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Exco updates Cloncurry figures

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PRELIMINARY scoping study figures for Exco Resources' Cloncurry copper project has pegged total capital cost estimates for a 600,000 tonne per annum plant at nearly \$42 million, keeping in line with the company's strategy of processing smaller tonnages with higher copper grades.

Since suspending its feasibility studies in early 2005, Exco said the scoping study was to provide an update on costs within the current market.

"Understandably, there have been increases in both capital and operating costs; however a preliminary financial model suggests these can be offset by the significant improvement in the copper price," Exco said.

The company has released figures for both a 600,000tpa and a 1.2Mtpa plant, with the latter's total capital cost estimated to be just over \$63 million.

Operating cost estimates for a 600,000tpa plant came in at \$30.9 million annually or \$51 per tonne, while for the 1.2Mtpa plant cost estimates were pegged at \$52.6 million or \$44/t.

"The project economics currently seem most sensitive to grade, mining costs and the prevailing copper price," the company said.

"Whilst the project appears highly profitable at the current spot price of \$US6600/t, the company is also confident that the [net present value] will remain positive on the basis of independent forward forecasts, which suggest copper prices will gradually decline over the next five years to levels around \$US4200/t."

Exco said the next stage of pre-feasibility work will include identifying extensions and higher-grade feed material at the Mt Colin, Monakoff and Great Australia resources.

Drilling will start early next month at Mt Colin while initial resource calculations are underway for the Notlor, Taipan and Orphan Shear deposits.

Mine planning activities will also continue including the most appropriate capacity and mine schedule, with a more detailed financial model to be developed once work has progressed.

"The scoping study has certainly provided us with the confidence to continue with our proposed 'smaller tones / higher grade' development strategy, and we are now looking forward to commencing our pre-feasibility work including further resource drilling, and metallurgical testwork ahead of definitive feasibility studies later in the year," Exco managing director Michael Anderson said.

"We acknowledge that we have further work to do on the financial modeling but whilst the project is predictably sensitive to the copper price, our preliminary analysis suggests that the economics will remain robust on the basis of realistic forward forecasts."

Shares in Exco were steady at 26.5c in trading this morning.



Exco's Cloncurry copper project and the Mt Colin mining lease

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