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CANADIAN MINING ROUNDUP

A roundup of mining activity across Canada

For March 2013

Exploration and feasibility studies

Exploration target balloons at Mt Woods

ASX- and TSX-listed metals developer IMX Resources has increased the exploration target at its Mt Woods magnetite project, in South Australia, to between 1.5-billion and 1.8-billion tons, after the discovery of a new iron-rich magnetite formation at the Axehead and Tomohawk North prospects. Six prospects were drilled, which increased the exploration target by between 168-million and 214-million tons. The latest results have boosted the global exploration target for the project beyond one-billion tons and confirm that it has significant resource upside. IMX is now seeking a development partner for the magnetite project.

Forsys Metals reports 'encouraging' results at Namibian discovery

Namibia-focused uranium project developer Forsys Metals has reported "encouraging" results from a recent drilling campaign completed on the company's Valencia East discovery, which forms part of the recently consolidated Norasa uranium project, comprising the Valencia and the Namibplaas deposits. The positive drilling results could indicate the potential for a significant high-grade area located close to the main Valencia deposit and proposed processing plant. Drilling activities will move to the Valencia North deposit, to begin delineating that orebody. This exploration programme would initially target 3 000 m and was designed to establish the outline of another prospective deposit and to enable planning for further sampling and analytical work.

The company also reported that the results of a metallurgical test programme that began during the second half of 2012 had improved the metallurgical recovery rate of the project. The previous technical report prepared by consultancy Snowden, and released in January 2010, reported processing recoveries of 85.7%. The current results from Johannesburg-based consulting firm SGS Lakefield, had indicated an overall plant recovery exceeding 88%.

Newstrike Capital reports maiden resource at Mexican flagship project

TSX-V-listed precious metals explorer Newstrike Capital has reported a maiden Canadian National Instrument 43-101-compliant resource for its flagship Ana Paula project, located in Guerrero state, Mexico. The resource estimate reveals the measured and indicated resource to contain 43-million tons of ore grading 1.63 g/t, resulting in about 2.26-million contained gold-equivalent ounces, which comprises of 2.2-million ounces at 1.59 g/t of gold and 9.7-million ounces of contained silver at grades of 7 g/t silver. The inferred resource is estimated at 1.8-million tons of ore grading 0.89 g/t, containing a possible 60 000 gold-equivalent ounces, comprised of 50 000 oz of gold grading 0.78 g/t and 1.1-million ounces of silver grading 18.7 g/t.

The company has budgeted about $15-million for exploration this year, and will aim to complete 40 000 m to 45 000 m of drilling on target to the north, east and south of the Ana Paula project.

Pangolin unearths garnets pointing to new Botswana kimberlites

Canadian explorer Pangolin Diamonds has unearthed high-pressure garnets that could indicate the presence of more than one diamond-bearing kimberlite pipe on its Tsabong North project, in Botswana. Independent lab analysis returned a significant number of high-pressure garnets associated with the diamond stability field, which is the area of the earth's mantle with the heat and pressure required to produce diamonds, and which confirmed for the company high exploration potential for new diamondiferous kimberlite pipes in the area. The drilling programme is ongoing and the company expects additional results soon.

The company owns 11 prospecting licences covering 5 307 km^2, including the Tsabong North, Jwaneng South, Malatswae and Mmadinare projects. This year Pangolin raised $2.17-million through an oversubscribed financing for use in this year's exploration activities.

Premier Gold Mines awards two PEA contracts

Gold explorer Premier Gold Mines has awarded two contracts to complete two independent preliminary economic assessments (PEAs) for its Hardrock and Brookbank projects, located on the Trans-Canada property in north-western Ontario, to consulting firm Stantec. Stantec's North Bay-based mining team will lead the work with processing support for these studies provided by consulting engineering firm BBA of Montreal.

The recent scoping work suggests the Hardrock and Brookbank deposits, located 75 km apart, are amenable to both openpit and underground mining methods at different mining rates.

The PEA will optimise the initial results of this study and work is under way to advance each PEA toward completion, expected by the third quarter of this year. Assuming favourable outcomes, work would then immediately start on prefeasibility studies for completion by the second half of 2014.

Wits Gold Free State DFS to be concluded by Q3

JSE- and TSX-listed Witwatersrand Consolidated Gold Resources (Wits Gold) has commissioned Royal HaskoningDHV and MDM Technical Africa to complete a definitive feasibility study (DFS) at its Southern Free State goldfield properties by the third quarter of this year, following the positive results of a prefeasibility study.

During 2012, the company focused its exploration efforts predominantly on its Southern Free State goldfield. However, additional studies of the Potchefstroom and Klerksdorp goldfields were initiated, to better plan the future exploration activities in these areas. A desktop study of the Klerksdorp goldfield was completed during the year. Wits Gold will undertake focused exploration to attempt to reduce the prospecting right area in the goldfield so that nonmineralised areas can be relinquished.

Yaoure mineral resource updated to 1.7Moz

London- and Toronto-listed gold miner Amara Mining has announced an updated mineral resource estimate of 1.7-million ounces for its 90%-owned Yaoure gold project, in Côte d'Ivoire. A recent drilling campaign upgraded the indicated mineral resource to 300 000 oz, which was contained in 40% of the total mineralised volume to date. Meanwhile, initial metallurgical testwork confirmed the nonrefractory nature of the gold mineralisation, with 94% recovery in a conventional carbon-in-leach circuit. The resource grade will be updated following an infill drilling programme this year, with a preliminary economic assessment expected to be completed in the fourth quarter.

Projects

Brazil Potash deposit has 18 years of Brazil's needs – source

A Brazilian fertiliser deposit owned by Canada's Brazil Potash has potash reserves equal to at least 18 years of Brazil's potassium-fertiliser needs, according to a source. The mine project has total potassium reserves of about 500-million tons of which at least 125-million, or a quarter, is made up of at least 25% potassium chloride, a grade sufficient for commercial production. Toronto-based Brazil Potash, whose investors include Canadian merchant bank Forbes & Manhattan as well as Australian investors, hopes to begin production at the site near Autazes, in the state of Amazonas, in Brazil, in 2017 or 2018.

The project is expected to cost $2-billion to $3.5-billion to build and Brazil Potash hopes to sell up to $1-billion of stock in its Brazil-based Potássio do Brasil operating unit in the next year to help finance construction.

Canada Lithium process water discharge found harmless

Assay evaluations and tests of process water discharge from a storage cell within the tailings management facility (TMF) at Quebec-focused project developer Canada Lithium's Quebec lithium project, near Val d'Or, have confirmed all metal levels are within acceptable levels of discharge into the environment. Discharge-water samples containing suspended solids, which were above normal levels, were also tested for potential toxicity to fish populations and those tests also proved negative.

Canada Lithium earlier reported that it had notified the Québec Ministère du Développement durable, de l'Environnement de la Faune et des Parcs (MDDEFP) of the water discharge from a storage cell in its TMF, and the MDDEFP's preliminary assessment indicated that about 50 000 m^3 of water was released. The company was allowed to continue with the commissioning of its lithium carbonate processing plant and its use of the remaining tailings cell.

Canada Lithium will provide a remedial action plan to the MDDEFP and is currently installing a water treatment system to ensure that, while repairs are under way, water accumulations from melting ice and snow in the pond will be filtered for suspended solids. No delay in commissioning or increase in capital costs is expected.

Copper Fox enters into facilities study agreement with BC Hydro

Vancouver-based junior project developer Copper Fox Metals has entered into a facilities study agreement with the British Columbia Hydro and Power Authority (BC Hydro) to perform a facilities study to assess the requirements to connect the Schaft Creek project to the forthcoming BC Hydro Bob Quinn substation and the associated system reinforcements. The study is expected to be complete by May 31, 2014, and costs more than $1-million.

Upon completion and acceptance of the study, Copper Fox expects to sign a facilities agreement that will result in BC Hydro implement interconnection work, including detailed design and engineering, procurement for significant equipment and construction and commissioning of the facilities.

Upon entering a facilities agreement, Copper Fox will provide financial commitment to BC Hydro in the form of cash payment for the basic transmission extension and security for the system reinforcement portion. The average timeline from execution of the facilities agreement to energising the transmission line is six months to three years, depending on the complexity of the project and the resources available.

Diamcor completes equipment upgrades in anticipation of licence

TSX-V-listed South Africa-focused diamond junior Diamcor has completed upgrading its in-field equipment at the Krone-Endora at Venetia diamond project, in Limpopo, in anticipation of a planned move to 24/7 operations as soon as it receives its mining right, which has been applied for and is currently being processed.

Following completion of the final commissioning and testing exercises, the company will focus on achieving staged monthly operational increases through a move to trial mining to provide the company with cash flow. It will also carry out a bulk sampling programme on new areas of the project not accounted for in the initial National Instrument 43-101 technical report filed by the company as part of the acquisition process.

Eagle Mountain moves ahead with EIA, PEA for Guyana project

Canada-based project developer Eagle Mountain Gold is moving forward with an environmental-impact assessment (EIA), following the company's exercise of an option to acquire from Iamgold subsidiary Omai Gold Mines the remaining 50% interest in the advanced-stage Eagle Mountain gold property in Guyana. The company is also in talks with its engineers to start determining the scope of a preliminary economic assessment (PEA) for its flagship project. The company aims to complete the EIA by 2014. The property hosts a near-surface National Instrument 43-101-compliant resource of 188 000 oz of gold in the indicated category and 792 000 oz of gold in the inferred category, with significant potential for expansion.

Global Minerals several steps closer to production

Over the past 12 months TSX-V-listed Global Minerals has completed several tasks at its Strieborná silver/copper project near Roznava, Slovakia, including dewatering the property to a feasible depth, moving forward with the rehabilitation of the site's old Mária mine and pushing ahead with environmental planning and the ongoing formulation of a preliminary economic assessment (PEA). It plans to submit the environmental permit application during the first half of 2013. The first landmark is the PEA, which has the mine development scenario built into it. If the company is able to secure the permitting and financing, mine construction and development can start during 2014.

Midway Gold receives critical permit for Nevada project

TSX-V-listed explorer Midway Gold has received from the State of Nevada a critical water pollution control permit required for production at its Pan gold project. With the permit in hand, the project is on track to start construction late this year, with production targeted for mid-2014.

The $100-million project comprises an oxidised, Carlin-style gold deposit mineable by shallow openpit methods and treatable by heap leaching. The project has National Instrument 43-101-compliant proven reserves of 487 000 oz of gold at a grade of 0.60 g/t and probable reserves of 377 000 oz of gold at a grade of 0.51 g/t, for a total of 864 000 oz of gold at a grade of 0.56 g/t. A feasibility study placed "robust" after-tax net present values, at 5% discount on a range of gold prices, at $123-million at $1 200/oz of gold to $344-million at $1 900/oz of gold.

Passport Potash announces low-cost metrics for flagship Arizona project

Canada's Passport Potash has announced results of a preliminary economic assessment (PEA), which places a $3.25-billion pretax net present value on its Holbrook Basin potash project, in Arizona. The project has a capital cost of $1.95-billion for a 2.5-million-ton-a-year mine. The independent PEA found the project held a National Instrument 43-101-compliant measured resource of 34.77-million tons at a potassium chloride (KCl) grade of 14.38%, and an indicated resource of 363.17-million tons grading 14.68% KCl.

The proposed underground mine will have a life of 26 years, with a capital-expenditure payback period of eight years. The mine is expected to have an after-tax internal rate of return of 27.08%. Passport will now move forward with a prefeasibility study, which it plans to release at the end of the year, as well as a feasibility study, which it plans to release at the end of 2014.

Patagonia Gold progresses with project ramp-up

Toronto- and London-listed Patagonia Gold's Lomada de Leiva main heap-leach project, in Santa Cruz province, Argentina, is on target to achieve full operational status late in the second quarter, with an expected production target of 14 000 oz of gold for the second half of the year. The company has received $3.8-million from the project's second gold pour of 2 385 oz from the trial heap-leach operation. Development construction will now be fully funded to commercial production by gold sales from the original and extended trial heap-leach operations. The remaining mining equipment has arrived in Buenos Aires for assembly and transport to the Lomada site, with operations to begin late in March.

Meanwhile, the company has raised $9.4-million in funding for its Cap-Oeste/Cose project, which will allow for accelerated drilling on the highly prospective corridor and other nearby targets.

Report points to rising costs as Rio's Mongolia mine grows

Miner Rio Tinto has pointed, in technical documents, to rising costs at its giant Oyu Tolgoi copper mine in Mongolia. A $5.1-billion budget for the project's second phase, but a reduction in the scale of the planned expansion, is confirmed. Rio and Mongolia are at loggerheads over Oyu Tolgoi and the future of one of the world's largest untapped copper deposits, just as the mine ramps up output and the Rio subsidiary that owns it (TSX-listed Turquoise Hill) tries to secure $4-billion for the next stage of development.

The technical report's evidence of inflation – including a 30% rise in the cost of building the underground mine – is unlikely to ease Mongolian fears that rising costs will erode prospective earnings. A feasibility study with revised cost estimates, already delayed, is due to be completed by next year. The technical documents, released alongside Turquoise Hill's full-year earnings, does, however, confirm that the first phase of the mine's development is on time and on budget at $6.2-billion. Commercial production is expected to start in June.

Operations

Aurizon resumes operations at Quebec mine

Vancouver-based Aurizon Mines restarted underground mining operations at its Casa Berardi mine, in Quebec, a day after a contractor was killed in a vehicle accident in the mine. Following completion of an investigation underground, regular shifts resumed, and underground operations were not further affected. Aurizon has faced previous investigations by the Workplace Health and Safety Commission of Quebec over the deaths and a serious accident at the mine, which is about 800 km north-west of Montreal.

The small gold miner is the target of a C$796-million takeover by Hecla Mining, which beat out a rival bid from Alamos Gold to gain control of the Casa Berardi mine.

Endeavour 2012 gold output exceeds expectations

TSX-listed gold miner Endeavour Mining reports that gold production for the full year exceeds expectations, with the miner targeting further growth in 2013. Gold production for the full year ended December reached 220 462 oz, including 75 days of production from the Tabakoto mine, which Endeavour acquired in October. The Nzema and Youga mines produced a combined 200 476 oz for the year, exceeding the guidance range of between 180 000 oz and 192 000 oz. During the 75 days post acquisition, Tabakoto produced 19 985 oz at a cash cost of A$1 250/oz, and with a major restructuring initiative now under way, the cash costs had started to improve significantly.

Endeavour Silver boosts capex with two concentrates offtake-agreements

Mexico-focused midtier precious metals producer Endeavour Silver has signed two contracts to sell its silver/gold concentrates and facilitate higher production in 2013 from its Bolanitos mine, in Guanajuato state, Mexico. The two contracts will allow TSX-listed Endeavour to sell its current concentrate inventory of 1 400 t by month-end and add about $20-million cash to working capital during the peak period of capital spending at El Cubo, also in Guanajuato state.

First Quantum sets 2013 copper output guidance at up to 330 000 t

London- and Toronto-listed miner First Quantum Minerals expects copper production to reach a target of between 302 000 t and 330 000 t in 2013, after recording a 16% year-on-year increase in copper production to 307 115 t in 2012. The increase was boosted by a yearly production record at the company's Kansanshi copper/gold mine, in Zambia, as well as the contribution from its Kevitsa copper/nickel mine, in Finland, which reached commercial production in August 2012.

First Quantum also expects to produce between 40 000 t and 45 000 t of contained nickel in 2013, after producing 36 759 t in 2012, which includes tonnages from the Ravensthorpe mine, in Australia, which had its first full year of production, as well as production from Kevitsa. Further, gold production is forecast to reach between 190 000 oz and 215 000 oz in the year ahead on the back of a 15% year-on-year production improvement in 2012 to 201 942 oz.

Total copper production improved by 26% to 84 918 t in the fourth quarter of 2012, compared with 67 316 t in the fourth quarter of 2011. Total nickel production also increased by 78% to 10 096 t in the last quarter of the year, compared with the 5 666 t produced in the fourth quarter of 2011. Gold production rose 48% to 64 383 oz in the fourth quarter, compared with the 43 524 oz achieved in the 2011 equivalent quarter.

Iamgold starts Westwood plant in Quebec

Iamgold has started the gold processing plant at the Westwood mine, in Quebec, and expects about 140 000 oz of gold from the plant during the remainder of the year. The plant will initially process stockpiled ore from the adjacent 30-year-old Mouska mine, which will account for about 80 000 oz, after which it will process ore from the new Westwood mine, accounting for about 60 000 oz of gold this year. The first gold pour will likely be sold to a refinery in the second quarter.

Meanwhile, the company aims to reduce companywide costs by $100-million. It will this year reduce operations expenses by $43-million, exploration expenses by $40-million, general and administrative expenses by $11-million and corporate general and administrative expenses by $6-million.

Lucara recovers 239.2 ct diamond at Botswana mine

TSX-listed Southern Africa-focused diamond producer Lucara Diamond Corp has recovered a 239.2 ct diamond, as well as a 124 ct and a 71.1 ct stone, at its Karowe mine, in Botswana. The diamonds will be sent to Antwerp to be studied prior to being sold later this year.

McEwen Mining poised for production increase

McEwen Mining is preparing for a 24% increase in gold-equivalent production this year, as an optimisation plan was completed at its 49%-owned San Jose mine, in Argentina, which will increase processing capacity by 10% from 1 500 t/d to 1 650 t/d, and a full year of production is expected from its El Gallo Phase 1 mine, in Mexico. Gold-equivalent production for the fourth quarter ended December 31, totalled 32 220 oz, comprising 17 578 oz of gold and 761 377 oz of silver. For the full year the company produced attributable gold-equivalent ounces (GEO) of 105 050 oz, comprising of 48 876 oz of gold and 2.92-million ounces of silver, in line with the company's 2012 guidance.

Cash costs totalled $728/GEO in the fourth quarter and full-year cash costs totalled $739/GEO, which was below the 2012 guidance of $750/GEO. The company had $79-million in cash and liquid assets and no debt as at the end of the financial year. The TSX-listed company expects production to grow this year to 130 000 GEOs, comprising 72 310 oz of gold and three-million ounces of silver, at a cash cost of between $800/GEO to $900/GEO.

OceanaGold resumes concentrates movement in Philippines

ASX- and TSX-listed OceanaGold has resumed transportation of copper/gold concentrate from the Didipio mine site, in the Philippines, to port. As a result of clarifications on tax exemptions being sought by the company, some of the trucks used for transporting concentrate were being held by local government agencies at the end of February, forcing the company to temporarily suspend concentrate movements.

The Didipio mine, in Nueva Vizcaya province, now in the commissioning stage, is the first project to operate in the Philippines under the Financial and Technical Assistance Agreement (FTAA) structure. Under an FTAA, when a permit is issued by the Mines and Geosciences Bureau to foreign investors owning 100% of a local venture, the project, with a 25-year term, is allowed a five-year tax holiday.

OceanaGold has produced about 9 000 t of copper/gold concentrate to date, with one-third of this delivered to the port. The trucking capacity is being increased to reduce the site stockpiles of concentrate in advance of the first shipment from the port, expected in April.

Veris Gold secures toll milling agreement for Nevada project

Nevada project developer Veris Gold has secured a toll milling agreement with fellow Nevada miner Atna Resources to process ore from Atna's Pinson mine at the Jerritt Canyon mill, located in Elko county. The TSX-listed company states that under the one-year term of the agreement, Atna will pay Veris a toll-milling fee that will be adjusted on a quarterly basis, to reflect any changes to input costs associated with processing the ore. Toll milling is expected to start early in the second quarter, and low-grade stockpiles will be used to provide 100% of the necessary mill feed.

Logistics

Coalspur secures transport for Vista product

Coal miner Coalspur has signed a definitive agreement with TSX-listed Canadian National Railway (CN) to transport thermal coal from its Vista project to tidewater. The seven-year agreement, effective from January this year, and extending through to the end of December 2019, will result in CN supplying the equipment to carry Coalspur's coal from mine site to port. About 12-million tons a year of coal will fall under the contract. As a result of the contract, Coalspur is able to confirm that its logistics costs for the Vista project will remain as projected, with operating costs estimated at C$56.98/t for the first five years of production, C$59.55/t for the first ten years of production, and C$66.40/t over the life of the mine.

The company is in the final stages of its detailed negotiations for its funding arrangements for the project, and remains engaged with regulatory agencies to secure regulatory approvals for Phase 1 of the project, which will enable construction to start in the second quarter of this year. The project is designed to reach a maximum clean coal production rate of 12-million tons a year, and has a life-of-mine expectancy of 29 years.

Gold shipment released by Dominican customs – Barrick

Toronto-based Barrick reports that a shipment of gold, which had been detained for four days by customs authorities in the Dominican Republic, has been released and shipped. The shipment of gold from the Pueblo Viejo mine was delayed by Dominican customs officials after an error in the customs declaration system resulted in the shipment being mislabeled as coming from the US.

Under Dominican regulations, a faulty customs declaration is punishable by twice the value of the cargo, or $23-million in this case. Customs officials are now examining records of 19 other shipments made by Barrick. Pueblo Viejo, one of world's largest new gold projects, is jointly owned by Barrick and Goldcorp, Canada's second-largest gold miner. Pueblo Viejo recently achieved commercial production, with ramp-up to full production capacity expected in the second half of 2013. The mine cost about $3.7-billion to build.

Labour and safety

GoldCorp pioneering mining-industrywide health and safety study

Canadian miner Goldcorp is spearheading a mining-industrywide health and safety study with global auditing firm Deloitte & Touche to deepen the industry's level of insight into why people engage in incorrect procedures at work that impact not only on their colleagues' safety but also on the outside perception of the company they work for. The study is slated for publication during the second quarter, and will include a review of best practices from across the mining industry.

Stornoway Diamonds reports materials convoy driver dies in accident

Montreal-headquartered Stornoway Diamonds has reported that a truck driver working for a transport company has died in an accident on the winter road that links Route 167 to the Renard diamond project, in the Northern Quebec region. The truck driver was part of a convoy transporting materials to the project site when the accident took place. Stornoway is providing support to the family and colleagues of the victim and the third-party contractors involved, and will work closely with the authorities investigating the accident.

Corporate

Aboriginals sue Rio Tinto unit for C$900m

Two Canadian aboriginal communities have filed a C$900-million lawsuit against a subsidiary of Rio Tinto, saying that more than a half-century of iron-ore mining has disrupted their traditional way of life. The Innu communities of Uashat Mak Mani-Utenam and Matimekush-Lac John have asked a Quebec court for an injunction against the operations of Rio's Iron Ore Company of Canada (IOC) unit in Quebec and Labrador, as well as an estimated C$900-million in damages.

Rio owns a 59% stake in IOC, Canada's largest iron-ore producer. It recently hired investment banks Credit Suisse and CIBC to sell its stake, according to sources familiar with the matter. A deal could value IOC at $3-billion to $4-billion, putting the value of Rio's majority stake at above $1.8-billion.

Alacer Gold books full-year loss on Q4 Australian asset impairments

TSX-listed Alacer Gold reported a net loss of $386-million for the 2012 financial year, owing to the company booking a $490-million write-down of its noncurrent assets in Australia. This compared with a net profit of $75.2-million booked in 2011. With one-off items removed, adjusted net profit was $118.6-million for the full year ended December 31, compared with $75.2-million in 2011. During the year, the company's working capital increased by $159.7-million to $203.9-million, as a result of C$100-million convertible debentures that matured in April, improved cash balances and an increased heap-leach inventory at the company's 80%-owned Çöpler gold mine, in Turkey.

Full-year total gold production of 419 489 oz was flat on that of 2011; however, attributable gold production of 381 738 oz was 7% lower year-on-year. During the fourth quarter, Alacer achieved its strongest quarterly production results of the year, booking attributable gold production of 103 426 oz. Attributable total cash costs per ounce increased by 23.5% to $803/oz for 2012, compared with $650/oz for 2011.

Alamos says not to extend Aurizon tender offer

TSX-listed Alamos Gold will not extend its offer for Aurizon Mines shareholders to tender their shares after it failed to overturn a break-up fee payable to rival bidder Hecla Mining. Alamos, which is Aurizon's largest shareholder, with a 16.11% stake, made its unsolicited C$780-million offer in January. Hecla topped Alamos' bid with a friendly C$796-million offer on March 4. Alamos had always been likely to walk away from a bid to buy Aurizon, if it lost the regulatory ruling on the merits of a second poison pill adopted by Aurizon and the break-up fee committed to rival bidder Hecla Mining. Consequently, the British Columbia Securities Commission rejected Alamos' application against the break-up fee of C$27.2-million to Hecla, but ruled in favour of Alamos' application for the removal of the poison pill. This was not enough to convince Alamos to keep the offer open.

American Vanadium to transform from miner to advanced-tech purveyor

The developer of North America's most significant vanadium project, American Vanadium, is considering repositioning itself from only being a primary high-purity vanadium producer, to being a supplier of electrolyte for use in energy storage systems, and to marketing such systems in conjunction with a technology partner. While the TSX-listed company is focused on the permitting of its flagship Gibellini project, in central Nevada, the firm will within months take a decision on whether to construct a vanadium ore processing facility on site, which will produce electrolyte for vanadium-redox flow batteries by the first quarter of 2014. The Gibellini project has a National Instrument 43-101-compliant resource of 131.36-million pounds of measured and indicated vanadium pentoxide grading 0.28%, and 48.96-million pounds of inferred vanadium pentoxide grading 0.17%.

Aureus secures $100m loan for Liberia gold project

TSX- and Aim-listed Aureus Mining has secured a bank-mandated project debt finance facility of up to $100-million, together with an associated $8-million cost overrun facility, to support the development of its New Liberty gold project, in Liberia. The total cost of the funding is expected to be 5% a year with a term of six years. The announcement follows Aureus having received a number of debt financing proposals, following a selection process which had been under way since the fourth quarter of last year.

Aureus is advancing with optimisation studies at New Liberty, which are almost complete, and has simultaneously started an early works programme, with the first gold pour on track for December 31, 2014. The due diligence process is already under way and, along with the optimisation work, is expected to be completed by the end of May 2013.

AuRico shares fall on impairment charge

Toronto-based AuRico Gold has reported a fourth-quarter net loss of $7.4-million or 3c a share, and a $127-million noncash goodwill charge on its El Chanate mine, in Mexico. Adjusted net earnings were $13.7-million or 5c a share in the quarter ended December 31, compared with an adjusted net loss of $7.4-million or 3c a share a year earlier. Revenues totalled $63.1-million during the period, compared with revenues of $29.7-million a year earlier. In the quarter, the company more than doubled gold production to 41 145 oz, at a cost of about $628/oz, which was about $200/oz higher than in the comparable year-earlier quarter.
At the company's flagship Young-Davidson mine, the construction of the mid-shaft crushing and loading infrastructure is advancing on schedule.

Austral Gold takes stake in Canada's Argentex

Australia's Austral Gold has moved to acquire a 19.9% stake in Canada-listed Argentex Mining, which is developing the 23.6-million-ounce Pinguino silver/gold project, in Argentina. Argentex has issued more than 17.3-million new ordinary shares to Austral Gold at a total price of C$5-million. Once the transaction is complete, Austral Gold will be Argentex's largest shareholder, and will have the right to nominate one director to the company's board, and a member to its technical advisory board.

A portion of the funds raised through the Austral Gold investment will be used to further develop the Pinguino project, which covers about 10 000 ha in the Santa Cuz province of Argentina.

Avocet signs on for Argentine uranium project

Uranium hopeful Avocet Resources has signed a farm-in and joint venture (JV) agreement with Canada's U3O8 Corp for that company's Sierra Cuadrada uranium project, in Argentina. Under the terms of the agreement, Avocet could earn a majority 51% stake in the Sierra Cuadrada JV by spending $1-million in exploration over the next four years. The ASX-listed Avocet is responsible for managing the exploration work. The Sierra Cuadrada project is an early stage prospect targeting sandstone-hosted uranium mineralisation.

Azimuth board supports Troy takeover offer

ASX- and TSX-listed Troy Resources has launched a takeover offer for fellow-listed Azimuth Resources in a share exchange that values Azimuth at A$188-million. Under the proposal, Troy is offering one of its own shares for every 5.695 Azimuth shares held, implying a value of A$0.437 a share for Azimuth. The offer represents a 78% premium to the closing price of Azimuth shares on March 27, and a 62% premium to the three-month volume-weighted average price. Azimuth's board and CEO have unanimously recommended that shareholders accept the offer, in the absence of a superior proposal.

The takeover will create a South America-focused gold producer with a measured and indicated gold resource of about 760 000 oz, and an inferred resource of 1.92-million ounces, with reserves of 640 000 oz. The combined entity will have a number of production and development assets providing growth opportunities, as well as significant exploration potential.

Barrick Gold seeks successor to founder Munk, eyes cochair

Toronto-based gold miner Barrick Gold is seeking a successor to founder and chairperson Peter Munk, with his cochairperson being groomed as the prime candidate. Munk has singled out John Thornton, who was made cochairperson of the board in mid-2012. Barrick, whose stock is at its lowest point since late 2008, faces mounting shareholder pressure to improve performance and provide a better return on investment. Last year it announced massive cost overruns and a delay at its Pascua-Lama gold project, in the Andes, and it booked a $3.8-billion write-down in the fourth quarter, related to its 2011 takeover of Equinox Minerals.

Benton Capital yet to receive formal Gold Royalties offer

Toronto-listed junior Benton Capital has not yet received a formal written offer from fellow Toronto-listed firm Gold Royalties to acquire all of its outstanding shares. Under terms of the proposed transaction, Gold Royalties seeks to acquire Benton through an all-scrip deal that will result in Benton shareholders receive 0.133 Gold Royalties shares for each Benton Capital share. Benton's board has unanimously rejected the intended offer and recommended shareholders take no action.

Bokoni strike contributes to Atlatsa's $18.7m 2012 operating loss

Toronto- and New York-listed Atlatsa Resources recorded an operating loss attributable to shareholders of $18.7-million, translating into a basic and diluted loss of 4c a share, for the 2012 financial year. This was in large part owing to the negative financial impact of an unprotected strike in October last year at the company's Bokoni mine, on the north-eastern limb of South Africa's Bushveld Complex, which led to almost no production at the operations during the fourth quarter of the year.

Atlatsa recognised a fair value gain at year-end of $90.6-million arising from the implementation of the first phase of the revised restructuring plan for its Bokoni group of companies, which took place in September last year and had a material positive impact on the company's earnings for the period under review.

Meanwhile, Atlatsa and mining major Anglo American Platinum (Amplats) have concluded a R3.5-billion revised restructuring, recapitalisation and refinancing plan for Atlatsa and the Bokoni group of companies. This comes as a strategic review suggested that Atlatsa would likely be unable to repay a R3.3-billion debt to Amplats in the medium term.

Canada Lithium closes $15m offering

Project developer Canada Lithium has closed a $15-million public offering. A total of 20.55-million units were issued at a price of 73c apiece, comprising one common share of the company and half of a common share purchase warrant exercisable for a period of two years following the closing of the offering at a strike price of 85c. The net proceeds of the offering will be used to fund the initial stages of several capital projects, to conduct preliminary bench-scale pilot plant work and preliminary engineering in the context of a feasibility study for its lithium metal pilot plant, and for working capital purposes during the commissioning stages of the Quebec lithium project.

Capstone Q4 headline earnings soar on strong production, cost control

Toronto-listed Capstone Mining has reported soaring headline earnings on higher-than-expected production and below-guidance costs. Adjusted net earnings, after removing certain noncash and nonrecurring items for the quarter ended December 31, were $19.3-million or 5c a share. Adjusted earnings were almost four-and-a-half times that of the same quarter in 2011, when the company recorded $4.2-million or 1c a share. Capstone recorded net earnings of $18.5-million or 5c a share for the quarter, up 277% when compared with $4.9-million or 1c a share in the prior year.

Earnings from mining operations were driven by revenue of $72.5-million, which was 18% higher year-on-year, on the sale of 19.4-million pounds of copper, 3.9-million pounds of zinc, 400 000 lb of lead, 5 700 oz of gold and 452 000 oz of silver. For the quarter, the company produced a total of 18.8-million pounds of payable copper at an estimated total cash cost of $1.70/lb of copper. Capstone expects to produce about 85-million pounds of copper contained in concentrates at a total cash cost of $1.65/lb to $1.75/lb of payable copper, net of by-product credits and selling costs.

Coalspur Mines appoints new COO

Toronto- and Sydney-listed Coalspur Mines has appointed Colin Gilligan to the position of COO effective April 1. Gilligan will be responsible for the technical and operating aspects of Coalspur's Vista coal project, in Alberta. Together with Coalspur's recently appointed VP for operations Richard Tremblay, Gilligan would ensure the smooth development, commissioning and operation of Vista.

The Vista project is located on the eastern margin of the Rocky Mountain thrust belt, which trends north-west to south-east across Canada's British Columbia and Alberta provincial borders. Vista has the potential to be developed into the largest export thermal coal mine in North America. The project has total proven and probable reserves of 565.5-million tons of coal, total measured and indicated resources of 1.056-billion tons and an inferred resource of 460.9-million tons.

Colorado clears way for new licence decision on Pinon Ridge mill

Toronto-quoted Energy Fuel reports that the executive director of Colorado's Health and Environment Department has affirmed a previous decision in an administrative process required for the reissuance of a radioactive materials licence for the company's Pinon Ridge mill. Energy Fuels expects a new licence decision on the mill by the end of April.

Copper Fox insider commits to 83% of increased $3m offer

An insider of British Columbia-based project developer Copper Fox has committed to 83%, or $2.5-million, of a $3-million private placement. The company intends to place the remaining $500 000 of the offering on a private basis. Monies raised from the offering would be used to fund costs associated with the environmental assessment application, development expenses of the Schaft Creek and Arizona projects, and general operating expenses.

The Schaft Creek project has proven and probable mineral reserves totalling 940.8-million tons, containing 5.6-billion pounds of copper, 5.7-million ounces of gold, 363.5-million pounds of molybdenum and 51.7-million ounces of silver.

Copper Mountain Q4 earnings up, mulls installing secondary crusher

British Columbia-focused Copper Mountain Mining has engaged an engineering firm to review the option of adding a secondary crusher to its eponymous operation to precrush ore entering the semiautogenous grinding mill, to increase the tonnage throughput. Preliminary work estimated the crushing facility will cost about $40-million and be funded out of cash flow or additional debt. The new crushing facility is expected to be in place by the end of the year, subject to necessary shareholder approval to proceed before the end of April.

For the fourth quarter ended December 31, the company produced 13.78-million pounds of copper, an 11.2% increase year-on-year. The company recorded a 12% year-on-year rise in revenue at C$50.08-million for the quarter, derived from the sale of 13.18-million pounds of copper, 5 200 oz of gold and 71 600 oz of silver. Gross profit for the quarter was C$6.23-million, a 12.6% increase on the C$5.53-million recorded in the same quarter of 2011. Adjusted earnings for the quarter were $2.5-million or C$0.02 a share.

Critical Elements appoints new board members

Montreal-based Critical Elements, which is developing the Rose tantalum/lithium deposit, located in James Bay, Quebec, reports that Ron MacDonald, Mark Baggio, Michel Robert and Jenna-Lee Nora Hardy have tendered their resignations as directors of the company at the company's yearly meeting, and withdrew their nomination in preview of the meeting. Consequently, the shareholders had elected CEO and president Jean-Sébastien Lavallée, Jean-François Meilleur, Jean-Raymond Lavallée, Richard Saint-Jean and Marc Simpson to the board.

DFI inks JV agreement to develop Namibian diamond projects

Toronto-listed junior Diamond Fields International (DFI) has signed a joint venture (JV) option agreement with Afri-Can Marine Minerals Corporation (Afri-Can) to develop the DFI's marine diamond leases in Namibia. Under terms of the agreement, Afri-Can and its local partner had the option to acquire a 90% interest in DFI's diamond mining leases, located near Luderitz, off the coast of Namibia, in exchange for spending $3.3-million within two years on a programme designed to place the properties back into commercial production.

To earn the interest, Afri-Can will need to spend a minimum of $800 000 on the mining leases within a year of any required regulatory approval to the transaction, and at least an additional $2.5-million within two years of the approval date. During the option period, Afri-Can will also be liable for all costs associated with maintaining the properties in good standing. DFI will retain a 10% interest in the properties and retain the right to 10% of all diamond production, without any liability for the capital and development costs for a period of two years from the date the option was exercised by Afri-Can.

Dominion Diamond completes luxury brand sale

Diamond miner Dominion Diamond, formerly known as Harry Winston Diamond, has completed the $750-million sale of its luxury brand diamond jewellery and timepiece division to Swiss watchmaker The Swatch Group. As part of the transaction, the company has changed its name to Dominion Diamond, and the company's stock symbol will change from 'HW' to 'DDC' on the TSX and from 'HWD' to 'DDC' on the NYSE. Dominion Diamond expects to retain an ongoing relationship with Swatch, one of the world's largest buyers of polished diamonds, which will result in them sourcing polished diamonds for Swatch.

EAM working hard on Indonesian projects following company turnaround

Toronto-listed exploration junior East Asia Minerals (EAM) is hard at work proving up resources at its two Indonesian gold projects, following a company turnaround during the past 14 months that has seen the company bounce back from the brink of failure. The company's strategy is to first develop the smaller Sangihe deposit, which has a National Instrument (NI) 43-101-compliant resource of a little more than 800 000 oz of gold and a little less than 12-million ounces of silver. Exploration drilling is ongoing. The company released drilling results at the project that demonstrated the potential to extend the existing resource and further develop a high-quality resource. A second phase of drilling is planned to begin later in the year and would comprise 10 000 m. The project could potentially produce 75 000 oz/y of gold over ten years.

Meanwhile, the company's flagship Miwah project could potentially host a world-class resource, and the company has thus far discovered about 3.5-million gold ounces. EAM will probably need a joint venture partner/operator to develop the project, which is estimated to cost about $500-million. In May 2011, the company completed an NI 43-101 technical report on the property, which identified an inferred resource of 3.14-million ounces of gold and 8.95-million ounces of silver in near- and at-surface mineralisation.

Eastplats posts Q4 loss on lower production

Canada's Eastern Platinum (Eastplats), which operates the Crocodile River mine on South Africa's Bushveld Igneous Complex, has recorded a loss attributable to shareholders of $1.34-million in the fourth quarter ended December 31, as a result of suspending production from the Zandfontein section of the mine. This compared with a loss of $64.32-million in the same quarter of 2011. Platinum-group-metal (PGM) ounces sold in the quarter decreased by 29% to 14 066, compared with 19 854 PGM ounces sold in the same quarter a year earlier. The US dollar average delivered price per PGM ounce increased by 1% to $936 in the quarter, compared with $931/oz in 2011.

First Quantum's hostile bid for base metals miner Inmet succeeds

Vancouver-based First Quantum Minerals has succeeded in securing a total of 60.12-million shares of rival Inmet Mining through its C$5.1-billion hostile takeover bid for the company, representing 85.5% of the company's outstanding stock. Under terms of the takeover, outlined in December, Inmet shareholders will be paid up to C$72 a share or in First Quantum shares, or a combination of cash and shares. First Quantum in October put forward a bid of C$62.50, and in November raised it to C$70 a share.

With pro forma revenues this year forecast to be more than $3.5-billion and a strategic plan to produce more than 1.3-million tons a year of copper by 2018, the company is poised to become the largest widely held pure-play copper producer and one of the top five copper producers in the world.

One of the combined company's first objectives would be to conduct a detailed review of Inmet's Cobre Panama project, in Panama, to determine the appropriate next steps in how the C$6.2-million project can be completed as efficiently as possible.

Fortunes improve for Fortuna Silver Mines on record production

TSX-listed Latin America-focused silver producer Fortuna Silver Mines has swung to a fourth-quarter profit, compared with the same period a year earlier, mainly as a result of increased silver and gold production. The company reported net income of $8.5-million for the fourth quarter ended December 31, compared with a net loss in the same period of 2011 of $1.8-million. Higher earnings for the quarter resulted mainly from higher sales at San Jose, in Mexico, and $6.4-million in lower income taxes.

Sales increased by 22% to $37.9-million, from $31-million in the same quarter of 2011. During this period the company produced 1.01-million ounces of silver and 4 368 oz of gold, which was 11% more silver and 5% more gold year-on-year.

Franco-Nevada lowers guidance, reports Q4 loss

Canadian gold streaming and royalty firm Franco-Nevada expects to receive between 215 000 gold-equivalent ounces (GEO) and 235 000 GEO from its mineral assets this year and between $55-million and $65-million in revenue from its oil and gas assets. This compares with about 230 000 oz of GEO received from mineral assets and $40.9-million in revenue recorded from oil and gas assets in 2012. Franco-Nevada did, however, foresee a 38% increase in GEO receivable by 2017, saying it expects its existing portfolio to generate between 300 000 GEO and 325 000 GEO and $70-million to $80-million in oil and gas revenues.

The company posted a loss of $33.1-million or 23c a share for the quarter ended December 31, after being hit by a $74.1-million impairment charge on the value of its Arctic Gas assets, in Northern Canada, and an $8.6-million charge on other long-term investments.

Goldcorp prices $1.5bn notes offering

Senior miner Goldcorp has priced a $1.5-billion offering of senior unsecured notes, consisting of a $500-million principal amount of 2.125% notes due March 15, 2018, and $1-billion in 3.70% notes due March 15, 2023. The New York- and Toronto-listed company intends to use the proceeds for repayment of its $862.5-million of convertible notes maturing August 2014, capital expenditures, capital investments or working capital. Goldcorp expects to receive net proceeds of about $1.48-billion from the offering, after deducting underwriting fees and estimated offering expenses. Goldcorp is building three new mines and plans to push yearly gold output up to 4.2-million ounces by 2017.

Guyana Goldfields enters into C$5.5m private placement with IFC

Guyana Goldfields, which is developing the Aurora gold project, in Guyana, has entered into a C$5.5-million private placement agreement with the International Finance Corporation (IFC) of the World Bank Group. Under the agreement, the IFC has subscribed for 1.63-million common shares of the company, at a price of C$3.40 a common share, for total gross proceeds of C$5.55-million. Upon closing of the offering, the IFC will hold a total of 6.91-million common shares or 5.55% of the company.

The net proceeds of the offering will be used to fund the development of the Aurora project, for exploration expenditures and for general corporate purposes.

Iamgold announces plan to reduce yearly costs by $100m

Canadian gold producer Iamgold aims to reduce company-wide costs by $100-million a year, to reinforce its already strong financial position and to improve its return on capital. It has initiated a programme of cost-cutting initiatives aimed at reducing mine operating costs, exploration expenditures and mine site as well as corporate, general and administrative costs. The company ended 2012 with more than $1-billion in cash and gold bullion on hand.

Karnalyte closes private placement, offtake with Indian company

Saskatchewan-focused potash project developer Karnalyte Resources has closed a $44.7-million private placement with Indian firm Gujarat State Fertilizers & Chemicals (GSFC), giving it access to one of the world's largest potash markets. Karnalyte has issued about 5.49-million shares to GSFC at $8.15 a share, resulting in GSFC holding a 19.98% interest in the Canadian company. Under the subscription agreement, GSFC has the right to maintain its equity position in future equity offerings and has agreed to commit about $15-million in future public equity financing by Karnalyte to finance the construction of Phase 1 of its flagship Wynyard carnallite project, in Saskatchewan.

The 20-year take-or-pay offtake agreement will result in GSFC buying 350 000 t/y of potash from Karnalyte, which will increase to 600 000 t/y as capacity at the project increases during Phase 2 construction.

Kirkland Lake widens Q3 net loss on fewer ounces sold, expansion progresses

Ontario-focused gold miner Kirkland Lake Gold widened its net loss for the third quarter ended January 31, to $9.7-million or 14c a share, compared with the net loss and comprehensive loss of $800 000 or 1c a share in the previous quarter. The company reported a year-to-date net loss and comprehensive loss of $10.1-million compared with net income and comprehensive income of $41-million in the 2012 financial year.

Gold poured in the quarter totalled 21 601 oz, 3% lower than the second quarter's total of 22 349 oz and 15% lower than the same quarter a year earlier at 25 295 oz. Only 17 340 oz were sold in the quarter, owing to a delay in shipment of 4 271 oz of gold bullion as a result of weather-induced road closures. This delay affected both revenue and inventory accounts and increased the net loss in the quarter by $1.8-million. Revenues totalled $29.5-million, down 20.5% quarter-on-quarter from $37.1-million, and down 32.6% when compared with revenue of $43.8-million recorded for the same quarter a year earlier.

Kirkland Lake expects to produce just more than 90 000 oz of gold for the 2013 financial year, which ends on April 30, and which will be towards the lower end of the revised guidance range.

La Mancha takes full control of Ivory Coast gold mine

Canadian miner La Mancha has taken over full ownership of the Ity gold mine it operates in Ivory Coast. La Mancha previously held a 45.9% stake in the Ity mine through a joint venture with the West African State. It will now proceed with expansion activities. Ity has produced more than 800 000 oz of gold since it opened in 1991.

Legal action against Eco Oro rejected in court

The Eighth Civil Circuit Court of the City of Bucaramanga, in Colombia, rejected, with costs, legal proceedings filed by Sociedad Mina Los Diamantes and Crisanto Peña Gelvez against Toronto-listed Eco Oro Minerals. The claimants were seeking the annulment of an assignment and sale agreement entered into in 1994 by the claimants and the company, through which Eco Oro acquired mining permit 3452 from the claimants, who retained net profits royalties.

Eco Oro has focused on its wholly owned, multimillion-ounce Angostura gold/silver deposit, located in north-eastern Colombia, for over 15 years, during which it had invested over $200-million in the project's development and in that of the surrounding communities.

Major Drilling Group campaigns against Quebec mining regime change

Canadian drill equipment and services provider Major Drilling is campaigning against a possible change in Quebec's mining regime, saying decisions to be made after a Quebec-government forum will have a significant impact on the future of the mining industry.

Quebec's Parti Québécois was due to hold a forum to discuss how to change the province's mining regime, owing to its belief that residents had not historically benefited from the province's mineral wealth. The incumbent party campaigned to increase royalty revenues by C$388-million over five years, while reassuring mining producers that the province was still a good place to invest.

Maudore Minerals acquires Quebec gold mill and assets

Gold project-development junior Maudore Minerals has acquired the Sleeping Giant gold mill and adjacent tailings facility, in Quebec, through acquiring a subsidiary of North American Palladium (NAP) for $18-million in cash and 1.5-million common shares. As a result of its acquisition of NAP Quebec Mines, Maudore has also acquired all of NAP's Quebec-based gold assets. With new mining facilities and advanced-stage exploration properties contiguous to Maudore's existing properties, it now has a total land package of 144 000 ha.

Meanwhile, Maudore intends to proceed with a $25-million 'best efforts' private placement, the proceeds of which would be used to explore, develop and expand its existing projects and operations; to fund corporate activities with respect to growth initiatives; and for other general and corporate purposes.

Mercator beats Q4 analyst expectations, posts record production

Toronto-listed base metals miner Mercator Minerals reported headline earnings for the fourth quarter ended December 31, of $4.4-million or 2c a share, beating average analyst expectations of 1c a share, mainly as a result of recording record production for a single quarter during the period. Production for the quarter totalled 23.8-million copper-equivalent pounds, comprising 10.9-million pounds of copper in concentrates and cathode, 2.9-million pounds of molybdenum in concentrates and 156 985 oz of silver. The company achieved recoveries of 83.1% for copper and 85.5% for molybdenum, which were above design rates of 80% and 75% respectively, and boosted production.

Monument Mining to appeal summary judgment

Malaysia-focused gold producer Monument Mining will appeal a summary judgment in the High Court of Malaya in Shah Alam, Selangor, giving the previous owner of the Selinsing gold project, Selinsing Mining, a 5% interest in the profits of a joint venture in relation to the Selinsing mine. Monument's Malaysian counsel advised that the summary judgment was wrong in fact and in law, and was 'highly likely' to be reversed on appeal.

Meanwhile, Monument has closed a second tranche of its private placement and has issued 14.5-million common shares at a price of 50c a share, for gross proceeds of $7.25-million.

Nevsun Resources' 2012 profit shrinks, on track to switch to copper

TSX-listed gold miner Nevsun Resources has reported 2012 full-year profit of $246.7-million, down 1.6% from $250.03-million in 2011. Net income attributable to shareholders dropped by just more than a per cent to $145.26-million or 73c a share, from $147.07-million or 74c a share a year earlier. Revenues totalled $566.04-million, up 3.33% from $547.77-million last year.

OceanaGold reserves remain flat, offset mining depletion

TSX-listed gold and copper miner OceanaGold announced that its total proven and probable gold reserves remained stable at 3.64-million ounces, which almost completely offset mining depletion for 2012. Total proven and probable copper reserves increased slightly to 240 000 t, but remained in line when compared with the prior year-end. Proven and probable reserves at OceanaGold's Philippines-based Didipio stood at 50.1-million tons at 1.05 g/t of gold and 0.47% of copper for 1.69-million ounces of gold and 240 000 t of copper. The Didipio mine, which is currently in commissioning, is expected to produce 100 000 oz of gold and 14 000 t/y of copper over a 16-year mine life.

OceanaGold expects to produce between 285 000 oz and 325 000 oz of gold from its New Zealand and Philippines operations in the 2013 financial year.

Osisko monitoring committee found ineffective, call for nominations

Quebec-based auditing and consulting firm Raymond Chabot Grant Thornton has stated that an investigation into the effectiveness of the Osisko Mining monitoring committee has found the committee can not be deployed effectively in its current form, owing to it lacking the required expertise and authority. Osisko and the monitoring committee have accepted the suggested courses of interventions proposed, with the first step to call for nominations to recruit new members for the committee.

Earlier in March Montreal-based Osisko received a modified set of mining parameters from the Quebec government, allowing it increased access at its flagship Canadian Malartic mine and to improve the framework for the execution of its blasting operations.

Production on the rise at Veris Gold's Nevada mine

TSX-listed Veris Gold reported the second consecutive quarter of steady-state production at its flagship Jerritt Canyon mine, in Nevada, doubling year-on-year payable gold production to 31 754 oz in the fourth quarter. During the quarter ended December 31, gold sales of 32 198 oz accounted for revenue of $51.8-million from the Jerritt Canyon complex. This compared with gold sales in the same quarter of 2011 of $27.8-million from the sale of 16 850 oz.

The increased production was driven by higher-grade ores coming from the fully ramped-up SSX-Steer mine, in addition to the Smith mine, as well as steady operations at the milling facility in the quarter, compared with a number of scheduled and unscheduled shutdowns occurring in 2011. The company produced gold at a cost of $1 034/oz in the quarter. Veris Gold posted a fourth-quarter loss before income tax of $21.4-million.

Project developers Transition Metals and HTX Minerals to tie the knot

Toronto-listed project developer Transition Metals and private Sudbury, Ontario-based firm HTX Minerals have entered into a letter of intent to combine the businesses. Under the agreement, the two companies intend to implement an all-script plan of arrangement by which Transition will acquire all of HTX's securities. The combined entity will be a much larger project generator focused on discovering gold, platinum and base metals deposits in Canada.

QMX seeks JV partner at flagship Manitoba project

Toronto-listed junior QMX Gold is looking for a joint venture (JV) partner to reactivate the Snow Lake mine, where a 2010 feasibility study forecast output of 80 000 oz to 90 000 oz from the property. The company is working to raise the C$40-million needed to reopen the mine while geologists are using the time to understand the deposit's geology better.

The mine was operated by Kinross and High River Gold as recently as between 1995 and 2005, producing 822 550 oz of gold. All the surface installations are still in place and, while the mine was last rebuilt in 1995 under the Kinross/High River

JV, the crushing, milling and mine infrastructure remains in excellent condition and the permitting and environmental licences are maintained. The property has a proven and probable reserve of about 451 900 oz at an average grade of 4.04 g/t. Measured and indicated resources stand at 728 000 oz of gold at a grading of 4.14 g/t when using a 1.95 g/t cutoff, and the inferred resources stand at 336 700 oz grading 4.43 g/t.

The proposed mine plan calls for an 83 000 oz/y operation at 93.3% recoveries over a five-year mine life. The mine is expected to produce gold at $640/oz over this period. The project has an estimated internal rate of return of 79% with a payback period of 1.7 years.

Rambler Metals and Mining posts maiden quarterly profit

Copper producer Rambler Metals and Mining has posted its maiden quarterly profit of C$2-million and operating cash flows of C$5-million in its first full quarter as a commercial copper and gold producer. The company, which owns and operates the Ming mine, in Baie Verte, in Newfoundland and Labrador, reported a net profit of C$1.95-million or C$0.14 a share in the second quarter ended January 31, compared with a loss of C$718 000 or C$0.05 a share in the first quarter. Revenue for the period totalled C$11.4-million, a 20% increase quarter-on-quarter when compared with C$9.5-million in the prior quarter.

Rambler shipped the first copper concentrate, totalling about 8 873 wet metric tons (wmt), through the port facility at Goodyear's Cove, Newfoundland and Labrador. The Ming operation produced 4 350 wmt of concentrate for the quarter, which was 12% lower quarter-on-quarter. Concentrate produced during the second quarter averaged 28% copper with 7 g/t gold and 51 g/t silver. Copper milling recoveries were slightly poorer at 88%, compared with 90% in the prior quarter, and gold-milling recoveries were 62% compared with 65% in the prior month.

Rockwell concludes Jasper acquisition

TSX- and JSE-listed Rockwell Diamonds has completed the acquisition of the Jasper mine, following the conversion of the mine's old-order mining right into a new-order mining right. The group settled the R2-million purchase consideration through the issue of 533 332 shares at R3.75 apiece to Jasper shareholders. The deal forms part of the transaction to unwind Rockwell's black economic-empowerment partnership with Africa Vanguard Resources (AVR).

Last year, the parties announced a restructured agreement, which included a payment to AVR by Rockwell of R15-million in the form of shares listed on the JSE, including the settlement as well as the purchase consideration for AVR's Jasper mine, in the Northern Cape. As part of the agreement, AVR paid an amount of R22.5-million to Rockwell.

Rusoro Mining files $3.03bn claim against Venezuela

Vancouver-based Rusoro Mining has filed a $3.03-billion claim in its arbitration against the Bolivarian Republic of Venezuela before the World Bank's International Centre for Settlement of Investment Disputes. The Russian-owned company filed the claim under the provisions of the Canada-Venezuela Bilateral Investment Treaty for compensation over the nationalisation of the company's gold assets in 2011. Toronto-listed Rusoro, owned by Russia's Agapov family, was the only large gold miner operating in Venezuela. It produced about 100 000 oz of gold in the country during 2010, and about 80 000 oz in 2011.

SouthGobi Resources widens Q4 loss on back of closed mine

TSX-listed Mongolia-focused coal miner SouthGobi Resources widened its quarter-on-quarter loss as operations at its flagship Ovoot Tolgoi mine during the fourth quarter remain suspended. During the quarter ended December 31, the miner widened its net loss from $54.56-million to $51.81-million, as revenue was mainly wiped out as a result of the mine closure. Revenue declined to $1.21-million, 63% lower quarter-on-quarter and was a far cry from the $51-million posted in the same quarter a year earlier.

After approving the Foreign Investment Law, which regulates foreign direct investment into a number of key strategic sectors, which included mineral resources, the Mineral Resources Authority of Mongolia suspended the exploration and mining licences at several of SouthGobi's properties, including its flagship Ovoot Tolgoi mine.

Meanwhile, the company reports it has now restarted operations at Ovoot Tolgoi and plans to produce 3.2-million tons of semisoft coking coal over the remainder of the year.

Suncor seen shelving Voyageur oil sands plant

Suncor Energy is expected to shelve plans for a multibillion-dollar oil sands processing plant, in northern Alberta, when it announces the fate of the facility, blaming a forecast for weakening returns. Suncor stated in February that the economic outlook for the Voyageur upgrader project was challenged and it cut any expenditures on it to a minimum pending a decision on going ahead. Analysts stated that based on the current weak financial outlook facing new facilities built to pump out synthetic light crude, Suncor will postpone the 200 000 bl/d Voyageur project indefinitely. The company began building the project, located near Fort McMurray, Alberta, but stopped construction during the financial crisis of 2008.

Swelling output lifts Silver Wheaton's Q4 profit 23%

The world's largest precious metals streaming company Silver Wheaton lifted fourth-quarter profit by 23% to $177.7-million or 50c a share, compared with net earnings of $144.7 or 41c a share in the same quarter a year earlier, as a result of increased silver and gold production. Attributable silver-equivalent production for the period ended December 31 rose by 22% to a record 8.5-million ounces, comprising seven-million ounces of silver and 26 400 oz of gold.

Average cash costs in the fourth quarter were $4.70 per silver-equivalent ounce, compared with $4.06 during the comparable period of 2011. This resulted in cash operating margins of $26.76 per silver-equivalent ounce, a 5% decrease when compared with the fourth quarter of 2011. Revenue in the quarter was 50% higher year-on-year at $287.2-million, derived from silver-equivalent sales of 9.1-million ounces, made up of 7.3-million ounces of silver and 33 000 oz of gold.

For the full year, Silver Wheaton recorded a 7% increase in net earnings to $586-million or $1.66 a share, compared with net earnings of $550-million or $1.56 a share for the same period in 2011, an increase of 7%. The company recorded its fourth year of record yearly attributable production of 29.6-million silver-equivalent ounces, comprised of 26.9-million ounces of silver and 50 000 oz of gold, a 17% increase when compared to 2011.

Trans Hex reports year-to-date sales of R635.9m

TSX-listed diamond miner Trans Hex reported year-to-date sales at end-January of 56 587 ct for total revenue of R635.9-million. The group noted in a sales and production update that year-to-date production at its South African operations amounted to 61 204 ct at the end of February. The company's 33%-owned Somiluana mine, in Angola, produced 38 869 ct during the same period.

Tender sales of diamonds from its South African operations in December and January amounted to R159.6-million, with the group having sold 13 540 ct at an average price of $1 317/ct. Further, Somiluana realised $2.64-million for its January and February tenders, at which it sold 6 872 ct at an average price of $384/ct.

Trevali Mining receives first half of $60m debt financing

Canada's zinc-focused Trevali Mining has received in-principle approval from the resource financing division of the FirstRand Group of South Africa, RMB Resources, for the first $30-million tranche of a $60-million senior debt and prepaid precious metals facility. The debt facility will be used to repay current debt, fund development towards standalone mine and mill operations at the Caribou mill complex, in the Bathurst mining camp of New Brunswick, and for general corporate working capital purposes.

The remaining portion of the $60-million senior debt facility awaits final approval, which is dependent on the completion of technical studies at Caribou, which is expected in April.

U3O8 strengthens Argentina land position by acquiring Calypso Uranium

Toronto-listed U3O8 Corp has signed a definitive agreement to acquire all of the shares of exploration junior Calypso Uranium, which will strengthen the company's land position around the State-owned Cerro Solo and Sierra Pintada uranium deposits, in Argentina. Under terms of the agreement, the deal will add about $3.3-million in cash in exchange for 20.25-million common shares of U3O8, resulting in Calypso shareholders holding a 13% interest in the company. Calypso's exploration tenements will extend U3O8's strategic property holdings in the vicinity of the Cerro Solo deposit, in Chubut, which is currently being drilled by the Argentine State.

Uranium One posts Q4 loss on impairment, revenue rises

Toronto- and Johannesburg-listed Uranium One, which is in the process of being taken private for $1.32-billion by its 51.4% shareholder Atomredmetzoloto, has reported a $68.8-million net loss in the fourth quarter as it wrote down its investment in Mantra Resources. The uranium miner wrote down the value of its investment in Mantra by $102.3-million as a result of delays in the expected initial production, mainly owing to permitting delays at Mantra's Mkuju River project, increased capital expenditure experienced in the industry, and lower uranium prices.

Excluding the charge and other one-time items, the company reported an adjusted profit of $34.9-million or $0.04 a share for the quarter, compared with an adjusted profit of $21.4-million or $0.02 a share in the fourth quarter of 2011. During the period, revenue rose by 44% to $227.6-million, up from $157.9-million in the same period of 2011.

Vale looks to other potash projects after Argentine mine halted

Brazilian miner Vale may try to develop potash mines in Brazil and Canada that it had put on hold, as the company tries to make up for the suspension of its $6-billion Rio Colorado project, in Argentina, according to a source. Vale's Carnalita project in the Brazilian state of Sergipe and Kronau mine in Canada have not been a priority for the company, which is trying to reduce costs outside of its core iron-ore business after posting its first loss in ten years. In early March, Vale stated that the Rio Colorado project was no longer economically viable, threatening to renew trade tensions between South America's two largest economies. The Argentine government says Vale is demanding unrealistic tax breaks for the project.

General

2013 Budget a 'mixed bag' for miners – MAC

The Mining Association of Canada (MAC) states the new federal Budget for 2013 is a "mixed bag" when it comes to its impacts on the Canadian mining industry. MAC is encouraged by the significant new measures announced to address skills shortages and welcomed government's proposal to provide $37-million over the next two years to support research partnerships with industry through the granting councils. The Budget extends the 15% Mineral Exploration Tax Credit for an additional year, an important tax incentive for the junior exploration sector.

However, the 2013 Budget also announced the elimination of the Accelerated Cost of Capital Allowance for new mines and significant mine expansions and reduced the deduction rate for preproduction mine development expenses.

Aboriginal training alliance formed as Feds highlight Ring of Fire development

A memorandum of understanding (MoU) creating a new training alliance has been inked, paving the way for a skilled Aboriginal workforce to be trade-ready to contribute to the development and exploitation of the 'Ring of Fire' chromite belt, in the far-north of Ontario. The Matawa First Nations Management's Kiikenomaga Kikenjigewen Employment and Training Services (KKETS), Toronto-based junior Noront Resources and the Confederation College of Applied Arts and Technology have signed an MoU that will pave the way for the parties to work collaboratively to expand opportunities for the development of a "highly skilled Aboriginal workforce for mining activity" associated with Noront's Eagle's Nest project.

BC Coastal First Nations air anti-oil commercial

The Coastal First Nations alliance has aired a television commercial warning British Columbians of the dangers and costs of bringing oil tankers to British Columbia's (BC's) pristine coastal waters. The commercial opened with the original audio recording of the stricken oil tanker Exxon Valdez's captain radio calling the coast guard, with the First Nations saying 80% of British Columbians supported banning oil tankers in coastal waters.

The commercial was aired in response to energy provider Enbridge's Northern Gateway project, which is a proposed 1 176 km twin pipeline system and marine terminal. The proposed project, currently under regulatory review, will transport 525 000 bbl/d of oil for export and import 193 000 bbl/d of condensate.

Canada supports development of first-ever on-reserve potash mine

The Canadian federal government and the Muskowekwan First Nation have announced that the Muskowekwan First Nation potash project has been accepted by the federal government under the First Nations Commercial and Industrial Development Act, which enables the federal government to enact a provincial regulatory regime to govern commercial and industrial activities within a First Nation reserve. First Potash Ventures, a partnership between Encanto Potash and Muskowekwan Resources, is working towards developing the mine on the First Nation's reserve, located 100 km north-east of Regina. The mine was expected to produce up to 2.8-million tons of potash a year over a 50-year-plus lifetime.

Canada's territories expected to beat national growth

The global economy is making its presence felt in Canada's territories, dampening – but not dousing – the mining boom under way in Canada's North, according to the Conference Board of Canada's Centre for the North in its twice-yearly 'Territorial Outlook: Winter 2013'. Real gross domestic product (GDP) in the territories as a whole is forecast to increase by 2.8% this year, and by 5.4% in 2014. In comparison, Canada's overall real GDP growth this year is expected to be 2.2%. The report found that despite short-term uncertainty, long-term global demand for metals suggested that the mining outlook for Canada's North was bright.

Canadian govt inks investment agreements with Zambia, Cameroon

The Mining Association of Canada (MAC) has commended the federal government for the signing of two new foreign investment promotion and protection agreements (FIPAs) with Zambia and Cameroon. The MAC states that the FIPAs with Zambia and Cameroon are strategic and will help ensure that Canadian mining investment is supported and protected in these important emerging markets. Canadian mining assets in Cameroon are valued at more than $35-million, while in Zambia, Canadian mining assets are worth in excess of $6-billion.

MAC warns Quebec government against new royalty regime

The Mining Association of Canada (MAC) has warned that a new royalty regime will worsen Quebec's investment appeal with detrimental economic effects to the province and Canada's economy as a whole. The Quebec government is preparing to table a new mining tax regime that will significantly increase mining taxes and royalties. MAC expects the new proposed tax regime will establish two new levies – a 5% tax on the gross value of yearly production, as well as a 30% royalty on 'super profits'. The association points out Quebec is already a high-tax jurisdiction in many respects and, as recently as 2010, the former government raised the taxes on profits to 16% from 12%.

Meanwhile, the Quebec government has hinted at flexibility on its plan to raise the royalties mining companies pay on minerals extracted in the province, and believes Quebec will remain competitive even if the mining rules change.

Ontario's right to issue mining permits upheld in Appeals Court

Ontario's highest court – the Court of Appeal – has overturned the decision of the Ontario Superior Court in the case Keewatin versus the Minister of Natural Resources, giving the province the right to 'take up' treaty lands for settlement, mining, lumbering or other purposes. In 2000, the Grassy Narrows First Nation applied for a judicial review to set aside all licences, permits, management plans and work schedules that Ontario had granted to forester Abitibi-Consolidated, now known as Resolute Forest Products Canada, in 1997.

Quebec imposes moratorium on uranium exploration and mining

Quebec-focused uranium explorer Strateco Resources has denounced an announcement made by Quebec Environment Minister Yves-François Blanchet, effectively placing a moratorium on uranium exploration and mining in the province, and ordering an impact study on exploration for and development of the mineral. The Minister's announcement follows ongoing legal proceedings aimed at forcing the provincial government to make a decision on the company's flagship Matoush project, which is located east of James Bay on The James Bay Cree Nation's Eeyou Istchee reserve.

Strateco intends to look into the legality of the Minister's announcement, given that the Superior Court had not yet had the opportunity to rule.

Complex desired development outcomes to be mutually settled on – Minister

The Minister of the Canadian government's economic development organisation for Northern Ontario Tony Clement has promoted the federal government's commitment to bring together all role-players from the private and public sectors, including the First Nations, to map the way forward for developing the Ring of Fire. Clement has underscored the economic development potential of the Ring of Fire and reaffirmed the Harper government's commitment to mining development in the region and within the country.

This report has been compiled by Creamer Media's Research Unit, based in Johannesburg, South Africa. It forms part of a monthly series that is available exclusively to subscribers to Creamer Media's *Research Channel Africa* and *Mining Weekly Research*. The information has been drawn from sources believed to be reliable, but no warranty is made as to the accuracy of such information. The report covers activities across Canada's mining sector for March 2013.

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