



Chilean Court Rules on Barrick's Pascua Lama

Description

A Chilean Court of Appeals has ruled that **Barrick Gold** (TSX:ABX,NYSE:ABX) must complete Pascua-Lama's water management system in compliance with environmental standards before resuming construction on the mine.

The company's plan is to have the water system in place by the end of 2014, at which point it will resume the remaining construction work on this albatross of a project. Ore is expected to be ready for processing by mid-2016.

Delays at Pascua-Lama not only impact Barrick, but **Silver Wheaton** (TSX:SLW,NYSE:SLW) as well, as the company has a streaming agreement attached to the mine. As part of the original contract, Barrick was supposed to have Pascua Lama 75% complete by the end of 2015 or SLW was entitled to its up-front payment of \$625 million back. The company has extended this deadline however to the end of 2016. During 2014 and 2015, Silver Wheaton is entitled to silver production from 3 of Barrick's producing mines to make up for the Pascua Lama production shortfall.

Foolish Takeaway

Pascua Lama was born in a different era of mining, when executives were focused on growth and growth alone. It's by all accounts a massive deposit, but much like overpaying for a flashy stock, it's not turning out to be the boondoggle it was supposed to be. Where the delays and overruns however have cost Barrick billions, the strength of Silver Wheaton's business model has shone through with its cost certainty and ability to walk away relatively unscathed should the project not move ahead.

The world of mining is fraught with uncertainty but because of its strong model, Silver Wheaton offers a smoother ride than most of its peers. To learn about 3 businesses that participate in a far more certain world, with some of the strongest business models in existence, [click here now](#) to download our special **FREE** report "**3 U.S. Companies That Every Canadian Should Own**".

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Fool contributor Iain Butler owns shares of Barrick Gold and Silver Wheaton. The Motley Fool doesn't own shares in any of the companies mentioned.

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1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:WPM (Wheaton Precious Metals Corp.)

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