

Donkin Production Date Extended

By Caroline Wood

A 2011 target date to extract the first Donkin coal from the ground has been extended to late 2012 or early 2013.~ When Australian coal mining giant Xstrata met with Donkin residents in February to announce a plan to produce coking coal at the former Devco mine, the company indicated they could expect to see production at Donkin by the end of next year. Last night at an annual general meeting of Erdene Resource Development Corp., however, president Peter Akerley explained a federal permitting process for a barge facility to ship the coal to worldwide markets is now taking longer than expected. Xstrata, Erdene's lead partner in the mine with a 75 per cent interest, will now submit paperwork to the government by the end of this year to begin what is expected to be a 12- to 18-month process. It's been nearly five years since the Nova Scotia government gave Xstrata and Erdene a chance to look into reopening the mine in a competitive process. No one could have predicted the calamitous affect of the world-wide market downturn. Xstrata and Erdene also suffered a setback when Nova Scotia Power, which everyone expected would be the main Donkin customer, would not commit, citing environmental concerns. Akerley said last night he thought the utility may return to the table in future to buy a washed version of the Cape Breton coal, but he said, at that point, the coking coal will be destined to world markets where it will fetch a good price. Xstrata and Erdene plan have spent \$25 million so far at Donkin, and they plan to spend another \$10 million in the next year on engineering studies and surface work, \$2.5 million of which will be covered by the Halifax firm. A pre-feasibility study for a plan which includes 4 continuous miner machines to extract about 2.75 million metric tonnes annually is expected in July, and a feasibility study will be ready in Q1 of 2011. Coking coal prices are a healthy \$200 a metric ton now, and the markets are strong, Akerley told a crowded room.