

TOP STORY

Mining firm eyes P.R.'s Cala Abajo site

Southern Gold plans to invest \$60 million in project; feasibility and environmental studies are underway

By PABLO J. TRINIDAD

Southern Gold Resources (U.S.A.) Inc., a privately held company based in Colorado, is working on a feasibility study to mine the Cala Abajo copper and gold deposits between the Puerto Rico municipalities of Utuado and Adjuntas.

Jim Knox, president of Southern Gold Resources, said data obtained from the feasibility study and the environmental impact statement will be used to seek a mining lease from the Commonwealth government.

Southern Gold has invested about \$900,000 in studies, and plans to invest an additional \$2.5 million during the evaluation stage, Knox said. The company has contracted Caribbean Architects & Engineers to conduct the required studies.

Estimates call for an investment of \$60 million to develop the project. It will create between 150 and 170 mining jobs and indirect employment in other services. In addition, the government stands to receive millions of dollars in royalties, fees and taxes during the 20-year life of the project.

"From a technical and environmental standpoint, we're convinced this is a justifiable project," Knox said. "The key is to educate the public that it can be done in an environmentally responsible manner."

Unlike proposals presented in the past, the Southern Gold proposal wouldn't affect large extensions of land, nor include a smelter or the use of cyanide.

Southern Gold's plans call for an open pit, covering 631 acres, to extract copper and gold ore. The ore would be processed at a mill to obtain a 30%-36% concentrate which would be shipped to a site outside of Puerto Rico for smelting and processing. The disturbed land would then be reclaimed to be used for other purposes.

Cala Abajo has reserves of about 70.6 million tons of 0.83%-grade copper and gold believed to be about 0.03 ounces a ton.

The feasibility and environmental studies are expected to be concluded in mid-1996, Knox said. He said that once the mining lease is negotiated and the required local and federal government permits are obtained, the project could go into development and production by mid-1997.

Southern Gold Resources has an exclusive exploration permit from the Commonwealth government to a 2,170-acre area that includes the Cala Abajo site between Utuado and Adjuntas. The company is 70% owned by USMX Inc., a public corporation engaged in exploration and mining. Other stockholders are Britain's Brand Coat Holdings PLC and mining consultant John Prochnau.

USMX operates the Goldstrike Mine in southwestern Utah. It also has operated four mining operations in Nevada. ■