MATTERS OF GENERAL INTEREST

OP-ED

Feds extend ITCE program

In its first budget, Canada's Conservative government announced that it will re-introduce the Investment Tax Credit for Exploration (ITCE) — commonly known as the "super" flow-through share program — starting May 2 and continuing through March 31, 2007.

The ITCE program allows investors a 15% credit on their flow-through share investments in grassroots exploration. The budget says the 1-year "look-back" rule will allow funds raised with the benefit of the credit in 2007, for example, to be spent on eligible exploration activity until the end of 2008.

The news is a welcome development for Canada's mineral exploration sector.

"The ITCE program is a boon to this country's exploration industry," says Patricia Dillon, president of the Prospectors and Developers Association of Canada (PDAC). "The ITCE has helped Canada capture and maintain its position as the number one country in the world for mineral exploration spending."

Sustained levels of exploration are required to discover new deposits, which help replenish mineral inventories, feed smelters, and meet the growing demand for mineral commodities in countries such as China.

"We estimate that the exploration tax incentive to date has generated $1.4 billion in exploration spending," Dillon says. "Most of this money is spent in Canada's northern and rural regions. We congratulate the federal government for its wise decision."

SUPPLIERS NEWS

Rocmec works on Russian Kid

Rocmec Mining (RMI-V) is using a thermal fragmentation unit and an In-the-Hole (ITH) drill at the 150-ft. level of its Russian Kid gold project, some 40 km west of Rouyn-Noranda in the Abitibi region of Quebec, in an attempt to form a resource estimate.

Rocmec says it has permission from the Quebec government to extract 44,000 tonnes from the site. Structural support work continues on more than 915 metres of mineralized zones available on the 150-ft. level. The extracted ore will be stockpiled underground and transported to a treatment plant at the end of May.

A new resource estimate on Russian Kid is expected sometime in the fall.

A method of selective ore extraction, the patented thermal fragmentation process enlarges a 15-cm hole previously drilled up to 20 metres depth using an ITH-drill. The fragmenting occurs from the heat generated by a powerful burner fuelled by diesel and air. The intense heat creates thermal stresses that "spall" the rock, a form of physical degradation caused by the unequal expansion of rock crystals.

The thermal reaction allows for the enlargement of the hole to the total width of the vein by shattering the rock. The high-grade granular residue is then gathered and sent for treatment.

The technology has been used in Russia for more than 30 years in large-scale open pits for the drilling of large blastholes. Rocmec is using the technology on precious metal properties — properties like Russian Kid — that would have been uneconomic using traditional mining methods.

The Russian Kid Gold property includes a 100-metre-deep, 2-compartment shaft, and an 844-metre decline allowing access to three levels — 150, 300 and 425 ft. below surface. On these levels, 1,700 metres of drifts and crosscuts have been driven. The Russian Kid orebody is defined by diamond-drill holes and sampling, including two test stopes.

Pointe-Claire, Que.-based Rocmec hopes to ride its thermal fragmentation process to the status of mid-tier gold producer.

OBITUARY

John V. Tully

John V. Tully, principal of John V. Tully & Associates, president of Buffalo Gold Mines, and a director of First Narrows Resources, has died of cancer.

Tully studied geology at Mount Allison University in New Brunswick, where during the summer, he explored for VMS deposits in the famous Bathurst mining camp.

Following graduation in 1965, John and his wife, Pat, moved to Chibougamau where his career as a mine geologist began at the Copper Rand copper-gold mine. Two years later, after graduating from the so-called "Copper Rand School of Mining," Tully headed west and spent time in Salmo, B.C., as chief mine engineer at the Jersey lead-zinc mine.

In the 1970s, Tully returned to New Brunswick, where he worked tirelessly on the Mount Pleasant tin deposit for the Sullivan Mining Group. Tully published a number of papers on the deposit.

From 1985-1991, Tully was an independent consultant to clients in Canada, the U.S., and South America. Some of his clients included Esso Minerals at the Cochenour project in Red Lake, Ont.; Noranda Minerals at its Harker Holloway project; and Amax Gold at Ketza River.

From 1991-1998, Tully served as manager of mining with engineering firm Fluor Daniel. Some of the noteworthy projects he worked on include the AJ project in Alaska with Echo Bay Mines; the Andacollo copper project in Argentina; the McWatters project in Val d'Or, Que.; and the Galore Creek feasibility study for Kennecott in B.C.

Peter Gummer, president of First Narrows, describes Tully as having a "give me the facts, not an interpretation" approach to project and resource evaluations. And Terry Mersereau of Northeast Exploration Services says, "In addition to being one of the best evaluation and assessment geologists I have ever met, John was a genuinely nice person."

Tully is survived by Pat, his two children, Fran and Victor, as well as several grandchildren.

Minarco to study Baruun Naran coal operation

A preliminary economic valuation and concept study on the Baruun Naran coal project in southern Mongolia will be conducted by consulting firm Minarco Pacific for **QGX** (QGX-T).

The study will determine the minable tonnage at Baruun Naran and come up with the best design for an open pit, including a mining schedule and the equipment needed.

The study should be completed before the end of July.

QGX hired McElroy-Bryan Geological Services in December 2005 to complete a resource estimate compliant with National Instrument 43-101. That study should be completed around the same time as the preliminary economic valuation by Minarco.

"Together, these two studies will provide a rigorous assessment of the project's potential," says David Anderson, CEO of QGX.

QGX is negotiating with Chinese coal buyers. In fact, the company says a private Chinese company has made a verbal offer for Baruun Naran coal.

Minarco has offices in Sydney and Beijing, and the firm has participated in studies of coal mines in Australia, China, Indonesia and South Africa, among others.

BioteQ to recycle cyanide in Mexico

BioteQ Environmental Technologies (BQE-V, BTQNF-O) and **Columbia Metals** (COL-V, CBMLF-O) will develop a treatment plant to recover cyanide at the latter's La Jojoba gold property in Sonora state, Mexico.

BioteQ will supply Columbia with one of its patented sulphide plants to capture free and copper-complexed cyanide from barren solutions. The cyanide will then be reused for gold extraction.

As a bonus, the technology converts copper cyanide complexes to copper sulphide, which is then recovered as a revenue source.

La Jojoba is located in northern Mexico, about 275 km south of Tuscon, Ariz. The property's gold resource is amenable to conventional heap leaching, but the deposit contains cyanide-soluble copper minerals that stick to cyanide during gold extraction. These minerals can build up in the metallurgical process solutions and hinder efficiency.

Based on initial estimates, the BioteQ treatment plant will regenerate more than 4 million lbs. of cyanide per year — or about half the annual supply of cyanide needed for Jojoba. BioteQ says cyanide regeneration costs should tally to about US70¢ per lb.

The treatment plant, according to studies, could recover as much as 3.6 million lbs. copper annually at a cost of US90¢ per lb. With copper approaching US$3 per lb. on the London Metals Exchange, BioteQ could generate in excess of US$6 million in revenue from selling copper recovered from Jojoba.

BioteQ and Columbia will co-develop the cyanide capturing process. This will be followed by the erection of a treatment plant owned by BioteQ in exchange for any metals recovered, as well as fees for regenerating cyanide.

Columbia is including the cyanide regeneration plant in its cost projections for Jojoba. Columbia Metals has other gold projects in Mexico, including the Lluvia de Oro, North Sonora, and El Carmen properties.

Vancouver-based BioteQ treats contaminated water through its patented BioSulphide process and other sulphide-based technologies.

Boart hives off division

Salt Lake City, Utah-based Boart Longyear has sold its Hard Materials & Soft Rock Tools division (HMSR) to Equita Management, a private company based in Bad Homburg, Germany.

HMSR, a Boart Longyear operating division for the previous 24 years, produces, markets and distributes components for mining and industrial applications. Its principal mining products are inserts used with rotary percussive drill bits, and soft-rock cutting tools for coal and other soft minerals.

Terms of the sale were not disclosed.

"While HMSR has been a wonderful business for our company, it is not core to our drilling focus and the move to new ownership is a positive step for its future and that of its employees," says Paul Brunner, Boart Longyear CEO, adding that the company will continue to focus on its drilling products and services.

HMSR has 790 employees at manufacturing facilities in Germany, South Africa and China.

Boart was purchased in July 2005 by Advent International, along with Bain Capital, from **Anglo American** (AAUK-Q).

Boart Longyear supplies products and services to the mineral extraction and construction markets.

LETTER TO THE EDITOR

OURD more than power utilities

In your article titled "Cogema discovers new Midwest zone" (*T.N.M.* April 14-20/06), you noted that ownership of the Midwest project and McClean Lake mine is a "consortium of Japanese power utilities." Actually, these interests are owned by Overseas Uranium Resources Development Canada (OURD Canada), a wholly owned subsidiary of Japan-based OURD.

The shareholders of OURD consist of 30 companies including utility, metal mining, trading, heavy industries and other companies.

I hope you can refer to OURD or OURD (Canada) as a Japanese "mining company" rather than a "consortium of Japanese power utilities" in future articles regarding ownership of the McClean Lake mine and Midwest project in Saskatchewan.

Tomio Hamai
Manager, Technical Dept.
OURD, Japan