

# Detour Gold Updates Life of Mine Plan for Detour Lake

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TORONTO, ONTARIO--(Marketwired - Feb 4, 2014) - [Detour Gold Corp. \(TSX:DGC\)](#) ("Detour Gold" or the "Company") is pleased to announce an updated life of mine plan for its 100% owned Detour Lake open pit mine in northeastern Ontario. The new mine production plan supports a 21.7 year operating life with the current mineral reserves standing at **15.5 million ounces of gold** (476 million tonnes grading 1.02 g/t Au).

A National Instrument 43-101 ("NI 43-101") technical report for the updated life of mine plan will be filed today on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.detourgold.com](http://www.detourgold.com)). All figures are in Canadian dollars except where noted.

## Highlights

- Detour Lake proven and probable open pit reserves of 15.5 million ounces contained gold
- 21.7 years mine life with mill throughput increasing from 55,000 to 61,000 tpd in 2017
- Life of mine average annual gold production of approximately 660,000 ounces at total cash costs of \$723 per ounce sold<sup>(1)</sup>
- Next five years average annual gold production of approximately 600,000 ounces at a total cash costs of \$759 per ounce sold<sup>(1)</sup>
- Life of mine sustaining capital of \$1.14 billion plus \$614 million for deferred stripping
- Undiscounted pre-tax net cash flow of \$6.5 billion and undiscounted after-tax net cash flow of \$5.1 billion
- Block A measured and indicated in-pit resources of 54 million tonnes grading 1.15 g/t, representing 2.0 million ounces of gold

"We are very pleased with this life of mine plan update for the Detour Lake mine," stated Pierre Beaudoin, COO of Detour Gold. "This improved mine plan demonstrates positive economics and, as we continue to optimize the operation, we certainly expect further improvements. Our technical team and external consultants have worked together to confirm the robustness of our block model and validating our mineral reserves. In addition, we have applied an elevated cut-off grade to maximize our return on investment.

"The mine plan reflects our operating experience gained in the last two years in pioneering the pit and in the last year operating the process plant. The mine plan optimizes the first five years while addressing our operational risks. With the design modification to centerline, the tailings construction management allows effective decoupling from the mine with a transition to self-execution. The process plant throughput increase to 61,000 tpd is phased over a four year period. Our costs have started to decline and the trend will continue as we reach nameplate capacity (55,000 tpd).

"Starting this year, we will be investigating a number of opportunities which could have a positive impact on costs and gold production. Detour Lake is a long-lived asset with potential for additional growth with the Block A project and continued regional exploration."

## Detour Lake Mine Assumptions and Parameters

Economic Assumptions	Prior <sup>(1)</sup> (09/2012)	Update (02/2014)
Gold price (US\$/oz)	\$ 1,200 <sup>(2)</sup>	\$ 1,200
Foreign exchange rate (US\$/Cdn\$)	1.00	1.10 <sup>(3)</sup>
Electricity (\$/kWh)	0.065	0.05/0.08 <sup>(4)</sup>
Diesel fuel (\$/l)	0.92	0.95
Income/mining tax rate (%)	25/10	25/10
Net Smelter Royalty (%) <sup>(5)</sup>	2.0	2.0 <sup>(5)</sup>

Mine Parameters		
Ore milled (Mt)	470.0	476.4
Waste mined (Mt)	1,734	1,676
Strip ratio (waste:ore)	3.7	3.5
Average gold grade (g/t)	1.03	1.02
Total contained gold (M oz)	15.6	15.5
Estimated gold recovery (%)	91.0	92.2
Total recovered gold (M oz)	14.1	14.3 <sup>(6)</sup>
Mine life (years)	21.5	21.7
Average annual gold production (oz)	657,000	660,000
Costs		
Sustaining capital (\$ M)	1,156	1,143
Deferred stripping <sup>(7)</sup> (\$ M)	-	614
Total cash costs before adj. below <sup>(8)</sup> (\$/oz sold)	749	767
Less deferred stripping adjustment <sup>(7)</sup>	-	(44 )
Total cash costs <sup>(8)</sup> (\$/oz sold)	749	723

(1) Refer to press release dated September 4, 2012 with Technical Report dated October 18, 2012.

(2) US\$1,600/oz for 2013, US\$1,500/oz for 2014, US\$1,400/oz for 2015, and US\$1,200/oz thereafter.

(3) Exchange rate of 1.05 for 2014, 1.07 for 2015, and 1.08 for 2016, and 1.10 for 2017 onwards.

(4) \$0.05/kWh for 2014-19 and \$0.08/kWh for 2020 onwards.

(5) 2% royalty is assumed to be paid in-kind.

(6) Includes approximately 58,000 ounces to be recovered from stockpiles as of December 31, 2013.

(7) The 09/2012 report excluded deferred stripping as the Company had not approved its deferred stripping accounting policy.

(8) Refer to the section on Non-IFRS Performance Measures at end of the press release. Total cash costs for 09/2012 based on gold ounces produced.

### Detour Lake and Block A Mineral Resources

The mineral resources are reported in relation to a conceptual open pit shell using a gold price of US\$1,200 per ounce at a cut-off grade of 0.5 g/t Au for Detour Lake and 0.6 g/t Au for Block A. The mineral resource estimate is based on a geological block model prepared using the Ordinary Kriging (OK) method. This mineral resource was completed by SGS Canada Inc. in conformity with generally accepted definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (December 2005) as required by NI 43-101.

### Detour Lake Mineral Reserves

The open pit mineral reserves were estimated within an engineered pit design by using the measured and indicated resources at an elevated cut-off grade of 0.5 g/t. This optimized pit shell and the engineered pit design are based on the cost and economic parameters estimated by BBA Inc. (gold price of US\$1,000 per ounce and US\$/Cdn\$ exchange rate of 1.03). The proven and probable reserves include a mining dilution of 4% at 0.20 g/t<sup>(2)</sup> and a 5% ore loss to mining.

Mineral Resources and Reserves (December 31, 2013) <sup>(5)</sup>

		Tonnes (Mt)	Grade (g/t Au)	Contained Gold (000's oz)
Reserves <sup>(1), (2), (3)</sup>				
Detour Lake Mine	Proven	94.4	1.29	3,901
	Probable	379.7	0.95	11,585
P&P		474.0	1.02	15,486
	Stockpiles	2.4	0.82	63
Total P&P		476.4	1.02	15,549
Resources <sup>(1), (3), (4)</sup>				
Detour Lake Mine	Measured (M)	16.4	1.37	725
	Indicated (I)	65.9	1.01	2,150
	M+I	82.4	1.09	2,874
Block A	Measured (M)	1.5	1.21	57
	Indicated (I)	52.5	1.15	1,934
M+I		53.9	1.15	1,991
Total M+I		136.3	1.11	4,866
Detour Lake Mine	Inferred	19.2	0.75	465

Block A	Inferred	2.5	1.23	99
Total Inferred		21.7	0.81	564
(1)	Mineral reserves calculated using a gold price of US\$1,000/oz; mineral resources calculated using US\$1,200/oz. Foreign exchange rate of Cdn\$1.03 to US\$1.00.			
(2)	Mineral reserves estimated using a 4% dilution at 0.20 g/t Au (7% at 0.20 g/t Au for 2014) and 5% ore loss.			
(3)	Based on an elevated cut-off grade of 0.5 g/t Au for Detour Lake and cut-off grade of 0.6 g/t Au for Block A.			
(4)	Mineral resources are exclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.			
(5)	Totals may not add due to rounding.			

### Mining and Production

Total gold production over the life of mine is estimated to be 14.3 million ounces, averaging 660,000 ounces per year. The life of mine waste to ore ratio is estimated at 3.5 to 1.

The Company continues to stockpile material grading between 0.4 to 0.5 g/t Au (estimated at 107.3 million tonnes averaging 0.45 g/t Au over LOM). This 'mineralized waste' is not included in the mineral resources or in the current mine plan. It could potentially be processed at the end of the mine life depending on the gold price environment.

Mining rates are expected to average 252,000 tpd in 2014 and increase to a peak of 389,000 tpd in 2020. The haulage truck fleet is projected to increase from the current 23 to 41 trucks at the peak of the mine operation (2026-31) with no additional shovels beyond the current two electric rope shovels and three hydraulic shovels. The mining fleet will be supported by two smaller shovel/excavators.

### Processing Plant

The processing plant is a conventional gravity, cyanidation and carbon-in-pulp facility designed to operate at 55,000 tpd. The front end of the circuit includes a large gyratory crusher with capacity of up to 90,000 tpd. The grinding circuit consists of two parallel lines, each having a twin pinion semi-autogenous (SAG) mill (36'X20'), a twin pinion ball mill (26'X40.5'), and a secondary and pebble crusher.

Summary of the annual mine production plan:

Years	Ore Mined (kt)	Ore Milled (kt)	Head Grade (g/t)	Production (oz)	Waste Strip (kt)	ratio
2014	21,691	19,000	0.87	490,254	70,459	3.25
2015	22,942	20,075	0.91	542,610	78,455	3.42
2016	21,301	21,301	0.93	588,112	99,989	4.69
2017	22,265	22,265	1.04	684,832	107,166	4.81
2018	22,265	22,265	1.04	685,933	115,814	5.20
2019	22,265	22,265	0.83	542,560	119,136	5.35
2020	22,265	22,265	0.86	565,359	119,596	5.37
2021	22,265	22,265	0.95	627,201	118,082	5.30
2022	22,265	22,265	0.88	577,384	112,970	5.07
2023	22,265	22,265	1.01	668,434	105,940	4.76
2024	22,265	22,265	1.00	658,966	87,844	3.95
2025	22,265	22,265	1.02	670,201	79,344	3.56
2026	22,265	22,265	0.89	582,933	74,536	3.35
2027	22,265	22,265	0.99	650,690	73,869	3.32
2028	22,625	22,265	1.11	731,842	72,571	3.26
2029	22,265	22,265	0.99	655,740	62,596	2.81
2030	22,265	22,265	1.12	741,684	63,397	2.85
2031	22,265	22,265	1.09	719,348	53,555	2.41
2032	22,265	22,265	1.24	822,519	25,932	1.16
2033	22,265	22,265	1.24	823,485	22,672	1.02
2034	22,265	22,265	1.25	828,874	10,269	0.46
2035	7,320	15,293	1.05	474,499	1,557	0.21
Total	474,024	476,439	1.02	14,333,459	1,675,751	3.54

The 2014 plan is to ramp up to 55,000 tpd in the last quarter of 2014 (average of 52,000 tpd for the year). The life of mine gold recovery is estimated at 92%. The gold recovery was increased by 1% based on actual results from the fourth quarter of 2013 where recovery was 1.5% above feasibility level (91%).

The Company will also be initiating a step-by-step process (over the next four years) to gradually increase throughput to 61,000 tpd in 2017.

### Operating Costs

Total cash costs over the life of mine are projected to average \$723 per ounce of gold sold<sup>(3)</sup>. The updated cash operating costs are based on current market prices for consumables and all other mine benchmarking such as current costs at the mine site.

Life of Mine	\$/t milled	\$/t mined	\$/oz sold
Mining costs	11.55	2.56	392
Processing cost	7.82	-	266
General and administration	2.44	-	83
Sub-total	21.81	-	741
Other adjustments	-	-	(18 )
Total cash costs (LOM) <sup>(1)</sup>	-	-	723

<sup>(1)</sup> Other adjustments include costs for deferred stripping, agreements with Aboriginal communities, refining charges and are net of silver by-product credits.

### Sustaining Capital Expenditures

Sustaining capital expenditures over the operation's mine life are estimated at \$1.14 billion plus \$614 million for deferred stripping (excludes \$70 million for mine closure).

Sustaining Capital	Period 2014-18 (\$ millions)	Life of mine (\$ millions)
Mining	168	535
Process plant	71	126
Tailings management	203	454
G&A	14	28
Total	456	1,143
Mine closure		70
Deferred stripping	226	614

### Economic Sensitivity Analysis

The economic cash flow model is based on a gold price of US\$1,200/oz and generates an undiscounted pre-tax and after capital life of mine net cash flow of \$6.5 billion and after-tax net cash flow of \$5.1 billion. Using a discount rate of 5% the discounted pre-tax and after capital life of mine net cash flow produces a discounted cash flow of \$3.4 billion and after-tax net cash flow of \$2.8 billion.

The project economics are most sensitive to changes in the gold price, the Canadian and US dollar exchange rate and operating cost changes.

### 2014 Guidance

Management reported its 2014 guidance on January 27, 2014 which is as follows:

- Gold production ranging between 450,000 and 500,000 ounces of gold
- Total cash costs of between US\$800 and US\$900 per ounce of gold sold<sup>(4)</sup>
- Estimated 2014 sustaining capital expenditures of approximately US\$131 million including deferred stripping

### Qualified Persons

A NI 43-101 compliant Technical Report will be filed today on the Company's website and on SEDAR. For further information or details regarding technical information associated with the Detour Lake mine and Block A project, refer to the Technical Report. The report is being prepared by leading independent industry consultants, all Qualified Persons (QP) under National Instrument 43-101, with the collaboration of the Detour Gold technical group. The QPs have reviewed and approved the content of this news release. The following consultants participated in the technical report:

- BBA Inc., under the direction of André Allaire, Eng., Acting President and CEO (overall report preparation, mineral processing and infrastructures, capital and operating cost estimates and overall financial analysis) and Patrice Live, Eng., Director Mining (mineral reserves, open-pit optimization and engineered pit design, mine planning, and mining capital and operating cost estimates)
- SGS Canada Inc., under the direction of Yann Camus, Eng., Project Engineer (mineral resources) and Maxime Dupéré, P.Geo., Senior Geologist (geology, quality assurance /quality control, and data verification).
- AMEC Environment & Infrastructure, a Division of AMEC Americas Limited, under the direction of David Ritchie, Senior Associate Geotechnical Engineer and Geotechnical Engineering Group Manager (tailings, water and other mine wastes management)

### **Conference Call**

The Company will host a conference call on Wednesday, February 5, 2014 at 10:00 AM E.T. where senior management will discuss this news release. The details of the conference call are as follows:

- By phone toll free in Canada and the United States **1-877-677-0837**
- By phone International **416-340-8527**
- To listen online, go to [www.detourgold.com](http://www.detourgold.com) and click on the "Conference Call Audio Webcast, February 5, 2014" link on home page

The conference call will be recorded and playback of the call will be available after the event by dialing toll free in Canada and the United States 1-800-408-3053, or internationally 905-694-9451, pass code 4551128 (available up to February 19, 2014).

### **Information Concerning Estimates of Mineral Reserves and Resources**

The mineral reserve and resource estimates reported in this press release were prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("SEC") applies different standards in order to classify mineralization as a reserve. In particular, while the terms "measured," "indicated" and "inferred" mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, issuers must not make any disclosure of results of an economic analysis that includes inferred mineral resources, except in rare cases.

### **Non-IFRS Financial Performance Measures**

The Company has included "Total cash cost per gold ounce sold" in this press release which is a non-IFRS measure. The Company believes that this measure, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company and its ability to generate operating earnings and cash flow from its mining operations. These non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Total cash costs per gold ounce include production costs such as mining, processing, refining, site administration, costs associated with providing royalty in-kind ounces, and costs for agreements with Aboriginal communities, but are exclusive of depreciation and depletion, reclamation, non-cash share-based compensation and deferred stripping. Total cash costs are reduced by silver sales and divided by gold ounces sold to arrive at total cash costs per gold ounce sold. Other companies may calculate this measure differently.

## Forward-Looking Information

This press release contains certain forward-looking information as defined in applicable securities laws (referred to herein as "forward-looking statements"). Specifically, this press release contains forward-looking statements regarding mill throughput increasing to 61,000 tpd in 2017, life of mine average annual gold production of approximately 660,000 ounces at total cash costs of \$723 per ounce sold, average annual gold production over the next five years of approximately 600,000 ounces at a total cash costs of \$759 per ounce sold, life of mine sustaining capital of \$1.14 billion plus \$614 million for deferred stripping, total gold production over the life of mine of 14.3 million ounces, a life of mine waste to ore ratio of 3.5 to 1, a stockpile estimated at 107.3 million tonnes grading an average of 0.45 g/t Au over the life of mine, average mining rates of 252,000 tpd in 2014 and increasing to 389,000 tpd in 2020, an increase in the haulage truck fleet from 23 to 41, ramping up to 55,000 tpd in the last quarter of 2014, a life of mine gold recovery of 92%, further improvements as the operation is optimized, initiating a step-by-step process to gradually increase throughput to 61,000 tpd in 2017, production of between 450,000 and 500,000 ounces of gold in 2014 at an estimated total cash cost of US\$800 to US\$900 per ounce of gold sold and sustaining capital expenditures of approximately US\$131 million including deferred stripping in 2014. Forward-looking statements involve known and unknown risks, uncertainties and other factors which are beyond Detour Gold's ability to predict or control and may cause Detour Gold's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to, assumptions and parameters underlying the life of mine update not being realized, a decrease in the future gold price, discrepancies between actual and estimated production, changes in costs (including labour, supplies, fuel and equipment), changes to tax rates; environmental compliance and changes in environmental legislation and regulation, exchange rate fluctuations, general economic conditions and other risks involved in the gold exploration and development industry, as well as those risk factors discussed in the section entitled "Description of Business - Risk Factors" in Detour Gold's 2012 AIF and in the continuous disclosure documents filed by Detour Gold on and available on SEDAR at [www.sedar.com](http://www.sedar.com). Such forward-looking statements are also based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for exploration and development activities; operating and capital costs; the Company's ability to attract and retain skilled staff; sensitivity to metal prices and other sensitivities; the supply and demand for, and the level and volatility of the price of, gold; the supply and availability of consumables and services; the exchange rates of the Canadian dollar to the U.S. dollar; energy and fuel costs; the accuracy of reserve and resource estimates and the assumptions on which the reserve and resource estimates are based; market competition; ongoing relations with employees and impacted communities and general business and economic conditions. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Detour Gold undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

(1) Refer to the section on Non-IFRS Financial Performance at end of the press release.

(2) Assumes 7% dilution at 0.20 g/t Au for 2014.

(3) Refer to the section on Non-IFRS Financial Performance at end of the press release.

(4) Refer to the section on Non-IFRS Financial Performance at end of the press release.

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