

## Equity funding for Alrosa project . . .

The Russian state-owned diamond producer Alrosa Co. Ltd is to raise funding through the Russian stock markets for one of its projects. Prime-Tass news agency reports that the company will issue Rb400 million (US\$1 = Rb31.76) in new shares in a subsidiary, OAO Severalmaz, developer of the Lomonosov diamond project in the Arkhangelsk region of northern European Russia. (Alrosa's wholly-owned, core operations are in the Siberian Republic of Sakha.) Alrosa currently holds a 72% interest in Severalmaz, and the Arkhangelsk regional administration holds 25.6%.

Alrosa plans to develop Lomonosov at a capital cost equivalent to US\$420 million. First production is scheduled for 2004. Annual production is expected to be worth an estimated US\$200-250 million, from 5 Mt/y of ore, over a 50-year life (*MJ*, September 14, 2001, p.203). The project has previously been reported to contain five kimberlite pipes, with an average grade of over 0.3 ct/t.

Part of Alrosa's interest in Severalmaz was acquired two years ago from the South African-based diamond producer De Beers. The latter evaluated the project over a number years, up to due-diligence level, before withdrawing (*MJ*, May 19, 2000, p.389).

## . . . Norilsk buys gold producer

The Russian nickel and platinum-group metals producer MMC Norilsk Nickel has acquired all of the shares in ZAO Polyus of Krasnoyarsk, Russia's leading gold producer, for the equivalent of US\$226 million. Norilsk Nickel stated: "The acquisition of ZAO 'Polyus' is an important step in the application of MMC Norilsk Nickel's diversification strategy, aiming at strengthening the competitive position of the company in base and precious metals. This acquisition is expected to provide a number of significant synergies for the company. As a result of the ZAO 'Polyus' acquisition, MMC Norilsk Nickel has become the largest gold producer in Russia with its share of domestic gold production exceeding 15%."

Polyus is currently the largest gold producer in Russia, with output in 2001 of 15.6 t (502,000 oz), about 10% of national mined output (this issue, p.311). Current gold production at Norilsk Nickel is 3.3 t/y, and the latter company anticipates output from Polyus this year at 25 t. Polyus is in the process of expanding its key Olympiadinskoye gold mine to 30 t/y (*MJ*, July 19, p.46). The operation, in the

Krasnoyarsk region, uses bioleaching to process primary ores.

Alexander Shindler, head of the Moscow office of Polyus, has indicated that there was clearly opposition inside Polyus to the deal. Mr Shindler said that he is "not aware of the sale of Polyus to Norilsk Nickel and cannot comment on this information". He referred all questions to the head office of Polyus in Krasnoyarsk. A spokesman for the company acknowledged the sale to Norilsk Nickel, but refused to disclose any other details. The deal has clearly been in negotiation for several months. In July, when initial reports surfaced from Norilsk Nickel, Mr Shindler was categorical in denying there was, or would be, any sale (*MJ*, July 19, p.46). □

## Newfoundland gold likened to Nevada

A road show by the Newfoundland and Labrador Chamber of Mineral Resources Inc. recently presented the mineral potential of the island of Newfoundland. A seminar in London, organised by LMA Associates, presented companies exploring for gold and base metals.

Altius Minerals Inc.'s chief executive, Roland Butler, gave details of the company's exploration joint venture with Barrick Gold Corp. in the Botwood Basin area of north-central Newfoundland, under the terms of which Barrick can earn a 75% interest in properties deemed to be prospective for sedimentary-hosted Carlin-style gold mineralisation (*MJ*, April 26, p.301). The properties are located along a 90-km regional feature that Altius has termed the 'Mustang Trend', and contain areas of gold-arsenic-antimony mineralisation and barite mineralisation, as well as areas of decalcification, silicification/jasperoid development, and clay alteration. The Botwood Basin claims were selected by Altius after four years of detailed work.

Altius is also working at a nearby gold property along what it terms the 'Moosehead Trend' in joint-venture with Agnico-Eagle Mines Ltd, as well as at volcanogenic massive sulphide (VMS) polymetallic targets in separate joint-ventures in Newfoundland with Inmet Mining Corp., the BHP Billiton group and Noranda Inc.

Rubicon Minerals Corp.'s exploration in Newfoundland is targeting six projects across the island, including Golden Promise, at which the company has recently intersected strong gold mineralisation (*MJ*, September 27, p.217). Its Glenwood Trend properties in the Botwood Basin are mainly adjacent to the northern end of the Altius-Barrick properties, and the company holds the largest land position in the Botwood Basin.

Rubicon's Avalon Trend properties are located on the eastern extremity of Newfoundland, in an area that has only recently been recognised as containing a gold-bearing epithermal alteration system by geologists from the Government of Newfoundland and Labrador. Mapping has discovered a quartz-adularia-mineralised vein system 18 m wide and 1.5 km long, showing 'boiling-zone' characteristics.

Larry Kornze, Candente Resources Corp.'s director of business development recognised a similarity between the geology and mineral-deposit model of the Botwood Basin and those of the Carlin Trend in Nevada. Mr Kornze is a former Barrick Gold Corp. geologist with experience at the Meikle, Betze and Screamer deposits in the Carlin Trend. He describes Botwood's geological setting – Silurian limestones overthrust by Cambrian/Ordovician shales and greywackes – as being "exactly like the Carlin Trend". Candente holds properties along the 'Mustang' and 'Moosehead' trends, covering a total of 375 km<sup>2</sup>.

Copper Hill Corp.'s 25 km<sup>2</sup> Tim's Cove gold property is located along the 'Mustang Trend', and contains a system of mineralised quartz veins and altered host rocks over 3 km long. Paris Georghiou, the company's president and chief executive, said that drilling planned for the Berni zone is awaiting funding. The company is seeking joint-venture partners for the Tim's Cove property and also for its Powderhorn VMS property, located 50 km north of Springdale, in a similar geological environment to the Buchan's base-metals mine.

Also active in Newfoundland is Vulcan Minerals Inc., which holds gold, base-metals and oil properties across the island. Its Little River gold property is located on the south coast of Newfoundland, where numerous gold occurrences have been recorded over a 30 km strike length.

Globenet Resources Inc., a company formerly focused on technology, has properties in the southwest of Newfoundland, in an area formerly investigated by Royal Oak Mines Inc. A number of deposits were discovered, but the bankruptcy of Royal Oak meant that the properties have only recently become available once more.

Barrick's involvement with Altius in such early-stage exploration has encouraged a large number of other companies to take an interest in the potential of the Botwood Basin. Staking activity in Newfoundland, aided by the Government-funded Mineral Incentive programme, has been increasing over the past two years, with a strong increase this year. In 2001, 9,885 claims were registered, whereas a total of 23,776 had been registered by September this year, and a considerable number of those are related to gold exploration in the central region of Newfoundland. □