Kerr Mines Provides Corporate Update and Adds Additional Drill Rigs

01.12.2020 | GlobeNewswire

TORONTO, Dec. 01, 2020 - Kerr Mines Inc. (TSX: KER, OTCQB: KERMF) (“Kerr” or the “Company”) is pleased to provide a corporate and drilling update at its 100% owned Copperstone gold project located in Arizona, United States.

Giulio T. Bonifacio, Chief Executive Officer of Kerr, stated: “We are very pleased to now be entering the next and most exciting value add phase of Copperstone’s development cycle. Our recently closed project funding transaction will now allow Kerr to move forward with detailed engineering with a targeted re-start of production in Q4-2021. Additionally, our previously funded and current 10,000 meter drilling program is well underway with three drill rigs on site. While we did face some initial delays we remain on track to provide an updated resource in Q2-2021 which will include results from our successful 5,000 meters of drilling in 2019 in addition to results from our current drilling program.”

Project Funding, Optimization and Engineering
As previously announced on November 23, 2020 the Company closed a US$18 million project financing with Star Royalties Ltd. for the restart of operations at the Copperstone gold mine. The US$18 million advance payment under the Streaming Agreement will be provided in three equal installments, with the first US$6 million installment having now been received. The remaining two tranches will be advanced at the request of Kerr as it incurs expenditures for the restart of Copperstone, with a further US$6 million payable on or before February 28, 2021 and the final US$6 million payable on or before April 30, 2021.

The initial installment of US$6 million will be allocated immediately to advance detailed engineering with targeted restart of the Copperstone Mine by Q4-2021. The Company’s focus now shifts to securing long term lead items, finalization of the process facilities to accommodate a Whole Ore Leach approach, and sourcing underground mining contractors and equipment.

In accordance with Copperstone Preliminary Feasibility Study and Management’s successful efforts to further improve project economics and extend the current mine life, the Company will move to gold production using a Whole Ore Leach (“WOL”) method of processing gold ore. Leaching of gold from the ore-bearing material that is delivered to the mineral processing plant from the underground mining operations has clear advantages versus other mineral processing options - particularly in terms of overall gold recovery. Test work to date has shown that an average of 95% of the gold content of the ore bearing material can be recovered in a WOL method which passes the ore through a series of captive steel tanks within which the gold is leached from the ore. The final step in the mineral processing plant at Copperstone is to produce a gold dore bar.

The Company has engaged Hanlon Engineering & Associates, Inc. of Tucson, Arizona, for engineering design, construction management and commissioning assistance for the processing plant. Hanlon Engineering is a wholly owned subsidiary of GR Engineering Services Limited of Australia (“GRES”), and has a proven culture of taking project ownership while keeping control of time, scope, cost and quality.

Kerr has also engaged Resource Development Inc (“RDi”) and ProSolv, both of Denver, Colorado, for metallurgical test work and mineral process engineering. RDi, established in 1990, has over 30 years of extensive experience in gold projects around the globe. There are more than a dozen plants built and operated based on testwork completed at RDi including Gold Resource Corp. El Aguila plant in Mexico and Apex Silver San Cristobal plant in Bolivia (now Sumitomo). More recently, RDi and ProSolv provided technical and operational support for the successful re-start of the Fiore Gold Ltd. Pan Mine and continue to support their operating and development plans. Prior to Kerr, RDi have partnered with GRES on several projects including Vista Gold’s Mt. Todd gold project and Sandfire Resources America Black Butte Copper project.

2020 Drilling Program
With increased demand for geologists, drill contractors and lengthy delays at assay labs, the Company has proactively planned for and identified a clear path forward to complete a successful 2020-21 exploration and resource expansion drilling program within the initial timeline envisaged. To offset current industry demands and resulting delays, Kerr Mines has:

- Accelerated the surface drilling program with the addition of a second drill rig. The surface program is targeted to complete 4,000 to 5,000 meters

- Commenced the underground portion of the program ahead of schedule with a shorter timeline to the required mine rehabilitation and has now mobilized an underground core drill rig that has commenced drilling. The underground program is targeted to complete 4,000 to 5,000 meters

The company currently has two surface Reverse Circulation (“RC”) drill rigs, and one underground diamond core rig on site and the drilling program continues to advance according to schedule. The Company expects to provide drill results on a frequent and regular basis starting in January 2021 with completion of the current 10,000 meter program expected as early as March 31, 2021. Upon completion of this phase of drilling, the company will provide and updated resource estimate in Q2-2021 which will also include drilling results from 5,000 meters of drilling in 2019.

Summary of Initial Preliminary Drill Results and Highlights:

- Intervals drilled from the surface through the Footwall and Copperstone zones include:
  - 3.0 meters @ 10.54 g/t Au (KER-20S-05)
  - 3.0 meters @ 6.40 g/t Au (KER-20S-01);

- 18.3 meter interval of gold mineralized shear zone containing two separate intervals of 4 g/t Au or greater (KER-20S-06);
- Current results demonstrate the Footwall and Copperstone zone remain open and indicate further expansion of mineralized zones along strike and dip with future drilling;
- Second surface drill rig mobilized and drilling;
- Underground core drill rig mobilized and drilling ahead of schedule;
- Total progress to date from two surface and one underground drilling is 13 drill holes for 2,500 meters with assays results currently pending for 10 drill holes.

KER-20S-05 is an inclined RC drill hole collared at the Southeast end in the bottom of the historic open pit and drilled southwest. This is an exploration hole targeting the edge of the Footwall zone. A group of intercepts of particular interest is in the upper portions of the hole starting at 21.3 meters and extending to 29 meters giving values starting with 3.28 g/t Au and ending with values of 12.60 g/t Au and 8.48 g/t Au. The average grade of this group of intercepts is 5.01 g/t Au over 7.6 meters. This area is within 11 meters of historically drilled KER-17S-21 which reported a 1.5 meter interval with 12.4 g/t Au.

KER-20S-01 is an inclined RC drill hole collared near the Northeast edge at the top of the historic open pit and drilled southwest. This is an exploration hole targeting the edge of the Copperstone C zone. An intercept of primary interest in this hole is from 256 meters to 261 meters with intercepts of 7.87, 4.93 and 1.72 g/t Au respectively. This group of intercepts is about 15 meters to the west of a modelled Copperstone zone resource domain and may serve to extend inferred resources in this direction. There is a potential that this area is thicker than the modelled domain, as evidenced by a group of lower grade intercepts directly above. These are from 248 meters to 253 meters with an average grade of 1.58 g/t Au over 5 meters. In addition, historic hole H4-42 had intercepts 15.12 g/t Au and 4.35 g/t Au located 33.5 meters to the southeast and in the same horizon.

KER-20S-06 is an inclined RC drill hole collared at the Southeast end in the bottom of the historic open pit and drilled east from the same location as KER-20S-05. This is an exploration hole targeting the edge of the Footwall zone. The upper portion of this hole reported an 18.3 meter interval from 90 meters to 108.3 meters at an average grade of 2.04 g/t Au. This interval with starts and ends with values of 4.34 & 4.00 g/t Au respectively and also includes five 1.5 meter intervals of 2 g/t Au or greater. In addition, this interval penetrates a previously modelled Footwall zone resource domain but is displaying greater thickness and lower grade.

The primary focus of the current surface drilling program is further extending the known boundaries and

increasing the current resource in both the Copperstone zone and the underlying and parallel Footwall zone. The Footwall zone is located about 150 meters to the southwest of the Copperstone zone which historically produced over 500,000 ounces of gold at an average grade of 3 g/t Au.

Insurance Proceeds Received
As previously disclosed, the Company remediated a very localized failure of the open pit high-wall and restored permanent power to the underground workings at the Copperstone Mine. As a result the Company filed an Insurance claim for US$1,812,597 which delayed the start of the drilling program that was to commence in Q2-2020. The high-wall remediation impacted certain infrastructure and equipment nearby one of the portals to the underground workings inclusive of permanent power, which has now been fully restored. Initial oral and written representations from the Company’s insurers indicated that all damage would be covered and that the costs of remediation of the damages would be recoverable within a reasonable timeframe.

As of June 30, 2020, the Company received insurance proceeds of US$256,458. Resulting from further delays by the insurer, the Company filed a Statement of Claim on August 12, 2020 to pursue the remaining amount payable under this claim. In November, the Company agreed to a settlement with the Insurer for additional payments totaling US$1,368,354, for a total cash recovery of US$1,624,812, plus legal fees, net of the US$50,000 deductible. These funds will be applied to working capital and the current drilling program.

Warrant Extension
As previously disclosed on November 16, 2020, the Company is proposing to extend the exercise period of a total of 21,239,409 outstanding share purchase warrants issued pursuant to the private placement completed on Nov. 27, 2018 (the “2018 Warrants”), and 3.35 million outstanding share purchase warrants issued pursuant to the private placement completed on April 15, 2019 (the “2019 Warrants”). The current expiry date of the 2018 Warrants is Nov. 27, 2020, and the new expiry date will be Nov. 27, 2021. The current expiry date of the 2019 Warrants is April 15, 2021, and the new expiry date will be April 15, 2022. All proposed warrant term extensions are subject to Toronto Stock Exchange approval and the company has applied to the TSX for approval.

The extension of all of the 2018 Warrants and 2019 Warrants will be conditional on the Company receiving disinterested shareholder approval of the proposed extension at the upcoming Annual & Special Meeting of the Company to be held on December 22, 2020. The Company is proposing to extend the warrants after considering the historic and continuing support of the Company by the holders of the warrants, the $0.21 exercise price of the warrants, pricing of recent equity financings, historic trading prices of the Common Shares, and the potential for the warrants to provide additional financing in the future. In the event that disinterested shareholder approval is not obtained, the 2018 Warrants will terminate immediately and the 2019 Warrants will terminate in accordance with their original terms on April 15, 2020.

The technical information in this news release has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed and approved by Michael R. Smith, SME Registered Member (Geology), who is a “Qualified Person” as defined by NI 43-101 for this project.

Quality Assurance and Quality Control Statement
Procedures have been implemented to assure Quality Assurance Quality Control (QAQC) of drill hole assaying being done at an ISO Accredited assay laboratory. Drill hole samples to be assayed are securely stored for shipment, with chain of custody documentation through delivery. Mineralized commercial reference standards or blank standards are inserted approximately every 20th sample in sequence and results are assessed to ascertain acceptable limits for analytical variance. Duplicate samples are also being taken as a further check in lab precision and accuracy. All results will be analyzed for consistency and corrective actions taken, if needed.

About Kerr Mines Inc.
Kerr Mines is an emerging American gold producer advancing the restart of production at its 100-per-cent-owned, fully permitted, past-producing Copperstone mine project, located in mining-friendly Arizona. The Copperstone mine project demonstrates significant upside exploration potential that has yet to be drilled within a 50 square-kilometre (12,258 acres) land package that includes past production of over 500,000 ounces of gold by way of an open-pit operation.

The company's current focus is on maximizing Copperstone's potential by defining and expanding current resources and further optimizing the mine's economics for purposes of the restart of gold production in 2021 as a result of the recent project funding transaction entered into with Star Royalties Ltd.

For further information please visit the Kerr Mines website (www.kerrmines.com).

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Cautionary Note Regarding Forward Looking Statements

This news release contains forward-looking information under Canadian securities legislation, including statements regarding the timing of future drill results, exploration results, potential mineralization, potential expansion and upgrade of mineral resources, current expectations on future exploration and development plans and the expected use of proceeds from the recently completed financing in August 2020. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to: the strength of the Canadian economy; the price of gold; operational, funding, and liquidity risks; reliance on third parties, exploration risk, failure to upgrade resources, the degree to which mineral resource and reserve estimates are reflective of actual mineral resources and reserves; the degree to which factors which would make a mineral deposit commercially viable are present, and the risks and hazards associated with underground operations and other risks involved in the mineral exploration and development industry. Risks and uncertainties about Kerr Mines’ business are more fully discussed in the Company’s disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available at www.sedar.com and readers are urged to read these materials. Kerr Mines assumes no obligation to update any forward-looking statement or to update the reasons why actual results could differ from such statements unless required by law.

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