

# **Casino Mine Project Economic Impact Analysis Report**

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**February 2, 2009**

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February 2, 2009

## 1.0 Introduction

This report presents the results of a local economic impact analysis of the proposed Casino mine project using Informetrica's Local Impact Model. Western Copper Corporation is the Casino mine project proponent.

The analysis focused on two types of economic impact:

- 1) The change in expenditures on labour, goods and services in the Yukon.
- 2) The change in employment in the Yukon, expressed in person-years of employment created.

## 2.0 Analysis Summary

### Calculated Impacts for Yukon - Life of Mine

#### **Yukon Expenditure Impact** (\$millions)

Yukon Labour Expenditure Impact	582.0
Yukon Non-Labour Expenditure Impact	1,285.0
Induced Impact of Total Yukon Expenditures	280.0
Total Expenditure Impacts	2,147.0

#### **Yukon Employment Impact** (Person-Years)

Total Yukon Employment Impact	12,174
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### Key Data and Assumptions

- The analysis is based on data found in the *Casino Project Pre-feasibility Study*, dated August 5, 2008.
- The project consists of a conventional truck-shovel, open pit mine, initially processing a gold bearing oxide cap as a heap leach operation.
- Sulphide ore processing to commence approximately 2.5 years later at a nominal rate of 90,000 tonnes per day. Production outputs will include copper concentrate and molybdenum concentrate.
- The mine has a 29 year operating life.
- Approximately 523 people will be employed at the mine on an annual basis during operations with 141 (27%) assumed to be resident in Yukon communities. (n.b. 27% is same rate used for the Selwyn and Mactung analysis).
- Total revenue from metal sales over the life of the mine is expected to total \$US21.9 billion.
- Gross labour expenditures will total \$3.1 billion over the life of the mine.
- Operating expenditures exclusive of labour over the life of the mine will total \$6.6 billion, with their allocation outlined below:

<b>LOM Operating Expenditures</b>	<b>\$ millions</b>	<b>Local Expenditure Share (%)</b>	<b>Import Leakage Factor (%)</b>	<b>Retained Expenditure Share (%)</b>
General Administration	311.9	50	50	25
Mining Operations	2,127.9	80	80	16
Concentrator Operations	3,666.9	80	80	16
Maintenance/Consumables	286.1	70	80	14
ADR/SART plant	179.2	80	80	16
<b>Total</b>	<b>6,571.9</b>			

Note: Local expenditure shares represent the portion of spending transactions that occur within the Yukon. The import leakage factors account for the reality that even if project inputs are purchased within the Yukon, local suppliers have themselves imported the inputs into the territory for sale to the project proponent. Local expenditures shares are multiplied by one minus the import leakage factor to arrive at the retained expenditure shares which indicate the portion of project expenditures that are ultimately retained in the Yukon economy.

- Capital costs (including sustaining capital) will total \$3.0 billion over the life of the mine. Fifty percent of capital expenditures were assumed to be made locally, with an import leakage factor of 80% being applied. The resulting retained expenditure share is 10%.
- An income multiplier of 1.15 was used for the calculation of induced expenditures. (Use of multiplier of 1.15 instead of 1.28 per discussions with Prof. Wade Locke, March 6, 2008).

### **3.0 Local Impact Model Assumptions and Limitations**

- The Local Impact Model (LIM) requires a definition of the boundaries of the "local" area of interest. For this analysis, the Yukon is defined as the local area.
- The LIM Handbook notes that “the economic impact model is tailored mainly for assessing the impacts of a single organization for a single year”. For this analysis, the "period of interest" is defined as the estimated duration of the mine construction phase and the production phase.
- All operating revenues from the Casino mine will be derived from the sale of copper concentrate and molybdenum concentrate.
- The analysis was based on data found in the *Casino Project Pre-feasibility Study*, dated August 5, 2008. Additional technical and economic analysis by Western Copper Corporation may result in actual mine development based on a revised or alternative scenario.
- Information provided by Western Copper Corporation is considered preliminary and is subject to revision.
- Disclosure of information by Western Copper Corporation for this analysis is constrained by National Instrument 43-101 disclosure requirements.
- Cost information was not adjusted for inflation, price escalations or other factors.