

L&M starts up Earnsclough alluvial goldmine in central Otago.

12 June 2009 - Private mining and energy company L&M Group has begun work on its Earnsclough alluvial gold mine project across the Clutha River from Alexandra in Central Otago.

L&M exploration manager David Manhire, of Christchurch, said high gold prices had encouraged the company to activate its Earnsclough project, which is estimated to contain 110,000 oz of gold and is expected to run for at least seven years.

The L&M Group's focus on alluvial gold mining in the 1980's and 1990's switched in the past decade to lignite, coal seam gas, and recently Buller and north Waikato coal.

Mr Manhire said the size of the Earnsclough mine had been scaled down to 150 hectares (ha) from an earlier plan to mine 255 ha as granted by the 2001 resource consents in 2001. All appeals against the consents were cleared in mid-2004.

He said gold mining subsidiary L&M Mining held two mining permits MP 41005 covering 81 ha and the much larger MP 41462 covering 919 ha. Both are held in the name of Mintago Investments Ltd.

The project will focus on the smaller of the two permits and the area nearby on the eastern side of the Fraser River, which will now not be diverted. The Fraser runs parallel to the Clutha and through MP 41462 before joining the Clutha upstream from Alexandra.

Mr Manhire said the mine was virgin ground and had not been mined by the large Earnsclough dredges that mined the area 100 years ago.

Some 1,300 holes were drilled to test gold grades over the new mine area in the 1980s and 1990s before the mining permit was granted.

The Earnsclough mine will be operated by a contracting team and have two stages, Mr Manhire said. The first stage will be a small scale mine that is expected to begin mining in July.

In the second stage a larger floating gold recovery plant currently stored at L&M's closed Waikaka mine near Gore, will be brought to Earnsclough.

Sources: L&M Mining and Lindsay Clark