

# Huakan International Mining Clarifies Its Technical Disclosure

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Vancouver, Jan. 21, 2014 - [Huakan International Mining Inc.](#) (TSXV: HK) ("Huakan International" or the "Company") reports that, as a result of a review by the British Columbia Securities Commission (the "BCSC"), the Company is issuing the following news release to clarify its technical disclosure as follows:

## Non-compliant Disclosure of Preliminary Economic Assessment (PEA)

On page 11 of its corporate presentation entitled "Developing Projects in B.C." dated December 9, 2013 (the "Corporate Presentation") and under the J&L project page of the Company's website, the Company referred to the results of the April 2012 PEA based in part on Inferred Resources, which omitted prominent cautionary language required by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI43-101").

Accordingly, the Company has corrected this omission in its Corporate Presentation and website by adding the following language where relevant to its Corporate Presentation and website. "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.

Resources that are not reserves do not have demonstrated economic viability."

## Highlights of the April 2012 Base Case J&L PEA Repeated

The Company restates the positive results of its April 2012 PEA which remains current and unchanged from its previous disclosure as follows. For more detailed disclosure of the PEA, please refer to the Company's April 24, 2012 News Release.

- 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.

*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. Resources that are not reserves do not demonstrate economic viability.*

It should be emphasized that the April 2012 PEA was based on an earlier resource estimate, dated May 2011. Subsequently, as a result of its Phase 2 drilling, the Company produced a superseding resource dated September 2012 which postdates the PEA. The September 18, 2012 updated resource is restated below for fullness. The updated resource saw an increase of 35% to total tonnage but with a 21% lower overall gold grade.

The Company has not yet updated the PEA with the updated resource until it completes detailed metallurgical testwork. The Company believes that the results of the April 2012 PEA remain valid and current

because the Phase 2 drilling program that justified the updated resource was not an infill drilling program but a resource extension drilling program. Thus, the new tonnage was gained by extending the dimensions of the May 2011 resource, albeit at a lower gold grade. In other words, the core part of the original May 2011 resource has not effectively changed.

### **Non-compliant Disclosure of Mineral Resources**

On page 19 of its Corporate Presentation, for comparison purposes the Company summed inferred mineral resources with other categories of mineral resources for the J&L project and for competitor resource estimates. Such disclosure is not compliant with NI43-101.

Accordingly, the Company has removed page 19 from its updated Corporate Presentation.

### **Re-stated September 18, 2012 Resource with Gold Equivalent Grade Added**

The updated September 18, 2012 J&L mineral resource is presented below at a \$110/tonne in-situ NSR cut-off value (see the Company News Release dated September 18, 2012 for detailed disclosure). The resource remains unchanged as originally stated, with the exception of adding a gold equivalent (AuEq) column. The Main Zone is a precious metal deposit with base metal credits. Approximately 65% of the Main Zone value is attributed from gold and approximately 15% of the value is from silver. Lead and zinc values of the Main Zone contribute under 10% each.

Main Zone								
Classification	Tonnes	Au (g/t)	Au (ozs)	Ag (g/t)	Ag (ozs)	Pb (%)	Zn (%)	AuEq <sup>4</sup> (g/t)
Measured	1,313,000	6.37	268,800	65.1	2,747,000	2.26	4.22	9.74
Indicated	2,640,000	5.34	453,200	52.2	4,432,000	1.78	3.23	7.98
Measured & Indicated	3,953,000	5.68	722,000	56.5	7,179,000	1.94	3.56	8.56
Inferred	4,337,000	4.16	580,200	57.8	8,057,000	1.82	2.72	6.76

Footwall Zone								
Classification	Tonnes	Au (g/t)	Au (ozs)	Ag (g/t)	Ag (ozs)	Pb (%)	Zn (%)	AuEq <sup>4</sup> (g/t)
Inferred	363,000	3.65	42,500	25.4	296,000	0.55	0.51	4.49

Yellowjacket Zone								
Classification	Tonnes	Au (g/t)	Au (ozs)	Ag (g/t)	Ag (ozs)	Pb (%)	Zn (%)	
Indicated	1,003,000	0.21	6,900	64.1	2,068,000	2.77	9.08	
Inferred	35,000	0.35	400	81.9	91,000	3.18	6.26	

- 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 and gold equivalent (AuEq) grade:
  - July 31, 2012 US\$ two year trailing avg. metal prices: Pb \$1.02/lb, Zn \$0.97/lb, Au \$1,538/oz, Ag \$31.38/oz
  - Exchange rate of US\$0.95 = CDN \$1.00
  - Main Zone Process recoveries of Pb 80%, Zn 72%, Au 92%, Ag 88%
  - Yellowjacket Process recoveries of Pb 80%, Zn 85%, Au 92%, Ag 70%
  - Smelter payables of Pb 95%, Zn 85%, Au 96%, Ag 91%
  - Refining charges of Au US\$15/oz, Ag US\$0.50/oz
  - Gold Equivalent (AuEq) takes into account metal prices, process recoveries, smelter payables, refining charges and exchange rate numbers as specified above
  - Concentrate freight charges of C\$65/t and Smelter treatment charge of US185/t (for NRS calc only)
  - Mass pull of 5% and 8% concentrate moisture content (for NSR calc only).

- 5) The NSR cut-off of CDN\$110 per tonne was derived from \$75/t mining, \$25/t processing and \$10/t G&A.

Paul Cowley, P. Geo., VP Exploration for the Company, is the Qualified Person under NI 43-101 who has reviewed and approved the technical content of this news release.

*Neither the TSX Venture Exchange nor its Regulations Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

On Behalf of Huakan International Mining Inc.

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