

→ Elk Valley Coal

16,000 tonnes of the remaining 2006 copper metal production. To date the Company has hedged approximately 3,200 tonnes of Q4 copper production at a weighted average price of \$3.36 per pound.

#### Analysis

- President Evo Morales said Monday that the Bolivian government is planning to return to state control several mining concessions belonging to Swiss mining company Glencore International AG. The announcement comes more than a week before Bolivian officials are expected to announce a plan aimed at revitalizing the country's mining industry.
- In February 2005, Glencore bought Compania Minera del Sur, Bolivia's largest tin smelter, previously controlled by former President Gonzalo Sanchez de Lozada who faces charges stemming from the death of 67 protestors.
- Glencore operates in Bolivia through its Bolivian subsidiary, Sinchi Wayra, which owns five mines of zinc, silver, tin, and lead. The Glencore operating mines produce 80% of Bolivia's 160,000 tonne per year of zinc. A Glencore executive in Bolivia told Reuters the company was not aware of the government's decision.
- Earlier this year Morales nationalized Bolivia's energy industry. Taking back the Glencore mines would significantly increase the political uncertainty in Bolivia and may delay new projects. It should be remembered that Apex's San Cristobal mine which will produce 220,000 tonnes of zinc annually, 120,000 of lead annually and 25 million ounces of silver is scheduled for production in the second half of 2007. Any delay in the start of this project would have a large impact on the zinc, lead and silver markets.

#### Other Companies

- Nuinco Resources Limited (NWI) announced positive metallurgical test results confirming that its 100%-owned Minago deposit will produce an extremely high-grade concentrate grading 27% nickel at 57% recovery.
  - Nickel recoveries are comparable to open pit nickel mines with similar head grades, such as BHP Billiton's Mt. Keith nickel mine in Australia. The testing also demonstrated the potential to increase recovery from the tailings stream through metallurgical optimization work which is expected to be done in 2007 as part of a feasibility study.
  - The high concentrate grade is due to the presence of millerite which contains a very high percentage of nickel (64.7%) and the low sulphide content of the deposit. In addition to the 27% nickel grade, the concentrate contained 1.30% copper, 8.77 g/t palladium, 3.67 g/t platinum, 0.35 g/t gold, 6.0 g/t silver and 0.38% cobalt. Magnesium oxide (MgO) content was 9.5%.
  - The full scoping study is scheduled for release in mid November.
- Century Mining Corp. [CMM] is seeking to invest in more projects in Peru after acquiring a minority stake in Peruvian miner Compania Minera Poderosa S.A. earlier this week. The junior gold miner has said it plans to produce 88,100 ounces of gold this year at a cash cost of \$385 per ounce. Century expects to nearly double production to 163,000 ounces of gold next year at a cash cost of \$331 per ounce. In 2008, the company has forecast 243,000 ounces at a cash cost of US\$319 per ounce. Century Mining has a deal to acquire a 38% stake in Minera Poderosa for \$45.7 million in convertible debentures. Century will recognize about 38,000 ounces of Poderosa's annual gold production at a mine site cash cost of about \$205 per ounce.
- Cameco Corp. (CCO) cannot contain flooding at its Cigar Lake uranium project in Saskatchewan after a rockfall over the weekend sent water into the underground mine. Cameco will allow the mine to flood and then repair it. Cameco had said the rockfall would delay construction on the project by at least a year. The mine had been scheduled to start production in early 2008. Cigar Lake is expected to produce 18 million pounds of uranium a year at full capacity. The delay in Cigar Lake production will increase the uranium supply deficit and put upward pressure on uranium prices.
- Canarc Resource Corp. (CCM) 2006 infill drilling program on the New Polaris property in northwestern BC continues to outline high grade gold mineralization in the C vein system. Drilling highlights include higher grades such as 40.4 gpt gold over 1.9 m in hole 330SW-6 and broader widths such as 14.0 m grading 10.9 gpt gold in hole 1676E-5B.
- Third-quarter profit at Fording Canadian Coal Trust (FDG\_u) fell in line with weaker coal prices and against a prior-year quarter that included C\$190 million in unusual gains, the trust said. Fording, which has a majority stake in Western Canada's Elk Valley coal-mining partnership, earned C\$124 million (US\$110 million), or 84 Canadian cents a unit, down from C\$427 million, or C\$2.91, in the year-earlier quarter. Before unusual items, Fording earned C\$121 million, or \$.82 per unit. Fording said it had a C\$160-million income tax gain in the third quarter last year as well as a C\$29 million non-cash gain on a partnership stake. Cash available for distributions to unit holders was C\$123 million, or 83 Canadian cents a unit, down from C\$253 million, or C\$1.72 a unit. Revenues were C\$451 million, down from C\$570.8 million. Fording said average coal prices for the period were 15.6 percent lower than the year before.

#### Industry

- Nippon Steel is building a new plant that recovers steel materials and zinc oxide from steel dust generated at its steel plants. Nippon Steel is currently constructing a third rotary hearth furnace that recycles steel dust on the premises of its Kimitsu steel works in Chiba prefecture near Tokyo. The company currently runs two rotary hearth furnaces in Kimitsu, with a combined process capacity of 400,000 mt of steel dust annually. The furnaces recover steel materials, which are reused at Nippon Steel, and zinc oxide, which is sold in the domestic market. Recycled zinc oxide is used as feedstock to produce zinc cathode. There are six zinc smelters in Japan and two smelt zinc oxide along with zinc concentrates and battery wastes. Sumitomo Metal Mining's 90,000 mt/year Hairma smelter relies on one third of its

HV - 02.24/08

EVCC