

For its Barje gold deposit at Tlamino project in Serbia Medgold Resources announced the completion of a positive Preliminary Economic Assessment (PEA). According to the company's statement, based on simple open-pit mining methods and the production of a flotation concentrate via conventional processing techniques, the pre-tax NPV of the project, at a discount rate of 8%, is US\$101M, its IRR 49%, and its operating margin 61%.

The up-front capital cost of the project is US\$74M (inclusive of a 15% contingency margin and further study and engineering costs) with payback achieved in two years.

Life of mine C1 cash costs are US\$464/oz Au, and life of mine all-in sustaining costs are US\$522/ounce Au.

A gold price of US\$1500/oz and a silver price of US\$16.50/oz was used in the study. The company said that at an approximate spot gold price of US\$1,800/oz, the post-tax NPV of the project, at a discount rate of 8%, is US\$139M, and its IRR 69%.

An updated Inferred Mineral Resource of approximately 7.1 Mt at 2.5 g/t Au and 38 g/t Ag, containing approximately 570,000 oz of Au and 8.8 Moz of Ag, has been used as a basis for this PEA.

President and CEO Jeremy Crozier commented, "The accomplishment of this highly positive PEA - based entirely on conventional opening pit mining and processing techniques - is a critical success for Medgold. Together with the recent option agreement with Fortuna Silver Mines to acquire full ownership and management control of the project, Medgold is now placed to unlock further value in Tlamino via the completion of infill drilling and a pre-feasibility study - with the goals of further demonstrating the robust self-standing economics of the project, and ultimately the achievement of mine permitting."

Source: kitco.com