



For Immediate Release

**Korean Consortium and SNC-Lavalin to join Sumitomo and Dynatec in
Ambatovy Nickel Project**

Dynatec to receive US\$852 million in financial support from its partners

**Korea Eximbank issues letter of intent to provide US\$650 million of
project debt financing**

Ambatovy on track for construction to begin by mid-2007

Richmond Hill, Ontario (October 30, 2006): Dynatec Corporation ("Dynatec" – TSX: DY) is pleased to announce the signing of a shareholders agreement for the Ambatovy Nickel Project, under which Dynatec has been appointed Project operator and will retain a 40% ownership interest. A 27.5% interest in the Project will be held by each of Sumitomo Corporation ("Sumitomo") and Korea Resources Corporation ("KORES") (leading a consortium of Korean enterprises including Daewoo International Corporation, Keangnam Enterprises Ltd. and STX Corporation). SNC-Lavalin Inc. ("SNC-Lavalin") has agreed to acquire a 5% interest in Ambatovy coincident with the closing of the project debt financing. Dynatec will receive US\$852 million of financial support from its partners, positioning it to fund its equity requirements for the Project and to meet a significant portion of its guarantee obligations for project debt financing. Ambatovy is among the largest nickel projects under development in the world, with annual design capacity of 60,000 tonnes of nickel and 5,600 tonnes of cobalt. It is anticipated that Ambatovy will be placed near the bottom of the industry cost curve based on expected low nickel production costs.

Dynatec also announced today that the Ambatovy partners have received a letter of intent from The Export-Import Bank of Korea ("Korea Eximbank") to provide US\$650 million of project debt. The Ambatovy partners are continuing to advance discussions with other lenders, including the Japan Bank for International Cooperation, Export Development Canada, the European Investment Bank and the African Development Bank, with a view to concluding project debt financing arrangements for 50%-60% of Ambatovy's total funding requirements by early next year.

Bruce V. Walter, President and Chief Executive Officer of Dynatec, commented: "We are delighted to welcome KORES and SNC-Lavalin to the Ambatovy partnership. With strong equity partners now in place, we are on track to move forward with the project debt financing and to move the Project into construction by mid-2007. With annual cash flows expected to exceed half a billion dollars, based on 25-year average nickel and cobalt prices⁽¹⁾, we are confident that Ambatovy will create significant long-term value for Dynatec and its partners."

The Ambatovy sponsor group brings together a strong combination of technology, operations, project execution and financial capabilities with which to drive the Project forward. Dynatec will apply its extensive hydrometallurgical experience as Project operator. Sumitomo and KORES bring considerable large project experience, marketing expertise and financial capability. SNC-Lavalin brings its leading expertise in the engineering and construction of major mining projects and substantial knowledge of Ambatovy, having coordinated the Project's feasibility study.

Under the terms of the shareholders agreement, Dynatec will retain a 40% interest in the Project. Dynatec will transfer a 27.5% interest to KORES, a state-owned corporation of the Government of the Republic of Korea with a mandate to pursue resource development opportunities to supply Korea's expanding industrial economy. Dynatec will also transfer an additional 2.5% interest to Sumitomo, increasing Sumitomo's ownership from 25.0% to 27.5%. Dynatec will retain a 45% interest until the closing of Ambatovy's project debt financing at which time it will transfer a 5% interest to SNC-Lavalin.

KORES will have the right and obligation to purchase half of the Project's quarterly nickel production (to a maximum of 7,500 tonnes per quarter) during each of the first 15 years of production. In addition, as support for the project debt financing, Sumitomo has agreed to purchase any portion of the nickel production not sold to end-consumers up to a maximum of 30,000 tonnes per annum during the first 15 years.

Certification under Madagascar's Large Mining Investment Act (LGIM) and environmental assessment approval, the key regulatory approvals required to commence Project construction, are expected to be received by the first quarter of 2007.

Financial Support for Dynatec

In return for their respective interests in the Ambatovy Project, Sumitomo, KORES and SNC-Lavalin will provide financial support and reimbursement of costs to Dynatec of US\$852 million, in aggregate, subject to certain conditions.

Of this amount, US\$598 million is in the form of cross guarantees on Dynatec's share of guarantees related to the project debt financing. Maximizing cross guarantees was essential for Dynatec to achieve its objective of retaining as high an interest in Ambatovy as possible.

Another priority for Dynatec was to receive financial support from its partners to help meet its equity requirements. Sumitomo, KORES and SNC-Lavalin are providing limited recourse subordinated loans to Dynatec totaling US\$236 million, subject to certain conditions. The loans will be provided at an interest rate of LIBOR plus 1.125% with a 15-year term. Repayment of principal and interest will be made from 70% of Dynatec's share of Project distributions. Should such distributions be insufficient to repay the loans in full, Dynatec will have the option to repay any outstanding balance in either cash or Dynatec common shares.

Dynatec will also receive cash payments of approximately US\$17.6 million, reflecting reimbursements of 35% of total Project costs from June 1, 2005 to October 18, 2006 (inclusive of approximately US\$2.5 million from SNC-Lavalin that will become due at financial close of the project debt financing). In order to recover costs of acting as operator, Dynatec will also receive a fee of US\$2 million per year.

Under the terms of agreements with certain of its partners, Dynatec will issue 13.3 million common shares, in aggregate, to these partners, in four annual installments of approximately 3.3 million shares each, with the first such issue expected to be on December 31, 2007.

EPCM Contract

SNC-Lavalin has been awarded the Engineering and Procurement and the Construction Management (collectively called "EPCM") contracts for the Project. SNC-Lavalin has been involved in the Ambatovy Project for over two years, including coordinating completion of the Project's feasibility study. SNC-Lavalin is one of the leading engineering and construction companies in the world, and a global leader in the ownership and management of infrastructure. SNC-Lavalin has successfully completed numerous EPCM contracts for major mining projects worldwide, including the Aluminerie Allouette Smelter project in Quebec, Canada; the Voisey's Bay nickel-copper-cobalt project in Newfoundland, Canada; and the Alto Chicama gold mine project in Peru.

"We are very pleased to be awarded the EPCM contracts for the Ambatovy Project and appreciate the confidence shown by Dynatec, Sumitomo and KORES in our technical know how for nickel laterite projects, and our global procurement capabilities and construction management expertise for large projects in remote areas," said Pierre Duhaime, Executive Vice-President, SNC-Lavalin Inc. "After two years of preparatory work on the Project, including carrying out the completion of a feasibility study, we look forward to working with Dynatec, Sumitomo and KORES on the next stage of work."

Project Overview

Ambatovy is a large-tonnage nickel project with production costs for nickel, after by-product credits, expected to be among the lowest in the industry. Key components of the Ambatovy Project from the April 2006 feasibility study include:

- Annual design capacity of 60,000 tonnes of LME Class 1 nickel metal, 5,600 tonnes of cobalt and approximately 190,000 tonnes of ammonium sulphate;
- Estimated proven and probable reserves of 125.0 million tonnes at approximately 1.04% nickel and 0.099% cobalt using a 0.8% nickel cutoff grade;
- 27-year estimated Project life, with the potential for more;
- Cash operating costs for nickel of US\$0.77 per pound after byproduct credits during the first 10 years of full production based on the base case cobalt price of US\$10.00 per pound (with the potential for significantly lower cash operating costs per pound of nickel after credits at higher cobalt prices); and a
- Capital cost estimate of US\$2.50 billion, including all relevant infrastructure and a contingency of US\$286 million.

Ambatovy Project Locations



The Ambatovy mine site is located 80 kilometres east of the capital of Madagascar, Antananarivo, and lies within a few kilometers of the main road and rail system connecting Antananarivo and the main port city of Toamasina on the east coast. The Project will consist of an open-pit mining operation and an ore preparation plant at the mine site. The slurried laterite ore will then be delivered via pipeline to a process plant and refinery located a few kilometers from the Port of Toamasina. More information about the Ambatovy Project is available on Dynatec's website at www.dynatec.ca.

About Madagascar

Madagascar is the world's fourth largest island and is located 500 kilometres off the east coast of southern Africa. The population of Madagascar is approximately 17 million. A former French colony, the country gained its independence in 1960 and is now a democratic republic. The current government, headed by President Marc Ravalomanana, assumed office in 2002. The government has identified the responsible development of large-scale resource projects as an important element of the country's economic development strategy. In pursuing this strategy, the Malagasy Government has received guidance from the World Bank with respect to large-scale mining laws and environmental impact assessment.

About Sumitomo Corporation

Sumitomo Corporation (TSE:8053, ADR:SSUMY) is one of Japan's largest integrated trading and investment business enterprises. The Corporation not only conducts commodity transactions in all industries utilizing worldwide networks, but also provides related customers with various financing, serves as an organizer and a coordinator for various projects, and invests in businesses from mining and metals, to the information industry, to the retailing industry. In the mineral resources sector, Sumitomo has Japan's widest portfolio of investments with geographical range and commodity coverage.

About Korea Resources Corporation

KORES is a state-owned South Korean corporation that provides financing and technical support for many Korean investments and joint ventures. Founded in 1967, KORES' mandate is to pursue resource development opportunities that will ensure the supply of resource materials for Korea's expanding industrial economy, which is led by large-scale ship, automobile and steel production.

About SNC-Lavalin Inc.

SNC-Lavalin (TSX:SNC) is one of the leading groups of engineering and construction companies in the world, a global leader in the ownership of infrastructure, and in operations and maintenance services. The SNC-Lavalin companies have offices across Canada and in 30 other countries around the world and are currently working in some 100 countries.

About Dynatec Corporation

Dynatec Corporation (TSX:DY) is a growing mining company with extensive mining and metallurgical expertise, developed over many years as a leading service provider to the mining industry. Dynatec's strategy is to create shareholder value by applying its mining and metallurgical expertise to attractive ownership opportunities. The Company currently has three principal growth assets in its portfolio, including its interest in the Ambatovy Project, a 24.5% ownership interest in FNX Mining Company, and a wholly owned coal-bed methane lease arrangement in West Virginia.

About Korea Eximbank

Korea Eximbank is an official export credit agency of the Republic of Korea providing comprehensive export credit and guarantee programs to support Korean enterprises conducting business internationally. Since its establishment in 1976, the Bank has actively supported Korea's export-led economy as well as assisted in expanding the nation's economic cooperation with foreign countries. At the end of 2005, the Bank had total credits extended of 27.8 trillion won (US\$27.4 billion).

Financial Advisors

The financial advisor to the Ambatovy Project with respect to the project debt financing is N M Rothschild & Sons Ltd., one of the world's leading independent investment banking organizations. Acting on behalf of Dynatec and Sumitomo Corporation in partnering discussions has been Cutfield, Freeman & Co. Ltd., a London-based corporate finance and advisory firm specializing in the mining and metals industry.

Analyst/Investor Meeting and Webcast

Dynatec will host an analyst/investor meeting to discuss the Ambatovy shareholders agreement and provide an update on the Ambatovy Project on Tuesday, October 31, 2006 at 8:00 am EST. The webcast can be accessed at www.dynatec.ca, and at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1631520>.

The analyst/investor meeting will be held at the following location:

TSX Broadcast Centre
The Exchange Tower
130 King Street West
Toronto, Ontario
M5X 1J2

Forward-Looking Statements

This press release contains certain forward-looking statements related to the potential financing, development and operation of the Ambatovy Nickel Project. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Project's sponsors' ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements. Readers should refer to relevant disclosure documents, including Dynatec's most recent Management's Discussion and Analysis and Annual Information Form, for a review of risks and uncertainties related to the Ambatovy Project. Accordingly, readers should not place undue reliance on forward-looking statements.

For further information, please contact:

Bruce Walter
President and CEO
Dynatec Corporation
905-780-1980 x339
BWalter@dynatec.ca

Mark Utting
Director, Communications and Investor
Relations
Dynatec Corporation
905-780-1980 x329
MUtting@dynatec.ca

Note 1: Based on the April 2006 Feasibility Study, operating cash flow from Ambatovy is estimated to average US\$548 million per year for the first 10 years of production following two years of ramp up, assuming the average prices for nickel and cobalt from 1980 to 2005 of US\$4.52 per pound and \$19.93 per pound, respectively, in constant 2005 dollars. For further details, see the Executive Summary of the April 2006 Feasibility Study at www.dynatec.ca.