

Argonaut Gold Announces Updated PEA for the San Antonio Project, Projected Gold Production of More Than 1 Million Ounces

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261% Increase in Net Present Value

Reduction in Operating and Capital Costs, Coupled with Improved Recoveries

TORONTO, ONTARIO -- (Marketwire) -- 09/04/12 -- [Argonaut Gold Inc.](#) (TSX: AR) ("Argonaut", "Argonaut Gold" or the "Company") is pleased to announce the results from an updated Preliminary Economic Assessment ("PEA") for the 100% owned San Antonio gold project, located in Baja California Sur, Mexico. The updated PEA was completed by SRK Consulting Inc. ("SRK") of Denver, CO; Kappes, Cassidy and Associates ("KCA") of Reno, NV and Argonaut Gold's management team.

Project and Financial Highlights

- Pre-tax Net Present Value ("NPV") of \$294 million using an 8% discount rate.
- After tax NPV of \$206 million using an 8% discount rate.
- After tax Internal Rate of Return ("IRR") of 66%.
- Life of mine pre-tax cash flow from operations estimated at \$729 million.
- Average annual pre-tax cash flow of \$48 million over 15 years (excludes pre-production years).
- Initial \$84 million capital expenditure ("CAPEX") investment is expected to be fully funded by internal cash flow and treasury.

	2012(1)	2010(2)	% Change
Life of mine "LOM" (years)	15	9	+66%
M&I Gold ounces recovered (000's)	1,037	673	+54%
Inferred Gold ounces recovered (000's)	8	-	-
Cash cost per ounce	\$ 553	\$ 513	+8%
Capital costs: (000's)			
Initial	\$ 84,200(3)	\$ 79,000	
Sustaining	\$ 13,300	\$ 28,000	-9%
After tax Net Present Value ("NPV")@ 8% discount rate (000's)(4)	206,000	57,000	+261%
After tax IRR(4)	66%	26%	+154%

- (1)SRK PEA incorporating work by KCA and Argonaut Gold to be filed within 45 days of this release.
- (2)AMEC PEA released August 2, 2010
- (3)Initial Capital costs of \$84 million includes \$17.6 million in contingency and EPCM, as well as \$4.5 million in pre-production stripping costs for the project.
- (4)NPV and IRR calculations are based on after tax expectations with a long term Au price of \$1250.

The preliminary economic assessment is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

Production Specifications

- Total processed Measured and Indicated ("M&I") Resource includes 60.1 million tonnes containing 1,643,000 ounces of gold with an average grade of 0.85 g/t.
- Total processed Inferred Resource includes 0.5 million tonnes containing 14,000 ounces of gold with an average grade of 0.84 g/t.
- Total production of 1,037,000 ounces of gold from M&I Resource and 8,000 ounces of gold from Inferred Resource.
- Average yearly production of 69,700 gold ounces over a 15 year mine life.

-- Throughput estimate of 4 million tonnes per year from an open-pit mine, three stage crush and a recovery process using cyanide heap leaching and carbon adsorption.

Production Statistics:	2012	2010	% Change
Life of mine (years)	15	9	+66%
Total M&I Resource tonnes processed (000's)	60,100	31,112	+93%
Total Inferred Resource tonnes processed (000's)	500	-	-
Total tonnes waste (000's)	173,414	80,943	+114%
Life of mine strip ratio (waste: ore)	3.1	2.6	+19%
Overall average gold grade (g/t)	0.85	0.98	-13%
Overall average recovery	63%	60%	+5%
Gold ounces M&I Resource recovered (000's)	1,037	673	+60%
Gold ounces Inferred Resource recovered (000's)	8	-	-
Average annual production (ozs.)	69,700	82,500	-13%
Cost / tonne	\$ 9.86	\$ 11.10	
Mining	\$5.95	\$6.49	
Processing	\$3.28	\$3.80	
G&A	\$0.63	\$0.81	-11%
Cash cost per ounce	\$ 553	\$ 513	-2.5%

The production mine plan utilizes an in-pit resource at a \$1200 Au price.

Capital Costs (millions)	2012	2010	% Change
Mine	\$ 4.5	\$ 18.9	-76%
Process(1)	\$ 53.6	\$ 16.4	+227%
Infrastructure	\$ 15.9	\$ 27.0	-41%
Total Capex	\$ 74.0	\$ 70.3	+5%
Contingency	\$ 10.2	\$ 8.7	+17%
Sustaining Capital(1)	\$ 13.3	\$ 28.0	-52%

(1)AMEC estimate for capital provided for Run-of-Mine material processing, and the addition of a crushing circuit in the third year, which was included in sustaining capital. Argonaut anticipates constructing the 3-stage crushing circuit upon commencing operations. SRK sustaining capital consists mostly of heap leach pad capacity.

New National Instrument 43-101 ("NI 43-101") Technical Report on Resources

The updated Canadian NI 43-101 mineral resource estimation from SRK for Argonaut's San Antonio project shows an updated M&I resource of 1,735,000 gold ounces, based on 101,894 meters in 590 holes. Recent drilling added approximately 200,000 gold ounces while the redefining of the high grade Los Planes core reduced the resource by 150,000 gold ounces, for a net gain of 50,000 ounces. The total M&I resource now exceeds 1.7 million gold ounces contained within 65 million tonnes of mineralized material at an average grade of 0.83 g/t gold.

Updated Mineral Resource Summary of the San Antonio Project as of May 8, 2012

Area	Product	Class	Tonnes (000's)	Au (g/t)	Au Ounces
Total	Oxide/Transition	Measured	12,351	0.76	303,000
		Indicated	10,961	0.64	227,000
		M&I	23,312	0.71	530,000
	Sulfide	Measured	6,649	1.17	250,000
		Indicated	35,129	0.85	955,000
		M&I	41,778	0.90	1,205,000
	Oxide/Transition	Inferred	4,257	0.27	37,000
	Sulfide	Inferred	1,957	0.47	30,000
	All types	Measured	19,000	0.91	553,000
		Indicated	46,090	0.80	1,182,000
		M&I	65,089	0.83	1,735,000
		Inferred	6,215	0.34	67,000

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

(2) Resources are stated at cutoff grades of 0.11 g/t Au for oxide and transition and 0.15 g/t Au for sulfide and are contained within a pit optimization shell.

(3) Pit optimization is based on an assumed gold price of US\$1,500/oz, metallurgical recovery of 70% for oxide and transition and 50% for sulfide, mining cost of US\$1.45/t of material moved, processing cost of US\$3.09/t processed and G&A cost of US\$0.63/t processed.

(4) Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

(5) Mineral Resource tonnage and grade are reported as diluted.

(6) Gold assays were capped prior to compositing.

The stated Mineral Resources have been prepared in accordance with the CIM classifications of Canada's

NI 43-101 Standards of Disclosure for Mineral Projects. The Qualified Person, as defined by NI 43-101, for the mineral resource estimation, is Principal Resource Geologist Leah Mach of SRK, Denver, Colorado.

Peter Dougherty, President and CEO of Argonaut Gold stated:

"The San Antonio PEA is the culmination of the Company's efforts over the past two years. The PEA incorporates over 55,000 meters of drilling, several rounds of metallurgical testing, process enhancements and refinements. The very robust economics for the project provide a high return on investment of 66% for our shareholders. The strong economic viability of the project is further supported by plans to finance development and construction of the mine through internal cash flow."

Mr. Dougherty added:

"With the increased resource and improved economics of the project, we have been able to further refine the ore body. (By reducing the influence of the higher grade core of the Los Planes (North Pit) deposit, we have increased our confidence in the deposit). While the Company is very pleased with where the project stands today, we recognize that further optimization and exploration may have the potential to add even greater value to the project."

Path forward:

Argonaut continues to work towards permitting the project and has engaged the community, regulators, and various agencies toward defining a project within the jurisdictional guidelines that will be acceptable to all parties.

About Argonaut Gold

Argonaut is a Canadian gold company engaged in exploration, mine development and production activities. Its primary assets are the production-stage El Castillo Mine in the State of Durango, Mexico, the La Colorada Mine in the State of Sonora, Mexico, the advanced exploration stage San Antonio project in the State of Baja California Sur, Mexico, and several exploration stage projects, all of which are located in Mexico.

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Cautionary Note Regarding Forward-looking Statements

This press release contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the proposed transaction and the business, operations and financial performance and condition of [Argonaut Gold Inc.](#) ("Argonaut"). Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to estimated production and mine life of the various mineral projects of Argonaut; synergies and financial impact of completed acquisitions; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, silver; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; success of exploration activities; and currency exchange rate fluctuations. Except for statements of historical fact relating to Argonaut, certain information contained herein constitutes forward-looking statements. Forward-looking statements are

frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Argonaut and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions, variations in ore grade or recovery rates, risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated. Although Argonaut has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Argonaut undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed. Comparative market information is as of a date prior to the date of this presentation.

Qualified Persons

Preparation of this press release was supervised by Mr. Thomas Burkhart, Argonaut's Vice President of Exploration and a "Qualified Person" as defined by NI 43-101. Mr. Alberto Orozco, Argonaut's Mexico Exploration Manager, supervised the drill program and on-site sample preparation procedures at San Antonio. Mr. Richard Rhoades, Argonaut's Chief Operating Officer and a "Qualified Person" as defined by NI 43-101 provided contributions in regards to mining methods, market studies and contracts as well as the economic analysis. Leah Mach from SRK Consulting, who is an "Independent Qualified Person" as defined by NI 43-101 and the lead person responsible for completing the updated San Antonio resource has reviewed this press release as it relates to the San Antonio project. Carl Defilippi from KCA, who is an "Independent Qualified Person" as defined by NI 43-101 has overseen the metallurgical and recovery methods, infrastructure, operating costs and capital costs.

For sample analysis the Company utilizes a system of Quality Assurance/Quality Control that includes insertion and verification of standards, blanks and duplicates consistent with industry standards.

Samples from the San Antonio project are shipped by commercial courier from the city of La Paz to either Inspectorate or ALS Chemex preparation laboratories in Hermosillo, Sonora, which are independent of the Company. After preparation in Hermosillo, pulps are sent to assay in North Vancouver for ALS and to Sparks, NV for Inspectorate. Samples are analyzed for gold by fire assay with atomic absorption, method code Au AA-23 for ALS Chemex, and Au-1AT-AA for Inspectorate; detectability limits for assay methods in both laboratories are 0.005 to 10ppm. Samples over 10 g/t Au are assayed with gravimetric finish (Assay code AU-GRA21 for ALS Chemex and Au-1AT-GV for Inspectorate). All samples are also assayed by ICP-MS (code ME-ICP41 in ALS Chemex and 30-AR-TR in Inspectorate) for a suite of 30 to 35 elements.

For further information on the Company's properties, please see the reports as listed below on the Company's website or on www.sedar.com:

El Castillo Mine	NI 43-101 Technical Report on Resources and Reserves, Argonaut Gold Inc. , El Castillo Mine, Durango State, Mexico dated November 6, 2010
La Colorada Mine	NI 43-101 Preliminary Economic Assessment La Colorada Project, Sonora, Mexico dated December 30, 2011
San Antonio Gold Project	Technical Report and Mineral Resource Estimate on the San Antonio Gold Project, Baja California Sur, Mexico dated June 30, 2011
La Fortuna Property	La Fortuna, Durango, Mexico, Technical Report dated October 21, 2008

A NI 43-101 technical report will be filed within 45 days of the date of this press release.

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