

ABM Resources NL Old Pirate Stage 1 Scoping Study Results

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Perth, Australia (ABN Newswire) - [ABM Resources NL](#) (ASX:ABU) is pleased to announce the results of the Old Pirate Stage 1 Open Pit Scoping Study. The Old Pirate Gold Deposit is located in the Northern Territory of Australia on the same project as the Company's multi-million ounce resource at the Buccaneer Porphyry Gold Deposit. The Stage 1 Old Pirate open pit is modelled to contain 832,000t @ 11.5g/t gold for 308,000oz and is based on both Inferred and Indicated Resources Estimations as announced April 16th, 2012.

The presence of high grade coarse free gold at Old Pirate allows for construction of a simple Gravity Processing Plant with savings on capital expenditure and processing compared to conventional cyanide leach processing. Work is also on-going with Tanami Gold NL under the previously announced Memorandum of Understanding to consider processing Old Pirate material at the Coyote Gold Mine located 45 km from Old Pirate.

On-site Gravity Processing Plant. Assumes a 350,000 to 450,000 tonnes per annum gravity gold recovery plant is installed at Old Pirate:

- 261,000 ounces gold recovered in Stage 1 open pit via gravity gold extraction methods. Stage 1 does not include cyanide leach, underground scenarios or integration of other gold bearing veins identified but not in the resource estimation.
- \$27.1M capital expenditure (gravity plant, camp and associated infrastructure) paid back in the first 5 months of production.
- \$257M Net Present Value (NPV) applying 0% discount rate (equivalent to cash flow over 2 years mine life).
- \$228M NPV applying 9.8% discount rate.
- \$511 per ounce of gold total operating cost inclusive of mining, processing, royalties and administration (cash cost ~\$383 per ounce).

NOTE - Assumes \$1600 per ounce realised gold price.

Darren Holden, Managing Director, said, 'We are very pleased with the outcomes of the Entech Scoping Study for Old Pirate. The study presents the potential for a low-cost and highly profitable open pit mining operation. Considering that the Scoping Study neither takes into account possible underground development nor is optimised to include known gold-bearing veins outside the resource, we are considering this as a first base case with upside yet to be factored in. ABM is currently exploring another three kilometres of prospective strike length of sedimentary horizons at Old Pirate targeting gold bearing vein material.'

Scoping Study

ABM Resources contracted Entech Pty Ltd Mining Consultants to review the Old Pirate Gold Deposit resource estimation and to conduct an open pit optimisation study. The study was based on the Inferred and Indicated Resource models announced by the Company on 16th April, 2012. The study used a \$1600 per ounce realised gold price. However, due to the very low operating costs, a sensitivity analysis was also run at \$1200 per ounce gold price which also showed strong cash-flows.

ABM is continuing with aggressive extensional exploration at Old Pirate by drilling and trenching, with a view to upgrading resource categories and identifying further mineralised zones in the immediate area.

A Scoping Study is not a Feasibility Study. A Scoping Study is based on optimised mine designs, conceptual parameters, and it utilises general approximations based on similar deposits or mines. Refer to Appendix 2 for a more detailed review of parameters. It is important to note that Inferred Resources do not have a comparable reserve definition and hence resource definition requires upgrading (from Inferred Resource to

Indicated or Measured Resource) prior to more definitive feasibility studies.

Open Pit Optimisation

The Inferred and Indicated Resource models were analysed with various parameters for mining rates and a series of 'nested' pit shells were produced to assess the economic value. The uncut resource model was used with a dilution factor of 10% and a mining recovery factor of 95%. Mining and haulage costs were calculated at variable rates for increasing depth. Drill and blast costs were varied for oxide, transitional and fresh rock material.

Overall the models revealed an average of approximately 3,000 ounces of gold per vertical metre and a strip ratio of (ore:waste) 1:13 with a pit extending to a maximum depth of approximately 100 metres below natural land surface.

Standalone Gravity Processing Scenario

A standalone processing scenario involves a total capital expenditure of ~\$27.1M for the processing plant and other facilities. Capital expenditure is based on the installation of a pre-constructed, modular gravity gold extraction facility. Preliminary metallurgical test work at Old Pirate has indicated that approximately 85% of the gold is extractable via simple gravity processing without the need for cyanide.

The cost of a 50 tonne per hour (350,000 to 450,000 tonnes of material per annum) plant is estimated at \$15M with an additional \$12M required for a power plant, camp facilities, equipment and site works. The cost of processing is estimated at \$35 per tonne. The plant and processing costs are based on discussions with gravity plant construction companies and are considered general approximations. Gold not extracted via gravity plant can possibly be reprocessed via cyanide methods at a later date and is not included in this Scoping Study.

The Scoping Study indicates an initial 2 year mine life for the Stage 1 pit which can be expanded with further extensional resource work and possible underground mining.

Next Steps

The Old Pirate Deposit is located on an Exploration Licence and consists of both Inferred and Indicated Resources. ABM is currently trenching extensional veins at Old Pirate and a drilling program will commence shortly.

Further testing, resource definition, design, feasibility studies and environmental work along with regulatory approvals for a Mineral Lease need to be carried out before mining can commence. This work is on-going.

To view the complete ABM Resources announcement including Tables & Figures, please refer to the following link below:

<http://media.abnnewswire.net/media/en/docs/ASX-ABU-589832.pdf>

About ABM Resources NL:

[ABM Resources](#) (ASX:ABU) is an exploration company developing several gold discoveries in the Tanami-Arunta region of the Northern Territory of Australia. The Company's assets include the Twin Bonanza Gold Camp including the large scale / bulk tonnage Buccaneer Porphyry Gold Deposit which has several new extensional zones discovered in 2011 and the Old Pirate High-Grade Gold Prospect where the Company recently announced 726 metres of combined vein strike length averaging 24.01g/t gold from surface trenching (refer announcement dated 8/2/2012). In addition, regionally the Company has discoveries at the Hyperion Gold Project and the Kroda Gold Project and is also focused on unlocking the potential of one of the largest blocks of exploration licenses in Australia.

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