

# Moss Lake 43-101 Preliminary Economic Analysis report filed

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TORONTO, Sept. 9, 2013 /CNW/ - [Moss Lake Gold Mines Ltd.](#) (TSX-V: MOK) has filed its independent 43-101 Preliminary Economic Analysis (PEA). It is available at [www.sedar.com](http://www.sedar.com).

By definition a PEA is preliminary in nature; it includes Inferred Mineral Resources that are too speculative geologically to have economic conditions applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the PEA will be realized.

Management believes this study provides a reasonable basis to assess the potential economic viability of the Moss Lake gold deposit. The deposit has seen considerable drilling and has been subject to underground development the results of which support interpreted continuity of gold mineralization in a portion of the deposit.

Highlights of the study, as previously disclosed in a Press Release dated July 29, 2013 ([www.mosslakegold.com](http://www.mosslakegold.com)) are restated below.

## Mining/Processing

- Open pit mining and CIL Processing at 40,000 tonnes per day
- Life-of-mine waste:ore stripping ratio of 2.5:1
- Four-year permitting/pre-production period
- Ten-year minelife averaging 244,000 ounces per year
- Production on 5 average 296,000 ounces per year
- Production on 6 - 10 average 192,000 ounces per year
- Key Assumptions
  - Milling recoveries of 79.2% and 84.2%
  - Low grade stockpiles with marginal or mill cut-off grades of 0.32 to 0.38 gAu/tonne to be processed
  - Expected accuracy of capital cost estimates of ± 35%

## Economics

- After Tax Cumulative Cash Flow: \$440 million
- After Tax Net Present Value (NPV): \$196 million at 5% discount rate
- After Tax Internal Rate of Return (IRR): 12%

- Key Assumptions
- Average gold price of US\$ 1,546/oz and exchange rate of 1.0033 \$Cdn/1.0 \$US (3-year trailing average)
  - Royalty of 8.75% of Net Profit paid
  - Ontario Mining Tax rate 10%
  - Income Tax rate 26.5% (15% federal and 11.5% provincial)

## Sensitivity Analysis

After Tax Cumulative Cash Flow (million\$)									
	-20%	-15%	-10%	-5%	Base Case Scenario	+5%	+10%	+15%	20%
PRODUCTION PARAMETERS									
Gold price (CAN\$/oz)	1 241	1 318	1 396	1 473	1 551	1 629	1 706	1 784	1 861
Gold Price	-98.17	39.49	185.40	315.42	440.13	561.07	681.81	802.21	910.00

	Change (%)	-122%	-91%	-58%	-28%		27%	55%	82%	107%
<b>ECONOMIC PARAMETERS</b>										
OPEX		732.30	659.63	586.53	513.43	440.13	365.02	285.24	204.46	120.78
	Change (%)	66%	50%	33%	17%		-17%	-35%	-54%	-73%
CAPEX		546.14	519.67	493.21	466.67	440.13	412.42	384.51	356.14	327.48
	Change (%)	24%	18%	12%	6%		-6%	-13%	-19%	-26%

After Tax NPV at 5% (million\$)										
	-20%	-15%	-10%	-5%	Base Case Scenario	+5%	+10%	+15%	20%	
<b>PRODUCTION PARAMETERS</b>										
Gold price (CAN\$/oz)	1 241	1 318	1 396	1 473	1 551	1 629	1 706	1 784	1 861	
Gold Price	-158.18	-69.03	27.90	113.53	196.18	276.07	356.01	434.90	505.38	
	Change (%)	-181%	-135%	-86%	-42%		41%	81%	122%	158%
<b>ECONOMIC PARAMETERS</b>										
OPEX	382.57	336.22	289.63	243.04	196.18	148.13	97.59	46.44	-6.36	
	Change (%)	95%	71%	48%	24%		-24%	-50%	-76%	-103%
CAPEX	288.69	265.59	242.50	219.37	196.18	171.93	147.53	122.75	97.74	
	Change (%)	47%	35%	24%	12%		-12%	-25%	-37%	-50%

After Tax IRR (million\$)										
	-20%	-15%	-10%	-5%	Base Case Scenario	+5%	+10%	+15%	20%	
<b>PRODUCTION PARAMETERS</b>										
Gold price (CAN\$/oz)	1 241	1 318	1 396	1 473	1 551	1 629	1 706	1 784	1 861	
Gold Price	-5%	2%	6%	10%	12%	15%	17%	19%	21%	
	Change (%)	-140%	-84%	-48%	-20%		20%	36%	52%	68%
<b>ECONOMIC PARAMETERS</b>										
OPEX	18%	16%	15%	14%	12%	11%	9%	7%	5%	
	Change (%)	41%	31%	22%	11%		-12%	-27%	-43%	-63%
CAPEX	18%	16%	15%	14%	12%	11%	10%	9%	8%	
	Change (%)	41%	29%	19%	9%		-9%	-17%	-26%	-33%

### Potential Upside

- Gold price appreciation - longterm
- High potential to increase resources with further drilling
- First mover infrastructure advantage in the highly prospective Shebandowan greenstone belt
- Decrease in \$Cdn/\$US exchange rates to more longterm historic levels

### Potential Risks

- Hydrology and surface water treatment strategies require more study, the results of which could impact cost estimates
- Gold price deterioration - longterm
- Public support - by all concerned parties and stakeholders - for responsible economic development in this region

### Independence and Expertise

This study was led by independent consulting company InnovExplo of Val d'Or, Quebec. Mining engineering input was from principal author Sylvie Poirier, Ing (OIQ No.112196, PEO No.100156918 of InnovExplo. Geology and resource estimates were performed by Pierre-Luc Richard, MSc, PGeo (APGO No.1714, OGQ No.1119) also of InnovExplo. Julie Palich, MSc, PGeo (APGO No.1880, AusIMM No.301564) of Caracle Creek Consulting provided Environmental Studies, permitting and Social and Community Impact inputs. All metallurgical and mineral processing expertise was provided by Gary Patrick, BSc (AusIMM No.108090) Consulting Metallurgist of Metallurg Pty Ltd., Perth, Australia. These contributors are all independent of the issuer and "Qualified Persons" as defined by Regulation 43-101, National Instrument 43-101 and Form 43-101F1.

## More Details

To provide more detail, the "Summary" section of the Preliminary Economic Analysis report follows in its entirety. The complete report is now filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## ABOUT MOSS LAKE GOLD MINES LTD.

[Moss Lake Gold Mines Ltd.](#) was created in 1994 to consolidate ownership of the Moss Lake gold deposit. It is a 57.6%-owned subsidiary of [Wesdome Gold Mines Ltd.](#) which currently owns and operates the Eagle River Gold Mine, the Mishi Gold Mine and the Kiena Gold Mine.

Moss Lake trades on the TSX Venture Exchange under the symbol "MOK" and currently has 47 million common shares issued and outstanding.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*This news release includes certain forward-looking statements concerning the future performance of Moss Lake's business, operations and financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Such statements include, but are not limited to, statements concerning the intention of Wesdome to convert the Note. Forward-looking statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All forward-looking information is inherently uncertain and subject to a variety of assumptions, risks and uncertainties, including the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and the availability of financing, as described in more detail in recent securities filings available at [www.sedar.com](http://www.sedar.com). Actual events or results may differ materially from those projected in the forward-looking statements and Moss Lake cautions against placing undue reliance thereon. Moss Lake and its management assume no obligation to revise or update these forward looking statements.*

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