

Sprott Resource Holdings Inc. Announces Mineral Reserves and Resources for Minera Tres Valles are In-Line with Management Assumptions

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TORONTO, March 02, 2018 (GLOBE NEWSWIRE) -- [Sprott Resource Holdings Inc.](#) ("SRHI" or the "Corporation") (TSX:SRHI) is pleased to announce the results of an updated NI 43-101 compliant mineral reserve and mineral resource estimate, pre-feasibility study for the implementation of chloride media leaching ("Salt Leach"), and feasibility study for the expansion of the Don Gabriel Manto open pit, as well as an update on the operating and growth activities for its 70%-owned Minera Tres Valles (SpA) ("MTV") property located near Salamanca, Chile.

Test heap leach results for Don Gabriel with and without salt (a) copper recovery and (b) sulphuric acid consumption

Test heap leach results for Papomono with and without salt (a) copper recovery and (b) sulphuric acid consumption

Payable copper production for Don Gabriel Manto deposit

"We are very pleased that the updated technical studies validate our investment thesis through mineral reserve and resource estimates that are in-line with the due diligence we conducted before acquiring the MTV asset," said Steve Yuzpe, CEO of SRHI.

Since October 2017, MTV has been working diligently with several consulting and engineering firms to update the historical information to provide a mineral reserve and mineral resource estimate for the MTV property in compliance with the standards prescribed by NI 43-101, define the capital requirements to convert the acid leach process to a Salt Leach process, and provide a feasibility level mine plan to expand production from the Don Gabriel Manto open pit mine. These studies, which are being compiled into a NI 43-101 compliant technical report, comprise the first stage of the expansion of the MTV operation. In the next stage, Wood plc ("Wood", formerly AMEC Foster Wheeler) has been engaged to complete a pre-feasibility level underground mining study for the exploitation of the Papomono Massive underground deposit, with the objective of defining further mineral reserves. It is MTV's objective to combine the studies with preliminary economic assessment ("PEA") level studies on ancillary deposits to produce a property-wide production profile.

Updated Mineral Resource Estimate Highlights:

- Total measured and indicated mineral resource of 18.3 million tonnes at 1.03% CuT containing 417 million pounds of copper
- Total inferred mineral resource of 3.5 million tonnes at 1.11% CuT containing 84.4 million pounds of copper

Salt Leach Pre-Feasibility Study Highlights:

- Potential to increase copper recoveries by 10%, up to 40% reduction of leaching cycle, and up to 40% reduction in sulfuric acid consumption

- Estimated capital cost of US\$6.9 million, which includes the activities from detailed engineering to the end of construction
- Approximately 11 months to implement
- Less than two year payback

Don Gabriel Manto Feasibility Study Highlights:

- Almost triples production from the Don Gabriel Manto open pit
- Mine plan based on mineral reserves of 5.17 million tonnes at 0.81% CuT at a copper cut-off grade of 0.25%
- Produce approximately 14 million pounds of copper per year over a six-year reserve life
- Currently selecting the open pit contract mining contractor for Don Gabriel

Corporate Activity Highlights:

- Wood has commenced a pre-feasibility level underground mining study on the Papomono Massive underground deposit
- Expanded management team to include experienced underground mining professional to lead underground development
- Appointed Joe Phillips, a highly experienced operations and project development senior executive, to board of directors of MTV

“These are exciting times for SRHI as we undertake the studies to define the growth plan to reach the full potential of the MTV assets,” said Mr. Rick Rule, CIO of SRHI. “Chile is a wonderful country in which to do business, and we are seeing many opportunities to expand our operational footprint in Chile and South America.”

“Based on these studies and our prior diligence, the existing facilities, with an additional capital investment allow for production expansion to reduce unit costs,” said Mr. Yuzpe. “We are benefiting from higher copper prices and we are pleased to have reached a mutually beneficial three year agreement with the labour union at MTV.”

“The planned tripling of open pit production will allow MTV to secure more favourable mining and haulage rates,” said Luis Vega, CEO of MTV. “Significant work has been completed on the Papomono Massive deposit, and we have added an experienced project manager with significant project and underground experience to assist with the development of the mine plan at Papomono Massive and the other deposits.”

NI 43-101 Mineral Reserve and Mineral Resource Estimates

MTV engaged Independent Mining Consultants, Inc. (“IMC”) of Tucson, Arizona to prepare NI 43-101 compliant mineral reserve and mineral resource estimates and a supporting technical report for the Don Gabriel and Papomono mines on MTV’s property located near Salamanca, Chile. Based on 771 diamond drill holes totaling 145.5 thousand meters, the total measured and indicated mineral resources is 18.3 million tonnes at 1.03% copper containing 417.3 million pounds of copper. Inferred mineral resources total 3.5 million tonnes at 1.11% copper containing 84.4 million pounds of copper. Tables 1 and 2 summarize the mineral reserves and mineral resources for the nine deposits comprising Don Gabriel and Papomono.

For the Don Gabriel Manto open pit deposit, IMC calculated a measured and indicated mineral resource of 6.5 million tonnes at a grade of 0.83% containing 118 million pounds at a cut-off grade of 0.2% copper, and this mineral resource estimate was used in the Don Gabriel Manto feasibility level open pit mine plan described below. Using a long-term copper price of US\$2.75/lb, IMC produced an optimized mine plan for the Don Gabriel Manto open pit mine, defining proven and probable mineral reserves of 5.17 million tonnes at a grade of 0.81% CuT containing 92.7 million pounds of copper. The Don Gabriel Vein deposit, located below the Don Gabriel Manto open pit, is planned to be mined using underground methods. Further infill drilling is planned to increase the confidence level and expand the mineral resource estimate for the Don Gabriel Vein deposit.

For the Papomono Massive deposit, IMC estimated a measured and indicated mineral resource of 3.34

million tonnes at a grade of 1.86% copper containing 137 million pounds of copper at a cut-off grade of 0.34%.

In November 2017, Wood was engaged to develop an underground mine plan at Papomono Massive at a pre-feasibility level. Ingeroc Ltda. has completed the geotechnical drilling program at the Papomono Massive underground mine to assist in the trade-off studies and preparation of the mine plan.

It is planned that the ancillary deposits be exploited opportunistically in order to maximize crusher feed and copper grade to the plant and provide operational flexibility. Further drilling is required to increase the confidence level and expand the ancillary deposits.

In the next stage, MTV will incorporate the Don Gabriel feasibility study results in its study and supporting technical report. The development of the Papomono underground is the next stage of the expansion of the MTV mine to full capacity. MTV is expected to complete its studies and the related technical report in the middle of 2018.

	Mining Method	Ore Ktonnes	CuT (%)	Contained Copper (klbs)
Don Gabriel Manto Mineral Reserve				
Proven Mineral Reserve	OP	898	0.80	15,827
Probable Mineral Reserve	OP	4,270	0.82	76,871
Total P&P Mineral Reserve		5,168	0.814	92,698

Table 1: Don Gabriel Manto Mineral Reserve

	Mining Method	CuT Cutoff(%)	Resource Ktonnes	CuT (%)	Contained Copper (klbs)
Measured Mineral Resource					
Don Gabriel Manto	OP	0.20	983	0.82	17,857
Don Gabriel Veins	UG	0.64	0	0.00	0
PPM Massivo	UG	0.34	2,449	1.94	104,796
PPM Cumbre	OP	0.19	266	0.49	2,844
PPM Cumbre	UG	0.34	0	0.00	0
PPM Mantos Connection	UG	0.59	262	1.27	7,312
PPM South	UG	0.58	634	1.28	17,821
Epithermal	UG	0.65	0	0.00	0
PPM North	OP	0.19	102	0.96	2,150
North Manto	UG	0.58	834	1.08	19,894
Total Measured Mineral Resource			5,530	1.42	172,674
Indicated Mineral Resource					
Don Gabriel Manto	OP	0.20	5,476	0.83	99,959
Don Gabriel Veins	UG	0.64	0	0.00	0
PPM Massivo	UG	0.34	891	1.62	31,881
PPM Cumbre	OP	0.19	2,388	0.54	28,429
PPM Cumbre	UG	0.34	351	0.48	3,699
PPM Mantos Connection	UG	0.59	1,287	1.02	28,856
PPM South	UG	0.58	989	1.00	21,760
Epithermal	UG	0.65	509	0.98	10,997
PPM North	OP	0.19	250	1.00	5,506
North Manto	UG	0.58	633	0.97	13,495
Total Indicated Mineral Resource			12,774	0.87	244,581
Measured and Indicated Mineral Resource					
Don Gabriel Manto	OP	0.20	6,459	0.83	117,816
Don Gabriel Veins	UG	0.64	0	0.00	0

PPM Massivo	UG	0.34	3,340	1.86 136,676
PPM Cumbre	OP	0.19	2,654	0.53 31,273
PPM Cumbre	UG	0.34	351	0.48 3,699
PPM Mantos Connection	UG	0.59	1,549	1.06 36,168
PPM South	UG	0.58	1,623	1.11 39,581
Epithermal	UG	0.65	509	0.98 10,997
PPM North	OP	0.19	352	0.99 7,656
North Manto	UG	0.58	1,467	1.03 33,389
Total Measured and Indicated Mineral Resource			18,304	1.03 417,255
Inferred Mineral Resource				
Don Gabriel Manto	OP	0.20	79	0.70 1,216
Don Gabriel Veins	UG	0.64	2,020	1.33 59,273
PPM Massivo	UG	0.34	22	2.64 1,282
PPM Cumbre	OP	0.19	537	0.66 7,861
PPM Cumbre	UG	0.34	298	0.53 3,482
PPM Mantos Connection	UG	0.59	117	0.79 2,043
PPM South	UG	0.58	111	0.95 2,317
Epithermal	UG	0.65	223	1.01 4,970
PPM North	OP	0.19	13	2.90 832
North Manto	UG	0.58	37	1.39 1,131
Total Inferred Mineral Resource			3,457	1.11 84,408

Table 2: MTV Mineral Resource Statement

- The Company's mineral reserve and mineral resource estimates as at January 1, 2018 are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") "CIM Definition Standards - For Mineral Resources and Mineral Reserves" adopted by the CIM Council (as amended) in accordance with the requirements of National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101"). Mineral reserve and mineral resource estimates reflect the Company's reasonable expectation that all necessary permits and approvals will be obtained and maintained.
- Mineral reserves were estimated using a copper price of US\$2.75/lb.
- Mineral resources were estimated using a copper price of US\$3.30/lb
- OP means open pit mining, UG means underground mining method
- Cutoff grades vary by deposit to reflect likely mining methods, variations in costs and slight variances in expected metal recovery by deposit.
- CuT is total copper assay, comprised of acid soluble (CuS), cyanide soluble (CuCN) and residual copper (CuR), each with different leach kinetics. Recoveries based on conversion from existing acid leach method to chloride media acid leaching as described in this announcement and pending technical report from IMC.
- Further information, including key assumptions, parameters and methods used to estimate mineral reserves and mineral resources will be described in the technical report on the MTV deposits to be published within 45 days of this announcement.
- Mineral resources are reported inclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral Resources for proposed open pit deposits are constrained within an economic pit shell.
- The estimate of mineral resources and mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or certain other risks. Please refer to the risks related to the mining sector in the risk management section of the 2017 MD&A.
- Totals may not add due to rounding.

Salt Leach Pre-feasibility Study

MTV engaged ProPipe S.A. ("ProPipe") of Santiago to undertake a pre-feasibility study on Salt Leach to validate prior column and test-heap leach results, and define the cost and timeline for the infrastructure and implementation. The results and more detail of this study will be included in the IMC Technical Report. Twelve three-meter columns and four test heap leach pads containing 2.4 thousand tonnes of mineralized material from both Papomono and Don Gabriel Manto demonstrated increased recovery of sulphide material, primarily chalcocite, through the application of salt, coupled with a 30-day rest period prior to applying sulphuric acid.

Benefits of Salt Leach process include:

- More than 10% increase in overall metallurgical recoveries
- Up to 40% reduction of leach cycle time
- Up to 40% reduction in sulphuric acid consumption

ProPipe has delivered a pre-feasibility level report with capital and operating cost estimates with 20% accuracy and have recent and relevant experience in building and commissioning these systems in Chile. Capital costs including project administration, owner's costs, procurement, construction, initial fill and contingency total US\$6.9 million. MTV expects a payback of the investment in less than two years at current prices.

Main elements of the implementation include the construction of a salt-delivery system to the agglomerator drum, conversion of pipes and valves to non-corrosive materials, change to the extractant, the addition of a three coalescer units to reduce impurities in the organic phase and an additional wash tank, along with minor electrical and civil works. A minimal amount of disruption to production is expected during the transition.

Expected implementation time is 11 months from the MTV board approval including detailed engineering, procurement, permitting, construction and commissioning. The results of this report will be used to submit a Carta Pertinencia to SEA, the Chilean permitting authority, for the conversion to chloride media acid leaching from the current acid leaching.

Don Gabriel Manto Feasibility Study Results

At the operating Don Gabriel Manto open pit mine, MTV plans to increase production from the current 25 thousand tonnes per month to 70 thousand tonnes per month and will use mining contractors to drill, blast, load and haul ore and waste. MTV's management team has extensive experience in negotiating with and managing mining contractors, and is targeting the increase to a higher production rate to commence in April 2018, with minor interruption of Don Gabriel Manto ore to the crushing plant. The mineral reserve estimate and mine plan consider a pit-angle of 50 degrees, and a cutoff grade of 0.25%. MTV anticipate a phased layback of 2.67 million tonnes in 2018; the life-of-mine strip ratio of 4.3:1 (waste:ore) includes the capitalized lay-back program.

Don Gabriel Manto Open Pit	2018	2019	2020	2021	2022	2023	2024	Total
Tonnes Mined (000t)	464	936	892	902	881	875	218	5,168
Grade Mined (%CuT)	0.9 %	0.7 %	0.8 %	0.7 %	0.8 %	1.0 %	0.8 %	0.8 %
Payable Copper (mmlbs)	7.2	12.7	14.5	12.7	13.7	16.5	3.1	80.5
Revenues (US\$MM)	\$19.9	\$34.9	\$39.8	\$35.1	\$37.8	\$45.5	\$8.6	\$ 221.5
Total Costs (US\$MM) ¹	\$18.3	\$31.0	\$29.7	\$23.8	\$21.8	\$21.3	\$5.4	\$151.3

Table 3: Don Gabriel Manto open pit mine plan with expected revenues and costs at a copper price of US\$2.75/lb

¹ Includes all stripping costs, including capitalized portion; allocation of the Salt Leach capital expenditure not included

Operations Update

MTV sold 2.7 million pounds of copper in the last quarter of 2017. Cash costs per recoverable pound placed on the heap leach pad were US\$2.37. In the fourth quarter of 2017, MTV crushed and processed 2.3 thousand tonnes per day, a 29% increase over the average of the prior three quarters. Total material crushed in 2017 was 682 thousand tonnes, delivering 12.9 million pounds of recoverable contained copper to the heap leach pad. Recent increases in sulfide material production have increased inventory build-up in the heap leach, and we expect to see the benefit of increased mining production in the latter part of 2017 in the coming months.

Mineralized material supply from third party miner activity is increasing with the higher copper price, reaching 23 thousand tonnes in December 2017, and total deliveries of third-party material of 51 thousand tonnes in the fourth quarter. MTV expects this increased level of third party supply to continue in 2018, although budgets for deliveries of 15 thousand tonnes per month. Deliveries from ENAMI were 13 thousand tonnes of mineralized material in the fourth quarter of 2017.

In November 2017, MTV hired Jorge Baraqui, an experienced underground mining professional with over 20 years of planning and execution of underground mining projects for Codelco. Mr. Baraqui specializes in Block and Panel caving methods, mine preparation and mining innovation.

In November 2017, SRHI nominated Joe Phillips to serve on the board of directors of MTV. Mr. Phillips is currently the Vice President of operations for Laguna Gold, and has extensive experience as Chief Operating Officer for several gold and silver mining companies. SRHI thanks Rodrigo Soza for his service on the board of MTV.

Operations and Corporate Update

Mine production is expected to increase from 25 thousand tonnes per month in Q1-18 to more than 50 thousand tonnes per month by year-end from Don Gabriel Manto. Additional process feed is expected from the Papomono underground deposits, third-parties and ENAMI, although there remains significant excess crushing capacity with the crusher currently operating on one shift. Recent improvements in the quaternary crusher resulting in a higher proportion of crushed material below ¼ inch are expected to further improve recoveries.

MTV was pleased to reach a three year collective bargaining agreement with the unions at MTV, which will provide for labour stability during the growth phase at the operations.

SRHI and MTV are working with funding providers to seek funding for the construction of the Salt Leach, development of Papomono Massive deposit and working capital as part of the expansion plan at MTV.

MTV will be drilling in-fill and resource expansion near to the current resources, and expects to fund near-mine and regional exploration from future cash flows.

Qualified Person

The scientific and technical content contained in this news release has been reviewed, verified and approved by Michael G. Hester, Vice President, IMC, M.S. Mining Engineering and Ing. Gabriel Vera, President, GV Metallurgy, Engineer, both of whom are independent Qualified Persons as defined by NI 43-101.

About MTV

MTV is a fully permitted operating mining complex located nine kilometers from Salamanca in Region IV of Chile. MTV comprises two main deposits: Papomono (underground) and Don Gabriel (open pit). The mine is currently operating and producing high grade copper cathode. The mine has significant infrastructure in place with a processing plant with nameplate capacity of 7,000 tonnes per day. The plant is designed to produce up to 18,500 tonnes per annum of thin copper cathodes. For more information about MTV, please visit <http://www.mineratesvalles.com>.

About Sprott Resource Holdings Inc.

SRHI is a publicly-listed corporation transitioning into a diversified holding company focused on holding businesses in the natural resource industry. Based in Toronto, SRHI is a member of the Sprott Group of Companies and is managed by a team of leading resource investment professionals. SRHI's current holdings are concentrated in the mining and energy sectors. SRHI takes an active role in the companies in which it invests and is committed to being a high-value partner to the management teams it backs and the

co-investors who invest alongside SRHI. For more information about SRHI, please visit www.sprottresource.com.

Non-GAAP Financial Measures

"Cash costs" per recoverable pound is a non-GAAP financial performance measure. "Cash costs" per recoverable pound is based on cost of sales but excludes, among other items, the impact of depreciation. SRHI believes that the use of "cash costs" per recoverable pound will assist investors, analysts and other stakeholders in understanding the costs associated with producing copper, understanding the economics of copper mining, assessing the operating performance of MTV and also its ability to generate free cash flow from its operations. "Cash costs" per recoverable pound is intended to provide additional information only and does not have any standardized meaning under IFRS and other issuers may define it differently. This measure should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Further details on non-GAAP measures are provided in the MD&A accompanying SRHI financial statements filed from time to time on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this news release, and in particular the "2018 Guidance" section, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the foregoing, this news release contains Forward-Looking Statements pertaining to: (i) views on the price of copper and expectations regarding the copper market, including supply, demand, pricing and value drivers; (ii) cost savings from expanded production and economies of scale; (iii) expectations regarding the results of economic and technical studies of the MTV properties, including the provision of technical reports with respect thereto; (iv) implementation of and payback from the Salt Leach; (v) development of the mine plan at Papomono Massive, Don Gabriel Vein and other deposits; (vi) benefits from increased mining production in the latter part of 2017; (vii) the expected increase in third party material supply; (viii) mine production in 2018; and (ix) funding of the construction of the Salt Leach, the development of Papomono Massive, regional exploration and working capital.

Although SRHI believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) copper markets and the price of copper in the future; (ii) the continued availability of quality management; and (iii) that the effects of regulation and tax laws of governmental agencies will not materially change. Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) possible variations in ore grade or recovery rates; (ii) copper price fluctuations and uncertainties; (iii) delays in obtaining governmental approvals or financing; (iv) risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; and labour, health, safety and environmental risks); (v) risks associated with investments in emerging markets; and (vi) those risks disclosed in the Corporation's filings with Canadian securities regulators on SEDAR at www.sedar.com. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and SRHI does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources: This news release may use the terms "measured", "indicated" and "inferred" mineral resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral

reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

For further information:

Glen Williams
Managing Director, Investor Relations
T: (416) 943-4394
E: gwilliams@sprott.com

Photos accompanying this announcement are available at

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