

Anaconda Mining Inc: Files Updated Mineral Resource Estimate and Mineral Reserves for the Point Rouse Gold Project

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TORONTO, Sept. 21, 2020 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX:ANX) is pleased to announce the filing of a technical report prepared in accordance with National Instrument 43-101 ("43-101") reporting on updated Mineral Resource and Mineral Reserves estimates ("MRMR") for its 100%-owned Point Rouse Gold Project ("Point Rouse", or the "Project") in Newfoundland and Labrador, Canada. The technical report follows the previous announcement on August 4, 2020 outlining the updated MRMR for the Argyle Deposit ("Argyle") at Point Rouse (All dollar amounts are in CDN \$ unless otherwise stated).

Highlights of the Mineral Resource and Mineral Reserves at Point Rouse Include:

- Point Rouse Probable Mineral Reserve includes material from Argyle, the Pine Cove Mine and the Pine Cove Run of Mine ("ROM") stockpile and includes 706,443 tonnes at an average diluted grade of 1.90 grams per tonne ("g/t") gold containing 43,183 ounces, based on a gold price of \$1,900 (US\$1,425);
- Point Rouse combined Indicated Mineral Resource of 1,470,000 tonnes at an average grade of 2.34 g/t gold containing 110,800 ounces, and a combined Inferred Mineral Resource of 515,000 tonnes at an average grade of 3.33 g/t gold containing 55,100 ounces;
- Mineral Reserves from the Pine Cove Mine Pit and ROM stockpile include 170,851 tonnes at an average diluted grade of 1.40 g/t gold, which will provide mill throughput into late Q4 2020;
- Mineral Reserves from the Argyle Deposit include 535,592 tonnes at an average diluted grade of 2.06 g/t gold containing 35,477 ounces; and
- At Argyle a pre-tax net present value at a 5% discount rate ("NPV 5%") of \$13.1M and an Internal Rate of Return ("IRR") of 262%, and an after-tax NPV 5% of \$11.4M with an IRR of 245%, all based on a \$1,900 (US\$1,425) gold price.

"The Point Rouse Technical Report demonstrates strong economics of continued mining at Anaconda's Point Rouse Operation. While we continue to profitably process ore from the final benches of the Pine Cove Mine, we have commenced the development of the Argyle Gold Mine, which at a conservative gold price of C\$1,900 will generate after-tax cumulative free cash flow of over \$12.6 million. At current Canadian gold prices, Argyle could generate an after-tax net present value of over \$20 million over the next 22 months. Meanwhile we are conducting a 4,000 metre drill program to extend mineralization at Stog'er Tight where we recently announced a drill discovery of broad, high-grade mineralization, that has not yet been incorporated into the mineral resource for Stog'er Tight outlined in the technical report. Leveraging our established infrastructure and strong operating team, we continue to demonstrate our ability to fast track successful exploration to production in the Baie Vert peninsula."

~ Kevin Bullock, President and CEO, [Anaconda Mining Inc.](#)

Point Rouse Mineral Reserve Estimate

The total Probable Mineral Reserves for the Point Rouse Project are as follows:

Table 1. Probable Mineral Reserves - Point Rouse Project (see notes for Effective Dates)

Deposit	Reserve Category	Cut-off Grade (g/t)	Tonnes (t)	Average Grade of Gold (g/t)	Contained Ounces of Gold
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Argyle	Probable	0.56	535,592	2.06	35,477
Pine Cove - Mine+ROM	Probable	0.50	170,851	1.40	7,706
Pine Cove - Marginal Stockpile	Probable	0.50	252,560	0.55	4,466
Total Combined	Probable		959,003		47,649

Point Rousse Mineral Reserve Notes

1. Mineral Reserves were prepared in accordance with NI 43-101, the CIM Definition Standards for MRMR (2014) and 2019 CIM MRMR Best Practice Guidelines.
2. Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. The Argyle Mineral Reserve is based on the Mineral Resource Estimate prepared by Mercator Geological Services Limited with an effective date August 4, 2020.
4. The Argyle Mineral Reserve Estimate has an effective date of August 4, 2020.
5. The Argyle Mineral Reserve Estimate is reported from Indicated Resource blocks at a 0.56 g/t cut-off within the optimized pit shell design developed by Dassault Systèmes Canada Inc.; base-case optimization parameters include: mining at \$4.00 per tonne, combined processing and G&A at \$29.00 per tonne, average pit slope angles of 48 degrees (north) and 35 degrees (south), daily mill throughput of 1,200 tonnes per day, and average process recovery of 87%, and a gold price of CAD\$1,900/oz (US\$1,425/oz).
6. The Pine Cove Mineral Reserve Estimate is based on the Mineral Resource Estimate prepared by Aduvare Geology and Engineering Ltd. with effective date August 8, 2020 and internal reconciliation of stockpiled marginal and ROM with an Effective Date of August 31, 2020.
7. The Pine Cove Mineral Reserve has an effective date of August 31, 2020.
8. The Pine Cove Mineral Reserve Estimate is reported from Indicated Resource blocks at a 0.50 g/t cut-off as determined by ongoing mining at the Pine Cove Mine including mining costs of \$3.50 per tonne mined, combined processing and G&A costs of \$28.60 per tonne milled, daily mill throughput of 1,200 tonnes per day, an average process recovery of 87%, and a gold price of CAD\$1,900/oz (US\$1,425/oz).

Argyle Mineral Reserves Economics

As previously reported, total gold ounces scheduled for mining at Argyle over the 22-month life of mine is expected to be 35,477 ounces at an average grade of 2.06 g/t gold from 535,592 tonnes of ore mined (see Table 2). It is expected that Argyle ore will be mined using conventional open pit mining methods with waste rock being stored locally at site and ore being transported by truck to the Pine Cove Mill. It is expected that Argyle ore will be batch-processed at approximately 1,200 tonnes per day with additional material from Pine Cove stockpiles supplementing the mill capacity of 1,300 tonnes per day. This will be accomplished with stockpile management techniques and circuit inventory methods in the mill to account for different mill feeds.

Anaconda has received material permits to initiate development at Argyle, including a release from the Environmental Assessment and receipt of a Certificate of Approval (Department of Municipal Affairs and Environment), and the acceptance of the Development, Rehabilitation and Closure plan (Department of Natural Resources). Initial development activities have commenced, including cutting, land clearing and access construction, with mining of ore expected to commence in Q4 2020.

Argyle has robust economics with a pre-tax discounted NPV 5% of \$13.05M with an IRR of 262%, and an after-tax NPV 5% of \$11.4M with an IRR of 245%. Total initial capital requirements of \$2.98M are required, mainly for pre-stripping of waste and site preparation.

Table 2: Key Assumptions and Costs Used in the Argyle Mineral Reserve (all prices shown are in Canadian Dollars)

Production Profile

Gold Price - Base Case

CAD\$1,900/ounce

Total Tonnes Milled	535,592 tonnes
Diluted Head Grade	2.06 g/t gold
Total Gold Ounces Mined	35,477 ounces
Reserve Cut-Off Grade	0.56 g/t gold
Mine Life (LOM)	22 months
Total Waste Tonnes	4,346,119 tonnes
Strip Ratio	8.1:1
Daily Mill Throughput	1,200 tonnes per day
Gold Recovery	87%
Total Gold Production	30,865 ounces
Capital Requirements	
Pre-production Capital Cost	\$2.98M
LOM Sustaining Capital Cost	\$2.69M
Unit Operating Costs	
Mining Costs	\$42.32/tonne milled
Processing Costs	\$23.26/tonne milled
G&A	\$4.90/tonne milled
LOM Operating Cash Costs ⁽¹⁾	CAD\$1,219 per ounce sold (US\$914)
LOM All-in Sustaining Cash Costs ⁽¹⁾	CAD\$1,306 per ounce sold (US\$980)
Project Economics	
Royalties ⁽²⁾	3% net smelter return
Income Tax/Mining Tax Rates	30%/15%
Pre-Tax	
NPV (5% Discount Rate)	\$13.05M
Internal Rate of Return	262%
Payback Period (months)	12
Cumulative Cash Flows	\$14.34M
After-Tax	
NPV (5% Discount Rate)	\$11.44M

Internal Rate of Return	245%
Payback Period (months)	12
Cumulative Cash Flows	\$12.57M

(1) Cash cost includes mining cost, mine-level G&A, mill and refining cost. This is a non-GAAP performance measure. please see "NON-IFRS Measures" below.

(2) A portion of the project is also subject to a 7.5% net profits interest ("NPI") with Royal Gold Inc. Depending on the price of gold in the future, operating and capital costs, the production profile of Argyle, the NPI could become payable at a future date.

Argyle Gold Price Sensitivity

An analysis of the Argyle economics was completed at a variety of gold selling prices, and on the base case CAD\$1,900 optimized pit and Probable Mineral Reserves as outlined in Table 3. The analysis demonstrates robust economics for Argyle at CAD\$1,900, with strong leverage to rising gold prices which have exceeded CAD\$2,600 per ounce at times. At a gold price of CAD\$2,600 per ounce (US\$1,950) which is in line with recent market pricing, Argyle could produce a pre-tax NPV 5% of \$32.7M and an IRR of 1,336% and an after-tax NPV 5% of \$24.5M and an IRR of 1,273%.

Table 3: Gold Selling Price Sensitivity Analysis

Gold Price	\$1,500	\$1,700	Base Case	\$2,100	\$2,300	\$2,600
			\$1,900			
Pre-tax NPV 5%	\$1.8M	\$7.4M	\$13.1M	\$18.7M	\$24.3M	\$32.7M
Pre-tax IRR	28%	124%	262%	459%	1,732%	1,336%
After-tax NPV 5%	\$1.2	\$6.5M	\$11.4M	\$15.9M	\$19.3M	\$24.5M
After-tax IRR	21%	114%	245%	443%	687%	1,273%

Point Rouse Mineral Resources

The total Mineral Resources, inclusive of Mineral Reserves, for the Point Rouse Project are as follows:

Table 4. Total Mineral Resource Estimate - Point Rouse Project (See Notes for Effective Dates)

Point Rouse Mineral Resources				
Open Pit (OP) Constrained				
Deposit	Cut-off (g/t)	Indicated Tonnes (t)	Gold (g/t)	Ounces
Argyle	0.5	488,000	3.14	49,300
Pine Cove	0.5	722,000	1.64	38,100
Stog'er Tight	0.5	102,000	2.39	7,800

Combined Indicated	0.5	1,311,000	2.26	95,100
Deposit	Cut-off (g/t)	Inferred Tonnes (t)	Gold (g/t)	Ounces
Argyle	0.5	9,000	3.80	1,100
Pine Cove	0.5	13,000	1.56	700
Stog'er Tight	0.5	134,000	3.06	13,200
Combined Inferred	0.5	156,000	2.98	14,900

Point Rouse Mineral Resources

Out of Pit (OoP)

Deposit	Cut-off (g/t)	Indicated Tonnes (t)	Gold (g/t)	Ounces
Argyle	2.0	62,000	2.86	5,700
Pine Cove	2.0	83,000	3.01	8,000
Stog'er Tight	2.0	14,000	4.27	1,900
Combined Indicated	2.0	159,000	3.06	15,700
Deposit	Cut-off (g/t)	Inferred Tonnes (t)	Gold (g/t)	Ounces
Argyle	2.0	56,000	3.89	7,000
Pine Cove	2.0	93,000	2.93	8,800
Stog'er Tight	2.0	210,000	3.62	24,400
Combined Inferred	2.0	359,000	3.48	40,200

Combined Point Rouse Mineral Resources

Category	Cut-off (g/t)	Tonnes (t)	Gold (g/t)	Ounces
Indicated	0.5/2.0	1,470,000	2.34	110,800
Inferred	0.5/2.0	515,000	3.33	55,100

Mineral Resource Estimate Notes

1. Mineral Resources were prepared in accordance with NI 43-101, the CIM Definition Standards for MRMR (2014) and 2019 CIM MRMR Best Practice Guidelines.
2. Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Open Pit Mineral Resources occur within an optimized pit shell developed by Dassault Systèmes Canada Inc.; base-case optimization parameters include: mining at \$4.00 per tonne, combined processing and G&A at \$29.00 per tonne, and a gold price of CAD\$1,900/oz (US\$1,425/oz).
4. "Open Pit" Mineral Resources are reported at a cut-off grade of 0.50 g/t gold within the optimized pit shell and are considered to have reasonable prospects for eventual economic extraction by open pit mining methods.
5. "Out of Pit" Mineral Resources are external to the optimized pit shell and are reported at a cut-off grade of 2.00 g/t gold. They are considered to have reasonable prospects for eventual economic extraction using conventional underground mining methods based on a mining cost of \$91 per tonne, processing and G&A cost of \$29.00 per tonne, and a gold price of CAD\$1,900/oz.

6. "Combined" Mineral Resources are the tonnage-weighted average summation of Open Pit and Out of Pit Mineral Resources.
7. Mineral Resources were interpolated using Ordinary Kriging methods applied to 1 metre downhole assay composites capped at 15 and 30 g/t gold (Pine Cove and Stog'er Tight) and 20 g/t gold (Argyle).
8. An average bulk density value of 2.77 g/cm³ was applied to all Mineral Resources.
9. Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
10. Mineral Resource tonnages and troy ounces have been rounded to the nearest 1,000 and 100, respectively; totals may vary due to rounding.
11. The following Mineral Resource Estimate Effective Dates apply: Argyle - August 4, 2020, Pine Cove - August 8, 2020, and Stog'er Tight - April 22, 2020.

Technical Report Filings and Qualified Person Statements

The technical report is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.anacondamining.com. For readers to fully understand the information in this news release, they should read the technical report in its entirety, including all qualifications, assumptions and exclusions that relate to the Mineral Resources and Mineral Reserves. The technical report is intended to be read as a whole, and sections should not be read or relied upon out of context.

The technical report, entitled "NI 43-101 Technical Report, Mineral Resource and Mineral Reserve Update on the Point Rousse Project, Baie Verte, Newfoundland and Labrador, Canada" with a report date of September 18, 2020, was authored by Independent Qualified Persons Cath Pitman (P. Geo.) of Aduvare Geology and Engineering Ltd., Michael Cullen (P. Geo.) and Matthew Harrington (P. Geo.) both of Mercator Geological Services Limited., and Qualified Persons Kevin Bullock (P. Eng.), Jordan Cramm (P.Eng.), Chris Budgell (P.Eng.), Paul McNeill (P. Geo.) and David Copeland (P. Geo.) of Anaconda Mining.

This news release has been prepared and approved by Kevin Bullock, P.Eng., President and CEO and Paul McNeill, P. Geo., VP Exploration with Anaconda Mining Inc., and Michael Cullen, P. Geo., and Matthew Harrington, P. Geo. of Mercator Geological Services Limited., and Cath Pitman of Aduvare Geology and Engineering Ltd., all qualified persons as defined under NI 43-101.

Mr. Harrington, P. Geo. is responsible for disclosure regarding the Argyle Mineral Resource Estimate. Ms. Cath Pitman, P. Geo. is responsible for disclosure regarding the Pine Cove and Stog'er Tight Mineral Resource Estimate. Mr. Bullock, P. Eng. is responsible for disclosure regarding the Point Rousse Mineral Reserve Statement and related Project Economics. Mr. McNeill is responsible for all other scientific and technical information disclosed in this news release.

ABOUT ANACONDA

Anaconda is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in Atlantic Canada. The company operates mining and milling operations in the prolific Baie Verte Mining District of Newfoundland which includes the fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as ~11,000 hectares of highly prospective mineral lands including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade resource and the subject of an on-going feasibility study.

FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Anaconda to be materially different from

those expressed or implied by such forward-looking information, including but not limited to risks associated with the exploration, development and mining such as economic factors as they effect exploration, future commodity prices, changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of gold exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed in Anaconda's annual information form for the year ended December 31, 2019 and the technical report both of which are available on www.sedar.com. Although Anaconda has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Anaconda does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

NON-IFRS MEASURES

Anaconda has included certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Operating Cash Costs per Ounce of Gold - Anaconda calculates operating cash costs per ounce by dividing operating expenses per the consolidated statement of operations, net of silver sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation and rehabilitation costs.

All-In Sustaining Costs per Ounce of Gold - Anaconda has adopted an all-in sustaining cost performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), corporate administration costs, sustaining exploration, and rehabilitation accretion and amortization related to current operations. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, financing costs, debt repayments, and taxes. Canadian and US dollars are noted for realized gold price, operating cash costs per ounce of gold and all-in sustaining costs per ounce of gold. Both currencies are considered relevant and the Company uses the average foreign exchange rate for the period.

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