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Coppermoly backs a winner

Blair Price
Friday, 14 September 2012

A CONCEPTUAL mining study for Coppermoly's Nakru-1 copper-gold-silver project in Papua New Guinea found it will be profitable enough to cover the estimated \$US458 million of capital expenditure in just two years.

The independent study by Swain Engineers envisioned an open cut operation of 5 million tonnes per annum run of mine for a mine life of 8 years.

With an estimated workforce of more than 400, operating costs were expected to be \$16.5 per tonne of ore, while product recovery rates were forecast to reach 90%.

Located on New Britain Island and close to roads, the project could either export via a proposed product concentrate pipeline through to an existing wharf at Kimbe, 50km north, or develop a pipeline and a new wharf at a site 25km away on the south coast.

While Coppermoly did not reveal when first exports could be made, construction of the processing plant is expected to take 2.5 years.

What makes these initial study results more appealing is that there is considerable scope to expand resources.

The study was only based on 27 diamond core holes at the Nakru-1 deposit, with only three holes completed at the Nakru-2 prospect just 1km away.

Coppermoly managing director Peter Swiridiuk said Barrick, which aims to divest the 72% stake it earned off Coppermoly early this year, was undertaking more drilling to keep the tenement in good standing.

"The company is delighted that at such an early stage of drilling the development of the Nakru-1 copper deposit could be cash flow positive within two years," Swiridiuk said.

"The majority of holes drilled to date are mineralised, so the full extent of mineralisation is yet to be defined on the Nakru exploration licence."

Coppermoly also plans to drill its wholly owned Makmak tenement directly south of the Nakru licence.

Sale price assumptions used in the study were \$3.34 per pound for copper, \$1550 per gold ounce, \$26.7/oz silver, \$12.50/lb molybdenum, \$1800/t lead and \$1800/t zinc.

Coppermoly shares closed up 22%, or 0.7c, to 3.9c yesterday.

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Coppermoly's existing tenements on New Britain Island, PNG.

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