

Gold mining returns to Nova Scotia:

Ressources Appalaches set to reopen Dufferin Mine



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Ressources Appalaches can now move from being a gold explorer to a gold producer.

The stage has been set for the rebirth of the gold mining industry in Nova Scotia.

Five years after outlaying \$4-million purchasing the Dufferin Gold Mine, located on the eastern shore of Nova Scotia and about one hour north of Halifax, Ressources Appalaches has now been issued with the final permit, the so-called industrial approval from the province.

As a result, the company can now move from being a gold explorer to a gold producer. "It's very exciting," said Alain Hupe, its chief executive, on a visit to Toronto this week. On Friday the company, whose shares are listed on the TSX-Venture Exchange, (they are also listed on the Frankfurt Exchange) will explain its plans to investors at a ceremony.

More importantly the provincial government permit means that the company – with a market cap of about \$20-million – will receive the final installment of a US\$10-million gold loan from New York-based Lascaux Resource Capital Partners, LLC. The first instalment of US\$2.5-million was received when the agreement was signed last May. (Part of the US\$2.5-million was used to dewater the mine.)

Receiving the US\$7.5 million – which like the first tranche comes with an 8% interest rate – will allow the company to refurbish the Dufferin Mine that has been largely shuttered for more than a decade and advance the project to gold production. (It was closed in 2001 because of low gold prices and reopened in 2008 by a creditor who generated revenues by processing the tailings.)

"We will spend the next four months buying the equipment and the next four months ramping up production with full production starting in the middle of next year," said Hupe who lives in Rimouski, Que., and makes the eight-hour trip to the mine on a regular basis.

Before production gets underway, the company will hire additional employees. It plans to add another 50 staff (to complement the existing 20-person crew) and should have lots of choice. Almost 1,000 applications have been received.

Hupe explained that the Dufferin Mine – home to a so-called saddle reef deposit – comes with considerable advantages. The workers have access via a ramp – and not via a shaft. “They will walk in and walk out,” he said.

As for the plans, Hupe said that by the middle of next year, 300 tons of ore is expected to be put through the mill. The goal is to produce 20,000 – 25,000 ounces a year. (Indeed based on current exploration numbers, the company only has enough material for four to five years of production.)

Later and following more exploration – the property runs for eight kilometers and less than 10% has been explored – plans call for 600 tons of material to be processed each day. If things work out as planned, the mine will be producing 40,000 – 50,000 ounces a year.

Under the terms of the goal loan, the almost 20-year company – that prior to its involvement with the Dufferin Mine focused its efforts in Quebec – is required to deliver 10,125 ounces of gold over a 27 months period. “It’s about 17% of our estimated production,” said Hupe, a geologist.

The company plans to produce so-called dory gold in two places: about 75% on site (and sent to Johnson Matthey for final processing) with the rest, the concentrate, being processed in Beldune, New Brunswick (a smelter owned by Xstrata and now Glencore.)