

Project name: CuMo

Project locations: Boise, Idaho, US

Commodity / resources: copper / molybdenum



Company profile

American CuMo Mining Corporation (CuMoCo) has discovered one of the largest deposits of molybdenum, copper and silver in North America near Boise, Idaho, US. The company is advancing its CuMo Project towards feasibility and its goal is to establish itself as one of the world’s largest and lowest-cost primary producers of molybdenum.

CuMoCo finds giant untapped Mo deposit

Project history

American CuMo Mining Corporation owns a 100% interest in the CuMo Project, the largest and potentially lowest-cost primary molybdenum-producing deposit in the world, with large amounts of copper and silver byproduct.

The CuMo Project ranks in the top 25 silver deposits in the world, with only 60% of the deposit drilled and a mine life in excess of 100 years. An economic analysis by engineering firm Ausenco in 2009 indicates that CuMo can produce molybdenum for a cash cost of less than US\$4/lb, with the current price hovering around US\$11/lb. These cost dynamics would rank the CuMo Project as among the world’s most profitable mines.

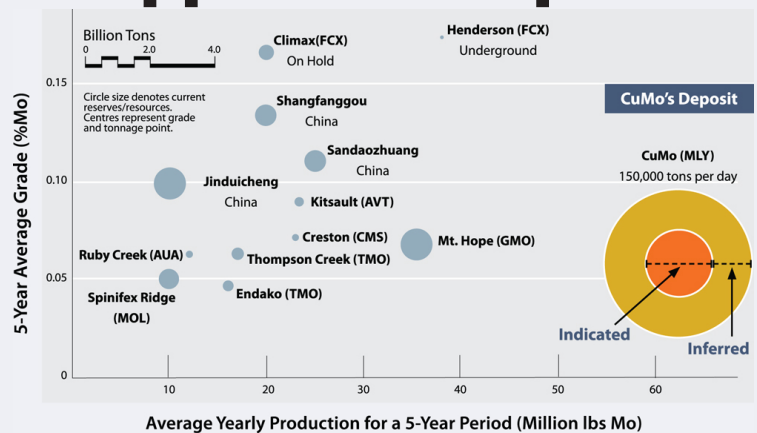
Shaun Dykes, chief executive, says: “The bottom line is that CuMo may be one of the last, low-cost open-pit mines to be developed inside the continental US where ownership is guaranteed and mining costs can be managed through the use of modern open-pit mining optimisations. This includes the use of non-diesel power sources, efficient preventative maintenance schedules, improved metallurgical recoveries and a well-run operation.”

The CuMo Project lies in the mining-friendly state of Idaho in an area previously mined and logged. Dykes explains that, by utilising modern mining methods and strictly adhering to the new environmental rules and practices, the company is confident there will be none of the contamination and problems previously left by out-of-date mining practices. At the same time, as part of a future mine development plan, CuMoCo is committed to rehabilitating, restoring, and cleaning up the already contaminated Grimes Creek, which drains the area of the deposit and is over 30 miles in length. In doing so, water quality will be substantially improved and a natural creek environment will be restored.

The deposit does not contain any deleterious elements and does not contain any acid-generating rock. In fact, molybdenum is recognised as a natural fertilizer and the tailings and waste materials will make excellent growing sites. This has already been established at other copper-moly mines such as the Highland Valley Mine in British Columbia, Canada.

Dykes says: “We have recently progressed from being an exploration project to a development project. The company has

“At American CuMo Mining, we look for value in low-cost projects operating in stable jurisdictions ensuring our investment is safe and backed by solid assets”



begun the process of gathering the information and scientific data required for a feasibility study. In addition to the metal grades and tonnages, details are being collected about rock strength, rock chemistry, environmental baseline data, air quality, flora and fauna. Concurrently, this information and data will be used in the production of a detailed environmental impact statement.”

Experienced management team

Dykes adds: “We’ve not only assembled a highly experienced management team but also a development team of the best experts in the world.”

Dykes has over 40 years’ mining experience and has been involved in the discovery and development of several mines and has also evaluated some of the world’s largest discoveries for major companies. He explains that he recognised the huge potential and nature of the CuMo Project when he first recommended the property be purchased by the company as a result of his extensive experience and due diligence.

Directors Joseph Baird and Dr John Moeller have strong experience in mine permitting and have extensive contacts throughout the political structure of the federal, State of Idaho, and county governments. Stanislaw Siewerski is a highly experienced mine developer and is the ex-president of KGHM Poland. Mr Hongxue Fu and Long Wang are sophisticated businessmen with excellent contacts in China. They are exploring funding opportunities for the project.

Development team

Believing in the importance of a strong US presence, CuMoCo recently established a local company called Idaho CuMo Mining Corp. to manage the development of the project. The development team consists of:

- > Ausenco: strong background in mill design and processing;

- > Snowden Engineering: strong background in mine development, mine planning and resource calculation; and
- > A strong group of local firms in Idaho that are experienced in mine permitting, legal and public affairs throughout the State. It is a comprehensive team capable of getting the job done and realising the full potential of the project.

Cost structure

The cost structure of the CuMo Project separates it from competitors. This can be seen in the production-cost graph. Low cost of production is a critical element in any mining project, and CuMo has the capability of being an extremely low-cost producer. The other advantage is location. Idaho has a long history of mining and an existing molybdenum mine. It is in a politically stable area and close to existing infrastructure.

The CuMo Project has two distinct layers of mineralisation:

- > The upper half contains higher grades of silver and copper compared to molybdenum;
- > The lower half is rich in molybdenum, with lower grades of silver and copper.

The total recoverable value of both layers is what gives the CuMo Project such excellent economic potential. An independent NI 43-101 preliminary economic analysis prepared in 2009 by Ausenco points to the project's potential of becoming the world's lowest-cost Mo producer.

It is important to understand that, in the current climate, low-cost producers in stable political environments are critical to the future supply of metals. Dykes says: "Despite the current doom and gloom, the world still requires metals and always will. The essential aspect is to ensure that the metals can be mined profitably."

The resource table shows the size and potential of the deposit broken into the different zones. Average grades over the whole deposit are misleading and can lead to misconceptions with regards to grade. He adds: "It is critical that we clearly show the distribution of the different zones and grades. The ability to mine in different areas of the deposit to take advantage of increasing metal prices is another benefit not taken into account in these current economic conditions."

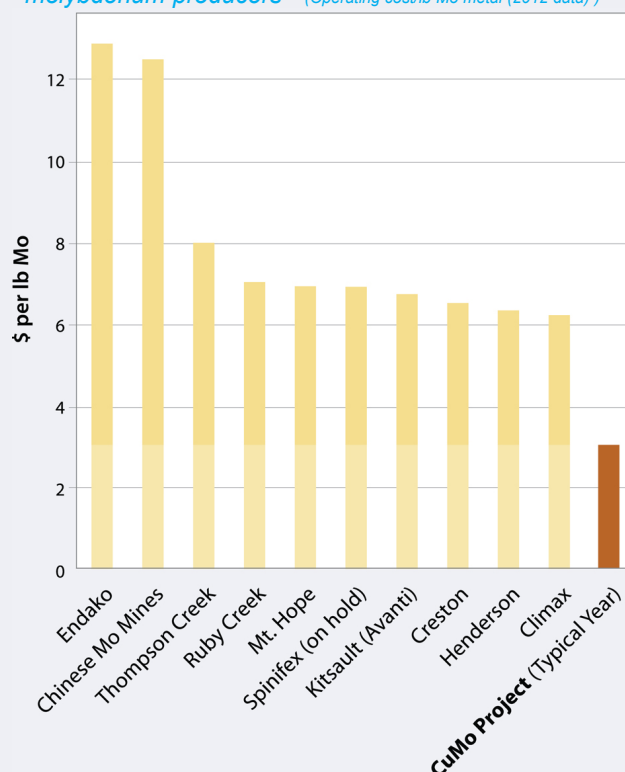
Long- and short-term goals

"Our short-term goals include a re-branding of the company and the completion of a supplemental permit to continue our drilling and development work," replies Dykes. The long-term goal is to reach feasibility in approximately two years and production in less than five years. The company has fully laid out a plan to move forward and has assembled the team necessary to accomplish the required tasks.

"We are currently negotiating with various funding groups to take the company through its next phase of development. Funding controls the timeline and the process of moving forward. CuMo does not need higher metal prices or improved markets to succeed, so when metal markets do recover, CuMo will be ready and able to take full advantage. It is critical to do the development work during the low-price metal environment, ahead of the next cycle."

Dykes stresses that the key aspect of any mining project is cost and profitability. He says: "Lower-cost producers always survive and succeed. Too many investors and mining companies have lost millions of dollars on high-cost mining projects that executed their development work during a high-price ('hot metal') environment only to start production when prices have dropped. The bottom line is that low-cost producers make huge profits and high-cost producers go broke."

CuMo project operating cost compared to primary molybdenum producers (Operating cost/lb Mo metal (2012 data))



Zone	Indicated >\$15 RCV recovered lbs				
	tons millions	Mo Oxide Millions lbs (MoS2%)	Mo Millions lbs (Mo%)	Cu Millions lbs (Cu%)	Ag Millions ounces
Oxide+CuAg	47.4	35.9 (0.050%)	23.9 (0.030%)	180.4 (0.26%)	6.7 (0.21 oz/t)
CuMo (transition)	511.3	589.7 (0.075%)	393.1 (0.045%)	1251.3 (0.17%)	48.4 (0.14 oz/t)
Mo+MSI	914.8	1585.2 (0.113%)	1056.8 (0.068%)	933.1 (0.08%)	43.9 (0.10 oz/t)
Total	1,473.5	2,210.7 (0.098%)	1,191.2 (0.059%)	2,364.8 (0.12%)	99.0 (0.11 oz/t)
Indicated \$7.50 to \$15 RCV					
Additional Resource	558.5	281.3 (0.038%)	187.5 (0.025%)	1038.2 (0.09%)	50.6 (0.09 oz/t)
Inferred >\$15 RCV recovered lbs					
Zone	tons millions	Mo Oxide Millions lbs (MoS2%)	Mo Millions lbs (Mo%)	Cu Millions lbs (Cu%)	Ag Millions ounces
Oxide+CuAg	18.6	14.3 (0.052%)	9.5 (0.031%)	63.7 (0.24%)	2.3 (0.18 oz/t)
CuMo (transition)	571.5	746.9 (0.085%)	497.9 (0.051%)	1109.1 (0.13%)	39.6 (0.10 oz/t)
Mo+MSI	582.3	852.3 (0.095%)	568.2 (0.057%)	238.4 (0.05%)	24.0 (0.08 oz/t)
Total	1,172.4	1,613.4 (0.090%)	1,075.6 (0.054%)	1,411.2 (0.09%)	65.9 (0.10 oz/t)
Inferred \$7.50 to \$15 RCV					
Additional Resource	1,240.5	771.2 (0.035%)	514.2 (0.021%)	1578.5 (0.08%)	81.9 (0.11 oz/t)

June 13, 2011 and amended June 20, 2012. RCV is Recovered Value and is based on the prices of: molybdenum-oxide \$16/lb, copper \$2.10/lb, and silver \$12/oz.

He explains that it's only possible to make informed decisions when you fully understand where a deposit sits on the cost of production curve: a sentiment that *Mining Journal* has found echoed by a number of financial institutions contacted.

Dykes also points to location as a major factor. "Too many deposits and mines today are in unstable political areas creating problematic ownership, or remote regions leading to higher costs and elevated levels of risk. At American CuMo Mining, we look for value in low-cost projects operating in stable jurisdictions ensuring our investment is safe and backed by solid assets. The CuMo Project is one of those rare assets."

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