tin smelter on February 9.

Glencore said the military entered the smelter and ejected senior personnel leaving only the workforce to operate the smelter. Government representatives arrived shortly afterwards.

A Glencore spokeswoman told *Mining Journal* authorities did not contact Glencore before seizing the 12,000 t/y smelter, which Glencore bought in 2005 through its US$220 million takeover of Cia Minera del Sur (Comsur).

The fate of Glencore's five mines, which, together with the smelter, comprise Glencore's Bolivian Sinchi Wayra unit, was not clear. Mining Vice Minister Luis Alberto Echazu said the government would seek to rewrite the contracts that govern Glencore's profits from two of the mines – Colquiri tin mine and the Porco lead-silver-zinc mine.

The five mines have a combined output capacity of 241,000 t/y of zinc concentrate and 15,000 t/y of lead concentrate.

Apex says project safe

Another high-profile investor Amex-listed Apex Silver Mines Ltd considered its 65%-owned San Cristobal silver-zinc-lead project (35% Sumitomo Corp) in the Potosi region of Bolivia to be safe from expropriation, chief financial officer Gerald Malys told *Mining Journal*.

San Cristobal is expected to open by the December quarter 2007, with average production in the first five years of its expected 16-year life of 22.3 Moz/y of silver, 182,500 t/y of zinc and 85,000 t/y of lead.

Glencore's assets under a cloud

Coeur sees no seizures

Coeur d'Alene Mines Corp has had assurances from the government that its San Bartolome silver project will not be seized, Coeur d'Alene's chief executive Dennis Wheeler said.

"I was given specific affirmation," he said. "I am comfortable that other issues such as taxation will be resolved in a reasonable fashion."

San Bartolome is due to start production next January at a rate of 8-9 Mlb/y.

Leftist nationalist President Evo Morales said the government expropriated Vinto, owned by former President Gonzalo Sanchez de Losado because Comsur's sale to Glencore was illegal.

The government said it intended to invest US$10 million in the smelter, now owned and operated by newly-formed state company Vinto Metallurgical Co. But Glencore would not receive a single peso in compensation, Mr Morales told local media.

Mining Minister Guillermo Dalence said Glencore should sue former smelter owner Consur if it decided to seek damages. However, a government spokesman later suggested that Glencore pay the state compensation. "We have analysed in detail the way Vinto was partially privatised and then privatised by Glencore and we are not afraid of going to international arbitration," he said.

La Paz-based Swiss Embassy spokesman Eros Robiani said: "We recognise the Bolivian people's sovereign right, but within a framework of respect for international rights and bilateral accords signed by the governments."

An accord signed in 1991 prohibits expropriation of investments made by Swiss corporations in Bolivia unless in the public interest and accompanied by payment of effective and adequate compensation. Glencore said that the Swiss government expected Bolivia to honour the accords.

Safety and Health Administrations (MSHA), to reduce diesel particulate pollution in underground metal and non-metal mines. The standards do not apply to coal mines. According to director Michael Wright, of the United Steelworkers trade union, which backed the MSHA, the standards were changed several times to accommodate the NMA and producers. "It is a hands-down victory for the safety of our members ... This decision was a rebuff of the mining companies and the mining associations," Mr Wright said. MSHA issued the standards after finding that diesel particulates were linked to lung cancer, respiratory problems and eye irritation. It proposed mines reduce carbon exposure incrementally until a final level was met in May 2008 (total carbon permissible exposure level of 160 µg/m^3). The MSHA chose the carbon content measurement because it accounted for most diesel particulates, a fact the court agreed on.

Highland Valley Copper

■ MORE FROM UMMC

Urals Mining and Metals Co (UMMC), Russia's second largest copper producer, plans to raise copper cathode production capacity by 37% to 500,000 t/y after 2010. UMMC plans to invest US$129 million over the next few years to meet this target. UMMC produced 282,265 t of copper-cathode and 89,914 t of zinc in 2006.

■ HIGHLAND EXTENSION

HVC

Teck Cominco Ltd will spend C$300 million to prolong the life of its 97.5%-owned Highland Valley copper mine by six years to 2019. This will be done by expanding the Valley open-pit and on continued output from the Highmont pit. This is expected to produce an additional 247 Mt of ore yielding 1,500 Mlb (680,000 t) of copper and 21 Mlb of molybdenum over the six-year period. C$167 million will be spent on incremental waste stripping and the balance on mobile equipment. Copper production during the six years is expected to average 295 Mlb/y. However, due to the mining of lower-grade ore under the expansion plan, life-of-mine grades should decline by about 10%. Highland Valley produced 167,000 t of copper in 2006 – about 66% of the company's total copper output.

Modikwa losses are mounting

A STRIKE at the Modikwa PGM mine in South Africa has now lasted more than 22 days, costing the operation some R100 million or about 125,000 t of ore, and shaken the global platinum price.

The strike began on January 26 by workers from the National Union of Mineworkers, with talks with management deadlocked over continuous working hours. Talks were scheduled for February 16.

Modikwa, which is equally owned by African Rainbow Minerals Ltd and Anglo Platinum Ltd, produced 293,313 oz of PGM-in-concentrate in the year to June 30, 2006.

Platinum has climbed almost 4% since the start of the strike. It fixed at US1,213/oz on the afternoon of February 15. African Rainbow Minerals was not immediately available for comment.

Zambia ups royalty tax

ZAMBIAN copper producers face a five-fold rise in royalty payments following a government decision to extract more revenue from the mining sector.

The new royalty will require all mining companies, including those that signed multi-year agreements fixing the royalty payments at 0.6%, to now pay 3%.

Mines Minister Kalombo Mwansu said there would be no exceptions and "no negotiation on the rate". The government would "resort to legal measures to make "companies" comply, he added.

Finance Minister Ngandu Magande said he planned to increase the mining companies' income tax rate to 30%, from 25%, and reintroduce a 15% withholding tax on dividends, interest, royalties, management fees and payments to affiliates.

"A lot has changed ... they have to see our point of view. Zambians want to see some benefit from their copper industry," added Mr Mwansa.

Chief executive Craig Williams of Equinox Minerals Ltd, owner of the Lumwana copper project in western Zambia, said: "I have to acknowledge that the current royalty rate in Zambia is good in world standards. We have signed 10-year development agreements that have a specific royalty."

Analyst John Meyer of Numis Corp said: "The royalty ... does not appear out of line with our view. While it represents an increased cost for miners it is more than outweighed by the ongoing benefits of higher copper prices and a more stable fiscal and political environment for miners," he added.

Zambia produced 492,016 t of copper last year, up 7.9% on 2005.