

- Refined zinc production increased by 3% year-on-year to 3.50 million tonnes, while consumption grew by 3.1% to 3.59 million tonnes, according to the ILZSG.
- Global mined zinc production increased 5.6% to 3.38 million tonnes in the same period.
- During the Jan-Apr 2006, zinc stocks on the LME declined 133,475 tonnes. Given the high price of zinc in April it is unlikely that consumers were stocking up on zinc. As a result believe that ILZSG will revise its apparent demand upward as more information becomes available.

#### Other Companies

- Tenajon Resources Corp. has released the results from an independent mineral resource estimate for the Ajax molybdenum deposit, located 14 kilometres north of Alice Arm in British Columbia. The Ajax deposit contains an inferred resource of 345 million tonnes grading 0.07 per cent molybdenum above a cut-off grade of 0.04 per cent molybdenum.
- Western Copper (WRN) has contracted Kluane Drilling Ltd. to undertake a 10,000 meter diamond drilling program on its Carmacks copper property. Mobilization is targeted to begin on July 4, 2006. Western Copper plans to update its feasibility study on the property by the end of the year. In 1995 a project Feasibility Study was completed and in 1997 a Basic Engineering Report was completed for the Carmacks Copper Project. The mine design consisted of an open pit mine and production facility with output of roughly 32 million lb. of 0.997% pure cathode copper per year over the 7 year mine life; however the price of copper dropped in the late 1990s leading to project deferment at that time.
- Western Canadian Coal Corp. (WTN) has secured sales commitments for Wolverine hard coking coal of approximately 880,000 tonnes, representing 70% of its planned Wolverine sales of 1.25 million tonnes in this fiscal year. These commitments are to major steel mills around the world encompassing six countries over three continents. Additionally, the Company is in active negotiations with a number of other steel mills and anticipates it will have concluded agreements for the balance of the Wolverine's planned sales by the end of August 2006. If the remaining price settlements follow those already concluded, an average price of approximately US\$100 per tonne is anticipated for the current coal year. The first trial shipments of Wolverine coal, projected to load in the July-September quarter of 2006, are expected to confirm the high quality coking coal characteristics of Wolverine coal obtained in customer tests of samples previously provided by WCCC. \*
- QGX Ltd. (QGX) has engaged Nexant, Inc. ("Nexant"), a world-wide energy consulting company with core competencies in coal gasification, Integrated Gasification Combined Cycle ("IGCC"), coal-to-liquids (Fischer-Tropsch) and gas-to-liquids technologies, to assess the technological and economic potential for applying coal-conversion technologies to the coal at Baruun Naran. Nexant's initial review of the coal-quality data for Baruun Naran coal indicates that the coal appears amenable to coal-conversion applications. QGX received a positive initial indication of support from the Mongolian Ministry of Fuel and Energy regarding a possible coal-to-liquids (transportation fuels) project earlier this year. Currently Mongolia imports 100% of its transportation fuels.
- EuroZinc Mining Corporation (EZM) announced that a US\$35 million project finance facility has been arranged through Bayerische Hypo-und Vereinsbank AG ("HVB"), for the company's Aljustrel zinc project. This facility together with US\$23 million of European Union ("EU") incentives of interest free loans and grants will leave US\$30 million (34%) to be financed from company cash flows to fund the total estimated capital cost of US\$88 million. The project completion and commencement of production is expected by mid 2007. The company is required to hedge 50% of first 18 months of zinc production, but has the flexibility to defer this hedging until the first drawdown which maybe early in 2007 because the Company and EU funding will be invested before the HVB loan. In addition to the zinc hedging, 75% of the planned lead production between July 2007 and December 2008; and 45% of the planned silver production between July 2007 and June 2011 are also required to be hedged.
- Mustang Minerals Corp. (MUM.) announced that results from batch flotation studies performed on a composite sample from the Maskwa Nickel deposit produced a concentrate grade of 13% nickel with suggested nickel recoveries in the range of 80-85%. The report also concluded that "the composite tested responded well to flotation" and that "the preliminary test program suggests that a marketable nickel concentrate, with acceptable nickel recoveries, can be produced at Maskwa."

#### Industry

- Canadian producer Elk Valley Coal expects to export between 22-25 million tonnes of metallurgical coal this year, with production limited by a chronic shortage of tyres. Elk Valley sold 24.124 million tonnes of coal in 2005. Elk Valley also stated that it plans to raise annual capacity to 30 million tonnes by 2010. \*
- The Mexican mine and metal workers union said it has postponed nationwide action that was scheduled for Jun 28 until after the country's July 2 presidential elections. However, strike action remain in place at several key operations, most significantly for the base metal markets at Grupo Mexico's large Cananea and La Caridad copper mines in the northern state of Sonora.

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