

**Mining strikes bonanza
Firms scramble to fill demand as prices soar**

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By Murray McNeill



**INCO / CANADIAN PRESS FILE
PHOTO**

Ore is taken from Birchtree Mine at Thompson. Inco will spend \$100 million this year to upgrade facilities.

COMPANIES involved in Manitoba's red-hot mining industry are working full bore to keep up with demand for their products and services as some metal prices reach levels unseen in a quarter-century.

While gold prices hit a 25-year high of \$538.50 an ounce yesterday before settling back to \$528.40, officials at the Winnipeg office of Major Drilling Group International Inc. were scrambling to find enough workers to keep up with the record-breaking level of mining exploration in Manitoba this year.

"It's as busy as it's ever been," David Owens, manager of Major Drilling's Canadian operations, said in an interview yesterday. "There's even more

work for us, but we can't do it because there aren't enough people."

Business has also been booming next door at the Dimatec Inc. production plant on Cree Crescent, where bits and other drilling tools for the mining, oil and gas sectors are made.

"It's our best year ever," Pat Chamberlin, Dimatec's manager of technical sales and marketing, said in an interview. Chamberlin said this year has been unusually busy because the mining, oil and gas industries are experiencing a boom in exploration as companies try to take advantage of soaring prices for oil and gas, gold, copper, nickel and zinc.

"Usually it's one that's high and the other one is low," Chamberlin said of the mining and oil and gas sectors.

"It was a double whammy here this year," he added. "It's a nice problem to have, but it has put a strain on our labour force."

Chamberlin said Dimatec has added an extra 10 workers this year, boosting its workforce to between 70 and 80 people.

Major Drilling has about 140 people working on its drilling crews at the moment, Owens said, and would love to hire more if they could be found.

"We'll take what we can get, actually," he said.

Both executives said they don't see commodity prices weakening or exploration slowing in 2006, and officials at the provincial mines department and the Mining Association of Manitoba agreed.

Gary Ostry, manager of minerals policy and business development for the Manitoba Department of Industry, Economic Development and Mines, and David Markham, MAM's executive vice-president, said a combination of high commodity prices, low metals inventories and a growing international demand for gold, nickel, copper, zinc and most other base metals will continue to generate a high level of mining exploration in Manitoba next year.

"We've also got phenomenal potential for base metal deposits in Manitoba," Ostry said. "So I think we'll see exploration continue to increase in the province." "All of the reports I've seen indicate continued strength for metal prices (in 2006)," Markham said.

Ostry said that over the last three years, copper prices have soared 186 per cent, gold 170 per cent, zinc 125 per cent, and nickel about 100 per cent.

It's those high prices that have helped push mining exploration spending in Manitoba this year to a record \$52.7 million, Ostry said, and they will likely push it even higher next year.

Peter Jones, a spokesman for Hudson Bay Mining & Smelting Co. Ltd., said high prices for zinc and copper are one of the main reasons HBM&S is spending \$10 million this year and in each of the next two years on exploration in the Flin Flon and Snow Lake areas.

Dan McSweeney, superintendent of public affairs for Inco Ltd. operations in Thompson, said high nickel prices helped make it feasible for Inco to spend \$100 million this year to upgrade its Thompson facilities and \$45 million over the next two years to develop a new ore body in the region.

One of the biggest local beneficiaries of skyrocketing gold prices has been San Gold Corp., the new owner of the Rice Lake gold mine at Bissett, Man.

San Gold president Dale Ginn said production at the formerly mothballed mine is expected to resume early next month and the rising price of gold couldn't come at a better time.

"That's huge for us, considering our production costs are \$285 US (per ounce)," he said.

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