

Newmont Mina Peñasquito

REOPENED AND READY
FOR BUSINESS





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RESEARCH BY *Joseph Philips*



The history of the Mexican state of Zacatecas is inextricably linked to that of mining. In the early 18th century, it is estimated that the state was responsible for as much as a fifth of the world’s silver output. At different stages of Mexican history, its minerals have contributed over half of the country’s export volume in monetary terms. In short, this is a region which knows its silver mining.

The tradition continues today: Zacatecas accounts for over 20 percent of Mexico’s gold output and a little over half of its silver. A good proportion of both figures is due to Peñasquito Mine, Mexico’s second largest silver mine and the fifth largest silver mine in the world, and located in the northeast of Zacatecas state, not far from the city of

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Monterrey. Now owned by Newmont Mining Company, Business Excellence decided to take a closer look at the enduring legacy of this remarkable mine.

Overview

Located some 780 kilometres from Mexico City, the scale of Peñasquito Mine might make you think that it had been a regular on the Mexican mining scene for decades. The reality, however, is that the mine only began operations ten years ago in 2010. Usually it takes mines at least a year or two to ramp up production, but as a portent of the productivity of Peñasquito Mine, in its first year it yielded 13.5 million ounces of silver.

It’s not just silver, however. Peñasquito Mine is an open pit which produces gold,



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ALCHISA started working with Gold Corp in 2008. Since then, ALCHISA has built a strong infrastructure in Peñasquito to fulfil any requirement:



- Warehouse with capacity of 180,000 liters of oil in bulk or box.
- Diesel oil station and two tanks to hold 15,000 liters each
- Laboratory for lubricant analysis processing 2,000 samples monthly (\$1.6 million dollars in savings).

Other benefits:

- Constant training on lubricants to Peñasquito employees.
- Involvement in community initiatives to improve children and young people quality of life.

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“Peñasquito Mine has an on-site airport and a 1,900-bed camp with full dining, laundry and recreational facilities”

silver, lead and zinc. Its annual gold product is 129 attributable Koz while it has also yielded over 25 million ounces of silver in a single year. Little wonder then that its parent company, Newmont-Goldcorp (minted from a 2019 mega-merger) has described Peñasquito Mine as being of “high strategic importance” to the company.

The operation is also one of the most modern in the Newmont-Goldcorp portfolio. It has one section which is run autonomously,

allowing miners to sit in a sanitized environment rather than in the drill on the drill pattern. This involved fitting two drill rigs with state-of-the-art technology in 2017 and significantly reduces the risk to drill operators, who traditionally would have had to be on-site, manning the procedures.

For the layperson, it can sometimes be difficult to grasp the scale of the mine with mineral output so a few more statistics are indicative; Peñasquito Mine has an on-site

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airport and a 1,900-bed camp with full dining, laundry and recreational facilities. In addition to its open pit mine, Peñasco, it possesses two processing facilities. Truly, this is not your ordinary mine by any means.

Sustainability Initiatives

Until the merger with Newmont Mining, Peñasquito Mine was under the sole ownership of Goldcorp, who conducted a series of sustainability-led initiatives at the

mine and the surrounding communities. These initiatives included the opening of La Plaza Community Square, a “Deer-Est” program which fostered the breeding of native white-tailed deer for Zacateco and a series of local employment programs that included job fairs, press releases, a recruitment strategy and a training program.

The parent company places a particular emphasis on youth education. At Peñasquito, it has implemented a multi-year educational



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“In terms of investment too, Peñasquito Mine has some impressive headline figures. Total investment in Mexico to date has been nearly \$900 million.”

initiative aimed at benefiting local elementary and secondary school children. The initiative includes a science and sport program for primary and secondary school students, a scholarship program and an entrepreneurship and technical skill-building program.

Peñasquito implemented their multi-year educational initiative aimed at benefiting local elementary and secondary school children. The initiative includes a science and sport program for primary and secondary

school students, a scholarship program and an entrepreneurship and technical skill-building program. Peñasquito partnered with respected firm Technoserve to deliver results in this initiative.

In terms of investment too, Peñasquito Mine has some impressive headline figures. Total investment in Mexico to date has been nearly \$900 million. In the immediate vicinity of the mine, it has contributed almost \$20 million - a boon to an area which has one of



Did you know?

The merger of Newmont and Goldcorp in the first half of 2019 created the world's largest gold mining company. Estimates suggest that the newly formed company could be producing between six and seven million ounces of gold annually every year for decades



“A very significant key to our success over the last 15 years has been the renewed partnerships with aboriginal communities”

the highest rates of unemployment in Mexico. This doesn't include the contribution that the mine has made to surrounding communities through direct and indirect employment. There are currently over 500 directly employed locals, with candidates on the rise for every job posting.

Partners and Suppliers

An operation of the scale of Peñasquito Mine brings challenges that demand a diverse set of partners and suppliers. The combined experience of Newmont and Goldcorp

means that they had an extended network of companies and experts from which to pick from when it comes to delivering the services required from external contractors.

These companies include Komatsu Mexico, the local branch of the Japanese conglomerate that makes mining and drilling equipment and machinery used the world over. They are complemented by firms like Epiroc Mexico, a local branch of a Swedish drilling firm, and Orica Mining Services, an Australian firm which is a world leader in the explosives used in the mining industry in the development of open pit mines.

Elsewhere, there is Kepler Constructora, S.A. de C.V, a Mexican firm which is a trusted partner of the mining industry in general and not just Peñasquito Mine, Gruas Del Norte, a local firm which caters for the considerable logistics effort both to and from the mine, MSA, a company whose focus is ensuring the safety of all, and Analitek, a laboratory equipment supplier. Last but not least, Danish engineering firm FLSmidth has played a crucial role in working with Newmont-Goldcorp on understanding the mine's technical aspects.

Conclusion

The merger of Newmont and Goldcorp in the first half of 2019 created the world's largest gold mining company. Estimates suggest that

the newly formed company could be producing between six and seven million ounces of gold annually every year for decades. In the coming decade, the Peñasquito Mine will play an integral role in that story. As global instability sends investors rushing to gold, pushing up prices, this Mexican mega mine is perfectly positioned to capitalize on the opportunity. **BE**

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