

# McEwen Mining (TSE:MUX) Announces Updated Preliminary Economic Assessment for the Los Azules Copper Project

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Toronto, Canada (ABN Newswire) - [McEwen Mining Inc.](#) (NYSE:MUX) (TSE:MUX) is pleased to announce the results of an updated Preliminary Economic Assessment ("PEA") on its 100% owned Los Azules Copper Project (the "Project") in San Juan Province, Argentina. The results from the PEA demonstrate that Los Azules has the potential to become one of the largest, lowest cost copper mines in the world. In addition, there remains excellent exploration potential to further expand the size of the existing mineral resource. Highlights from the PEA are shown below:

## PEA Study Highlights\*

(\$3.00/lb Copper and \$1,300/oz Gold)

- Pre-tax Net Present Value ("NPV") of \$3.0 billion (8% discount rate) and an Internal Rate of Return ("IRR") of 17.6%.
- After-tax NPV of \$1.7 billion (8% discount rate) and an IRR of 14.3%.
- Annual copper production during years 1-5 to average 255,000 tonnes (563 million lbs), which would have placed it in the top 3%(See Note 1) of copper mines in the world during 2012. Life of mine ("LOM") annual copper production to average 171,000 tonnes (377 million lbs) over 35 years.
- Cash operating costs during years 1-5 to average \$0.87/lb copper (net of gold by-product), placing it in the bottom 14%(See Note 1) in the world during 2012. Cash operating costs over entire mine life to average \$1.08/lb copper (net of gold by-product).
- Indicated resource of 5.4 billion pounds of copper and 0.8 million ounces of gold and Inferred resource of 14.3 billion pounds of copper and 2.6 million ounces of gold (please see Table 2 below for resource details).
- Initial capital costs to construct the mine and a 120,000 tonnes per day ("tpd") process plant have been estimated at \$3.9 billion.
- Capital payback on a pre-tax basis has been estimated at 3.8 years at \$3.00/lb copper and \$1,300/oz gold

Note 1: Based on internal market data.

"Our updated PEA is the result of a very successful exploration program which has significantly increased our resources. Combined with a change in the process method the estimated mine life has increased by 37%, total copper production by 44%, and production costs per pound of copper remain low. The new PEA includes plans for producing a copper cathode at site, which will greatly reduce export taxes and project risk by eliminating the need for a slurry pipeline," stated Rob McEwen, Chief Owner.

The updated PEA contemplates the construction of a mine and process plant operating over a 35 year mine life at a throughput of 120,000 tonnes per day. The mine would produce a copper cathode via a pressure oxidative leach process, in addition to heap leaching the lower grade mineralized material. Compared to the previous PEA released in December 2010, there have been two significant improvements to the project:

1. Resource Size: Indicated and Inferred resources have increased by 184% and 55% respectively, which were slightly offset with decreases in respective grades of 14% and 12%. Overall, this has led to a 37% increase in mine life and 44% increase in total copper production.

2. Process Methodology: The current PEA plans to produce copper cathode at site whereas the 2010 PEA contemplated producing copper concentrate and transporting it via pipeline through Chile. The main advantages of producing copper cathode at site are that it eliminates this previously planned pipeline through Chile, which was a substantial risk for the project, as well as an overall increase in recovered metal, both copper and gold. Additional benefits include: i) a reduction in export taxes (5% payable on cathode versus

10% on concentrate) and, ii) the removal of treatment and refining charges from the smelting process.

Table 1: Pertinent Details of the PEA

Pre-tax NPV (\$3.00/lb Cu, 8% discount rate)	\$3.02 billion
After-tax NPV	\$1.68 billion
Pre-tax IRR	17.6%
After-tax IRR	14.3%
Initial Capital Expenditure	\$3.92 billion
LOM Sustaining Capital	\$1.47 billion
LOM Average Operating Costs	\$8.65/t ore
First 5 Years Average C-1 (Note 2) Cash Costs (net of by-product credits)	\$0.87/lb Cu
LOM Average C-1 Cash Costs (net of by-product credits)	\$1.08/lb Cu
Nominal Mill Capacity	120,000 tpd
Average Tonnes of Mineralized Material Processed Annually - Mill	43 million tonnes
Average Tonnes of Mineralized Material Processed Annually - Heap Leach	6 million tonnes
Mine Life	34.9 years
LOM Strip Ratio	0.76
LOM average annual copper production	171,000t or 377m lbs
First 5 years average annual copper production	255,000t or 563m lbs

Note 2: C-1 cash costs include at-mine cash operating costs, treatment and refining charges, mine reclamation and closure costs, and copper cathode and gold dore transportation and freight costs.

In comparing the economics to the 2010 PEA, the pre-tax NPV discounted at 8% has increased from \$2.8 billion to \$3.0 billion and the IRR has decreased from 21.4% to 17.6%. In addition, the payback of pre-production capital has increased from 3.1 years to 3.8 years from the start of production. The previous PEA did not include economics that were calculated on an after-tax basis.

The PEA contains a cash flow model based upon the geological and engineering work completed to date and technical and cost inputs developed by Samuel Engineering, Inc., Ausenco Vector, WLR Consulting, Inc., and MTB Project Management Professionals, Inc. The base case was developed using long term forecast metal prices of \$3.00/lb for copper and \$1,300/oz for gold. The Canadian National Instrument 43-101 ("NI 43-101") technical report summarizing the results of the updated PEA will be filed on SEDAR and the Company's website within 45 days of this press release.

Table 2: Los Azules Mineral Resource Estimate

Cut-off Grade (Cu%)	Tonnage (million tonnes)	Cu Grade (%)	Cu lbs (billions)	Au Grade (g/t)	Au Oz (millions)
Indicated Resource					
0.35	389	0.63	5.39	0.07	0.84
Inferred Resource					
0.35	1,397	0.46	14.3	0.06	2.58

\* The PEA is preliminary in nature and includes the use of inferred resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Thus, there is no certainty that the results of the PEA will be realized. Actual results may vary, perhaps materially. The level of accuracy for the estimates contained within the PEA is approximately +/- 35%.

To view tables and charts, please visit:

[http://media.abnnewswire.net/media/en/docs/75955-mux\\_20130923.pdf](http://media.abnnewswire.net/media/en/docs/75955-mux_20130923.pdf)

#### About McEwen Mining :

The goal of McEwen Mining is to qualify for inclusion in the S&P 500 by 2015 by creating a high growth gold producer focused in the Americas. McEwen Mining's principal assets consist of the San Jose mine in Santa Cruz, Argentina (49% interest); the El Gallo complex in Sinaloa, Mexico; the Gold Bar project in Nevada, US; the Los Azules project in San Juan, Argentina and a large portfolio of exploration properties in Argentina, Mexico and Nevada.

McEwen Mining has 296,024,859 shares issued and outstanding. Rob McEwen, Chairman, President and Chief Owner, owns 25% of the shares of the Company (assuming all outstanding Exchangeable Shares are exchanged for an equivalent amount of Common Shares). As of December 31, 2012, McEwen Mining had cash and liquid assets of approximately US\$79 million and is debt free.

#### Source:

McEwen Mining

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