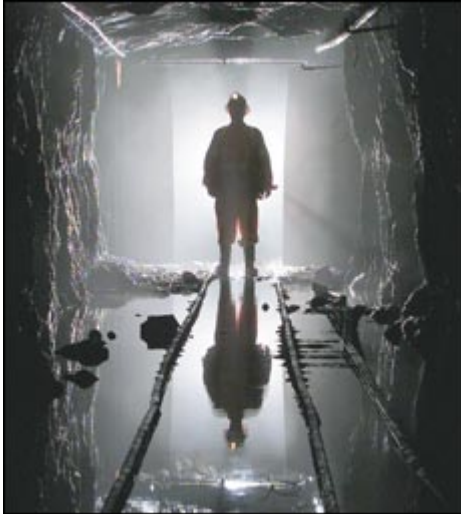


Inco goes on spending spree Thompson welcomes \$145 million injection

Wed Aug 24 2005

By Murray McNeill



CANADIAN PRESS ARCHIVES

A mining industry study says 81,000 new workers are needed to meet current and future needs.

INCO Ltd. plans to spend \$45 million over the next two years to develop a new ore body for its nickel mining operations in Thompson and \$100 million this year to upgrade its facilities in the northern Manitoba city.

Development of the new ore body will get underway next year, a company spokesman said yesterday. It's expected to begin producing nickel in 2008.

Dan McSweeney, Inco's superintendent of public and government affairs, said although the new development won't create any new jobs within the Thompson operations, it will help maintain existing ones.

"It really is to replace depleting ore (from other areas of the mine), so it's not really an expansion," he said.

The plans to develop a new ore body are one of a series of positive developments for the Inco

operations in Thompson.

McSweeney said the Sudbury-based mining giant is also spending about \$100 million this year, which is about twice what it usually spends in a year, on other upgrades and improvements to its Thompson facilities, including rebuilding its main smelter furnace. And the first shipment of concentrate from Inco's Voisey's Bay mine in Newfoundland is expected to arrive early in the new year for processing, he said.

The Thompson smelter will be processing Voisey's Bay concentrate for the next five or six years until a smelter can be built in Newfoundland.

It's expected to help boost annual nickel production at Thompson to about 125 million pounds a year from the current level of 100 million pounds.

All this good news coming out of Inco is music to the ears of Thompson Mayor Bill Comaskey.

"We should be having a party in the street!" Comaskey said in an interview yesterday from Thompson.

Although McSweeney downplayed any suggestions that the development of a new ore body will extend the life of Inco's mining operations in Thompson, Comaskey wasn't buying that for a second. "I believe Inco is being very modest about this announcement," the mayor said,

adding he's convinced that once Inco opens up this new ore body, that will lead to the discovery of other nickel deposits in the area -- something McSweeny admitted Inco officials also are hoping will happen.

"This news from Inco is huge for us in that it brings us into the next couple of decades," Comasky said.

The fact Voisey's Bay concentrate also starts arriving early in the new year is further cause for celebration, the mayor said, because that extra work further strengthens the Thompson operations. He noted the \$100 million in Inco upgrades this year include some new facilities that are being built to accommodate the Voisey's Bay concentrate.

Manitoba Mines Minister Jim Rondeau also welcomed the latest Inco announcement.

"Inco's Thompson operation is a key contributor to the region's prosperity," the minister said in a statement. "Continued development at the Thompson mine is great news for the community, the industry and the Manitoba economy."

McSweeny said Inco expects the new ore body to produce about 200 million pounds of nickel during its lifetime. Hopefully, that will be just the beginning.

"Getting into that area allows you to go into other areas to see what's there," he said. "It's not the mother lode, so to speak, but it certainly is positive."

Approval for the new development comes at a good time for Inco because the demand for nickel remains high and that's pushed world nickel prices to very healthy levels -- in the area of \$7 a pound compared to as little as \$1.45 a pound in the 1980s, McSweeny said.

"We've had a real run on nickel prices in the last several years." Soaring metals prices are fuelling a mining exploration boom this year in Manitoba, putting the province on pace for one of its best years in nearly a decade for exploration activity.

The Mining Industry Association of Manitoba said last month it is projecting about \$37 million in overall exploration expenditures this year in Manitoba, which would be just shy of the record \$41 million spent in 1997 and \$6 million more than the \$31 million spent in 2004.

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