

Huakan International Mining Inc. Receives Positive Preliminary Economic Assessment for Its J&L Project

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VANCOUVER, BRITISH COLUMBIA -- ([Marketwire](#) - April 24, 2012) - [Huakan International Mining Inc.](#) (TSX VENTURE:HK) (the "Company") announces the results of a preliminary economic assessment ("PEA") for its 100 percent owned J&L underground gold-silver-lead-zinc project, located near Revelstoke, British Columbia. The PEA was completed by Micon International Limited in Toronto, Ontario. All dollars are presented in Canadian currency unless otherwise stated.

Highlights of the Base Case J&L PEA

- Net Cash Flow of \$ 751 million, Net Present Value ("NPV") discounted at 8% of \$ 202 million; Internal Rate of Return ("IRR") of 21% after tax or 26% pre-tax - at metal prices of US\$1320/oz gold, US\$22/oz silver, US\$0.98/lb zinc, and US\$0.94/lb lead
- Mine Life - 9 years
- Mine Production Rate - 1,500 tonnes per day ("tpd") or 540,000 t/y
- Capital Expenditures - \$ 264 million (Initial) and \$ 35 million (Sustaining)
- Average Life of Mine Operating Costs - \$113 per tonne
- Payback is 4.6 years (undiscounted) or 5.9 years (discounted at 8%)
- Sales of dore (727,000 oz gold, 1.0 million oz silver) account for 61% of net revenue. Lead concentrate sales (containing 188,000 oz payable gold, 7,789,000 oz payable silver and 176.2 million lbs lead) contribute 31% of revenue, with the balance of 6% attributable to the sale of zinc by-products.

Huakan CEO, Pengzhi Guo, stated: "The positive results of the PEA confirm our confidence in the viability of the J&L project and provide the impetus for us to continue to drive the J&L project forward."

This PEA is preliminary in nature and 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; there is no certainty that the results of the PEA will be realized.

Mineral Resources

The basis for the PEA is the mineral resource estimate prepared by P & E Mining Consultants Inc., which was SEDAR filed on June 23, 2011, as tabled below:

Main Zone

Classification	Tonnes	Au(g/t)	Au(ozs)	Ag(g/t)	Ag(ozs)	Pb(%)	Zn(%)
Measured	1,202,000	6.71	259,200	69.0	2,664,600	2.40	4.46
Indicated	1,165,700	6.92	259,200	64.9	2,432,100	2.01	3.86
Measured & Indicated	2,367,700	6.81	518,400	66.95	5,096,700	2.21	4.16
Inferred	4,538,100	5.19	757,500	67.8	9,887,800	2.16	2.99

Footwall Zone

Classification	Tonnes	Au(g/t)	Au(ozs)	Ag(g/t)	Ag(ozs)	Pb(%)	Zn(%)
Inferred	292,800	4.54	42,700	49	461,900	0.91	0.73

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. Confidence in the estimate of Inferred Mineral Resources is insufficient to allow the meaningful application of technical and economic parameters. There is no guarantee that all or any part of a mineral resource can or will be converted into a mineral reserve.
3. The mineral resources in this estimate were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
4. The following parameters were used to derive the NSR block model values:
 - April 30/11 US\$ two year trailing av'g. metal prices of Au \$1,183/oz, Ag \$21/oz, Pb \$0.99/lb, Zn \$0.95/lb
 - Exchange rate of US\$0.95US = \$1.00CDN
 - Process recoveries of Au 92%, Ag 88%, Pb 80%, Zn 72%
 - Smelter payables of Au 96%, Ag 91%, Pb 95%, Zn 85%,
 - Refining charges of Au US\$15/oz, Ag US\$0.50/oz
 - Concentrate freight charges of C\$65/t and Smelter treatment charge of US\$185/t
 - Mass pull of 5% and 8% concentrate moisture content.
5. The NSR cut-off of CDN\$110 per tonne was derived from \$75/t mining, \$25/t processing and \$10/t G&A

Fred Brown, CPG of P&E was the independent Qualified Person responsible for preparing the mineral resource estimate. The mineral resource estimate involved 3D modeling methods and parameters, and statistical and grade continuity analyses. Gemcom GEMS modeling software was used for the 3D block model and subsequent grade estimates. Grade capping was used to restrict the influence of statistical outliers during Inverse Distance Squared (1/d²) interpolation of block grades. A total of 266 drill holes have been completed on the property. The resource estimate utilized a total of 396 bulk density measurements determined by on site by the Company, utilizing the wet immersion technique.

Mine Plan

A mine plan developed by Micon comprises 1.09 million tonnes of measured resources at an average grade of 6.32 g/t Au, 65.91 g/t Ag, 4.16% Zn, and 2.28% Pb; 1.05 million tonnes of indicated resources at an average grade of 7.10 g/t Au, 66.08 g/t Ag, 3.94% Zn, and 2.04% Pb; and 2.76 million tonnes from inferred mineral resources at an average grade of 6.20 g/t Au, 72.43 g/t Ag, 3.24% Zn, and 2.22% Pb. The mine plan includes provision for mining losses and dilution. The PEA is based on a 1,500 tpd underground bulk mining operation. The main mining method considered is mechanized, longhole stoping with truck haulage and stope backfill using waste material and process tailings.

Processing and Metallurgy

The process flowsheet is comprised of crushing, heavy media separation, grinding, and two flotation stages. The first stage of flotation produces a lead flotation concentrate with gold and silver credits. The second stage results in a bulk, precious metal bearing sulphide concentrate, which is then pre-treated with pressure oxidation before cyanide leaching and recovery of gold and silver to doré. Zinc is recovered as an hydroxide by-product.

Project Sensitivity Analysis

Gold Price US\$/oz	CAN\$ (millions) 8% discount	NPV		
		After Tax	IRR	
1,320	202	21		36 month trailing average
1,469	264	24		24 month trailing average
1,674	349	29		March 2012 average

For the purpose of this PEA, Micon has assumed silver maintains a ratio of 60:1 when compared to the gold

price. Base metal prices were held constant at base case values.

Capital Costs

- Initial and Sustaining Capital and closure costs total \$298.8 million, inclusive of a contingency of \$50 million.

Mining capital of \$28.3 million includes a new portal, mobile mining equipment, a backfill plant and ventilation. The processing plant capital of \$97.5 million includes crushing, grinding, concentrating, filtering, dense media separating, hydromet area and an oxygen plant. Infrastructure capital of \$51.3 million includes full grid power infrastructure, a tailings site and camp, auxiliary buildings and assay lab. The plant, tailings storage facility and infrastructure are all located at the J&L mine site. Sustaining capital is \$15.9 million including closure bonding. The remaining capital items include indirects, contingency, and owner's costs.

Operating Costs

- Average Life of Mine cash operating cost per tonne treated is \$113.27 comprised of \$58.67 per tonne for mining, \$44.30 per tonne for processing, and \$10.30 per tonne for G&A.

Opportunities

The study has identified opportunities that can be investigated during further development of the project. One such opportunity is the sale of liquefied gasses produced as by-products of the oxygen plant.

The report supporting the PEA will be filed on SEDAR within 45 days.

The PEA was prepared under the supervision of Christopher Jacobs, CEng MIMMM, Vice President, Micon International Limited, independent Qualified Person as defined by NI 43-101. Mr. Jacobs has reviewed and approved the technical information contained in this news release.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain of the statements made and information contained herein may contain forward-looking statements or forward-looking information within the meaning of applicable securities laws. Such forward-looking statements or forward-looking information include, but are not limited to statements concerning the results of the preliminary economic assessment. Forward-looking statements or information include statements regarding the expectations and beliefs of management. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information include, but are not limited to, statements or information with respect to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

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reports filed with the securities regulatory authorities in Canada.

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