

BULLETIN

Northwest Mining Association

MAY 2006

Sustaining the Boom

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This year, NWMA's Annual Meeting & Exposition will be held in Reno, Nevada December 4-8, 2006. Convention Chairman and Co-Chairman, Corby Anderson, Director, CAMP, Montana Tech, and David Caldwell, President and COO of Golden Phoenix Minerals, Inc., have put together one of the most outstanding technical programs in the 112-year history of the NWMA convention.

The Mineral Deposits & Geology sessions will feature State and Province Reports, an SEG sponsored session; a Nevada Update on New Discoveries, Breakthroughs and Significant Developments; Updates on Selected Alaska Projects; New Discoveries/Re-discoveries in the Cordilleran West; and a focus on the Battle Mountain-Eureka Trend. In addition, Large Left Lateral Leaps to Geologic founder, Greg McKelvey, has agreed to co-chair this year's session. There also will be sessions on Industrial Minerals, Diamonds and Gems, and Energy Mines & Minerals.

Business & Finance sessions will include a session on replenishing mining's workforce in the future, the ever-popular Growth Companies session, and Energy Mines and Minerals.

There will be two Operations sessions focusing on both surface and underground mining, a session on Safety & Health in the 21st Century, and a Metallurgy session.

The Environmental track will feature a session on Water Management Requirements, the International Cyanide Code, and a Reclamation session sponsored by the Army Corps of Engineers RAMS program.

Legislative & Public Affairs will feature two sessions on Sustainable Development; one involving Aboriginal Communities and the other featuring Case Studies from Nevada & Neighboring States. The Nevada Mining Association is organizing a session to showcase Nevada's leadership role in hardrock mining and the conference will close with the Legislative & Regulatory Affairs session on Friday.

Six short courses will kick-off the convention on December 4 & 5: Uranium II The Boom is Real: Can we Mine Enough?; Avoiding Permitting Pitfalls and Delays Case Studies; Using Remote Sensing Effectively for Exploration; Principles and Practices of Water Management by Land Application; Real World Geophysics; and Using the Standardized Reclamation Cost Estimator developed by the NDEP, BLM, and NvMA.

GSN, in cooperation with NWMA, is organizing a series of post-convention field trips. Current plans call for a reclamation & closure tour, a metallurgical tour, two field trips to the Cortez Trend and Battle Mountain-Eureka Trend, and two field trips to the Carlin Trend.

One of the great things about the NWMA Annual Meeting is that it combines an outstanding technical program with an Exposition featuring the mining industry's best companies, suppliers, vendors and consultants. New this year will be a hosted lunch in the Exhibit Hall on Friday from 12:00 to 1:30 p.m. following the Friday morning sessions.

NWMA's Annual Meeting is known for outstanding networking opportunities and great social events. This year is no different with the Awards & Recognition Reception on Tuesday evening, the Welcoming Reception Wednesday evening in the Exhibit Halls, an afternoon Exhibit Hall Reception on Thursday, the Alumni Night party on Wednesday, and numerous Hospitality Suites.

All the details are available at www.nwma.org. This is one NWMA convention you will not want to miss. Watch your mail for the latest brochure and register by mail, fax, or via our secured site on the web. See you in December!



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NWMA Supports WMC Fly-In

NWMA Executive Director, Laura Skaer, joined 27 other women from all walks of the mining industry in participating in the annual Woman's Mining Association (WMC) Fly-In in Washington, DC. The WMC Fly-In included meetings with more than 75 members of Congress or their staffs. In addition, in partnership with the National Mining Association (NMA), WMC hosted the 4th Annual Mining Educational Luncheon in the Longworth House Office Building. The luncheon included numerous displays and exhibits by WMC members to help congressional staff better understand the many economic, environmental and social benefits made possible by the mining industry.

NWMA members played an important role in this year's Fly-In. Women from **Kinross Gold USA, Inc., U.S. Gold Corp., Gold Summit Corporation, Usibelli Coal, Queenstake, Teck Cominco American Incorporated**, Arch Coal, Inc. and Molycorp helped make the Fly-in a resounding success. The WMC continues to be one of the industry's most effective educational tools for educating lawmakers on the vital importance of the mining industry and the social and environmental benefits of modern mining. NWMA thanks its member companies who supported this year's Fly-In.

While in DC, Laura met with House Resources Committee staffers Kathy Benedetto and Rick Deery; NEPA Task Force Chair, Congresswoman Cathy McMorris; USDA Undersecretary Mark Rey; Director, Minerals and Geology for the USFS Skip Underwood; Janine Clayton, Assistant Director, Minerals and Geology, USFS; Bob Anderson, Assistant Director of Minerals, Realty and Resource Protection for the BLM; Ted Murphy and the Solid Minerals staff at BLM; Senator DeMint's staff from South Carolina; Congressman Larson's staff from Washington's 2nd Congressional District; Congressman Pomeroy's staff from North Dakota; Representative Doc Hastings' staff from Washington's 6th Congressional District; Senator DeWine's staff from Ohio; Senator Lincoln's staff from Arkansas, Senator Crapo's staff from Idaho and Senator Allard's staff from Colorado.

Among the issues discussed by Laura and the WMC were NEPA Reform, ESA Reform, Good Samaritan legislation to promote Abandoned Mine Land cleanups, the proposed tax on explosives and restoring funding for the U.S. Geological Survey's Minerals Program. Laura also used the time to promote NWMA's members interests in various projects on federal public land.

NWMA Meets With Michael Bogert

In late April, NWMA members **Debbie Struhsacker** and **Clyde Gillespie** of **Kinross Gold**, **Mark Brown**, General Manager, Pend Oreille Mine, **Teck Cominco American Incorporated** and **Phil Wolf**, **Hecla Mining Company**, along with NWMA Executive Director Laura Skaer met with EPA Region 10 Administrator Michael Bogert and hardrock mining lead Patty McGrath at EPA's offices in Seattle, Washington. The meeting was in response to an invitation tendered by Administrator Bogert when he spoke during the Legislative & Regulatory Affairs Session at NWMA's 111th Annual Meeting last December. Both



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Mr. Bogert and Ms. McGrath expressed a desire to improve the relationship between the mining industry and EPA in Region 10.

Among the issues discussed were EPA's 2006 MSGP rulemaking, TRI reporting, EPA's role in the NEPA process, how EPA views its role *vis a vis* mining in Region 10, and Good Samaritan legislation.

NWMA emphasized that there was no justification for changing the treatment of inactive mine sites under the MSGP. Furthermore, proposed benchmark monitoring standards were, in many cases, more stringent than the actual Clean Water Act permit standards, and that exceeding a benchmark could require time consuming and expensive reporting and analysis when no water quality standard was breached. NWMA encouraged Administrator Bogert to weigh in with headquarters and encourage them to revert to the MSGP 2000 rules for inactive mine sites and benchmarks.

There was a good discussion of the problems associated with TRI reporting. The way "release" is defined for the mining industry results in reports that are not meaningful and in some cases misleading to the public. Bogert asked NWMA to help EPA improve TRI reporting and to provide a template for redesigning TRI to be a useful reporting tool that fits hardrock mining. NWMA's Environmental Committee will take the lead on this follow-up.

With respect to EPA's role *vis a vis* hardrock mining, both Michael and Patty indicated they favored a more collaborative approach with the mining industry. They indicated they support environmentally responsible mining. Michael wants to improve EPA's relationship with the mining industry and they are looking for suggestions from industry on new ways of working together collaboratively.

There also was a good discussion of Good Samaritan legislation. Bogert expressed a desire to discuss AML remediation as Brownfields Community Redevelopment. They see Good Samaritan legislation as being a way to bring hardrock AML into the Brownfields Community Redevelopment discussion. This would tie in to sustainable development.

NWMA told Bogert and McGrath that any Good Samaritan legislation, to be effective, (1) must allow the mining industry to participate, (2) must provide liability relief from several environmental laws, including both the Clean Water Act and CERCLA (Superfund), and must allow incentives, i.e. re-mining.

Everyone agreed it was an excellent and worthwhile meeting and Administrator Bogert indicated he would like to meet again. Our goal is to meet with EPA on a quarterly basis.



Members in the News...

American Bonanza Cuts High-Grade Gold at La Martiniere

American Bonanza Gold Corp. has confirmed the presence of high-grade gold with drilling at La Martiniere, a 3,000 ha project 600 km northwest of Montreal. Nine core holes totaling 1,407 meters were drilled with assays for four received by the company.

The project was first discovered as an IP anomaly (several others exist on the property and have yet to be drill tested), and drilled by International Taurus Resources and Cyprus Canada (21 holes for 4,100 meters) before 2001 and thus not usable for NI 43-101 reports. The best intercepts from this drilling include 14.4 g/t of gold over 4.2 meters, 9.3 g/t over 0.7 meters, 9.2 g/t over 1 meter and 5.9 g/t over 6.5 meters. American Bonanza's drilling results to date have returned 6.2 g/t over 4.1 meters, which included 11.2 g/t over 2.1 meters and 18.7 g/t over 1 meter. The four holes assayed so far have all shown gold mineralization.

Quartz veining was encountered in all 9 holes and was associated with anchorite, fuchsite, chlorite, and albite and up to 15% disseminated pyrite in silicified host rock adjacent to the veins. This composition is similar to that found at many of the gold mines in the Abitibi Greenstone Belt. Vein textures consist of banding, open-space filling textures, and cross-cutting veins which indicate multiple pulse mineralization. There is a strong similarity to the veins at the Campbell Red Lake mining district.

Apollo Gold Makes Deal with Ejido Huizopa

Apollo Gold Corporation has entered into an agreement with the Ejido Huizopa, granting Apollo the right to use 12,800 hectares of Ejido land covering mining concessions in Huizopa for all activities necessary for the exploration, development, and production of potential ore deposits. Apollo also was granted the right of access through adjoining and nearby Ejido land to construct, operate and maintain improvements or facilities. Apollo may, in the future, apply for a change of use of land without any additional obligations to the Ejido.

The concessions are in northern Chihuahua, Mexico within the Sierra Madre Gold Belt and cover a district sized system of two sub-parallel volcanic hosted vein systems containing gold-silver bearing quartz. Two major precious metal deposits flank Huizopa-Mulatos in Sonora and Dolores in Chihuahua.

The Adelina Vein on the east is exposed for a distance of about 2 km, with the Huizopa-Escondida Vein on the west exposed for about 5 km. Veins are primarily quartz-adularia-calcite and altered breccia fragments of volcanic wall rocks. Typically, the veins exhibit classic vein textures consistent with low-temperature epithermal conditions suggesting significant ore zone depth potential. Veinlets of quartz and/or calcite around veins form stock-work zones. The company hypothesizes that potential exists for stacked vein sets.

Historical reports indicate that the area produced high-grade gold-silver ore grading up to 40 grams of gold per ton, and several hundred grams of silver per ton. Grab samples from several relic ore piles support these reported values.

Apollo plans to expand geologic mapping from the 2,200 hectares already mapped around the main vein systems starting in the second quarter. Geochemical sampling and geophysical surveys are also planned. The third quarter will see a diamond drilling program to help determine grades and the vertical and horizontal extent of the veins.

Montana Tunnels on Care and Maintenance

Apollo Gold Corporation has placed the Montana Tunnels Mine on care and maintenance effective May 12, 2006. Seventy-five employees were terminated during that week, with only essential personnel remaining. Mining was suspended in October of 2005 as a result of pit wall instability along the Upper East Wall of the open pit. Displacement patterns during September and October were consistent with previous slope performance when active mining unloaded the slope toe. Despite the cessation of active mining, the mill continued to produce gold dore, lead-gold and zinc-gold concentrate from low-grade ore stockpiles.

Montana Tunnels Mine has produced about 1.1 million ounces of gold from 71 million tons of ore since mining began in 1987. The grade of the ore averaged 0.0186 opt gold, 0.35 opt silver, 0.22% lead, and 0.60% zinc. Production in 2005 was 44,682 ounces of gold, 544,613 ounces of silver, 10,428,061 pounds of lead, and 22,380,136 pounds of zinc.

The company announced plans to sell the mine in March 2006, and hoped to conclude a sale before running out of ore. Management continues to actively pursue the sale of the mine.

Boise National Forest Has Accepted Atlanta Gold Revised Supplemental Plan

Atlanta Gold Corporation (parent-Twin Mining Corp) has been informed by the Boise National Forest Supervisor that its Revised Supplement to the Plan of Operations contains sufficient detail to continue further environmental analysis on the proposed Atlanta Gold Mine. After public and agency comments in 2004, Atlanta performed additional project feasibility analyses leading to the Revised Supplement. Key changes are the early placement of a personnel camp at the confluence of the Yuba River on Decker Creek; stripping of waste only during the winter with ore operations the remainder of the year; and stockpiling of supplies for the winter operation.

The mine is estimated to produce 500,000 ounces of gold and more than 1 million ounces of silver over a 7-10 year mine life with Years 1-3 having annual production of 110,000 ounces of gold and 280,000 ounces of silver. The estimated cash cost is \$220 per ounce gold.

The environmental analysis process began in 2003. The Draft Environmental Impact Statement is anticipated for public comment late in 2006 with a Final EIS and Record of Decision possible in early 2007.

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Members in the News... (Continued)

Canyon Resources Loses Appeal on Cyanide Processing Ban

U.S. District Judge Charles Lovell of Helena, Montana has dismissed a suit filed by **Canyon Resources** claiming that I-137 amounted to an illegal taking of the company's mining property (McDonald project) near Lincoln, Montana.

In 2000, Canyon filed two lawsuits against the State of Montana, one in state court and a second in federal court. The federal case was stayed pending outcome of the state lawsuit. Canyon lost its state district court case. The Montana supreme court affirmed the district court decision, holding that the company had no property right that was "taken" by the passage of I-137.

The U.S. Supreme Court declined to review the Montana state supreme court ruling. Once that decision was rendered, the stay was removed from the federal case. Judge Lovell dismissed Canyon's suit for two reasons: First, a 2005 U.S. Supreme Court decision holds that federal courts won't reopen an issue that has already been decided by a state court. The second reason was that states cannot be sued in federal court.

The company intends to appeal the decision to the ninth circuit court of appeals and issued a statement saying, "We continue to believe in the merits and arguments supporting our case and that a true injustice has occurred."

Canyon Confirms High Grade Structures at Briggs

Canyon Resources Corporation has completed Phase I drilling at its Briggs Mine in California. The reverse circulation drilling program was 61 holes totaling 21,232 feet and results confirm the discovery of a new zone of high grade, structurally controlled, gold mineralized material adjacent to the Goldtooth fault which is associated with the previously mined ore at Briggs. Canyon reports that the new zone is about 800 feet long and varies in true width from 7 to 21 feet. The ore body forms a lens that plunges to the north and remains open to the north along the strike of the fault and is partially open at depth. The associated alteration is intense silica-carbonate-pyrite.

Briggs is fully permitted with mining and milling infrastructure in place. These results indicate that significant mineralization potential remains at the mine and has led Canyon to begin a new mineralization estimate scheduled for completion in June with a new open-pit mine plan and reserve estimate by the end of August. Underground mining will also be assessed in light of this newly discovered occurrence.

Phase II drilling is planned for the fall/winter season with a minimum of 12,000 feet scheduled. The program will test the high-grade zone along the extensions at depth and along strike, and explore for more zones of similar thickness and grade along the 10,000 foot extent of the Goldtooth Fault that has not been explored.

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Lisbon Valley Produces First Cathode Copper

Constellation Copper Corporation has produced its first cathode copper from the Lisbon Valley mine in Utah. The initial harvest of cathodes started on April 14 and consisted of 30 electrowinning (EW) cells containing 40 stainless steel cathode blanks for a total of 2,400 copper cathode sheets weighing about 250,000 pounds. Production is expected to ramp up to full capacity in the third quarter, at which time Constellation will be producing 1,125,000 pounds of cathode copper per 7-day week. Annual production is estimated at over 54 million pounds of copper. The copper is sold to Sempra Metals and Concentrate Company under an off-take agreement, with pricing based on COMEX plus the prevailing producer premium for cathode, which is currently \$0.07-\$0.08 per pound.

Gold Reserve Updates Initial Capital Cost Estimate for Brisas

Gold Reserve Inc. has signed an Engineering Procurement and Construction Management Agreement (EP&CM) with SNC-Lavalin for the Brisas Project in Venezuela. The contract provides for detailed engineering, procurement and construction management for the process, infrastructure, tailings and camp facilities as defined in the EP&CM.

The initial capital cost of the project has increased 16% to \$638 million from the 2005 estimate of \$552 million. Increases are primarily in flotation and grinding (\$29 million), primary crushing and conveying (\$16.1 million), camp and temporary services (\$14.6 million), port facility for concentrate shipping (\$7.3 million) and contingency funds (\$10.4 million). Mining industry capital costs have increased an average of 20%-25% over the last 18 months as prices for machinery have risen in response to across the board increases of virtually all metal prices.

Gold Reserve's 2005 Feasibility Study projected a processing rate of 70,000 tons per day of ore for an average annual production of 486,000 ounces of gold and 31,500 tons of copper at a cash operating cost of \$154 per ounce of gold, net of copper by-product at \$1.00 per pound. The company is expecting to employ 2,000 during construction with 900 during operations.

Golden Phoenix Acquires Canadian Moly Deposit

Golden Phoenix Minerals, Inc. has a 100% interest in a molybdenum property 70 miles west of Ottawa in Ontario. The Northern Champion claim group (five claims for 1,100 acres) incorporates the past producing Spain Mine deposit and the Legree Prospect. Previous drilling indicates about 500,000 pounds of elemental molybdenum. The mineralized material is flat on the surface in the form of disseminated crystals of molybdenum disulfide ranging from 2 inches in diameter to saucer plates up to a half-inch in thickness. Records indicate grades in excess of 1% molybdenum along a 200-foot strike with exploration potential extending 4,500 feet to the property boundaries.

Members in the News... (Continued)

Golden Phoenix...(Continued)

The property was purchased for 735,000 shares of Golden Phoenix common stock bearing a two-year restriction and four quarterly payments of \$31,250 beginning August 15, 2006. The owner retains a 3.3% NSR, Golden Phoenix has the right to buy the NSR down to 1.65%.

Metallic Ventures Options Moonlight to Terraco

Metallic Ventures (US) Inc. has optioned the Moonlight Property 15 miles northeast of Lovelock in Pershing County, Nevada to Terraco Gold Corp. Terraco may earn up to a 70% interest in the property. A 51% interest is earned by spending \$1 million on exploration over four years and an additional 19% is earned with the expenditure of an additional \$2 million over a four-year period. Terraco has issued 125,000 shares of stock to Metallic Ventures and will do so for each of the next three years.

Moonlight was mined for high-grade silver during the 1860's. On behalf of Metallic Ventures, Cordex (Cordilleran Exploration) identified a project area of gold-silver mineralization along a north by northeast trending structure. The high angle structure cuts Permo-Triassic Rochester Rhyolite and Limerick Greenstone of the Koipato Group—a sequence that is the same at Midway Gold's Spring Valley discovery which adjoins Moonlight on the south. Alluvial gravels cover the projection of the Moonlight structure and the Permo-Triassic host rock package south and southeast of the original Moonlight and Bluebird Mines.

The projection of the structure is generally in strike with the Black Ridge Fault Zone that extends from the Coeur Rochester Mine north through the Midway Spring Valley discovery. Targets at Moonlight consist of breccia hosted and stockwork related gold-silver mineralization hosted by Rochester Rhyolite.

Metallica Provides Updated Reserves and Economics for Cerro San Pedro

Metallica Resources Inc. has reported updated mineral reserves and economics for the Cerro San Pedro gold and silver project in Mexico. The estimate uses \$400/oz gold and \$6.15/oz silver (the historical three-year average) to calculate a gold equivalent of 2 million ounces of gold (a 65:1 silver/gold price ratio). Average annual production is estimated to be approximately 85,500 ounces of gold and 2 million ounces of silver over the nine-year mine life. When a gold price of \$500 and a silver price of \$7.69 are used, the total cash cost is \$158 per ounce of gold, net of silver credits.

The proven and probable mineral reserve now stands at nearly 70 million tonnes grading 0.55 g/t gold, 23.0 g/t silver for 1.2 million ounces of gold and 51.67 million ounces of silver. This represents an increase over previously reported proven and probable reserves by 6.9 million tonnes and 113,000 gold equivalent ounces. Metallica calculates the initial capital cost at \$29.1 million with a total capital cost for the life of the mine at \$34.3 million. At \$500 gold and \$7.69 silver, the company is projecting an Internal Rate of Return of 44%. The IRR increases to 69% with gold at \$585 and silver at \$11.50.

Metallica has reported that SEDENA, the agency governing the annual blasting permit, has responded to a court order and renewed a previously imposed restriction on the blasting permit issued for 2006. The previous ban was lifted when SEDENA prevailed in a legal action brought by 1 of 5 absentee Ejideros against the issuance of the permit. Another of the five has filed suit on the same grounds forcing SEDENA to restrict blasting. Metallica is confident that the matter will be resolved within several weeks, but the restriction should not affect completion of construction scheduled for the end of 2006. All non-blasting work on Ejido ground continues with work on the process area continuing at full pace since it is off Ejido land.

San José Project in Argentina Slated for 2007 Production

Minera Andes has announced that Minera Santa Cruz (MSC), co-owned by Minera Andes (49%) and Mauricio Hothschild & Cia. Ltda. (51%), and owner/operator of the San José Project, has made the formal decision to put the project into production. MSC received a positive feasibility study supporting development of a mine on the property in October 2005. An application was submitted to the province of Santa Cruz for an Environmental Impact Assessment study to seek permitting approval to construct the mine. Approval was granted in March of 2006.

The joint-venture plans to finance completion of the mine with a credit facility already in place, subject to due diligence and final agreement by the bank. Minera Andes also received Cdn\$2,472,400 from the exercise of warrants by Macquarie Bank Ltd to purchase nearly 4 million shares of Minera Andes at Cdn\$0.62 per share. The warrants were issued in a financing with Macquarie in 2005, and were at a 20% premium over the weighted 10-day average stock price at the time. Proceeds from the exercise were used to pay down \$2 million of the \$4 million credit facility with Macquarie.

Gold Mineralization Expanded at Jerritt Canyon

Queenstake Resources Ltd. has intercepted high-grade gold mineralization through underground drilling which has expanded the known deposits at the SSX Mine and Smith Mine at the Jerritt Canyon operations in northeastern Nevada. At the SSX Mine a 130-foot interval grading 0.55 opt gold was discovered in Zone 4. Results from the Smith Mine drilling included a 55-foot interval grading 0.67 opt gold along the northwest extensions at the R4 dike trend and 35 feet of 0.73 opt at the Mahala Deposit.

A complete surprise came from the drilling of an access hole to run an electric power line from the drift to the surface at the West Dash deposit at the Smith Mine. This access hole hit 20 feet of 0.38 opt gold. Further surface drilling expanded the shape of the defined mineralization which makes up the West Dash. Commercial production of the deposit is scheduled in the second half of 2006 through the Smith Mine portal.

The Murray Mine was originally expected to close at the end of March, 2006, continues to generate positive drilling results that are extending production. Drilling in the Zone 5W area cut 30 feet of 0.95 opt gold adding high-grade mineralization to the mining mix in the second quarter.

Members in the News... (Continued)

Stanley Dempsey, Royal Gold, Inc. Presented with Honorary Degree at Colorado School of Mines Commencement

Royal Gold, Inc., the leading precious metals royalty company, today announced that **Stanley Dempsey**, Chairman and Chief Executive Officer, has been awarded an honorary Doctor of Engineering degree from the Colorado School of Mines in Golden, Colorado. In his acceptance remarks Dempsey commented, "Building and operating mines is serious business. Every Mines graduate that I have ever dealt with has a mighty respect for safety and in meeting our responsibilities to the public. I was lucky to have had so much contact with Mines people in my career and have a genuine respect for the Colorado School of Mines community."

Dempsey has spent his entire career in the mining industry since his initial position at the Climax Molybdenum mine in Climax, Colorado in 1960. Mr. Dempsey received degrees in geology and law from the University of Colorado and completed the Program for Management Development at the Harvard Business School.

Mr. Dempsey is active in trade, professional, civic and environmental organizations. He is past chairman of the board for Mountain States Employers Council, former chairman of the Colorado Mining Association, past president of the Rocky Mountain Mineral Law Foundation, past president of the Northwest Mining Association, and chairman of the Lands Committee of the National Mining Association. Mr. Dempsey has served as chairman of the Colorado Historical Society and president of the Mining History Association. He is presently a director of the World Gold Council and the National Mining Association.

Royal Gold Names Tony Jensen Chief Executive Officer; Stanley Dempsey Remains Executive Chairman

Royal Gold, Inc., the leading precious metals royalty company, today announced its Board of Directors has elected President and Chief Operating Officer **Tony Jensen** to the position of Chief Executive Officer effective July 1, 2006. Stanley Dempsey will step down as CEO, but remain Executive Chairman of the Board of Directors and will continue to be involved in the Company's strategic activities.

"Stanley Dempsey has been a driving force behind Royal Gold's success as a royalty company, enhancing the Company's value for its shareholders for nearly two decades," said John Goth, an independent director and chairman of the Board's nominating committee. "The Board has valued Stan's leadership and we are pleased that he will remain Chairman and continue to work closely with Tony to provide strategic support in all aspects of the Company's business."

Stanley Dempsey stated that, "Tony has demonstrated outstanding leadership and management acumen since joining Royal Gold as President and COO approximately three years ago. He has played a major role in making Royal Gold what it is today, and the Company is fully prepared for a smooth transition. Like all the other members of the Board, I have complete confidence

that Tony has the strategic thinking, industry knowledge and dedication to all of our shareholders to successfully lead this Company into the future. Supporting Tony is an outstanding team of people whose commitment to this Company has produced exceptional results and established a solid platform for future growth."

"I am honored to be assuming the CEO responsibilities," commented Jensen. "Stan has tirelessly dedicated himself to Royal Gold and has built a very successful company. Royal Gold is in excellent financial shape and has a great growth profile. I look forward to furthering the goals of the Company through continued expansion of our precious metals royalty portfolio."

Tony Jensen has more than 23 years of experience in the mining industry. During his career, Tony worked at Placer Dome Inc., holding various senior operating positions domestically and internationally, as well as corporate positions in San Francisco, California, and Santiago, Chile. He was also the Mine General Manager for the Cortez Gold Mines, and Director, Finance and Strategic Growth of Placer Dome Latin America. Jensen holds a Mining Engineering degree from the South Dakota School of Mines and Technology and a Certificate of Finance from Golden Gate University in San Francisco. He serves as a Director of Royal Gold, the Colorado Mining Association, the Industrial Advisory Board of the South Dakota School of Mines and Technology, and the Nevada Mining Association.

U. S. Forest Service Seeks Locatable Minerals Program Manager



The USFS Minerals & Geology Management Staff, Locatable Minerals Program Manager job has been posted on the NWMA website with a link to the government job board.

This is a full-time appointment and the **closing date for applying is June 12, 2006**. It is important that this position is filled with a knowledgeable pro-mineral development person.

Timberline Resources Options Nevada Properties

Timberline Resources Corporation has optioned two gold projects in the Walker Lane Mineral Belt to Christopher James Gold Corp. The Olympic-Sun and Cedar Mountain Projects are comprised of 5 claim blocks.

The Olympic-Sun Project is 159 unpatented claims that include the past producing Olympic and Loo Mines along with numerous shallow prospect pits and underground workings. Historical production (early 1900's) from the Olympic Mine reported 40,000 ounces of gold from three levels and 3,000 feet of underground workings. Mineralization is in a low angle, epithermal quartz vein 1-2 meters thick, which is reported to have averaged 0.95 opt gold with some silver credits. This vein is surrounded by a 3-12 meter envelope of lower grade mineralization which was not mined. Surface samples of the footwall zone have assayed at up to 0.27 opt gold.

Timberline sampled the surface of the Sun property and discovered a 2,000 meters by 200 meters zone of anomalous gold mineralization. Christopher James intends to subject the property to trenching and/or reverse circulation drilling in 2006.

Members in the News... (Continued)

Cedar Mountain is immediately east of the Olympic-Sun Project and is the PAC, HD and ACE claim blocks. HD and PAC are on a NW-SE trending belt of intrusive rhyolite domes associated with the mineralization at Paradise Peak and Rawhide Mines. **Kennecott** and Homestake explored the property in the 1980's and determined that the alteration and geochemical signature indicate a high-level epithermal gold environment with anomalous mercury, arsenic, and gold. ACE is just south of the past-producing Warrior Mine which had limited gold production at average grades just below 1 opt.

Western Goldfields Declares 3.5 Million Ounces at Mesquite

Western Goldfields, Inc. has released a NI 43-101 compliant report for the Mesquite Mine in Imperial County, California. Mesquite was operated from 1985 by Goldfields Mining Corporation, Santa Fe Pacific Minerals, and Newmont Mining Corporation, who closed the mine in 2001. Despite the closure, Newmont continued the permitting process for a mine expansion which was approved in July of 2002, but elected not to reactivate the mine. Western Goldfields acquired the mine in 2003 and has continued to produce gold from ore on heaps created by the previous owners at a rate expected to be 17,000 ounces in 2006.

Current mineral resources lie within, adjacent to, and below the 5 mined open pits that constitute the mine. Measured and indicated resources total 202 million tons at an average grade of 0.018 opt gold for 3.5 million ounces. Estimates were made on the basis of a floating cone at \$500 gold. Oxide reserves are cut off at a grade of 0.006 opt gold with non-oxide reserves at 0.012 opt gold. Oxide recoveries are estimated at 75% and non-oxide at 35% based on historical production and testing. Expansion capital expenditures are estimated at nearly \$72 million with sustaining capital expenditures of \$19.5 million. Production is expected in 2008 with annual production of 170,000 ounces. At \$500, the after tax Internal Rate of Return is 25%.

White Knight Updates Resource Estimate on Gold Pick

White Knight Resources Ltd. has received an independent indicated resource estimate from **Mine Development Associates** for its Gold Pick property in Eureka County, Nevada. The review has verified an Indicated Resource of 320,900 ounces of gold in 7,874,000 tons at a grade of 0.041 oz/ton in the Gold Pick and Gold Ridge North deposits.

The holdings are a portion of the formerly producing assets of Atlas Precious Metals Company within the Gold Bar District. Gold Pick produced about 97,000 ounces from 1.4 million tons mined and processed at the Gold Bar mill from 1989-1994. After cessation of mining, a resource estimate was produced from over 1,200 RC and 7 core holes drilled by Atlas. A review of the data utilized oriented polygonal analysis using 75-foot by 50-foot by 9-foot blocks. Block gold grades were estimated using the nearest neighbor procedure using a 142-foot search in two dimensions. MDA concluded that due to the density of the drilling (100 feet with some infill drilling at 50 feet) and the confidence in the

database, the 1994 review is equivalent to an Indicated Resource as defined by NI 43-101.

White Knight plans to spend \$4.3 million on exploration drilling totaling 65,000 feet on six properties in Nevada in 2006, including Gold Pick, with another \$2 million in exploration obligations from joint-venture partners.

In Memorium

Phillip Clark Nisbet

The passing of Phil Nisbet was a premature tragedy and the mining industry, the local community and all the people he touched will miss him. Phil lived his life on many fronts, as a geologist, a father, a man interested in his community, state and local government, environmental affairs and his religion.

He was the optimist's optimist in his profession. He was always looking beyond and had a passion for collecting information that would support his view. Phil spent countless hours seeking information on matters that were of interest to him and was always anxious to share his findings. He stirred debate and no matter what the subject Phil always provided an interesting point of view. Of course, not everyone agreed with him, but that never slowed Phil down. He enjoyed an amazing network of people reflecting his diverse interests. Many have come forward to celebrate his presence in their lives. Memories of Phil will remain in our hearts and minds for time to come. There will be many occasions where we will say "Remember when Phil said ..." or "Remember, Phil thought ..." Phil has preceded us and now explores a higher plain. "So who ya gonna call?"

Roger A. Kauffman
March 29, 2006

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NWMA Announces New Members...

New Corporate Members • primary and secondary

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- Ken Zeal
- Spencer Rowley

ALS, USA, Inc., *Analytical Laboratory, Sparks, NV*

- Mary Doherty

Ascendant Copper Corporation, *Mining Company, Lakewood, CO*

- R. Lee Chapman (Elko, NV)
- Gary Davis

Break-Thru Benefits, LLC, *Employee Benefits Consulting, Spokane, WA*

- Dale Stevens
- Eric Allison

Brooklyn Mining & Exploration, LLC *Mining Company, Curlew, WA*

- Anne Novakovich
- Marianne Hawkes, (Carson City, NV)

Cossey Noyes Group, *Investment Advisors, Spokane, WA*

- Ralph Noyes
- Stacey Cossey

Datamine North America Inc., *Mine Planning Software, Lakewood, CO*

- John Morrison
- Robert Clifford

EMM Core Drilling Services, LLC *Drilling Company, Winnemucca, NV*

- Steve Evans, (DeForest, WI)
- Raymond P. Hyne

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- John Standish
- Scott Summers

Gemcom (USA) Inc., *Mine Planning Software, Reno, NV*

- Fiona Carew

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- John Aiton

Golden Oasis Exploration Corporation, *Exploration Company, Vancouver, BC*

- Robert Eadie
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- Garry Carlson

Great Basin Environmental, *Geosynthetic Construction, Umatilla, OR*

- Tim Harding
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Harrison Western (HW) Process Technologies, *Water Treatment, Lakewood, CO*

- Ken Brunk
- Kirk McDaniel

hydroGEOPHYSICS, Inc., *Geophysical Services, Golden, CO*

- Ron Bell

High Plains Uranium, Inc., Jr. *Mining Company, Cheyenne, WY*

- Thomas Parker
- Pat Lorello

Jentech Drilling Supply, Inc., *Drilling Supplies, Sparks, NV*

- G. Kim Jensen
- Jeannie Jensen

Kettle Drilling, Inc. *Drilling Company, Coeur d'Alene, ID*

- Doug Kettle
- Dave Deeds

LeTourneau Sales & Service Co., *Equipment Manufacturer, Gillette, WY*

- Steve Ford (Casper, WY)
- Joe Fine (Troutdale, OR)

M-I HDD, Mining & Waterwell, *Drilling Fluids, Denver, CO*

- Jay Preston (Carlin, NV)
- Corey Steenson (Carlin, NV)

Major Drilling America Inc., *Drilling Company, Salt Lake City, UT*

- Nguyen Do
- Steve Bills

Meridian Gold Inc., *Mining Company, Reno, NV*

- Brian Kennedy
- Edgar Smith

MineSeal LLC, *Polyurethane Foam Sealant, Higley, AZ*

- Nell Mooney
- Juan Tafoya

Mintec, inc., *Mine Planning Software, Tucson, AZ*

- Fred Banfield
- Susan Wick

Placer Gold Design, *Mining Related Fine Jewelry, Award & Gift Items, Vancouver, BC, Canada*

- Mark Castagnoli
- Jo Rice

Presto Products Company, *Soil Stabilization Solutions, Appleton, WI*

- Gary Bach
- Patricia Stelter

Quantech Consulting, Inc., *Geophysical Consultants, Reno, NV*

- Bill Doerner
- Jon Powell

TerraSource Software, LLC, *Mine Planning Software, Reno, NV*

- Camille Prenn
- Paul Hartley

Tunnel Radio of America, *Mine Communications, Corvallis, OR*

- Mark Rose
- Chris Billups

Vector Engineering, Inc., *Engineering Consultants, Grass Valley, CA*

- Craig Parkinson
- Pete Konalewski (Elko, NV)

Zonge Engineering & Research Organization, *Geophysical Services, Tucson, AZ*

- Scott Urquhart
- Norman Carlson

New Individual Members

Keith Belingeri, *Winnemucca, NV*

Jonathan Brown, *Reno, NV*

Sharon Byram, *Henderson, NV*

James Chavis, *Las Vegas, NV*

Fred Ferguson, *Prescott, AZ*

Neil Gow, *Toronto, ON CANADA*

Gunnel Kramer, *Centennial, CO*

Patrick McLaughlin, *Fort McMurray, AB CANADA*





Other Industry Headlines ...

Oversight Hearing on Energy and Mineral Requirements for Renewable and Alternative Fuels

On May 18, the House Subcommittee on Energy and Mineral Resources, House Resources Committee, held an oversight hearing on “*The Energy and Mineral Requirements for Renewable and Alternative Fuels Used for Transportation and Other Purposes.*” The hearing focused on two mineral commodities that are critical to our existing and future use of electricity — copper and platinum. The hearing looked at how copper and platinum are used in electrical systems, gas-electric hybrid vehicles, fuel cells for hydrogen vehicles and stationary power generation.

Witnesses provided testimony on how mineral deposits containing these metals are distributed, both nationally and internationally. The hearing also focused on the current state of domestic and international supply of the two metals, existing demand and projected demand in the world markets, and the U.S.’s mineral policies and what needs to be done to enhance access to future supplies.

NWMA Trustee Jim Frank, Chairman, **Marathon PGM Corporation**, testified on the problems of trying to develop a new mine in the U.S. and the difficulty in attracting capital for Greenfields Exploration and new mine development in the U.S., especially compared to Canada and some other countries.

Jim testified that although he grew up in the Silver Valley of northern Idaho and would prefer to be working in the United States, he’s running a Canadian company with a Canadian mining property because the investment community perceives that the permitting risk in the United States is too great. Jim testified that he can overcome the risks associated with finding an economically viable mineral deposit, but it’s almost impossible to find financing for early stage projects in the U.S. because of the permitting risk.

Jim illustrated his testimony with the example of Summo Minerals (now Constellation Copper Corp.) at the Lisbon Valley Copper project near Moab, Utah. Summo began permitting the Lisbon Valley mine in January 1991. In March 1997, Summo had a Record of Decision and final EIS from the BLM approving the Plan of Operations and construction of the project. In March 1997, Summo had secured a \$62 million financing to construct the mine. Construction began in April 1997, and in May 1997, the Mineral Policy Center and the National Wildlife Federation filed an appeal and petition for stay with the Interior Board of Land Appeals (IBLA) on the grounds that the mine failed to comply with new, illegal bonding rules promulgated by Secretary Babbitt (these bonding rules were successfully challenged in federal district court by NWMA). There were no good arguments against building the mine in 1997. It’s just that the Mineral Policy Center is an anti-mining organization that challenges nearly every significant new mining proposal in the U.S. — that’s their job.

Finally, in March 1999, the IBLA ruled in Summo’s favor, the stay was removed and Summo was allowed to proceed. However, the price of copper had dropped from over \$1.20 per pound to less than \$.60 per pound, and Summo’s stock had dropped from a high of \$2.70 Cdn in mid-1996 to less than \$.10 per share.

In 2001, all employees were laid off and the President and CEO, Greg Hahn, went half-time just to hold the company together. When metal prices started to recover in 2003, Summo (now Constellation) was able to acquire financing and finally build Lisbon Valley. The mine is now operating and producing copper cathode.

Importantly, the capital costs to build the project had increased by more than 50%. Today, Lisbon Valley employs more than 130 people and is producing copper at a rate of 60 million pounds per year. Unfortunately, the original investors lost most of their investment because it took almost 10 years from the Record of Decision to building and operating a producing mine.

Thus, in the United States the issue is not can you get a mine permitted to high environmental standards, but rather can you get it permitted at all. Contrast the U.S. to Canada, which has a very strong environmental permitting process but does not allow anyone to slow or stop the process for the price of a stamp.

One of the interesting things about Jim’s testimony was the reaction of one of the witnesses, Shelley Stewart Jr., Senior Vice President, Operational Excellence and Chief Procurement Officer for Tyco International. Tyco is a manufacturer of electrical components and is a large end user of copper. Committee staff indicated that Shelley was shocked at hearing Jim Frank’s testimony about the difficulties in permitting a mine in the U.S. and what happened to Summo and its stock price.

All testimonies are posted on the House Resources Committee website at <http://resourcescommittee.house.gov/archives/109/emr/051806.htm>.

Idaho Governor Dirk Kempthorne Nominated to Replace Gale Norton as DOI Secretary

The mining industry received good news in late March when President Bush announced that Idaho Governor Dirk Kempthorne would become the next Secretary of Interior, replacing Gale Norton, who resigned to return to Colorado. Governor Kempthorne has strong bi-partisan support in the U.S. Senate and has an outstanding grasp of western public land issues.

Governor Kempthorne appeared before the Senate Energy and Natural Resources Committee on May 4. In his opening remarks, Committee Chairman Pete Dominici (R-NM) referred to a letter of support for Governor Kempthorne signed by 40 Republican and Democrat governors. Chairman Dominici pledged his support to get Governor Kempthorne confirmed as soon as possible.

Governor Kempthorne is a strong multiple-use advocate and has been a long-time supporter of the mining industry both as United States Senator and Governor of Idaho. We are optimistic that Governor Kempthorne will address many of the issues left over from the anti-mining days of Secretary Babbitt and Solicitor Leshy that were not addressed by Secretary Norton.

Predictably, the environmental groups have come out in opposition to Governor Kempthorne. The League of Conservation Voters said that Governor Kempthorne had earned a “paltry 1% lifetime LCV score.” That is good news for all people who believe in the multiple-use mandate for our public lands.

NWMA looks forward to working with Governor Kempthorne as soon as he is confirmed as Secretary of the Interior.



Other Industry Headlines ...(Continued)

Rio Tinto Minerals Locates Headquarters in Denver

Rio Tinto Minerals announced that it has chosen Denver as its world headquarters. The company is comprised of the three industrial minerals divisions of Rio Tinto Plc (London): Luzenac, Borax, and Dampier. A specific location has not been announced, but Luzenac was already in the Inverness Business Park in Arapahoe County. Due to a need for extensive lab space, location in the city center is considered unlikely. Initial estimates put the workforce at 200 with potential to expand. Some employees from Kennecott Energy (a subsidiary) currently in Wyoming will be relocating to the new facility. There has been no announcement regarding another subsidiary, **Kennecott Minerals Company**, which owns and operates precious and base metals mines in the USA, Canada, and Mexico.

Luzenac originated from the French Pyrenees in the 19th century. Currently Luzenac employs 1,500 in Europe, North America, Australia, and Asia and supplies 25% of the world's talc. Borax started in 1872 and currently employs 1,400. It supplies 43% of the international demand for refined borates from its mine in the Mojave Desert. Dampier has 3 sites in Australia and is the world's largest exporter of salt. It has 300 employees and moves 8.5 million tons of salt and over 1 million tons of gypsum annually to Asia and the Middle East.

House Appropriations Committee Restores USGS Funding

The House Appropriations Committee has, once again, restored funding for the USGS Minerals Information Team and admonished the Administration to not continue to propose the elimination of the program in future budget requests.

The Minerals Information Team provides invaluable information on the worldwide use, production and demand for mineral commodities and keeps tabs on what the U.S. imports and from where.

President Bush Nominates Mark D. Myers Next Director of the U.S. Geological Survey

Mark's nomination is subject to Senate confirmation. Mark is an internationally recognized geologist and former state geologist and head of Alaska's Geological Survey. He brings more than 22 years of wide ranging experience in geological science, plus strong leadership skills to the USGS. He is a past president and board member of the Alaska Geological Society, a certified professional geologist and member of the American Institute of Professional Geologists, a certified petroleum geologist and member of the American Association of Petroleum Geologists, and a licensed geologist with the State of Alaska.

NWMA will be Exhibiting at the Elko Mining Show. Stop by Booth #131 & pick up your invitation to our 2nd Annual Hospitality Night!

Long Awaited Silver ETF Goes Active on AMEX

After long anticipation, a silver Exchange-Traded Fund (ETF) sparked by Barclays Global Investors started active trading April 29 on the American Stock Exchange. The ETF, known as iShares Silver Trust (SLV), was initially backed by the deposit of 1.5 million ounces of silver in the trust. The Bank of New York is the trustee with J.P. Morgan Chase Bank (London) acting as custodian.

ETF's act as a mechanism to acquire exposure to precious metals (two gold ETF's launched in 2005), without taking delivery of the physical goods, playing the futures markets, or investing in specific mining companies. Each share of the iShares Silver Trust represents 10 ounces of silver priced according to market prices plus a sponsor fee of 0.5% of assets.

When investing in ETF's, investors are buying a basket of securities that trade on exchanges like stocks, allowing short and long positions and requiring brokerage fees for trades. In the case of a silver ETF, the securities are the physical product held in a vault. Silver and gold are considered by the IRS to be collectibles, meaning that if they are held for more than a year, gains are taxed at 28% compared to the 15% tax rate of most other long-term capital gains.

It is widely believed that part of the recent increase in the silver price is attributable to the anticipation of the launch of the ETF. Experience with the gold ETF's indicates that price runups occur in advance of the launch, with a pull back in the weeks following. If silver follows the path taken by gold ETF's, it could reach 97 million ounces or approximately 15% of known silver inventories. There was some opposition leading up to the launch on fears that removal of physical inventory from the market would disrupt supplies and drive up prices for industrial users of the metal. After receiving public comments, the SEC decided that efficiency and transparency in the silver industry would actually increase, and that supplies would not be disrupted.

Interest in Uranium Behind Non-Nevada Mining Claims

Many in industry believe we are at the beginning of a new uranium boom. Last year, more than 7,800 new mining claims were staked in Wyoming compared to about 1,200 the previous year. Also, more than 7,500 new claims were staked in Utah with a similar increase over the previous year. Most of these claims in those two states were staked by uranium companies or for uranium exploration.

Last year, the Uranium Short Course at the NWMA Annual Meeting led by NWMA Trustee **Ted Wilton** and NWMA member **George Byers** was the most successful short course in 8 years. More than 60 signed up for the course, including several from Texas. Check out this year's Uranium II at the NWMA website. Ted and George have another great course planned.

While most of the current activity is in the exploration stage, several industry officials believe it won't be long before Plans of Operation are filed with the BLM and USFS. It is estimated that more than 200 companies are exploring for uranium in North America.

Committee Reports

FEDERAL ENVIRONMENTAL ISSUES

Co-Chair: Randy Weimer, Stillwater Mine

Co-Chair: Joe Baird, Baird-Hanson-Williams LLP

ESA Update

Fifty-five members of the House of Representatives have sent a letter to Acting Secretary of the Department of Interior (DOI) Lynn Scarlett urging DOI to promulgate regulations that will augment Congress' efforts to update and modernize the Endangered Species Act (ESA). The letter references Chairman Pombo's ESA modernization bill, H.R. 3824, which passed the House, as well as S. 2110, which was introduced in the Senate by Senators Mike Crapo (R-ID) and Blanche Lincoln (D-AR) to provide financial incentives to recover species.

The letter urged Acting Secretary Scarlett to promulgate regulations that will:

- Update the regulations to respond to court decisions;
- Provide a greater role to states in the conservation and recovery of species within their borders;
- Expand the use of the partnership and cooperative conservation provision of the ESA to enhance private stewardship and help conserve plants and wildlife;
- Streamline consultations under Section 7 of the ESA to allow for expedited approvals for projects that have minimal impacts on listed species;
- Define or revise key terms that are vague, easily misunderstood, or are inconsistent with the letter of the law; and
- Improve the scientific review process and make it more transparent so that the public can understand how DOI makes its decisions under the ESA. Regulations should also ensure the availability of original data that support both scientific and policy conclusions.

NWMA Files Comments on Canada Lynx Critical Habitat Designation

In comments filed April 28, 2006 with the U.S. Fish and Wildlife Service (USFWS), NWMA expressed grave concerns about USFWS's proposal to designate some 27,000 square miles as critical habitat for the Canada Lynx. Among the concerns identified in NWMA's comments are that much of the private land proposed for critical habitat designation (CHD) does not meet the criteria set for such designation (i.e. it isn't boreal forest and showshoe hare habitat), and much of the land proposed does not appear to be lynx habitat. NWMA told USFWS that more often than not, large scale land use changes typically pose little or no threat to the Canada Lynx in areas proposed for CHD by USFWS. Furthermore, something is clearly wrong when the Canada Lynx is legally hunted north of the border, and USFWS, in response to litigation by the Center for Biological Diversity and other obstructionist groups, is considering restrictions on the use of private land.

NWMA expressed disappointment that the consideration of economic impacts on the area considered for CHD has become the least-important component of USFWS's work. A particular

concern is that the economic analysis was left until the very end. NWMA told USFWS that it is completely inappropriate to designate critical habitat without first understanding the economic implications of such a designation, especially when the multiple facets of the ESA are taking a toll on the economies, social fabric and the environment in rural America.

NWMA also pointed out the irony of USFWS' statement in formally announcing the CHD for the Canada Lynx: "*In 30 years of implementing the ESA, the Service has found that the designation of critical habitat provides little additional protection to most listed species, while preventing the service from using scarce conservation resources for activities with greater conservation benefits. In almost all cases recovery of listed species will come through voluntary cooperative partnerships, not regulatory measures such as critical habitat.*"

NWMA told USFWS that it could not agree more with this statement. The statement points directly to the fact that ESA is broken, has not worked to recover species, and is in desperate need of updating and modernizing. NWMA also told USFWS that the proposed critical habitat designation should be tabled until Congress completes its work to update and modernize ESA.

A copy of NWMA's comments is available on our website at www.nwma.org under *NWMA Today*. Many thanks to NWMA Trustee Eric Williams (**The Gallatin Group**) for his help in preparing NWMA's comments.

PUBLIC LANDS

Co-Chair: Ted Wilton, Neutron Energy Co

Co-Chair: Robert Russell, Idaho General Mines

Activist Federal Judge Overturns USFS Limitations on Who Can Appeal

Liberal activist U.S. District Court Judge Donald Molloy, Helena, Montana, recently ruled that the USFS may not bar citizens who do not formally comment on proposed activities from appealing those activities if they "express an interest" in the activities. Judge Molloy restored a Clinton administration rule that said a citizen may appeal a USFS decision if they have expressed an interest in a proposal.

The limitation requiring one to have commented in order to appeal was part of the new forest planning regulations adopted by the Bush administration in 2003. Judge Molloy also rejected a Bush administration recommendation that the decision be confined to Montana and not applied nationally.

Unfortunately, this is the second time a federal court has struck down key elements of the Bush administration's 2003 rule governing Forest Service appeals. An earlier U.S. district court decision from California (*Earth Island Institute*), held that the Forest Service could not exempt categorical exclusions and decisions of political employees from appeal.

The rules in question were attempts by both the Clinton and Bush administrations to implement the 1992 Forest Service Decisionmaking & Appeals Reform Act. The Montana case is the *Wilderness Society et. al. v. Rey*, CV 03-119-M-DWM.



Committee Reports

State Reports

PUBLIC LANDS (Continued)

BLM Right-of-Way Fees to Increase

The Bureau of Land Management has set in motion a possible major increase in annual rental fees for 48,000 rights-of-way across public lands. This would be the first time in 20 years that BLM would reappraise the value of land that right-of-ways cross. No firm date has been set for a new rulemaking, although in an April 27 Federal Register notice BLM gave advance notice that it may update fees for linear rights-of-way. This would include rights-of-way approved under the Mineral Leasing Act of 1920 and other rights-of-way approved under FLPMA.

Secretary Norton Sets New RS 2477 Policy

Pursuant to a decision from the 10th circuit court of appeals, Secretary of Interior Gale Norton has issued an order to implement Department of Interior (DOI) policy on RS 2477 right-of-ways. Environmental groups objected to the new policy, arguing that it went beyond the court order and favors local governments in deciding the validity of RS 2477 rights-of-way.

In issuing the guidelines, Norton relied on the 10th circuit court of appeals decision in *Southern Utah Wilderness Alliance v BLM*, which held that BLM does not have authority to decide if a way constitutes an RS 2477 right-of-way or not. The 10th circuit decision, while holding that federal law governs the interpretation of RS 2477, held that long established principles of state law are to be used in determining congressional intent. In other words, the grant of an RS 2477 right-of-way is governed by long-standing principles of state law and common law. The court rejected a prior BLM policy that required mechanical construction in order to determine whether an RS 2477 claim was valid.



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CALIFORNIA

Golden Queen Issues Technical Report on Soledad Mountain

Golden Queen Mining Co. Ltd. has completed a NI 43-101 compliant technical report on its Soledad Mountain project outside Mojave in southern California. The Measured and Indicated Resource is estimated at 2.2 million ounces of gold and 37.7 million ounces of silver with 511,000 ounces of gold and 11.15 million ounces of silver in the Indicated category, both using a gold equivalent cutoff of 0.008 opt.

The deposit is hosted in a volcanic sequence of rhyolite porphyries, quartz latites, and bedded pyroclastics along the margins of a collapsed caldera. High-grade precious metal mineralization is associated with steeply dipping epithermal fissure veins in faults and fracture zones. Veins are contained in siliceous envelopes of lower grade material that forms the bulk of the mineral resource.

The database contains crosscut assays on liners produced by Gold Fields America Development Co. between 1933 and 1942, and 71,352 samples generated from over 370,000 feet of drilling and sampling of underground crosscuts from Rosario Exploration and Shell/Billiton between 1985 and 1999. Ore zones were delimited based on \$325 gold and \$6 silver with recoveries of 78% for gold and 60% for silver.

In December 2002, California introduced backfilling requirements for some types of open-pit metal mines. Golden Queen took the position that this requirement did not apply to Soledad, and the Kern County officials concurred until 2006. The company will now prepare and submit a revised reclamation plan that incorporates backfilling.

IDAHO

Coeur d'Alene Sells Silver Valley Assets

Coeur d'Alene Mines Corporation announced on January 31 that it was reviewing strategic alternatives for its Coeur Silver Valley assets in Idaho that included a possible sale of the subsidiary. On April 10, Coeur issued a press release confirming it had entered into an agreement with U.S. Silver Corporation (a privately held entity) to sell 100% of the shares in Coeur Silver Valley to U.S. Silver for \$15 million in cash.

The sale is contingent on customary closing conditions such as the arrangement of financing, approval by the Board of Directors, and completion of final documentation. The transaction is scheduled to close by June 1, 2006. Coeur d'Alene Mines plans to use the proceeds in connection with high-growth silver properties such as the company's interests in Argentina, Bolivia, and Chile.

State Reports... (Continued)

MINNESOTA

PolyMet Increases Grade at NorthMet

PolyMet Mining Corp. has completed an evaluation of all assay results from its 2005 diamond drilling program on the NorthMet deposit in northeastern Minnesota. A Definitive Feasibility Study (DFS) is being prepared by Bateman Engineering Pty. Ltd. under an expanded scope based on the positive results from the drilling program.

The DFS calls for an increase in the production rate to 32,000 tons per day, up from 27,500 tons per day. PolyMet has mandated production of separate nickel and cobalt concentrates which will yield better processing results than a combined concentrate. The expanded scope asks for a more flexible layout of the metallurgical plant as well.

The 2005 samples have an average Net Metal Value (after deduction of third party processing and refining costs) of \$17.37 per ton which represents a 5.1% increase on NMV over previous samples. Assumed prices for the NMV are \$1.05 for copper, \$5.40 for nickel, \$15.00 for cobalt, \$250 for palladium, \$750 for platinum, and \$400 for gold. Assumed recoveries are 91.4% for copper, 73.2% for nickel, 46.3% for cobalt, 71.4% for palladium, 72.2% for platinum, and 72.4% for gold. The DFS is expected in the middle of 2006, with Bateman signing off by the third quarter of 2006. This will kick the permitting process into high gear and keep the anticipated commercial production date at mid-2008. The 2005 drilling program focused on the areas that are expected to be mined during the first 20 years.

MONTANA

Montana DEQ to Recommend Against BER Rule

Montana DEQ Director Richard Opper came out very strongly against the Montana Environmental Information Center (MEIC) water quality rule in his testimony to the Montana Environmental Quality Council. Director Opper said, after reviewing all public comments, that the DEQ will recommend that the Montana Board of Environmental Review (BER) not adopt the MEIC proposed rule (that would have ended all new mining in the State of Montana). He said DEQ is supportive of the goals of full bonding and reclamation, although DEQ does not believe that most of the past "disasters" (Zortman/Landusky) could ever happen again because of changes that have occurred in Montana law, including I-137, a DEQ 5-year bond review process, and technology improvements for acid rock drainage and tailings linings.

Director Opper pointed out many problems with the proposed rule. All of the problems he mentioned were problems raised in NWMA's comments, including: a 2-year time frame is unreasonable; the rule would prohibit passive treatment; most mines could never comply; the clear and convincing test could not be achieved resulting in the State Economic Impact Statement coming true; there were substantial issues with whether BER had

the authority to adopt the rule in the first place; and the USFS and BLM believe the rule would be preempted by federal law on federal lands.

Director Opper indicated DEQ would be proposing legislation to address some of the legitimate concerns that prompted the proposed rulemaking in the first place. He has promised to work closely with the Montana Mining Association in developing that legislation.

The decision by DEQ to oppose the rule is very important. At least for now, mining is alive in Montana, although it could be best characterized as being on "life support."

A New Supervisor Appointed for the Kootenai National Forest

Northern Regional Forester Gail Kimball has appointed Paul Bradford to be the new forest supervisor for the Kootenai National Forest. Paul replaces Bob Casteneda, who will retire May 26. Bradford will begin work at the forest on June 24.

In making the announcement, Regional Forester Kimball stated, "Paul has an outstanding background in forestry, land management planning, and in managing a large organization. I'm very pleased to have him join our region and feel his skills are a good match for the large and multi-faceted Kootenai Forest." Paul has worked in the USFS National Office for the past 15 years.

NWMA would like to thank Bob Casteneda for the outstanding job he did as Kootenai National Forest Supervisor. Bob worked hard to ensure that a multiple-use mission was carried out in the Kootenai. He was always very supportive of mining and other multiple-use activities. He will be missed and we wish him well in his retirement.

Red Lake Resources Options JE Project from Sterling

Sterling Mining Company has entered into an option agreement with Red Lake Resources covering the JE Silver Project in Sanders County, Montana. The 35-claim property is in the Montana Copper-Sulphide Belt which hosts the Troy, Rock Creek and Montanore deposits. U.S. Borax and Santa Fe Pacific Minerals explored the property during the 1980's and outlined a large copper-silver anomaly.

Red Lake can earn a 75% interest for cash payments of \$300,000, (two payments of \$50,000 each in 2006, with the remainder payable over the next three years), the issuance of 500,000 common shares to Sterling, and a \$600,000 work commitment over the next three years. Sterling retains a 25% interest and a 2.5% NSR. After the earn-in is completed, Sterling can elect to maintain or increase its interest by participating in future exploration and development.

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pheywood@nwma.org



State Reports... (Continued)

NEVADA

Victoria Signs Letters of Intent for Relief Canyon and Seven Troughs

Victoria Resource Corporation (a 31% owned affiliate of Bema Gold Corporation) has signed Letters of Intent with **Newmont Mining Corp.** to lease the Relief Canyon and Seven Trough Projects in Nevada.

Relief Canyon is 10 full and partial sections of checkerboard acreage and 155 unpatented claims that surround and contain small portions of the former Relief Canyon mine. Historic production is reported to be 430,000 ounces of gold at an average grade of 1.27 grams per tonne from 1985 to 1989. It lies in a northeast trending structural belt parallel to and 140 km west of the Battle Mountain Trend. The belt is about 65 km long and averages 8.3 km in width and was subjected to Carlin Type exploration from 1984-1992 with drilling limited to the area of the mine and some of the nearby mercury and antimony operations. Gold mineralization is associated with Carlin-style jasperoids and zones of brecciation in sulfidized limestone. Reconnaissance mapping by Victoria indicates zones of gold potential where structural systems intersect and suggests both underground and open-pit potential.

Seven Troughs is 103 patented and 246 unpatented claims, most of which are in the Seven Troughs Mining District. Production in the district from 1907-1955 was 158,468 ounces of gold and 995,876 ounces of silver grading 35.6 g/t gold and 223.9 g/t silver. Most of the district is covered by post-mineral volcanics and the auriferous volcanic-hosted quartz-adularia veins were mined where exposed. Victoria considers the district to have potential below this layer.

Both properties are subject to lease conditions that stipulate work commitments over seven years (\$3.6 million for Relief Canyon and \$2.6 million for Seven Troughs) with a firm contractual obligation in the first two years of \$400,000 for Relief Canyon and \$250,000 for Seven Troughs (no expenditures in Year 1). Newmont retains a one-time right to back-in up to and including the completion of a Positive Feasibility Study on each project. That exercise requires Newmont to incur 250% of Victoria's exploration expenses in order to earn a 51% interest. Should the back-in occur, a one-time payment of \$1.5 million on Relief Canyon and \$1 million on Seven Troughs with a royalty schedule (2%-5% on Relief Canyon and 3%-5% on Seven Troughs) based on the gold price will be paid to Newmont.

Sparton Acquires Two Nevada Properties

Sparton Resources Inc. has signed agreements to acquire two gold exploration properties in Nevada.

The SBD claims (29) are 10 km west of Battle Mountain and adjacent to the Trenton Canyon open-pit in Lander County. Previous exploration identified three mineralized zones, but at the time focused on local favorable stratigraphic rock units instead of the currently accepted structural controls known to control much of the mineralization in the Battle Mountain area. Sparton

plans an initial detailed Controlled Source Audio Magnetic Telluric (CSAMT) geophysical survey to delineate structures and alteration in preparation for a drilling program.

SBD is a lease assignment arrangement with CVM, the owners of the property, whereby CVM will assign its lease with Aquarian Mining Exploration (AME) to Sparton in return for \$100,000, 500,000 shares on closing, and 500,000 more shares in six months. AME will collect \$12,000 annually, a 5% NSR (which can be bought down to 2.5% for \$1.5 million) and advanced annual royalty payments of \$75,000 credited against the NSR. Sparton will spend about \$450,000 for exploration in the first year.

The second property, Coal Canyon, is east of Lovelock in the Humboldt Range of Pershing County. Previous exploration identified a soil and rock chip gold anomaly that trends northwest and measures 1,200 meters by 250 meters with values up to 3 g/t gold. The zone is associated with intense hypothermal alteration with extensive jasperoid development in impure calcareous sediments. A second parallel zone measuring 500 by 1,500 meters has also been identified. Sparton plans an IP survey and CSAMT this year.

Coal Canyon is an option agreement with private owners. The agreement calls for an initial payment of \$15,000 with escalating annual option payments to a maximum of \$50,000 in Year 3. Sparton may elect to purchase the property outright at any time for \$300,000, subject to 3% NSR, 1% of which may be purchased for \$1 million.

TEXAS

Uranium Energy Starts Drilling Program in South Texas

Uranium Energy Corp has received an exploration permit for its Goliad Project in South Texas and expects its drilling program to begin the third week of May. The program will consist of 70 holes for a total of 32,000 feet. UEC intends to expand the resource base previously defined by Moore Energy in the 1980's by drilling along known mineralized fronts and to confirm drill results reported by Moore Energy. Confirmation drilling will be completed by offsetting a minimum of four drill fences completed by Moore Energy through the ore bodies. UEC anticipates a five-week drilling program.

The Goliad uranium deposits and mineralization occur within the basal sands of the Pliocene age Goliad Formation. Ore grade mineralization has been developed within four stratigraphically separate sands (the A through D Sands) from 100 feet to 400 feet in depth. The Moore Energy program consisted of fences spaced at 400-foot intervals with holes along the fence spaced at 100 to 200-foot intervals. Mineralized intervals in the four sands average 14 feet with grades ranging from 0.050% to 0.076% U₃O₈.

Upon successful completion of the drilling program and subsequent analysis, UEC anticipates starting an environmental baseline study initiating the first phase of ISL mine permitting.





NWMA'S CALENDAR OF UPCOMING EVENTS

JUNE 2006



June 2: **NWMA Board of Trustees Meeting**, 8 a.m., Best Western Airport Plaza Hotel, Reno, NV. All members welcome.

Contact Kathy Wilson at NWMA for more information. (509) 624-1158 x 15, or email kwilson@nwma.org

June 8-9: **21st Annual Mining Expo**, Elko, NV. Contact Elko Convention & Visitors Authority, 700 Moren Way, Elko, NV. Phone (775) 738-4091, or visit www.elkocva.com. NWMA will be exhibiting- stop by Booth # 131 and say Hi.

SEPTEMBER 2006

September 7-9: **Nevada Mining Association Annual Meeting & Golf Tournament**, Hyatt Regency Resort at Incline Village, NV. For more information call (775) 829-212 or visit www.nevadamining.org.

OCTOBER 2006



October 6: **NWMA Board of Trustees Meeting**, 8:00 a.m., Ramada Inn Airport, Spokane, WA. All members welcome. Contact Kathy Wilson at NWMA for more information. (509) 624-1158 x 15, or email kwilson@nwma.org

NOVEMBER 2006

November 6-11: **Alaska Miners Association Annual Meeting & Trade Show**, Sheraton Hotel, Anchorage, AK. For information call (907) 563-9229 or visit www.alaskaminers.org.

November 14-16: **EPA's Hard Rock 2006 Sustainable Modern Mining Applications Conference**, Doubletree Hotel, Tucson, AZ. For more information, e-mail tcs-events@saic.com or visit www.epa.gov/hardrockmining/hardrock/hardrock2006.htm.

DECEMBER 2006



December 4-8: **SUSTAINING THE BOOM - Northwest Mining Association's 112th Annual Meeting, Exposition & Short Courses**, John Ascuaga's Nugget Hotel & Casino, Sparks, NV. For more information, email info@nwma.org; call (509) 624-1158 or visit www.nwma.org.

JANUARY 2007

January 29-February 1: **Mineral Exploration Roundup 2007**, The Westin Bayshore, Vancouver, BC CANADA. For more information contact Association for Mineral Exploration British Columbia (604) 689-5271 or visit www.amebc.ca.

FEBRUARY 2007

February 25-28: **SME Annual Meeting & Exhibit and 109th National Western Mining Conference & Exhibition, Denver Convention Center**. For more information contact SME (303) 973-9550 or visit www.smenet.org or Colorado Mining Association (303)575-9199 or visit www.coloradomining.org.

MARCH 2007

March 4-7: **PDAC Convention 2007 (75th Annual)**, Toronto, ON, CANADA. For information contact the Prospectors and Developers Association of Canada, (416) 362 1969 or visit www.pdac.ca.

DECEMBER 2007

December 3-7: **Northwest Mining Association's 113th Annual Meeting, Exposition & Short Courses**, Spokane Convention Center, Spokane, WA.



If you have an event you would like to see posted on our website or added to our Bulletin Calendar of Events please contact Kathy Wilson at NWMA.
Phone (509) 624-1158 X 15, or E-mail kwilson@nwma.org.

