

## Mosquito outlines mega-moly mine

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Vancouver - The Cumo deposit has been dubbed the largest, unmined, open-pit molybdenum project in the world. And now **Mosquito Consolidated Gold Mines** (MSQ-V) has released a scoping study outlining how it would mine it.

The project, 15 km southwest of Idaho City, is undoubtedly large. The scoping study considers the economics of the Cumo project at four mining rates between 45,000 tonnes per day and 181,000 tonnes per day, projecting initial capital costs in the range of US\$1.6 billion to US\$3.4 billion.

Mosquito puts the focus squarely on evaluating the project at mid-sized mining rates. In a 91,000-tonne-per-day scenario Mosquito pegs start-up costs at US\$2.2 billion. With a 40-year mine life Cumo returns a net present value (NPV) of US\$10 billion and an internal rate of return (IRR) of 29%.

A larger, 136,000-tonne-per-day mine, would give somewhat better economics. At that mining rate the project, which would initially cost US\$2.8 billion to build, got a US\$16 billion NPV and a 36% IRR.

Payback in the latter two scenarios, based on US\$16-per-lb moly oxide, US\$2.10-per-lb. copper, US\$12-per-oz. silver, US\$6-per-gram rhenium and US\$148-per-tonne sulphuric acid, would respectively come after 2.3 and 3 years of mining.

In all scenarios the bulk of capital costs are accounted for by the price of building a mill - respectively US\$1 billion and US\$1.5 billion at the 91,000-tonne-per-day and 136,000-tonne-per-day mining rates - and the cost of pre-stripping development. In the respectively lower and higher mining rate scenarios Mosquito estimates pre-stripping costs at US\$700 million and US\$640 million.

The scoping study pegs cash costs per lb. moly oxide at an attractive price point: US\$3.90 at the 91,000-tonne-per-day mining rate and US\$4.30 at the 136,000-tonne-per-day mining rate.

The scoping study treats 598 million tonnes of Cumo's indicated resource grading 0.11% moly oxide and 0.06% copper as ore.

Mosquito exploration manager Shaun Dykes says he has been getting essentially two questions from individuals who have taken a look at the project: "US\$2.2 billion. Where are you going to get that? And then, can you get it permitted?"

On the first front - money - Dykes says that with the scoping study complete and the positive economics therein, he believes funds will soon flow.

He notes that the company recently welcomed aboard a Chinese investor, Hongxue Fu, who apparently has deep pockets. In June Fu, through his company called International Energy and Mineral Resources Investment Company (IEMR), bought a 15% stake in Mosquito through a two-tranche private placement that saw Mosquito issue IEMR about 9.1 millions shares at 35¢ a share.

Though Dykes admits details about Fu are scant - and subject to confidentiality agreements - he says Fu is a billionaire and could very well invest more in Mosquito. At this point, with the scoping study sketching out

Cumo's favourable economics, Dykes says sourcing more cash, either through Fu or another investor, "becomes a matter of wheeling and dealing and a question of 'what do (we) have to give up?'"

Dykes says Fu, who is now the chairman of Mosquito's board of directors, decided to invest in Mosquito the day after he met with the company's management. The Beijing-based Fu, Dykes says, had been looking for attractive base metal projects.

Part of the reason Mosquito made Fu chairman, Dykes says, is so that he can represent the company in China where titles are particularly important.

As for environmental issues Dykes does not foresee insurmountable obstacles. Mosquito is two years into base-line studies it will need for environmental permitting and has already begun to forge a relationship with environmental groups and concerned stakeholders in Idaho.

Dykes notes that preliminary metallurgical studies suggest that the project's tailings would not be acid generating. He also points out that **Thompson Creek's** (TCM-T) Thompson Creek moly mine is nearby - so locals are familiar with the impact of large mines - and that in Idaho the company has developed a good name as a responsible corporation.

Though the Cumo project is on federal Forest Service lands, which means a rigorous permitting process is inevitable, Dykes points to the success story of **Formation Capital's** (FCO-T) Idaho Cobalt project. Formation Capital completed the federal environmental impact assessment process, fully permitting its project on U.S. Forest Service land, and was also able to convince State environmental groups not to oppose its project.

On news of the scoping study Mosquito's shareprice shed 15¢ to close at \$1.27. But Dykes believes the fall was a matter of "buy on rumour and sell on news". Since mid-September Mosquito's shareprice has posted steady gains, climbing from under 75¢ to nearly \$1.50.

Mosquito has just shy of 59 million shares outstanding.

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