

# MEDITERRANEAN - CORAK AND TAC GOLD/BASE METALS PROJECT POSITIVE PRELIMINARY ASSESSMENT ON DEVELOPMENT OF MINE AND MILL

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VANCOUVER, June 14, 2011 /CNW/ - Mediterranean Resources Ltd. (TSX: MNR) (Frankfurt: MHM1) ('Mediterranean' or the 'Company') has undertaken a Preliminary Assessment ('PA') study on the development of the Corak and Tac deposits at its Yusufeli project in North-eastern Turkey. This study has been prepared by SRK Consulting (Canada) Inc. ('SRK') of Vancouver, British Columbia.

## HIGHLIGHTS:

### PRELIMINARY ASSESSMENT ON MEASURED, INDICATED AND INFERRED RESOURCES AT CORAK AND TAC DEPOSITS

- Undiscounted pre-tax Net Cash Flow of US\$343 M and US\$233 M, using one year and two year historic metals prices respectively
- Net Present Value (before tax and interest) of US\$251 M and US\$165 M using one year and two year historic metals prices respectively
- In-pit, contained Indicated resources of 13.7 Mt, 856,000 oz gold, 97 Mlb of zinc, and 30 of lead. In-pit Inferred resources total 0.7 Mt, 48,000 oz gold, 6 Mlb of zinc, and 2 Mlb of copper and 2 Mlb of lead using metal prices of US\$1,000/oz gold, US\$2.75/lb copper, US\$0.85/lb lead, \$0.90/lb zinc and US\$16.00/oz silver for the base case optimization
- Two stage mining with Corak pit being exploited first followed by the Tac deposit
- Initial Capital Expenditure of \$125 M (including a 25% contingency)
- Projected mine life of 7.2 years and average annual production over mine life 94,500 oz Au.
- Project 100% owned by Mediterranean Resources
- Located in a favorable mining jurisdiction
- Extensive unexplored territory

Potential cash flow model outputs are shown in the following table:

Parameter	Unit	Case A Case	Case B	Case C	Case D
			Base Metal Prices*	3-year Ave Metal Prices*	2-year Ave Metal Prices*
Gold Price	US\$/oz	1,000	1,094	1,207	1,346
Silver Price	US\$/oz	16.00	19.00	21.96	27.36
Copper Price	US\$/lb	2.75	3.06	3.41	3.84
Zinc Price	US\$/lb	0.90	0.86	0.97	1.00
Lead Price	US\$/lb	0.85	0.89	1.00	1.06
Net Cash Flow - undiscounted and before tax and interest	US\$M	64	134	233	343
Net Present Value - before tax and interest (5% Discount rate)	US\$M	32	86	165	251
Internal Rate of Return - before tax and interest	%	12	22	34	45
Pre-production Capital Payback Period	Years	4	3	2	1
Payable Gold	oz			680,000	
Payable Silver	oz			115,000	
Payable Copper	Mlb			29	
Payable Zinc	Mlb			88	
Payable Lead	Mlb			33	

\*As at May 31, 2011 calculated from LME monthly averages

The economic results summarized in this press release are only intended to provide an initial, high-level review of the project potential. The PA mine plan and economic model include the use of inferred resources which are considered to be too speculative to be used in an economic analysis except as allowed for in PA's. There is no guarantee that inferred resources can be converted to indicated or measured resources and, as such, there is no guarantee that the project economics described herein will be achieved.

## Background and Discussion of the Preliminary Assessment Study (PA)

The Corak deposit is predominantly a gold deposit with strong zinc and lead components (and a small amount of silver) while the Tac deposit is largely a gold deposit with a strong copper component. Both are amenable to open pit mining.

The objective is to first mine and mill the higher-grade (and lower stripping ratio) gold and base metals of the Corak deposit producing a Pb/Zn flotation concentrate on-site for shipment to an international smelter. This first phase will last for approximately four years. The second phase will be the mining of the Tac deposit producing a gold-rich copper flotation concentrate.

Daily throughput of the mill is proposed to be 5,500 tonnes per day ('tpd') (approximately two million tonnes per annum 'Mtpa').

As the town of Yusufeli is located at only 6 km distance, there will be no requirement for a permanent camp. Mining will be undertaken by a Turkish firm on a contract basis, thus minimizing the capital requirements for mine equipment.

The mill is planned to be constructed above the high-water mark of the projected Yusufeli dam. Dry-stacked tailings would also be placed above the dam's high water mark.

### Project Tenure

The mining Concessions cover an area of approximately 9,583 hectares and consist of a total of twelve granted, contiguous mining concessions, all of which are owned by Akdeniz Resources Madencilik A.S., which is owned 100% by Mediterranean Resources Ltd.

The project, which is the subject of the PA, is located within the boundaries of the mining Concessions.

The four mining Concessions for which the Company holds production permits, are in good standing and valid until varying dates between 2012 and 2014 and allow a right to mine subject to compliance with the regulatory requirements.

Relevant permits required (and yet to be obtained) for the development and mining will be: change of permitted land use, environmental permit and permit for construction. There will also be a number of compliance notifications and filings with municipal, state and federal governments.

## Mining Study

SRK has completed a mining study and has estimated mineable resources for the Corak and Tac deposits. SRK has also produced a mine schedule for the mineable resources constrained inside a US\$1,000 gold, US\$2.75/lb copper, US\$0.85/lb lead, US\$0.90ct/lb zinc and US\$16.00/oz silver optimized pit shell for the two mines.

SRK completed the pit optimization and design incorporating geotechnical recommendations in regard to pit slope geometry and mineable resources estimated by SRK. The optimization inputs for the mining study work were based on known test work parameters and metal price historic/futures prices at the time (May 2011). The optimization input parameters are summarized below in Table 3.

SRK estimated the in-pit resources in Table 2 as a subset of the total mineral resources shown in Table 1.

Table 1: Mineral Resource Statement\*, Yusufeli Property, Artvin Province, Turkey, SRK Consulting (Canada) Inc., May 8, 2009

Classification	Quantity	Grade						Contained Metal					
		Deposit	Tonnes (millions)	Au (g/t)	Cu (%)	Ag (g/t)	Pb (%)	Zn (%)	AuEq (g/t)	Au (Moz)	Cu (Mlb)	Ag (Moz)	Pb (Mlb)
<b>Indicated Mineral Resource</b>													
Taç			23.80	1.24	0.12	-	-	-	1.39	0.95	64.00	-	-
Çorak			25.70	0.76	-	1.57	0.25	0.60	1.26	0.63	-	1.30	141.00
Total Indicated			49.50	0.99	0.12	1.57	0.25	0.60	1.32	1.58	64.00	1.30	141.00
<b>Inferred Mineral Resource</b>													
Taç			3.20	1.56	0.14	-	-	-	1.72	0.16	9.81	-	-
Çorak			7.80	0.53	-	1.42	0.20	0.48	0.93	0.13	-	0.35	34.76
Total Inferred			11.00	0.83	0.14	1.42	0.20	0.48	1.16	0.29	9.81	0.35	34.76

\* Mineral resources that are not mineral reserves do not have demonstrated economic viability. All figures rounded to reflect the relative accuracy of the estimates. Reported at an NSR cut-off grade of US\$11 per tonne, within Whittle shells with slope angles of 55 degrees,

using 15 by 15 by 15 metres block models. NSR and gold equivalent (AuEq) calculated using metal prices of US \$900 per ounce of gold, \$2 per pound of copper, \$1 per pound each of zinc and lead and considering metal recoveries of 90% and 85% for gold at Taç and Çorak, respectively, and 80% copper, 80% silver, 81% zinc, and 81% lead. NSR and gold equivalent values include transportation refining/smelting and royalty costs. Mining and processing (to a concentrate) costs are not included.

Description	Unit	Corak	Tac	Total
<b>Indicated Resources</b>				
Insitu tonnage	(Mt)	4.6	9.1	13.7
<b>In-situ grades</b>				
Au	(g/t)	1.82	2.00	1.94
Ag	(g/t)	2.28	N/A	2.28
Cu	(%)	N/A	0.15	0.15
Zn	(%)	0.96	N/A	0.96
Pb	(%)	0.38	N/A	0.38
NSR	(US\$/t)	52.24	54.60	53.81
<b>Contained Metal</b>				
Au	(koz)	270	586	856
Ag	(koz)	337	N/A	337
Cu	(mlbs)	N/A	30	30
Zn	(mlbs)	97	N/A	97
Pb	(mlbs)	38	N/A	38
<b>Inferred Resources</b>				
Insitu tonnage	(Mt)	0.2	0.5	0.7
<b>In-situ grades</b>				
Au	(g/t)	1.07	2.50	2.10
Ag	(g/t)	3.20	N/A	3.20
Cu	(%)	N/A	0.21	0.21
Zn	(%)	1.45	N/A	1.45
Pb	(%)	0.40	N/A	0.40
NSR	(US\$/t)	43.28	69.28	61.92
<b>Contained Metal</b>				

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Au	(koz)	7	41	48
Ag	(koz)	21	N/A	21
Cu	(mlbs)	N/A	2	2
Zn	(mlbs)	6	N/A	6
Pb	(mlbs)	2	N/A	2
Total Waste Tonnage	(Mt)	17.3	72.7	90.0
Strip ratio	(t:t)	3.6	7.6	6.2

Table 3: Pit Optimization Inputs for Mining Study Work

Mining Cost (US\$/t mined)	\$1.95
Processing Costs (US\$/t)	
Corak	\$20.80
Tac	\$18.80
Tailings Cost (US\$/t mined)	\$3.80
G&A costs (US\$/t) processed	\$1.86
Copper in Cu concentrate	93%
Gold in Cu concentrate	80%
Gold in Zn concentrate	80%
Silver in Zn concentrate	73%
Zinc in Zn concentrate	93%
Lead in Pb concentrate	86%
Gold Selling Price (US\$/oz)	\$1,000.00
NSR	2%

Table 4 provides the PA processing schedule for the two pits with Corak being mined from years 1 to 4 and Tac being mined from years 4 to 8.

Table 4: Annual Production schedule with 2 Mtpa mill rate

Year	Material Mtonnes	Processed Strip Ratio	Metal Sold						
			Gold koz	Lead Mlb	Zinc Mlb	Copper Mlb	Silver koz	Gold koz	Eq.
1	0.4	6.17	17.6	2.7	6.0			10.9	25.5
2	2.0	3.44	103.4	15.9	41.5			64.8	155.3
3	2.0	4.06	63.2	12.6	35.0			34.2	105.9
4	1.9	8.00	78.5	1.7	5.9	4.81	5.4		98.6
5	2.0	7.97	123.3				5.50		138.4
6	2.0	7.97	96.7				5.71		112.4
7	2.0	7.89	87.0				7.47		107.6
8	2.1	4.47	110.5				5.38		125.3
Total			680.2	32.9	88.4	28.9	115.4		868.9

The gold equivalent ounces is calculated using the base case gold, silver and base metal prices of

US\$1,000/oz for gold, US\$16.00/oz for silver, US\$2.75/lb for copper, US\$0.85/lb for lead and US\$0.90/lb for zinc.

## Engineering & Development

SRK provided the capital cost estimate for the mine, mill and tailings storage design, hydrological assessment and pit slope analyses for both the Corak and Tac pits.

Table 5 summarizes the capital costs for project development. These costs have been estimated from actual quotes for new equipment, estimates based on other similar operations and general unit costs plus contingencies appropriate for this level of study.

Table 5: Estimated Capital Costs

Area	Units	Total	Pre-production	Sustaining
Mine (assumes contract mining)	M\$	2.0	2.0	
Mill & Infrastructure	M\$	56.0	56.0	
Construction Indirects	M\$	21.2	21.2	
Dry-Stack Tailings Management Facility	M\$	31.5	15.8	15.8
Owners costs	M\$	4.7	4.7	
Closure	M\$	20.0		20.0
General sustaining capital	M\$	9.0		9.0
Contingency	M\$	36.1	25.0	11.2
TOTAL CAPITAL COST	M\$	180.5	124.6	55.9

The mining capital estimate from SRK for a contractor supplied/operated fleet at the commencement of operations for the 2 Mtpa mine and mill is \$2 M. Tailings will be a dry-stacked tailings management facility with a projected capital cost of \$31.5 M.

Sustaining capital of US\$10.1 M will be required over the life of mine.

#### Environmental

Environmental baseline studies have been undertaken since 2006 by Dama Engineering, Golder Associates and Envirotest. The Company shall make application in the near future for environmental authority application for exploitation at Yusufeli.

#### Next Steps

The study and assessment are the basis upon which a decision to mine will be considered by the Board of Mediterranean Resources. Any such decision will be taken after careful consideration during the next stage of review, assessment and funding progresses. No timelines have been prescribed. There can be no assurance that the Company will decide to bring the project into production. Whilst some matters are outside of the Company's control, the Board will move diligently in progressing Yusufeli and the exploration and development of other projects.

Within the next 45 days, Mediterranean Resources will release an updated

National Instrument 43-101 compliant technical report, which will include all of the details of the PA. The updated report will be filed on SEDAR.

#### Competent / Qualified Person

The information in this release that relates to Exploration Results, Mineral Resources, and Metallurgy is based on information compiled in the Technical Report on the Yusufeli Property prepared by SRK Consulting in May 2009. The wireframe model for Taç and the resource estimation work for both Taç and Çorak were completed by Abolfazl Ghayemghamian under the supervision of Marek Nowak, Principal Geostatistician, who also oversaw the data verification and resource validation. The wireframe model for Çorak was created by Wayne Barnett. Chris Bonson is responsible for the sections of that report dealing with geology, deposit types and mineralization. Mike Redfearn was responsible for the metallurgical testing and mineral processing section of this report. That technical report was reviewed by Dr. Jean-François Couture. By virtue of their education, membership to a recognized professional association and relevant work experience, Mr. Ghayemghamian, Mr. Nowak, Dr. Bonson, Dr. Barnett, Mr. Redfearn and Dr. Couture are Independent Qualified Persons as defined by National Instrument 43-101.

The Preliminary Assessment was prepared by an integrated engineering team led by SRK as the primary author of the Assessment. The following Qualified Persons were involved in the development of the Preliminary Assessment, and have reviewed and approved the contents of this news release:

- Overall management and cost estimate preparation for the Preliminary Assessment was led by Gordon Doerksen, P.Eng. of SRK
- Process plant design was led by David Brimage MAusIMM of Ausenco Solutions Canada Incorporated
- Mining studies were completed reported by Dino Pilotto, P.Eng. of SRK
- Engineering design and costing of the tailings management facility, waste dump and surface water management infrastructure were the responsibility of Maritz Rykaart, P.Eng. of SRK
- Pit geotechnical design parameters were provided by Bruce Murphy of SRK, a Fellow of the South African Institute of Mining and Metallurgy

The aforementioned are Qualified Persons under National Instrument 43-101, have reviewed and approved the technical information in this release for which they were responsible.

#### About Mediterranean Resources

Mediterranean Resources is a precious and base metals exploration and development company. The Company is currently focused on Turkey where it is developing the Yusufeli gold/copper/lead/zinc project in the

northeastern province of Artvin.

The Technical Report entitled 'Technical Report on the Yusufeli Property, Artvin Province, Turkey' dated May 8, 2009 is available on the Company website and on SEDAR ([www.sedar.com](http://www.sedar.com)).

Additional information about the Company is available on the Company's website at [www.medresources.ca](http://www.medresources.ca) and on SEDAR. Neither Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this release.

Signed on behalf of the Board of Directors.

#### Forward-Looking Information

This news release contains 'forward-looking information' under Canadian securities law. Any information that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words such as 'expect', 'anticipate', 'believe', 'plans', 'estimate', 'scheduling', 'projected' or variations thereof or stating that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking information. Forward-looking information relates to, among other things: the price of silver and gold; the accuracy of mineral resource and mineral reserve estimates; the ability of the Company to finance its operations and capital expenditures; future financial and operating performance including estimates of the Company's revenues and capital expenditures and estimated production. Forward-looking information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, risks relating to: fluctuating commodity prices; calculation of resources, reserves and mineralization and precious and base metal recovery; interpretations and assumptions of mineral resource and mineral reserve estimates; exploration and development programs; feasibility and engineering reports; permits and licenses; title to properties; recent market events and conditions; economic factors affecting the Company; timing, estimated amount, capital and operating expenditures and economic returns of future production; operations and political conditions; environmental risks; and risks and hazards of mining operations. This list is not exhaustive of the factors that may affect any of the Company's forward-looking information. Forward-looking information about the future are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Accordingly, readers

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