

# Zazu Metals Files Positive PEA for Lik on SEDAR

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Apr 24, 2014) - [Zazu Metals Corp.](#) (TSX:ZAZ) ("Zazu") is pleased to announce their positive Preliminary Economic Assessment ("PEA") on the Lik Property ("Lik") located in Northwest Alaska, has been filed on SEDAR. Lik is located approximately 22kms from Teck's Red Dog Mine.

The PEA considers the open pit potential of the Lik South deposit. The PEA did not consider Lik North, the contiguous deposit to Lik South, which would be mined using underground methods if economics proved viable.

The production rate and production cost indicates Lik South will be one of the largest and lowest cost producers of zinc concentrate globally.

The economic analysis results are shown below in table 1.

Table 1: NPV / IRR of the Lik South Deposit for a range of zinc prices as indicated

	\$0.80	\$0.92* (PEA Zinc price)	\$1.00	\$1.10	\$1.20
Post tax IRR	2.6%	9.7%	13.4%	17.9%	22.1%
Post tax NPV @ 8% (\$76 million)	\$25 million	\$83 million	\$158 million	\$233 million	
Pre tax IRR	3.7%	12.5%	17.3%	23.1%	28.4%
Pre tax NPV @ 8% (\$60 million)	\$69 million	\$148 million	\$253 million	\$357 million	

\* Lesser of November 3-year trailing average and spot price as of 12/30/2013.  
For lead: US\$1.01 /lb, silver US\$19.43per troy ounce

The results above reflect Lik's sensitivity to zinc prices. Zazu notes analysts' average forecast for zinc in 2015 is \$1.00/lb (Bloomberg 1/31/2014) with a range of \$0.82 to \$1.20/ lb. Zazu maintains a constructive outlook on zinc prices based on expected global demand growth and anticipated mine closures.

## Model Expectations:

- Cash costs to mine gate: US\$0.54 per pound.
- Average annual LOM production rate of 234,000 dry tonnes of zinc concentrate and 55,800 dry tonnes of lead concentrate. This would rank Lik South as one of the largest producers of zinc concentrate globally.
- Initial capital expenditure of US\$352mm. Average LOM sustaining capital of US\$3mm per year
- Average LOM concentrate grade of 53% zinc for zinc concentrate, and 61% lead for lead concentrate
- In total, 17.1Mt tonnes of ore milled at an average grade of 7.7% zinc, 2.6% lead and 47 g/t silver is expected from the Lik South open pit. This would rank Lik South as one of the largest zinc mines globally
- Lik South mine life of 9 years. Lik North would be mined subsequently if economics prove viable. Lik North remains open on strike and depth and represents exploration opportunity for Zazu
- The Lik Project resource estimate is shown in Table 2.

The PEA involves the construction of a 5,500 tonne-per-day mill that will produce both a zinc and a lead concentrate using on-site crushing/grinding and sequential flotation methods.

The PEA is preliminary in nature. Mineral resources that are not mineral reserves do not have demonstrated economic viability. 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. There is no certainty that the preliminary economic assessment will be realized.

Lik benefits from the existing state-owned infrastructure, consisting of a purpose built haul road and concentrate shipping port. The state entity that owns both the existing road and port, the Alaska Industrial Development and Export Authority ("AIDEA"), is currently analyzing the construction of a 30km extension to the road and any port modification requirements to accommodate Lik as part of their pre-funding due-diligence.

JDS Energy and Mining, Inc. ("JDS") led the PEA with specialist research and opinion provided by other consultants. Roscoe Postle Associates Inc. (RPA) provided a resource estimate and block model for both Lik South and Lik North dated December 31, 2013, as shown in Table 2.

Table 2: Mineral Resource Estimate

Location	Cut-off % Pb+Zn	Indicated Resources			Inferred Resources				
		Mt	Zn %	Pb %	Ag g/t	Mt	Zn %	Pb %	Ag g/t
Open Pit									
Lik South	5%	16.85	8.04	2.70	50.1	0.74	7.73	1.94	13.4
Lik North	5%	0.44	10.03	2.77	59.0	2.13	8.88	2.94	45.8
		<u>17.29</u>	<u>8.09</u>	<u>2.70</u>	<u>50.3</u>	<u>2.87</u>	<u>8.59</u>	<u>2.68</u>	<u>37.5</u>
Underground									
Lik South	7%	0.69	8.04	3.15	51.0	0.51	6.97	1.59	11.3
Lik North	7%	0.13	8.93	2.93	37.5	1.96	9.22	2.99	45.8
		<u>0.82</u>	<u>8.18</u>	<u>3.12</u>	<u>48.9</u>	<u>2.47</u>	<u>8.76</u>	<u>2.70</u>	<u>38.7</u>
Total		<u>18.11</u>	<u>8.10</u>	<u>2.72</u>	<u>50.2</u>	<u>5.34</u>	<u>8.66</u>	<u>2.69</u>	<u>38.0</u>

Notes:

- 1 CIM definitions were followed for Mineral Resources.
- 2 Mineral Resources are estimated using average long-term prices of \$1.20/lb for zinc, \$1.20/lb for lead and \$27/oz for silver.
- 3 A density value of 3.5 g/cc (0.109 tons/ft.<sup>3</sup>) was used.

The indicated and inferred resources that may be potentially mined by open pit methods are predominately at Lik South and are constrained by a preliminary Whittle pit shell. The resources that may be potentially mined by underground methods are predominately at Lik North.

The part of this news release pertaining to engineering and financial estimates was reviewed by Robert Matter, P.E., Mining Engineer at JDS, who is a qualified person as defined by National Instrument 43-101. The part of this news release pertaining to the Mineral Resource estimate was reviewed by Mr. Neil N. Gow, P.Geo., a Consulting Geologist with RPA, who is a qualified person as defined by National Instrument 43-101. Messrs. Matter and Gow are independent consultants to Zazu. JDS is currently in the process of completing the National Instrument 43-101 technical report supporting the PEA and an announcement will be made when the report is filed on SEDAR.

About Zazu Metals:

Zazu is a Canadian-based exploration company focused on acquiring and developing base metal properties in North America. Zazu's principal asset is its 50% interest in the Lik zinc-lead-silver deposit in North West Alaska. Teck is a 50% joint venture partner in the Lik deposit. Zazu has the exclusive right to obtain 80% of the property by meeting certain spending commitments by 2018. Zazu is in the enviable position of having only 48 million shares outstanding and no debt.

Additional information about Zazu including a company presentation is available at [www.zazumetals.com](http://www.zazumetals.com).

Additional information about the property is on the Teck website ([www.teck.com](http://www.teck.com)). Zazu is not responsible for the content, accuracy or timeliness of material contained on the Teck website.

ON BEHALF OF THE BOARD OF DIRECTORS

Gil Atzmon, Chairman and CEO

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*The TSX does not accept responsibility for the adequacy or accuracy of this news release. No stock exchange, securities commission or other regulatory has approved or disapproved the information herein.*

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