

Premier Gold Mines Reports Increased Mineral Reserves and Resources at South Arturo with Strong Pre-Feasibility Study

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Increases P+P reserves 27%, M+I resources 148% and Inferred resources 917%

ALL AMOUNTS DISCUSSED ARE DENOMINATED IN U.S. DOLLARS

THUNDER BAY, Jan. 19, 2021 - [Premier Gold Mines Ltd.](#) ("Premier", the "Company") (TSX: PG) (OTCPK: PIRGF) is pleased to announce the results of a Preliminary Feasibility Study ("PFS" "Report"), with an effective date of December 1, 2020, for the South Arturo Project (the "Project") located in the heart of the Carlin Trend in Nevada. South Arturo is operated by the Company and its joint venture partner Nevada Gold Mines (40% PG/60% NGM), which is itself a partnership between Barrick Gold and Newmont.

The PFS was prepared by Practical Mining LLC and based on the current mineral reserves, utilizing drilling to November 2020. The PFS includes a life of mine ("LOM") plan that includes the underground El Niño Mine and the proposed Phase 1 Open Pit. Mineral Resources are reported only for material amenable to roasting from the Phase 1 pit and El Niño underground.

All PFS highlights below reflect only Premier's 40% ownership, unless otherwise stated.

PFS Highlights of the Report include:

- \$78.1 Million After-tax NPV5% based on a US\$1,400/oz gold price based solely on the El Niño Mine and the Phase 1 Pit
- Phase 1 Pit only - 50% After-tax Internal Rate of return ("IRR")
- Combined All-in Sustaining Costs (AISC) of \$851 per oz
- An increase in Proven and Probable mineral reserves of +27%, Measured and Indicated mineral resources of +148% and Inferred mineral resources of +917% versus December 31, 2018
- Proven and Probable mineral reserves of 350.5koz gold averaging 2.87 g/t Au¹
- The PFS does not include the potential of the Phase 3 open pit, heap leach opportunity nor additional underground mining scenarios
- Also does not include the results from the 2020 drill program, targeting expansion of the El Niño underground mine and potential upgrading of the near-surface mineralization

Premier anticipates that a new mineral resource estimate will be completed in 2021 following receipt of all 2020 drilling data. Following the mineral resource estimate, the Company believes an updated PFS would be justified and should include a study to determine the merits of developing the Phase 3 pit by underground and/or open-pit mining methods and refinement of the heap leach opportunities at South Arturo.

¹ Based upon variable cut-off grades that are dependent on recovery and processing methods.

Economic Analysis

The life-of-mine (LOM) after-tax cash flow attributable to Premier is estimated to be \$463.4 Million, providing an after-tax NPV5 of \$78.1 Million and an after-tax IRR of 50% for the Phase 1 Pit. Highlight financial statistics for the PFS can be found in Table 1.

Table 1: PFS Financial Statistics (*Attributable to Premier)

Parameter	El Niño UG	Phase 1 Pit	Combined
Gold price - base case (US\$/oz)	\$1,400	\$1,400	\$1,400
Silver price - base case (US\$/oz)	\$15	\$15	\$15
Mine life (years)	2.0	18	18
Mining Rate (tons/day)	600	135,000	NA
Strip Ratio (tons waste:ton ore)	NA	6.9	NA
Processed tons (ktons)	347	9,574	9,921
Average grade (oz/t Au)	0.180	0.081	0.084
Average gold recovery (roaster %)	88.5%	80.8%	81.4%
Average annual gold production (koz)*	12	15	16
Total recovered gold (koz)*	23.5	265.6	289.1
Capital (M\$)*	\$ -	\$29.7	\$29.7
Cash cost (US\$/oz) ¹	\$1,028	\$616	\$650
Processing Costs (\$/ton)	19.66	20.22	20.20
All-in sustaining cost (US\$/oz) ¹	\$1,066	\$832	\$851
Project after-tax NPV5% (M\$)*	\$7.2	\$70.8	\$78.1
Project after-tax IRR	NA	50%	NA
Payback Period	NA	7.2	6.1
1. Net of by-product sales			

"While the Pre-feasibility Study currently contemplates mining only a small portion of the overall resources contained on the property, it highlights the robust economics of the project", stated Ewan Downie, President and CEO of Premier Gold Mines. "Substantial increases in mineral reserves and resources support my belief that South Arturo has the potential to grow for years to come. There continues to be significant potential to increase the mine life by conversion of resources to reserves from the 2020 drilling for both El Niño and Phase 1, and continuing exploration as the deposits remain open for further expansion. Overall, the project economics reflect well on Nevada Gold Mines' discipline in developing and operating their projects".

Sensitivity Analysis

The South Arturo project is a producing mine with low capital requirements, operating costs and robust economics that include a breakeven gold price (at a 5% discount rate) of \$811/oz. The project remains economic with up to 40% increases in capital or operating costs and is most sensitive to gold prices (see Table 2), operating and capital costs.

Table 2: Project Sensitivity Analysis

Gold Price (\$/oz Au)	\$1,120	\$1,400	\$1,680	\$1,960
% change for sensitivity	-20%	0	20%	40%
NPV5 (millions)	\$40.0	\$78.1	\$115.4	\$152.4

Mineral Resources & Reserves

Mineral Reserves are reported only for material amenable to roasting from the Phase 1 pit and El Niño underground and summarized in Table 3.

Mineral Resources (exclusive of Mineral Reserves) as of December 1, 2020 are presented in Table 4 and include open-pit and stockpile mineralization, oxide mineralization amenable to CIL milling or heap leach processing, and refractory roaster material. Underground Mineral Resources are entirely refractory and require roasting. The underground mineral reserves and resources include all drill results up to November 20, 2019 and until September 12, 2019 for the open pit. Additional drilling was completed in 2020 focusing on expansion of the El Niño deposit at depth and proximal to the Phase 1 and Phase 3 deposits to better define near-surface mineralization, the results of which are not considered in this update.

Table 3: South Arturo Property Mineral Reserves (40% basis) as of December 1, 2020

Process		Tons (000's)	Tonnes (000's)	Au (opt)	Au (g/t)	Ag (opt)
		Proven				
Open Pit		2,617	2,374	0.089	3.05	0.500
Stockpile		220	200	0.074	2.54	0.129
Underground		66	60	0.186	6.38	0.135
Total		2,904	2,634	0.090	3.09	0.464
		Probable				
Open Pit		1,212	1,100	0.063	2.16	0.419
Stockpile		-	-	-	-	-
Underground		72	66	0.175	6.00	0.131
Total		1,285	1,166	0.069	2.38	0.403
		Proven and Probable				
Open Pit		3,829	3,474	0.081	2.77	0.475
Stockpile		220	200	0.074	2.54	0.129
Underground		139	126	0.180	6.18	0.133
Total		4,189	3,800	0.084	2.87	0.445
Mineral Reserve Estimate Notes:						
1. Mineral Reserves are stated as of December 1, 2020; 2. Mineral Reserves are estimated using variable cut-off grades that are dependent upon recovery and processing 3. Mineral Reserves have been estimated at a gold price of \$1,200 per troy ounce and a silver price of \$15 per ounce 4. The base case economic analysis is presented at a gold price of \$1,400 per ounce and a silver price of \$15 per ounce 5. Underground Mineral Reserves include modifying mill to model reconciliation factors of 1.14 and 0.96 respectively 6. Modifying factors for tons and contained metal have not been applied to open pit Mineral Reserves.						

Table 4: South Arturo Mineral Resources Estimate (40% basis, exclusive of Mineral Reserves) as of December 1, 2020

Process		Tons (000's)
	Measured	
Open Pit		5,117
Stockpile		783
Underground		18
Total		5,917
	Indicated	
Open Pit		16,073
Stockpile		-
Underground		47
Total		16,120
	Measured and Indicated	
Open Pit		21,190
Stockpile		783
Underground		64
Total		22,037
	Inferred	
Open Pit		11,092
Stockpile		-
Underground		60
Total		11,153
Mineral Resource Estimate Notes:		
1. Mineral Resources are exclusive of Mineral Reserves; 2. Mineral Recourses are stated as of December 1, 2020; 3. Mineral Resources are estimated using variable cutoff grades that are dependent upon recovery and processing 4. Open Pit Mineral Resources are constrained within a pit shell generated using a gold price of \$1,500 per ounce a 5. Underground Mineral Resources are constrained by Mine Stope Optimizer shapes generated using a gold price o 6. Modifying mill to model factors for tons and contained metal have not been applied to the open pit Mineral Resou 7. Underground Mineral Resources include modifying mill to model reconciliation factors of 1.025 and – 0.90 8. A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's cr 9. An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estim		

Qualified Person

Practical Mining LLC, under the supervision of Dagny Odell, P.E., Laura Symmes, SME, and Robert Raponi, P. Eng., each being Qualified Persons within the meaning National Instrument (NI) 43-101, was the lead

consultant for the Project PFS. A technical report detailing the Project PFS 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 Non-IFRS measures 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 Pre-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.

SOURCE [Premier Gold Mines Ltd.](#)

Contact

Ewan Downie, President & CEO, 1.888.346.1390, Info@premiergoldmines.com,
www.premiergoldmines.com

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