

Southern Cross Goldfields Marda Gold Project: Feasibility Study Review Confirms Robust Economics

10.12.2013 | [ABN Newswire](#)

Perth, Dec 10, 2013 - [Southern Cross Goldfields](#) (ASX: SXG) has completed a revision of its feasibility study for the Marda Gold Project located in Western Australia. This indicates the potential to generate significant returns based on current Reserves.

Highlights

- Attractive project: IRR 90% and NPVio \$41M at A\$1,350 per oz gold price
- Low establishment cost: \$24M required to fund project
- Low cash cost: A\$794 per oz
- All-in sustaining costs: A\$1,007 per oz
- Gold production: 167,000 oz over 4 years
- Permitting near complete: approval expected Q2 2014

SXG's substantial and prospective landholding in the Marda region strengthens the Project's value proposition with respect to increasing project life and scale.

"The combination of robust and sustainable economics, near-term production, and the under-explored nature of this Project makes the Marda Gold Project one of the most attractive development opportunities in Australia", Managing Director Frank Terranova said.

"The merger of SXG and Polymetals Mining Limited ("Polymetals" or "PLY") in 2013 ensured that a proven team with a successful track record in project development and asset optimisation would add value to the Marda Project. The revised feasibility study is the first step in doing this.

"The Marda region is ripe for new development activity in the form of regional consolidation and also of companies seeking access to strategically located infrastructure. The region is a compelling Australian gold province."

Project background

SXG holds approximately 1,700 km² of tenements within the highly prospective Marda-Diemals Greenstone Belt in the Southern Cross district of Western Australia (Figure 1 in link below). The Marda district is a highly prospective gold province that has neither benefited from access to a modern processing facility, nor from the intense exploration activity that has occurred in the Sandstone and Southern Cross districts.

With Mineral Reserves defined for an initial ten deposits within the district, SXG is strategically positioned in one of the most prolific Australian gold provinces as a genuine greenfield development opportunity.

In August 2012, SXG announced the acquisition of the Sandstone Gold Project including a 600,000 tpa gold processing facility and a 100-person camp with a view to relocating these assets to support cost effective development of the Marda Project. In August 2013, SXG completed the merger with Polymetals which brought together the advanced Marda Gold Project with Polymetals' distinctive in-house project development expertise.

Revised Feasibility Study results

Prior to the SXG-PLY merger, internal Project cost estimates had been trending adversely. The Company has since completed an extensive re-evaluation of the development methodology, operational strategy and cost estimates which has identified an improved economic outcome could be attained by configuring the process facility to treat 720,000 tpa and produce around 50,000 oz pa of gold.

The key economic results are summarised in Table 1; the key assumptions are set out in Table 2 below.

Table 1: Feasibility Study Financial Outcomes (pre-tax)

| Project returns | Revised study | June 2013 study |
|--------------------------------|---------------|-----------------|
| Gold price assumption (A\$/oz) | 1350 | 1350 |
| NPVio (A\$M) | 41 | 13 |
| IRR (%) | 90 | 24 |
| Free cashflow (A\$M) | 57 | 27 |
| Pre-production capital (A\$M) | 24 | 38 |
| Production rate (koz pa) | 50 | 35 |
| Mine life (years) | 3.5 | 4.8 |
| Payback (years) | 1.2 | 2.7 |
| Cash costs (A\$/oz) | 784 | 906 |

Table 2: Feasibility Study Assumptions

| | | |
|------------------------|--------|------|
| Mill feed tonnes | Mt | 2.4 |
| Mill feed grade | g/t Au | 2.29 |
| Metallurgical recovery | % | 93 |
| Gold produced | koz | 167 |
| Treatment rate | ktpa | 720 |
| Mine life | years | 3.5 |
| Capital cost | A\$M | 31.2 |

Permitting

SXG has completed comprehensive Project baseline and supporting environmental studies and has also undertaken extensive consultation with stakeholders. The Company is now ready to submit its Mining Proposal and associated Mine Closure Plan to the WA Department of Mining & Petroleum for consideration and approval. Based on consultation to date, SXG expects the necessary approvals to commence site development works in Quarter 2, 2014.

Resources and Reserves

The Resources and Reserves summarised in Appendix 1 (see link below) comprise ten separate deposits: four deposits surrounding the proposed "Marda Central" project hub (Dolly Pot, Dugite, Python and Goldstream), two satellite deposits within 15km of Marda Central (Golden Orb and King Brown), two satellite deposits located north of Marda Central (Die Hardy and Red Legs), and two satellite deposits located south of Southern Cross (British Hill and Battler).

Mining

All of the Marda gold deposits comprise fully weathered (i.e. oxide) ore and all are amenable to conventional open pit mining methods. Final open pit depths vary from 40m to 95m across the deposits. The overall strip ratio for the project is 6:1 (waste:ore). It is planned to undertake owner-mining using a fleet comprising a single 120t excavator, four trucks and ancillary equipment.

Mine scheduling has been developed to ensure economic equipment logistics and optimum utilisation of the fleet.

Processing

Marda ore is amenable to conventional gold processing processes comprising crushing, grinding, carbon-in-leach (OIL) and gold recovery. Gravity concentration is also planned to maximise the recovery of

gold and minimise processing costs.

A 1,800 kW ball mill is to be procured and installed in the circuit to enable the required processing rate of 720,000 tpa. Otherwise, the existing Sandstone facilities provide sufficient capacity to accommodate the increased throughput rate. Water supply is to be provided by a local bore field and power is to be supplied by a diesel-fired power station relocated from Sandstone. Tailings are to be stored in a conventional paddock-style tailings dam located adjacent to the facilities at Marda Central.

Schedule

The Project schedule remains subject to the finalisation of an appropriate funding package. Assuming timely achievement of Project financing and permitting approvals, construction, comprising refurbishment and relocation of the Sandstone facilities along with installation of new equipment and infrastructure, is scheduled to commence in June 2014 and planned to be completed by December 2014.

With this schedule, mining is planned to commence in October 2014, starting at the Marda Central deposits, with first gold production achieved in Quarter 1 2015 (refer to Appendix 2 in link below).

To view tables, charts and diagrams, please visit:

<http://media.abnnewswire.net/media/en/docs/76328-ASX-SXG-661384.pdf>

About Southern Cross Goldfields Limited

[Southern Cross Goldfields](#) (ASX Ticker: SXG) is an Australian mining and exploration company that is on the move. Investors in SXG are exposed to a compelling combination of near-term cash flow and outstanding exploration potential in the gold sector.

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