

McEwen Mining Inc. Announces Positive Feasibility Study for Gold Bar Project, Nevada

24.10.2015 | [ABN Newswire](#)

Toronto, Canada (ABN Newswire) - [McEwen Mining Inc.](#) (NYSE:MUX) (TSE:MUX) ("McEwen Mining" or the "Company") is pleased to announce results of a Feasibility Study (FS) for its 100% owned Gold Bar Project in Nevada. The key outcomes of the study include: Low initial capital of \$60 million; Attractive IRR of 20% at current gold price; Average annual gold production of 65,000 oz; and Estimated average cash cost of \$728/oz. The FS was prepared by SRK Consulting Inc. (SRK) of Reno, Nevada in accordance with the requirements of Canadian National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101").

"Completion of this Feasibility Study is an important milestone. I believe Gold Bar will be the next mine we put into production. It includes the fundamental elements we consider important to investors when building a mine: Low capital and operating costs, and a reasonable rate of return in the current price environment. We can now move ahead with a high degree of confidence in the capital estimate and projected operating performance," said Rob McEwen, Chairman and Chief Owner.

Highlights of the Feasibility Study

- Estimated initial capital expenditures of \$60 million
- Pay-back period of 3 years at \$1,150/oz gold and 2 years at \$1,300/oz gold
- After-tax IRR of 20% at \$1,150/oz gold and 36% at \$1,300/oz gold
- Average annual gold production of 65,000 oz at a cash cost of \$728/oz
- Owner operated open pit mine with run-of-mine oxide heap leach processing
- Life-of-mine (LoM) ore production of 13 million tons at a diluted gold grade of 0.032 opt (1.1 gpt) resulting in 325,000 oz payable gold
- Updated in-pit resource estimate: 611,000 oz M&I and 111,000 oz Inferred
- Financial Analysis

The FS base case uses a gold price of \$1,150/oz and generates an after-tax net present value (NPV5%) of \$30 million, an IRR of 20%, and an average after-tax cash flow from operations of \$22.5 million per year of operation. FS results are disclosed on an after-tax basis, taking into consideration all internal tax attributes available to the Company as of this filing. Given the size of the internal tax attributes, pre-tax results are not significantly different from after-tax results. Project break-even (nil IRR) is reached at a gold price of \$995/oz.

Mining and Processing

Gold Bar is planned as an open pit mine. Both run-of-mine (RoM) and screened and agglomerated oxide ore will be processed at a rate of approximately 8 thousand tons per day on a conventional heap leach, and using an adsorption-desorption recovery (ADR) carbon plant producing a doré product. In order to maximize recovery and minimize project risk the ore handling method will be flexible depending on the ore characteristics. Ore from the Gold Ridge deposit will be processed as RoM. Ore from the Gold Pick and Cabin Creek deposits will be screened first and classified prior to leaching.:

- Ore containing fines will be screened at six inches and again at one inch;
- Ore greater than six inches will be stockpiled and placed on the leach pad via loader and truck;
- Ore less than one inch will be agglomerated with cement and recombined with the mid fraction (+1 inch to -6 inches), and placed on the leach pad via conveyors; and

- RoM material without fines will trucked directly to the leach pad.

Over the mine life, production will total 13 million tons of ore at a diluted gold grade of 0.032 opt (1.1 gpt) for a total payable gold of 325,000 oz. RoM ore will require 3 lbs/ton lime and agglomerated ore will require 20 lbs/ton cement. Leaching will consume 0.4 lbs/ton sodium cyanide. The planned production schedule is as follows:

Capital and Operating Costs

Initial capital is estimated at \$60.4 million, including \$4.8 million (8%) for contingencies. Additional capital expenses such as a heap leach expansion and reclamation and closure obligations bring the total LoM capital required to \$79.4 million, including an additional \$1.5 million (8%) for contingencies. The FS assumes an owner operated fleet of mining trucks and shovels and that all new equipment will be leased for this operation.

Operating costs were estimated based on process design criteria, equipment lease rates, labor, reagent, on-site power generation, fuel, explosives, maintenance, and other miscellaneous costs. All costs are in Q3 2015 dollars. Average cash cost and all-in cost are \$728/oz and \$995/oz respectively.

Permitting & Property Location

The Gold Bar Project in Eureka County, Central Nevada, is located on both public lands managed by the Bureau of Land Management (BLM) Battle Mountain Field Office, and on patented lands. The BLM and the Nevada Division of Environmental Protection (NDEP) will be the primary regulatory agencies responsible for ensuring environmental protection as the Gold Bar Project progresses through permitting and approval processes.

Formal notice from the BLM states our Record of Decision (ROD) for Gold Bar is expected in January, 2017. The Company expects that all other applicable State and Local permits will also be acquired in that timeframe. Once received, the Company can begin construction, which is expected to take approximately 10-12 months to complete. The Company has already secured approval from the State of Nevada for adequate water rights necessary to conduct mining activities. The approved water rights will be sufficient for life-of-mine operations.

The Gold Bar Project is located within the Battle Mountain-Eureka-Cortez gold trend. The property was previously mined from 1990 to 1994 by Atlas Precious Metals Inc. The nearest mines are Barrick Gold's Ruby Hill (approximately 25 miles to the Southeast - now closed) and its Cortez Mine (approximately 35 miles to the Northwest).

Resource Estimate

The updated NI 43-101 compliant resource estimate included in the FS was developed by SRK and is comprised only of gold resources that fall within the boundaries of a conceptual pit.

Reserves

The FS establishes reserves in accordance with NI 43-101 for the Gold Bar Project. In accordance with NI 43-101, only resources in the measured or indicated category can be included as proven or probable reserves. The reserves calculation is further constrained by the design pits included in the FS, which demonstrate economic and engineering feasibility in the current mining environment. The reserve pit was designed at a gold price of \$1,000/oz to maximize the project NPV and IRR.

Metallurgical Testing

Gold Bar ore is a Carlin-style carbonate sedimentary sequence with strong fracture-controlled oxidation above the water table to the full depth of planned mining. Test work shows that ore is amenable to heap leach cyanidation with high gold recoveries and relatively rapid leaching kinetics. A 15-ton bulk sample taken in 2015 was leached as RoM in a large diameter column test (see below), which demonstrated that material size does not significantly influence recovery. The ultimate gold recovery used in the FS was 78%, which is significantly below representative results from laboratory testing on material from Gold Bar. The Company and its consultants feels that because recovery is such an important determinant of economics, and the

scale-up of operations from laboratory to industrial scale can result in dilution and segregation, that a conservative assumption is prudent.

Further Optimization, Cost Reductions, and Project Potential

The Company believes there are opportunities to further improve the economics of the Gold Bar Project through continued exploration, capital cost reductions, and potential process plant engineering synergies with our El Gallo Mine in Mexico.

In 2015, a drill program consisting of 38 in-fill holes was completed at Gold Bar. The focus of the program was to increase the mineral resource confidence by converting Inferred gold ounces to the Measured and Indicated categories. In addition to upgrading our confidence, several holes returned significant results including 4.65 gpt gold over 41.1m and 2.2 gpt gold over 52m. Exploration has been limited since 2012 due to ongoing mine permitting activities. Once the mine permit is received, several priority targets will be aggressively tested with the objective of expanding the known resource and reserve life.

Capital cost estimates for the project at this level of study are conservative. During the next 14 months until permit approval, the Company will study ways to reduce capital expenditures. For example, the El Gallo Mine uses an ADR plant of a very similar size and design to the one required at Gold Bar. By re-using the engineering design we may be able to realize significant savings. Other key areas of focus to reduce costs will be the ancillary infrastructure and activities related to the heap leach pad construction.

McEwen Mining will continue to optimize areas relating to leach kinetics, permeability, and blasting fragmentation with the aim of increasing the proportion of RoM ore versus agglomerated ore reporting to the leach pad. This could lower operational costs and increase pad loading efficiency. Metallurgical test work is ongoing while permitting progresses.

To view full tables and figures, please visit:

<http://media.abnnewswire.net/media/en/docs/81258-TSE-MUX-20151022.pdf>

About McEwen Mining:

The goal of McEwen Mining is to qualify for the S&P 500 by creating a high growth gold/silver producer focused in the Americas. McEwen Mining's principal assets consist of the San José mine in Santa Cruz, Argentina (49% interest), the El Gallo Mine and El Gallo 2 project in Sinaloa, Mexico, the Gold Bar project in Nevada, USA, and the Los Azules copper project in San Juan, Argentina.

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