

# Prophecy Platinum Announces Results of Wellgreen Preliminary Economic Assessment-38% Pre-Tax IRR, \$3.0 Billion NPV, 37 Year Mine Life

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 06/18/12 -- [Prophecy Platinum Corp.](#) ("Prophecy" or the "Company") (TSX VENTURE: NKL) (OTCQX: PNIKF)(FRANKFURT: P94P) is pleased to announce the results of an independent NI 43-101 compliant Preliminary Economic Assessment ("PEA") for its 100% owned Wellgreen Ni-Cu-PGM project, located in the Yukon. The independent PEA, prepared by Tetra Tech, evaluated a base case of an open-pit mine (111,500 tonne/day mining rate), an onsite concentrator (32,000 tonne/day milling rate) and an initial capital cost of \$863 million. The project is expected to produce (in concentrate) 1.959 billion pounds of nickel, 2.058 billion pounds of copper and 7.119 million ounces of platinum+palladium+gold over 37 year mine life with an average strip ratio of 2.57.

## The financial highlights are shown

(All amounts are in US dollars unless otherwise stated)

Table 1. Financial Highlights:

Payback Period:	3.55 years
Initial Capital Investment:	\$863 million
IRR Pre-tax (100% equity):	38%
NPV Pre-tax (8% discount):	\$3.0 billion
Mine Life:	37 years
Total Mill Feed:	405.3 million tonnes
Mill Throughput:	32,000 tonnes per day
Foreign Exchange:	CAD\$1=US\$0.9970

Commodity pricing used in this technical report was obtained from the Q2, 2012 Energy and Metals Consensus Forecast (EMCF), a long-term forward consensus among 20 leading international financial institutions published by Consensus Economics, a macroeconomic survey firm: Copper \$3.11/lb, Nickel \$10.82/lb, Cobalt \$16.70/lb, Platinum \$2043.50/oz, Palladium \$932.00/oz, Gold US\$1347.40/oz.

A PEA should not be considered to be a pre-feasibility or feasibility study, as the economics and technical viability of the project has not been demonstrated at this time. The 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. Furthermore, there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserve do not have demonstrated economic viability.

John Lee, Chairman of Prophecy, states: "We are pleased with the PEA results. The numbers indicate Wellgreen as one of most exciting mineral projects in Yukon. The Company is currently drilling to both upgrade and expand the resource base. The infrastructure is excellent as the project is merely 1,400 meters in altitude and 14 km from the paved Alaska Highway that leads to Haines deep seaport. Discussions are underway with support from local stakeholders regarding permitting and logistics."

## FINANCIAL EVALUATION

The independent PEA study reports that development of the Wellgreen deposit will produce a pre-tax Internal Rate of Return ("IRR") of 38% and an Net Present Value ("NPV") of \$3.0 billion, based on 8% discount rate and 100% equity.

This base case financial evaluation uses the Energy & Metals Consensus Forecast (EMCF) in effect Q2, 2012. The EMCF is a consensus forecast of long term energy and metals pricing among 20 leading international financial institutions and is considered to be an industry standard.

**Table 2. Key Financial Data Sensitivity to Metal Prices:**

	-10%	Base Case	+10%
IRR Pre-tax (100% equity)	32%	38%	43%
NPV Pre-tax (8% discount)	\$2.4 billion	\$3.0 billion	\$3.7 billion
Payback Period (years)	4.59	3.55	2.91

Further sensitivity analyses may be found in the PEA executive summary.

## CAPITAL and OPERATING COSTS

The initial capital cost for the Wellgreen project is estimated at \$863 million, including 25% contingency and is summarized below:

**Table 3. Initial Capital Costs:**

Project Execution:	\$23 million
Surface Facilities:	\$692 million
Mine Equipment:	\$148 million
<b>Total Initial Capex:</b>	<b>\$863 million</b>

Total operating costs are estimated to be \$29.74 per tonne of mill feed over the life of mine. These operating costs are based on an estimated diesel power rate of \$0.28 per kWh. Liquid natural gas power option will be examined in the prefeasibility study.

**Table 4. Operating Costs:**

Mining:	\$9.02/tonne
Site Services:	\$1.08/tonne
Milling:	\$17.34/tonne
General & Administration:	\$2.30/tonne
<b>Total Operating Costs:</b>	<b>\$29.74/tonne</b>

## DEVELOPMENT PLAN

The PEA study recommends development of the Wellgreen deposit as a conventional, diesel truck-shovel

open pit mine. The deposit will be processed using a conventional concentrator to produce bulk Ni-Cu-PGE concentrate.

The mill will have a nominal production rate of 32,000 tonnes of mill feed per day (averaged over the life of mine) with average annual stripping ratio estimated at 2.57 over the life of mine.

Over a projected mine life of 37 years, the mill will produce 1.959 billion pounds of nickel, 2.058 billion pounds of copper and 7.119 million ounces of platinum+palladium+gold in concentrate.

The average feed is graded at Ni 0.32%, Cu 0.26%, Pt 0.411 g/t, Pd 0.347 g/t, Au 0.177 g/t, and Co 0.02%.

The following flotation concentrate recoveries from May 2012 SGS Studies are adopted in the PEA:

Ni 67.60%, Cu 87.80%, Pt 46.00%, Pd 72.90%, Au 58.90%, and Co 64.40%.

Once metals in concentrate are determined, the following smelting/refining recoveries are applied, together with a 25% cost factor against gross metals recovered to account for smelting, refining, transportation, and marketing cost:

Ni 90.00%, Cu 98.00%, Pt 96.00%, Pd 96.00%, Au 96.00%, and Co 90.00%.

Table 5. Production Highlights:

	Years 1-6	Life of Mine
Average Annual Pre-tax Cashflow	\$189 million	\$367.0 million
Cumulative Pre-tax Cashflow	\$1.1 billion	\$13.6 billion
Average Net Smelter Royalty (NSR)	\$55.48/tonne milled (ore)	\$68.28/tonne milled (ore)
Metals Produced in Concentrate (annual)		
Copper (M lbs.)	27.1	55.6
Nickel (M lbs.)	44.3	53.0
Platinum (koz)	47.5	66.6
Palladium (koz)	84.1	89.2
Gold (koz)	22.0	36.6
Cobalt (M lbs.)	2.7	3.6
Metals Payables (annual)		
Copper (M lbs.)	26.5	54.5
Nickel (M lbs.)	39.9	47.7
Platinum (koz)	45.6	63.9
Palladium (koz)	80.7	85.6
Gold (koz)	21.1	35.2
Cobalt (M lbs.)	2.4	3.3

Permits to support commencement of construction are assumed to be obtained in 2016. Based on this

assumption the production of concentrate is estimated to commence in 2019.

## RESOURCE ESTIMATE

At a 0.22% NiEq cut-off, the Wellgreen Project is estimated to contain an Indicated Resource of 14.4 Mt at 0.68% Ni, 0.62% Cu, and 2.23 g/t Pt+Pd+Au grade. In addition, the Wellgreen Project is estimated to contain an Inferred Resource of 446.6 Mt at 0.31% Ni, 0.25% Cu, and 0.87 g/t Pt+Pd+Au grade. The table below summarizes the results of the resource estimate constrained by an optimized open pit.

Table 6. Wellgreen Mineral Resource Summary:

NiEq Cut-off (%)	Category	Zone	Tonnes	NiEq (%)	Ni (%)	Cu (%)	Co (%)	Au (g/t)	Pt (g/t)	Pd (g/t)
0.22	Indicated Pitshell		14,432,900	1.4	0.68	0.62	0.05	0.51	0.99	0.73
0.22	Inferred Pitshell		446,649,000	0.6	0.31	0.25	0.02	0.16	0.38	0.33

## OPPORTUNITIES

This PEA does not take into account opportunities for improvement based on:

- Inclusion of revenue from the recoveries of Rhodium, Ruthenium, Iridium, & Osmium
- Increasing the overall resource
- Liquid natural gas option to lower power cost
- Split stream Cu concentrate and Ni concentrate to reduce smelting charges
- Further improvement on metal recoveries

## INDEPENDENT CONSULTANT

Tetra Tech (NASDAQ: TTEK) is a leading provider of consulting, engineering, program management, construction management and technical services worldwide and provides innovative solutions for global natural resource management, energy, and infrastructure markets. Tetra Tech has more than 13,000 employees worldwide and capabilities that span the entire project lifecycle.

The full Technical Report (PEA) report will be filed on Sedar within 45 days.

## QUALIFIED PERSONS

Danniel Oosterman, P.Geo., is the Qualified Person as defined in NI 43-101 who has reviewed and approved the scientific, technical and financial information in this news release.

Todd McCracken, P.Geo., Andrew Carter, C.Eng., Pacifico Corpuz, P.Eng., Philip Bridson, P.Eng., and Wayne Stoyko, P.Eng., are the Qualified Persons, as defined under National Instrument 43-101, who supervised and are responsible for the Preliminary Economic Assessment for the Wellgreen Project and have reviewed the scientific, technical and financial content of this release.

## About Prophecy Platinum

[Prophecy Platinum Corp.](#) is a mineral exploration company focused on developing platinum group metals (PGM) and nickel sulphide projects. Defining and driving the company is its flagship Wellgreen PGM Nickel Copper property in Canada's Yukon Territory. Prophecy's further holdings include the Lynn Lake Nickel

Copper project in Manitoba, the Las Aguilas Nickel PGM deposit in Argentina, as well as five prospective claims in Uruguay.

ON BEHALF OF THE BOARD OF DIRECTORS [Prophecy Platinum Corp.](#)

John Lee  
Chairman

*Forward-Looking Statements: This news release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, including, without limitation, statements of potential mineralization, the estimation of mineral resources, the realization of mineral resource estimates, interpretation of prior exploration and potential exploration results, the timing and success of exploration activities generally, the timing and results of future resource estimates, permitting time lines, metal prices and currency exchange rates, availability of capital, government regulation of exploration operations, environmental risks, reclamation, title, and future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. Although Prophecy believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements are based on a number of material factors and assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in project parameters as plans continue to be refined, results of future resource estimates, future metal prices, availability of capital and financing on acceptable terms, general economic, market or business conditions, risks associated with operating in foreign jurisdictions, uninsured risks, regulatory changes, defects in title, availability of personnel, materials and equipment on a timely basis, accidents or equipment breakdowns, delays in receiving government approvals, unanticipated environmental impacts on operations and costs to remedy same, and other exploration or other risks detailed herein and from time to time in the filings made by the companies with securities regulators. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral exploration and development of mines is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. For more information on Prophecy and the risks and challenges of their businesses, investors should review their annual filings that are available at [www.sedar.com](http://www.sedar.com).*

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