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## **International Enxco Adds To Its Copper Position In Nevada, But Is Biding Its Time As Far As Uranium In Saskatchewan Is Concerned**

*By Alastair Ford*

**“This makes a substantial difference to the company”, says Arnold Armstrong, the president and chief executive of copper and uranium specialist International Enxco. He’s talking about the company’s recent acquisition of a sizeable plot of ground adjacent to its Contact Copper project in Nevada. “We’ve been trying for three or four years to acquire this ground”, he continues, “because there was one block of patented claims at the end of our orebody that made it difficult for us – it meant our mine plan had to be restricted to property boundaries”.**

But that’s all changed now. A deal has been struck with the former owner, Allied Nevada, to bring the new ground into the Contact project, thereby potentially increasing the tonnage, and life of the project. “With the additional claims our mine design will be unconstrained”, continues Arnold, “which will allow our mine plan to be optimised and open to expansion.”

Not that International Enxco can go straight to a mine just yet. First, a new NI43-101 update will be required to put hard numbers around the newly acquired land package. That could happen fairly quickly as the company already has its own drill and crew, and it will take no time at all to get them mobilised. There’s already a billion pounds of copper in all resource categories at Contact, including a reserve of 300 million pounds, but the early thinking is that the overall resource could now go higher.

After the resource is updated, the company will then start to optimize the economics. Mining at the annual rate of 25 million pounds per year, as laid out in International Enxco’s updated pre-feasibility study of October 2010, the mine life could increase taking the potential of the new ground into account. A full feasibility based on that October study is currently in preparation. But Arnold concedes that the company may yet decide to increase the mining rate, and keep the mine life shorter, depending on how exactly the new resource shapes up, and on any other issues that the study may bring to the fore.

One thing that Arnold reckons won’t go higher, though, is the likely cost. This was set at just over US\$86 million in the updated prefeasibility study, but he says with some confidence: “I think we can do it for less”. Investors who know his track record won’t be surprised that he reckons he knows where to get hold of some first rate second hand processing kit . Arnold

was one of the founders of Silvercorp, and then went on to found of Redhill Energy too, which subsequently became two companies, Prophecy Coal and Prophecy Platinum. Among his other interests are Elissa, a rare earths company also operating in Nevada, and Doxa, an oil and gas company operating in Texas. This is a man who knows his way around the natural resources space, no question.

So the funding requirement for Contact ought to go lower. But will raising the money still present a challenge? Not likely, with Arnold's connections in the business. The company is likely to undertake a raise of between C\$3 million and C\$4 million in the fairly immediate future, to add to the existing C\$3 million cash pile. The boosted bank balance will then be enough to take the company through to a position where it can start to raise the capital to get Contact built.

And whether it's US\$80 million or less, Arnold is pretty clear that the necessary capital will be available. "Raising the amount that we require to put Contact into production shouldn't be difficult to do", he says. "All we'd have to do is guarantee delivery to a customer at spot prices." And with demand for copper continuing to outstrip supply, there ought to be plenty of takers for such a deal. No need, necessarily, for banks to get involved at all.

In the meantime, simmering away in the background is the company's uranium project at Mann Lake, in the Athabasca Basin in Saskatchewan. This is held in conjunction with Cameco, but hasn't been allocated its fair share of attention lately, partly because of the weakness in the uranium price, but also because Cameco has been fully focussed on getting Cigar Lake up and running. But the start up at Cigar Lake is now nearing completion, and the expectation is that Cameco now turn its attention back to Mann Lake next year. When it does Arnold is going to do his level best to persuade his big partner to put a new drill hole down within yards of the original discovery hole. The strong feeling within International Enexo is that previous holes have been too far away from the first one. "You could fit Cigar Lake into a football field", Arnold says. "So what the hell are we doing drilling 160 feet around it?"

The timing of that reactivation may very well chime with a change in market sentiment too. "The uranium market is going to be soft for the next eight months to a year", says Arnold. Thereafter, though, the naked pull of supply and demand should reassert itself and impact the uranium price once more. The Chinese, he notes, have cut their plans for new nuclear power stations, but only by a small amount. Of an original 78 new nuclear power stations planned, they've only let go of five. Likewise the German plans to ditch nuclear will simply place more demand on French nuclear production.

So, long term, there's a strong case to be made for uranium and Mann Lake. The short-term focus, however, will all be on Contact, as the company moves through feasibility towards production. It should be fascinating to watch.