

MATTERS OF GENERAL INTEREST

OP-ED

Protesters paralyze Goro

GORO. From Page 1
arrests were made following scuffles with local police who used tear gas and armoured vehicles to break up the blockades. Several officers were injured in the melee. And according to local reports, police later apologized for using tear gas on women and children.

Less than a week after the first attacks, the site saw more vandalism,

including torched water pipes and damage to a communications tower. The site has been shut down since early April, and the company says some protesters remain in the area.

Though things have quieted, the group responsible for the damage, the Rheebeu Nu Committee, has indicated that the conflict in the French overseas territory is far from over. The group, which represents

some of the indigenous Kanak population of the southern province, says it will continue to protest against the project until permits for development — held by Inco subsidiary Goro Nickel — are cancelled, and a "genuine negotiation is organized."

The project has long been the subject of protest by the Rheebeu Nu Committee. The committee wants

further environmental study of the project, in particular. Goro Nickel's plans to release wastewater into the sea, and the protection of local fresh water sources. Jacques Boengkih of Agence Kanak de Développement Nouvelle-Calédonie, an indigenous organization that supports the committee, says the group also wants "a negotiated and legally binding settlement regarding social and environmental impacts, much as that signed with Inco by the Innu of Labrador."

A roundtable meeting between the company, the French High Commissioner and the Rheebeu Nu Committee to resolve the standoff was sidelined recently when committee representatives walked out.

Boengkih says the representatives left the meeting because "the French High Commissioner, the Southern Province president and the Goro Nickel managers transformed the meeting into a tribunal to judge the Rheebeu Nu's actions," and into a forum of support for the project.

Opposition to the project is not universal in the South Pacific island, which hosts one-quarter of the world's nickel laterite reserves. Many local politicians and even some Kanak chiefs support Goro.

Philippe Gomes, president of New Caledonia's Southern Province, has criticized the Rheebeu Nu Committee's actions publicly, claiming that environmental damage is not the group's main concern.

"Environment is only the dressing," he told a local television station. "The real bottom line is that they want to get royalties, and we are strongly opposed to the payment of any royalties. We believe the population must be an actor in the development process. This means to educate itself, to acquire skills, to work. To act otherwise is to choose to be a development pensioner, someone who sits under the coconut tree and waits for revenues to fall."

Mitchell says that the group has not been left out of the company's consultation with local communities. But because the group had boycotted many meetings, including those of an environmental surveillance committee set up by the government, it's been "difficult to engage them in any kind of constructive dialogue," he says.

After rising costs halted the project in 2002, Inco reconsidered and decided to develop Goro in 2004. Construction is well under way and the company anticipates a late 2007

Canyon loses another round in battle over Seven-up Pete

VANCOUVER — A district court in Montana has dismissed a complaint by Canyon Resources (CAU-X) for a federal "takings" claim by the company-led Seven-Up Pete joint venture, which had sought to develop an open-pit gold mine at the McDonald project near Lincoln.

Canyon and its Seven-up Pete partners spent more than US\$70 million to advance the gold project toward production in the 1990s, but environmentalists opposed to the project won public support for an

initiative that specifically banned the use of cyanide to recover gold from open-pit mines.

No compensation was offered or paid by the state, forcing Canyon to seek remedies in the courts after its interest in the McDonald property and nearby properties were rendered worthless because of the cyanide ban. The company had outlined resources containing an estimated 10.9 million oz. gold before the ban was imposed by legislation.

Canyon notes that the district

court, Helena Division, based its dismissal on technical grounds, without deciding the merits of the case. The company remains confident in the merits of the case and intends to file notice of appeal of the decision to the U.S. Court of Appeal.

Meanwhile, the company is looking to restart its Briggs gold mine in California, while it advances the Reward gold project to feasibility in Nevada. The company also holds uranium properties in Wyoming.

SUPPLIERS NEWS

ABB to automate Goro for \$21M

Swiss-based firm ABB will carry out electrical and automation work for Goro Nickel, a wholly owned subsidiary of Inco (N-T, N-N) at the company's nickel operations in New Caledonia. The contract is worth roughly \$21 million.

ABB will provide 690V MNS motor control centres, low-voltage variable-speed drives, switch rooms in containers, generator panels and low-voltage distribution boards. ABB says the control system at Goro will be one of the

largest in the world.

ABB's electrical and control equipment will be delivered in stages with most of the work being done in Brisbane, Australia. The first switch room has been delivered, while the initial control system components should arrive later this month.

"We expect that by having one supplier, project integration will be more effective, resulting in significant time savings," says Ken Cunningham, a project manager with

Goro Nickel.

Goro is scheduled to enter production sometime in late 2007 and will be one of the world's largest nickel mines. With some 57 million tonnes of proven and probable reserves, Goro will help develop the fledgling New Caledonia economy. New Caledonia is host to about 25% of the world's known nickel-laterite reserves.

The ABB Group of companies operates in around 100 countries and employs about 104,000 people.

Sandvik after driller Down Under

Sandvik is offering about \$90 million to buy Australian firm SDS Corp., a designer and manufacturer of drilling equipment for mineral exploration. The deal is subject to regulatory approval.

The offer was made through Sandvik's Australian subsidiary, Sandvik Mining and Construction

Australia, and represents a premium of about 32% per share, compared with the average weighted share price of SDS during the previous three months.

The board of SDS has unanimously recommended that shareholders accept the offer. SDS had sales of roughly \$98 million in fiscal 2005 and reports sales of

\$60 million through the first half of 2006. SDS has around 500 employees.

"SDS is a stable company with a strong market position and through the acquisition, we intend to continue expansion in Australia," says Lars Josefsson, president of the Sandvik Mining and Construction business area.

Rocmec secures process patent in Canada

Pointe-Claire, Que.-based Rocmec Mining (RMI-V) has a Canadian patent in hand for its Thermal Rock Fragmentation in Narrow Vein Extraction process.

The patent gives Rocmec the exclusive rights to employ the thermal fragmentation process in nar-

row vein deposits in Canada. The Canadian patent is in addition to American and Moroccan patents obtained last year.

"Obtaining the patent for Canada is a major milestone in the development of the company," says Donald Brisebois, Rocmec's president and

CEO.

In other news, Rocmec recently issued debentures totalling \$850,000. Each debenture carries an annual interest rate of 12%, payable quarterly, and each can be reimbursed at maturity 36 months after being issued.

Semafo goes with Komatsu for Kiniero

Montreal-based Semafo (SMF-T, SEMFF-O) has spent \$8 million to buy a mining fleet for the Kiniero gold mine in Guinea from a Komatsu dealer there.

Semafo says the equipment will result in greater productivity and reduced operating costs.

By its calculations, Semafo expects a 30% reduction in costs at Kiniero, representing a US\$50-per-oz. cut in cash operating costs. Semafo says the equipment will pay for itself in less than three years.

The mine life at Kiniero is estimated at five years, with more than 357,000 oz. gold in reserves.

"The increase in Kiniero's mine life fully justifies the capital investment for this equipment," says Semafo president and CEO Benoit La Salle.

The fleet consists of two excavators, 10 haul trucks (HD465-7), three dozers, two wheel-loaders and a grader. The equipment is expected to be delivered and assembled on-site in the coming

months. In addition, tires for the fleet were secured, as there is a worldwide shortage of tires for heavy equipment.

The original plan at Kiniero called for contract mining. The change-over from the outside mining contractor, BCM International, to owner mining should be completed by September.

Semafo operates the Kiniero mine in Guinea, the Samira Hill mine in Niger and is developing the Mana project in Burkina Faso.

Indefinite layoffs

Steve Mitchell, Inco's director of public affairs, points to local media reports of protests by hundreds of Goro workers against the disruptions that have led to indefinite layoffs.

"There are about 1,600 people working on-site and 1,400 of them are New Caledonians," he says. "There are hundreds of local businesses that are working on the project, so there's a lot of people whose livelihoods are being directly impacted by this."

Mitchell says the company won't resume work until local authorities can guarantee the safety and security of the site.

Inco will release an update of the cost of the vandalism and construction delay when it releases its first-quarter results later this month.

The US\$1.9-billion project, with a reserve of 95 million tonnes grading 1.53% nickel and 0.12% cobalt, is owned 69% by Inco, 21% by Japan's Sumitomo Metal Mining and Mitsui and 10% by three New Caledonian provinces.

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SPEAKER LINEUP

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| • Victor Adair - Refco Futures (Canada) Ltd. | • Greg McCoach - The Mining Speculator | • Lawrence Roulston - Resource Opportunities |
| • John Kaiser - Bottom Fishing Report | • Eric Coffin - Hard Rock Analyst | • Peter Grandich - Grandich Publications |
| • Bob Bishop - Gold Mining Stock Report | • Michael Levy - Border Gold Corp. | • David Skarica - Addicted to Profit |
| • John Lee - Man Capital Management | • David Coffin - Hard Rock Analyst | • Ben Johnson - First Securities Northwest |
| • Dr. Michael Berry - Morning Notes by Dr. Michael Berry | • Bill Murphy - Gold Anti-Trust Action Committee | • Jay Taylor - mining-stocks.com |
| • Jim Letourneau - Big Picture Speculator | • Ian Doig - Doig's Digest | • Al Korelin - The Korelin Report |
| • Doug Casey - International Speculator | • Louis Paquette - Emerging Growth Stocks | • Dennis Wheeler - Gold Stock Report |
| | • Ian Gordon - The Long Wave Analyst | • Dr. Jim Willie - Hat Trick Letter |

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