

Lustdust Alpha Gold has returned to its Lustdust property to conduct a 10-hole drill program, 8 holes of which are on/near the former Bralorne-Takla mercury mine (on Crown-granted claims that Alpha purchased in auction this past summer).

Trend. Northern Energy and Mining is presently mobbing to the Trend property to begin large diameter coring of coal seams.

Burnt River and Perry Creek. *Wolverine* Western Canadian Coal will also begin a coal seam coring program on its two active coal projects following on the heels of the Trend work.

Bob

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BL - Nov. 7

Burnt River Located 50 km south of Chetwynd, about 10 km east of the West Brazion property. Current targeted area is a narrow northwest-trending syncline that has a gentle southeasterly plunge. This area occurs immediately north of another shallow, broader syncline that was the focus of past exploration by Teck. Previous resource estimate was 23 Mt of coal at low strip ratios. There are two seams of interest, an upper that is 3m thick and a lower that is 6 metres thick. They occur in Upper Cretaceous Gething Formation. Two of the eight holes completed to date have been core holes. The planned program includes fourteen holes totaling 900 metres, but may be expanded. Project would produce a very low ash, raw coal product. Coal is low-volatile bituminous coal (some report it as semi-anthracite)

Wolverine - Perry Creek. The Perry Creek underground deposit area is located about 25 km west of Tumbler Ridge. Five holes were completed in March of this year and an additional eleven were drilled this fall. The deposit is a broad syncline; strata with dips of 16 degrees or less can be mined by underground methods. Drilling targeted J seam (Gates Fm) which is split into the J1, J2 and J3 divisions; J1-J2 is 5 metres thick including partings, but where only J2 can be mined it is 3-3.5 metres thick; J3 is mineable to the northwest of the main target area where it averages 2.25 - 2.5 metres thick. Drilling should enable the company to revise the resource for the area; target tonnage is 15 Mt.

Wolverine - Mount Spicker (EB Pit deposit). The EB Pit deposit is about 5 km due west of Perry Creek. Western Coal is nearing completion of a planned 21-hole, 2400-metre air rotary and spot coring drill program on the EB Pit deposit. Twenty holes, of which two were aborted, have been completed for a cumulative length of about 2000 metres. Coal measures occur within the Gates Formation, are relatively flat-lying and uncomplicated by structure. Seams A to D (same as at Bullmoose) have a combined thickness of 12 metres over a 60-metre interval. Drilling will provide infill information sufficient for a resource calculation; a target tonnage of 15 - 20 Mt is being sought.

Other Activities

PA Program: Sheran Paterson--visited October 23 and reviewed her program.
Barney Bowen--phone discussion of his program, now complete, on October 24.

Omineca Mine Access Road (OMAR) Meeting: Presented attendees with a summary of exploration in the Northern Omineca (i.e. Toadogone) region.

Compiling data for year-end annual MEM Mineral Exploration Review document and Mining and Exploration Review presentation in Victoria.

Santoy Resources (Adam Travis and consultant) visited the office and discussed their interest in acquiring gold properties in the region.

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Nov. 2/01

Cariboo Gold Quartz. International Wayside Gold Mines announced drill results from the first 3 holes of the 2002 drill program. The best assay came from the hole BC02-03 that intersected the BC vein about 180 metres north of the BC shaft; it averaged 22.97 g/t Au over 15.8 metres and included a 1.15 metre interval that graded 108.25 g/t Au. Approximately 120 metres further north, hole BC02-02 intersected a 4.7 metre segment of the BC vein that averaged 13.16 g/t Au. Drilling continues.

Kemess. Northgate Exploration announced that drilling on its Kemess North prospect has commenced and several drills are now operating on the site. The proposed drilling program includes 34,000 meters of diamond drilling at a cost of approximately \$5.4 million. Northgate also announced that the approximately 300 production and maintenance employees at its Kemess mine, represented by the International Union of Operating Engineers, have voted to accept the three-year collective agreement.

Upcoming Major Projects:

Pine. Received a NoW from Stealth Minerals outlining a 38-hole, 6600-metre drill program on the Pine property located ~20 km north of the Kemess mine. Project is expected to begin early-mid August.

Perry Creek. Western Coal Corp. has submitted a NoW outlining the development of a 100-metre adit on its Perry Creek coal property located between Bullmoose and Quintette.

Sustut Copper. Doublestar Resources plans to conduct a 30-hole infill drilling program on the Southeast zone of its Sustut redbed copper deposit located about 45 km due south of the Kemess mine.

Other Activities:

Visiting Mine Tour. Met up with and assisted with a group of 16 students and professors from the University of Vienna on a tour of the Bullmoose mine. Also presented a short talk on Cordilleran Tectonics and associated mineral deposits. The group then headed north up the Alaska highway to be intercepted by Paul Wojdak at the Fireside barite mine. They will spend the next week looking at NW BC mines with Paul before heading south to HVC and Craigmont.

Mount Polley - Spanish Mountain Field Trip. Guiding a group of 10-12 on June 23 to the Mount Polley mine and Spanish Mountain (CPW) properties for an examination of a range of styles of mineralization in the southern Quesnel Trough.

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Lane - June 21/02

zone between the North Lobe and South Lobe open pits.

Perry Creek (Western Coal Corp.)

Western Coal plans to modify the exploration program on its Perry Creek metallurgical coal project south of the Bullmoose mine. The proposed underground development has been delayed. Rotary drilling has begun and 6-inch core drilling of the 'J' seam is likely to be initiated in the next several weeks.

Hermann (Western Coal Corp.) Project delayed until next year.

Wolverine P

Mt. Spieker (Western Coal Corp.) Project put on hold, for now.

Office Activities

A celebration of Nancy Wood's last day with the Ministry of Mines, after 18 long years of service with the Prince George office, begins in about 10 minutes at JJ's-see you there!

First Nations Economic Measures fund approved for Yakoochie prospector training program. Classroom component to proceed in late February-March of 2003 with field training for late spring - early summer.

Ongoing review and re-evaluation of RG role with respect to new office regime. Prioritizing of traditional tasks and provision of direction to management.

Met with **Dan Jepson, Executive Director, BC & Yukon Chamber of Mines** to discuss his approach to the issues/conflicts facing the mining and exploration sector (Nov. 27). Jamie Pardy and Gary Paulson (Falcon Drilling) also attended.

Took part in annual pilgrimage to Victoria for **B.C. Exploration Review** talks and meetings with GSB staff and managers (Nov. 19-21). Smallest audience ever? took in the presentations. Effort and cost of trip should be rationalized prior to next year.

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Nov. 29/02

- 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.

R. Visagie - June 28/06

Analysis

- Nickel prices are trading near all time highs and LME stocks have declined 31,619 tonnes to 4,128 tonnes of which 66% of the warrants are cancelled.
- Nickel demand has increased significantly due to resurgence of the stainless steel demand after a slow 2H05. Nickel production like other metals is having its supply problems despite the start up of the world class Voisey Bay Deposit. Production shortfalls have occurred at BHP Billiton's Yabulu deposit, at Murin Murin, at Inco's Indonesian operation and production is declining at Falconbridge's Sudbury operations. And now Voisey Bay is on strike.
- Jacques Barcadats, president of French producer Eramet, who in an open letter to a Canadian newspaper, said that nickel is "artificially high in light of a supply/demand balance and an absence of real shortages." It is interesting to note that Eramet has hedged around 60% of its production for the second half of 2006 at an average price of \$15,000/tonne.
- Nickel is short and our forecast of \$9.50 and \$8.00 per pound for the 3rd and 4th quarters of 2006 respectively is likely short if the Voisey Bay strike lasts more than a few weeks.

Other Companies

- Continental Minerals Corporation (KMK.) and Great China Mining Inc. (OTC BB:GCHA) announce an update of 2006 activities at the Xietongmen Project, located 240 kilometres west of Lhasa in Tibet, People's Republic of China. Exploration drilling program is starting on the second copper-gold zone, named Langtongmen. The Langtongmen zone encompasses an area of scattered outcrop approximately one kilometer in diameter. Reconnaissance-type rock chip samples of intensely weathered, quartz stockwork veined, sericite altered, volcanic rocks and a quartz porphyry intrusion, similar to the mineralized intrusion at the nearby Xietongmen deposit, carry anomalous concentrations of copper and gold in the range of 500-8100 parts per million copper and 100-900 parts per billion gold. One exploration hole - 5057 - was drilled near the anomalous area and returned a 135.5 meter interval from 194 to 325.5 meters grading 0.28% copper and 0.31 g/t gold.
- Liberty Mines Inc. (LBE) is pleased to announce additional results of the drilling program at the McAra Lake base metal deposit located in Dufferin Township 120 km S.E of Timmins. Borehole M06-27 returned a significant 19.46m intersection of 1.10% cobalt ("Co") and 0.77% copper ("Cu") including zones of 9.62% Co and 6.26% Cu as indicated in the accompanying table. Boreholes M06-23, M06-24, M06-26 and M06-27 intersected excellent cobalt values tabulated below in addition to that found in M06-22 as reported in the press release dated May 31, 2006.
- Glamis Gold Ltd. (GLG) earned \$30.3 million, or 20 cents a share, in the quarter ended June 30, up from \$8.2 million, or 6 cents a share, a year earlier. The company selling 145,468 ounces of the precious metal in the quarter at an average realized price of \$624 per ounce, up from 112,810 ounces at \$430 per ounce in the previous year. Total gold production for the second quarter was 138,637 ounces at a total cash cost of \$209 per ounce, up from 109,377 ounces at \$190 per ounce a year earlier. Glamis said its board had approved the construction of its Penasquito gold project in Mexico, with full operation of the mill and flotation circuit expected by late 2009.
- Silvermet Inc., (SYT) has engaged SNC Lavalin to prepare a plus/minus, (+15%/-10%) capital and operating cost study for a Waelz Kiln process plant (65,000 tonnes of zinc in zinc oxide) at Tufanbeyli, Turkey. The tests for the Waelz Kiln size and design are to be contracted to a qualified firm in Germany. The environmental, permitting and site logistics will be performed by firms in Turkey under the direction of SNC Lavalin. The objective of the \$1.5 million test program is to complete the test-work, studies and the report by year end so that positive steps can be taken towards the start of development of the project, early in 2007. It is anticipated that the Waelz Kiln design, manufacture and transportation to the site will take 12 to 18 months
- Western Canadian Coal Corp. (WTN) announced the start-up of its Wolverine Mine in northeastern British Columbia, effective July 26, and the signing of a long-term port services agreement with Ridley Terminals Inc. More than 300 people are currently active on site at the Wolverine Mine. The mine is expected to produce 1.35 million tonnes of hard coking coal in the Company's fiscal year ending March 31, 2007 and in excess of 2.5 million tonnes in the next fiscal year. The Company will be loading the first train of Wolverine hard coking coal next month, followed by the first shipment from Ridley Terminals in September 2006.

Industry

- Chilean Copper Commission today raised its forecast for the average 2006 copper price to \$3.00 per lb (implies \$3.20 per pound Aug-Dec) from a previous forecast range of between \$2.60 and \$2.64 (Reuters) and predicted that Chile would produce 5.45 million tonnes in 2006 a rise of 2.4% on last year. As to the physical market, Cochilco said that the supply deficit is set to reach 153,000t this year from an earlier forecast of a supply shortfall at 209,000t. The group forecasts a surplus of 56,000t for 2007.
- BHP Billiton had production difficulties at its Queensland Nickel (QNI) refinery in Yabulu, Australia with production dipping to 4,300 tonnes in Q206 from 8,900 tonnes in the corresponding Q205 and 7,000 tonnes in Q106. Reduced output stemmed from four main factors: an unstable power plant, problems at the gas conversion plant/dryer, operation/maintenance issues with the tailing lines and lower grade ores.
- Angloplat, the world's biggest platinum producer, announced that refined platinum production rose 6% to 1.34m oz in 1H. Additionally, it estimated 2006 production will be between 2.7-2.8m oz. This represents a 10% increase in output, compared with 2005, and an increase in earlier production growth estimates of 5%.

HV - Aug. 1/06

→ Wolverine ✓

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