

Banks Island Gold Ltd. Provides Q1 Cost Analysis From Bob Bulk Sample

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 1, 2014) - [Banks Island Gold Ltd. \(TSX VENTURE:BOZ\)](#) -

- CDN\$7,011,000 in concentrate inventory and proceeds from gold concentrate sales in Q1.
- CDN\$4,226,000 in costs for concentrate charges, royalties, mining, processing, and site overhead in Q1.
- 5,175oz of gold equivalent gold sales and inventory in Q1.

[Banks Island Gold Ltd.](#) (the "Company") is pleased to provide an analysis of financial results for the first quarter of the 2015 fiscal year from the bulk sample program at the Yellow Giant Gold Property ("Yellow Giant"), located on Banks Island, British Columbia.

The Company has released its Financial Statements and Management Discussion and Analysis for the 1st quarter ("Q1") of the 2015 fiscal year for the period from March 1st - May 31st 2014. The financial statements can be accessed at www.sedar.com and should be read in conjunction with this news release.

In Q1 the Company was mining and processing a bulk sample from the Bob Zone at Yellow Giant Property. Processing was done solely with gravity methods using the Dense Media Separation Plant and Spiral Concentrator.

Recovered and payable gold and silver sales recognized in Q1 were 5,175oz of gold equivalent as displayed in Table 1.

Recovered and payable gold figures are preliminary and subject to change based on final settlement of sales based on smelter and umpire assays. Recoverable and payable gold does not include concentrate production that was considered a work in progress as of May 31st 2014.

Table 1 - Q1 Recovered and Payable Gold in Concentrate

Gold	4,980 oz
Silver	12,657 oz
Gold Equivalent	5,175oz

*Gold equivalent is calculated by converting payable silver at a ratio of 1/65th to payable gold oz.

As the Company is not yet in commercial production the proceeds and costs related to gold concentrate production are captured as deferred exploration expenses in the Q1 financial statements. Readers may reference note 9 in the Company's Q1 financial statements for additional details.

The gross proceeds from concentrate sold in Q1 and the amount of concentrate inventory on hand as of May 31st, 2014 was CDN\$7,011,000. The direct costs of production totaled CDN\$4,225,000 and include concentrate charges, royalties, site overhead, mining, and processing. Income and mineral taxes are not included in this cost analysis. Details of the direct cost of production are displayed in Table 2.

Table 2 - Q1 Proceeds from Concentrate and Direct Cost of Production

	\$CDN	\$CDN/oz
Proceeds from Concentrate Sold	\$6,124,000	
Inventory of Concentrate	\$887,000	
Total Proceeds from Concentrate Sold	\$7,011,000	\$1,355

Total Concentrate Charges	\$1,199,000	\$232
Estimated Royalties Payable	\$184,000	\$36
Site Overhead	\$681,000	\$132
Mining	\$1,208,000	\$233
Processing	\$954,000	\$184
	\$2,843,000	\$549
Total Direct Cost of Production	\$4,226,000	\$816

As discussed in previous news releases, the Company has been constructing a grinding and flotation circuit to improve gold recovery and concentrate grade which is expected to have a significant positive impact on gold production and concentrate charges.

The Company has provided a comparison of gold recovery, concentrate grade, and payable metals for the results of Q1 using DMS processing versus the metallurgical testwork for the Bob Zone, as disclosed by news release on October 22, 2012, for grinding and flotation processing is displayed in Table 3. Gold payable from concentrate varies with concentrate grade and is based on the sales contract with Metallica Commodities Corp.

This comparison illustrates the potential impact that the addition of the grinding and flotation sections will have on costs at the Yellow Giant property in the future. For example, an increased gold recovery would reduce site overhead, mining, and processing costs on a per oz basis and increased concentrate grade would reduce concentrate charges on a per oz basis.

As discussed by news release on July 10th the Company has a significant quantity of DMS fines which will be re-processed using the grinding and flotation sections in order to recover gold that was not recoverable from processing through the DMS plant during Q1.

Table 3 - Projection of Grinding and Flotation Circuit Addition

	Q1	Test-work	Variance
Estimated Gold Recovery	68%	93%	+37%
Average Concentrate Grade	58gpt	127gpt	+119%
Average Payable Gold	88.7%	90.5%	+2%

Benjamin Mossman, P.Eng. is the qualified person who reviewed and approved the contents of this news release.

The Company is not basing its production decision on a feasibility study of mineral reserves with demonstrated economic and technical viability. [Banks Island Gold Ltd.](#) has decided to put the Property into production without first establishing mineral reserves supported by a NI43-101 compliant technical report and feasibility study. The Company cautions readers that such production may not be economically feasible and historically such projects have a much higher risk of economic or technical failure.

The Company is a mining company focused on gold production, exploration, and development of economically viable mineral resources. The Company's mineral property is located in British Columbia. For more information, please refer to the Company's website at www.banksislandgold.com.

ON BEHALF OF THE BOARD OF DIRECTORS

Benjamin W. Mossman, P.Eng, President, Director, & Chief Executive Officer

The TSX Venture Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release. Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release contains forward-looking statements. All statements, other than statements of historical

fact, constitute "forward-looking statements" and includes statement regarding the timing for completion of the grinding and flotation circuits, its effect on gold recovery, grade and average payable gold, as well as any other information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company's strategy, plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance.

Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed, implied by or projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include but are not limited to: risks related to the exploration and potential development of the Company's project, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of gold, as well as those factors discussed in the sections relating to risk factors of the Company Annual Information Form dated February 22, 2013 filed on SEDAR.

There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. Except as required by law, the Company does not intend to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.

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