Mantra Resources: Positive DFS for Phase 1Development of Nyota Prospect

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Highlights:

- Phase 1 DFS confirms robust technical and economic viability of the Project, demonstrating that Nyota will be a low cost, near term uranium producer;

- Phase 1 DFS is based on Measured and Indicated Resource base of 65.5 million contained pounds of U3O8 at an average grade of 439 ppm;

- Annual production of 4.2 million pounds of U3O8 during steady state operation, based on average annual throughput of 5.2 million tonnes of ore at an average grade of 437 ppm;

- Initial mine life of 12 years (including ramp up and ramp down) for Phase 1, with potential to increase further;

- Operating costs of US$22.04 per pound of U3O8 (steady state);

- Capital costs estimated at US$390.5 million, including all associated infrastructure but excluding mining fleet and ancillary capital, which is estimated at US$39.6 million;

- Hot commissioning within 21 months from the commencement of detailed engineering; and

- Phase 2 Heap Leach PFS is due for completion during Q2 2011.

PERTH, Western Australia, May 6 /CNW/ - Mantra Resources Limited ('Mantra' or 'Company') (ASX: MRU, TSX: MRL) is pleased to announce completion of the Phase 1 Definitive Feasibility Study ('DFS') for the Company's Nyota Prospect ('Nyota'), part of the wholly owned Mkuju River Project ('MRP' or the 'Project') in Tanzania, which confirms the robust technical and economic viability of the Project and demonstrates that Nyota will be a low cost, near term uranium producer.

The Phase 1 DFS is based on the Mineral Resource Estimate ('MRE'), announced in November 2010, which included total Measured and Indicated Resources of 67.7 million tonnes averaging 439 ppm for 65.5 million contained pounds of U3O8. The additional 41.2 million tonnes averaging 395 ppm for 35.9 million pounds of U3O8 classified into the Inferred Resource category were excluded from the DFS.

The resource base for Phase 1 supports an annual production of 4.2 million pounds of U3O8 during the 10 years of steady state operations, based on an average annual throughput of 5.2 million tonnes of ore. There is potential to increase this further through the upgrading of the existing Inferred Resources and ongoing exploration work. The average strip ratio over the life of mine is 1:3.6 (ore to waste).

The DFS is based on an owner operator mining scenario and the processing plant is based on simple acid leach and conventional Resin-In-Pulp ('RIP') technology. The operating costs for Phase 1 of the Project average US$22.04 per pound during steady state operations, a decrease of 12% from the Pre-Feasibility Study ('PFS') results. This significant improvement is predominantly the result of an improved understanding of the metallurgical process and process flow sheet changes that have increased metal recoveries. Higher volume annual throughputs and metal production have also contributed to lower operating costs.

The capital costs (determined to a nominal accuracy of +/- 10%) for Phase 1 of the Project are estimated at US$390.5 million; US$163.1 million for the process plant and US$227.4 million for project infrastructure and project management. In addition, the mining fleet and ancillary capital is estimated at US$39.6 million. The increase in capital costs from the PFS is as a result of a larger process plant to handle the higher annual production volumes and the requirement to line the tailing storage facility ('TSF') with a high density polyethylene ('HDPE') liner.

Based on the detailed Implementation Plan, the Project can be ready for hot commissioning within 21 months from the commencement of detailed engineering.

Commenting on the DFS, Mantra's CEO Peter Breese said "The completion of the Phase 1 DFS is a significant milestone for the Company. The positive results clearly demonstrate that the current resource base at Nyota can support a large scale, low cost, long life uranium mining operation. We also believe that there is potential to increase the production rate and mine life by upgrading the existing Inferred Resources; the treatment of lower grade mined ore through the Phase 2 expansion; and continued exploration to unlock the prospectivity of the broader MRP".

The Company is currently undertaking a PFS on heap leaching lower grade mined ore for the Project's second phase of growth. It is envisaged that this Phase 2 would commence after the RIP circuit has reached steady state operation and provide the Project with an incremental increase in production over and above the Phase 1 annual production of 4.2 million pounds of U_3O_8.

The treatment of lower grade, mined ore provides the opportunity to further maximise the value of the Project through incremental production growth at low capital and operating costs. The Phase 2 production will further enhance the Project's overall capital efficiency as minimal infrastructural capital will be required as this would have essentially been sunk in Phase 1.

A full version of this release is available on the Company's website (www.mantraresources.com.au), ASX (www.asx.com.au), and SEDAR (www.sedar.com).

Mantra is an emerging uranium producer, focused on aggressively pursuing the development of its flagship asset, the Mkuju River Project in Tanzania, in order to fulfil its strategic objective of becoming a significant uranium producer in the near-term.

In March 2011, Mantra received an revised all cash offer from ARMZ, the world's fifth largest uranium producer with operating mines in Russia and, through its strategic ownership of shares in Uranium One, in Kazakhstan and the United States. AMRZ is wholly owned by the State Atomic Energy Corporation, "Rosatom", the Russian State Corporation for Nuclear Energy which consolidates all nuclear assets of the Russian Federation. For additional information, please visit ARMZ's website: armz.ru/eng.

Forward Looking Statements

This report contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, objectives, performance, outlook, growth, cash flow, earnings per share and shareholder value, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, uranium prices, demand for uranium, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast' and similar expressions. Persons reading this report are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to the risk factors set out in the Company's Annual Information Form.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to update or revise any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

For further information:

Peter Breese
Chief Executive Officer
Telephone: +27 82 888 6852 Robert Behets
Executive Director

Telephone: +61 8 9322 6322