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First Dynasty expands Armenian output

A threefold increase in production is in store for the Armenian gold projects of First Dynasty Mines (FDM-T).

The junior miner and its joint-venture partner, state-owned Armgold JSC, have decided to expand their tailings recovery plant to accommodate resumption in open-pit mining at the rail-connected Zod mine. That mine is one of two past-producers held by the companies (Meghadrzor being the other) and provided most of the country's output between 1976 and 1997.

Annual production is pegged at 80,000 oz., with cash costs projected at less than US\$180 per oz. The plant currently churns out 25,000-

30,000 oz. yearly by treating 1.5 million tonnes of tailings. The tailings are left over mainly from the Soviet era, when the country processed all gold deposits mined in the Caucasus region.

Capital costs are tagged at US\$10 million, which will cover the mining fleet and plant expansion to 2 million tonnes. (As of Dec. 31, 1998, First Dynasty had US\$10.6 million in deferred acquisition and exploration expenditures tied to Zod and Meghadrzor.)

Funding will be provided by a combination of equity, debt, cash reserves and cash flow. The external portion will include a US\$3.5-million credit facility with the com-

pany's largest shareholder, Twin Star Holdings, and a US\$1.8-million private placement set to close Oct. 29. The loan will bear interest at LIBOR (London Interbank Offer Rate) plus 2.5% and is dependent on completion of the equity deal, which will see 27.6 million shares issued at 9.5¢ each.

At last report, Zod hosted open-pit reserves of 4.3 million tonnes grading 7.42 grams gold per tonne. Another 1.7 million tonnes at 6.36 grams are deemed minable by underground methods. (Meghadrzor's reserves are pegged at 838,000 tonnes grading 9.58 grams gold and are minable by underground methods.)

Glamis sees higher production in 2000

DENVER — By fully integrating the three mines it acquired from its recent merger with Rayrock Resources, as well as additional production from the new San Martin mine in Honduras, Glamis Gold (GLG-N) expects to produce 234,000 oz. at a cash operating cost of US\$200 per oz. next year, compared with 180,000 oz. at US\$214 in 1999.

Improvement are also forecast for the company's 67%-owned Marigold mine in Nevada, where the annual mining rate is projected to rise by almost 20% to 14.3 million tons and cash costs are expected to fall to US\$203 per oz. The company's share of production for next year is pegged at 47,000 oz.

Meanwhile, Glamis has decided to scale down its open-pit project at the Dee mine, also in Nevada. An estimated 14,000 oz. will be mined from a small pit, while 40,000 oz. will be recovered by extending the

Dee underground program to the south, eliminating the need to mine 7.6 million tons of waste material.

The company expects fourth-quarter production at Dee to be 4,000 oz. lower than anticipated, owing to delays and lower development rates. The production target for 2000 is 69,000 oz. at US\$251 per oz.

The picture is brighter at the Rand mine in California, where mining costs have fallen to US\$49¢ from US\$56¢ per ton as a result of higher mining rates and shorter

hauling distances.

Farther afield, in south-central Honduras, Glamis is preparing to begin construction at its US\$27-million San Martin open-pit mine. Initial production is expected in the second half of 2000, with Glamis to receive 14,000 oz. for the year.

At full operation, the mine will contribute 80,000 oz. annually at cash costs of US\$149 per oz. Reserves stand at 1.08 million oz. gold within 39.3 million tonnes averaging 0.86 gram gold.

Sable follows float train

VANCOUVER — Junior explorer Sable Resources (SAE-V) has identified a new gold-bearing vein on its Chappelle property in the Toadogone area of north-central British Columbia.

The Beck vein is 5 ft. wide and has been exposed for 100 metres

along strike.

Grab samples from the vein returned up to 0.105 oz. gold and 0.19 oz. silver per tonne. Numerous float trains in the area of the Beck vein returned up to 16.22 oz. gold and 427 oz. silver.

The vein will be drill-tested early in 2000.

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