

Scorpio Gold Reports on Mine Plan Study for the Drinkwater and Mary Pits, Mineral Ridge Gold Operation

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire - Oct. 1, 2012) - [Scorpio Gold Corporation](#) ("Scorpio Gold" or the "Company") (TSX VENTURE:SGN) announces results of the Life of Mine Plan Study (LOM) completed by AMEC E&C Services Inc. (AMEC) of Sparks, Nevada dated July 15, 2012 for the Drinkwater and Mary pits at the 70% owned Mineral Ridge Gold Operation, Nevada. Scorpio Gold attained commercial production status at Mineral Ridge on January 1, 2012.

The mine plan projects a current 3 year mine life at 66,000 tons per month (t/m) based on estimated Measured and Indicated Mineral Resources of 3.2 million tons (MT) grading 0.059 ounces per ton (oz/ton) gold (190,800 oz contained gold) including Probable Mineral Reserves of 2.1 MT grading 0.062 oz/ton gold (131,000 oz contained gold).

This mine plan study is exclusive of ongoing studies by Telesto Nevada Inc. (Telesto), which includes deposit modelling and a NI 43-101 compliant Mineral Resource estimate for the satellite deposits, Brodie, Wedge B, Bluelite, Solberry and Oromonte (see July 24 2012 news release).

Peter Hawley, CEO comments, "This snapshot view of the LOM provides a strong base for the Company to grow at Mineral Ridge. Already the study's quoted throughputs, grades and produced ounces have been exceeded in operations to date at Mineral Ridge. The completed 2012 Mary LC drilling and the present drilling of the Drinkwater highwall zone will be incorporated into the 2013 mine reserve plan later this fall, which is expected to add additional years to the LOM. We are pleased to receive this economic study that solidly places over 68% of the total Measured and Indicated Resources into the Probable Reserve category, and provides good recommendations for improving the operation as we have already done and for advancing our satellite deposits to development and production stages. The estimated timing for Telesto's completion of the Mineral Resource estimate for the adjacent satellite deposits is the end of October."

Principal Outcomes - Life of Mine Plan Study

- Estimated Probable Mineral Reserves: 2.1 Mt at 0.062 oz/ton gold (131,000 oz contained gold).
- 3 year mine life at 66,000 t/m throughput.
- Average annual gold production of 30,000 oz over the projected life of mine.
- Total direct operating cash costs of \$906/oz gold over the life of mine.
- After tax net present value (NPV) of \$25.8 million (8% discount rate) at an average gold price of \$1,530/oz. Note that the average gold price used in the NPV calculation is based on a near-term spot gold price which regresses to a long-term price of \$1,300 per ounce of gold, or the price at which the reserves and resources are reported.
- Key risks to the Project include:
 - Current operations mining rate is lower than assumed in the LOM; extra equipment, operating shifts, or both will make up the difference.
 - Current operations heap leach solution application rates are lower than indicated in the LOM; this situation is likely to improve once the additional water well is operational, expected in the fourth quarter of 2012.
- Key opportunities at the Project include:
 - Current mining results indicate that some of the material mined from voids left by historical underground mining contains gold mineralization, which has allowed a net increase in the ore recovered over what was predicted by the Mineral Reserve estimate.
 - There is potential to identify additional mineralization from drill-defined extensions to the Drinkwater and Mary deposits, which may support Mineral Resource estimation and potentially be converted into Mineral Reserves.
 - Exploration potential of identified prospects surrounding the Drinkwater and Mary deposits.

Mineral Reserves presented in Table 1 have demonstrated economic viability through the application of modifying factors in the LOM. All Mineral Reserves are classified as Probable Mineral Reserves with no Proven Mineral Reserves.

Table 1. Mineral Reserve Estimate - Drinkwater & Mary Pits

Pit	Ore Tons (x1000)	Gold Grade (oz/ton)	Contained Gold (oz)	Waste Tons (x1000)	Strip Ratio (waste:ore)
Drinkwater	1,269	0.061	77,000	4,537	3.6
Mary	832	0.065	54,000	5,488	6.6
Total	2,101	0.062	131,000	10,025	4.8

Notes:

1. The effective date of the Mineral Reserve is April 30, 2012.
2. The Mineral Reserve estimate was prepared by Jim Ashton, P.E., of Scorpio Gold and audited by independent qualified person, Don Tschabrun, SME-RM, of AMEC.
3. Mineral Reserves are reported at a 0.020 oz/ton gold cut-off grade.
4. Mineral Reserves are contained within a designed pit with access ramps based on the Lerchs-Grossmann (LG) algorithm utilizing a \$1,300 oz gold price. The optimization mining cost was \$5.40/t of ore mined at Drinkwater, \$5.31/t of ore mined at Mary, \$2.77/t of waste mined, and \$1.46/t of fill mined. An average crushing cost of \$2.57 and an average processing cost of \$6.90 were applied per ton processed. G&A costs were applied at \$3.98 per ton processed. Shipping and refining costs of \$21/oz gold produced were applied. A 65% metallurgical recovery was applied. Overall pit slope angles ranged from 45 degrees to 49 degrees.

Table 2. Mineral Resource Estimate - Drinkwater & Mary Pits

Classification	Tons (x1000)	Gold Grade (oz/ton)	Contained Gold (oz)
Measured	-	-	-
Indicated	3,231	0.059	190,800
Measured + Indicated	3,231	0.059	190,800
Inferred	89	0.043	3,800

Notes:

1. Mineral Resources are reported inclusive of Mineral Reserves.
2. The effective date of the Mineral Resource is April 30, 2012.
3. The Mineral Resource estimate was prepared by Jim Ashton, P.E., of Scorpio Gold and audited by independent qualified person, Michael Munroe, SME-RM, of AMEC.
4. Mineral Resources are reported at or above a 0.020 oz/ton gold cut-off grade.
5. Mineral Resources are reported using a long-term gold price of US\$1,500/oz.
6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Mineral Resource estimate is based on a total of 1,510 drill holes and 52,682 assay results collected between 1939 and 2012 from the Drinkwater, Mary and Last Chance deposits. The cut-off date for information used in the geologic model and Mineral Resource model was February 29, 2012.

The key assumptions, parameters and methods used to estimate the Mineral Resource and Mineral Reserve are as follows:

- Mineral Resources reported are constrained within a conceptual Lerchs-Grossmann (LG) pit shell and are inclusive of Mineral Reserves.
- The economic parameters used to construct the Mineral Resource LG pit are the same as those used in the

Mineral Reserve pit except that the price of gold was increased from \$1,300 per ounce to \$1,500 per ounce.

- The block model consists of 15 ft x 15 ft x 10 ft blocks estimated using inverse-distance to the second power methodology. Mineralized envelopes were constructed on 50 ft spaced sections using a 0.010 oz/ton gold assay grade as a guide. The envelopes were combined into wire-frames that defined the extent of mineralization for both the Drinkwater and Mary deposits.

- Extensive historical underground workings are present in the Drinkwater and Mary areas. Underground wire-frames were used to remove the percentage of the block contained within the mineralized envelope.

- A single bulk density factor of 13 cubic ft per short ton was assigned to all blocks that represent in-situ rock and used in the Mineral Resource estimates.

- In the Drinkwater area, assays were capped at a threshold of 1.6 oz/ton gold, and in the Mary area assays were capped at a threshold of 1.0 oz/ton gold.

- Mineralization pinches and swells, and is not easily mapped, and correlation between sections is often difficult, therefore outlier restriction was also applied to restrict gold interpolation at a threshold of 0.5 oz/ton gold and a distance of 60 ft.

The Mineral Resource and Mineral Reserve estimates were prepared by Jim Ashton, P.E., of Scorpio Gold and audited by AMEC. An independent technical report supporting the disclosure of the Mineral Resource and Mineral Reserve estimate is being prepared by AMEC and will be filed on SEDAR within 45 days of this news release. The Mineral Reserve and Mineral Resource estimates have been prepared in accordance with the 2010 CIM Definition Standards for Mineral Resources and Mineral Reserves as incorporated by reference in National Instrument 43-101 of the Canadian Securities Administrators. The AMEC Qualified Persons for the estimates are Mr Don Tschabrun, RM-SME for Mineral Reserves, and Mr Michael Munroe, RM-SME for Mineral Resources. The Technical Report will be authored by Todd Wakefield, SME-RM, Michael Munroe, SME-RM, Don Tschabrun, SME-RM, and Michael Drozd, SME-RM, of AMEC. Readers are cautioned that the conclusions, projections and estimates set out in this press release are subject to important qualifications, assumptions and exclusions, all of which are detailed in the upcoming technical report. To fully understand the summary information set out above, the technical report that will be filed on SEDAR (www.sedar.com) should be read in its entirety.

Scorpio Gold's CEO, Peter J. Hawley, P.Geo., is a Qualified Person for the Mineral Ridge operation and has reviewed and approved the content of this release. For additional information, please see the Company's website at www.scorpogold.com.

About Mineral Ridge

The Mineral Ridge gold mining operation is located in Esmeralda County, Nevada. Scorpio Gold holds a 70% interest with joint venture partner Waterton Global Value L.P. (30%), and is entitled to receive 80% of cash flow generated. Mineral Ridge is currently in production as a conventional open pit mining and heap leach operation. The property is host to multiple gold-bearing structures, veins and bodies at exploration, development and production stages.

ON BEHALF OF THE BOARD SCORPIO GOLD CORPORATION

Peter J. Hawley, CEO

The Company relies on litigation protection for "forward-looking" statements. This news release contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur, and include, without limitation, statements regarding the Company's plans with respect to exploration, development and exploitation of its Mineral Ridge project. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements, including risks such as mining and operational risks affecting projected production and those risk factors outlined in the Company's Management Discussion and Analysis as filed on SEDAR. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to

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