

# Reunion Gold Announces Mineral Reserves and Positive Pre-Feasibility Study for its Matthews Ridge Manganese Project

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LONGUEUIL, CANADA--(Marketwired - Jul 12, 2013) - [Reunion Gold Corp.](#) (TSX VENTURE:RGD) ("Reunion or the "Company") is pleased to announce that it has received the mineral reserves estimate and results of the pre-feasibility study ("PFS") for its wholly-owned Matthews Ridge Manganese Project in northwest Guyana, South America (the "Project").

**Highlights** (all currency in US dollars):

- Proven and probable mineral reserves of 26.3 million tonnes with an average grade of 14.2% Mn;
- Open pit mine and conventional washing and gravity plant processing 2.8 million tonnes of ore per year;
- Production of 750,000 tonnes of manganese concentrate per year over a 10 year mine life, mainly suitable for silico-manganese furnaces;
- Initial capital cost of \$233 million;
- Internal rate of return of 15.7% based on consensus manganese price forecasts;
- Satellite manganese deposits offer significant potential to extend mine life or lead to expansion.

The mineral reserve estimate and PFS were prepared under the direction of GMining Services Inc. ("GMining") with input from other specialized consultants, in accordance with the requirements of the Canadian Institute of Mining Guidelines and the Canadian National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101"). The PFS describes the scope, viability of developing the Matthews Ridge Project based on a simple open pit mining operation with gravity concentration, exporting lump and fine concentrates.

David Fennell, Executive Chairman of Reunion, stated: "The completion of the Matthews Ridge Project pre-feasibility study is an important milestone for the Company. The study indicates the viability of the Project. Matthews Ridge could become a significant manganese producer at a site close to the North American and European markets. Reunion intends, subject to availability of funding, to carry out the work for the completion of a full feasibility study, which will include defining manganese resources from the satellite deposits, targeting a production decision in the second half of 2014".

## Mineral Reserves

In February 2013, Reunion announced unconstrained measured and indicated mineral resources for the Matthews Ridge area (Figure 2), totaling 32.4 million tonnes at 14.0% Mn using an 8% Mn cutoff grade (see February 21, 2013 press release and NI 43-101 Technical Report - Matthews Ridge Manganese Project dated February 20, 2013 available on SEDAR and on the Company's website). The proven and probable reserves stated below were estimated based on these unconstrained measured and indicated resources, the work carried out for the PFS and industry standard open pit optimization techniques, and demonstrating an 81% conversion rate from resources to reserves:

Mineral Reserve Classification	Mass (t)	Grade (% Mn)
Proven	14,055,585	15.1
Probable	12,237,833	13.3
<b>Total proven and probable reserves</b>	<b>26,293,418</b>	<b>14.2</b>
Lump concentrate	4,448,631	39.1
Fine concentrate	2,763,170	36.4

Notes:

1. The effective date for the mineral reserve estimate is July 7, 2013.

2. The cutoff grade used is 8% Mn.
3. For resource parameters, see the Reunion press release of February 21, 2013.
4. Average waste to ore strip ratio: 1.59:1.
5. The open pit shells and designs developed for estimating reserves are based on a benchmark manganese price of \$100 per metric tonne units ("dmu") CIF China, recommended pit slopes, calculated operating costs and metallurgical recovery equations derived during the test program.

## Production Plan

Production is scheduled over a period of 10 years. The average annual production rate is 2.8 million tonnes of ore fed to the process plant. The table below is a summary of the average life-of-mine (LOM) and total production:

Description	Units	Average LOM	Total
Ore mined	000 t	2,780	26,293
Waste mined	000 t	4,460	41,798
Total tonnes mined	000 t	7,240	68,091
Mill feed grade	% Mn	14.2	14.2
Lump concentrate production	000 t	462	4,449
Lump concentrate grade	% Mn	39.1	39.1
Fine concentrate production	000 t	288	2,763
Fine concentrate grade	% Mn	36.4	36.4
Total concentrate production	000 t	750	7,212

Note: For lump and fine concentrate specifications, see Reunion's press release of February 21, 2013.

Open pit mining would be carried out by hydraulic excavators and articulated trucks with an anticipated mining recovery of 95%. The process plant flow sheet consists of scrubbing, screening and jigging to produce lump and fine concentrates. Metallurgical testing of the different ore types demonstrates very good and straightforward upgradability (see Reunion's press releases of February 27, 2012, and February 21, 2013). Metallurgical recovery is anticipated at 73%. Concentrate is to be transported by road to a storage facility on a fluvial berth at Port Kaituma capable of loading ocean-going barges, using logistical concept already in place by the previous miners of Matthews Ridge. Current plans are to send the concentrate to a transshipment facility in Trinidad where they would be loaded on dedicated bulk carriers.

## Capital Cost

The initial capital cost required to bring the Project into production is estimated at \$ 233.0 million, including a \$21.7 million contingency. An additional amount of \$24.9 million would be required in sustaining capital over the life of the mine. Breakdown of the initial capital cost is summarized below:

Description	Cost (million)
Mining Equipment	12.9
Process plant	34.1
Infrastructure on-site	68.9
Infrastructure off-site	43.1
Total direct costs	159.0
Indirect costs (engineering, construction, freight, etc.)	52.3
Subtotal direct and indirect costs	211.3
Contingency	21.7
<b>Total Project Capital Cost</b>	<b>233.0</b>

## Operating Cost

The life-of-mine operating cost is estimated at \$88.59 per tonne of concentrate, as summarized in the table below. Additional

closure costs which include dismantling of all infrastructures and rehabilitation of the Project are estimated at \$8 million

Description	Cost (\$/t concentrate)
Mining	25.58
Processing	6.56
Power	8.53
General and administration	11.83
Land transportation	2.61
Ocean transportation	33.48
<b>Total operating costs</b>	<b>88.59</b>

### Economic Analysis

Project returns are summarized in the tables below at various manganese prices and discount rates. The returns are on a per tonne basis and reflect terms negotiated with the Government of Guyana under a Mineral Agreement signed on March 24, 2010. On a base case price assumption of \$6.00/dmtu CIF China, the Project internal rate of return (IRR) is 15.7 % and the payback period is 4.4 years.

Discount Rate (%)	NPV (M \$)	Mn Price <sup>(1)</sup> (\$/dmtu CIF China)
0 %	234.7	5.50
2 %	186.7	5.75
4 %	146.0	<b>6.00</b>
6 %	111.2	6.25
8 %	81.4	6.50

*(1) The manganese price assumptions include a "value-in-use" discount of 2%. The CIF China price is derived from the three-year lagging average manganese price of \$5.53, five-year average of \$5.75 and independent market analyst consensus forecast pricing.*

### Project opportunities

Reunion has identified the following specific Project opportunities:

- **Potential increase of footprint mineral resources:** There are specific areas on the footprint that could not be drilled in the past because of logistical constraints, but that are known to host mineralized materials. Subject to available financing, these targets will be explored later this year.
- **Regional resource development:** Three other prospects in the Matthews Ridge region (the Pipiani, Arakaka and Prospect) are being explored with the objectives of adding new resources in the feasibility study.
- **Favorable exploration ground:** Reunion holds exclusive exploration licenses for manganese over an area of 18 kilometers in northwest Guyana considered geologically very favorable for manganese mineralization.
- **Potential optimizations:** There is considerable scope for optimization of the process plant throughput based on improved operating conditions, increased resources and further metallurgical testing.
- **Transportation costs:** Ocean freight costs could be significantly reduced if the concentrate is transported by ship through transshipment facilities and bulk carriers currently used for other commodities in the region.

### Environmental and social studies

Reunion has conducted the full cycle of environmental and social baseline studies in anticipation of a complete project Environmental and Social Impact Assessment ("ESIA") in conformity with international and local standards. Significant impacts have been identified that would hinder project development. The studies have covered two seasons of biodiversity (flora and fauna), two years of climate and meteorology, air and water quality, as well as site hydrology data. Social and community studies have involved documented surveys within and outside the Project footprint area and regular community engagement meetings. Environmental studies were done with the participation of Ground Structures Engineering Consultants Inc., a Guyanese engineering company.

A gap analysis by Environmental Resources Management Inc. (ERM), an independent consulting firm based in Washington, DC, has been completed.

found no major concerns, confirmed the reliability of the existing information and proposed a pathway to the completion for project permitting, which should be completed within the feasibility study period.

### **Plans for 2013**

The pre-feasibility results reported in this press release provide a platform for Reunion to advance the Matthews Ridge through to full feasibility. Subject to available financing, the Company's plan for 2013 is to complete an aggressive resource definition program on the Pipiani, Arakaka and North Prospects, upgrade the inferred resources (5.3 million tonnes at 1 already identified on these prospects and the footprint, and carry out essential work for the full feasibility study.

### **General Project Description**

The Matthews Ridge Project consists of four prospecting licenses covering an area of 185 km<sup>2</sup> located in northwest Guyana around the former Matthews Ridge mine (see maps - Figure 1 and 2). Manganese ore was mined from 1960 to 1968 by a subsidiary of Union Carbide and exported via railroad and the Port Kaituma fluvial port (Figure 1).

Manganese deposits have been defined at the Matthews Ridge footprint along a series of nine hills extending for 15 km. Five were previously mined. Ongoing exploration is focusing on the Arakaka Prospect, which is the eastern extension of the footprint, the North Prospect, which is 5 km to the north of Matthews Ridge, and the Pipiani Prospect, which is located to the southeast of Matthews Ridge and was already drilled by the previous mine operators (Figure 1).

### **Qualified Persons**

Under the direction of GMining Services Inc., an independent mining consultant firm based in the Montreal area, Canada, the Company has had contributions from the following independent consultants: Met-Chem Canada Inc. of Montreal, Canada (support for plant design), Golder Associates Ltd. of London, Ontario (geotechnical studies, water balance and geochemistry of ore and host rocks), SGS Canada Inc. of Lakefield, Ontario (HLS metallurgical tests), CRU Strategies of London, England and Cameco Inc. of Montreal, Quebec (manganese market analysis).

The resource modeling used for the reserve estimate was undertaken by Mr. Réjean Sirois, ing., P. Geo., of GMining. Mr. Bouajila, ing., of GMining has supervised the metallurgical testing and process flow sheet development for the Project. Mr. Menard, ing., of GMining has supervised the project engineering and capital cost compilation. All other technical information, including the mineral reserves estimate reported in this press release, was prepared or approved by Mathieu Gignac, ing., of GMining. Messrs. Sirois, Bouajila, Menard and Gignac qualify as independent 'qualified person' within the meaning of that term under NI 43-101.

The exploration data used to generate the resource estimate was approved by Carlos H. Bertoni, P. Geo., a consultant to the Company, and a 'qualified person' within the meaning of that term under NI 43-101.

A technical report on the pre-feasibility study, in compliance with NI 43-101, will be filed on SEDAR within 45 days of this release.

### **About the Company**

Reunion Gold Corp. is a mineral exploration company focused on the acquisition, exploration and development of mineral properties in the Guyana Shield of South America. The Company, through its 100% indirectly owned subsidiary Reunion Manganese Inc., has assembled a large, strategic land position to conduct exploration and development activities for mineral resources in the North West District of Guyana. The Company also has the right to acquire a 100% interest in a gold exploration project in the Lely Mountain area in eastern Suriname.

Manganese is the fourth largest metal consumed in the world, behind iron, aluminum and copper. It is a key component in steel production, with no viable substitute.

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.reuniongold.com](http://www.reuniongold.com).

## Cautionary Statement on Forward Looking Information

*This press release contains statements that are 'forward-looking information' under Canadian securities laws. Forward looking information refers to statements about possible events, conditions or results of operations that are based on assumptions about future economic conditions and courses of action.*

*Forward looking information in this news release includes statements about Reunion's need for additional capital and its ability to acquire it; Reunion's plans to complete a full feasibility study, conduct exploration work and define additional manganese resources, and develop the project into a mine, and the timing for these events; and Reunion's ability to become a successful producer of manganese.*

*Forward-looking information involves making assumptions and is subject to known and unknown risks, uncertainties, and factors that may result in actual events differing materially from those anticipated in the forward-looking information. Material risks that could cause actual results to vary materially from the forward looking information in this press release include: the risk that the Company will not be able to raise the additional capital necessary to continue its planned activities or that it will be delayed in obtaining required funds; the risk that required permitting will not be received as expected or at all; the risk that additional exploration will not be successful in expanding or upgrading or both the current resources and reserves; and the risk that unforeseen global market or other changes will make it not possible for Reunion to produce an economic product from Matthews Ridge. Factors that could cause actual results to differ materially from those projected in the forward-looking information include, but are not limited to: fluctuations in the price of manganese or certain other commodities (such as diesel fuel and electricity); increases in the discount rates applied to present value net future cash flows based on country-specific real weighted average cost of capital; changes in capital and operating costs; fluctuations in the currency markets; changes in interest rates; changes in government legislation, controls, policies and regulations; and adverse political or economic developments in Guyana. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including: operating or technical difficulties in connection with mining or development activities; and environmental hazards and industrial accidents (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). If one or more of these uncertainties and contingencies occur, they could cause Reunion's actual results to differ materially from the results expressed or implied in the forward-looking information. The Company has made assumptions regarding the occurrence of future events that its officers and directors, in their collective experience, believe are reasonable and which are based upon their understanding of current conditions and expected future developments and other factors that they consider relevant. However, despite all this, future events may turn out differently from what is expected at present, and the Company can give no assurance that the forward looking information will prove to be correct. Therefore, readers should not place undue reliance on the forward looking information.*

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Figure 1 - Map of Matthews Ridge region and Figure 2 - Map of Matthews Ridge Footprint area are available at the following link : [http://media3.marketwire.com/docs/RGD\\_figures07112013.pdf](http://media3.marketwire.com/docs/RGD_figures07112013.pdf).