

GOLDCORP: CERRO NEGRO

CERRO NEGRO READY TO YIELD



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Goldcorp is the fastest-growing, lowest-cost senior gold producer, and its Cerro Negro gold and silver mine in Argentina is on the cusp of producing its first gold

WRITTEN BY: **JOHN O'HANLON**
RESEARCH BY: **CANDICE NICE**



The Canadian company Goldcorp Inc acquired the Cerro Negro project in late 2010 through the acquisition of Andean Resources. Cerro Negro is a camp-scale compilation with at least 6 veins – Eureka, Mariana Central, Mariana Norte, San Marcos, Bajo Negro and Vein Zone - already identified and located near surface which allow for development of relatively shallow ramps which will reach depths of 300 metres, on average. Acquired as an advanced stage exploration and development project, Cerro Negro is quickly being transformed into one of the largest gold mines in Argentina. Located in the southern Province of Santa Cruz, Cerro Negro is currently one of the largest mining construction development projects in the country with over 3,000 workers developing 3 underground mines with ramp access and one centralised processing plant.

A year ago when we spoke to Project Director Alastair Still, work at the site was still focused on exploration. That exploration potential still exists, but today there's a good deal of underground activity as well as the mine, or rather mines, get into initial production. Underground ore production from the Eureka mine started on April 1 this year, and initial ore development commenced at the Mariana Norte and Mariana Central mines during June. "Ore is being stockpiled on the surface, while mine development continues with ramp access, vertical raises, and horizontal stope development," he explains. He is pleased with the initial analysis of the first ore produced and stockpiled: "Estimated gold and silver grades are in-line with modelled reserves and



Inside the
Eureka mine



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resources at all three deposits currently being developed. The Eureka mine ramped up to approximately 500 tonnes per day of ore by mid-year and we expect that to increase to approximately 800 tonnes per day during the third quarter of 2013 and grow further as the mine increases to reach full production of 1,600 tonnes per day in 2014.”

As part of the overall project development, Goldcorp is building a processing plant that will treat 4,000 tonnes of ore per day. Construction of access roads, a power line with connection to the national grid, camps for the workers and workshops is progressing



Plant construction – Vein Zone area

SONDA AS A KEY TECHNOLOGICAL PARTNER IN MINING INDUSTRY



During 2010, GoldCorp selects SONDA as a strategic IT solutions provider to accompany the development of the Cerro Negro project. Due to its capabilities and many years of experience, SONDA is in a position to offer the full range of SAP products and integrated services in addition to a broad portfolio of Professional Services, Integration Field Services for IT, Infrastructure and Applications.

The relationship between SONDA and GoldCorp began during the feasibility study of the Cerro Negro mining project. GoldCorp needed a partner to implement the ERP system. SONDA provided their experience in the mining industry, and its proven experience in planning, executing and maintaining IT solutions customized to their clients' needs. A business need was identified and a solution was suggested. SONDA and GoldCorp then launched the SAP ERP

implementation project, including Financials, Controlling, Asset Accounting, Materials Management and Project Systems. After the successful completion of this project, SONDA defined together with GoldCorp the best model to support the solution. The execution of this model has been underway for the past few years. The growing needs of the business for GoldCorp and the positive outcome of the SAP implementation project leverage a change of scope in the ERP landscape and different projects appeared. Thanks to the constant communication, continuous solution support and the proximity to the customer, SONDA was able to proactively understand the needs of the business and become a true strategic partner for IT solutions.

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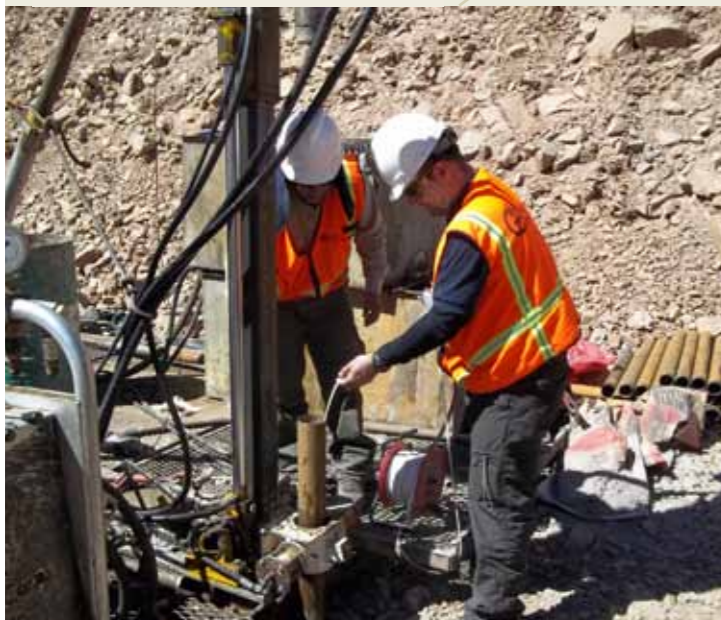
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Golder office San Juan (Argentina):
Iván Lopez
E: ilopez@golder.com
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well. In the three years since the property was acquired, gold reserves and resources have nearly doubled. "New discoveries support our expectation that Cerro Negro will be a long-lived, high quality asset with low production costs," says Still. Based on a throughput of 4,000 tonnes per day, annual gold production in the first five years of full production should average over 500,000 ounces. The plant will ramp up to full production during 2014, which is consistent with last year's stated expectations.

Safe production remains a fundamental pillar for all activities, and Cerro Negro successfully completed over 2.5 million hours of work

without a lost time injury. "This is a great achievement by the team and it demonstrates that we can continue to work with all of our personnel to ensure that they return safely home to their families at the end of each shift. People and Safety are core values of Goldcorp and this is expressed by our slogan: Safe Enough for our Families!" With the workforce

now expanded to more than 3,400 people, of whom 640 are directly employed: that's a lot of families!

Cerro Negro is a challenging location. In the 2012 Fraser Institute Annual Survey of Mining Companies, the president of one producing mining

**1,600
TDP**

.....
2014 production target

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company noted: "In the last three years Argentina has gone from being a place that welcomed mining investment and protected it to one where nothing is certain, other than the country's and province's desire to take an ever-increasing amount of the investment returns. Inflation, currency controls, union activism, changing laws, corruption, and unwillingness to acknowledge the negative aspects of the

changes has made Argentina one of the most difficult places to invest: the country has plummeted from 'desirable' to 'not a chance at the moment' even though the minerals are largely untapped and the economic benefits to the poorest regions of the country could be enormous."

Though Chile remains the top-ranked mining jurisdiction in Latin America, Argentina's attractiveness as a mining jurisdiction has improved, though in Santa Cruz concern over resource nationalism,



Geologist inside the Eureka mine

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Estimated annual gold production over first five years



Panoramic view of plant construction in Vein Zone area


“NEW DISCOVERIES SUPPORT OUR EXPECTATION THAT CERRO NEGRO WILL BE A LONG-LIVED, HIGH QUALITY ASSET WITH LOW PRODUCTION COSTS”

and mining opposition in some areas, has stunted investment in the region. The Cerro Negro property is 70 kilometres from the town of Perito Moreno, traditionally a ranching community. Unlike the northern part of Argentina, the people have not had a long history with mining or metals processing, but this is now changing with

the development of Cerro Negro and several other mining projects in the district as the town becomes an important source for the supply of goods and labour alike.

As we reported a year ago, Goldcorp’s social policy is something Alastair Still is passionate about and should go a long way to mollify the local nay-sayers. Much of the mine development is being built by a local JV which recruits its own staff. “The idea is that they carry on with the initial underground development work, and at the same time we

work with them to hire and train our own employees, who will become the miners for the extraction phase and continue with the long-term mine development once the main infrastructure is in place.” And as the community will be aware, technology transfer is a major focus for Goldcorp in this region where little in the way of mining skills existed previously. The courses the company has established at the Perito Moreno Trade School are an essential feed of trained people for both the extraction and processing



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Operator at work inside the mine

functions and a boost to employment in Santa Cruz Province as a whole.

The company is also working with local institutions to identify socially sustainable areas of investment, with the emphasis on partnership. In a recent achievement, Goldcorp has been able to bring a recent Argentinian law graduate into its legal team. "That young lady happens to be from the local Town of Perito Moreno where she was able to obtain a scholarship from Goldcorp to complete her university degree. Now that she has graduated, she has been hired to work at Cerro Negro giving hope for the youth of Perito Moreno that they can obtain a higher education and still come back to work in their home town. She is a great role model for the local community," explains Still.

This example of a woman entering into the mining profession, which has traditionally been dominated by men, is one area where

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3,400

Expanded workforce of Cerro Negro

Goldcorp is working to develop personally and professionally the under-utilised female segment of the workforce as an objective of a highly successfully program initiated by Goldcorp called, "Creating Choices". The program has been delivered successfully throughout Goldcorp's projects and operations by providing mentoring and coaching to women to empower them to grow and develop their full potential. "Another thing we have done in our search to generate sustainable value for the community", says Still, "is to partner with the Development Agency of Perito Moreno, a local authority that will work together with leaders in the community continuing to evaluate projects, increasing our participation in developing sustainable development projects."

But he never loses sight of the business objective: "Our challenge now is to finalise construction of the processing plant so we can begin producing gold as soon as possible. We want this to be a flagship mine for Goldcorp and a world-class mine for the people of Argentina!" **BE**

For more information about Goldcorp Cerro Negro visit: www.goldcorp.com

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