

Pinecrest Resources's Enchi Gold Project Update

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VANCOUVER, Nov. 06, 2019 - [Pinecrest Resources Ltd.](#) ("Pinecrest" or the "Company") (TSX-V: PCR) announces that the Company is evaluating options to build value for its shareholders on the Company's 100% owned Enchi Gold Project ("Enchi" or "the Project") in Ghana, West Africa. As part of this review, given the recent rise in the gold price to US\$1,500/oz and changes to both capital and operating costs since completion of the Preliminary Economic Assessment (the "PEA" or the "Study") in 2016, the Company is evaluating the metal price sensitivity analysis completed by WSP Canada Inc. ("WSP") in the PEA completed on the Enchi Project dated January 27, 2016. Enchi is comprised of eight licenses covering a 50 kilometres (km) strike length of the Bibiani Shear zone, a regional scale structure that hosts a number of major gold mines and deposits including Kinross Gold Corporation's ("Kinross") Chirano Mine located 70 km north-east of the Project and the Bibiani Gold Deposit located 90 km north-east of the Project. The preliminary economic assessment is preliminary in nature, that it 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, and there is no certainty that the preliminary economic assessment will be realized.

Financial Model Sensitivity Analysis

The financial models in the PEA prepared by WSP were completed using a base case gold price of US\$1,300 per ounce. The PEA included metal price sensitivities detailed in the table below (See Table 22.9, Page 171 of the PEA); all inputs to the financial models remain unchanged. All amounts are in US\$ unless otherwise specified. (see the full *Technical Report and Update of the Preliminary Economic Assessment on The Enchi Gold Project, issued January 27, 2016*) available on Sedar under Pinecrest Resources or on www.pinecrestresources.com.

Table 1 Financial Model Sensitivity Analysis

Description	Units	Pre-Tax Gold Price Scenarios (US\$/oz)			
		\$1,170	\$1,300	\$1,430	\$1,560
Owner Operated					
NPV (5% discount)	US\$ M	\$49,899	\$101,882	\$153,865	\$205,848
IRR	%	20%	34%	47%	59%
Payback	Year	3.8	2.8	2.5	2.3
Cumulative Cash Flow	US\$ M	\$80,028	\$145,126	\$210,225	\$275,323

Description	Units	Post-Tax Gold Price Scenarios (US\$/oz)			
		\$1,170	\$1,300	\$1,430	\$1,560
Owner Operated					
NPV (5% discount)	US\$ M	\$28,236	\$62,399	\$95,961	\$129,750
IRR	%	15%	25%	34%	43%
Payback	Year	4.6	3.4	2.9	2.6
Cumulative Cash Flow	US\$ M	\$50,501	\$92,502	\$135,130	\$177,444

Sensitivity on Total Capital Costs and Contingencies (pre-tax)

Description	Unit	Net Present Value (US\$ 000's)				
% Variation	%	30%	15%	0%	-15%	-30%

Total Capital Costs with Contingencies	US\$ 000's	107,204	95,597	83,989	76,633	60,774
	0%	75,171	86,779	98,387	105,742	121,602
Discount Rate (%)	5%	52,139	62,776	73,413	81,674	94,687
	10%	34,952	44,967	54,982	63,633	75,012
IRR	%	27%	35%	44%	57%	74%
Payback period	years	2.80	2.56	2.32	2.08	1.89

Sensitivity on Operating Costs (pre-tax)

Description	Unit	Net Present Value (US\$ 000's)				
		30%	15%	0%	-15%	-30%
Total Operating Costs	US\$ 000's	606,465	537,201	467,937	398,673	329,409
	0%	(40,235)	29,076	98,387	167,697	237,008
Discount Rate (%)	5%	(35,783)	18,815	73,413	128,011	182,609
	10%	(33,142)	10,920	54,982	99,044	143,106
IRR	%	N/A	20%	44%	62%	77%
Payback period	years	N/A	2.61	2.32	2.14	2.01

Ryan King, Chief Executive Officer stated, "We have continued to evaluate options for the Enchi Gold Project which hosts wide-spread Ashanti-style gold mineralization. Pinecrest completed a 3,000-metre drill program in 2018 which intersected additional gold mineralization outside of known resource zones, providing Pinecrest the opportunity to potentially expand the scope and size of the Enchi Gold Project. Our exploration team believes there is incredible opportunity to explore along this +40 km highly prolific Bibiani shear zone that has only seen shallow previous drilling used to define the current resource zones. The gold resources outlined in the PEA are open at depth and along strike. At Kinross's Chirano gold mine located 70 km north of the Enchi Project on the same Bibiani shear zone, gold mineralization has been intersected to a depth of 800 metres whereas the average depth of drilling on the Enchi Project extends to a depth of only 175 metres. The entire Project land package is 568 km² with numerous high priority drill targets situated immediately outside of the inferred resource boundary highlighting excellent growth potential. The Company is evaluating options to build value at this asset for its shareholders as the Project demonstrates extensive exploration opportunities along the prolific Bibiani shear zone."

The financial models include the following: an initial capital cost of \$84.4 million, including direct costs, indirect costs and a contingency of \$11.8 million (20% of direct costs). Sustaining capital of \$38.6 million including a reclamation and closure, mining costs, infrastructure costs, EPCM and contingencies. The financial model was completed on a 100% Project basis and includes a 5% NSR to the Ghanaian Government and a 2% NSR to Red Back Mining Ghana Ltd., a wholly owned subsidiary of Kinross. The Government of Ghana have the right to a 10% free carried interest in the Project.

The PEA was based on the 2015 NI 43-101 Inferred Mineral Resource estimate prepared by WSP and detailed in the technical report entitled "Technical Report and Preliminary Economic Assessment on the Enchi Gold Project" dated April 2015 using a 0.5 g/t cut-off grade. (See Table 2 for details). It is the opinion of the QP that the PEA remains current for purposes of NI 43-101.

Table 2 Enchi Gold Project - Inferred Mineral Resource (0.5 g/t Cut-Off)

Cut-off Au (g/t)	Zone	Tonnes	Grade Au (g/t)
0.5	Boin	15,872,000	0.96
0.5	Nyamebekyere	5,350,000	0.96
0.5	Sewum	16,135,000	0.82
	Total	37,357,000	0.90

1. CIM definition standards were followed for the resource estimate.
2. The 2015 resource models used ordinary kriging (OK) grade estimation within a three-dimensional block model.
3. A base cut-off grade of 0.5 g/t Au was used for reporting resources with a capping of gold grades at 18 g/t.
4. A US\$1,300/ounce gold price, open pit with heap leach operation was used to determine the cut-off grade.
5. A density of 2.45 g/cm³ was applied.
6. Numbers may not add exactly due to rounding.
7. Mineral Resources that are not mineral reserves do not have economic viability

The 2015 Mineral Resource estimate was based on 52,385 metres of diamond and RC drilling in 646 holes as well as data from 102 surface trenches totalling 13,799 metres. The drilling was generally spaced at 25 to 50 metre intervals.

Since the completion of the PEA, Pinecrest has completed 28 RC drill holes totaling 3,406 metres of drilling on the Enchi. See Pinecrest Resources news release dated March 21, 2018 (Drilling Expands Zones of Oxide Gold Mineralization at 100% owned Enchi Gold Project, Ghana), results included: 38.0 metres grading 1.12 g/t gold, 35.0 metres grading 1.15 g/t gold, highlighting excellent potential to expand oxide gold zones. Drill intercept results from the March 21, 2018 news release were not included in the PEA.

Highlight Drill Results Outside of NI 43-101 Inferred Resources

Sewum Gold Zone

- Highlight drill holes include;
 - SWRC060 intersected 31.0 m grading 0.94 g/t gold including 20.0 m grading 1.27 g/t gold,
 - SWRC062 intersected 35.0 m grading 0.50 g/t gold and,
 - SWRC064 intersected 38.0 m grading 1.12 g/t gold.
- All of these intercepts are oxidized mineralization expanding previously defined zones of gold mineralization.

Kojina Hill Gold Target

- The Kojina Hill Gold Target (‘Kojina’) is a new gold zone located outside of the current NI 43-101 inferred resource on the Enchi Gold Project.
- KJRC010 intersected 9.0 m grading 1.99 g/t gold from surface and a second zone of 29.0 m grading 0.87 g/t gold confirming continuity of the mineralized gold zone at depth.

Boin Gold Zone

- Drilling at the Boin Gold Zone (‘Boin’) successfully intersected mineralization outside of the defined NI 43-101 Inferred resource areas.
- KBRC137 intersected 35.0 m grading 1.15 g/t gold including; 19.0 m grading 1.67 g/t gold, opening a new expanded zone of mineralization to the northeast, potentially open along strike.
- KBRC128 intersected 10.0 m grading 1.46 g/t gold with the drill hole ending in a previously unrecognized new gold zone.
- KBRC127 intersected 25.0 m grading 0.58 g/t gold.

Boin Northwest Gold Zone

- Boin Northwest Gold Zone (‘Boin NW’) is a new gold zone located outside of the current NI 43-101 inferred resource on the Enchi Gold Project.
- KBRC126 intersected 18.0 m grading 0.59 g/t gold.
- Boin NW has been traced over a strike length of 300 metres and is open along strike and down dip.

The PEA was prepared by WSP using an Inferred Mineral Resource of 1.07 million ounces (oz) of gold (37.3 million tonnes grading 0.9 gram of gold per tonne (g/t Au), at a cut-off of 0.5 g/t Au). This Study evaluates both owner-operated and contract mining, open pit, heap leach operation processing of 3.0 million tonnes per annum (Mtpy). All currency figures are in US Dollars (US\$ or \$) and using a base case gold price of \$1,300/oz.

Owner Operated Base Case \$1,300/oz gold price

Average Mined Gold Grade (g/t)	0.91
Processing Rate (Mtpy)	3
Mine Life (years)	8.7
Life-of-Mine (LOM) Strip Ratio	3.16:1
IRR Pre-Tax (%)	34
NPV Pre-Tax (5% Discount Rate) (US\$ Million)	102
NPV After-Tax (5% Discount Rate) (US\$ Million)	62
IRR After-Tax (%)	25
Initial Capital Cost (US\$ Million)	84
LOM Sustaining Capital Cost (US\$ Million)	39
Payback (Pre-Tax)(years)	2.8
Payback (After-Tax) (years)	3.4
LOM Cash Costs (US\$/oz)	802
Metallurgical Recoveries (oxide/transition/sulphide %)	75/75/73
Total Recovered Gold (oz)	538,450
Average Annual Gold Production (oz)	61,749
Peak Annual Gold Production (oz)	76,210

Initial Capital Cost

An initial capital expenditure of \$84.4 million is required to construct the project and is detailed in the following table.

Table 3 Initial Capital Cost (in US\$ Million)

Description	Owner Operated
Direct Costs	
Mining (Owner's share included)	18.8
Process Plant	35.6
Infrastructure	4.4
Sub-total – Direct Costs	58.8
Indirect Costs	
Engineering and Procurement	4.9
Construction Indirect	5.9
Owners Costs	3.1
Sub-total – Indirect Costs	13.9
Total Capital Costs	72.7
Contingency: 20% of direct cost	11.8
Total Capital Costs with Contingency	84.4

Numbers may not add exactly due to rounding

The initial capital cost of \$84.4 million, including direct costs, indirect costs and a contingency of \$11.8 million (20% of direct costs). Sustaining capital of \$38.6 million including a reclamation and closure, mining costs, infrastructure costs, EPCM and contingencies. Capital costs were calculated during 2015 when work for the PEA was completed. Capital costs and operating costs may have changed since originally completing the NI 43-101 Technical Report dated June 30, 2015 and the PEA dated January 27, 2016.

Site Operation Cost

The Project is modelled as a near surface open pit heap leach mine with heap leach feed material trucked

from three proximal deposits (Boin, Nyamebekyere, Sewum) to a central crushing and process facility. Open pits have been designed with bench heights ranging between 10 - 20 metres, interramp slope angles ranging between 44 and 47 degrees for oxide material and 55 degrees for fresh material. Life of mine operating costs (including royalties and refining fees) are \$15.45/tonne processed as detailed in the following table.

Table 4 Site Operating Cost (in US\$ Million)

Description	Operating Cost (\$/tonne*)	
	Owner	Operated
Mining (including waste and labour)	9.19	
Processing	5.18	
Environment, Infrastructure	0.22	
G & A, including mineral tenure fees	0.87	
Operating Costs	15.45	
Royalties and refining fees	2.01	
Cash Costs (Operating + Royalties and Refining)	17.46	
Sustaining Capital Costs	1.56	
Total All-in site costs	19.02	

* Per metric tonne of heap leach feed

Numbers may not add exactly due to rounding

Operating costs have been calculated during 2015 when work on the PEA was completed. Capital costs and operating costs may have changed since originally completing the NI 43-101 Technical Report dated June 30, 2015.

Table 5 Life of Mine Production Schedule

Description	Units	Value
Oxide tonnes processed	million t	16.60
Transitional tonnes processed	million t	5.15
Sulphide tonnes processed	million t	2.97
Tonnes processed	million t	24.72
Waste mined	million t	78.02
Gold grade	g/t	0.91
Average Annual recovered gold	Troy ounce	61,749
Strip ratio	w/o	3.16:1

Infrastructure

The Enchi Gold Project is located in southwest Ghana, in the Aowin district of the Western Region, and is accessed from Accra on sealed roads via the regional port city of Takoradi or the mining center of Tarkwa. The district capital, Enchi, is located 5 km west of the Project. From either of these centers, access to Enchi (population 9,270) is available by paved and gravel roads. The Enchi Project currently totals 568 km² with 50 km covering the Bibiani Shear Zone, a well-known gold belt in Ghana. The Project is located 70 km southwest of the open pit and underground Chirano Mine owned and operated by Kinross and 90 km south of the Bibiani Mine (past production of 4 million ounces). Ghana's current electrical generation capacity of 2125 megawatt is made up of about 50% hydro and 50% thermal plants. There is a 33-kilovolt line available near the Enchi property with a couple of options for connection routes depending on demand and capacity required, with the utility company ultimately deciding on the preferred set up.

Metallurgy and Processing

The current Study utilized 75% for the oxide and transitional gold recoveries and 73% for the sulphide gold recovery. These recoveries are based on preliminary basic bottle roll tests on oxide material and assume processing configurations to be similar to other heap leach facilities in the region. The initial tests show that

cyanide leaching may be a viable option for the extraction of gold from the oxide domains. Further work on the metallurgical behavior and physical constraints associated with heap leaching is still required to definitively select heap leaching as the best technical process option.

The PEA is preliminary in nature, and it 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Qualified Persons Statement

The PEA was prepared by WSP and authored by Todd McCracken, P.Geol. (Geology), Ms. Joanne Robinson, P.Eng. (Mining), Mr. Mireno Dhe Paganon, Eng. (Metallurgical and processing), Mr. Bruce White, PrEng. (Infrastructures), Mr. Paul Vermaak, Pr.Sci.Nat. (Environmental and social aspects), and Mr. Jean-Sebastien Houle, Eng. (financial). All individuals providing certifications are Independent Qualified Persons as defined by NI 43-101.

Mr. Gregory Smith, P. Geol., Vice President, Exploration of Pinecrest is a Qualified Person as defined by NI 43-101 and has prepared and approved the technical data and information in this news release.

About Pinecrest Resources Ltd.

[Pinecrest Resources Ltd.](#) is a British Columbia corporation that is based in Vancouver, B.C. The Company engages principally in the acquisition, advancement and development of precious mineral properties. The Company is presently advancing and developing its 100% owned Enchi gold project located in South West Ghana. Major shareholders of the Company include Red Back Mining Ghana Ltd. (a wholly-owned subsidiary of [Kinross Gold Corp.](#)) and management.

On Behalf of the Board of Directors, Pinecrest Resources Ltd.

Signed “Ryan King”
Ryan King, President & CEO, Director

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