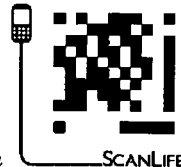


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COMMENT

Positive signs in junior mining



BARRY CRITCHLEY  
Off the Record

These are only two transactions, but for those in the hard-pressed junior mining sector, the hope is that the green shoots materialize into something bigger:

■ **Seafield Resources Ltd.**, set to hold its annual meeting today, has closed the first tranche of a planned \$500,000 private placement.

The company, which has properties in Mexico and Ontario, rounded up \$344,500 — by selling units, with each 4¢ unit consisting of a common share and a warrant — and expects to get the rest by early next week. Seafield plans to use the bulk of the proceeds — investors are required to hold the shares for a minimum of four months — for its claim in Dryden, Ont. Yamana Gold Inc., Seafield's major shareholder (it has a 19.9% stake) didn't contribute to the financing, in part because it may receive one million shares from Seafield for work on its Mexican property.

Seafield (SFR/TSX-V) is the project of Ed Baer, a former mining executive turned analyst, who joined Seafield two months ago. He is motivated because he feels the Dryden property offers considerable potential, even though not much work has been done in the area for almost 20 years. "It was previously produced in 1990 and nobody has spent much time on it since then," said Baer, who noted that Goldcorp owns 65% of the "camp" while Seafield owns the rest. Seafield has 12 claims in the area.

Baer said there are three options for the camp: option out the 35%; enter into an arrangement with Goldcorp, or try to consolidate the camp. Baer said no decisions have been made. "We are contemplating a new drill program with the focus being on Dryden and not on Mexico," said Baer, who was chief executive of European Goldfields, director of TVX Gold and an analyst with Octagon Capital.

■ **Canadian Shield Resources Ltd.** has signed a letter of intent with Kinross Gold Corp. for exploration in Peru, a country in which Kinross does not have a presence.

Kinross, which is represented in three other South American countries (Brazil, Chile and Ecuador), will fund US\$500,000 for exploration over the next 12 years. The two parties will use a proprietary database built by Gallant Minerals Perú, a private exploration company owned 90% by Canadian Shield, whose shares are listed on the TSX Venture Exchange (EXP/TSX-V). Canadian Shield has eight exploration properties in Peru and Chile.

"Canadian Shield offers Kinross regional expertise in Peru, an experienced exploration team and a database which will allow us to immediately focus on high priority, grassroots exploration targets", said Phil Anderson, vice-president of exploration.

The goal of the exploration alliance is to find some winners. When that happens in so-called 50/50 projects, Kinross will be able to acquire another 25% by undertaking a certain amount of spending over a two-year period.

Michael Kraft, a Canadian Shield director, describes the deal in these terms. "A junior exploration company, of which there are many will be working with a major, gold producer and using a proprietary data base. We believe that the assets are undervalued and with Kinross's help we aim to bring them to full value," said Kraft, whose father, Bernard, is chairman and interim chief executive. Canadian Shield has had a strong run of late: After a low of 5¢ last March, the stock hit a high of \$1.32 this week. Shares closed yesterday at \$1.30.

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TANG FACES SEC CHARGES



TIM FRASER FOR NATIONAL POST

Weizhen Tang made his first court appearance in downtown Toronto yesterday to face 12 charges of securities fraud. The Ontario Securities Commission brought the quasi-criminal charges, which stem from an alleged \$40-million investment scheme, this month. Mr. Tang, 50, is also facing accusations by the U.S. Securities and Exchange Commission that he was running a Ponzi scheme targeting the Chinese community in North America. He is alleged to have paid his investors with money brought in from new clients, but has proclaimed his innocence to the media and on his website. His next court appearance is scheduled for Aug. 12 in Toronto. Mr. Tang, who once billed himself as the "Chinese Warren Buffett," has maintained he will be cleared of any wrongdoing and become an investment celebrity.

RETAIL

Nike stumbles as orders fall

By ALEXANDRIA SAGE

SAN FRANCISCO - Nike Inc. reported a worse-than-expected global decline in forward orders, sending shares of the world's largest athletic shoe and clothing company down 4.1%.

Orders through November fell 12% from the prior year, or a 5% fall excluding currency changes. Sterne Agee analyst Sam Poser said Wall Street had been expecting a currency-neutral decline of 2%.

Nike has been shedding 5% of worldwide staff to lower its costs in

the global economic downturn but weak demand and currency fluctuations have hurt results.

The company said net income in its fiscal fourth quarter ended May 31 fell to US\$341.4-million, or US70¢ per share, from US\$490.5-million (US98¢) per share, a year earlier.

The results included a US\$144.5-million after-tax charge, or US29¢ per share, related to the job cuts and a company-wide realignment involving factory consolidation.

Excluding those charges, Nike earned US99¢ per share, above the US96¢ expected, on average, by analysts polled by Reuters Estimates.

"While we see glimmers of economic recovery, we still have a challenging road ahead," said chief executive Mark Parker, citing "modest growth" for 2010 and gross margin headwinds due to currency fluctuations.

Beaverton, Ore.-based Nike has weathered the downturn better than some peers, riding its brand cachet and a diverse portfolio of products sold at various prices and through different channels, from boutiques to discount chains.

Still, revenue slid 7% in the quarter to US\$4.7-billion. U.S. revenues slipped 2% in the quarter, hurt by a 15% decline in apparel sales.

At Nike's European division, which includes the Middle East and Africa, revenues plummeted 19%, but were down 3% on a constant currency basis. Sales in the Asia Pacific region were flat, and rose 3% excluding currency fluctuations.

At 24%, the Europe, Middle East and Africa unit saw the greatest decline in orders, while U.S. future orders fell 4%.

Nike shares fell to US\$50.84 in extended trading after closing at US\$53.02 in regular New York trading.

Reuters



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MINING

XSTRATA WOOS ANGLO WITH US\$1-BILLION IN COST SAVINGS

VOWS TO PROTECT JOBS

By ERIC ONSTAD

LONDON - Mining group Xstrata PLC put more pressure yesterday on takeover target Anglo American PLC to come to the negotiating table, releasing details of its proposal, including cost savings of US\$1-billion.

The Anglo-Swiss firm also attempted to reassure South Africa, whose mining Minister has strongly criticized the plan, by pledging a merger would not add to the country's high unemployment.

Anglo on Monday rejected a proposed "merger of equals" floated by Xstrata one day earlier, saying the idea lacked strategic rationale and the terms were "totally unacceptable." Anglo was not immediately available to comment on the letter it received dated June 17, but analysts said it was unlikely to change its stance.

"I think the Anglo American board has made its position perfectly clear that really there is no reason for them to entertain any discussions with Xstrata," said analyst Charles Kernot at Evolution Securities.

"BMO Research expects that Anglo American would continue to reject the overture and that Xstrata may respond with a hostile bid," analyst Tony Robson of BMO Capital Markets said in a note.

Anglo's shares extended gains, jumping 10.1% to 1,819 pence yesterday, outpacing a 5.8% increase in the U.K. mining index. Xstrata shares added 5.9%.

"We remain convinced of the undeniable logic for a merger of equals between Anglo American and Xstrata," Xstrata's chief executive, Mick Davis, said in a statement.

"I feel sure that, in time, Anglo American's board will want to examine comprehensively the merits of this transaction for its shareholders."

Xstrata, the world's biggest exporter of coal for power plants, did nothing to appease Anglo investors who have demanded a premium to agree to a marriage.

"The proposal bears none of the characteristics of a takeover, in which a premium would typically be payable," Xstrata said, saying both firms would contribute to the board and management of a new merged company and that its management had a strong track record for cost performance against the sector.

Some analysts and shareholders have expressed disappointment at the performance of Anglo's chief executive, Cynthia Carroll, and see a strong selling point in Mr. Davis taking over management of a merged group.

But shareholder Aviva Investors, which said it held 1.15% of the stock, said it saw little financial or strategic merit for a deal and supported the Anglo rejection.

"We remain supportive of the current management team, believing that the market is being too short term in judging the success or otherwise of the ongoing restructuring of a complex business," said Niall Paul, chief investment officer, equities, for Aviva Investors London.

Combining the two firms could result in more than US\$1-billion of annual pre-tax synergies by the third full year after completion, Xstrata said.

Reuters

COMPANIES IN THE NEWS

Addax	FP12	Honda Motor Co.	FP9
AGF	FP3	Lake Shore	FP12
Air Canada	FP6	Magma	FP1
Anglo American	FP2	Mellon	FP1
Bank America	FP10	Merrill Lynch	FP10
BCE Inc.	FP6	Nike Inc.	FP2
Cascades Inc.	FP10	Seafield	FP2
Chrysler	FP9	Sinopec Group	FP12
CIBC	FP6	Toyota Motor	FP9
Domtar Corp.	FP10	West Timmins	FP12
Fiat SpA	FP9	WestJet	FP6
Ford Motor Co.	FP9	Xstrata PLC	FP2
GM Corp.	FP9		