

Guyana Goldfields Inc. Updates Resource Model & Life of Mine Plan

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TORONTO, March 26, 2019 - [Guyana Goldfields Inc.](#) (TSX:GUY) (the "Company") reports the results from updated Mineral Resource and Mineral Reserve estimates, and life of mine plan ("LOM") completed by Roscoe Postle Associates Inc. ("RPA") for the 100% owned Aurora Gold Mine ("Aurora") located in Guyana, South America. A conference call will be held tomorrow morning on Wednesday, March 27, 2019 at 10:00 am ET to review the results of the updated resource model and life of mine plan, in conjunction with the Company's fourth quarter and full year 2018 results. The updated resource model and life of mine plan, based on a gold price of \$1,200 per ounce, base case economics are presented at \$1,300 per ounce and all amounts are expressed in US dollars.

Resource and Life of Mine Plan Summary

- Measured and Indicated Mineral Resource of 4.0 million ounces ("Moz"), along with an Inferred Mineral Resource of 2.7 Moz, net of mining depletion to the end of 2018.
- Mineral Reserves of 2.3 Moz, net of mining depletion to the end of 2018.
- Estimated average annual recovered gold production of 218,000 ounces over the next five years at average operating costs¹ of \$753/oz (including royalties) and mine-site AISC¹ of \$879/oz.
- Total recovered gold production of 2.15 Moz at an average estimated head grade of 2.6 grams per tonne (g/t Au) over a 13-year mine life. Average operating cash costs¹ (including royalties) and mine-site AISC¹ costs are estimated to be \$753/oz and \$930/oz, respectively.
- Total capital is comprised of \$124 million to develop the underground mine and \$256 million in sustaining capital.
- Pre and post-tax NPV@5% based on \$1,300/oz estimated at \$524 million and \$454 million, respectively.

"Aurora has produced more than 500,000 ounces of gold in just over 3 years of commercial production and, despite some challenges, we remain confident in our future success," said Scott Caldwell, President & CEO. "The results of RPA's work provide a snapshot that demonstrate a profitable future as the mine transitions from an open pit operation into an underground mine. The LOM plan provides a prudent and achievable operating plan and ensures an accurate model for production and cost forecasting."

"We have identified and initiated a number of cost savings programs that will lead to improved operational efficiency. We have strengthened our leadership team, streamlined our organizational structure, initiated partnership arrangements with key vendors and suppliers and, in addition, implemented improved operating procedures and optimized our capital spending."

"We continue to believe that there is considerable, untapped potential for additional, high-quality ounces in this system. We plan to access high-grade zones beneath Mad Kiss with our underground exploration development later this year and will look to obtain our permit for commercial underground production in a timely manner."

Mineral Resources

As previously disclosed, the Company engaged RPA to review the Mineral Resource and Mineral Reserve estimates, and the LOM plan at Aurora last October. The decision was taken after it became apparent that gold production during the fourth quarter of 2018 would fall short of the forecast, which had been based on the original resource model developed in 2012 under previous management.

The updated Mineral Resource is based on a revised geologic interpretation of the style and structural controls for certain Aurora mineralization resulting from open pit production and geologic mapping, 12,801 metres of new oriented core drilling with relogging of some 50,000 metres of drill core. Modelling parameters, including the grade capping, domain boundary definition and kriging algorithms were all modified. Reporting cut-off grades and open pit optimization assumptions were also updated.

The Mineral Resources, inclusive of Mineral Reserves, were estimated as at December 31, 2018 based on a gold price of \$1,500/oz. Measured and Indicated Mineral Resources total 40.6 million tonnes grading 3.07 g/t Au and contain 4.01 million ounces of gold. In addition, Inferred Mineral Resources total 27.5 million tonnes grading 2.28 g/t Au and contain 2.02 million ounces of gold.

Category	Tonnage Grade		Contained Metal
	(Mt)	(g/t Au)	(000 oz Au)
Open Pit			
Measured	5.2	2.47	414
Indicated	3.5	2.78	310
Measured + Indicated	8.7	2.59	724
Inferred	2.0	2.44	155
Underground			
Measured	0.1	3.52	16
Indicated	31.7	3.20	3,268
Measured + Indicated	31.9	3.21	3,284
Inferred	25.6	2.27	1,861
Total Mineral Resource			
Measured	5.4	2.49	429
Indicated	35.2	3.16	3,578
Total Measured + Indicated	40.6	3.07	4,008
Total Inferred	27.5	2.28	2,016

Notes:

1. CIM (2014) definitions were followed for Mineral Resources. Mineral Resources are inclusive of Mineral Reserves
2. Open pit Mineral Resources are reported at a cut-off grade of 0.52 g/t Au for saprolite and 0.70 g/t Au for fresh rock, and underground Mineral Resources are reported at a cut-off grade of 1.2 g/t Au for Rory's Knoll area, and 1.7 g/t Au for other areas. Cut-off grades are based on a price of \$1,500 per ounce of gold and gold recoveries dependent on mine method, material type, and/or location.
3. Minimum mining widths of 5 m for open pit and 3 m for underground were used.
4. Bulk density is 2.8 t/m³ for fresh mineralization and 1.73 t/m³ for saprolite mineralization.
5. Stockpile data based on EOY 2018.
6. Mineral Resources are inclusive of Mineral Reserves.
7. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
8. Numbers may not add due to rounding.
9. The mineral resource estimate was prepared by David Ross, P.Geo., and Katharine Masun, P.Geo., both of RPA Inc., "qualified persons" under NI 43-101 and independent of the Company.

10. The Company confirms that there are no known legal, political, environmental, or other risk factors that could materially affect the development of the Mineral Resources.

Mineral Reserves

Mineral Reserves were estimated for open pit and underground production based on the 2019 revised resource model. Open pit reserves were developed from a Lerchs-Grossmann optimization study conducted using a \$1,200/oz gold price, incorporating updated operating cost assumptions, pit slope angles, dilution and mining loss factors, gold recovery and mining constraints. Final designs were developed to optimize mine design parameters and ore production schedules.

Underground reserves were estimated for portions of the Rory's Knoll, East Walcott, Aleck Hill and Mad Kiss deposits. Reserves included dilution and extraction factors, variable minimum mining widths depending on the deposit and cut-off grades based on operating cost assumptions and a \$1,200/oz gold price.

Proven and Probable Mineral Reserves estimated at December 31, 2018 total 27 million tonnes grading 2.63 g/t and contain 2.3 million ounces of gold.

Category	Tonnage	Grade	Contained Metal
	(000 t)	(g/t Au)	(000 oz Au)
Proven			
Open Pit	3,914	2.61	328
Underground	-	-	-
Surface Stockpiles	784	1.24	31
Total Proven	4,698	2.38	360
Probable			
Open Pit	2,217	2.63	187
Underground	20,038	2.69	1,731
Total Probable	22,255	2.68	1,918
Proven & Probable			
Open Pit	6,131	2.61	515
Underground	20,038	2.69	1,731
Surface Stockpiles	784	1.24	31
Total Proven & Probable	26,953	2.63	2,278

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Open pit Mineral Reserves are estimated at a cut-off grade of 0.60 g/t Au for saprolite and 0.83 g/t Au for fresh rock.
3. Underground Mineral Reserves are estimated at a cut-off grade of 1.50 g/t Au for Rory's Knoll and 2.20 g/t Au for satellite deposits.
4. Mineral Reserves are estimated using an average long-term gold price of US\$1,200 per ounce.
5. Open pit Mineral Reserves used a minimum mining width of 5 m.
6. A minimum mining width of 5 m was used for Rory's Knoll underground and a minimum width of 3 m was used for the satellite deposits.
7. Bulk density is 2.8 t/m³ for fresh mineralization and 1.73 t/m³ for saprolite mineralization.
8. Numbers may not add due to rounding.
9. The mineral reserve estimate was prepared by Jason Cox, P.Eng. of RPA Inc., a "qualified person" under NI 43-101 and who is independent of the Company.
10. The Company confirms that there are no known legal, political, environmental, or other risk factors that could materially affect the development of the Mineral Resources.

The Company confirms that there are no known legal, political, environmental, or other risk factors that could materially affect the development of the Mineral Reserves.

Summary of Reduction in Proven and Probable Reserves

As shown in the table below, the contained gold in Proven and Probable Reserves has been reduced by 1,693,000 ounces as of December 31, 2018 compared with a year earlier. In comparison to the December 31, 2017 estimate, reserves are reduced by 27% in tonnes, 8% in grade and 43% in ounces. The reduction in ounces consists of 188,000 ounces (5% of prior ounces) for depletion due to mining and 1,505,000 ounces (38% of prior ounces) removed from reserves due to a new, more appropriate mine model.

Table of Proven & Probable Reserves: 2018 vs. 2017

	Dec 31, 2018	Dec 31, 2017	Volume change	% change
Material (kt)	26,953	43,047	-16,094	-37%
Grade (grams/tonne)	2.63	2.87	-0.24	-8%
Gold (k oz)	2,278	3,971	-1,693	-43%

2019 LOM Plan Summary

Operating Plan

The LOM Plan contains 26.9 million tonnes ("Mt") of ore grading 2.63 g/t Au. Total recovered gold over the remaining 13-year mine life is estimated to be 2.1 Moz, averaging 218,000 ounces per year for the first five years (2019-2023). Production is expected to peak in 2024 at ~251,000 ounces. Operating cash costs¹ (including royalty) over the LOM are expected to average \$813/oz while mine-site AISC¹ are expected to average \$930/oz. Operating costs are estimated to average \$56.34 per tonne milled over the mine life.

Of the total 2.1 Moz, approximately 24% is expected to be sourced from open pit operations with the remaining 76% expected to be sourced from underground operations. A summary of the mine production profile, cash costs¹ and AISC's¹ from the RPA LOM is presented below.

Open pit mining has been underway since late 2015 using conventional 5 m³ to 6 m³ excavators and a mixed fleet of 33-tonne and 45-tonne capacity haul trucks. A total of 64.7 Mt will be mined at an average mining rate of up to 75,000 tonnes per day. 6.1 Mt of ore will be mined at an average grade of 2.61 g/t Au over the open pit life. The waste to ore strip ratio is expected to average 9.6 to 1.

Underground mining will be via decline access with the bulk of the 20.0 Mt mined from Rory's Knoll. A combination of long hole open stoping ("LHOS") with backfill sub-level retreat ("SLR") and sub level cave ("SLC") has been planned. In the Mad Kiss and Aleck Hill satellites, LHOS is assumed with sill and rib pillars to reduce the backfill requirement. At Rory's Knoll, underground mining will be conducted from the top down. Initially SLR mining will be conducted which will be converted to SLC to the bottom of the mine at -1000m RL. Over the LOM, underground production will average approximately 5,200 tonnes per day. Underground development is also expected to provide an ideal platform to potentially upgrade and expand the underground resource through exploration drilling. Underground mining will be subject to permitting in Guyana.

Processing

The Company completed and commissioned the Phase 2 mill expansion in February 2019. The circuit has a capacity of 7,500 tpd. The plant is comprised of crushing, single-stage grinding, gravity concentration, cyanide leaching, carbon adsorption, carbon elution and regeneration, gold refining, cyanide destruction and tailings disposal. Gold recovery is estimated to average 94.4% over the LOM. Further enhancements are expected following the completion of the mill expansion and is expected to further improve recovery by up to 2%, throughput by 10%, and allow for 75% redundancy of the primary crusher allowing for further cost improvements.

Capital Costs

Total estimated LOM capital cost, excluding working capital, is expected to be \$381 million including a 10% contingency. Capital costs include \$124 million in development capital for the underground mine and \$250 million in sustaining capital over the mine life. The development capital is expected to be split between 2019 and 2020. Capital spending is estimated at \$48 million in 2019 comprised of \$37 million in development capital and \$10 million in sustaining capital.

Capital spending will peak at \$94 million in 2020, at which point the underground development will be completed.

Economic Analysis

The economic cash flow model is based on a long-term gold price of \$1,300/oz, and generates a Pre and Post-Tax net present value (NPV) at a 5% discount rate, as at January, 2019 of \$524 million and \$454 million, respectively. Applying a 7.5% discount rate, the Pre and Post-tax NPV are \$463 million and \$402 million, respectively.

The Aurora mine offers excellent leverage to the gold price as demonstrated by the sensitivity analysis presented below. Significant benefit can be realized through continuous improvement in operating costs over the project life as well.

Gold Price Sensitivity

Financials @ 5% DR	\$1,100/oz gold price	\$1,200/oz gold price	\$1,300/oz gold price	\$1,400/oz gold price
Pre-tax NPV (\$M)	\$216	\$370	\$524	\$679
Post-tax NPV (\$M)	\$187	\$331	\$454	\$575

Opportunities

RPA identifies that there are Mineral Resources beyond the pit and underground Mineral Reserves in this report. Further Mineral Resources may be defined or converted to Mineral Reserve through exploration, definition drilling and mine planning.

The Aleck Hill pits contain Inferred Mineral Resources totaling 46,000 tonnes at 2.8 g/t Au, which are included within mine plan waste quantities. If grade control definition drilling during the mining operation upgrades any of the Inferred Mineral Resources, this would provide additional revenue and reduced pit high strip ratio.

Optimization of the underground development plans and advance rates may provide deferrals and/or reductions in capital expenditures.

In addition, the Company believes the Aurora project offers excellent exploration potential for additional high-grade resources beneath the East Walcott, Mad Kiss and Aleck Hill satellite deposits. Drilling currently being conducted from surface on these targets continues to demonstrate this promise.

Furthermore, through its continuous improvement initiatives at the mine, the Company believes that additional capital and operating cost savings can be realised over the life of the mine.

Detailed Report

For readers to fully understand the information in this news release, they should read the related technical report in its entirety once filed on the Company's SEDAR profile at www.sedar.com and on the Company's website at www.guygold.com. The technical report is intended to be read as a whole, and sections should not be read or relied upon out of context.

The Company has also posted an updated investor relations corporate presentation on its website at www.guygold.com under the Investors tab.

Conference Call

A conference call will be held on Wednesday, March 27, 2019 at 10:00 am ET to discuss the results of this release, as well as, full year and fourth quarter 2018 operational and financial results.

A webcast will be available on the Company's website for 90 days following the call or through the following link: <https://event.on24.com/wcc/r/1908008/833AF1B576E26E91C952CA9D3A1BFD68>

Conference Call Details:

Date: Wednesday, March 27, 2019

Time: 10:00 am ET

Conference ID: 98125970

Dial-In Numbers:

North America Toll-Free: 888-390-0605

International: 416-764-8609

A recorded playback of the call will be available until Wednesday, April 3, 2019 by dialing: 1-888-390-0541 or 416-764-8677 and entering the call back passcode 125970.

Data Verification

In October 2018, the Company implemented the Fusion Suite integrated data management system to accommodate data storage and management of geological, geotechnical, geophysical, geochemical, downhole survey, mapping, QA/QC, and sample data at the Aurora Gold Mine. In February 2019, the Company audited 7.5% of the master diamond drill hole database completed on its Mining Licence from 2004 to year end 2018. The audit included checking drill holes for errors in collar location, survey, and assay data. The latter involved comparing 11,104 digital assay records from the master database to 176 digital laboratory certificates. The Company did not identify any material limitations in verifying the data.

Qualified Persons

The estimation of the updated Mineral Reserves and Mineral Resources was completed by Jason Cox, P.Eng., David Ross, P.Geo., and Katharine Masun, P.Geo., of RPA, all of whom are independent Qualified Persons as defined by National Instrument 43-101 and have reviewed, approved and verified the technical content of this news release. Unless stated otherwise herein, all scientific and technical data contained in this press release has been reviewed, approved and verified by Mr. Ron Stewart (P.Eng) who is a "Qualified Person" within NI 43-101 and is a member of the Association of Geoscientists of Ontario ("APGO"). Mr. Stewart serves as Senior Vice President of Technical Services and Corporate Development for the Company.

About Guyana Goldfields Inc.:

[Guyana Goldfields Inc.](#) is a Canadian based mid-tier gold producer primarily focused on the exploration, development and operation of gold deposits in Guyana, South America.

About Roscoe Postle Associates Inc. ("RPA")

RPA is a group of technical professionals who have provided advice to the mining industry for more than 30 years. During this time, RPA has grown into a highly respected organization regarded as the specialty firm of choice for resource and reserve work. RPA provides services to the mining industry at all stages of project development from exploration and resource evaluation through scoping, prefeasibility and feasibility studies, financing, permitting, construction, operation, closure, and rehabilitation. RPA has extensive experience in estimating, auditing, and reviewing Mineral Resources and Mineral Reserves using both manual and geostatistical methods.

Non-IFRS Performance Measures

The Company has included certain non-IFRS performance measures in this press release including total cash costs per ounce and AISC per ounce. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to similar measures presented by other issuers. For a reconciliation of these numbers please refer to the Company's most recent management discussion and analysis.

Forwarding-Looking Information

This news release contains "forward-looking information" which may include, but is not limited to, statements with respect to the LOM Plan, underground exploration decline timeline, possible conversion of Mineral Resources to Mineral Reserves, possible upgrade of Inferred Mineral Resources contained in the Aleck Hill pit, use of LHOS with backfill and sub level retreat or with sill and rib pillars, upgrade and expansion of the underground Mineral Resource through underground development, further enhancements and improved recovery redundancy and cost improvements following completion of the mill expansion, implementation of

cost reductions, partnership arrangements, improved operating procedures, optimized capital spending and equipment changes or enhancements, deferrals or reductions in capital expenditures from optimization of underground development plans and advance rates, demonstration of additional high grade mineral resources beneath the East Walcott, Mad Kiss and Aleck Hill satellite deposits through drilling, continuous improvement initiatives at the mine and test mining. Often, but not always, forward-looking statements can be identified by the use of words and phrases such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and are based on various assumptions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the receipt of applicable regulatory approvals, general business, economic, competitive, political and social uncertainties; the actual results of exploration activities; changes in project parameters as plans continue to be refined; accidents, labour disputes and other risks of the mining industry; political instability; as well as those factors discussed in the section entitled "Risk Factors" in the Company's annual information form. Although the Company 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 to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. 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.

1. This is a non-IFRS measure. Refer to the "Non-IFRS Performance Measures" section in the Company's Management's Discussion and Analysis

SOURCE [Guyana Goldfields Inc.](#)

Contact

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