

# Sprott Resource Holdings Inc. Announces 2018 Production Results and 2019 Operating and Capital Guidance for the Minera Tres Valles Copper Project

30.01.2019 | [GlobeNewswire](#)

TORONTO, Jan. 30, 2019 - [Sprott Resource Holdings Inc.](#) ("SRHI" or the "Company") (TSX:SRHI) is pleased to announce the production results for the year ended December 31, 2018 and provide production guidance for the 2019 calendar year for its 70% owned Minera Tres Valles Copper Project ("MTV" or the "Project") located in Salamanca, Chile.

"In 2018 we initiated our plan to ramp-up operations and increase copper cathode production at MTV," said Steve Yuzpe, CEO of SRHI. "In the second half of 2018, MTV began crushing more than 100,000 tonnes per month and in December we published the Technical Report in respect of MTV completed during 2018, validating our initial due diligence and investment thesis for the Project. As we provide guidance for 2019, MTV's year-over-year increase in copper production is in line with our long-term plan of ramping up operations and gaining operating efficiencies through capital projects. The Technical Report indicated that MTV could generate US\$34 million in project cash flow in 2020 and US\$45 million in 2022 at a copper price of \$2.75 per pound."

"Our view on copper remains positive despite the recent pullback in prices," said Rick Rule, CIO of SRHI. "We believe this is an ideal time to ramp up production at MTV and expect copper prices to improve by the time our expansion program is complete. We are currently evaluating long-term financing options that will allow us to execute the 2019 guidance. We also believe that Chile, in terms of prospectivity and business climate, is the best jurisdiction in the world to build a copper business."

## 2018 Production Results

With the change to our new open pit contractor (Vecchiola S.A.) in the second half of 2018, total mining production and cathode production increased in the fourth quarter of 2018. Mining operations have progressed, with the opening of new phases at the Don Gabriel open pit and continued development at the Papomono Masivo deposit ("Papomono"), our underground mining operation.

Production statistics for the year ended December 31, 2018 are as follows:

Operating information <sup>(1)</sup> Copper (MTV Operations)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Year ended Dec. 31, 2018
Total ore mined (thousands of tonnes)	137	158	254	235	784
Total waste mined (thousands of tonnes)	172	239	552	816	1,779
Ore Processed (thousands of tonnes)	212	218	313	298	1,041
Grade (% Cu)	0.96%	0.62%	0.74%	0.60%	0.71%
Cu Production (tonnes)	1,422	1,401	1,462	1,596	5,881
Cu Production (thousands of pounds)	3,135	3,089	3,224	3,518	12,966

1. Operating information is for 12 months, however, for financial reporting purposes, SRHI acquired MTV effective February 1, 2018 and as a result will report financial results for the 11 months ending December 31, 2018.

## 2019 Operating and Capital Guidance<sup>(1)</sup>

Copper production for 2019 is weighted towards the last quarter of the year. This is conditional upon MTV securing financing to complete its capital expenditure ("CAPEX") projects, including implementing the chloride leaching ("Salt Leach") process, pre-stripping the open-pit mines and underground development. The Company's production profile includes mineralized material from multiple sources including material from Empresa Nacional de Minería and third parties.

CAPEX expected during 2019 include continued work on the Don Gabriel open pit expansion, initiation of mining at the Papomono North open pit, detailed engineering and development of Papomono for the incline block-caving mining method, execution of the Salt Leach project and infill drilling.

Upon MTV completing its CAPEX projects, cash flows generated from this expansion will provide MTV the ability to exploit the exploration upside of its significant land package of over 44,334 hectares of mineral rights and more than 100 copper occurrences identified, but not explored.

Outlook for 2019 at MTV is as follows:

Operating information	Year ended
Copper (MTV Operations)	Dec. 31, 2019
Cu Production (tonnes)	8,250 – 8,750
Cu Production (millions of pounds)	18.2 – 19.3
Cash Cost per Pound Produced <sup>(2)</sup>	\$2.20 – \$2.50
Capital Expenditures (\$ millions)	\$25 - \$30

1. Guidance is based on certain estimates and assumptions, including but not limited to, mineral reserve estimates, grade and continuity of interpreted geological formations and metallurgical performance. Please refer to the technical report prepared by AMEC Foster Wheeler, a Wood company, in respect of the Project filed on December 14, 2018 (the "Technical Report") and to the Company's SEDAR filings for complete risk factors.
2. Cash Cost is a non-IFRS measure – Cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation and non-site charges such as trucking charges capitalized to inventory. Cash costs per pound produced are calculated by dividing the aggregate of the applicable costs by copper pounds produced.

We expect continued production growth and lower per unit operating costs in 2020 as the results of the CAPEX are realized.

#### 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 crushing and processing plant with nameplate capacity of 7,000 and 6,000 tonnes per day, respectively. The plant is designed to produce up to 18,500 tonnes per annum of copper cathodes. For more information about MTV, please visit <http://www.mineratresvalles.com>.

#### About Sprott Resource Holdings Inc.

SRHI acquires and grows a portfolio of cash-flowing businesses and businesses expected to cash flow in the natural resource sector. Based in Toronto, SRHI is part of the Sprott Group of Companies and seeks to deploy capital to provide our investors with exposure to attractive commodities. For more information about SRHI, please visit [www.sprottresource.com](http://www.sprottresource.com).

#### Cautionary Statement Regarding Forward-Looking Information

Certain statements in this news release, and in particular the "2019 Operating and Capital 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: copper production guidance for the 2019 calendar year for MTV; the long-term plan to ramp up operations and increase production at MTV including the Don Gabriel open pit expansion, development of the Papomono Masivo deposit and implementing the Salt Leach project; gaining operating efficiencies through CAPEX projects; SRHI's expectation that copper prices will improve by the time MTV's expansion program is complete; MTV securing project financing to complete its CAPEX projects, including implementing the Salt Leach process and underground development; expected capital expenditures; expectations regarding future cash flows and the use thereof; future exploitation of the exploration upside of MTV's land package; continued production growth; anticipated lower per unit operating costs; 2019 operating outlook; and general business and economic conditions.

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: there being no significant disruptions affecting the development and operation of the Project; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the Technical Report; labour and materials costs being approximately consistent with assumptions in the Technical Report; fixed operating costs being approximately consistent with assumptions in the Technical Report; permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Technical Report; certain tax rates, including the allocation of certain tax attributes, being applicable to the Project; the availability of financing for MTV's planned development activities; assumptions made in mineral resource and mineral reserve estimates in the Technical Report and the financial analysis based on the mineral reserve estimate, including (as applicable), but not limited to, geological interpretation, grades, commodity price assumptions, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions. 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 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 mineral reserves, production, costs and expenses; and labour, health, safety and environmental risks); (v) production of ore from Empresa Nacional de Minería and third parties; (vi) risks associated with investments in emerging markets; and (vii) those risks disclosed in the Company's filings with Canadian securities regulators on SEDAR at [www.sedar.com](http://www.sedar.com). See also the cautionary language under "2019 Operating and Capital Guidance" above. 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. The Technical Report can be found at the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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Die URL für diesen Artikel lautet:

<https://www.minenportal.de/artikel/273245--Sprott-Resource-Holdings-Inc.-Announces-2018-Production-Results-and-2019-Operating-and-Capital-Guidance-fo>

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