



## Industry news : April / May 2006

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### **UK galvanisers feel the affect of rising metal prices**

UK-based galvanisers are set to increase zinc surcharges on galvanised steel prices in an attempt to pass record zinc prices on to customers. The industry fears that the continued rise in the price of zinc may force consumers to consider substituting hot dip galvanising with stainless steel and aluminium. Galvanisers have justified the surcharge following zinc's relentless price rise during April. Three month zinc was trading at \$3389 per tonne on April 26, up \$800 from \$2600 on March 27. Zinc traditionally accounted for 25% of galvanisers' direct costs, but this has now risen to a third. The cost of zinc has now overtaken labour as the largest expenditure for the UK's biggest galvaniser, Wedge Group Galvanising.

*Source:* Metal Bulletin, 1 May 2006

### **Defra consultation on review of waste strategy**

The British Aggregates Association (BAA) has commented on the current review of waste strategy being undertaken by the Department for Environment, Food and Rural Affairs (Defra), by stating "We are generally concerned that the emphasis both by the EU and here in the UK has been more on mechanisms to bureaucratically look at how to transfer waste to products – rather than the more pragmatic and business friendly method of not classifying usable materials as waste in the first instance!" In addition they argue that landfill should not necessarily be a last resort for waste disposal, indicating there are sites, typically previous mineral workings that need to be restored, and landfill is a viable option. With regard to the question "What more could the government do to accelerate the development of markets for

recycled materials?” The BAA suggest the government should no longer attempt to influence the market for recycled materials and should allow market forces to determine the future. The BAA has highlighted that landfill tax has made the UK the most successful user in the EU of construction and demolition waste and “there is little further material from our sector to be recycled or re-used”.

Source: <http://www.british-aggregates.co.uk/documentation/doc49.pdf>

### **Alba options Scottish nickel-copper-PGE project**

Alba Mineral Resources plc, the UK-based exploration company, recently announced that it is entering into an exploration option and joint venture agreement with Inco Europe Limited, with respect to the Company's Arthrath nickel-copper-PGE project in Scotland. The property is located in Aberdeenshire and work has confirmed the presence of extensive disseminated magmatic nickel-copper sulphide mineralisation. Under the terms of the agreement Inco has the right and option to earn a 60% interest in the project by funding €2.5 million of exploration expenditure, over a maximum four-year period. Inco can earn a further 10% interest by conducting a feasibility study at its own expense.

Source: <http://www.albamineralresources.com/text/news/releases/RNS%20-%20Alba-Inco%20JV.pdf>

### **Update on Aggregate Levy claims**

The legality of the Aggregates Levy is currently being challenged before the EU Court of First Instance, and a judgment is expected in the next few months. The challenge is being made by the British Aggregates Association (BAA) which has advised members to make precautionary claims for repayment now, as it is suggested that the European Court may restrict any right to recover Aggregates Levy to those levy payers who make an early claim. Over forty operating companies have now lodged formal claims with HM Revenue & Customs. In addition the BAA reports that there are untrue rumours circulating within the industry “that a quarry must agree to reimburse customers as a precondition to recovering Aggregates Levy”. The BAA states this is incorrect and any Aggregates Levy recovered will not necessarily be payable back to customers.

Sources: <http://www.british-aggregates.co.uk/news/doc57a.pdf>  
BAA Press Notice 10 May 2006

### **Buoyant market conditions push forward Parys Mountain**

Anglesey Mining plc aims to restart mining zinc and copper at their Parys Mountain property, in north Wales, in 2008. Copper has not be mined in the area for more than a century and Parys Mountain would become the only base metal mine in the UK. The company is hoping to take advantage of the extremely buoyant market conditions, which have seen record metal prices, due to severe global shortages of concentrate. To develop Parys Mountain a new feasibility study must be completed and an estimated £40 million of funding raised, of which £2-4 million is expected to come from a Welsh Assembly Grant. Once funding is secured, development is expected to take 12 to 18 months. If developed Parys Mountain would have an estimated capacity of 1000 tonnes per day of zinc, copper, silver and gold ore. The Parys Mountain operation would employ an estimated 120 people and has strong local support.

Sources: <http://www.angleseymining.co.uk/ampic/PressReleases/050628Prelim2005.htm>  
Metal Bulletin 10 April, 2006

## Leicestershire opencast mine given go ahead



UK opencast coal operation

*Photo Copyright: BGS©NERC*

The Secretary of State has granted permission for opencast coal extraction at the Longmoor site, near Ravenstone in Leicestershire. The County Council originally turned down an application to mine coal at the site, as it was believed extraction would generate unacceptable disruption and pollution for the community. UK Coal argued that the site contains many millions of pounds worth of coal and would create numerous jobs in the area. A spokesperson for UK Coal commented, " While there may be a short-term intrusion on the lives of some people, we will hold to our promise to be a good neighbour."

Sources: <http://www.leics.gov.uk/pressrelease.htm?id=80689>

<http://news.bbc.co.uk/1/hi/england/leicestershire/5021834.stm>

## UK Prime Minister supports nuclear power



Nuclear power station

*Source: US National Oceanic and Atmospheric Administration*

UK Prime Minister, Tony Blair, has strongly indicated he will support the construction of a new generation of nuclear power stations in the UK. He recently commented that Britain faced the prospect of being largely dependent on foreign gas imports for its future energy needs. A government commissioned energy review is being finalised for publication by the end of July. The Prime Minister stated "We will move from 80 or 90% self-reliance on gas to 80 or 90% dependency on foreign imports, mostly from the Middle East, Africa and Russia". The comments have sparked outrage amongst critics of nuclear power who argue that this option does not make economic or environmental sense for the UK.

Source: [http://news.bbc.co.uk/1/hi/uk\\_politics/4987196.stm](http://news.bbc.co.uk/1/hi/uk_politics/4987196.stm)

## Proposed revisions to planning regulations for gas storage facilities

In an attempt to improve the security of UK energy supply the government hopes to change the planning process to facilitate construction of new gas storage sites. Current UK gas storage capacity is, by international standards, small and the UK became a net importer of natural gas in 2004. As the UK becomes increasingly dependent on imported gas there will be a requirement to develop further storage facilities to cope with peak demands. The UK was affected by gas supply problems in March, when suppliers came close to rationing gas supply to heavy industrial users. The new regulations expected to be introduced would help smooth the way for construction of up to ten new storage facilities, which would double the UK's storage capacity. Alistair Darling, Secretary for Trade and Industry (DTI), asked for a balance to be struck between local concerns and the "crucial" national benefit of new energy projects.

Sources: <http://news.bbc.co.uk/1/hi/business/4771603.stm>

<http://news.bbc.co.uk/1/hi/business/4987328.stm>

<http://www.gnn.gov.uk/environment/detail.asp?ReleaseID=165194&NewsAreaID=2&NavigatedFromDepartment=False>

## Gas bills for UK industry set to soar



Power generation in the UK  
*Photo Copyright: BGS©NERC*

Gas supply to the UK has been problematic this year for a number of reasons:

- problems started in February with an accident affecting the Rough gas storage facility off the East Yorkshire coast;
- a cold snap during March resulted in increased domestic demand;
- a general decline in supplies of natural gas from the North Sea have pushed wholesale gas prices higher in recent years;
- in the 2004 the UK became a net importer of fuel for the first time in twelve years;
- the price of oil has soared in recent years and since the price of gas in Continental Europe is still linked to oil, this has had a knock-on effect on the price of gas in the UK;
- shortages have been blamed on other European countries, accused of failing to supply enough gas to the UK through a special interconnecting pipeline;

- it is reported that the proposed merger of Gaz de France and Suez threatens UK gas supply and is almost certain to increase prices, due to its threat to effective competition in UK gas markets.

Companies in energy-intensive sectors, such as chemical, fertilizer and glass manufacture, have already felt the impact of higher wholesale prices. Last year, chemical companies Ineos Chlor and Terra Nitrogen reduced capacity in response to price rises during late November's cold weather. Ineos Chlor is one of the UK's biggest industrial gas users and came close to a temporary shutdown in March. Their operation at Runcorn is one of the largest industrial plants in the UK, employing 2000 people. Other mineral consumers, such as the UK glass industry and mineral processors, have also felt the impact of recent gas price increases.

The higher energy prices are affecting the competitiveness of UK industry. Companies may decrease production or lay workers off to reduce some of their costs. Alternatively, they can shift production overseas. Another major impact of gas shortages is the effect high gas prices have on the economics of gas power stations. Severe gas shortages have the potential to endanger the national electricity supply.

Sources: Industrial Minerals, May 2006

<http://www.theoil Drum.com/story/2006/3/13/18323/7291>

<http://news.bbc.co.uk/1/hi/business/4804504.stm>

<http://business.timesonline.co.uk/article/0,,9078-2189669,00.html>

[http://www.energywatch.org.uk/uploads/Rising\\_Energy\\_Prices.pdf](http://www.energywatch.org.uk/uploads/Rising_Energy_Prices.pdf)

### **Galantas Gold commences drilling programme**



Gold grains

*Photo Copyright: BGS©NERC*

Galantas Gold Corporation, who are developing Ireland's first gold mine, have announced the start of an exploration drilling programme on their 189 km<sup>2</sup> prospecting licence. The drilling will test some high-priority targets close to the mine site. The company aims to increase the resource base on the property through exploration and mine development and to add value to the company's production by marketing and selling certified Galántas Irish gold jewellery.

Source: <http://www.galantas.com/corporate/s/NewsReleases17052006.html>

<http://www.bgs.ac.uk/downloads/start.cfm?id=>

### **Residents asked for views on Nottinghamshire colliery tip**

Local people are being asked to comment on proposals to transform the tip at the former Gedling Colliery in Nottinghamshire into a country park. Planners recently approved UK Coal's restoration plan and work is scheduled to commence this summer. The scheme aims to provide leisure and recreational facilities for local people and habitats for a wide range of wildlife.

Source: <http://www.gedling.gov.uk/index/ac-home/ac-news-archive/ac-news-article.htm?newsid=19450>

### **Quarry kiln closed over dust fears**

A lime-burning kiln at Batts Combe Quarry in Cheddar, Somerset has been closed after testing showed quicklime dust was escaping into the atmosphere. The kiln, which produces 200 000 tonnes of quicklime a year for use in the steel industry, requires £300 000 of investment to resolve the problems. The closure follows an earlier warning from the Environment Agency when the company was notified that it should tighten up procedures at the site. Quicklime dust is a health hazard: in large quantities it can cause skin irritation and damage to the eyes and throat.

Source: <http://news.bbc.co.uk/1/hi/england/somerset/4767175.stm>