

# Electric Royalties Announces Filing of Independent Preliminary Economic Assessment for Battery Hill Manganese Project

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VANCOUVER, July 5, 2022 - [Electric Royalties Ltd.](#) (TSXV:ELEC)(OTCQB:ELECF) ("Electric Royalties" or the "Company") is pleased to announce that [Manganese X Energy Corp.](#) (TSXV: MN) has filed a Preliminary Economic Assessment ("PEA") of the Battery Hill manganese project ("Battery Hill") in New Brunswick, Canada, on SEDAR. Electric Royalties holds a 2% gross revenue royalty on Battery Hill, which is projected to have a 47-year operating mine life.

Brendan Yurik, CEO of Electric Royalties, commented: "We congratulate our royalty asset partner Manganese X Energy on this milestone, which shows significant gross revenue projections for the Battery Hill project of US\$177 million per year over an initial forecast mine life of 47 years. Electric Royalties' 2% gross revenue royalty entitles us to 2% of those gross revenues which, once in production, could present a source of significant cash flow to the Company moving forward. The Battery Hill PEA forecasts robust economics and a short payback period for a relatively low capital investment which bodes well for Manganese X Energy as it strives to become the first North American company to commercialize high purity, battery-quality manganese."

Highlights of the PEA (all dollar values are in US dollars unless otherwise stated)<sup>1</sup>:

## Robust Economics

- After-tax net present value using a 10% discount rate ("NPV<sub>10</sub>"): \$486 million
- After-tax internal rate of return ("IRR") of 25%
- Capital costs ("CAPEX") of \$350 million with a payback of 2.8 years
- Average annual gross revenue of \$177 million per year over the 47 years project life
- Average annual gross revenue of \$220 million over the first seven years
- Life of mine ("LOM") operating cost ("OPEX") of \$122/tonne material processed

## HPMSM Market Price and Sensitivity

- Base case market price of \$2,900/tonne for battery-grade high-purity manganese sulphate ("HPMSM") used for the study is well below the long-term forecast price of \$4,200/tonne HPMSM estimated by CPM Group<sup>2</sup>
- Sensitivity analysis shows after-tax NPV<sub>10</sub> increases to \$914 million at \$4,200/tonne HPMSM

## Long Mine Life

- 40-year mine production life and seven years of stockpile reclaim feed
- Total LOM production of 3.2 million tonnes of HPMSM
- Average annual HPMSM production of 68,000 tonnes over the LOM
- Average annual HPMSM production of 84,000 tonnes in the first seven years of production

## Low Environmental Impact

- Flowsheet produces a filtered residue leach product with initial acid-base accounting and non-acid generating test results showing no acid drainage risk

## Superior Project Location

- Hydroelectric-sourced grid power available within 2 km of project site

- Project is located in close proximity to paved secondary Highway 560

#### Project Objectives

- Project is now advancing towards a pilot project, pre-feasibility study as well as advancing a drilling program to upgrade and expand manganese resources

The Battery Hill project is located approximately 6 km northwest of the town of Woodstock and is accessible to the east via a new two-lane road that connects with Highway 560. The PEA mine plan assumes conventional open-pit mining using a contract mining equipment fleet at a total mining rate of 1.0 million tonnes per year to provide a mill feed of 365,000 tonnes per year, or 1,000 tonnes per day. The proposed process for Battery Hill manganese resources is a whole ore sulphuric acid slurry leach which is further treated to produce a crystalline manganese sulphate monohydrate product meeting all specifications for sale as a battery grade product.

The PEA is preliminary in nature; it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

David Gaunt, P.Geo., a qualified person who is not independent of Electric Royalties, has reviewed and approved the technical information in this release.

#### About Electric Royalties Ltd.

Electric Royalties is a royalty company established to take advantage of the demand for a wide range of commodities (lithium, vanadium, manganese, tin, graphite, cobalt, nickel, zinc and copper) that will benefit from the drive toward electrification of a variety of consumer products: cars, rechargeable batteries, large scale energy storage, renewable energy generation and other applications.

Electric vehicle sales, battery production capacity and renewable energy generation are slated to increase significantly over the next several years and with it, the demand for these targeted commodities. This creates a unique opportunity to invest in and acquire royalties over the mines and projects that will supply the materials needed to fuel the electric revolution.

Electric Royalties has a growing portfolio of 19 royalties, including one royalty that currently generates revenue. The Company is focused predominantly on acquiring royalties on advanced stage and operating projects to build a diversified portfolio located in jurisdictions with low geopolitical risk, which offers investors exposure to the clean energy transition via the underlying commodities required to rebuild the global infrastructure over the next several decades towards a decarbonized global economy.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange), nor any other regulatory body or securities exchange platform, accepts responsibility for the adequacy or accuracy of this release.

<sup>1</sup> Technical report titled "NI 43-101 Technical Report on the Preliminary Economic Assessment of the Battery Hill Manganese Project, Woodstock, New Brunswick, Canada" with an effective date of May 12, 2022, available under [Manganese X Energy Corp.](#)'s profile on Sedar.com. The Mineral Resource (MR) within the mine plan includes Measured MR of 5.90 Mt grading 7.65% Mn, Indicated MR of 6.37 Mt grading 7.26% Mn and Inferred MR of 4.73 Mt grading 8.26% Mn at 3.3% Mn cut-off. Input assumptions to the pit shells that constrain the MR estimate include an HPMSM price of US\$2,900/t, mine operating cost of \$7.43/t, process operating cost of \$110/t, G&A cost of \$7.60/t, stockpile reclaim cost of \$1.46/t, closure cost of \$3.00/t, selling cost of US\$65/t, process recovery of 78%, a gross metal royalty of 3% applied to the HPMSM produced, and a pit slope of 45°.

<sup>2</sup> CPM Group generated a single weighted average forecast price of HPMSM (80% North America/20% Europe) for the 2029 to 2035 period of US\$4,200/tonne. A risk managed base case scenario for the long-term period covering the LOM for the Project was provided at US\$2,900/tonne HPMSM. Wood's QP considers the US\$4,200/tonne HPMSM price as a reasonable basis for the upside sensitivity analysis of the Project economics.

#### Cautionary Statements Regarding Forward-Looking Information and Other Company Information

This news release includes forward-looking information and forward-looking statements (collectively, "forward-looking information") with respect to the Company within the meaning of Canadian securities laws. This news release includes information regarding other companies and projects owned by such other companies in which the Company holds a royalty interest, based on previously disclosed public information disclosed by those companies and the Company is not responsible for the accuracy of that information, and that all information provided herein is subject to this Cautionary Statement Regarding Forward-Looking Information and Other Company Information. Forward looking information is typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. This information represents predictions and actual events or results may differ materially. Forward-looking information may relate to the Company's future outlook and anticipated events and may include statements regarding the financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities of the Company and the projects in which it holds royalty interests.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or these projects to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving the renewable energy industry; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the mining industry generally, the Covid-19 pandemic, recent market volatility, income tax and regulatory matters; the ability of the Company or the owners of these projects to implement their business strategies including expansion plans; competition; currency and interest rate fluctuations, and the other risks.

The reader is referred to the Company's most recent filings on SEDAR as well as other information filed with the OTC Markets for a more complete discussion of all applicable risk factors and their potential effects, copies of which may be accessed through the Company's profile page at [www.sedar.com](http://www.sedar.com) and at [otcmarkets.com](http://otcmarkets.com).

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