

U.S. Factory Data Bullish for Copper Demand

08.09.2014 | [GlobeNewswire](#)

VANCOUVER, British Columbia, Sept. 8, 2014 (GLOBE NEWSWIRE) -- U.S. factory output hit a 40 month high in August, 2014. The Institute for Supply Management stated that its index of national factory activity rose to 59.0 last month, the highest reading since March 2010.

This is good news for copper demand. Global X Copper Miners ETF is up 8% year-to-date. Investors are now looking for projects with low political risk, strong geology and a clear path to production.

Copper North (TSX-V:COL) is a Canadian mineral exploration and development company that fits this profile. Copper North's lead asset is the Carmacks Project located in the Yukon.

"The Carmacks project is the only oxide copper project in Canada," stated Dr. Harlan Meade, Copper North President CEO and Director in an exclusive interview with Financial Press, "Because it is an oxide project, the mineralization is exposed right on surface."

On September 2, 2014 Copper North updated its progress on the re-engineering of the Carmacks Project. The company is focussed on improving the operations plan and reducing capital development costs.

"The previous feasibility study," stated Meade, "Considered only the leaching of the copper, which didn't make much sense because 40% of the revenue was potentially from gold and silver credits. So we re-engineered the leaching process, and reduced cash costs for copper from US\$1.60 to about US\$1.07 per pound."

Initial investigations focused on gold and silver recoveries alongside the leaching of copper – resulting in increased mine revenues, and reduced production costs. Now that the Preliminary Economic Assessment (PEA) is completed Meade and his team are focused on optimising the processing plan.

"Cash costs are important," stated Meade, "Most metal projects nowadays contain multiple metals. Factoring in the gold and silver credits allows investors to assess the value of Copper North against comparable copper projects."

A Carmacks study comparing vat leaching to heap leaching indicated that vat leaching reduces operational and environmental complexity, especially in cold weather.

Vat leaching also promotes optimal conditions for cyanide leaching of the spent copper ores, maximizing recovery of gold and silver. Vat leaching takes 3 to 5 weeks (compared to 250 days for a leach pad) and allows earlier recovery of gold and silver.

A bulk sample is being prepared to undertake the vat leach test work and prepare the leached materials for the cyanidation test work. The metallurgical test work will take three to four months to complete.

"Carmacks will be an open pit operation," stated Meade, "We anticipate mining around 4,500 tons per day. We'll crush it, take it down to something a little smaller than your fingernail, then extract the copper. The oxide copper mineralization has been identified to depths of up to 250 meters."

"When I initially looked at this project there were a few things I felt needed to change. The first was to reduce the cost of copper production, which we have achieved dramatically through adding gold and silver credits. Secondly, we wanted to reduce the capital cost for building the mine."

Copper North has recently met with three well accredited engineering institutes in China to discuss engineering and procurement of equipment for the processing of the Carmacks ores.

Engineering and preliminary cost estimates for the SXEW and sulphuric acid plant indicate that there is potential for 20 to 40% reduction in some components of the development plan at the Carmacks Project if this work is undertaken in China.

"We believe that mine construction could start in the spring of 2016, and we can be in full production by 2017," stated Meade. "It's ambitious but there are a lot of factors in our favor including infrastructure. The Carmacks project is only 30 km off the Alaska Highway. It doesn't get much better than that in the Yukon."

There are power lines nine kilometers from the property and we have scooped up the remaining power available from the Yukon electrical grid. We pay about 9.5 cents per kilowatt/hour - about one third the cost of using diesel generation."

Reduced transportation costs are another advantage for Copper North. The Carmacks project will generate 99.9% pure copper on site.

"We're not sending the trucks of concentrate to the smelter," confirms Meade, "We're sending 400 pound copper plates to a metal fabricator. You just load it onto the back of a flatbed truck with a forklift."

The third initiative is the expansion of the oxide mineral resource. On August 21, 2014 COL announced the resumption of exploration work in Zone 1 and 2 with trenching of prime targets. The trenching illustrated that the Zone 2 mineralization is much more extensive than previously thought. Drilling is underway to define the full potential of the new discovery.

"The expansion of oxide mineral resources would be a very positive development in the re-engineering and financing of the Carmacks Project," stated Meade.

The recent economic assessment projects the cost of the mine at Carmacks to be about \$225 million; COL engineers are targeting a reduction to approximately \$150 million after completion of the re-engineering programs. Production is forecast is 30 million pounds of copper a year, 16,000 ounces of gold, and 160, 000 ounces of silver. The combined revenue from the metal at current spot prices is about \$120 million per year.

Copper North is currently trading at \$0.06 with a market cap of \$6.1 million.

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