

# Avnel Commences PFS at Kalana and Reports Second Quarter 2014 Results

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ST. PETER PORT, GUERNSEY -- (Marketwired - Aug. 14, 2014) - [Avnel Gold Mining Limited](#) ("Avnel" or the "Company") (TSX:AVK) is pleased to announce that the Preliminary Feasibility Study ("PFS") for the Kalana Main Project has commenced and is scheduled to be completed near the end of 2014. The Company is also announcing that it has reported its financial results for the three and six-month periods ended June 30, 2014.

"As a result of the recently completed equity financing, we have the funds necessary to complete the PFS for our Kalana Main Project in southwest Mali. The PFS is the next step towards de-risking the project and will be our first opportunity to declare reserves for our proposed open-pit mine at Kalana. The consultants we have appointed have significant and recent experience working on similar projects in Mali, and elsewhere in West Africa, and compliment our in-house technical team well," said Howard Miller, Avnel's CEO and Chairman.

## Highlights

- Kalana Main PFS commenced and is scheduled for completion near the end of 2014
- The PFS will build on the strong technical and economic results from the PEA
- Snowden, a leading international integrated mining engineering firms, appointed to manage the completion of the PFS
- The Company is sufficiently funded to complete the Kalana PFS

## Kalana Main Preliminary Feasibility Study

In March 2014, the Company reported the results of a Preliminary Economic Assessment ("PEA") prepared by Snowden Mining Industry Consultants ("Snowden") that outlined a 14-year open-pit mine life recovering 1.46 million ounces of gold at the Kalana Main Project. Utilizing a gold price of \$1,110 per ounce and a 10% discount rate, the PEA reported a net present value of \$194 million after-tax and imputed interest, and an internal rate of return of 53% on a 100% project basis.

Following the completion of the PEA, Snowden was appointed to lead the Kalana Main PFS. Snowden will provide mine engineering design services and be supported by several leading consulting firms, all of whom have extensive experience in Mali, including Mr. Ivor Jones, DRA Global, and Epoch Resources.

Mr. Ivor Jones of Denny Jones Pty Ltd., the Qualified Person that prepared the Mineral Resource Estimate ("MRE") utilized in the Kalana Main PEA, has been retained to update the MRE for the PFS. The updated MRE is expected to be completed near the end of the third quarter of 2014 following the completion of a re-assaying of a further 4,720 2-kilogram samples utilizing the LeachWell method. Similar re-assay campaigns on 20,232 samples from Kalana Main demonstrated that previous assaying methods understated the average grade of samples by approximately 40% due to the coarse nature of the gold mineralization.

DRA Global has been retained to manage a recently commenced metallurgical test program and to design a new gold plant. DRA Global has also been retained to design new surface infrastructure. The potential locations of surface infrastructure to support a new open-pit mining operation have been identified. A 4,500-metre ("m") air core sterilization drill program was completed in July 2014 to confirm that these are suitable areas for surface infrastructure.

Epoch Resources has been appointed to complete an Environmental and Social Impact Assessment ("ESIA") and design tailings and waste rock impoundment facilities. As part of the ESIA, Epoch Resources will also complete a Resettlement Action Plan for a portion of a community near the Kalana Main Project.

Looking at its development plans beyond 2014, the Company intends to commence a 14,000m reverse-circulation and diamond drilling program in the first quarter of 2015. This program is intended to



## **Associated Documents**

This press release should be read in conjunction with the Company's interim consolidated financial statements for the three- and six-month periods ended June 30, 2014 and June 30, 2013 and associated Management's Discussion and Analysis ("MD&A"), which are available from the Company's website, [www.avnelgold.com](http://www.avnelgold.com), and on SEDAR ([www.sedar.com](http://www.sedar.com)).

## **ABOUT AVNEL GOLD**

Avnel is a TSX-listed gold mining, exploration and development company with operations in southwestern Mali in West Africa. The Company's focus is to redevelop its 80%-owned Kalana Gold Project from a small-scale underground mine into a large open-pit mining operation, which has a 30-year exploitation license and covers an area of 374 km<sup>2</sup>. In March 2014, the Company reported the results of a PEA prepared by Snowden that outlined a 14-year open-pit mine life recovering 1.46 million ounces. Utilizing a gold price of \$1,110 per ounce and a 10% discount rate, the PEA reported a net present value of \$194 million after-tax and imputed interest, and an internal rate of return of 53% on a 100% project basis. The Company is now advancing the project to Preliminary Feasibility.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.

## **CAUTIONARY STATEMENTS**

### **Preliminary Economic Assessment**

The Kalana Main Preliminary Economic Assessment ("PEA") is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves; thus, there is no certainty that the economic benefits indicated in the PEA will be realized. The PEA is subject to a number of assumptions, including, among others that an Environmental and Social Impact Assessment ("ESIA") will be completed within the required timeline, all required permits will be obtained in a timely manner, the company will continue to have the support of local community, a constant regulatory environment and no material increase occurs to the estimated costs. The Kalana Main PEA is based upon an 8.54 million tonne Indicated Mineral Resource grading 4.53 g/t Au containing 1.25 million ounces and a 2.09 million tonne Inferred Mineral Resource grading 3.76 g/t Au containing 0.25 million ounces utilizing a cut-off grade of 0.9 g/t Au. The PEA also includes 0.66 million tonnes of tailings grading 1.80 g/t Au that are classified as an Indicated Mineral Resource. Investors are cautioned not to assume that all or any portion of these mineral resources will ever be converted into proven and probable reserves. The NI 43-101-compliant technical report for the PEA and the Mineral Resource Estimate was prepared by Allan Earl, Executive Consultant, and Ivor Jones, Executive Consultant, of Snowden Mining Industry Consultants, each of whom are independent Qualified Persons, as defined in NI 43-101. The PEA was filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on March 31, 2014.

### **Technical Information and Qualified Person/Quality Control Notes**

Technical information in this publication arising subsequent to the date of any technical report, if any, regarding the Kalana Main Project and the Kalana Permit is provided by Avnel management under the supervision of Roy Meade, Executive Director, Operations and Dr. Olivier Femenias, VP Geology, both of whom are a non-independent "Qualified Person" as such term is defined in NI 43-101.

### **Forward-Looking Statements**

This news release includes certain "forward-looking statements". All statements, other than statements of historical fact, included in this release, including the future plans and objectives of Avnel, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Avnel's expectations include, among others, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of gold and silver, as well as those factors discussed in the section entitled "Risk Factors" in Avnel's Annual Information Form, which is available on SEDAR

(www.sedar.com). Although Avnel has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **Non-IFRS Measures**

"Cash Operating Costs" is a non-GAAP and non-IFRS measure that does not have a standardized meaning prescribed by GAAP or IFRS and there may be some variation in the method of computation to other similarly titled measures of other gold mining companies. "Cash Operating Costs" is calculated as reported Production Costs, which includes costs such as mining, processing, administration, non-site costs (transport and refining of metals, and community and environmental), less royalties paid. These costs are then divided by the number of ounces sold to arrive at "Operating Cash Costs Per Ounce Sold".

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