

Mining's Sir Elton Dazzles Geos, CEOs Alike

By David Bond
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KEYSTONE, Colo. (ResourceInvestor.com) -- Give him a big pair of sunglasses and a white grand piano, and Rob McEwen could be mining's answer to rock 'n' roll's Sir Elton John.

The diminutive and dynamic former CEO of Goldcorp [NYSE:[GG](#); TSX:[G](#)] and author of the legendary Y2K "Goldcorp Challenge" regaled a good 700 attendees Monday at this year's Society of Economic Geologists on the lessons he'd learned from the unorthodox challenge and how he came to issue it.

McEwen's tale is well known in the industry, but it's quite another thing to hear him tell it. According to the president of a South American junior silver miner, "I had no idea a guy like that could be so entertaining, so animated, so intense."

In 1995, McEwen found himself the CEO of Goldcorp whose principal asset was the underperforming Red Lake gold mine in northern Ontario. Mine costs per ounce were just about equal to the gold price, but McEwen figured there was more gold on the property than previously thought. But his geologists could not answer the basic question: how much gold was there?

"That was the wrong answer. In 1995, I gave our geologists \$10 million and told them to go explore, and they came back with nine holes showing 9 ounce-per-tonne gold across eight feet. So I called all of our geologists in for a two-day meeting and told them, 'I want to hear all the crazy ideas your old boss shot down.'"

The not-so-jaded younger of the bunch came up with a few, and the United Steelworkers union struck the Red Lake. The three-year downtime allowed the company to experiment with new mining models during a gold price depression, he said. Then in 1999, while attending a seminar at MIT on "open-source" computer code, McEwen said he was struck by what the architects of Linux had done: "They gave it away," he said.

"The light bulb went on," he said.

Amidst fanfare at the following year's Prospectors and Developers Association of Canada's annual March bash in Toronto, McEwen posted all known geologic data on the Red Lake, 400 megabytes worth, on the Web, and offered \$500,000 to anyone who could find 6 million ounces of gold from that data.

"We got 240,000 visitors from 50 countries to the site, and 1,400 downloads," he recalled.

The winners were a quartet of fourth-year engineering students in Australia who'd never been to North America. The students turned Goldcorp's disparate geological data into a three-dimensional model and found the gold. The result was an 80% reduction in per-ounce mining costs at Red Lake, and a 900% increase in gold production, he said.

For McEwen, the most important lesson from the Goldcorp Challenge was that "I learned to give it away. I want people to see what we are doing. I want them to vet, I want them to suggest, and I want to employ them."

"It was a mindset shift, for me," he said. "So last year, I went a step further and gave my job away. I passed by a hallway mirror and realized that what was looking back at me was the one Goldcorp variable I had not considered: me."

Satisfied that he had enriched himself and Goldcorp's shareholders sufficiently, McEwen decided it was time to get out and try something new – which at the moment is attempting, through his recently formed U.S. Gold [OTCBB:[USGL](#)], to purchase every gold prospect in Nevada's Cortez Trend that isn't bolted down.

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