

Candorado to earn 45% interest in tailings project at Hedley

HEDLEY, BC—Candorado Mines Ltd. has completed negotiations with Cantrell Resources Ltd. whereby Cantrell can earn a 45% working interest in the Hedley tailings project in Hedley, British Columbia.

Cantrell has committed C\$60,000 to the project to be spent by October 31, 1986. In order to earn its interest, Cantrell will carry out the work necessary to complete a feasibility report by July 1987.

Also, as part of this agreement, Cantrell will pay Candorado C\$50,000 to cover some of the Hedley project acquisition costs.

In 1985, Candorado signed an agreement giving it the right to process 3.1 million tons of old mine tailings at Hedley. These tailings are from the old Nickel Plate mill which operated from 1904 to 1955. The tailings consist of two piles that have an estimated grade of 0.045 ounces of gold per ton. Preliminary metallurgical tests have been carried out which have yielded high gold recoveries. Based on the metallurgical character of the tailings, a cyanide heap leach process would likely be used to recover the gold, says George P. Krueckl, director of Candorado.

Since the material is already finely ground, agglomeration would be necessary to allow the leaching solution to flow readily through the gold-laden tailings.

Agglomeration is the forming of semi-spherical pellets by rolling the tailings with cement and a small amount of water. These pellets would then be placed on a leach pad and a cyanide solution sprayed over them. The pellets, due to their porous nature, allow solution to pass through them, flushing the dissolved gold from the pellets. The gold would then be recovered by either the activated carbon process or the Merrill-

Crowe process, after which it would be stripped and formed into dore bars for shipment to the Royal Canadian Mint. Such a process would cost approximately C\$3 million to install, and including testing and design engineering, an estimated 18 months would be required to begin production. Operating costs have been estimated to be approximately C\$5 per ton.

Assuming an overall gold recovery of 70% (tests have shown higher recoveries), the process would give a return on investment of about C\$25 million. Processing of the tailings would take three to four years, depending on the level of production recommended by the engineering studies.

Candorado, through its joint venture partner, has recently completed a comprehensive sampling program on the Hedley tailings using an auger-type drill with a hole size of eight inches and a sample length of five feet. A total of 361 samples were collected involving 59 holes (1,734 feet) to make up a total of 20 tons. Initial testing results should be available in the near future.

Candorado is also currently preparing to re-open its recently acquired Arizona heap leach project, the Eldorado mine, 80 miles southeast of Las Vegas, Nevada. Operated by previous owners as an open pit heap leaching operation, some 32,000 tons of ore grading 0.06 ounces of gold per ton yielded approximately 1,300 ounces of gold. Although previously run as a batch operation, Candorado plans to re-open the mine as a continuous operation, thereby increasing production levels to about 100,000 tons annually. Fortunately, all equipment and processing facilities are already in place. A 3,000-foot diamond drilling program is also planned for 1986 to outline additional reserves.

"We are currently making preparations to start up production in June 1986," says Krueckl. "The initial phase of the production will involve the processing of the existing stockpile of run-of-mine ore and reprocessing of some of the existing heap leach piles, which gave us a combined total of approximately 30,000 tons." ✖