

Wesdome Gold Mines Ltd. Announces Positive Prefeasibility Study for the Mishi Project - Open pit

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TORONTO, Nov. 29 /[CNW](#)/ - [Wesdome Gold Mines Ltd](#) (WDO: TSX) ("Wesdome" or the "Company") is pleased to announce positive results from a Prefeasibility study for their 100% owned Mishi Project located 2 kilometres west of the Company's Eagle River Mill, near Wawa, Ontario. The study was completed by InnovExplo Inc., an independent consulting firm located in Val d'Or, Quebec.

The purpose of the study was to examine an open pit scenario making full use of key personnel, existing infrastructure and excess mill capacity at the Eagle River mining operation. This allows significant incremental production with little capital at risk. Wesdome intends to evaluate the remaining Indicated Resources for the purpose of potentially expanding the current 5-year open pit.

The Prefeasibility Study Technical Report will be filed on www.sedar.com within 45 days of this news release as per the requirements of National Instrument 43-101. Currency used in this report is Canadian dollars unless otherwise specified.

HIGHLIGHTS OF PREFEASIBILITY STUDY

Ore (tonnes)	709,431	
Grade (gAu/tonne)	2.55	
Mill Recovery (%)	91.1	
Gold Produced (oz)	52,952	
Mine Life (includes 8 mo. pre-production)		5 years
Life of Mine (LOM) Stripping Ratio	4.7	
Gold Price (3-year trading average to Nov. 1, 2010)		\$1,069/oz
Net Revenue (millions)	\$56.5	
Operating Cost (millions)	\$48.4	
Operating Cash Flow (millions)	\$8.1	
Capital Cost (millions)	\$1.3	
LOM Sustaining Capital (millions)	\$0.5	
Net Cash Flow (millions)	\$6.1	
Net Present Value at 5% discount rate (millions)		\$4.5
IRR	38%	

GOLD PRICE SENSITIVITY

Gold Price \$US/oz	900		1,000		1,100		1,200		1,300
Net Cash Flow (millions)		0.8		6.6		12.3		18.0	23.7
NPV@5% (millions)	-		4.9		9.7		14.6		19.5
IRR%	5		41		86		144		222
									331

Donovan Pollitt, P.Eng., President commented, "In our view this is good quality, conservative engineering design and cost estimation work. The leverage of this project's economics to gold prices is consistent with our corporate philosophy. We intend to move this project forward as soon as possible".

PROJECT OVERVIEW

The Mishi gold deposit is situated 2 kilometres east of the Eagle River Mill. It occurs at a flexure in the

regional Mishibishu Deformation Zone, which follows a mafic volcanic-sedimentary contact. At this locality, a quartz-feldspar porphyry stock is attenuated and truncated by the deformation zone.

The deposit consists of an array of at least eight en echelon tabular zones striking east-west, dipping 40 degrees north and plunging 45 degrees northeast. The deposit remains open to the east, west and at depth. The mineralization consists of disseminated pyrite in sericite-ankerite alteration zones, sometimes accompanied by smokey quartz veinlets.

Historically, Wesdome has mined the deposit seasonally by open pit methods. To date it has produced 12,076 ounces of gold from 134,204 tonnes milled at a recovered grade of 3.4 gAu/tonne. The mining and metallurgical characteristics of the deposit are known. Required permits are in place subject to a Mine Closure Plan Amendment (in progress) to reflect the increased scale of the project envisioned in the Prefeasibility study and to the amendment of the Certificate of Approval for Industrial Sewage Works to increase the disposal capacity according to the proposed tailing expansion.

MINERAL RESOURCE ESTIMATE

The basis of ongoing work is a mineral resource estimate first announced in a Press Release dated July 22, 2010 and available at www.wesdome.com. The details of this estimate are provided in a Technical Report completed by independent consulting firm InnovExplo Inc. dated August 25, 2010 and available at www.sedar.com. Open pit resources are estimated to a depth of 110 metres (2890 elevation) employing a cut-off grade of 1.0 gAu/tonne. Underground resources are estimated below this depth employing a 3.0 gAu/tonne cut-off grade. These assumptions and a \$1,000 Cdn per ounce gold price were deemed to justify reasonable prospects for economic extraction. These base cases are summarized below with details of open pit and underground resources with cut-off grade sensitivities provided in appended tables 1 and 2 respectively.

OPEN PIT RESOURCES SUMMARY

Category (gAu/tonne)	Cut-off Grade Metric	Tonnes (gAu/tonne)	Grade Ounces		
Measured	1.0	280,900	2.46	22,192	
Indicated	1.0	4,888,200	2.12	333,940	
Measured & Indicated	1.0	5,169,200	2.14	356,132	
Additional Inferred	1.0	764,100	2.42	59,362	

UNDERGROUND RESOURCES SUMMARY

Category (gAu/tonne)	Cut-off Grade Metric	Tonnes (gAu/tonne)	Grade Ounces		
Indicated	3.0	567,100	4.52	82,359	
Additional Inferred	3.0	437,600	5.78	81,369	

* The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by Regulation 43-101, are Carl Pelletier, B.Sc., P.Geo. and Karine Brousseau, P.Eng. (InnovExplo inc), and the effective date of the estimate is August 25, 2010.

* Mineral Resources are not Mineral Reserves, having not demonstrable economic viability.

* Results are presented undiluted and in situ. The estimate includes 7 gold-bearing zones and a low-grade envelope which borders the Z2_4 zone.

* Resources were compiled using a cut-off grade between 1.0 g/t, 2.0 g/t, 3.0 g/t, 4.0 g/t, 5.0 g/t and 6.0 g/t Au.

* Cut-off grades must be re-evaluated in light of prevailing market conditions (gold price, exchange rate and mining cost).

* A fixed density of 2.70 g/cm³ was used.

* The underground portion of the Mineral Resource Estimate was discriminated from the open pit portion using a fixed 2890m elevation plan.

* A minimum true thickness of 3.0 m was applied for open pit portion and 1.5 m for underground portion, using the grade of the adjacent material when assayed, or a value of zero when not assayed.

* High grade capping was done on the raw data and established at 45.0 g/t Au for diamond drill holes and 25.0 g/t Au for blast holes.

* Compositing was not done over entire drill hole lengths. Instead, compositing was done on drill hole sections falling within the mineralized zone envelopes (composite = 1 metre for diamond drill holes and blast holes).

* Resources were evaluated from drill hole and blast holes results using an ID2 interpolation method in a block model.

* The measured category was interpolated from blast holes assays, and all other categories used diamond drill holes assays.

*The measured, indicated and inferred categories were defined using different search ellipsoid parameters shown in table 1.

* Inferred reclassified category is the result of isolated blocks or series of blocks that showed no spatial continuity in terms of grade and/or density of information that were reclassified from Indicated to Inferred.

* Ounce (troy) = Metric Tons x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).

* The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Regulation 43-101.

* InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the Mineral Resource Estimate.

MINERAL RESERVE ESTIMATE

From the Mineral Resource Estimate, a Mineral Reserve Estimate was conducted for an open pit scenario that minimized capital costs and maximized utilization of actual staff and existing infrastructure. Detailed operating, capital and sustaining capital cost estimates were derived and a pre-production and mining schedule developed. Principle assumptions for this open pit scenario are:

Gold Price: \$1,033 Cdn/oz (3-year trading average to Sept. 1, 2010)
 Production Schedule: 180,000 tonnes/year milled
 Cut-Off Grade: 1.33 gAu/tonne
 Dilution: 12%
 Mining Recovery: 88%
 Mill Recovery: 91.1%
 Life of Mine Stripping Ratio: 4.7
 Pit Ultimate Depth: Elevation 2930 (approx. 80 metres)

OPEN PIT MINERAL RESERVE ESTIMATE*

Category (gAu/tonne)	Metric Tonnes Recovered Ounces	Grade	
Proven	174,363	2.66	13,593
Probable	535,067	2.51	39,359
Proven & Probable	709,431	2.55	52,952

* Independent Qualified Person as per National Instrument 43-101 is Nathalie Gauthier, P.Eng., Innovexplo Inc. Val d'Or, Quebec.

* CIM definitions were followed for Mineral Reserves.

* The Mineral Reserves are contained within the stated Mineral Resources.

* Numbers may be subject to rounding errors.

A provision for a low grade stockpile is not included in this base case scenario. This will be addressed by the grade control geologist to incorporate economic conditions at the time of mining.

MINING

Open pit mining covers a 5-year mine life including about 8 months of pre-production stripping and overburden removal. This is summarized in the following table.

SUMMARY

	Mill Ore	Waste			
(t)	Overburden				
(t)	Total rock				
(t)	S.R.				
Excl. OVB		Gold Produced			
(oz)					
	(t)	Au (g/t)			
Year 1	38,417	2.47	505,946	89,172	544,363
Year 2	181,541	2.51	1,135,540	-	1,497,081
Year 3	181,634	2.50	926,176	-	1,107,810
Year 4	183,408	2.79	482,280	-	665,688
Year 5	124,432	2.34	121,328	-	245,760
	709,431	2.55	3,351,271	89,172	4,060,702

Mining will employ air track drills on 5 metre benches and off road haul trucks. The overall pit slope angles vary from 37 degrees for the south footwall to 52 degrees for the north highwall as per recommendations of an independent geotechnical review by Jane Alcott, P.Eng., of InnovExplo Inc. dated September 16, 2010. This includes 7.5 metre wide berms each 15 metre vertical and reasonable batter angles.

The ramp slope is 10% grade and is designed as a permanent ramp on the south footwall to accommodate future pit enlargements or pushbacks.

PROCESSING AND METALLURGY

Ore will be processed using the available capacity at the existing Eagle River Mill located 2 kilometres east of the project. This is a Merrill-Crowe mill. Metallurgical testing indicates recoveries of 91.1% with a 36 hour leach time. The mill has processed this ore in the past with recovery results ranging from 87.5 to 93.8%. A provision is made for expansion of the tailings facility in Years 2 and 3 of the proposed open pit schedule.

OPERATING COSTS

Operating costs are derived from contractor bids or actual Wesdome historic costs, which have been cost indexed. The life of mine operating costs per tonne total \$68, about half of which is mining and about half milling. Over the life of mine, including the pre-production period, operating costs average \$848US per ounce. The last three years produced 70% of the gold at operating costs averaging \$729US per ounce. The majority of costs are expensed during the pre-production period.

A summary table of operating costs is listed below.

SUMMARY OF OPERATING COSTS		
	\$/tonne	\$US per ounce
Mining	32.34	402
Processing	35.91	446
Total	68.25	848

CAPITAL COSTS

The pre-production capital costs are estimated at \$1.27 million as summarized below. Another \$0.51 million

in sustaining capital is required in Years 2 through 5 for tailings pond work and long term environmental testing. This scenario is based on contract mining and utilizes existing infrastructures.

The capital cost breakdown is summarized below.

Description	Pre-Production		Sustaining	Total	
Engineering Study	\$30,000		\$30,000	\$60,000	
Dewatering	\$15,525	-	\$15,525		
Overburden Removal	\$245,223		-	\$245,223	
Surface Road	\$49,450	-	\$49,450		
Office Trailer, Bunkhouses, Settling Pond and Others				\$635,105	-
Contractor Mobilization	\$287,500		\$115,000	\$402,500	
Tailings Expansion 1	-		\$146,000	\$146,000	
Tailings Expansion 2	-		\$146,000	\$146,000	
Rock Characterization/Environmental			\$12,650	\$67,850	\$80,500
Total	\$1,275,453	\$504,850	\$1,780,303		

FINANCIAL ANALYSIS

The financial analysis for the base case scenario provides for a pre-tax net cash flow (NPV) of \$6.1 million, a 5% discounted NPV of \$4.5 million and an Internal Rate of Return (IRR) of 38%. The mining industry historically employs a 15% IRR as a rule of thumb hurdle rate for project development decisions.

SENSITIVITY ANALYSIS

The sensitivity analysis of key production and economic parameters to 5% discounted NPV is provided in the following table and charts.

SENSITIVITY ANALYSIS, NPV AT 5% (\$MILLIONS)

-25% -20% -15% -10% -5% Base Case
Scenario +5% +10% +15% +20% +25%

PRODUCTION PARAMETERS

Grade -7.6 -5.2 -2.8 -0.4 2.0 4.5 6.9 9.3 11.7 14.1 16.5

Recovery -7.6 -5.2 -2.8 -0.4 2.0 4.5 6.9 - - - -

Gold Price -7.6 -5.2 -2.8 -0.4 2.0 4.5 6.9 9.3 11.7 14.1 16.5

ECONOMIC PARAMETERS

Revenue -7.6 -5.2 -2.8 -0.4 2.0 4.5 6.9 9.3 11.7 14.1 16.5

Opex 14.9 12.8 10.7 8.6 6.5 4.5 2.4 0.3 -1.8 -3.9 -6.0

Capex 4.9 4.8 4.7 4.6 4.5 4.5 4.4 4.3 4.2 4.1 4.0

Note: There are no data over +5% for the Recovery Rate because it would exceed 100%

In reviewing and assessing the assumptions presented in the base case study, it is relevant to compare these to the Bloomberg consensus gold prices and exchange rates for 2011 through 2015*. Applying these figures as of August 31, 2010 yields the following figures:

Net Cash Flow (NPV) \$15.0 million

NPV @ 5% Discount \$12.4 million

IRR 161%

* Bloomberg price desk as at August 31, 2010:

2011	\$1,277 US/oz	\$Cdn/\$US	1.04
2012	\$1,303 US/oz	\$Cdn/\$US	1.04
2013	\$1,276 US/oz	\$Cdn/\$US	1.04
2014	\$1,051 US/oz	\$Cdn/\$US	1.06
2015	\$1,051 US/oz	\$Cdn/\$US	1.06

MOVING FORWARD

Wesdome intends to move this project forward with 2011 representing Year 1 of the base case. The Mine Closure Plan Amendment is advancing and we expect government approval within a reasonable timeline. However, tight market conditions may impact availability of key personnel and contractors at competitive

rates.

At this point we do not know the extent of this deposit. What is becoming apparent is that current resources have a broad, low grade halo, are open in all directions and have not yet been evaluated as a large tonnage-low grade opportunity.

We intend to examine this potential as we proceed. The proposed open pit involving a small, internally-funded capital outlay, appears highly profitable at today's gold price and has significant incremental cost benefits to our existing mining operations.

QUALIFIED PERSONS

All cost estimations, engineering design and mineral reserve estimates have been developed by Independent Qualified Person Nathalie Gauthier, P.Eng. and Sylvie Poirier, P.Eng. of InnovExplo Inc. Referenced mineral resource estimates were completed by Independent Qualified Persons Karine Brousseau, P.Eng. and Carl Pelletier, P.Geo. of InnovExplo Inc. They have reviewed the technical content of this Press Release.

This Press Release was prepared by George Mannard, P.Geo., Vice President, Exploration of Wesdome.

ABOUT WESDOME

Wesdome Gold Mines Ltd. is an established Canadian gold producer with wholly-owned mining and milling complexes located in Wawa, Ontario and Val d'Or, Québec. Wesdome has been producing gold continually for 20 years on an unhedged basis and to date has produced in excess of 1.0 million ounces. The Company has 101.1 million shares issued and outstanding and trades on the Toronto Stock Exchange under the symbol "WDO".

This news release contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its projects. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this press release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. 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. The Company undertakes no obligation to update forward-looking statements if circumstances, management's estimates or opinions should change, except as required by securities legislation. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

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