

Premier Gold Mines Ltd. Reports Optimized Positive Feasibility Study for Hardrock

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THUNDER BAY, Dec. 16, 2020 - [Premier Gold Mines Ltd.](#) (TSX: PG) (OTCPK: PIRGF) ("Premier", "the Company") is pleased to announce the results of an updated and optimized Feasibility Study for the Hardrock Project (the "Project") in Northern Ontario. This update was prepared by G Mining Services Inc. with support of several other engineering consultants, summarizing significant optimization and de-risking of the Project. The update is based on a revised mineral reserve, life of mine plan, advances in detailed engineering reflecting firm price bids for all major equipment including the processing plant, mobile fleet, power plant, and the water and sewage treatment plants. The updated study included the mineral resource update released on October 3, 2019. Premier has a 50% interest in the Project.

Highlights of the Study and updated life-of-mine Open Pit Mine Plan ("LOM") on a 100% basis include:

- \$1.05 Billion After-tax NPV5% based on a US\$1,400/oz gold price and a \$1.30 CAD to USD exchange rate
- 20.1 % After-tax Internal Rate of return ("IRR")
- 3.2 year Payback Period
- AISC of \$618 per oz and total operating cost of \$20.39 per tonne
- 5.54 Moz of Proven & Probable mineral gold reserves averaging 1.27 g/t Au (0.35 g/t Au cut-off grade)
- 5.05 Moz Total Gold Produced with a 91.2 % process recovery and 5.1 to 1 strip ratio
- 358,000 oz LOM average annual gold production
- 414,000 oz First Five years average production at an average head grade of 1.45 g/t Au;
- \$952 Million Initial capital cost and total LOM sustaining capital of \$323 million (Initial capital cost includes working capital and IBA payments);
- Study does not include upside opportunity from the Hardrock underground mineral resources, nor the Brookbank, Kailey and Key Lake deposits

The 39,000 hectare Greenstone Gold Property (the "Property") is located approximately 275 kilometres northeast of Thunder Bay, Ontario, Canada and is host to a number of historic and recently discovered gold deposits near Geraldton. The Project update contemplates the construction of a 27,000- tonne per day processing facility and open-pit mining operation with production over a 14-year mine life. Gold production during the first five years is expected to average 414,000 ounces per annum with an average head grade of 1.45 g/t gold. The Project timeline accounts for a 20-month pre-production period and a 4-month plant commissioning period. The life of mine (LOM) strip ratio averages 5.1 to 1.

Table 1: Project Sensitivity Analysis

Gold Price (US\$/oz)	\$ 1,300	\$ 1,400	\$ 1,500	\$ 1,600	\$ 1,700	\$ 1,800	\$ 1,900
NPV5 (after tax) in US\$ millions	\$ 849	\$ 1,050	\$ 1,248	\$ 1,446	\$ 1,644	\$ 1,841	\$ 2,039
IRR (after tax)	17.6%	20.1%	22.5%	24.7%	26.9%	28.9%	31.0

Sensitivity analysis has shown the Project is most sensitive to changes in gold price (see Table 1) followed by exchange rates, initial capital costs and operating costs. The sensitivity to percentage changes in gold grade is identical to that of the gold price and is therefore not presented in the figure. The Project is somewhat less sensitive to the CAD/USD exchange rate than the gold price in USD/oz as some of the CAPEX is in US dollars.

Production Profile

The total after-tax cash flow over the Project life is estimated to be \$2,089 Million providing an after-tax NPV at a discount rate of 5% is estimated to be \$1,050 Million. The payback period is 3.2 years from the

commencement of commercial operations resulting in an after-tax IRR of 20.1%.

Mineral Resources & Reserves

The mineral resource estimate at Hardrock is supported by 312,000 sampled intervals from 696,000 metres of core drilling in 1,682 holes and also nearly 12,000 sampled intervals from 26,000 metres of definition RC-drilling in 481 holes that were completed in 2018 and 2019. In addition to the open-pit constrained Mineral Resource estimate, the Hardrock Project also includes some 1.24 million ounces of Indicated and 3.06 million ounces of Inferred Mineral Resources beneath the proposed Feasibility open-pit that are not included in the project mine plan and may represent an important future mining opportunity. The mineral reserve estimate (see Table 2) includes a 17.2% mining dilution at a grade of 0.13 g/t Au and a 1.5% ore loss factor.

Table 2: Hardrock Mineral Reserve Estimate (100% basis) as of August 8, 2019

GOLD (Au)	PROVEN RESERVES			PROBABLE RESERVES			P+P RESERVES		
PROPERTY	Tonnes Mt	Grade Au g/t Au	Ounces 000's	Tonnes Mt	Grade Au g/t Au	Ounces 000's	Tonnes Mt	Grade Au g/t Au	Ounces 000's
Hardrock (O/P; 0.35 COG)	5.62	1.28	232	129.70	1.27	5,307	135.32	1.27	5,539

Notes:

1. CIM definitions were followed for Mineral Reserves;
2. Effective date of the estimate is August 8th, 2019;
3. Mineral Reserves are estimated at a cut-off grade of 0.35 g Au/t;
4. Mineral Reserves are estimated using a long-term gold price of USD 1,250/oz and an exchange rate of CAD / USD 1.30;
5. A minimum mining width of 5 m was used;
6. Bulk density of ore is variable but averages 2.78 t/m³;
7. The average strip ratio is 5.10:1;
8. Dilution factor is 17.2%;
9. Numbers may not add due to rounding.

Table 3 summarizes Greenstone Gold Property Mineral Resources exclusive of Mineral Reserves and highlights a potential underground mining opportunity at Hardrock that has not been reported in an economic study. Mineral resources were also updated for the Brookbank, Kailey and Key Lake deposits, collectively known as the "Hardrock Satellite Deposits". Open-pit optimization using Whittle software, based on the Lerchs-Grossmann algorithm, was completed to estimate in-pit Mineral Resources for the Satellite Deposits and an underground Mineral Resource was also estimated at Brookbank. The Hardrock Satellite Deposits Mineral Resources are effective as of September 3rd, 2020 and there are no mineral reserves currently estimated for these deposits.

Table 3: Greenstone Gold Property Mineral Resources (100% basis; exclusive of Mineral Reserves)

GOLD (Au)	INDICATED RESOURCES			INFERRED RESOURCES		
PROPERTY	Tonnes Mt	Grade g/t Au	Au Ounces 000's	Tonnes Mt	Grade g/t Au	Au Ounces 000's
Hardrock (O/P; 0.30 COG)	5.97	1.21	231	0.36	1.14	13
Hardrock (U/G; 2.0 COG)	9.79	3.93	1,237	24.59	3.87	3,059
Brookbank (O/P; 0.60 COG)	1.15	2.24	83	0.05	2.07	3
Brookbank (U/G; 2.40 COG)	2.28	7.06	517	0.71	3.38	77
Kailey (O/P; 0.40 COG)	11.28	0.96	348	4.86	0.87	136
Key Lake (O/P; 0.40 COG)	3.76	1.16	141	1.84	1.39	82
U/G SUB-TOTAL	12.07	4.52	1,754	25.30	3.86	3,136
O/P SUB-TOTAL	22.16	1.13	803	7.11	1.02	234
TOTAL	34.23	2.32	2,557	32.41	3.23	3,370

Mineral Resource Estimate Notes:

1. The independent "qualified person" for the Hardrock Mineral Resource Estimate, as defined by NI 43-101, is

Mr. Rejean Sirois, B.Sc., P.Eng. of G Mining Services Inc., and the effective date of the estimate is September 4, 2019;

2. The independent "qualified person" for the Brookbank, Kailey and Key Lake mineral resource estimates is

Mr. James Purchase, M.Sc., P.Geo. of G Mining Services Inc., and the effective date of the estimates is September 3, 2020;

3. These Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability;
4. No Mineral Reserves are quoted for the Brookbank, Kailey or Key Lake Deposits;
5. Hardrock Mineral Resources are exclusive of Mineral Reserves;
6. Hardrock In-Pit results are presented undiluted within a merged surface of the pit optimization shell 24 and the

2019 pit design, using a USD 1,250 gold price and a revenue factor 0.78;

7. Hardrock whittle parameters (all amounts in Canadian dollars): Reference mining cost: \$1.98, Incremental bench

cost (\$/10 m bench): \$0.033, Milling cost: \$7.54/t, Royalty: 4.4%, G&A: \$1.59/t, Sustaining capital: \$0.70/t, Milling recovery: 91.1%;

8. The satellite deposits open-pit Mineral Resources are constrained within a pit shell using a gold price of US\$1,500,

a USD:CAD exchange rate of 1.3 and a metallurgical recovery of 92% for Brookbank, and 90% for Kailey and Key Lake.

An incremental ore haulage cost of \$17.90/t is assumed for Brookbank, \$1.70/t for Kailey and \$4.51/t for Key Lake;

9. Open Pit Mineral Resources are reported at a cut-off grade of 0.30 g Au/t for Hardrock, 0.60 g Au/t for Brookbank,

and 0.40 g Au/t for Kailey and Key Lake. Underground Mineral Resources are reported at a cut-off grade of 2.0 g Au/t for

Hardrock and 2.4 g Au/t for Brookbank;

10. Ounce (troy) = Metric Tonnes x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t);
11. The number of metric tonnes was rounded to the nearest thousand and ounces was rounded to the nearest hundred.

Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Regulation NI 43-101;

12. GMS is not aware of any known environmental, permitting, title-related, taxation, socio-political, marketing or other

relevant issue that could materially affect the Mineral Resource estimate;

13. 2014 CIM definitions were followed for Mineral Resources.

Qualified Person

G Mining Services Inc., under the supervision of Louis-Pierre Gignac, P.Eng., Réjean Sirois, P.Eng., James Purchase, P.Geo each being Qualified Persons within the meaning National Instrument (NI) 43-101, was the lead consultant for the Project update. A technical report detailing the project update will be filed within 45-days.

All abbreviations used in this press release are available by following this link ([click here](#)).

Non-IFRS Measures

The Company has included certain terms and performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS") within this document. These include: cash cost per ounce sold, all in sustaining cost ("AISC") per ounce sold. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, they may not be comparable to similar measures employed by other companies. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Readers should refer to the Company's Management Discussion and Analysis under the heading "Non-IFRS Measures" for a more detailed discussion of how such measures are calculated.

Certain statements in this release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Such statements and information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company, its projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These statements reflect the Company's current expectations regarding future events, performance and results and speak only as of the date of this release.

Such forward-looking statements include but are not limited to the updated results of the Feasibility Study on the Project, such as future estimates of internal rates of return, net present value, future production, estimates of cash cost, proposed mining plans and methods, mine life estimates, cash flow forecasts, metal recoveries, estimates of capital and operating costs and the size and timing of phased development of the Project. Furthermore, with respect to this specific forward-looking information concerning the development of the Project, the company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include: (i) the adequacy of infrastructure; (ii) geological characteristics; (iii) metallurgical characteristics of the mineralization; (iv) the ability to develop adequate processing capacity; (v) the price of gold; (vi) the availability of equipment and facilities necessary to complete development; (vii) the cost of consumables and mining and processing equipment; (viii) unforeseen technological and engineering problems; (ix) accidents; * currency fluctuations; (xi) changes in regulations; (xii) the compliance by joint venture partners with terms of agreements; (xiii) the availability and productivity of skilled labour; (xiv) the regulation of the mining industry by various governmental agencies; (xv) the ability to raise sufficient capital to develop such projects; (xiv) changes in project scope or design; and (xv) political factors.

Forward-looking statements and information involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indicators of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements or information, including, but not limited to, the factors discussed below and elsewhere in this release, as well as unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts with the company to perform as agreed; social or labour unrest; changes in commodity prices; and the failure of exploration programs or studies to deliver anticipated results or results that would justify and support continued exploration, studies, development or operations.

Although the forward-looking statements contained in this release are based upon what management of the company believes are reasonable assumptions, the company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this release.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the factors described herein and set out in the "Risks and Risk Management"

section in the company's Q3 2020 MD&A and under the heading "Risk Factors" in its current annual information form.

ALL AMOUNTS DISCUSSED ARE DENOMINATED IN U.S. DOLLARS

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