

China Gold International Resources to Purchase Jiama Mine

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Vancouver, British Columbia -- ([Marketwire](#) - Aug. 30, 2010) - [China Gold International Resources Corp. Ltd.](#) ("China Gold International" or the "Company") (TSX: CGG) is pleased to announce that it has signed a definitive purchase agreement (the "Purchase Agreement") with China National Gold Group Hong Kong Limited ("China National Gold Hong Kong"), a wholly owned subsidiary of China National Gold Group Corporation ("China National Gold"), the Company's largest shareholder, and Rapid Result Investments Limited ("Rapid" and together with China National Gold Hong Kong, the "Vendors"), pursuant to which it will purchase 100% of Skyland Mining Limited ("Skyland") from the Vendors. The chief asset of Skyland is its 100% interest in the Jiama property (the "Jiama Property"), a copper polymetallic metal mining property located in Metrorongka County, Tibet.

Zhaoxue Sun, Chairman of China Gold International, commented, "The acquisition of Skyland represents the first significant step in China National Gold's goal of establishing China Gold International Resources Corp. Ltd. as its international flagship company."

The Transaction:

The Purchase Agreement provides that China Gold International will purchase all of the issued and outstanding shares of Skyland from the Vendors and assume shareholder loans made by each of China National Gold Hong Kong and Rapid to Skyland in the aggregate amount of approximately US\$42.3 million in exchange for US\$742,300,000, with such consideration payable by China Gold International through the issuance of approximately 170,252,000 common shares of China Gold International at a deemed price of Canadian \$4.36 per share.

The terms of the transaction were settled by a special committee of independent directors, with the support of a valuation and fairness opinion by Haywood Securities Inc.

Completion of the transaction is subject to a number of conditions, including but not limited to receipt of shareholder approval from China Gold International's disinterested shareholders, the completion of China Gold International's listing on the Hong Kong stock exchange and receipt of applicable regulatory approvals, including TSX approval and approval of the China Securities and Regulatory Commission. A special meeting of shareholders to approve the Transaction is expected to occur in October, 2010 and assuming China Gold International's disinterested shareholders approve the transaction and all other conditions are met, the Transaction is expected to close in early November, 2010. An information circular detailing the transaction is expected to be filed under the Company's profile on SEDAR at www.sedar.com. The information circular will include the formal valuation of the Jiama Property received from Haywood.

The Transaction also acts as a catalyst for China Gold International to become the flagship overseas enterprise of the China National Gold Group. As part of the Transaction, it is contemplated that the China National Gold Group will grant to the Company a non-compete undertaking in which the Company will be entitled to any and all mineral property opportunities sourced by China National Gold. Meanwhile in the Purchase Agreement the Company will covenant not to acquire further gold and non-ferrous mineral properties in PRC.

About the Jiama Property:

China Gold International engaged Behre Dolbear Asia Inc. ("BD Asia") to complete a technical review of the Jiama Property and, as part of its engagement, BD Asia will produce an NI 43-101 technical report on the Jiama Property, which will be filed on SEDAR at www.sedar.com within the earlier of 45 days of this press release and the date of filing the information circular for the meeting to be held in connection with the Transaction.

BD Asia reported that the Jiama Property hosts a large copper-polymetallic deposit that is being developed into a combined open-pit and underground mining operation. The development includes two open pits, being the smaller Tongqianshan pit and larger Niumatang Pit, as well as an underground operation that will be

accessed through two shafts having an initial 355m depth and extending to a final depth of 600m. The project is currently at the end of its first phase of development, which primarily involves the development of open-pit infrastructure at the Tongqianshan open pit, ore processing facilities and underground ore transportation system. Skyland recently commenced mining from the Tongqianshan pit and processing operations.

Resources and Reserves

BD Asia identified the following skarn-type resources and reserves at the Jiama Property, as at June 30, 2010. The skarn-type resources are reported at a cut-off grade of 0.3% copper, 0.03% molybdenum, or 1% lead, or 1% zinc. Resources are inclusive of reserves.

Skarn-Type JORC Mineral Resource Category (1)

Grade Contained Metals

Cu Mo Au Ag Pb Zn Cu Mo Au Ag Pb Zn

Kt % % g/t g/t % % kt kt t t kt kt

Measured Resource

82,928 0.83 0.042 0.30 16.0 0.06 0.05 686.9 34.42 25.11 1,326 51.9 38.7

Indicated Resource

102,187 0.68 0.041 0.22 13.7 0.10 0.05 691.6 42.07 22.33 1,396 100.6 55.4

Measured + Indicated Resource

185,116 0.74 0.041 0.26 14.7 0.08 0.05 1,378.5 76.49 47.44 2,722 152.5 94.1

Inferred Resource

165,763 0.64 0.053 0.21 13.1 0.14 0.06 1,068.0 88.57 35.42 2,179 239.0 106.9

(1) Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The estimate was prepared using Minesight computer mining software, based on a database of 210 diamond drill holes with a total drilled length of 69,029 meters, and 10 surface trenches with a total length of 349 meters. The database contains 26,606 assay intervals.

Skarn-type ore reserve estimates were summarized based on the block/stope unit economic values calculated for the resource blocks within the final Tongqianshan pit and Niumatang pit designs and for stopes within the planned underground mining areas. The cutoff unit economic values used to separate ore and waste are listed below:

Cutoff Unit Economic Value for Reserve Estimation of the Jiama Project

Area Cutoff Unit Economic Value Total Unit Ore Operating Cost In Project Financial analysis

Tongqianshan Pit RMB276.5/t (US\$40.78/t) RMB133.2/t (US\$19.65/t)

Niumatang Pit RMB249.0/t (US\$36.73/t) RMB128.9/t (US\$19.01/t)

Underground (+4,600 m) Sublevel Stopping RMB276.5/t (US\$40.78/t) RMB201.0/t (US\$29.65/t)

Underground (-4,600 m) Panel Sublevel Stopping RMB249.0/t (US\$36.73/t) RMB201.0/t (US\$29.65/t)

Below are the estimated skarn-type ore reserves for the Jiama Property as at June 30, 2010.

Skarn-Type JORC Ore Reserve Category

Grade Contained Metals

Cu Mo Au Ag Pb Zn Cu Mo Au Ag Pb Zn

Kt % % g/t g/t % % kt kt t t kt kt

Total Reserve: Proved

53,541 0.83 0.038 0.32 16.3 0.06 0.04 442.8 20.31 17.1 874 29.6 21.3

Total Reserve: Probable

52,358 0.85 0.040 0.29 16.5 0.11 0.05 442.8 20.96 15.2 864 55.4 27.2

Total

105,899 0.84 0.039 0.31 16.4 0.08 0.05 885.6 41.27 32.3 1,728 85.0 48.6

Mining and Production

Open pit mining will be conducted using hydraulic excavators loading onto 45t and 20t trucks. Underground mining will include open stope mining, with flatter, thick zones backfilled and steeply dipping zones not backfilled. These two mining methods will account for around 90% of the ore reserves. For zones where open stoping methods are not appropriate, room and pillar or shrinkage stoping mining methods are planned.

Skyland is developing the mining facilities in phases. Open pit mining at a rate of 3,000 tpd at Tongqianshan commenced in late July 2010, while open pit mining at an additional 6,000 tpd is scheduled to commence at

Niumatang in early 2011. Underground mining is scheduled to commence, at an initial rate of 3,000 tpd, in 2012. The mine design contemplates installation of two 6,000 tpd processing plants. An initial plant has been installed, and is in operation, while a second plant is scheduled for installation in 2011 with full operation in late 2011 or possibly early 2012. Once both plants are fully operational, production is scheduled to amount to 12,000 tpd (3.6 million tpa).

Production will consist of copper concentrate, molybdenum concentrate and lead concentrate. Gold and silver will be separated and smelted in downstream processing.

According to BD Asia's review, the currently defined skarn-type reserves of the Jiama Mine are expected to support approximately 30 years of mine production based on an assumed production rate of 12,000 tpd (3.6 million tpa).

Operating and Capital Costs

BD Asia calculated an overall unit cost for mine operations at US\$24.82 to US\$34.57 with a life of mine average at US\$29.60 and unit production cost (which includes total unit cost for mine operations, unit depreciation and amortization costs) of US\$31.99 to US\$50.04 per tonne of processed ore with a life of mine average at US\$35.28 per tonne of processed ore. BD Asia also calculated a copper equivalent (1) production in concentrate for the project based on metal in annual concentrate sales prices (excluding VAT). This calculation resulted in estimates of CuEq in annual concentrate production amounting to between approximately 28,000 to 50,000 tonnes, CuEq operating costs ranging from approximately US\$2,000 to US\$4,000 per tonne and CuEq production costs ranging from approximately US\$2,500 to US\$4,500 per tonne.

(1) $Cu\ Eq\ (t) = Cu\ (t) + Mo\ (t) \times 256,410.26/42,115.39 + Pb\ (t) \times 10,683.76/42,115.39 + Au\ (g) \times 166/42,539 + Ag\ (kg) \times 2,318.38/42,115.39$

Total capital costs are estimated at approximately US\$400,000,000 to bring the project to 12,000 tpd of production. To date, approximately 56% of the capital costs have been expended, with an additional approximately US\$170,000,000 to be expended in the balance of 2010 through to 2012. The mine plan estimates further sustaining capital expenditures will be required through the life of mine amounting to approximately US\$230,000,000.

Economic Analysis

BD Asia completed an economic analysis of the mining operation based on its reserves. BD Asia used copper, molybdenum, and lead prices that represent the actual average metal market prices for the last 3 to 5 years in China. Gold and silver prices are slightly higher than the past 3-year actual averages, but they represent the expectation for the long-term prices for these two metals. In addition to the metal prices, a copper concentrate transportation credit of RMB200/t (US\$29.50/t) of copper metal contained in the copper concentrate was applied based on the preliminary current sales contract with a copper concentrate buyer.

Metal Prices Used for Base Case Economic Analysis for the Jiama Project

Metal Metal with VAT Price(1) Metal in Concentrate with VAT Price Metal in Concentrate without VAT Price
RMB US\$ RMB US\$ RMB US\$

Copper 55,000/t 8,112.09/t 49,275/t 7,267.70/t 41,115.39/t 6,211.71/t

Molybdenum 300,000/t 44,247.79/t 256,410.26/t 37,818.62/t

Gold 200/g 917.51/oz 166/g 761.53/oz 166/g 761.53/oz

Silver 3,500/kg 16.06/oz 2,712.5/kg 12.44/oz 2,318.38/kg 10.64/oz

Lead 12,500/t 1,843.66/t 10,683.76/t 1,575.78/t

Note: (1) VAT is 17% for all metals except gold; gold sales are not subject to VAT.

Under the base case analysis, revenue from metal sales amounts to between US\$200 million to US\$300 million per year once full phase 2 production is achieved, with after tax cash flow amounting to approximately US\$100 million per year for most years, and with negative after tax cash flow recorded in 2010 when substantial capital programs are contemplated.

BD Asia adopted a discount rate of 9% for the net present value calculation. Based on these assumptions, BD Asia calculated the after tax net present value of the discounted cash flow at US\$777.2 million. Payback of capital costs was estimated at 5.2 years starting from January 1, 2010.

Sensitivity analyses indicate that the NPV of the Jiama Project is very sensitive to variations in the metal prices and processing metal recoveries, moderately sensitive to variations in operating costs, and less sensitive to variations in capital costs.

Expansion Potential

The Company has identified Jiama as having significant expansion potential. This is evidenced by the large volume of inferred resources in the skarn-type resource estimates reported above, a separate, large inferred resource from a nearby hornfels-type resource estimate and geological and geophysical work that indicates the potential presence of an underlying porphyry zone.

Hornfels-type Resource Estimate

In addition to the skarn-type resource and reserve estimates reported above, B D Asia conducted an analysis of a large, lower grade hornfels-type copper-polymetallic deposit located above the skarn-type deposit at the Jiama property. Results of geological modeling show that the hornfels-type mineralization is likely to consist of a large, massive mineralized body, over 1,500 m long, up to 1,000 m wide and up to 820 m thick. In general, the upper portion of the mineralized body is copper rich, and the lower portion of the body is molybdenum rich. A total of 3,434 assay intervals with a total length of 6,017 m are located inside the defined hornfels-type mineralized envelopes for the Jiama Project. Therefore, the average assay interval length inside the hornfels-type mineralized envelopes is 1.75 m.

B D Asia estimated hornfels-type inferred resources of 655 million tonnes with average grades of 0.23% Cu, 0.045% Mo, 0.02 g/t Au and 1.17 g/t Ag and contained metal of 1,500,000 tonnes of Cu, 290,000 tonnes of Mo, 13 tonnes of Au and 770 tonnes of Ag. The cutoff grades used are 0.3% copper, or 0.03% molybdenum, or 1% lead, or 1% zinc. The resource estimate was identified by BD Asia as being at an early stage, and the Company cautions that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Qualified Person:

Dr. Qingping Deng, C.P.G. of B D Asia prepared the NI 43-101 report for the Jiama Mine on which the technical information concerning the Jiama Mine in this press release is based and has supervised the scientific and technical information regarding the Jiama Project in this press release. Dr. Deng verified the data underlying the scientific and technical information contained in this press release, including relevant sampling, analytical and test data related to such information, in the course of preparing the technical report, which verification process included site visits and review and analysis of relevant source material. Dr. Deng is independent of the Company and China National Gold, applying the NI 43-101 tests.

About China Gold International Resources Corp. Ltd.:

China Gold International Resources Corp. Ltd. is a mining company whose principal property is the CSH Gold Mine. The Company began producing gold at the CSH Gold Mine in July 2007. The Company's shares are listed on the TSX under the symbol "CGG". China National Gold Group Corporation, a Chinese state-owned enterprise owns approximately 39% of China Gold International Resources Corp. Ltd. shares.

About China National Gold:

China National Gold is a state-owned enterprise, 100% held by the State Investment Commission of the State Council of China. China National Gold is the largest gold producer in China with annual production in 2009 of 89 tonnes. China National Gold's business covers exploration, mining, engineering, construction, gold smelting, refining, processing, and gold sales.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements relating to the proposed transaction and its terms, the growth and strategy of China Gold International following completion of the transaction, plans for further development of the Jiama project and the economic analysis regarding the Jiama project. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, risks that the parties will not proceed with the proposed transaction, that the ultimate terms of the proposed transaction will differ from those that currently are contemplated, that the proposed transaction will not be successfully completed for any reason

(including the failure to obtain the required financing or stock exchange approval), that development and production results at the Jiama Mine may not meet management's current expectations, China Gold International's ability to secure additional financing, changes in commodity prices and general market and economic conditions. The factors identified above are not intended to represent a complete list of the factors that could affect China Gold International. Although China Gold International has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not assume the obligation to revise or update any forward-looking information or statements, except as required by law.

The Toronto Stock Exchange has not yet reviewed and does not take responsibility for the adequacy or accuracy of the content of this news release.

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