

# El Sauzal Mine

EL SAUZAL, MEXICO

FACT SHEET / SUMMER 2011



El Sauzal Mill

## DESCRIPTION

El Sauzal is a conventional mill operation and open pit mine. The nominal capacity is 5,500 tonnes per day at the mill. With solid production and low costs it generates high margins.

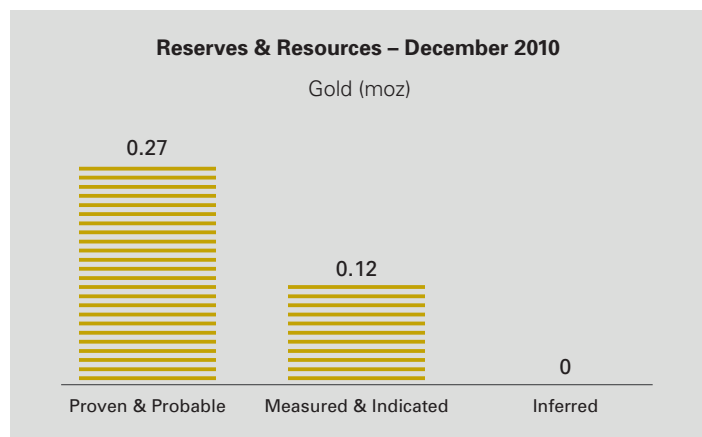
The operation has been awarded the Clean Industry Award from the Mexican Environmental Protection Authority and received the Social Responsible Award.

## LOCATION

El Sauzal is located in the western part of the Sierra Madre Occidental mountain range. It is located on the border of the states of Chihuahua and Sinaloa, some 200 kilometres northeast of Los Mochis, Sinaloa and 550 kilometres south of Chihuahua state capital in Mexico.

## FUTURE

Exploration for potential reserves continues in the surrounding areas.



## KEY OPERATIONAL FACTS

Location	<b>Urique, Chihuahua, Mexico</b>
Workforce (including contractors)	<b>495</b>
Estimated mine life (reserves)	<b>5 years</b>
Mining type	<b>Open Pit</b>
Processing method	<b>Dynamic Cyanide Circuit with CIP</b>
Power usage	<b>9 MW</b>
Milling/Processing capacity	<b>6,000 tpd</b>
2011 gold production estimate	<b>95,000 oz</b>

## GOLD RESERVES

Proven (oz)	<b>90,000</b>
Probable (oz)	<b>180,000</b>
Proven and Probable (oz)*	<b>270,000</b>

## KEY FACTS SUMMARY

### Operating data

	2010A	2009A	2008A
Gold produced (oz)	<b>152,100</b>	203,800	274,200
Gold sold (oz)	<b>152,200</b>	206,500	274,100
Ore milled/processed (t)	<b>2,050,300</b>	2,106,200	2,106,600
Gold grade (g/t)	<b>2.45</b>	3.17	4.28
Gold recovery (%)	<b>94%</b>	94%	95%
By-product cash costs (US\$/oz)	<b>\$301</b>	\$201	\$149
Realized gold price (US\$/oz)	<b>\$1,234</b>	\$958	\$868
Throughput (tpd)	<b>5,695</b>	5,851	5,852
Mining costs per tonne mined (US\$/t moved)	<b>\$1.48</b>	\$0.99	\$1.33
Processing costs per tonne milled (US\$/t milled)	<b>\$11</b>	\$10	\$12

### Financial data (US\$ millions)

	2010A	2009A	2008A
Revenue	<b>\$188.6</b>	\$198.7	\$239.3
Depreciation and depletion	<b>\$66.3</b>	\$88.5	\$100.4
Earnings from operations	<b>\$72.1</b>	\$66.1	\$96.1
Expenditures on mining interests	<b>\$7.8</b>	\$6.3	\$8.4

\* Due to rounding, numbers may not add up.

## GEOLOGY

El Sauzal is an epithermal deposit of high sulfidation defined by mega breccias and volcanic event flows. It is a disseminated oxide ore body of high grade and gold mineralization associated with advanced argillic alteration. Gold is largely disseminated within the ore body and less commonly found along fractures where gold is visible. The oxide ore body is underlined by sulphides with little exploration.

More than 60% of the ore and most of the high grade is found in transitional quartz-kaolinite rock which is peripheral to vuggy quartz.

## SETTING

The climate is semi-tropical with hot summers as high as 42°C and mild winters of 10°C–15°C. The El Sauzal region is mountainous, forming part of the Sierra Madre mountain chain with elevations ranging above 2,000 metres in certain parts.



El Sauzal Workforce

## SAFETY INITIATIVES

Following corporate guidelines and using worldwide tools that help to improve safety performance such as the STOP program, and internally developed programs such as Safety Leadership Training and Golden Eye on Safety, the safety record around El Sauzal has continued to steadily improve. The safety committee formed by top management and supervisors of all operation areas has set out the rules and makes decisions on important safety issues. The main objective is to change the employees' attitude towards safety by training not only the practical and theoretical aspects but by promoting the sensitive aspect of the employee.



Greenhouse at El Sauzal

## ENVIRONMENTAL STEWARDSHIP

El Sauzal is the first mine operation in Latin America to obtain the International Cyanide Management Code certification award. This certification focuses exclusively on the safe management of cyanide and cyanidation mill tailings and leach solutions. In 2010, El Sauzal received the certification of clean industry granted by the Mexican environmental protection authority (PROFEPA) for the second year.

## COMMUNITY DEVELOPMENT

The relationship between the site and the community has continued to strengthen over the years. The community development program is largely directed towards infrastructure projects within the health and education fields. Going forward, El Sauzal will continue to work on a sustainable development strategy that benefits the surrounding communities.

Jose Fraijo  
Mine General Manager

