

# Orvana Announces Decrease in Resources and Reserves at EVBC and Updates Life-of-Mine Plan

13.08.2014 | [Marketwired](#)

**-- EVBC estimated mine life approximately four years with AISC of \$1,100**

**-- Carlés to be placed on care and maintenance by the end of 2014**

**-- Orvana to record non-cash impairment charge of \$25.5 million in Q3 2014**

TORONTO, ONTARIO--(Marketwired - Aug 13, 2014) - [Orvana Minerals Corp.](#) ("Orvana" or the "Company") (TSX:ORV) announces that it has received updated mineral resources and reserves estimates (the "MRMR Update") for El Valle-Boinás/Carlés ("EVBC") gold-copper mines in northern Spain, showing a year-over-year decrease in reserves and resources. The Company also received an updated life-of-mine plan (the "LOMP Update") using proven and probable mineral reserves reflecting a shortened mine life based on these updated reserves. The Company also announces that it expects to place the Carlés Mine on care and maintenance by the end of 2014.

EVBC has had a record of under-performance against plan with respect to gold output. In 2014, Orvana initiated a review of past performance, including measures taken by previous and current management teams to enhance mine performance. As a result of this review, management deemed it appropriate to further assess the assumptions of previous mine plans, particularly in regard to reserves and resources, and engaged Roscoe Postle Associates Inc. ("RPA") to complete the MRMR Update and LOMP Update.

The MRMR Update and the LOMP Update revise certain assumptions used previously and present a different methodology with respect to the application of cut-off grades in certain zones of EVBC. Various other factors resulting in the changes include removal of uneconomic zones and depletion from mining activities since June 1, 2013.

"The reserve and resource reductions are disappointing. Orvana's decisions in response to these decreases and associated life-of-mine adjustments are difficult but necessary steps," said Michael Winship, President and CEO of Orvana. "Orvana will optimize production at Boinás Mine and will focus on producing only profitable ounces. Production will increase at Boinás, while the Carlés Mine will be placed on care and maintenance by the end of 2014. We believe that these measures, coupled with the significant repayment of debt, will enable us to achieve improvements in free cash flow."

## MRMR Update

The MRMR Update and the LOMP Update were prepared in accordance with *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* ("NI 43-101") by RPA, an independent mining consulting firm. RPA will be completing a NI 43-101 technical report with respect to the MRMR Update and the LOMP Update, which will be filed on SEDAR within 45 days.

The Company has most recently published mineral resources and reserves estimates for EVBC as at June 1, 2013 in its annual information form dated December 19, 2013 (the "2013 AIF").

The following is a summary of the MRMR Update with more detailed information set forth in Table 1 and Table 2 in the appendix to this press release:

- **Proven and Probable Reserves** - approximately 2.2 million tonnes grading 4.3 g/t gold and 0.7% copper, containing 302,000 ounces of gold and 14,680 tonnes of copper, a decrease of approximately 66% and 59%, respectively;
- **Measured and Indicated Resources** - approximately 6.0 million tonnes grading 4.4 g/t gold and 0.7% copper, containing 850,900 ounces of gold and 41,500 tonnes of copper, a decrease of approximately 32% and 22%, respectively; and
- **Inferred Resources** - approximately 6.0 million tonnes grading 5.0 g/t gold and 0.5% copper, containing 979,500 ounces of gold and 26,900 tonnes of copper, a decrease of approximately 22% and 5%, respectively.

### **LOMP Update**

RPA completed the LOMP Update based on proven and probable reserves estimated as part of the MRMR Update which estimates mine life for EVBC at approximately four years compared with approximately nine years as previously disclosed. Total gold production is expected to be approximately 282,200 ounces at an average all-in-sustaining cost per ounce of gold sold of approximately \$1,100 over the currently estimated mine life.

In addition, the inferred mineral resources are estimated to contain 979,500 gold ounces, providing opportunities to extend the mine life.

"Management will continue to focus on delineation drilling at EVBC, which historically has enabled us to convert mineral resources into reserves. We believe there is upside potential to extend EVBC's mine life beyond this current estimate," said Mr. Winship.

### **Carlés Mine Suspension**

Orvana plans to ramp down and put Carlés on care and maintenance pending an improved economic mining plan or higher metal prices. In addition to executing on the new optimization plan, which has yielded improved results in recent months, the Company is also undertaking a review of alternatives. This includes evaluating narrow high-grade areas in Carlés for more suitable mining methods and further exploration targeting certain zones and satellite deposits in the region.

### **EVBC Impairment**

As a result of the MRMR Update and the Carlés suspension and in accordance with its usual policy, Orvana conducted a carrying value assessment of EVBC as at June 30, 2014 and determined that EVBC's net recoverable amount was lower than its carrying amount. As a result, Orvana recognized a non-cash impairment loss in respect of EVBC of \$25.5 million in the third quarter of fiscal 2014.

In a separate news release issued today, Orvana announced its operating and financial results as at and for

the three and nine months ended June 30, 2014.

## **Orvana Strategy**

In the context of the MRMR Update and the LOMP Update, Orvana is initiating a comprehensive strategic review of the Company and its asset base. This review will encompass the consideration of a number of possible outcomes for Orvana and its shareholders and may include exploration, asset transactions or a corporate transaction. Orvana will report on its progress in due course.

"We continue to build on the progress we have made in recent months," said Mr. Winship. "At the same time, and taking into account the updates to our mine operations, the Board together with management will thoughtfully and deliberately review our strategy for future growth and value creation."

## **Qualified Persons**

The scientific and technical information contained in this press release has been reviewed and approved (i) in respect of the estimated mineral reserves and the LOMP Update by Jason Cox, P.Eng., of RPA, and (ii) in respect of the estimated mineral resources by Sean Horan, P.Geo., of RPA. RPA is an independent mining consultant and each of Messrs. Cox and Horan is a Qualified Person within the meaning of NI 43-101.

## **About Orvana**

Orvana Minerals is a multi-mine gold and copper producer. Orvana's operating assets consist of the EVBC gold-copper mines in northern Spain and copper-gold-silver Don Mario Mine in Bolivia. Additional information is available at Orvana's website ([www.orvana.com](http://www.orvana.com)).

## **Forward Looking Disclaimer**

*Certain statements in this press release constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects", "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.*

*The forward-looking statements herein relate to, among other things, Orvana's ability to achieve improvement in free cash flow; the potential to extend EVBC's mine life beyond the life of mine estimate set forth herein; Orvana's ability to optimize its assets to deliver shareholder value; Orvana's ability to optimize production at Boinás; the expected costs associated with the suspension of mining activities at Carlés; the Company's ability to emerge stronger from the turnaround work executed at EVBC in 2014; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans.*

*Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Orvana as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of Orvana contained or incorporated by reference in this news release, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in the Company's most recently filed Management's Discussion & Analysis and Annual Information Form in respect of the Company's most recently completed fiscal year (the "Company Disclosures"), or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the EVBC and Don Mario Mines being consistent*

with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.

A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward looking statements. Some of these risks, uncertainties and factors include fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; variations in the costs associated with the suspension of mining at Carlés; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to continue to operate the EVBC Mines and/or the Don Mario Mine; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to obtain financing when required on terms that are acceptable to the Company; the Company's ability to execute on its strategy; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the countries in which the Company operates; general economic conditions worldwide; and the risks identified in the Company Disclosures under the heading "Risks and Uncertainties". This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company Disclosures for a description of additional risk factors.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.

### Cautionary Notes to Investors - Reserve and Resource Estimates

In accordance with applicable Canadian securities regulatory requirements, all mineral reserve and mineral resource estimates of the Company disclosed in this news release have been prepared as at September 30, 2014 in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum's "CIM Standards on Mineral Resources and Reserves Definitions and Guidelines" (the "CIM Guidelines").

Pursuant to the CIM Guidelines, mineral resources have a higher degree of uncertainty than mineral Reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, when compared with measured or indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, inferred mineral resources may not form the basis of any economic analysis, including any feasibility study. Accordingly, readers are cautioned not to assume that all or any part of a mineral resource exists, will ever be converted into a mineral Reserve, or is or will ever be economically or legally mineable or recovered.

#### APPENDIX

TABLE 1

Orvana - Updated EVBC Mineral Resource Estimate <sup>(1)</sup>

ZONE	EVBC Inclusive Mineral Resource Estimate as at Sept. 30th, 2014					
	Tonnes (kt)	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Au Ounces (koz)	Cu Tonnes (t)
Boinás Oxide	638	4.42	1.05	25.01	91	6,707
Boinás Skarn	666	2.79	0.78	16.58	60	5,201
Carlés Skarn	38	4.55	0.68	5.26	6	258
Total Measured	1,342	3.62	0.91	20.27	156	12,166
Boinás Oxide	1,835	6.76	0.80	13.47	399	14,687

<i>Boinás Skarn</i>	1,770	3.16	0.58	14.40	180	10,333
<i>Carlés Skarn</i>	1,059	3.40	0.41	6.22	116	4,312
<i>Total Indicated</i>	4,664	4.63	0.63	12.18	695	29,332
<i>Total Measured &amp; Indicated</i>	6,006	4.41	0.69	13.98	851	41,498
<i>Boinás Oxide</i>	2,499	7.16	0.46	3.63	575	11,414
<i>Boinás Skarn</i>	2,135	3.35	0.45	12.27	230	9,515
<i>Carlés Skarn</i>	1,393	3.90	0.43	4.12	175	5,957
<i>Total Inferred</i>	6,027	5.05	0.45	6.80	980	26,886

## Notes:

1. Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions were followed for estimated mineral resources.
2. Mineral resources are estimated using gold equivalent cut-off grade by zone, consisting of 3.8 g/t AuEq for Boinas Oxides, 2.5 g/t AuEq for Boinas Skarns, and 2.3 g/t AuEq for Carlés. Gold equivalent cut-offs were calculated using recent operating results for recoveries, off-site concentrate costs, and on-site operating costs.
3. Mineral resources are estimated using average long-term metal prices of US\$1,300 per ounce gold, US\$3.10 per pound copper, and US\$23 per ounce silver. An exchange rate of EUR1.00=US\$1.33 was used.
4. A crown pillar of 10 meters is excluded from the estimated mineral resources below El Valle open pit.
5. Unrecoverable material in exploited mining areas has been excluded from the estimated mineral resources.
6. Numbers may not add due to rounding.

TABLE 2  
Orvana - Updated EVBC Mineral Reserve Estimate <sup>(1)</sup>

ZONE	EVBC Mineral Reserve Estimate as at Sept. 30th, 2014					
	Tonnes (kt)	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Au Ounces (koz)	Cu Tonnes (t)
<i>Boinás Oxide</i>	-	-	-	-	-	-
<i>Boinás Skarn</i>	467	3.36	0.96	20.33	50	4,484
<i>Carlés Skarn</i>	-	-	-	-	-	-
<i>Total Proven</i>	467	3.36	0.96	20.33	50	4,484
<i>Boinás Oxide</i>	598	6.83	0.41	7.31	131	2,464
<i>Boinás Skarn</i>	1,029	3.39	0.72	14.39	112	7,375
<i>Carlés Skarn</i>	95	2.63	0.37	7.30	8	354
<i>Total Probable</i>	1,722	4.54	0.59	11.54	252	10,193
<i>Total Proven &amp; Probable</i>	2,189	4.29	0.67	13.41	302	14,677

## Notes:

1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserves are estimated using gold equivalent cut-off grades by zone, consisting of 4.5 g/t AuEq for Boinas Oxides, 2.9 g/t AuEq for Boinas Skarns, and 2.8 g/t AuEq for Carlés. Gold equivalent cut-offs were calculated using recent operating results for recoveries, off-site concentrate costs, and on-site operating costs.
3. Mineral Reserves are estimated using average long-term metal prices of US\$1,100 per ounce gold, US\$2.75 per pound copper, and US\$20 per ounce silver. An exchange rate of EUR1.00=US\$1.33 was used.
4. Numbers may not add due to rounding.

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