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Two tales, one city

For Camouflage Software and DF Barnes Group, the recession bites; For Chris Hickman's Marco Group, times have never been better

BY CRAIG WESTCOTT
THE BUSINESS POST

Despite the conventional view that the recession has bypassed St. John's, some local companies are feeling its sting, according to two of the panellists who participated in the Atlantic Provinces Economic Council's Outlook 2010 Conference last week.

"The recession certainly did affect us, we were a high risk group," said Kevin Duggan, CEO of Camouflage Software.

While the company is based in St. John's, almost all of its sales are in the United States, the country hit hardest by the recession.

Other risk factors for Camouflage is that it is less than five years old, most of its customers are in the financial services industry, it has only one product and an expensive one at that.

"When the recession hit,

these particular products (new software) were the first to be cut from the budget," Duggan said.

Before the recession, the average sales price for Camouflage software was \$250,000. But once the downturn hit and companies started cutting costs, Camouflage ended up lowering its charge to about \$100,000 a unit. The drop is even harsher when you consider Camouflage's sales are in US dollars and the American greenback is depreciating.

Despite the steep fall in sales, Duggan said Camouflage hasn't laid off any of its staff. It has allowed attrition to lower its HR costs. To improve revenues, the company has beefed up its "proactive" sales efforts and started aggressively chasing after contracts to service its software, business that before the recession it left on the table in the hunt for new

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Getting closer

Freeport Resources' Brenda Clark determined to see Hutton Beaches project through to development

BY CRAIG WESTCOTT
THE BUSINESS POST

It's a good thing that Brenda Clark was blessed with persistence.

Since the president of Freeport Resources staked the garnet rich Hutton Beaches in northern Labrador back in 1997 one delay after another has arisen to slow her efforts at mining the rich red sand.

But with Freeport having obtained the go-ahead from the provincial Department of Environment last summer to take a 5,000 tonne bulk sample from the beaches, Clark can see commercial development coming closer. Sure, the approval came too late in the season to line up the barges needed to undertake the work and true, Freeport has to apply again for environmental approval next year, but Clark is still optimistic.

"We were very pleased



Dr. Norm Catto, Freeport's geomorphologist and beach formation consultant, heads towards a waiting helicopter on South Beach in northern Labrador. To the left, in the background, is Jacko Merkuratsuk of Nain. The Hutton Beaches are so rich in garnet that their red hue is discernible in satellite photos taken in space.

this year that even though it took a while to get the permits that we did get them," Clark explained. "For us that was a significant step forward, because it hasn't been done before and it still is a new process. We learned a lot of things about how to work with the process and with the people and I'm hoping that as we go through it becomes easier for us and

more straightforward."

Besides, as Clark herself admits, much work remains to be done before the beaches are harvested for their garnet. And Clark has had plenty of practice at being patient.

A LONG PATH

Labrador's Hutton Beaches are so rich in garnet, they are actually visible

as red outlines in satellite photographs taken from space. Clark staked the property herself in 1997. In 1999, Freeport applied for a first mining lease. Then came a surprise. The area became tied up for three-and-a-half years as the federal government moved to create a new national park near the beaches. Clark had St.

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Freeport preparing for 2011 mining plan

Continued from page 1

John's lawyer Jim Thistle lead negotiations with Ottawa, the province and the Labrador Inuit Association to have the beaches excluded from the park reserve.

That finally happened at the end of 2003. However, the project still couldn't move forward. Now it was time for the Inuit to finalize a new land claim agreement. Finally, by the summer of 2005, exploration was back on track. Freeport drilled the beaches to get a better handle on the size of the garnet deposits and also took 141 bags of material for analysis. South Beach returned average grades of 60 per cent garnet, with up to 75 per cent garnet in some places, making it one of the highest grade alluvial garnet deposits in the world. North Beach averaged 25 per cent garnet, but is much larger in

size. Water jet testing of samples from the Hutton Beaches established the garnet performed as well, or better, than products already on the market.

In the summer of 2006, Freeport issued a Request for Proposals seeking companies interested in further testing the material, collecting a bulk sample, and transporting the garnet to market. However, with the mineral, construction and transportation industries in the middle of a boom, Freeport could find no takers for that first round. Everybody seemed too busy.

But Clark plowed on, fine tuning the planning to handle the logistics of mining the sand from a beach in remote Labrador. But then came another challenge. No ocean going vessel would go near the beaches because the water around them had never been mapped. Any barges or

other craft that would be involved in the project, would be working blindfolded. Clark addressed that problem by working with the Canadian Hydrographic Service to complete comprehensive offshore bathymetric maps, which allow ocean going vessels access to the beach.

Freeport also undertook an archaeological study which confirmed that no Aboriginal sites will be affected by the operation.

By last August, Freeport finally got the go-ahead to take a bulk sample from the province's Department of Environment. However, it was too late in the northern coastal season to line up the barges and conduct the work. Clark intends to try again next year.

"Because we worked on it quite seriously we know, in a very real way, the logistics and we know which kinds of barges are the best barges for loading and which people seem to have the kind of expertise to do it," Clark said.

The plan is to use two shallow-draft barges, with one beached as a portable dock to load the second vessel. The taking of the bulk sample will confirm whether Freeport has nailed the logistics of commercial scale production, which would be handled the same way.

With an estimated 1.25 million tonnes of garnet, Freeport could be looking at a 20 year production life.

Clark said a mining operation using barges wouldn't be as difficult as you might think.

"It's new in some ways, but in others it's not, because it's a typical way of loading in places without docks," Clark pointed out. "But it's a unique thing for Labrador as far as I know."

TIMELINE

Freeport has other projects on its books, including gold, nickel, molybdenum and tungsten. But the Hutton Beaches are Clark's priority. Among its attributes, she said, is a low capital cost.

"We do have other projects, but this one is probably the closest to production," Clark added. "This is a surface deposit on tidewater and has a high grade... It doesn't need a hugely expensive facility to deal with the ore. The processing methods are very straightforward and they're all environmentally friendly - mainly magnetic separation... It's really quite unique, I know of no others like it in the world, it really is quite something."

Clark said she was also heartened by the presentations made by Inuit leaders



Freeport Resources CEO Brenda Clark

during the recent Canadian Institute of Mining, Metallurgy and Petroleum conference held in St. John's.

"The message is they are open for business and people should be patient, but they do understand there is a need for economic development and community needs," Clark said.

The Nunatsiavut government is taking the next couple of years to work out a land use plan for mineral development on all its territory. Clark said that timeline works well for Freeport, because it still has some work

to do, including taking the bulk sample and lining up buyers and transportation.

"I do believe that at the end of the day all of these different things will be worked through and resolved because I think people have a spirit of working together," said Clark. "I guess the main message is we're encouraged. It has been a lot of work and it does take a lot of patience to go through these steps. But it's not bad timing to be hoping to come to production in 2011."

Beaver Brook antimony mine expected to be busier in 2010

By JOSH PENNELL
FOR THE BUSINESS POST

The sale of the Beaver Brook antimony mine to its largest customer appears to be having little effect on production.

Ryan Newman, an engineer with the Beaver Brook Antimony Mine in central Newfoundland, gave an update on operations during the recent Canadian Institute of Mining, Metallurgy and Petroleum conference in St. John's.

Newman said currently there are 500 tons of ore being produced per day at the mill. There is a ground crew of six that will soon be beefed up to eight. Thirty to 33 bags of concentrate are being produced per day and by early 2010, the mine and mill are expected to hit full production.

In September, the owners of Beaver Brook reached an agreement in principle with Hunan Nonferrous Corporation of China to sell the mine.

The mine is located 43

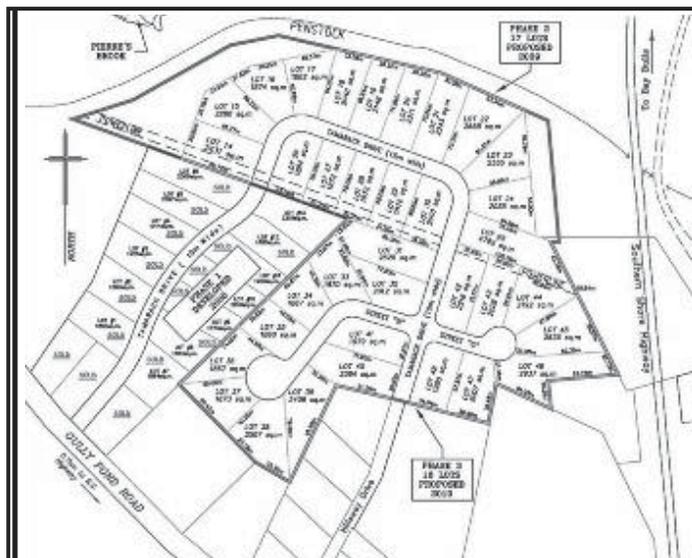
kilometres west of Glenwood. Antimony is a metalloid used in electronics and flame proofing. It's also used in paints, rubber, ceramics, and enamels.

Diamond drilling at the Beaver Brook Mine initially began in 1992. A mine was developed from 1995 to 1998. However, at that time the bottom dropped out of the price of antimony. For the next eight or so years the mine was left to flood, despite the plentiful resource that still lay in the ground. In recent years, increasing global demands for antimony made the mine viable again. Dewatering began in 2007.

There is an estimated 1.7 million tons of stibnite, which hosts the antimony, in meter thick veins at the Beaver Brook Mine, said Newman. The mine has an estimated life of 10 years. More exciting, the mine is the largest stibnite deposit with the highest grade known outside China. China produces 80 per cent of the world's antimony.



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