
Cameco resumes pumping out of Cigar Lake mine

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Reuters reported that Cameco Corporation has resumed draining its flooded Cigar Lake project and expects to have the mine pumped out sometime 2010.

The big Canadian uranium producer said that Cigar Lake flooded during construction in 2006 and flooded again during repairs in 2008, prompting the company to suspend predictions of when it may come to production.

Cameco is the majority owner of the deposit, which lies beneath waterlogged sandstone in northern Saskatchewan's Athabasca Basin. France's Areva owns 37%. The mine should one day produce more than 10% of global mined output and is key to Cameco's plans to roughly double its annual uranium production over the next decade.

Cameco said that the source of the 2008 water inflow on the 420 meters level has been sealed and noted that level was not part of future mine plans. The company said that "It is currently expected to take 6 to 12 months to dewater and secure the mine, depending on what conditions are found in the shaft and the underground workings."

Once the mine is pumped out, Cameco will be able to see how much damage has been done over the past 3 years and at will provide a estimated production start at that time.

Mr Ray Goldie an analyst at Salman Partners said that the progress update was in line with what the company had suggested and with what he had expected. They're on track, is the way we'd put it.

He said that any additional postponement could be viewed as much a positive as a negative for Cameco, as an extended delay would create shortages of uranium that would boost prices and benefit the company's other operations. The risk of a further delay would include the possibility additional costs.

(Sourced from Reuters)

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