

Zazu Metals Corporation: AIDEA's Port Sufficient for Red Dog and Lik

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Jan. 12, 2015) - [Zazu Metals Corporation](#) (Zazu) (TSX:ZAZ) (OCTQX:ZAZUF) is pleased to announce the completion of a study commissioned by the Alaskan Industrial Development and Export Authority (AIDEA) into capacity availability in their Delong Mountain Transportation System (DMTS). The report concluded sufficient excess capacity for Zazu's concentrate shipping needs, confirming assumptions made in Zazu's 2014 PEA. (See Press Release of April 24th, 2014).

AIDEA is a public corporation of the State of Alaska and the sole owner of the DMTS. AIDEA's mission is to promote economic development for the State.

AIDEA developed the DMTS as an open access facility to serve the Red Dog mine and other area mines or industrial operations such as the potential development of Lik. The DMTS has solely served the Red Dog mine since the mine's inception in 1989.

This study aimed to closely identify the throughputs of both Lik and Red Dog, if any modifications are required to the DMTS to support them, and if so, their potential cost.

The authors of study, consulting firm HDR Inc., concluded that sufficient handling capacity will exist with only minor modifications required to accommodate future planned production from Lik under the analyzed PEA scenario.

The full report is available on the AIDEA website:

<http://www.aidea.org/Programs/ProjectDevelopment/LikDepositTransportationSystem.aspx>

Zazu intends to continue to work with AIDEA, refining the infrastructure requirements of Lik and their potential role in its development.

Zazu recently listed in the USA on the OTCQX exchange under the ticker symbol ZAZUF. U.S. investors can find current financial disclosures, reports, and Real-Time Level 2 quotes for the company on www.otcm Markets.com. Zazu continues to trade on the TSX under the ticker ZAZ.

Zazu's primary asset is the Lik zinc - Lead deposit located in Alaska, 22 kms away from the high grade Red Dog zinc mine. Analysts predict a supply shortfall in Zinc by 2015. The listing on the OTCQX allows US based investors to more easily obtain exposure to zinc via shares in Zazu Metals Corporation.

Zazu filed a Preliminary Economic Assessment (PEA) on Lik on SEDAR in 2014. Lik is located approximately 22kms from Teck's Red Dog Mine in Northwest Alaska.

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	\$1.00	\$1.10	\$1.20
Zinc Price		(PEA Zn Price)*			
Post Tax IRR	2.6%	9.7%	13.4%	17.9%	22.1%
Post Tax NPV @8%	US\$(76)mm	US\$25mm	US\$83mm	US\$158mm	US\$233mm
Pre Tax IRR	3.7%	12.5%	17.3%	23.1%	28.4%
Pre Tax NPV @ 8%	US\$(60)mm	US\$69mm	US\$148mm	US\$253mm	US\$357mm

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

US\$19.43 per 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

Mineral Resource Estimate - December 31, 2013									
Zazu Metals Corporation - Lik Project									
	Cut-off % Pb+Zn	Mt	Indicated Resources			Inferred Resources			
			% Zn	% Pb	g/t Ag	Mt	% Zn	% Pb	g/t Ag
	Open Pit								
Lik South	5%	16.85	8.04	2.70	50.10	0.74	7.73	1.94	13.40
Lik North	5%	0.44	10.03	2.77	59.00	2.13	8.88	2.94	45.80
Sub-Total		17.29	8.09	2.70	50.30	2.87	8.59	2.68	37.50
	Underground								
Lik South	7%	0.69	8.04	3.15	51.00	0.51	6.97	1.59	11.30
Lik North	7%	0.13	8.93	2.93	37.50	1.96	9.22	2.99	45.80
Sub-Total		0.82	8.18	3.12	48.90	2.47	8.76	2.70	38.70
Total		18.11	8.10	2.72	50.20	5.34	8.66	2.69	38.00

Notes:

1. CIM Definitions were followed for Mineral Resources.
2. Mineral Resources are estimated using an average long-term zinc price of US\$1.20/lb, lead price of US\$1.20/lb and silver price of US\$27/oz.
3. A density value of 3.5 g/cm³ (0.109 tons/ft³) 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. The report is available 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 Northwest 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 48mm shares outstanding and no debt.

Additional information about Zazu including a company presentation is available at www.zazumetals.com.

Additional information about the property is on the [Teck](http://www.teck.com) website (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

Cautionary statement:

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.

Forward-looking statements:

This News Release includes certain "forward-looking statements". These statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, results of project development, capital and reclamation costs of the Company's mineral properties, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as: changes in general economic conditions and conditions in the financial markets; changes in demand and prices for minerals; discrepancies between estimated and actual resources and metallurgical recoveries; uncertainties inherent to economic studies in respect of the preliminary economic assessment; changes in project parameters as plans continue to be refined; ability to construct the necessary extension to the road access and any requirements for port modifications; litigation, legislative, environmental and other judicial, regulatory (including licenses and permits), political and competitive developments; technological and operational difficulties encountered in connection with the activities of the Company; and other matters discussed in this news release. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

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