

# NSGold Corp Signs Definitive Option Agreement For The Dios Padre Silver Property

14.04.2011 | [CNW](#)

VANCOUVER, April 14 /CNW/ - [NSGold Corporation](#) (TSXV:NSX) has completed due diligence work on the Dios Padre Property and entered into a definitive option agreement ("Agreement") with Cia Minera Pena Blanca SA de CV whereby NSGold can acquire 100% ownership of the Dios Padre Property ("Property"). The Property, including the historic Dios Padre Silver Mine, is located in the Municipality of Yecora, State of Sonora, Mexico approximately 260 km east of Hermosillo.

## Option Agreement

Under the terms of the Agreement, NSGold through its wholly-owned subsidiary, Compañía Minera Oso Blanco SA de CV, can acquire a 100% undivided interest in the Property from Cia Minera Pena Blanca SA de CV by making cash payments totaling US\$6 million over a 5-year period and issuing an aggregate of 1,250,000 common shares to the vendor in five equal tranches over the same 5-year period.

Once NSGold acquires a 100% undivided interest in the Property, the vendor will be granted a 3% net smelter return royalty, two-thirds of which may be repurchased by NSGold at any time prior to the commencement of commercial production by the payment of US\$2 million.

The acquisition is subject to applicable regulatory approvals, including that of the TSX Venture Exchange.

## Hans van Hoof, Chairman and Chief Executive Officer of NSGold commented:

"I am very pleased that our team was able to complete in short order both the due diligence on Dios Padre and the negotiation and signature of a definitive option agreement. NSGold has assembled an extremely qualified technical team to deploy on this very exciting project. With this high quality silver asset in Mexico, coupled with the Nova Scotia gold assets, I believe that NSGold is well-positioned for success as a precious metals mining company."

## Past Production

Approximately 500,000 tonnes of high grade enriched ore yielding 16 million ounces of silver was reported to be mined between operations directed by Jesuits beginning in the 17th century and more organized mining efforts, under L.V. Limited between 1860 and 1910 a British company, along with sporadic artisan mining by local miners. (Mackay & Schnellman, 1996).

During the mid-1960's Cia. Minera Sahuaripa acquired and installed a pilot plant for processing high grade ore from the open pit and production of concentrate at a rate of 100 tonnes per day. Based on the results of the pilot plant tests, the plant is reported to have yielded recoveries of up to 87% for silver and 80% for lead and copper. (Mackay & Schnellman, 1996). Part of this plant remains on site and would require extensive rebuilding to be of use.

## Historic Resource Estimates

The Dios Padre Silver Mine has been the subject of numerous reviews and evaluations, including Mackay & Schnellmann (1966)<sup>1</sup>, Konkin (1996)<sup>2</sup> and Free (1997)<sup>3</sup>. The historic resource estimates were summarized in a 2002 report by David A. Bending, M.Sc., P.Ge. (Geological Report and Summary of Field Examination, Dios Padre Mine - David A. Bending 2002) as follows:

Author Qualifying  
Comments Metric  
tonnes Imperial  
tons Grade  
gpt Grade  
opt Contained

#### Ag Recoverable

Ag

McKay &

Schnellman

(1966) Used all historic data and samples

Measured Indicated and Inferred 6,000,000 6,600,000 420.0 13.01 85,841,695 74,682,274

Potential 18,000,000 19,800,000 420.0 13.01 257,525,080 224,046,823

Konkin

(1996) Used only Silver Standard drilling and surface data

Measured Indicated and Inferred 700,000 770,000 235.0 7.51 5,782,628 5,030,886

Free

(1997) Used historic data above 450 foot level

Measured Indicated and Inferred 4,090,909 4,500,000 359.9 11.50 51,750,000 45,022,500

Potential 8,181,818 9,000,000 359.9 11.50 103,500,000 90,045,000

The available historical resource estimates for the Dios Padre Silver Mine have varied significantly as a function of the nature of the work completed in their preparation, the availability of underground sampling data, and the mining methods contemplated. The definition of a NI 43-101 compliant resource may require additional drilling, underground sampling and other work.

Disclaimer in accordance with National Instrument 43-101: NSGold's Qualified Person has not done sufficient work to classify the historical estimates referred to above as current mineral resources or mineral reserves, and the company is not treating the said historical estimate as current mineral resources or mineral reserves. Accordingly, the historical estimates should not be relied upon. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

#### Geology

The Dios Padre Property covers an area of 285 hectares on three contiguous claims and lies in the Sierra Madre Oriental in a Cretaceous volcanic stratigraphic sequence which is the host environment for significant gold and silver deposits, including those found in the nearby Sahuaripa, Mulatos, Dolores and Ocampo mining districts. The setting of these deposits varies but they all occur within this highly prospective zone. (Bending, 2002).

The Dios Padre deposit is characterized as a breccia pipe that is open to depth and would require underground mining methods at lower levels. No reliable resource data exists for this potential extension of the deposit.

#### Exploration Potential - Silver

NSGold believes that the exploration potential of the Dios Padre Property is excellent. Two additional areas are considered to be primary targets for delineating additional silver resources:

- i) the plunge potential of the Dios Padre breccia body; and
- ii) other altered and mineralized areas may be seen within the existing concessions. While very little information is available concerning the precious metals content of these mineralized areas, a systematic exploration and development program is planned to attempt to expand the resource base for an eventual project.

#### Base Metal Potential

Between 1946 and 1947 two diamond drill holes were drilled by the Cananea Copper Company (Anaconda) (Mackay & Schnellman, 1996) with total depth combined 490 meters reported. Copper mineralization was seen from the top to the bottom of each of the drill holes indicating the potential for an underlying porphyry system. No silver assays were reported (Bending, 2002)

The mineral resources are reported to contain 3.08% lead and 0.55% copper along with recoverable amounts of gold according to Mackay & Schnellman (1966), who commented in their report, "Recovery and payment from the smelter for gold and copper are significant, but the amounts in ore are such that evaluation of samples for gold is not possible and for copper is extremely difficult, other than as an overall figure." Based upon historic reports and past production payments NSGold considers the potential for copper and gold to be an opportunity that remains to be properly defined and have not taken them into consideration in our preliminary assessment of the property.

## NI 43-101 Technical Report

The immediate focus of NSGold is the preparation of a NI 43-101 compliant technical report on the Dios Padre Property. David A. Bending, M.Sc., P.Geo. of Reno, Nevada has been commissioned to prepare the technical report. Mr. Bending's involvement with the Property dates back to 2002. He recently visited the Property together with representatives of NSGold. The report will include a recommended work program with the objective of supporting a NI 43-101 compliant resource estimation.

## Qualified Person

Perry MacKinnon P. Geo., Chief Geologist, for NSGold, a qualified person as defined by National Instrument 43-101 has reviewed the information provided in this news release.

## About NSGold

NSGold Corporation is a mineral exploration company actively exploring for gold in Nova Scotia, Canada. NSGold's flagship property is the Mooseland Gold Project. NSGold's shares are listed on the TSX Venture Exchange under the symbol NSX.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

*1 Mackay and Schnellmann Ltd. (1966): "No. 6637: Evaluation of Dios Padre Mine Project".*  
*2 Konkin, K.J. (1996): "Phase I Diamond Drill Hole Report, Dios Padre Project, Sonora, Mexico".*  
*3 Free, Bernhard, Ph.D. (1997): "The Dios Padre Silver Mine, Sahuaripa Mining District, Yecora, Sonora, Mexico".*

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