

Newstrike Capital Reports Robust PEA on Ana Paula Project

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Pre-tax NPV@5% of U.S.\$405.3 Million and IRR of 47.5%

Average Annual Gold Production of 116,000 Ounces; All-In Sustaining Costs of US \$567/Au oz

VANCOUVER, Sept. 15, 2014 - [Newstrike Capital Inc.](#) ("NES" or the "Company") (TSX VENTURE:NES) reports the results of an independent technical report developed in accordance with CIM guidelines for a National Instrument 43-101 Preliminary Economic Assessment ("PEA") on its Ana Paula Project ("Ana Paula" or the "Project") located in the prolific Guerrero Gold Belt, Mexico.

This study indicates that Ana Paula is a robust, high margin, rapid payback, 8.2-year open pit mining project that benefits from high gold grades with a low strip ratio. The Ana Paula project has excellent access to infrastructure and is located in an established mining jurisdiction.

The PEA study was prepared by JDS Energy & Mining Inc., under the direction of Thomas H. Bagan, Vice President, Project Development (Newstrike).

The reader is advised that the preliminary economic assessment summarized in this press release is only intended to provide an initial, high-level review of the project. The PEA mine plan and economic model include the use of inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized.

All dollar amounts in this release are stated in US currency.

PEA HIGHLIGHTS

Base Case at \$1,300 Au & \$20 Ag per ounce

- Pre-tax NPV@5% of \$405.3 million, IRR of 47.5% with a 2.0 year payback
- After-tax NPV@5% of \$232.1million, IRR of 32.8% with a 2.4 year payback
- Initial capital costs of \$163.9 million (Total life-of mine ("LOM") - \$219.7 includes sustaining/closure costs of \$55.8 million and contingency costs of \$36.2 million)
- Open pit mine with 6,000 tonne per day ("tpd") gravity/flotation/CIL process plant
- Cash costs of \$527/ oz gold, \$486/oz gold Net of By-Product credits
- All-in sustaining costs ("AISC") of \$567/oz gold, \$526/oz gold Net of By-Product credits
- Average annual production of 116,000 gold ounces and 239,000 silver ounces over a 8.2 year mine life
- LOM average head grades of 2.24 g/t gold and 6.89 g/t silver
- LOM gold and silver recoveries of 75% and 50%, respectively
- LOM strip ratio of 2.60 to 1 of waste to mineralized material

"This PEA supports our view Ana Paula is one of the best development-stage gold projects in Mexico. It is a straightforward open pit mine, utilizing conventional milling and flotation concentration with robust economics. The combination of high gold grades, low capital requirements with low operating costs makes this a compelling development project," commented Richard Whittall, President and CEO of Newstrike. "With a positive PEA in hand, our next step is to evaluate the significant underground potential at Ana Paula and to support high priority exploration targets in this prolific gold belt."

In management's view, the economics concluded by the PEA provide a strong incentive for continued geotechnical, metallurgical and engineering studies. Newstrike believes there are excellent opportunities to refine various project elements and improve the economics through gold recovery optimization.

PEA SUMMARY OF RESULTS

Mine Life	Years	8.2	
Total Resource	M tonnes	17.8	
Total Waste	M tonnes	33.6	
Total Capitalized Waste	M tonnes		12.5
Total Mined	M tonnes	63.9	
Strip Ratio	w:mr	2.60	
Mining Rate	tpd	23,385	
Plant Throughput	tpd	6,000	
Average Head Grades			
Au	g/t	2.24	
Ag	g/t	6.89	
Payable Metal			
Au	LOM k oz	957	
	k oz/yr	116	
Ag	LOM k oz	1,961	
	k oz/yr	239	

SUMMARY OF ECONOMICS AT BASE CASE US\$1,300/Oz GOLD

LOM Pre-Tax Cash Flow	US \$M	\$742.6	
Avg Pre-Tax Cash Flow per Year	US \$M	\$90.4	
Taxes	US \$M	\$223.6	
LOM After-Tax Cash Flow	US \$M	\$519.0	
Avg After-Tax Cash Flow per Year	US \$M	\$63.2	
Discount Rate	5%		
Pre-Tax NPV (US\$M)		\$405.3	
Pre-Tax IRR	47.5%		
Pre-Tax Payback (Yrs)		2.0	
After-Tax NPV (US\$M)		232.1	
After-Tax IRR	32.8%		
After-Tax Payback (Yrs)		2.4	
Au Cash Cost (US \$/oz)		\$527.26	
Au Cash Cost Net of By-Products (US \$/oz)		\$486.29	
Au Cash Cost incl. Sustaining Capital (US \$/oz)		\$566.93	
Au Cash Cost Net of By-Products incl. Sustaining Capital (US \$/oz)		\$525.97	

The PEA mine plan and economic model include the use of inferred resources which are considered to be too speculative to be used in an economic analysis except as permitted by NI 43-101 for use in PEA's. There is no guarantee that inferred resources can be converted to indicated or measured resources and, as such, there is no guarantee that the project economics described herein will be achieved.

CAPITAL AND OPERATING COSTS SUMMARY

Capital Costs (\$M)	Pre-Production			
(\$M)	Sustaining/Closure			
(\$M)	LOM			
Capitalized Stripping	16.7	13.4	30.2	
Contractor Mob/Demob	0.4	0.4	0.8	
Process Plant	45.7	2.8	48.5	
General Site & Utilities	5.1	0	5.1	
Laboratory	1.5	0	1.5	
Construction Camp	0.6	0	0.6	
Camp Site (Operations)	1.5	0.3	1.8	
Administration Facilities	1.1	0.2	1.3	
Tailings Facility	13	14.8	27.8	
Electrical Supply & Distribution		4.6	0.2	4.8
Water Supply & Distribution	1.8	0	1.8	
Royalty Purchase	2.8	0	2.8	
Reclamation/Closure	0	14.4	14.4	
Indirects	22.4	0	22.4	
EPCM	15.4	0	15.4	
Owners Costs	4.4	0	4.4	
Subtotal	137.1	46.5	183.6	
Contingency (20%)	26.9	9.3	36.2	
Total Capital Costs	163.9	55.8	219.7	

Operating Costs	LOM Total		
Resource & Waste Mined for OPEX	tonnes	51.4M	
Pre-Stripping and Capitalized Waste	tonnes	12.5M	
Resource Processed	tonnes	17.8M	
Mining‡	US\$/t processed	\$6.58	\$116.7M
Resource Rehandle*	US\$/t processed	\$0.12	\$2.1M
Processing	US\$/t processed	\$17.75	\$315.0M
G&A	US\$/t processed	\$2.49	\$44.2M
Total Operating Costs	US\$/t processed	\$26.93	\$478.1M

‡Mining Cost is based on \$2.30/t mined

*Rehandle Cost is based on \$0.50/t rehandled

SENSITIVITIES

	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400
Gold Price US\$/oz					
Pre-Tax NPV5%US\$	186.7	259.6	332.4	405.3	478.2
After-Tax NPV5%US\$	91.5	138.4	185.2	232.1	278.9
Pre-Tax IRR	27.8%	34.8%	41.4%	47.5%	53.3%
After-Tax IRR	17.6%	23.1%	28.1%	32.8%	37.2%
Pre-Tax Payback Yrs	2.6	2.4	2.1	2.0	1.8
After-Tax Payback Yrs	3.3	2.9	2.6	2.4	2.2

As shown above, the Project has the potential to provide investors with commodity resilience as well as significant leverage to movements in the gold price.

PROJECT DESCRIPTION

The Ana Paula Project is located in the Guerrero Gold Belt in the State of Guerrero, Mexico, roughly half way between the cities of Mexico City and Acapulco. Mexico is a favourable jurisdiction for mining investment with clearly established mining law and regulatory due process as demonstrated by the existence of operating gold mines such as Goldcorp's Los Filos, located in close proximity to Ana Paula. Furthermore, Torex Gold's El Limon/Guajes Mine is currently under construction in close proximity to the Project. Ana Paula is close to all necessary infrastructure including water, road, power, and people.

Mining is via conventional open pit mining methods. Mining will be contracted so no capital is included for mining equipment, instead contractor mining rates used as the basis for mining costs.

gravity/flotation/CIL process plant with a production rate assumed of 6,000 tonnes per day.

The PEA forecasts an 8.2 year mine life and a LOM strip ratio (the ratio of waste rock to economic mineralized rock) of 2.60 to 1. A total of 17.8 million tonnes of mineralized resource could be mined and processed with 33.6 million tons of waste and 12.5 million tonnes of capitalized waste. Some of the waste rock would be stockpiled and an undetermined portion may be reclassified as a resource at a later date should metallurgical testwork support economic viability. Throughout the life-of-mine, an estimated 957,000 ounces of payable gold and 2.0 million ounces of payable silver would be produced at an average head grade of 2.24 g/t gold and 6.89g/t silver.

METALLURGY AND PROCESSING

A metallurgical testwork program for the PEA was carried out on samples of composited drill core selected to represent the first four years of feed to the process plant. The composites were made from six rock types and subjected to direct cyanidation testing, flotation and gravity concentration followed by cyanidation, coarse particle leaching, and mineralogical department. The composite responded positively to both direct cyanidation and flotation concentration followed by cyanidation. Testwork was conducted by ALS Metallurgy in Kamloops BC and reported January 31st, 2014.

The flowsheet selected for Ana Paula consists of a tertiary crushing system, followed by ball mill grinding and gravity recovery, flotation, disposal of flotation tails, leaching of a combined gravity and flotation concentrate, and recovery of precious metals by the carbon-in-leach method. This flowsheet is commonly used throughout the world.

ENVIRONMENT, PERMITTING AND CORPORATE SOCIAL RESPONSIBILITY

The project area is not within a known environmental protection area. Formal environmental baseline studies have not been initiated but will be required to obtain the environmental permits for future mining operations. Communication with the local community, private land owners and the "Ejido" (cooperative land tenure system) was initiated as part of the exploration program.

PEA CONTRIBUTORS

Qualified Persons and QA/QC

The technical information in this news release has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 ("NI 43-101") and reviewed by Mr. Thomas H. Bagan, a Qualified Person. The field programs and selection of the metallurgical samples from Ana Paula were carried out under the supervision of Dr. Craig Gibson, PhD, CPG, and a Qualified Person under NI 43-101.

The PEA was conducted under the overall direction of Mr. Michel Creek, of JDS Energy and Mining, Inc. of Tucson Arizona. Mr. Creek is a JDS Project Manager and an independent "Qualified Person" under NI 43-101 who has verified the technical and scientific information and prepared the economic analysis included in this news release. There are no known legal, political, environmental, or other risks that could materially affect the potential development of the Project.

Under Mr. Creek's review, the following Qualified Persons contributed to their respective sections:

Kelly McLeod P.Eng, JDS - Mineral Processing and Recovery Methods
Tony Loschiavo P. Eng, Associate, JDS - Mine Design
Dawn Garcia CPG, JDS - Environmental Studies, Permitting, & Social
Robert Matter P.E., JDS - Infrastructure and Tailings

About Newstrike Capital (TSX VENTURE:NES)

[Newstrike Capital Inc.](http://www.newstrikecapital.com), www.newstrikecapital.com, is a precious metal focused explorer, targeting known and historic mining districts in Mexico. Newstrike's flagship property, 'Ana Paula', is an advanced-stage, high grade, near surface gold/silver resource with robust economics in the Guerrero Gold Belt ("GGB"). Key senior members of the Company's current management and directors have participated in Guerrero Gold Belt discoveries, including [Goldcorp Inc.'s](#) producing Los Filos Mine and [Torex Gold Resources](#) advanced stage Morelos Project in Guerrero State.

Newstrike holds a 100% interest in certain exploration properties in Mexico located within two established

mining districts; the Au (Ag-Cu) skarn-porphyry camp of the Guerrero Gold Belt, and the polymetallic Pb-Zn-Ag (Au-Cu) rich epithermal camp of the mining districts of Oaxaca State.

Mr. Thomas H. Bagan, a qualified person under NI43-101, has reviewed the contents of this press release. The exploration program is conducted under the direction and supervision of Dr. Craig Gibson, PhD, CPG and qualified person under NI43-101.

Neither the TSX Venture Exchange nor its Regulation 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.

Certain of the statements made in this news release contain forward-looking information within the meaning of applicable Canadian securities law. Material forward-looking information includes, but is not limited to statements or information with respect to the resource estimate and potential future exploration and development results and results of studies in respect of the Company's Ana Paula Project. We have made numerous assumptions about the material forward-looking information contained herein, including among other things, that prices of gold and silver will remain relatively stable, that applicable permits will be obtainable and that any required financing will be available on reasonable terms. Even though our management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statement or information will prove to be accurate.

Forward-looking information by its nature involves known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among others, the following: the inherent risks and uncertainty involved in the exploration and development of mineral properties; the uncertainties involved in interpreting drill results and other exploration data; the potential for delays in exploration or development activities; the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in production and operations; fluctuating prices of metals and other commodities; currency fluctuations; the possibility of project cost overruns or unanticipated costs and expenses; uncertainties relating to the availability and costs of financing needed in the future; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; regulatory restrictions, including environmental regulatory restrictions and liability; competition and loss of key employees; political instability in Mexico; the availability of key equipment; the risk of disruption from non-governmental organizations; risks relating to our common shares and the public markets. Should one or more of these risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Although we have attempted to identify factors that would cause actual results to differ materially from those described in forward-looking information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Also, many of the factors are beyond our control. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly you should not place undue reliance on forward-looking information. Except as required by law, we do not expect to update forward-looking information as conditions change and you are referred to the full discussion of the Company's business contained in the Company's reports filed with the securities regulatory authorities in Canada.

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CONTACT INFORMATION

[Newstrike Capital Inc.](#)

Richard Whittall, Director, President & CEO

604-605-4654

www.newstrikecapital.com

Blog: <http://newstrikecapital.com/blog>

Patrick Piette, Investor Relations

416-526-9911

ppiette@minera.ca

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