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HUNTER VALLEY

Hunter remains strong, analyst

Jessica Darnbrough

The Hunter Valley in New South Wales may bypass the worst effects of the global financial crisis, Deloitte partner Tim Riordan told MINING DAILY.

Last year, New South Wales produced more than \$13.9 billion of resources, with exports topping \$4 billion.

Coal accounted for more than 80% of the total value of mineral production, with the Hunter Valley making up more than two thirds of all coal mining operations in NSW.

"The thermal coal markets have not seen as many of the gyrations that the other commodities have seen," Riordan said.

"While there have been drops in thermal coal, these drops are not the same as what other minerals have experienced. Moreover, the prices are coming off a peak that was well above the prices of three or four years ago. Therefore, businesses in the Hunter that have been well managed are still viable and are at the stage where they can still turn a profit regardless of what is going on in China."

Riordan said the Hunter Valley would never be totally immune from the downturn but that they were well positioned to ride out the storm providing companies continued to invest wisely in innovation and sound R&D.

CHINALCO – RIO TINTO DEAL

Green's motion defeated

The Green's motion to the Federal Government to block the \$30 billion deal between Rio Tinto and the Chinese state-owned company Chinalco was defeated in the Senate yesterday.

Chinalco is trying to increase its stake in the mining giant to 18%, but needs approval from the Foreign Investment Review Board.

Australian Greens Leader Bob Brown moved the motion after learning the Chinese Government had the power to appoint and remove Chinalco's executive staff.

"It is hazardous for the Treasurer to entertain the proposed deal between Rio Tinto and Chinalco when the Communist dictatorship will be pulling the strings behind the scenes."

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COMMODITIES

Gold up to \$1,200, Newmont

Jessica Darnbrough

Newmont Mining Corp chief executive Richard O'Brien recently told the Reuters Global Mining and Steel Summit that he sees gold trading in a range between \$900 and \$1,200 per ounce over the next few years, supported by lower industry output and inflation concerns.

"I will be surprised to see gold on average below \$900 this year," O'Brien said.

"If you take the highest gold price in the 80's and escalate it into today's dollars, you get a number around \$2,000 an ounce.

"I don't see that particular number as being out there, but there is clearly upward mobility...and I do think we're in a trading range of \$900 to \$1,100 or \$1,200 over the next several years."

The price of gold went through the \$1,000 per-ounce barrier last month, an 11-month high. But it has dropped back since then and was around \$907 in London on Wednesday, Reuters' Steve James reports.

O'Brien said gold producers should see expanded profit margins this year as a result of the high gold price, while Newmont also will benefit from production starting-up of Boddington, in Western Australia.

Newmont Mining Corp's Boddington mine should produce 300,000 to 500,000 ounces of gold this year and account for almost 20% of the company's total production by some time next year, according to O'Brien.

Boddington will be biggest gold mine in Australia, with a 20-year mine life, and is expected to begin producing in the second half of this

year, he said.

Newmont expects to produce at a rate of around 1 million ounces per year sometime next year.

This year, Denver-based Newmont, the world's second largest gold miner, estimates total gold sales of 5.2 million to 5.5 million ounces.

In addition, the cost of mining gold at Boddington will be around \$300 per ounce, one of the lowest costs in the world, O'Brien said.

Despite having based its 2009 estimates on a \$750 gold price, O'Brien did not increase the company's production and sales estimates. "We're comfortable with what we have out there now."

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POLICY

Delay in policies needed, AMMA

■ AMMA CALLS FOR INDUSTRY CONCESSIONS

Paul Hayes

The Federal Government needs to reassess numerous policies, including delaying the introduction of its emissions trading scheme, while it reacts to rising unemployment figures, Australian Mines and Metals Association (AMMA) chief executive Steve Knott said.

"Most analysts agree that Australia's jobless rate will rise faster and steeper than official government forecasts," he said.

"Reductions in payroll and company taxes, moderating new industrial relations laws, deferring introduction of the emissions trading scheme, further reductions in interest rates all need to occur in unison."



Steve Knott

According to Knott, the Government needs to focus on domestic matters rather than global.

"Simply alluding to external global factors and not addressing much needed domestic policy responses, will result in many employers hitting the wall and longer unemployment queues," he said.

"Unless these issues are collectively tackled, unemployment will rise way above the 7 per cent projected for mid 2010."

EXPLORATION

Exploration numbers out

The fall in Australian minerals exploration during the December 2008 quarter is set to continue for the foreseeable future, Australian Bureau of Statistics (ABS) researcher Mark Busby told MINING DAILY.

"The expectation is that it will continue to be going down. The expected data is showing a big decrease," he said.

According to the ABS, overall exploration expenditure fell \$46.0m (7.0%) to \$613.4 million in the December quarter, with the largest falls in Queensland, which was down \$18.0m (16.7%) and Western Australia, down \$15.9m (4.4%).

South Australian Minister for Mineral Resources Development Paul Holloway said that despite representing a fall, his State's \$68 million spent on exploration is a positive.

[>> CLICK HERE TO READ MORE](#)

BRIEFS

URANIUM FARM-OUT

Adelaide-based uranium explorer Uranium Equities has signed an agreement with the world's second largest metals and mining company to farm-out up to 80% of its Headwaters uranium project in the Northern Territory. Under the agreement, Vale Exploration Pty Ltd – a wholly owned subsidiary of Companhia Vale do Rio Doce (Vale) – will earn up to 80% equity in the Headwaters Project located in the East Alligator Uranium Field by funding exploration of the project up to the stage of a bankable feasibility study.

NICKEL DEAL

The Board of Western Areas has announced that the company has executed a Heads of Agreement with BHP Billiton for a contract to sell up to 10,000 tonnes of nickel in concentrate per annum to a total of 75,000 tonnes nickel from the Forrestania Nickel Project.

CONTRACT WIN

Parsons Brinckerhoff has won the BRW Client Choice Award for best engineering consultancy with revenue over \$200M.

PROJECT UPDATE

A Galaxy of opportunities

■ 2010 COMMISSIONING ON TRACK AT MT CATTLIN

Daniel Hall

Galaxy Resources Limited has announced that it is on track to commission the Mt Cattlin Lithium Tantalum project by Q3 2010.

The company completed a Definitive Feasibility Study (DFS) at the end of 2008 as planned, and has been able to quickly advance the next stages of the project timeline.

According to a company statement, the "Value Engineering" phase of the project is continuing and further refinements that have the potential to reduce both capital and operating costs at the project are being made.

Once completed, the company will then move to tender and select an EPCM contractor for the project.

The company is in the process of

finalising off-take discussions with key partners in Europe, Japan, Korea, and China.

Once Galaxy has selected and finalised off-take security and partners, it will look to secure funding for the \$68 million project.

According to the company, Risk advisory group Noah's Rule has been appointed to advise on debt and equity structuring.

Galaxy believes the current economic climate presents an ideal time to commence building a project, with greater availability of labour and engineering resources meaning projects can be established at a significantly lower cost.

Managing Director Iggy Tan said the company was encouraged by the opportunities that the downturn in the market was presenting for Galaxy and the development of the Mt Cattlin project.

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REHABILITATION FUNDING

CBH fights for funds

■ NSW MINER CANNOT ACCESS REHABILITATION FUNDING

Jessica Darnbrough

It appears unlikely the New South Wales Government will allow the operators of the Endeavor Mine at Cobar to access funds set aside for rehabilitation.

CBH Resources has threatened to close the mine in two months if it cannot access the money held by the State Government.

A spokesperson for CBH Resources told MINING DAILY the company needed the \$12 million bond refunded and was willing to offer some of its own properties in exchange.

"All mines are required to pay an environmental bond to cover the cost of rehabilitation," the spokesperson said.

"In the past the mine was only required to pay a partial amount of the bond, however, this time the NAB wanted full cash backing and this is where the problem started."

A spokeswoman for the NSW Minister for Mineral Resources, Ian Macdonald, said the proposal is inconsistent with current Government policy.

The spokesperson said the security bond system enables the Government to carry out rehabilitation if a company defaults on its obligations.

Cash or a bank guarantee is required so funds can be immediately made available, the spokesperson said.

If you have anything to say or comment
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COMMODITY PRICES			
COMMODITY		CURRENT PRICE (\$US)	CHANGE (\$US)
LME INDICATIVE			
COPPER - CASH	▼	3548.50	-10.00
LEAD - CASH	▼	1230.00	-33.25
ZINC - CASH	▼	1201.20	-12.05
ALUMINUM - CASH	▲	1306.50	1.50
NICKEL - CASH	▼	9374.00	-345.00
TIN - CASH	▼	10673.00	-373.00
TIN - 3MTH	▼	10395.00	-355.00
LONDON METAL			
GOLD (AM FIX)	▲	914.50	15.00
GOLD (PM FIX)	▲	925.25	25.75
CURRENCIES			
\$A/\$US	▼	0.6543	-0.0004
STG/\$US	▼	1.393	-0.0006
EURO/\$US	▼	1.2902	-0.0002
EURO/\$A	▲	1.9722	0.0008

TABLE: FRIDAY, MARCH 13, 2009, 12:02 AM GMT

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Orebody Modelling and Strategic Mine Planning
14 to 16 March 2009
Perth, Western Australia

The two-day symposium will highlight the latest advances, technologies, practices and concerns in the field of orebody modelling and mine planning. Since the last conference in 2004, the world has changed in very important ways. Firstly, the world has begun to respond to predictions of climate change, with CO2 trading, capping and taxation systems emerging worldwide. The world is also being forced to respond to the effects of the global financial crisis.

■ AusIMM
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Mineral processing plant represents substantial capital investment. It is important when establishing the design and engineering of mineral processing projects that the appropriate metallurgical test work is undertaken early in the timeline to ensure that the ore bodies are effectively characterised and evaluated from a metallurgical standpoint. Too often these critical aspects of a resource are dealt with as an afterthought, with potentially disastrous consequences

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- 25 – 29 May in Melbourne

Design, Maintenance Management, Overhaul & Repair (UTE NES 707; 609; 610 & 215):

- 25 – 29 May in Mackay

Click here for further information... 

Mineral Processing Course
2 & 3 April 2009
Perth, WA

Mineral Processing is one of the oldest sciences. Its history can be traced back to 6000 BC. Admittedly, its form at that time was rudimentary, but, to gain a perspective in Mineral Processing, it is worthwhile to spend a little time studying the initiation of mankind's association with metals. The course will provide an understanding of the principles of physical and chemical mineral processing.

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Water Management in Mining
1 May 2009
524 Hay Street, Perth

Participants in this course will gain an understanding of water requirements across an operating mine, be able to analyse existing water infrastructure and contribute to the improvement of water management on an operating mine site.

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