

PROJECT DEVELOPMENT:

Eagle Mountain to develop Guyana deposit aggressively – CEO

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TORONTO (miningweekly.com) – Guyana-focused project developer Eagle Mountain Gold was comfortable that its flagship project would be constructed within the next 18 months, as it aggressively pushed ahead to achieve production by 2014, president and CEO **Ioannis Tsitos** told *Mining Weekly Online* in an interview.

The company on Monday filed its updated Canadian National Instrument (NI) 43-101-compliant technical report, which increased the project's estimated gold resource by about 35% from an earlier study completed in November

2010, with Canadian securities administrators.

The Eagle Mountain project is located in the mining-friendly English-speaking jurisdiction of the Co-operative Republic of Guyana, which has a stable democracy based on British law.

The project is estimated to contain 188 000 oz of gold in the indicated category grading 1.49 g/t at a 0.5 g/t gold cutoff. In the inferred category, the project is estimated to contain 792 000 oz grading 1.19 g/t gold at the same cutoff.

Tsitos pointed out, however, that the current resource estimate did not include a significant portion of the previously defined resource estimate, owing to earlier exploratory studies not being undertaken in compliance with NI 43-101 standards. The company obtained a significant database of exploration completed by prior owners, including miner lamgold.

“It is our plan to define this part of the resource this year. It could potentially result in another 15% to 20% increase in the resource by the fourth quarter,” Tsitos said by telephone from Vancouver.

In fact, the current resource statement covers just 300 ha within the 5 050 ha property, leaving surfeit potential to expand the resource. The deposit is also open in three lateral directions and at depth.

The project's proximity to existing infrastructure, including a paved road, a small airport and waterways is also a boon and would go a long way to lower capital costs.

Tsitos noted that owing to oxide ore occurring from surface, the company intends to aggressively develop the project in a phased approach, which would see initial small-scale production to provide cash flow with which to develop subsequent expansions and deeper sulphide-containing mining phases.

The strategy is to potentially have a number of producing deposits in the area, feeding a central plant.

Eagle Mountain currently holds a 50% interest in the project, and expects to earn another 45% from lamgold for \$1-million cash, equivalent shares or a combination of both, by April.

The government of Guyana owns the remaining 5%, which would transform to a royalty.

Tsitos said a priority this year is to imminently start work on an environmental-impact assessment report in support of the mining permit application, which the company intends to submit by the end of the year.

The company would also start work on a preliminary economic assessment, which it intends to finish by the second quarter.

While work would continue to further define the Eagle Mountain deposit, the company also has an option agreement to earn up to 95% in the adjacent Mowasi gold property, where there is a history of artisanal mining.

The Mowasi project covers 17 000 ha and includes other rights of first refusal.

The company's TSX-V-listed stock closed at 32 Canadian cents apiece on Tuesday.

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