Rambler Announces Positive PEA for the Ming Mine's LFZ

15.03.2012 | Marketwired

LONDON, ENGLAND and BAIE VERTE, NEWFOUNDLAND AND LABRADOR -- (Marketwire - March 15, 2012) - Rambler Metals and Mining plc (TSX VENTURE:RAB) (AIM:RMM) ('Rambler' or the 'Company') is pleased to report that it has completed a preliminary economic assessment ('PEA') to include the Lower Footwall Zone ('LFZ') mineralization in its mine plan at the Ming Copper-Gold Mine, in Newfoundland, Canada. This assessment has evaluated the potential for an expansion program to first optimize then transition the Ming Mine into a bulk tonnage operation.

The results show positive economics, good internal rate of return and significant cash flow in addition to numerous areas of opportunities which can only further improve the findings in future studies.

SUMMARY

- The PEA is based on an optimization of the current high grade operation at the Ming Mine and Nugget Pond milling facility followed by a transition into a 20+ year bulk tonnage mine based on the anticipated ramp-up schedule:

-- Current Production: 630 mtpd (year one)

-- Years two and three: 1,000 mtpd (optimization of existing infrastructure)

-- Years four to end of mine: up to 3,500 mtpd (bulk tonnage operation)

-- Also in year four and five the Nugget Pond hydrometallurgical facility will process all remaining gold ore from the 1806 zone within the Ming Mine

- Numerous opportunities exist to improve the business case. It is these areas that future optimization and engineering studies will focus on to ensure that if or when the decision is made to proceed with the expansion, the project will benefit from the upside of the existing operation. These opportunities include:

-- A reduction of upfront capital requirements by advancing synergies with current operations;

-- Additional resource growth through ongoing exploration; and

-- Further utilization of the Nugget Pond facility with new feed sources from other regional copper and gold plays

- Project before tax net present value ('NPV') of $251M with an internal rate of return ('IRR') of 18% based on trending copper and gold prices (see Note 1 below)

- Pre-tax cash flow from operations of $861M undiscounted

- Initial CAPEX requirement of $231M estimated for the entire ramp-up of the project. Includes a significant expansion to the mining fleet, a newly built 3,500 mtpd copper concentrator, new production hoist, a backfill plant and fresh air intake/ exhaust raises

- During the life of mine, after milling and recovery, approximately 980k tonnes of copper concentrate (616M lbs of copper) will be produced with 193k ounces of gold and 851k ounces of silver

- Average annual cash operating cost of $1.94 per equivalent pound copper

George Ogilvie, President and CEO of Rambler, commented:

"We are pleased with the results of the PEA that has confirmed our belief that the Lower Footwall Zone can provide a profitable mine life in excess of 20 years. The study now shows the expansion of the Ming Mine over a three to four year period, however more importantly the work has also uncovered some of the projects opportunities and challenges. It is these areas that we must now focus on over the coming months in various optimization studies so that the external risk factors can be minimized allowing the Lower Footwall Zone to remain profitable over varying degrees of price commodity conditions.

We have steadily moved this mine towards production over the last five years and we believe that we have built a core asset that will ensure the company's growth regardless of whether we are in a booming market or working out of a recession. We intend to maximize the return on investment for our shareholders by first delivering on our existing mine plan through mining the known high grade massive sulphides. The eventual expansion into the footwall zone has great potential and it is important to continue with the engineering work now so that when long term market conditions are favorable, our Company is ready for the transition."

The PEA will see the underground mining of all available material within the Ming Mine, including the Lower Footwall Zone, and represents the first time the entire deposit has been considered and evaluated as a potential mining target. The prior feasibility study released in August 26, 2010 considered the mining of the massive sulphide zones only. With the current operation constructed on this basis any possible expansion into the Lower Footwall Zone is preliminary in nature.

The PEA has been developed through three independent consultants; the Stantec office out of Sudbury and New Brunswick were responsible for the mining, environmental and project economics; Thibault and Associates Inc. out of New Brunswick were responsible for all processing aspects of the project; while James Weick, a professional geologist based out of Newfoundland, has reviewed the procedures used for the resource estimation and found them consistent with CIM best practices and in compliance with NI43-101 guidelines. Much of the operational input gained from the ongoing mining and milling at the Ming Mine was made available for review and inclusion in the report.

A National Instrument 43-101 ("NI43-101") technical report for the PEA will be filed on SEDAR at www.sedar.com before the end of April 2012.

As part of the economic assessment a new geological resource and reserve has been estimated for the project. Tables 1 and 2 below outline the results of this updated estimate which will also be detailed in the technical report filed with SEDAR at April end. This PEA includes some inferred mineralization, approximately 7% of the reserve estimate, which are considered speculative geologically and there is no certainty that the preliminary economic assessment for these resources will be realized and eventually moved into any reserve category.

Table 1: Resource Estimate for all Zones within the Ming Copper-Gold Mine

Resource
Classification Cutoff Quantity Grades Contained Metal
Copper Gold Silver Zinc Copper Gold Silver Zinc
(000't) % g/t g/t % tonnes oz oz tonnes

Measured
MMS (Copper) 1.00 % Cu 1,016 2.46 1.99 8.88 0.56 25,029 65,155 290,192 5,642
MMS (Gold) 1.25 g/t Au 267 0.56 4.31 32.15 1.31 1,494 36,919 275,644 3,489

Total Massive Sulphides 1,283 2.07 2.47 13.72 0.71 26,524 102,074 565,836 9,131

Total Stringer 1.00 % Cu -- -- -- -- -- -- -- -- --

Combined Total 1,283 2.07 2.47 13.72 0.71 26,524 102,074 565,836 9,131

Indicated
MMS (Copper) 1.00 % Cu 1,088 1.99 2.00 8.74 0.48 21,656 70,151 270,713 4,672
MMS (Gold) 1.25 g/t Au 83 0.74 2.83 13.86 0.70 616 7,545 36,881 580

Total Massive Sulphides 1,171 1.90 2.06 9.14 0.50 22,271 77,695 307,594 5,252

Total Stringer 1.00 % Cu 18,306 1.43 0.09 1.35 0.01 261,258 52,015 794,102 2,603

Combined Total 19,477 1.46 0.21 1.77 0.04 283,530 129,710 1,101,697 7,854

Combined Measured and Indicated
MMS (Copper) 1.00 % Cu 2,105 2.22 2.00 8.29 0.49 46,685 135,306 560,904 10,314
MMS (Gold) 1.25 g/t Au 349 0.60 3.96 27.82 1.16 2,110 44,464 312,526 4,068

Total Massive Sulphides 2,454 1.99 2.28 11.07 0.59 48,795 179,770 873,430 14,383

Total Stringer 1.00 % Cu 18,306 1.43 0.09 1.35 0.01 261,258 52,015 794,102 2,603

Combined Total 20,760 1.49 0.35 2.51 0.08 310,053 231,784 1,667,533 16,985

Inferred
MMS (Copper) 1.00 % Cu 1,711 2.01 1.81 8.87 0.66 34,362 99,832 409,823 9,499
MMS (Gold) 1.25 g/t Au 136 0.73 1.97 8.29 0.60 993 8,589 36,138 814

Total Massive Sulphides 1,847 1.91 1.83 8.82 0.66 35,355 108,421 445,961 10,313

Total Stringer 1.00 % Cu 17 1.19 0.09 1.00 0.01 196 50 531 2

Combined Total 1,863 1.91 1.81 8.74 0.65 35,552 108,471 446,491 10,314

* Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. All figures are rounded to reflect the accuracy of the estimate. Cut‐off grades of 1.0 per cent copper for the massive sulphides, 1.25 grams per tonne gold for the 1806 zone, 1.00 per cent copper for the stringer sulphides have been used in the estimate. Cut‐offs are based on an NSR model and long term metal prices of US$3.45/lb copper and US$1200/oz gold, and US$21.96/oz silver. Zinc does not contribute to the revenues.

Table 2: Minable Reserve Estimate for the Ming Copper-Gold Mine

Classification Quantity Grades Contained Metal
Copper Gold Silver Zinc Copper Gold Silver Zinc
(000't) % g/t g/t % tonnes oz oz tonnes

Proven Reserve 17,206 1.33 0.22 1.96 0.06 229,449 122,364 1,083,343 9,967
Probable Reserve 2,899 1.34 0.67 3.44 0.16 38,752 62,711 320,778 4,746

Combined Total 20,105 1.33 0.28 2.17 0.07 268,201 185,075 1,404,121 14,713

Estimated Minable Resource 1,553 1.40 1.43 7.65 0.59 21,672 71,514 381,884 9,213
(after dilution/recovery)*

* A portion of the mine plan utilizes inferred mineralization which cannot be characterized into any reserve classification. The 1.6M tonnes of minable inferred mineralization, which represents 7% of the total reserve estimate, is classified as an "Estimated Minable Resource" and cannot be carried into a NI43-101 technical report".

This PEA does not include any of the exploration potential at the Ming Mine and has only used the drill defined resources and reserves.

HIGHLIGHTS AND ASSUMPTIONS OF THE PEA

- As with all mining and exploration projects this expansion carries with it some risk but significant upside potential under the right conditions. The table below summarizes the sensitivities associated with head grade, commodity pricing, currency rate, project OPEX and CAPEX.

Variable	-15%	Base NPV	15%
Grade to mill	$ 53.21	$ 251.49	$ 449.78
Metal Price	$ 37.38	$ 251.49	$ 465.61
Currency	$ 85.16	$ 251.49	$ 417.85
OPEX	$ 133.93	$ 251.49	$ 369.06
CAPEX	$ 209.56	$ 251.49	$ 293.42

Note: Discounted NPV before-tax (millions of dollars)

- Basic assumptions used for the compilation of this economic assessment:

- Average copper price of $3.53 per pound, gold price of $1,320 per ounce and silver of $24.16 per ounce

(see Note 2)

- US to Canada exchange rate of 1 : 0.97

- Project discount rate of 5%

- Mill recoveries for year one are based on current operations at Nugget Pond; then expansion and optimizing of the Nugget Pond copper and gold circuits during years two and three; finally for years four to twenty a new copper concentrating facility constructed at the Ming Mine site, optimized for the lower footwall material with an overall recovery of 97%

OPPORTUNITIES

- The project capital is $231M excluding contingency and sustaining capital which envisions a significant expansion to the mining fleet, a newly built 3,500 mtpd copper concentrator, new production hoist, a backfill plant and fresh air intake/ exhaust raises; all required in the first three years of the project. Besides focusing on ways to reduce these expenditures, with an operating mine and mill already in place, Rambler possess the ability to fund some of the expansion through its current operations over a three to five year period. This of course would mean that new resources and reserves would be required to replace those mined during that period.

- The construction of a backfill plant will allow some of the historical pillars left over from mining operations in 1982 to be mined. This mineralization has been verified and included in two separate resource categories. The first in developed but unmined areas with an indicated resource of 125k tonnes grading 2.43% copper and 1.99 g/t gold; the second under an inferred category of 274k tonnes grading 3.94% copper and 2.00 g/t gold. Further engineering work may allow these resources to be converted and included in the reserve statement.

- The Nugget Pond milling complex (500 mtpd gold hydromet and 1000 mtpd copper concentrator) is not being utilized beyond year five of the project after the remaining resources from the 1806 gold zone have been processed. With any expansion of Rambler's gold resources or participation in another copper or gold play near to the Nugget Pond property, this facility could take advantage of any deposit outside the Ming Mine area and operate independently.

- The Ming Mine ore bodies remain open in all directions and have been proven to return significant copper and gold intersections with ongoing diamond drill delineation and exploration programs. By expanding on these programs the company is confident that new resources and reserves maybe added.

The PEA envisions that massive sulphide ore will be trucked from the mine to the Nugget Pond copper concentrator, 40 km's away, over the first three years whereupon the 1806 zone (gold zone) will be treated at the facility from years four through five. Beyond year five additional 1806 zone material could be supplied if the company's exploration program is successful or from an external satellite deposit. In the interim a new 3,500 mtpd mill would be constructed next to the existing Ming Mine shaft to be available from year four to end of mine. This concept allows the Company to realize revenue streams from both copper and gold simultaneously.

There will be production increases from the existing 630 mtpd, to 1,000 mtpd (years 2 and 3) and 3,500 mtpd from year 4 to year 20. Once in steady state production approximately 90% of the planned tonnage will come from a longhole bulk mining method which can reduce the operating unit costs from current levels of $115 per tonne to $60 per tonne. Hydraulic backfill augmented with waste rock from underground development will be the primary filling mechanism with access to each of the zones made possible through extensions of the existing ramps and raises. Due to the significant increase in production a supplemental ventilation and power system will have to be installed.

The capital requirement for the mine over the first six years is estimated to be $172M; mill $45M over the first three years and tailings $14M over the life of mine giving a total requirement of $231M excluding contingency and sustaining capital. Production, mine development and construction activities have been identified for the entire 20 years of operation and have been linked through schedules based on current performance parameters.

ABOUT RAMBLER METALS AND MINING

Rambler Metals and Mining plc is a Junior Mining Company that has 100% ownership of the Ming Copper-Gold Mine in Baie Verte, Newfoundland and Labrador, Canada. As a producing gold and copper miner, our objective is to become a mid-tier mining company by continuing the development of the Ming Mine, discovering new deposits and through mergers and acquisitions.

The initial six years of the Ming Mine project is based on the underground mining of massive sulphides with a mineable reserve estimate of 1.498 million ore tonnes grading 1.62% copper, 2.40 g/t gold and 10.90 g/t silver (24,252 tonnes of copper, 115,549 ounces of gold and 525,139 ounces of silver of contained metal). All massive sulphide zones remain open both up and down plunge with the current exploration program focused on extending the known mineralization for inclusion in the resource/ reserve estimate.

In addition to the outlined reserve estimate there is a sizeable footwall deposit, beneath the massive sulphide horizon, that has been outlined with an indicated resource grade of 18,306k tonnes grading 1.43% copper (261,258 tonnes of contained copper at a 1.00% copper cut-off grade). This zone forms the basis of the preliminary economic assessment, currently being compiled by the Company, which envisions the Ming Mine transitioning itself into a bulk tonnage mining operation. For further information on the Ming Mine project, please refer to the Company's NI 43-101 compliant technical reports, available under the Company's profile on SEDAR (www.sedar.com).

Over the coming months and years, as the Company seeks to optimize the Ming Mine project into cash positive position, it is expected that future expansion into the footwall zone will be formalized with the goal of maximizing returns for shareholders and increasing the life of mine.

Note 1: Unless otherwise noted all figures are quoted in $US

Note 2: Commodity pricing for years 1 and 2 are reflective of Macquarie's published forecast report, November 2011. Long term pricing beyond year 5 trending to $3.45 per pound copper, $1,200 per ounce gold and $21.96 per ounce silver. For the life of mine the average copper price is $3.53 per pound, gold price is $1,320 per ounce and silver price is $24.16 per ounce

Larry Pilgrim, P.Geo., is the Qualified Person responsible for the technical content of this release and has reviewed and approved it accordingly. Mr. Pilgrim is an independent consultant contracted by Rambler Metals and Mining plc.

All tonnes reported are dry metric tonnes unless otherwise indicated.
The NI43‐101 technical report has been complied by a number of independent, third party, consultants. Including:
George Darling, P.Eng., Stantec: Reserve estimate, mining methodology and project economics;
James Weick, P.Geo.: Resource estimate and regional geology;
Dean Thibault, P.Eng., Thibault and Associates Inc: Metallurgical processing;
Peter Pheeney, P.Eng., Stantec: Environmental.

Caution Regarding Forward Looking Statements:

Certain information included in this press release, including information relating to future financial or operating performance and other statements that express the expectations of management or estimates of future performance constitute "forward-looking statements". Such forward-looking statements include, without limitation, statements regarding the financial strength of the Company, estimates regarding timing of future development and production and statements concerning possible expansion opportunities for the Company. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, interpretation and implications of drilling and geophysical results; estimates regarding timing of future capital expenditures and costs towards profitable commercial operations. Other factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, increases/decreases in production; volatility in metals prices and demand; currency fluctuations; cash operating margins; cash operating cost per pound sold; costs per ton of ore; variances in ore grade or recovery rates from those assumed in mining plans; reserves and/or resources; the ability to successfully integrate acquired assets; operational risks inherent in mining or development activities and legislative factors relating to prices, taxes, royalties, land use, title and permits, importing and exporting of minerals and environmental protection. Accordingly, undue reliance should not be placed on forward-looking statements and the forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as at the date hereof and the Company does not undertake any obligation to update publicly or revise any such forward-looking statements or any forward-looking *statements contained in any other documents whether as a result of new information, future events or otherwise, except as required under applicable securities law.*

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

Contact Information

Rambler Metals & Mining Plc
George Ogilvie, P.Eng.
President and CEO
709-800-1929
709-800-1921

Rambler Metals & Mining Plc
Corporate Office
+44 (0) 20 8652-2700
+44 (0) 20 8652-2719 (FAX)
www.ramblermines.com

Seymour Pierce Limited
Nandita Sahgal / Jeremy Stephenson
+44 (0) 20-7107-8000

Pelham Bell Pottinger
Charles Vivian / Philippe Polman
+44 (0) 20 7861 3921

Ocean Equities Limited
Guy Wilkes
+44 (0) 20-7786-4370