Mutiny Gold Limited (ASX:MYG) Makes Substantial Metallurgical Performance Gains

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Perth, Australia (ABN Newswire) - Australian Gold-Copper resources company, Mutiny Gold Limited (ASX:MYG) ('Mutiny' or 'the Company'), is pleased to announce significant improvements have been achieved in metallurgical performance following test work undertaken on ore from the Company's flagship Deflector Gold-Copper Project in Western Australia.

Improving metallurgical performance is considered one of the keys to Mutiny's development of the Deflector Project. The Company has made tremendous strides over the past 12 months in increasing the resource at Deflector and securing financing to take the project to a commercial proposition. The significant lift in gold and copper recoveries, achieved through refinements to the project's flowsheet, is another important step for the Deflector Project.

Flowsheet Development

The Deflector resource is a gold-copper-quartz-sulphide system which has a weathering profile of oxide, transitional and primary mineralogy. The copper mineralogy of the oxide and transition zones makes Deflector ore unsuitable for treatment in a conventional carbon in pulp (CIP) or carbon in leach (CIL) cyanide leach gold processing plant. This is because there is too much cyanide soluble copper present which dissolves in the cyanide leach circuit and loads onto the carbon, thus reducing the ability of the gold to be recovered onto the carbon.

The previous operator of the Gullewa Project attempted the processing of Deflector oxide ore through the existing conventional CIL gold circuit with disappointing consequences.

It is standard metallurgical practice for these ore types to be processed via a floatation technique which involves:

- Using a gravity gold recovery stage to remove as much free gold as possible;

- A differential floatation process to recover additional gold and the copper in a gold/copper concentrate; and

- 40% - 55% of the gold is recovered into doré (gold/silver) bullion from the gravity concentrate, with the balance of the gold going into the gold/copper concentrate.

Cyanide leaching of the main copper bearing material does not usually take place. The copper concentrate is sold into copper smelter/refinery businesses, with payment being received for the contained copper and precious metals, less smelting treatment costs and refining charges

Mutiny has selected a gravity/flotation process flowsheet for the development of the Deflector Project using a Controlled Potential Sulphidisation (CPS) flotation technique for the flotation of oxide and carbonate copper minerals present in the oxide and transition ore types.

A further increase in the overall gold recovery will be achieved through the utilisation of the existing CIL circuit in the final stages of the treatment of pyrite concentrates from primary ore flotation. This will benefit from the treatment of cleaner tailings where cyanide soluble copper is sufficiently low.

While the final process flowsheet has yet to be finalised, a simplified schematic of a possible flowsheet is

shown in Figure 1 (see link at the bottom of the release).

Gravity Recoverable Gold (GRG)

Duplicate 20kg stage grind GRG tests were conducted for each ore type. The laboratory recovery data was subsequently modelled by ConSep Pty Ltd to estimate the full scale plant performance. ConSep Pty Ltd makes and supplies the gravity separation process equipment selected for the flowsheet. Results are presented in Table 1 (see link at the bottom of the release).

Oxide Flotation

The recent testwork supports a concentrate grade of 35% Cu at 64% recovery with a gold recovery of 67% with respect to flotation feed after gravity gold recovery. This is achieved in a simple, rougher flotation stage without cleaning. The reagent scheme consists of NaSH at approximately 1,000g/t, PAX at 400g/t and frother at 60g/t. This scheme is some A$10/t cheaper than the AM2 reagent scheme proposed previously, equivalent to a 25% reduction in operating costs.

This Oxide metallurgical recovery estimate is compared with previous estimates in Table 2 (see link at the bottom of the release).

Transition Flotation

The recent testwork supports a concentrate grade of 20% Cu at a recovery of 84% Cu and 85% Au. This is achieved in a rougher, scavenger and single stage cleaning circuit, with CPS used to float oxide copper minerals in the feed. The reagent scheme consists of PAX 85g/t, NaSH 1500g/t, frother 40g/t and lime 300g/t. This reagent scheme is approximately A$10/t cheaper than the AM2 scheme proposed previously.

The Transition metallurgy recovery estimate is compared with previous estimates in Table 3 (see link at the bottom of the release).

Previous testwork on the primary ore indicates a total gold recovery of 91.6% (65.5% by gravity and 26.1% into the copper/gold concentrate) and an overall copper recovery of 93.7% at a concentrate grade of 22.7%. Testwork has confirmed the recoveries of copper and gold. Further work is being undertaken to improve the copper concentrate grade from the primary zone.

Commenting on the metallurgical results, Mutiny's Managing Director, John Greeve said 'Mutiny and its contractors have put a great deal of effort into refining the metallurgical flowsheets to successfully process Deflector ore in the most cost effective manner. We have learned from the lessons of previous operators and have brought in state-of-the-art technology and techniques to develop a modern option which we have great confidence in. The uplift in recoveries in the oxide and transition zone is an important milestone for the Company which is expected to have a positive impact on the Definitive Feasibility Study being completed by the Company'

About Deflector

The Deflector Gold Copper Project is located 450 km north of Perth, in Western Australia, 160 km east of the Port of Geraldton, within the Greenstone Belt, in the Murchison Province of the Archean Yilgarn Block.

Deflector is on target for commencement of production in late 2012.

It contains identified mineral resources total 530,000oz of gold and 29,000t of Copper.

The company has entered into a Project Finance Facility with Credit Suisse to fund Deflector into production. The first phase of the facility was a drawdown of $11m. Use of funds includes completion of reviewing studies and further drilling.

A Scoping Study was completed in February 2011 (ASX announcement dated 14 February 2011) and the Company is now completing a Definitive Feasibility Study, targeted for completion in late February 2012 prior to activation of the mining phase.

The Scoping Study anticipates two and a half years of open pit mining followed by six and a half years of overlapping underground mining over a total project mine life of approximately ten years with gold recovery of 216,000 ounces of gold. The Scoping Study also recognised the high likelihood of expanding the production levels and extending the mine life.

The Company currently plans to commence production with an open pit mining operation at the Deflector

Gold Copper Project in Quarter 4, 2012, followed by underground mining after two years.

The currently known Deflector Gold Copper Project contains Mineral Resources of 3.4Mt @ 4.9g/t gold, 5.7g/t silver and 0.85% copper for 530,000oz gold, 620,000oz silver and 29,000t copper, of which Measured and Indicated Resources total 2.1Mt @ 5.2g/t gold, 7.3g/t silver and 1.1% copper for 350,000oz of gold, 490,000oz of silver and 22,000t of copper.

For the complete announcement including figures and tables, please refer to the following link: http://media.abnnewswire.net/media/en/docs/ASX-MYG-571126.pdf

About Mutiny Gold Limited:

Mutiny Gold (ASX:MYG) is a diversified resource company focused on the exploration and development of its flagship Deflector gold / copper project, within the Gullewa tenements located in the South Murchison region of Western Australia.

The Company also has significant nickel tenements in Western Australia as well as iron ore potential at its Gullewa tenements.

Mutiny plans to commence production in 2012 with an open pit mining operation at the Deflector Deposit, followed by underground mining after two years.

Source:

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