past year had remained dormant awaiting the now higher moly spot prices. The deposit was discovered in 1957 by Amax and Climax Moly and actively developed in the 1960s and 1970s. Exploration terminated in the 1980s with the decline in spot moly prices. The last two drill holes completed at site tested a deeper target that lies about 300 metres further below the bottom of the current resource envelope. One of the holes returned 45 metres of 0.48% MoS_2. Last week, the company released the results of an underground hole designed to further verify and tests this lower horizon. The hole, (Hole 165) returned 48.8 metres at 0.46% MoS_2. Assays are pending from a further four holes and a second rig is to be added to the program.

The company is in the process of completing a feasibility study lead by Hatch Engineering and including reserve work by Snowden, environmental work by Rescan Environmental and underground development by Procon. The base case is being built around the 9.0 million tonne resource at 0.55% MoS_2 with a 2000 tpd mining rate and annual production targeted at about 5.0 million pounds.

Blue Pearl has about 45.0 million shares issued and a current market capitalization of $146 million. The company has current working capital we estimate at $9.5 million. Canaccord acted as lead financier for Blue Pearl in a $10 million issue at $0.60/unit in March 2005.

Fronteer Development Group Inc. (FRG : TSX) is a Canadian gold and uranium exploration company with interests in gold properties in Turkey, and a 57% interest in a private energy company Aurora Energy Inc. which along with partner Altius Minerals Corp. (ALS : TSX-V : 43%) is focused on uranium exploration, within the Central Mineral Belt (CMB) of Labrador. The CMB has a known exploration history for uranium and is a 1.8 billion year-old rock assemblage located 300 kilometres south of Voisey's Bay. Exploration by Brinco, estimated at $30 plus million, in the 1970s outlined four uranium deposits, Inda, Nash, Michelin and Rainbow. Aurora has focused on this area and has staked much of the prospective belt with holdings now at about 780 square kilometres.

Fronteer and Altius commenced exploration in 2003 as 50-50 joint venture partners to explore for Iron-Oxide-Copper-Gold (IOCG) deposits in the CMB over nine properties. In 2004, they conducted a 13,000 line kilometre airborne magnetic and radiometric survey followed by detailed follow-up surface exploration. The results from this work provided two separate positive outcomes, firstly, the known deposits correlate well with radiometrically anomalous surface zones, and secondly, several new, very large, radiometric targets were identified that have never been drilled. In particular, the two largest targets were Jacque's Lake and Otter Lake.

In mid-2005, Fronteer and Altius restructured the JV to form Aurora Energy, a private company in which Fronteer has a majority position. They commenced a $5 million

→ Davidson
Nov.'06

DAVIDSON DEPOSIT

Smithers, British Columbia

Blue Pearl owns the Davidson Deposit, an underground molybdenum deposit approximately 10 kilometres west of Smithers, B.C. The estimated mineral resources for the Davidson Deposit as of December 17, 2004 are as follows:

DAVIDSON DEPOSIT MINERAL RESOURCES [1]

Category	Tonnes (millions)	Grade (%Mo)	Contained Mo (millions lb)
Measured (M)	4.9	0.185	20.0
Indicated (I)	70.4	0.176	273.9
M + I Total	75.3	0.177	293.9

(1) The mineral resource estimates for the Davidson Deposit set out in the table above have been reviewed by Gary Giroux, P.Eng. who is a qualified person under NI 43-101. The mineral resources are classified as measured and indicated, and are based on the CIM Standards which were adopted by NI 43-101. Mineral resources are reported at a cut-off grade of 0.12% molybdenum.

The estimated total contained molybdenum from all three projects is as follows:

Site	Mineral Reserves Mo (million lb)	Mineral Resources Mo (millions lb)
Thompson Creek	169.1	370.6
Endako	103.1	80.4
Davidson	N/A	293.9
Total	**272.2**	**744.9**

Note: Mineral reserves and resources of contained molybdenum in this table are drawn from the relevant tables above.

VERDSTONE
GROUP OF COMPANIES

NEWS ◆ SPRING 1998

METALS REPORT SPRING 1998

Exploration in Canada makes good sense for Canadian junior mineral exploration companies. The relatively cheap Canadian dollar reinforces the VERDSTONE GROUP'S belief in this statement and so the emphasis continues to be for exploration close to home, specifically in B.C. British Columbia is extremely rich in minerals. New discoveries are occurring all the time and some have progressed to become world class mining operations.(Highland Valley Copper, Eskay Creek, Bralorne, Rossland and Endako). It is the opinion of VERDSTONE management that job creation incentives will reverse the current downturn in mineral resource expenditures and British Columbia's mines will make more frequent headlines as more new ones are opened and fewer mines close.

For many junior mineral exploration companies it continues to be difficult to raise money for projects. Low metal prices and effects felt in Canada, of economic set backs in far eastern economies, are sufficient to keep the higher risk markets down at this time. No one knows what it will take to turn these markets around. In this atmosphere the VERDSTONE GROUP continues to look for opportunities and diversification to expand its interests.

YORKE-HARDY

Glacier Gulch

MOLYBDENUM PROPERTY
SMITHERS, BC
[VERDSTONE 50% - MOLYCOR 50%]

VERDSTONE & MOLYCOR'S YORKE-HARDY project certainly has all the indications and potential to become a world class molybdenite operation. Climax Molybdenum Company geologists Bright and Johnson (1976) have indicated that the Yorke-Hardy contains an estimated 11 million tons of pure molybdenite in 1.25 cubic km area. Thus the Yorke-Hardy has a greater areal distribution of mineralization comparable to the largest known molybdenum source in the world. Based on 77,000' surface and 114,000' underground core drilling the resource estimates for the Yorke-Hardy are summarized as follows:

MOS_2 CUTOFF	TONS >CUTOFF	% MOS_2	% WO_3	POTENTIAL GROSS (VALUE-INSITU) $US
0.10	296,110,000	0.187	0.014	3,028,287,395
0.17	132,130,000	0.254	0.020	1,840,972,511
0.30	26,265,000	0.401	0.027	581,021,091
0.48	4,555,000	0.604	0.031	147,700,574

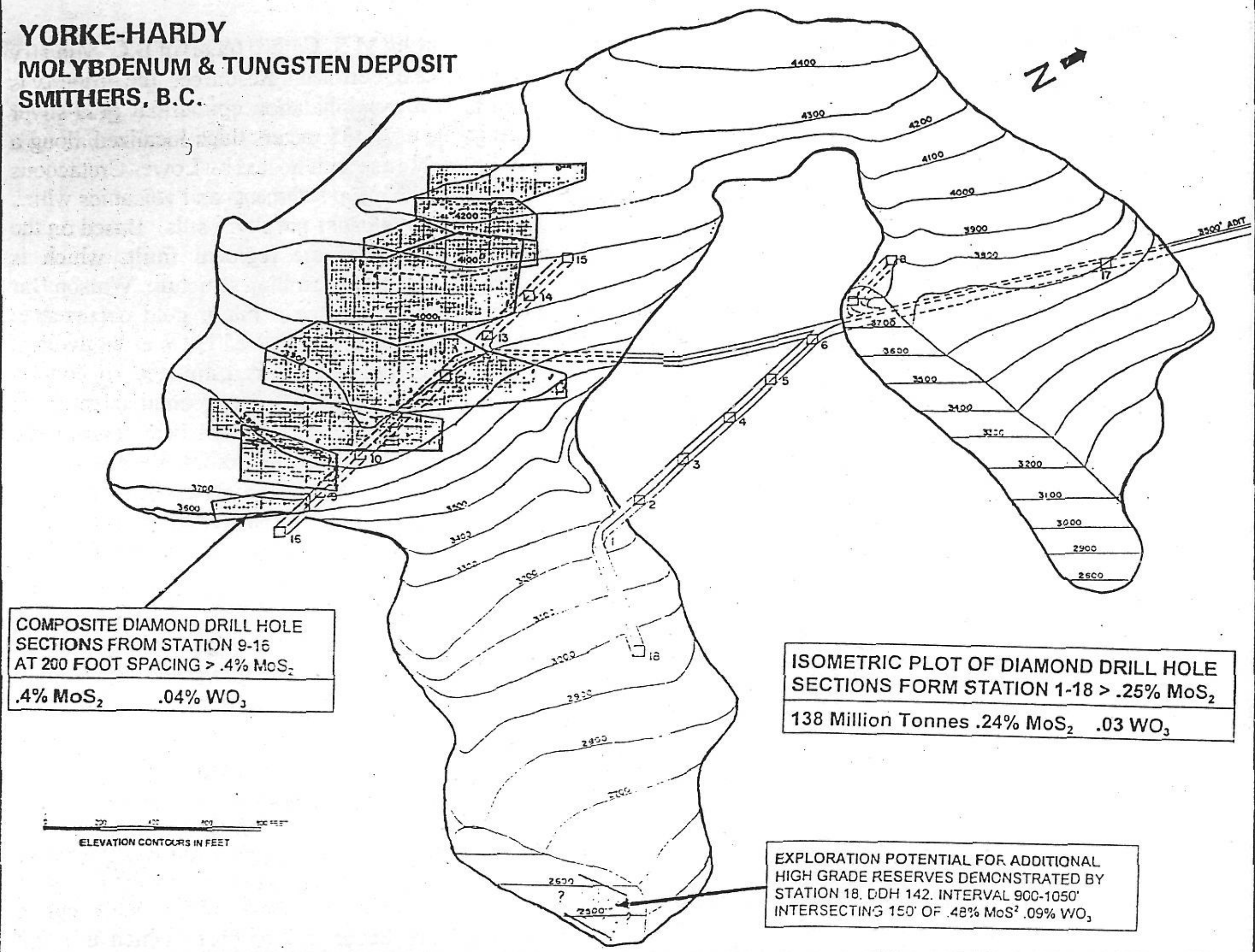
* *Based on US $4.30/lb for MO (MO is 60% of MoS_2) & US $2.13/lb for WO_3.*
** *Based on specific gravity of 2.56*

These data are supported by reliable and replicated results obtained by Climax over a period of 20 years of detailed work and over 30 million dollars in expenditures. The Yorke-Hardy is an advanced-stage project ready for pre-feasibility. It is the group's most valuable asset with known body of good grade molybdenite and minor tungsten. It is, at present, the subject of ongoing economic and environmental studies to determine if it can be developed to production successfully.

VERDSTONE GROUP OF COMPANIES

NEWS ◆ SPRING 1998

YORKE-HARDY
MOLYBDENUM & TUNGSTEN DEPOSIT
SMITHERS, B.C.



VERDSTONE GOLD CORPORATION

Symbol	VGC.V
Shares Issued/Outstanding	16,789,695
Recent Price (04/01/98)	$0.20 (Cdn)
52 Weeks Hi/Low	$1.35-$0.16

http://www.venturestocks.com/verdstone/

MOLYCOR GOLD CORPORATION

Symbol	MOR.V
Shares Issued/Outstanding	8,291,193
Recent Price (04/01/98)	$0.28 (Cdn)
52 Weeks Hi/Low	$2.07-$0.28

http://www.venturestocks.com/molycor/

STIRRUP CREEK GOLD LTD.

Symbol	SGU.V
Shares Issued/Outstanding	,8,661,231
Recent Price (04/09/98)	$0.33 (Cdn)
52 Weeks Hi/Low	$2.30-$0.33

http://www.venturestocks.com/stirrup/

DOBBIN — Platinum - Palladium — Winter

>15,000' of ddh on Cu anomaly — '97/'98

for occurrence of platinum group elements in alkalic pyroxenite. The first half of this program did not penetrate more than 700 feet and DDH 97-07 was stopped in mineralization at 620 feet. The best results were found in DDH 97-21 between 1092 feet and 1142 foot depths. All indications are that this was a successful program. Deeper drilling will be done in 1998. The summary of the results is shown below.

DDH #	INTERVAL		LENGTH		% Copper	Grams/Tonne		% Copper
	(Metres)	(Feet)	(Metres)	(Feet)		Platinum	Palladium	(Equiv)
97-01	00-15	0 - 49'-6"	15	49'-6"	0.195	0.244	0.152	0.40
(Incl.)	00-9	0 - 29'-6"	9	29'-6"	0.250	0.322	0.197	**0.52**
"	78-90	256'-0" - 295'-4"	12	39'-4"	0.230	0.210	0.250	0.44
97-02	0.4-9	1'-3" - 29'-6"	8.6	28'-3"	0.157	0.340	0.237	0.45
(Incl.)	**23.0 -30.5**	**75'6" -100'-0"**	**7.5**	**24'-6"**	0.170	**0.567**	**0.859**	**0.81**
"	61.5-65.75	201'9" - 215'-9"	4.25	14-'0"	0.268	0.323	0.241	0.55
97-03	0.5-123	1'6" - 403'-6"	122.5	40-'0"	0.192	0.268	0.165	0.41
(Incl.)	**6.0-57.0**	**19'9" - 187'-0"**	**51.0**	**167'-3"**	**0.212**	**0.370**	0.192	**0.50**
97-07	**96.0 - 189.0**	**315'0" - 620'-0"**	**93.0**	**305'-0"**	**0.236**	**0.218**	0.131	0.41
(Incl.)	**96.0 - 114.0**	**315'0" - 374'-0"**	**18.0**	**59'-0"**	0.106	**0.455**	0.120	0.43
"	141.0 - 162.0	462'6" - 531'-6"	21.0	69'-0"	0.288	0.231	0.190	0.49
97-08	**54.0 -117.0**	**177'0" - 383'-6"**	**63.0**	**206'-6"**	**0.271**	0.268	0.208	**0.51**
(Incl.)	**60.0 - 90.0**	**196'6" - 295'-0"**	**30.0**	**98'-6"**	**0.412**	**0.370**	**0.266**	**0.73**
97-09	**153.0 - 177.0**	**501'9" - 580'-0"**	**24.0**	**78'-9"**	**0.324**	0.100	0.094	0.42
97-16	**126.0 -282.0**	**413'3" - 924'-9"**	**156.0**	**511'-6"**	**0.190**	0.140	0.149	0.24
(Incl.)	**231.0 -276.0**	**757'6" - 905'-3"**	**42.0**	**137'-9"**	**0.360**	**0.170**	**0.162**	**0.52**
"	**240.0 -264.0**	**787'0" - 865'-6"**	**23.0***	**75'-6"**	**0.424**	**0.291**	**0.264**	**0.69**
97-20	117.0-258.0	383'9" - 846'-3"	141.0	462'-6"	0.138	0.142	0.139	0.27
(Incl.)	189.0-258.0	620'0" - 846'-3"	69.0	226'-3"	0.200	0.154	0.134	0.34
"	**165.0-180.0**	**541'3" - 590'-9"**	**15.0**	**49'-6"**	0.090	**0.318**	**0.363**	.041
"	**240.0-252.0**	**787'0" - 826'-4"**	**12.0**	**39'-4"**	**0.403**	**0.388**	**0.347**	**0.76**
97-21	**288.0 - 399.0**	**944'6" - 1308'-6"**	**111.0**	**364'-0"**	**0.190**	**0.410**	**0.352**	**0.56**
(Incl.)	**333.0 - 348.0**	**1092'3" - 1141'-9"**	**15.0**	**49'-6"**	**0.540**	**1.316**	**0.949**	**1.67**
97-22	216.0 - 222.0	708'6" - 728'-0"	6.0	19'-6"	0.30	0.203	0.132	0.47
"	237.0 - 273.0	777'4" - 895'-4"	36.0	118'-0"	0.15	0.294	0.209	0.40

* *1 metre missing in fault zone*

GOLDEN ZONE, B.C. CLAIMS & SILVER BELL

GOLD PROPERTY

7 MILES NORTH EAST OF HEDLEY, BRITISH COLUMBIA

[VERDSTONE 30% TICINO 70%]

In the joint venture between Verdstone & Ticino Resources Corporation ("Ticino") Ticino completed a drill hole program with the following significant results:

Hole #	Interval(M)	Width(M)	Au g/t	Ag g/t
97-2	46.97-47.28	.33	1.776	1.470
97-5	18.25-21.30	3.05	.500	N/A
97-7	7.62-14.02	6.40	4.958	12.9

Recoveries were poor in all holes with most holes being lost in fault zones or old workings.

Verdstone '97/'98 Winter

YORKE-HARDY

MOLYBDENUM PROPERTY
SMITHERS, BC
[VERDSTONE 50% - MOLYCOR 50%]

Based on a more detailed review of historic information recently made available to management a short program of field work was undertaken for the purpose of evaluating economic mineral potential of the Au-As-Bi mineral zone situated above the high grade molybdenite-scheelite deposit. Access to this mineral zone is by helicopter from Smithers. Geological mapping, rock chip sampling and a Beep Mat conductivity and mag contrast survey were carried out on the property from Sept. 2-11, 1997. A two man crew camped at Simpson Creek at 5,400 foot elevation. Work on the property was carried out between 3,500 and 7,650 foot elevation. Out of 150 rock chip samples taken, 25 ranged between 1.84 to 10.11 g/t Au. Values up to 1.0% As and 0.39% Bi are associated with elevated Au values, and there is a positive correlation between Au and As-Bi geochemistry. Many of the higher grade gold bearing quartz zones sampled contain sparse amounts (0.1-0.5%) arsenopyrite and bismuthinite.

Values up to 0.12% Mo and 1.75% Zn were obtained from rock chip samples and there is an apparent correlation with Mo/Zn and elevated gold values. A value of 0.31% Cu was obtained in one rock chip sample, other samples were generally in the background range of 20 - 250 ppm Cu. There is a poorly defined correlations with Cu and Au.

The following Zones were defined by the rock chip sampling program:

Total # of Samples	Average Width (m)	Elev. feet a.s.l.	Trend & Strike (m)	Description	Weighted average Au/g/t
6	0.9	7,000	ENE, 250	'A' zone, quartz stockwork and veins	3.15
3	1.0	6,500	NNE, 75	'B' zone, quartz stockwork and veins	3.98
4	1.2	5,500	NE, 200	'C' zone, quartz veins and breccia	6.90
4	0.9	5,000	NW, 150	'D' zone, quartz veins and breccia	4.77
1	0.5	7,300	NE,50	'E' zone, quartz veins	6.51
3	1.0	7,100	NE, 75	'F' zone, quartz stockwork and veins	1.84
2	0.6	6,800	NE,50	'G' zone, quartz stockwork and veins	3.21
2	sub-crop	6,000	??	'H' zone, quartz stockwork and veins	2.87

The results indicate potential for gold bearing quartz-carbonate which outcrop in a 1/5x2/5 km area.

Structural interpretation of gold bearing trends suggest that their strike is similar in direction as the underlying Mo-W deposit, but the apparent dip is nearly at right angles to it. The interpretation of the attitude is that the upper gold bearing zones are largely controlled by steeply dipping radial fractures and the lower Mo-W deposit is controlled by concentric fractures associated with the emplacement of a shallow dipping granodiorite sheet. It is of interest to note where radial and concentric structures coalesce there are increased breccia and stockwork zones.

THE DOBBIN II

PLATINUM, PALLADIUM
MAJOR NEW DISCOVERY OF RARE DEPOSIT TYPE
KELOWNA, BC
[VERDSTONE 50% - MOLYCOR 50%]

More than 15000 feet of diamond drilling was done on the copper anomaly in an area selected to have the best potential