

ABM Resources Limited - Trial Mining Permit Received for Old Pirate High-Grade Gold Project

18.03.2013 | [ABN Newswire](#)

10:18 AEST Mar 18, 2013 ABN Newswire (C) 2004-2013 Asia Business News PL. All Rights Reserved.

Perth, Australia (ABN Newswire) - [ABM Resources NL](#) (ASX:ABU) is pleased to provide an update on the development of the Old Pirate High-Grade Gold Project located in the Northern Territory of Australia.

Stage One - Trial Mining to reconcile recovery, grade and mining techniques:

Mine Management Plan accepted and authorisation issued by the Northern Territory Department of Mines and Energy allowing for:

- Extraction of 10,000 tonnes of gold-bearing material.
- Installation of a Pilot Plant and tailings facility.
- Associated site works and ground water extraction.
- Extensional exploration in the Old Pirate corridor.

Pilot Plant and ancillary infrastructure details:

- 15tph gravity gold plant including crushers, coarse gold jig, ball mill, Knelson gravity concentrator and tabling / gold room.
- Plant cost of ~\$2M with installation costs of ~\$1M. Pilot Plant scalable with minor adjustments to 150,000 tonnes per annum and adaptable for use in ongoing mining operation.

Trial mining scheduled to commence in June 2013 with processing in July 2013.

- Mining from a selection of high-grade veins in the top 2.5 to 5 metres of the deposit.
- Targeting recovered grade of 10g/t gold from 10,000 tonnes, which could deliver approximately 3,000 ounces of gold.
- Funded from cash in hand (~\$14M at 31 December 2012) and potentially cost neutral from sale of gold.

Mineral Lease (ML) Application progressing.

Darren Holden, Managing Director of ABM said, 'The path is now clear for ABM to commence the trial mining work at Old Pirate. The staged approach is a stepwise development and assessment path that is designed to become self-funding through each stage of operations growth. Commencing with Stage One Trial Mining the Company can assess the mining factors for Stage Two hence mitigating risk and providing valuable feasibility information.'

The Staged Approach to Development

The Old Pirate Gold Deposit has a total uncut mineral resource estimate of 1.88Mt averaging 11.96g/t gold for 723,800 ounces (refer Appendix 1) and has a number of key advantages compared to other projects in Australia. Firstly, metallurgical test work indicates that up to 97% of gold can be recovered from low cost / low capital expenditure gravity processing methods (refer release dated 05/09/2012). Secondly, there is

abundant high-grade gold observed in multiple quartz veins extending from surface. The project has a high coarse-gold effect (statistical nugget effect) resulting in a high variability of grade between samples, and, through trialling multiple techniques, the Company has established that the collection of larger sample sizes results in a generally higher grade assay. This sampling effect is typical in coarse gold systems where drilling generally under-calls the overall grade.

As a result, the Company is not undertaking the standard feasibility study process involving detailed drilling, but is instead conducting a staged approach to development where the trial mining (bulk sampling) forms a key part of determining the costs and feasibility of a full-scale mine, and allows for ongoing 'in-mine' exploration. The trial mining involves installation of a gravity gold plant that will be used and expanded in the subsequent stages.

The staged process takes advantage of the low engineering risk at Old Pirate and allows the Company to keep up-front capital expenditure to a minimum. The objective is for each stage of development to be profitable with quick payback periods, and to provide the capital required for the subsequent stages from cash flow.

Exploration will continue during all stages to expand the resource base. The 2013 field season has commenced and the Company is in the process of sampling veins that have been identified as a result of reconnaissance work towards the end of the 2012 field season.

Stage One - Pilot Processing Facility and Trial Mining

The Company has now received the final authorisation to commence trial mining and has commenced ordering the components for the pilot processing facility ('Pilot Plant') and trial mining stage. The initial plant costs are ~\$2M with a further ~\$1M required for site works and installation (refer Appendix 2). ABM is purchasing the Pilot Plant, but plans to rent ancillary items such as diesel generators and mobile accommodation units for Stage One.

The Pilot Plant is designed to produce free gold using gravity recovery methods. It involves primary and secondary crushing followed by a jig for coarse gold and a ball mill with multiple passes through a Knelson centrifugal gravity concentrator for finer gold. The plant also includes a secure tabling and gold room where the end product will be gold dore bars. The plant design flow sheet is shown in Figure 1. Gold-bearing material will be subject to multiple passes through gravity concentrators and the Company targets recovering between 90% and 95% of the gold, based on laboratory test work.

ABM is expanding on the existing exploration camp, with a limited amount of additional infrastructure required for the trial mining. Existing infrastructure includes ABM's own airstrip, offices, ablutions and messing facilities.

Trial Mining involves free-digging of high-grade, gold-bearing material from the near-surface environment to a depth of between 2.5 and 5 metres. The Company anticipates a head grade of at least 10g/t of gold from the 10,000 tonnes, thus targeting to produce ~3,000 ounces of gold. The Company considers the trial mining to be the equivalent of a feasibility study for future open pit operations. The total cost, including capital purchases, contract mining, mobilisation and technical analysis is anticipated to be ~\$5M. Previously the Company advised that it was required to hold the gold product from the trial mining in secure trust until the Mineral Lease was granted. ABM has now received notification from the Department of Mines and Energy that the gold product from the trial mining can be sold immediately by the Company to cover the costs of the work. The authorisation to conduct the Trial Mining from the Department of Mines and Energy and the Central Land Council allows ABM to complete the bulk sample under an exploration lease. An accepted closure and rehabilitation plan has been designed and bonds are in place.

Due to lead times of 3-4 months for some components of the Pilot Plant ABM anticipates trial mining to commence in June 2013 with material starting to be processed in July 2013 for the duration of approximately one month.

Beyond Stage One

The Company has lodged a Mineral Lease application covering the Old Pirate trend and surrounding areas required to support full-scale mining operations. Initial environmental assessments have been lodged with the various statutory offices including the Northern Territory Department of Mines and Energy, the Northern Territory Environmental Protection Agency and the Central Land Council. The Company is aiming to conclude the Mineral Lease application early in the second half of 2013 and around the time Stage One Trial Mining is completed.

Stage Two - High-grade open pit mining utilising the Pilot Plant

The results of Stage One Trial Mining, a key part of ABM's feasibility process for the Old Pirate High-Grade Gold Deposit, will impact the ultimate design and execution of the Stage Two open pits.

It is ABM's intention to progress parts of the Old Pirate mineral resource to mining reserve status on completion of the Trial Mining process. At the conclusion of Stage One, the Pilot Plant facility will remain in place and metallurgical recoveries will have been proven in operating conditions. The Company intends to use the Stage 1 Pilot Plant as the Stage Two Processing Facility and hence the Company will be able to commence mining immediately upon authorisation from statutory authorities. The Processing Facility will be able to process 150,000 tonnes per annum, requiring only minor upgrades to the Pilot Plant to improve efficiency.

Stage Two is likely to include open pit mining from surface to a depth of at least 30 to 35 metres. The mineral resource estimate (top cut 300g/t refer release 04/02/2013) in the top 30m is 420,800 tonnes of material averaging 10.36g/t gold for 140,000 ounces of which the Indicated Resource component is 286,300 tonnes averaging 12.15g/t gold for 112,000 ounces of gold, representing approximately 4,500 ounces per vertical metre.

The Scoping Study presented in the ASX announcement of 15/05/2012 has not been updated with the recently released updated resource estimation. The production cost per ounce of Stage Two will be estimated upon completion of the Stage One work. At present the Company is working on similar assumptions to those presented in the Scoping Study, which approximated costs at \$380 to \$510 per ounce.

It is important to note that even at the end of last year's field season ABM's geologists were discovering additional high-grade gold bearing veins at surface at Old Pirate. Last week the Company mobilised sampling crews and geologists targeting the areas to the north of Old Pirate where previous results have yielded rock sample results up to 69.2g/t gold.

Stage Three - Expansion phase

Following Stage Two the Company is targeting to expand the overall mill capacity to ~300,000 tonnes per annum (doubling capacity). It is anticipated that this will be funded from positive cash-flow from Stage Two. Stage Three is likely to include processing of any low-grade stock-piles from Stage Two, any newly identified areas along with pit cut-backs and ultimately underground mining. The design work of Stage Three will be based on Stage Two and ongoing exploration and hence is presented here as a possible part of the staged process only.

The Old Pirate resource remains open in most directions and further information on this will be provided as it comes to hand.

Beyond Stage Three - Including Buccaneer, Hyperion and ongoing exploration

Old Pirate is the first step in establishing a long term operating position in the Central Desert region of the NT, leveraging off the Company's extensive landholding. ABM holds a total mineral resource of 1.7 million ounces of gold at an average grade of 3.1g/t gold (1g/t cut-off) between the Old Pirate and Buccaneer Porphyry Gold Deposits (refer Appendix 1 Table 4.2). Over the next year the Company intends to advance the mine design and scoping study at the Buccaneer Porphyry Deposit as well as to conduct infill and extensional exploration. It is planned that Buccaneer could piggy-back off the development of Old Pirate and utilise some of the mining infrastructure.

Furthermore, the Company has other discoveries and advanced exploration prospects across its large land holding. This includes the Hyperion Deposit with a top-cut mineral resource estimate of 2.977Mt averaging 2.11g/t gold for 202,200 ounces gold (refer release dated 16/04/2012) which includes higher grade components and will be assessed for future development in an integrated mining operation.

To view figures and tables, please visit:

http://media.abnnewswire.net/media/en/docs/74844-asx_abu_20130318.pdf

About ABM Resources NL:

ABM Resources (ASX:ABU) is an exploration company developing several gold discoveries in the Central

Desert region of the Northern Territory of Australia. The Company has a multi-tiered approach to exploration and development with a combination of high grade potentially short-term production scenarios such as Old Pirate and the Golden Hind, large scale discoveries such as Buccaneer, and regional exploration discoveries such as the Kroda Gold Project. In addition, ABM Resources is committed to regional exploration programs throughout its extensive holdings.

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