

Orla Mining Announces Layback Agreement with Fresnillo to Expand the Camino Rojo Oxide Gold Project

23.03.2020 | [CNW](#)

VANCOUVER, March 23, 2020 - [Orla Mining Ltd.](#) (TSX: OLA) ("Orla" or the "Company") is pleased to announce that the Company has entered into a non-binding letter agreement with Fresnillo Plc ("Fresnillo") as to the commercial terms on which Orla would obtain the right to expand the Camino Rojo oxide pit onto part of Fresnillo's mineral concession located immediately to the north of Orla's property under a definitive layback agreement (the "Layback Agreement"). On completion, the Layback Agreement will allow access to oxide and transitional heap leachable Mineral Resources on Orla's property below the open pit outlined in the June 2019 Feasibility Study. In addition, the Layback Agreement will provide Orla with the right to mine from Fresnillo's mineral concession, and recover for Orla's account, all oxide and transitional material amenable to heap leaching that are within an expanded open pit. The completion of the Layback Agreement is expected to result in a material increase in Mineral Reserves at the Camino Rojo project. Orla expects to publish an updated Mineral Reserve estimate for material on Orla's concession following the completion of the Layback Agreement.

Under the terms of the Layback Agreement, Orla would pay Fresnillo a total cash consideration of US\$62.8 million based on the following schedule:

- US\$10 million due upon the execution of the definitive Layback Agreement;
- US\$15 million due upon Orla having received all funding and permits required for construction and development; or July 1, 2020, whichever is sooner;
- US\$15 million due no later than (i) twelve (12) months following the commencement of commercial production at Camino Rojo or (ii) December 1, 2022, whichever is earlier; and
- US\$22.8 million due no later than (i) twenty-four (24) months following the commencement of commercial production at Camino Rojo or (ii) December 1, 2023, whichever is earlier.
- The amounts for the third and fourth payments shall bear an interest of 5% per annum from July 1, 2020 until the date of payment.

"We are excited to have reached this agreement with Fresnillo which will benefit both parties and our stakeholders, such as the local communities, through an expanded resource and an enhanced mine profile at Camino Rojo," stated Jason Simpson, President and Chief Executive Officer of Orla. "Through collaboration with Fresnillo, we will be in a position to optimize the oxide deposit to its full potential by including the mineralization that would not otherwise be accessible without laying back our open pit onto Fresnillo's concession, as well as mineralization located on the Fresnillo property. We are very pleased to have reached this important value creating milestone in the development of Camino Rojo."

The Feasibility Study on the Camino Rojo Oxide Gold Project dated June 25, 2019 titled "Feasibility Study, NI 43-101 Technical Report on the Camino Rojo Gold Project — Municipality of Mazapil, Zacatecas, Mexico" is constrained by the north boundary of Orla's mineral concessions with Fresnillo's mineral concession. The Feasibility Study supports a Mineral Reserve estimate of 44.0 million tonnes grading 0.73 g/t gold and 14.2 g/t silver out of a total Measured and Indicated Mineral Resource of 94.6 million tonnes grading 0.71 g/t gold and 12.7 g/t silver that is amenable to heap leaching (see table 1). A portion of the Mineral Resources amenable to heap leaching that are not in the current Mineral Reserves are located just below the bottom of the pit outlined in the Feasibility Study and at relatively shallow depths on the north side of the pit. The Layback Agreement is expected to allow much of this material to be included in a revised mine plan using the same metallurgical recoveries for each rock type and similar operating costs as the Feasibility Study. Not all of the Mineral Resources amenable to heap leaching below the Feasibility Study pit are expected to be included in an updated mining study due to their depth, and would likely only be included in

future mine plans that consider mining and processing the surrounding sulphides.

As part of the Layback Agreement, Orla would also obtain the right to mine and recover all heap leachable material located on the Fresnillo concession in a pit mined for oxide and transitional material that is covered by the Layback Agreement. This material would result in additional gold and silver production to Orla's account. Fresnillo drilled approximately 63 core holes totaling 33,253 metres targeting both near surface oxide mineralization and deep sulphide mineralization in the area covered by the Layback Agreement. Orla has received the drill data from Fresnillo but has not yet independently verified the results or undertaken any QA/QC analysis. However, results from Fresnillo holes drilled in close proximity to the most northern holes on the Orla property appear to be consistent with projections of the geological and oxidation models created from Orla's data and assay results appear to be consistent with projections of Orla's Mineral Resource model. Additional work, including an estimated 2,500 metres of drilling and detailed QA/QC on the Fresnillo data, and integration of Orla's geological and resource models with Fresnillo's drill data will be required to bring material on the Fresnillo concession to the Measured and Indicated Mineral Resource category.

A revised feasibility study on a project unconstrained by Orla's current property boundary is underway to determine the economic impact of the additional Mineral Resources from Orla's concession available for processing as a result of the Layback Agreement. Importantly, an expanded operation would not require moving any of the infrastructure in the current design for the project and timelines for the permitting process, engineering, procurement and construction for the development of Camino Rojo will remain unchanged.

The letter agreement with Fresnillo is non-binding, has a term of 12 months and remains subject to completion of the definitive Layback Agreement between the parties which is currently underway and expected during the first half of 2020. The definitive Layback Agreement will not preclude or restrict Fresnillo from participating in any future development of the sulphide mineral resource at the Camino Rojo project.

The Camino Rojo project continues to advance as planned with over 35% of the detailed engineering completed to date. Orla has begun purchasing long-lead items and construction is expected to start during the first half of 2020, upon receipt of all required permits. Orla is regularly assessing any potential impact or delays to the development schedule which could arise from the COVID-19 situation.

Qualified Persons and Data Verification

Hans Smit, P.Geo., has reviewed and verified all technical and scientific information contained in this news release and is a Qualified Person within the meaning of NI 43-101. Data verification of Fresnillo's drill information that is subject to the Layback Agreement is in its early stages by Orla technical staff. To date, Fresnillo has provided electronic data files with drill data including hole location, downhole surveys, assay data and alteration and oxidation information. Orla will undertake QA/QC on available drill core and assay certificates and has planned 2,500 metres of drilling in the area subject to the Layback Agreement as part of the data verification procedures and to provide greater drill density in areas with mineralized material.

About Orla Mining Ltd.

Orla is developing the Camino Rojo Oxide Gold Project, an advanced gold and silver open-pit and heap leach project, located in Zacatecas State, Central Mexico. The project is 100% owned by Orla and covers over 160,000 hectares. Estimated Mineral Reserves as of June 24, 2019 are 44.0 million tonnes at a gold grade of 0.73 grams per tonne ("g/t") and a silver grade of 14.2 g/t, for total Mineral Reserves of 1.03 million ounces of gold and 20.1 million ounces of silver (Comprised of Proven Mineral Reserves of 14.6 million tonnes at 0.79 g/t gold and 15.1 g/t silver and Probable Mineral Reserves of 29.4 million tonnes at 0.70 g/t gold and 13.7 g/t silver). The estimated leachable Measured Mineral Resources include 19.4 million tonnes at 0.77 g/t gold and 14.9 g/t silver and Indicated Mineral Resources of 75.3 million tonnes at 0.70 g/t gold and 12.2 g/t silver for total Measured and Indicated Mineral Resource of 2.16 million ounces of gold and 38.78 million ounces of silver. The technical report entitled "Feasibility Study, NI 43-101 Technical Report on the Camino Rojo Gold Project — Municipality of Mazapil, Zacatecas, Mexico" dated June 25, 2019 is available on SEDAR under the Company's profile as well as on Orla's website at www.orlamining.com. Orla also owns 100% of the Cerro Quema Project located in Panama which includes a near-term gold production scenario and various exploration targets. The Cerro Quema Project is a proposed open pit mine and gold heap leach operation. Please refer to the "Cerro Quema Project - Pre-feasibility Study on the La Pava and Quemita Oxide Gold Deposits" dated August 15, 2014, which is available on SEDAR.

Table 1: MINERAL RESOURCE ESTIMATE

Gold & Silver	Tonnes	Gold		Silver	
		000's	(g/t)	(g/t)	(koz)
LEACH Measured	19,391	0.77	14.9	482	9,305
Indicated	75,249	0.70	12.2	1,681	29,471
M&I Total	94,640	0.71	12.7	2,163	38,776
Inferred	4,355	0.86	5.6	120	805
MILL Measured	3,358	0.69	9.2	74	997
Indicated	255,445	0.88	7.4	7,221	60,606
M&I Total	258,803	0.88	7.4	7,296	61,603
Inferred	56,564	0.87	7.5	1,577	13,713
Lead & Zinc	Tonnes	Lead		Zinc	
		000's	(%)	(M lbs)	(M lbs)
MILL Measured	3,358	0.13	0.38	9	28
Indicated	255,445	0.07	0.26	404	1,468
M&I Total	258,803	0.07	0.26	414	1,496
Inferred	56,564	0.05	0.23	63	290

Mineral Resources Notes:

1. The mineral resource has an effective date of June 7, 2019. The mineral resources are classified in accordance with the CIM Definition Standards in accordance with the disclosure requirement of NI 43-101.
2. Columns may not sum exactly due to rounding.
3. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
4. Mineral resources for leach material are based on prices of \$1,400/oz gold and \$20/oz silver.
5. Mineral resources for mill material are based on prices of \$1,400/oz gold, \$20/oz silver, \$1.05/lb lead, and \$1.20/lb zinc.
6. Mineral resources are based on net smelter return cut-off of \$4.73/t for leach material and \$13.71/t for mill material.
7. Includes 2% royalty and an USD:MXN exchange rate of 19.3.
8. Operating costs for Leach resource - mining \$1.65/t mined; process \$3.41/t processed; G&A \$1.32/t processed; Operating costs for Mill resource - mining \$1.65/t mined; process \$12.50/t processed; G&A \$1.20/t processed.
9. Leach resource payable – Au 100%; Ag 100%; Mill resource payable – Au 95%, Ag 95%, Pb 95%, Zn 85%
10. Leach resource refining costs - Au \$5.00/oz; Ag \$0.50/oz; Mill resource refining costs - Au \$1.00/oz; Ag \$1.50/oz; Pb \$0.194/lb; Zn \$0.219/lb.
11. The mineral resource estimate assumes that the floating pit cone used to demonstrate reasonable prospects for eventual economic extraction extends onto land held by the adjacent owner. Any potential development of the Camino Rojo Project that includes an open pit encompassing the entire mineral resource estimate would be dependent on obtaining a final Layback Agreement with the adjacent concession owner.
12. Mineral resources are inclusive of mineral reserves.
13. An Inferred Mineral Resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of forward-looking resources could be upgraded to indicated mineral resources with continued exploration.

This news release contains certain "forward-looking statements" within the meaning of Canadian and United States securities legislation, including, without limitation, statements with respect to the terms of the agreement in principle and the Layback Agreement, the expected additional material to be included in a future mine plan; timeline for completing a definitive Layback Agreement; results of a feasibility study, including but not limited to the mineral resource and mineral reserve estimation, mine plan and operations, potential economic impact, internal rate of return, sensitivities, taxes, net present value, potential recoveries, design parameters, operating costs, capital costs, production data and economic potential; the timing and costs for production decisions; financing timelines and requirements; permitting timelines and requirements; requirements for additional land; exploration and planned exploration programs, the potential for discovery of additional mineral resources; upside opportunities including land agreements, the development of the sulphide mineral resource and exploration potential; timing for start of engineering work, construction, and receipt of permits; timing for first gold production; and the Company's objectives and strategies. Forward-looking statements are statements that are not historical facts which address events, results, outcomes or developments that the Company expects to occur. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of risks and uncertainties. Certain material assumptions regarding such forward-looking statements are discussed in this news release, including without limitation, assumptions regarding price of gold and silver; the accuracy of mineral resource and mineral reserve estimations; that there will be no material adverse change affecting the Company or its properties; that all required permits and approvals will be obtained; that social or environmental issues might exist, are well understood and will be properly managed; and that there will be no significant disruptions affecting the Company or its properties. Consequently, there can be no assurances that such statements will prove to be accurate and actual results

and future events could differ materially from those anticipated in such statements. Forward-looking statements involve significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: failing to enter into a definitive agreement with respect to Engineering, Procurement and Construction Management and with respect to the Layback Agreement with Fresnillo; failing to receive the balance of the credit facility; risks related to uncertainties inherent in the preparation of feasibility studies, drill results and the estimation of mineral resources and mineral reserves, including changes in the economic parameters; risks relating to not securing agreements with third parties or not receiving required permits; risks associated with executing the Company's objectives and strategies, including costs and expenses, as well as those risk factors discussed in the Company's most recently filed management's discussion and analysis, as well as its annual information form dated March 28, 2019, available on www.sedar.com. Except as required by the securities disclosure laws and regulations applicable to the Company, the Company undertakes no obligation to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors, should change.

SOURCE [Orla Mining Ltd.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/347166--Orla-Mining-Announces-Layback-Agreement-with-Fresnillo-to-Expand-the-Camino-Rojo-Oxide-Gold-Project.html>

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