

Exco Resources Limited Quarterly Report For The Period Ended 30 June 2010

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Perth, Australia (ABN Newswire) - Exco Resources Limited (ASX: EXS) (PINK: EXRSF) is pleased to release quarterly report for the period ended 30 June 2010.

The White Dam Gold Project is located in South Australia approximately 80kms west of Broken Hill. The project contains a resource inventory of 9.6Mt @ 1.05 g/t Au for 325,000oz contained.

White Dam Gold Production Joint Venture (WDGPJV)

The project is subject to a JV agreement whereby Polymetals Group Pty Ltd ('Polymetals') have acquired a 25% interest in the project. Exco and Polymetals have also entered into a management agreement, appointing Polymetals as project manager.

Polymetals is a privately owned company specialising in the development of remote small to medium size resource projects. In-house expertise includes metallurgy, mining and project management. Polymetals resource project successes have been due to its ability to develop and operate very cost effectively, often implementing novel processing options as is evident from their track record with projects such as the Hellyer Zinc Concentrate Project in Tasmania.

Operations Report

Overall, project performance to date has exceeded expectations in terms of gold production, costs, and the pace at which the operation progressed from commissioning to steady state operation.

Project commissioning was successfully completed during the quarter with first gold production achieved on April 16. At the end of June a total of 12,928oz of gold (Exco 75% 9,696oz) had been produced with both May and June gold production figures exceeding the target annualised rate of 50,000oz/annum.

Mining operations are progressing according to plan with lower than anticipated costs due largely to favourable free dig and drill and blast conditions. Ore extraction commenced in January with 1,193,871 tonnes of ore placed on the leach pad by the end of June at an average grade of 1.01g/t Au. Of this, 890,989 tonnes are now under drip irrigation and percolation and drainage of leach solution through the ore continues to perform well. At the end of June, 127,710m³ of gold-loaded solution had been recovered from the dump leach and processed in the process plant.

In the process plant, key reagent costs are below plan due to lower than anticipated consumption rates being achieved for lime and cyanide use. The adsorption circuit is now operating at near-full capacity and the second stage of irrigation is now being readied for commissioning.

Outlook

The good production performance of the joint venture has continued into the next quarter. By 28th July a further 4,713oz of gold (Exco 75% 3,535oz) had been poured with plans to increase the mining rates being considered. The project is already cash positive and at current gold prices is expected to be debt free substantially ahead of previous forecasts.

The project was officially opened by the South Australian Minister for Resources Development, the Hon Paul Holloway MLC on 10th June 2010.

Additional Exploration and Resource Development

Having successfully achieved first production, the JV partners will now be prioritising exploration and

resource development programmes at the nearby Vertigo deposit and White Dam North, White Dam South and Ambush prospects with the objective of extending the life of the mine and increasing life of mine production. Costean trenching has been completed at Vertigo for bulk metallurgical sample and drilling activities will commence in August.

Health, Safety and Environment

There was one LTI recorded during the quarter, the first since the project inception. There have been no reportable environmental incidents for the project to date.

CLONCURRY COPPER PROJECT, NW QUEENSLAND (Exco 100%)

The Cloncurry Copper Project, located approximately 40km north east of the town of Cloncurry, includes both exploration and mining leases, and a resource base of in excess of 55Mt at 0.85% copper and 0.22g/t gold. The centre of gravity for the project is the E1 Camp located 8km east of the existing Ernest Henry Mine owned by Xstrata, in a region well serviced by infrastructure.

Mt Colin Resource

Resource drilling, geotechnical studies, hydro-geological studies and environmental studies are ongoing at Mt Colin. The drill programme is expected to total approximately 4,500ms. Initial drilling has confirmed the high grade potential at Mt Colin with a best intersection to date of 17m @ 4.6% Cu & 1.34g/t from EMCDD034.

Other Resource Drilling

Drilling has been ongoing at the Monakoff and the E1 deposits to close off mineralisation along strike from currently proposed pit boundaries, as well as some sterilisation drilling within areas of proposed infrastructure. These results will be incorporated into the various resource models once all assays are received.

Forward Programme

Final pit design and mine scheduling are in progress. Geotechnical studies on the open pits have been completed.

The metallurgical testwork programme is ongoing and progress has been made in the areas of impurity removal, recovery optimisation and by-product recovery.

Key elements of the Definitive Feasibility Study including infrastructure design and discussions with infrastructure owners/providers in the region are ongoing.

The EIS approvals process is ongoing with approval by the Department of Environment and Resource Management (DERM) for the EIS to proceed and the submission of their assessment report. Matters arising from the assessment report are currently being addressed and Exco continues to work closely with DERM to expedite this process.

Further exploration drilling will commence shortly in the E1 and Monakoff (Pumpkin Gully Syncline) regions.

EXPLORATION AND DRILLING UPDATE

Highlights

Exploration drilling has now commenced on regional prospects following the resource development and sterilisation work that has been ongoing during the quarter.

The Tanbah Cu-Au Prospect occurs within a meta-sedimentary package of rocks near the contact of a volcanic sequence of rocks. The area is characterised by complex folding and widespread oxide copper occurrences at surface, some of which have been the subject of small historical excavations. The meta-sedimentary rocks are accompanied by irregularly distributed calc-silicate breccias. Mineralisation intersected so far occurs at the contact of meta-sediments and the calc-silicate breccias, and more generally throughout the meta-sedimentary rocks. Oxide copper minerals occur in approximately the top 20 metres of drill holes, and pyrite and chalcopyrite (sulphides) are present below this. At present there is insufficient data to determine the geometry of these copper rich zones.

Initial 6m composite samples have been returned from a second phase of drilling at the Tanbah Prospect

completed in May 2010. The key holes of this programme were terminated in mineralisation due to drilling difficulties and these holes are currently being extended with diamond core tails. Mineralisation was intersected in the top of the holes with 53m @ 0.54% Cu and 0.36 g/t Au from surface in ECRC341 the southernmost hole drilled at the prospect to date.

Previously announced results from the phase one programme completed in late 2009 include:

- ECRC330 36m @ 0.50% Cu & 0.33 g/t Au from 8-44m
- ECRC337 52m @ 0.36% Cu & 0.19 g/t Au from 12-64m
- ECRC338 44m @ 0.56% Cu & 0.42 g/t Au from 42-86m

Within these broad lower grade zones are areas of stronger mineralisation:

- ECRC330 6m @ 0.88% Cu & 0.96 g/t Au from 38m
- ECRC337 12m @ 0.60% Cu & 0.33 g/t Au from 46m
- ECRC338 14m @ 0.83% Cu & 0.75 g/t Au from 48m
- ECRC338 8m @ 0.74% Cu and 0.4 g/t Au from 74m

Other Targets

Drilling has recently commenced with 3 drill rigs testing a range of targets throughout the Cloncurry and Hazel Creek Project areas including:

Cloncurry Project (Exco 100%)

- Fisher Creek Prospect follow-up to best previous intersection of 28m @ 3.2% Cu and 2.7 g/t Au in MK035RC;
- Salebury Prospect follow-up to 30m @ 1.93% Cu and 1.25 g/t Au in ECRC307;
- Fisher Creek West Prospect follow-up to 20m @ 0.84% Cu and 0.23 g/t Au in ECRC308;
- Uncle Toms testing an approximate 400m x 400m gold in soils anomaly with a peak value of 7.2 g/t Au and 12 samples exceeding 1 g/t Au. The Au soil anomaly has associated copper anomalism;
- Mt Margaret E1 Deposit regional magnetic and conductivity anomalies generated by new SAM data;
- Chumvale South drill testing of surface copper and surface geochemical anomalism on interpreted key structural and geological trends that appear to be prospective on adjacent non Exco EPMS.

Hazel Creek Project (Exco 100%)

- Turpentine Deposit deeper drilling is in progress to determine resource extension potential and is targeting high grade zones. Turpentine has shallow high grade chalcopyrite zones such as in EHRC184 which intersected 11m @ 7.1% Cu and 2.66 g/t Au, and drilling will target extensions of these higher grade zones. The deposit is open at depth and has only been drilled to approximately 150m below surface. The deposit currently has an inferred resource of 1.84 million tonnes at 1.03% Cu and 0.2 g/t Au, and has approximately 1m of gravel cover which had concealed it from surface detection. The deposit was discovered by Exco with an initial RC hole testing the centre of a 1km linear magnetic anomaly.
- Eight Mile Creek East follow-up to initial results of 16m @ 0.86% Cu and 0.18 G/t Au in initial RC drill testing of a large magnetic zone. New detailed SAM data collected in late 2009 has revealed the drilling has not tested the best parts of the magnetic anomalies, and associated conductivity anomalies are also evident in the data.
- Turpentine South follow-up to several mineralised intercepts in initial drilling which tested portions of magnetic anomalies. New SAM data shows these holes have not tested best parts of the magnetic anomalies nor have they tested adjacent conductivity anomalies.

Various regional magnetic and electromagnetic targets outside the above prospect areas will also be targeted.

In addition to the drilling, regional mapping and reconnaissance is ongoing and is establishing further areas of surface copper mineralisation and anomalism for future drilling throughout the exposed parts of Exco's extensive tenements.

CORPORATE

Hedging

On 13 May 2010 the Company forward hedged 3,750 ounces of its production from the White Dam Gold Joint Venture at a strike price of A\$1,374.50 for flexible delivery through a short-term rolling forward arrangement over the six months to December 2010.

On 30 June 2010:

- The Company forward hedged an additional 3,750 ounces of its production from the White Dam Gold Joint Venture at a strike price of A\$1,432.10.

These ounces, together with the hedges put in place on 13 May 2010, have been bundled into a short-term forward arrangement whereby the ounces are available to be delivered and refreshed with new hedges on a rolling basis for the project financing period, subject to reserve tail criteria tests.

- The Company purchased 19,000 put options at a strike rate of A\$1,250 and expiry dates over the period from May 2011 to November 2011 to ensure a level of price protection post the project finance period.

Accounts

Cash and cash equivalents at 30 June were A\$11.1m comprised of A\$10.1m in cash and A\$1m in bullion on hand. With these resources and better than previously forecast future revenues from White Dam, Exco is in a strong position to achieve its immediate corporate, exploration and project development objectives across the project portfolio.

Share Issue and Lapse of Options

On 3 May 2010 the Company announced that 2,500,000 employee incentive options at 20 cents had been exercised raising a total of A\$500,000 before costs. The funds will be used to proactively advance the Company's portfolio of copper projects in North-West Queensland, and for working capital and general corporate purposes.

On 1 July 2010 the Company advised that under the granting terms and conditions, 7,900,000 Unlisted Options at an exercise price of A\$0.40 and an expiry date of 30/06/2010 had lapsed.

Projects Not Listed

Projects that are not mentioned in this report have had no significant results during the present quarter or results are not yet available.

For the complete Exco Resources quarterly report including tables and figures, please view the following link: <http://www.abnnewswire.net/media/en/docs/63428-ASX-EXS-499343.pdf>

About Exco Resources Limited:

Exco is an Australian focused ASX-listed mining company (ASX:EXS) (PINK:EXRSF) with a dual focus on developing both the White Dam Gold Project in South Australia, and the Cloncurry Copper Project (CCP) in north-west Queensland. In addition, the Company has renewed its exploration efforts at the highly prospective Hazel Creek Project, also in north-west Queensland.

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