

Avocet on course for major growth in West Africa

AIM-listed gold miner Avocet Mining plc is aiming to become a 500,000oz/y company in the next five years, according to finance director Mike Norris.

In recent years, Avocet has moved from a Southeast Asian-focused gold producer to a company looking to grow in West Africa.

The London-based company has built its expansion around the flagship Inata project in Burkina Faso.

In 2010, Inata entered production and it has exceeded market expectations with first-year output of 137,732oz.

In total, Avocet achieved production of 236,396oz in 2010, a 166% rise on a year earlier.

To carry out its growth strategy in West Africa, last December Avocet decided to sell both its producing mines in Southeast Asia, under a US\$200 million conditional agreement, to J&Partners LP.

The deal is expected to close in the second quarter of this year and would allow Avocet to expand exploration work



in Burkina Faso and Guinea.

Ambrian analyst Duncan Hughes said Avocet was now generating strong cash flow and believed the West African properties were strong enough to build it into a 500,000oz/y firm within five years.

Mr Norris told the *Mining Journal* this was an achievable mark, starting with Inata's production growth in 2011.

He said: "We've already got 165,000oz with Inata, and we have two projects (one in Guinea and one in Burkina Faso).

"If you put those together we are starting to get close to 500,000oz and the project in Guinea could even become bigger than Inata."

Mr Norris added that Avocet was also on the outlook for acquisitions that could move production even higher.

For 2010, Avocet reported a 221% rise in profits to US\$33.4 million on higher production and surging gold prices.

Avocet offloads assets from previous life (Jan 7)
Read more: www.mining-journal.com/249252

Alrosa plans investment

The executive committee of Russia's OAO Alrosa has approved a development strategy to increase diamond production by over 20% from 2009 levels, to 39.6Mct/y by 2018.

The company became the leading producer of rough diamonds in 2009, overtaking South Africa's De Beers.

The strategic development programme will require an investment of Rb215 billion (US\$7.2 billion).

The company plans to complete construction of underground mines at Mir, Aikhal and Udachnaya pipes during the expansion phase, modernise core production facilities, and to scale up prospecting and exploration efforts.

An exploration budget of Rb25.5 billion (US\$850 million) for the period 2011-2018 has been approved.

The company said the development strategy up to 2018 could also be adjusted subject to the model selected for the development of the Timir asset, an iron-ore project in southern Yakutia. This would follow approval of the project feasibility study and negotiations with potential investors.

Alrosa to mine 102Mct (May 21, 2010)
Read more: www.mining-journal.com/217283

Anglo American profits up

DIVERSIFIED miner Anglo American plc has doubled profits for the financial year to end-December as metal prices improved.

The London-listed company's profits were spurred, in particular, by strong performances in iron ore, copper and platinum.

For the year, Anglo achieved a group operating profit of US\$9.8 billion, while underlying earnings reached US\$5 billion and underlying earnings per share jumped to US\$4.13 (a 93% increase). Net profit was US\$6.5 billion.

Anglo's copper business and the Kumba Iron Ore unit were the top earning business units on the back of near-record prices. Profit for copper was 40% higher at US\$2.8 billion and Kumba returned US\$3.4 billion.

However, Anglo's final dividend payment of US\$0.40/share has been

criticised. Liberum Capital said: "A small negative (in the results) is a slightly stingy dividend – a function perhaps of the increased commitment to organic growth."

Meanwhile, Anglo said it has a US\$70 billion pipeline of more than 60 projects in the next three years that could double production in a decade.

Cynthia Carroll, Anglo chief executive, said: "Our near-term production growth of 50% by 2015 is exceptionally strong, with four major projects making excellent progress, enabling us to start up a new mining operations every six to nine months over the next few years."

This week Anglo also announced an agreement with Lafarge SA to merge their cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the UK.



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IGE Nordic names chairman

IGE Resources AB has nominated Øyvind Hushovd, the former CEO of Falconbridge as chairman of IGE Nordic AB, ahead of the company's Toronto listing.

IGE Nordic will be renamed Nickel Mountain Resources AB, with the Rönnebäcken nickel project in Sweden as its sole mineral asset.

Other independent directors named to the board include Ted Mayers, Jeffery

Snow and Melvyn Williams. IGE Resources' CEO Tomas Fellbom, board member Olle Johansson, and IGE Nordic's CEO Fredric Bratt are also nominated.

The current NI43-101 resource at Rönnebäcken supports a 18,000t/y project for 26 years. The nickel sulphide deposit, which is undergoing a US\$13 million prefeasibility study, could cost as much as US\$698 million to build.