

# Discovery Ventures-WillaMAX PEA Highlights Low CAPEX and Robust Project Economics

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 28, 2014) - [Discovery Ventures Inc.](#) ("Discovery" or the "**Company**") (TSX VENTURE:DVN) is pleased to announce that a recently released National Instrument 43-101 (NI 43-101) compliant Preliminary Economic Assessment (PEA) and Technical Report for the WillaMAX Project demonstrates robust project economics. The PEA reviews the economic potential of mining the Willa resource, located in the Slocan Mining Division, and milling at the MAX Mine and Mill facilities, located approximately 135 Highway - km from the Willa property in the Revelstoke Mining Division, British Columbia, Canada.

## Background

The report highlights the potential for near-term gold and copper production from the consolidated projects. The Willa property is located near Silverton in the Regional District of Central Kootenays (RDCK) and the MAX Mine and Mill facility is located near Trout Lake in the Columbia Shuswap Regional District (CSRD), both in south-eastern British Columbia, Canada. The project area can be easily reached from Vancouver via the TransCanada Highway 1 to Revelstoke (greater than 650km).

The Willa property includes a NI 43-101 compliant resource (2012, Makepeace and Ash) and the MAX facility comprises a modern mill and concentrator previously operating on a molybdenum resource (not the subject of the PEA). Operations at MAX ceased in late 2011 as a result of sustained low molybdenum prices.

The Willa property consists of 20 mineral claims, all subject to an Assignment and Assumption Agreement defining Discovery's right to acquire a 100% interest in and to the property, subject to advance minimum royalty payments and the assignment of an NSR. The MAX Mine and Mill Facility are subject to an Acquisition Agreement whereby Discovery can acquire a 100% interest in and to the mine (and all of its facilities) by acquiring FortyTwo Metals Inc., a subsidiary of [Roca Mines Inc.](#) for cash and shares of Discovery.

## Willa Geology, History and Resources

The Willa Deposit is primarily contained within a heterolithic breccia pipe within a roof pendant of Rossland volcanics surrounded by the Nelson Batholith. There are three distinct gold-copper-silver mineralized zones within the known extents of the breccia pipe mineralization.

The Willa deposit has been developed over time, with historic expenditures of approximately CDN \$18 million, to develop it to its present status. Geological mapping, as well as geochemical and geophysical surveys have led to approximately 600 diamond drill holes and 2,575 m of underground development. With the exception of a bulk metallurgical sample of 545 t, no production mining has been commenced at the Willa Deposit.

The 2012 Mineral Resource estimate identified 495,784 t designated in the Measured category with an average grade of 7.18 g Au/t, 0.94% Cu and 12.16 g Ag/t at a cut-off grade of 3.5 grams Au/tonne (3.5 g/t). The Indicated category at the same cut-off grade is 262,415 t grading 5.71 g Au/t, 0.67% Cu, and 13.26 g Ag/t, for a total mineral resource of the Measured and Indicated categories of 758,199 t grading 6.67 g Au/t, 0.85% Cu, and 12.54 g Ag/t.

At a cut-off grade of 2.5 grams Au/tonne (2.5 g/t), the Measured category of the Mineral Resource is 814,970 t with an average grade of 5.52 g Au/t, 0.84% Cu and 10.55 g Ag/t. The Indicated category at the same

cut-off grade is 522,487 t grading 4.32 g Au/t, 0.59% Cu, and 10.99 g Ag/t, for a total mineral resource of the Measured and Indicated categories of 1,337,457 t grading 5.05 g Au/t, 0.74% Cu, and 10.72 g Ag/t.

There are inferred resources that are summarized in the 2012 Resource Estimate, however these have not been included in the PEA. The economic analysis contained in the PEA is considered preliminary in nature. Mineral resources are not mineral reserves and have no demonstrated economic viability and there is no certainty that economic forecasts outlined in the PEA will be realized.

### **Operating Cost Estimate and Resource Modeling**

The estimated operating costs for the project are in the range of C\$115/t and are substantially based on operating performance for the MAX mine, inflated from 2011 dollars. Estimates of project revenue result from three paying metals and therefore the Mineral Resource estimate has been reduced to a dollar per tonne value (based on net smelter returns) for assessing mineable stoping areas for a deposit that can only be accessed from underground development. Three NSR cut-offs were analysed in the report: C\$100, C\$125 and C\$200.

### **Metallurgical Testwork**

Bench-scale metallurgical testwork for the project was conducted by five groups over time, including; Lakefield Research, Gary Hawthorn (Northair Group), UBC Metallurgical Dept., PRA Labs and Met-Solve Labs between 1985 and 2014. The results of all locked-cycle tests typically indicated recoveries of 81% Au and 93% Cu. A concentrate grading 24% Cu was projected from a mineral head grade in the order of 7.0 g Au/t and 0.9% Cu.

### **Project Component Status**

The Willa property has been on care-and-maintenance since 2005. Re-activation of the underground workings, environmental permitting and approvals, First Nation and community engagement, re-evaluation of the mineral resources at different cut-off grades, re-development of the mine design and re-evaluation of the capital and operating costs must be completed to put the project into production.

Other levels of more detailed 'bankable' feasibility level studies may not improve the understanding of the projects economics nor provide any better assessment of the project risks.

With an agreement to acquire the modern 500 tpd MAX mine and mill facility, located within 135km haulage distance, the high Net Present Value (NPV) and Internal Rate of Return (IRR) and low CAPEX of C\$12.8M it is recommended that Discovery prepare for production in the immediate future. The first phase of the pre-production period should include permits to re-open the portals and inspect the underground workings to obtain new samples for characterization studies, up-grade the road access, and install the surface facilities for final evaluation of the mine.

### **Economic Assessment Summary**

The Base Case includes mining the known resource blocks in the West Zone with an NSR value cutoff greater than \$125/t and meeting specific conditions of width and length to be mined. The calculation for this value in each block is complex and based on recoveries and smelter payments for Au, Cu and Ag and is calculated throughout the block model. Similar to a previous study by others, the mine plan works from the bottom of the known resource upward and accesses higher grades in the Lower Mine area first. Initially working with a mine&#8208;diluted Au grade of 5.70 g/t Au, 13.12 g/t Ag, and 0.87% Cu, grades change over time to 4.96, 13.04 and 0.90 respectively. At a mining rate of 500 tonnes per day this equates to a nominal four-year mine life. The mine plan may be extended by upgrading inferred resources and through a planned exploration program to test areas of the geologic model that remain open and present compelling opportunities for grade and tonnes.

A Hybrid Case was also studied to focus on high grades available in the Lower Mine in the first year, thereby

delivering very rapid payback and then mines lower cutoff values in the Upper Mine. Potentially mineable tonnes are left in the lower section to achieve this but it highlights how the mine can be staged to focus on delivering upfront then maximizing the value of the remaining deposit. The cutoff value for blocks in the Lower Mine is equivalent to greater than \$200/t and the upper section is greater than \$100/t. This corresponds to average mine-diluted grades in the first year of 8.82 g/t Au, 20.74 g/t Ag and 1.18% Cu but delivers only 160,000 tonnes. The upper mine grades are lowered to support the mine life and have average grades of 4.24 g/t Au, 11.24 g/t Ag and 0.79% Cu.

The following table provides a summary of the Base Case and Hybrid Case at US\$1200 Au, US\$20 Ag and US\$3.00 Cu analysis:

\$1200 Au, \$20 Ag, \$3.00 Cu	Base Case	Hybrid Case
tonnes	748,826	676,733
Au (oz)	104,824	93,477
Revenue	164,763	147,101
Total CAPEX	12,823	12,823
Total OPEX	82,831	76,821
NPV10 Pre-tax	54,958	48,355
IRR % Pre-tax	412	972
Year 1 Cash Flow Pre-tax	20,846	34,065
NPV10 After-tax	54,958	48,355
IRR % After-tax	412	972
Year 1 Cash Flow After-tax	20,846	34,065

Notes to table:

All dollar figures in 000's

1. No "Inferred" Resources Used in the PEA
2. The after-tax models inclusive of \$50 million Tax Loss Pools

A sensitivity analysis was performed at higher metal prices and the following table summarizes the results of the analysis at US\$1500 Au, US\$25 Ag and US\$3.00 Cu:

\$1500 Au, \$25 Ag, \$3.00 Cu	Base Case	Hybrid Case
tonnes	748,826	676,733
Au (oz)	104,824	93,477
Revenue	198,893	177,571
Total CAPEX	12,823	12,823
Total OPEX	82,831	76,821
NPV10 Pre-tax	83,017	74,309
IRR % Pre-tax	788	1,994
Year 1 Cash Flow Pre-tax	29,764	42,319
NPV10 After-tax	83,017	74,309
IRR % After-tax	788	1,994
Year 1 Cash Flow After-tax	29,764	42,319

Technical contents of the WillaMAX disclosure in this news release have been reviewed and approved by Wayne Ash, P.Eng., a qualified person as defined by National Instrument 43-101.

Akash Patel, President and Director [Discovery Ventures Inc.](#)

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*the Company, such as statements regarding estimated mineral resources, estimated net present values, internal rates of return, daily and annual production, costs, metal prices, and statements regarding the Company's development plan. The assumptions made in developing the forward-looking statements include: the accuracy of current resource estimates and the interpretation of drill, metallurgical testing and other exploration results; the timely receipt of required permits; the continuing support for mining by local governments; the availability of equipment and qualified personnel to advance the projects; execution of the Company's existing plans and further exploration and development programs, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs; the ability of the Company to acquire FortyTwo Metals Inc.; efficiency of the markets in factoring developments at the projects into its common share price and the assumptions and estimates disclosed in the PEA. There are numerous risks and uncertainties that could cause actual results and Discovery's plans and objectives to differ materially from those expressed in the forward-looking information, including: risks of the mineral exploration industry which may affect the advancement of the Willa and MAX projects, including possible variations in mineral resources, grade, metal prices, capital and operating costs, and the application of taxes; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; timely receipt of required permits, availability of equipment and qualified personnel, failure of equipment or processes to operate as anticipated, changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; regulatory, environmental and other risks inherent in the mining industry. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, the Company does not intend to update these forward-looking statements.*

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