

Geologix Explorations Inc. Announces Tepal Preliminary Economic Assessment

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US\$169M After-Tax NPV (5%) and 24% IRR Using US\$1,250/oz. Gold Price and US\$2.50/lb Copper Price With US\$214M Initial Capex

- Pre-tax: NPV5% of \$299 million and 36% IRR with a 1.6-year payback period
- After-tax: NPV5% of \$169 million and 24% IRR with a 2.3-year payback period
- Production averages 79,000 oz. of gold and 32 Mlbs of copper over a 10-year mine life
- Life of mine ("LOM") average cash cost of \$313/oz. gold and LOM average cash cost plus sustaining cost of \$396/oz. gold (net of copper and silver by-product credits)
- Initial capital costs estimated at \$214 million with a 2-year pre-production period
- LOM sustaining and closure capital costs estimated at \$87 million
- Base case metals prices: \$1,250/oz. for gold, \$2.50/lb for copper, \$18.00/oz. for silver

VANCOUVER, Jan 19, 2017 - [Geologix Explorations Inc.](#) (TSX VENTURE:GIX) (FRANKFURT:GF6) (BERLIN:GF6) (STUT:GF6)(MUN:GF6) ("Geologix" or "the Company") is pleased to announce the results of a positive, independent Preliminary Economic Assessment ("PEA") on its 100% owned Tepal Gold/Copper Project ("Tepal" or the "Project") located in southwest Mexico. All currency values are in U.S. dollars unless otherwise indicated.

The PEA supports Tepal's robust economic potential as an open pit operation using contract mining. Sulphides will be milled and processed via a 22,000 tonnes per day ("tpd") copper, gold and silver ("Cu/Au/Ag") flotation concentrate circuit combined with a secondary carbon-in-leach ("CIL") circuit producing gold and silver ("Au/Ag") doré. Oxides will be milled and processed via a separate 5,500 tpd CIL circuit producing Au/Ag doré.

"Achieving this milestone is a critical first step toward rewarding the long-term dedication and perseverance of all of our key stakeholders," said Kiran Patankar, Geologix's President and Chief Executive Officer. "During a challenging multi-year period for junior miners following the completion of a Pre-Feasibility Study on Tepal in 2013, our Board of Directors made a prudent decision to curtail spending and minimize shareholder dilution, while stepping in to provide the Company with interim funding to keep the Project in a clean and unencumbered condition until resource capital markets improved. When metals prices stabilized and reversed direction in 2016, the Company enhanced its management team, completed a modest private placement, and commenced an extensive review of Tepal. We look forward to resuming project development based on these promising results."

"The optimized PEA design presents a low-capex, high-margin development scenario that maximizes economic return at today's metals prices while retaining significant optionality and upside should prices continue to improve. With a 10-year mine life, average annual gold production of 79,000 oz., LOM average cash cost plus sustaining cost of \$396/oz. (net of copper and silver by-product credits), manageable initial capital cost of \$214 million, extensive historical technical and permitting work already completed, and strong local community support, we believe Tepal is in the top quartile of porphyry gold/copper development projects. We intend to further optimize and de-risk Tepal by progressing toward a Feasibility Study, while maintaining a disciplined spending approach that maximizes value for our shareholders."

In August of 2016, Geologix commissioned JDS Energy & Mining Inc. ("JDS") to complete the PEA, which involved evaluating design input parameters and mineral processing requirements, performing mining and processing optimizations and trade-off studies, estimating facilities, infrastructure and operating costs, and generating project economics associated with the potential development of the Tepal mineral resource. A

technical report will be filed on SEDAR (www.sedar.com) and the Company's website (www.geologix.ca) within 45 days.

The PEA is preliminary in nature and includes inferred mineral resources considered too speculative geologically to have the economic considerations applied that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Project Design and Economics

A summary of the PEA operating assumptions using metals prices of \$1,250/oz. gold, \$2.50/lb copper and \$18.00/oz. silver (\$1,250/oz. gold, \$2.25/lb copper and \$20.00/oz. silver for pit design) is as follows:

Operating Assumptions/Highlights	(Currency in USD)
Mine Life	9.8 years
Total Material Mined	142.9 million tonnes
Strip Ratio	0.6 : 1
Average Plant Throughput (Sulphide + Oxide)	9.6 Mtpa
Average Au Sulphide Head Grade	0.33 g/t
Average Cu Sulphide Head Grade	0.21%
Average Au Oxide Head Grade	0.45 g/t
LOM Average Au Sulphide Recovery (combined Flotation & CIL)	77%
LOM Average Cu Sulphide Recovery	87%
LOM Average Au Oxide Recovery	81%
Total Au Ounces Recovered	766,248 oz.
Total Cu lbs Recovered	308.0 Mlbs
Average Au Production (Years 1-5)	108,390 oz.
Average Cu Production (Years 1-5)	37.3 Mlbs
LOM Average Au Production	78,572 oz.
LOM Average Cu Production	31.6 Mlbs
Pre-Production Capital Cost	\$214.2 million
LOM Sustaining and Closure Capital Cost	\$86.7 million
LOM Average Cash Cost ⁽¹⁾ per Au Ounce (net of by-products)	\$313/oz.
LOM Average Cash Cost ⁽¹⁾ plus Sustaining Cost per Au Ounce (net of by-products)	\$396/oz.
<i>(1) Cash cost includes all mining, milling & refining, transport, mine-level G&A, and royalty costs</i>	

Using base case price assumptions of \$1,250/oz. gold, \$2.50/lb copper and \$18.00/oz. silver, Tepal has an estimated \$169 million after-tax NPV at a 5% discount rate, an attractive 24% after-tax IRR, and an after-tax payback period of 2.3 years. Base case LOM revenue split is 54% gold/43% copper/3% silver. The base case economic evaluation used metals prices that are close to current spot prices and near the median of current medium to long term analyst forecasts. After-tax economics were prepared using the following assumptions: a 2.5% Net Smelter Return (NSR) royalty, 0.5% Mexican royalty based on precious metals revenue, 7.5% Mexican royalty based on EBITDA, 12% annual depreciation rate, accumulated tax loss carry forward of US\$22.4 million, and a 30% Mexican income tax rate. The sensitivities of pre-tax and after-tax results to assumed metals prices are as follows:

% Change in Base Case Prices	-20%	-10%	0%	10%	20%
Gold Price (US\$/oz)	\$1,000	\$1,125	\$1,250	\$1,375	\$1,500
Copper Price (US\$/lb)	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00
Silver Price (US\$/oz)	\$14.40	\$16.20	\$18.00	\$19.80	\$21.60
Pre-Tax:					
NPV _{5%} (US\$ millions)	\$31.7	\$165.6	\$299.4	\$433.3	\$567.2
IRR (%)	10%	25%	36%	46%	55%
Payback Period (years)	3.1	2.2	1.6	1.3	1.0
After-Tax:					

NPV _{5%} (US\$ millions)	-\$19.3	\$77.5	\$169.4	\$257.2	\$344.9
IRR (%)	2%	15%	24%	31%	38%
Payback Period (years)	4.5	3.0	2.3	1.9	1.6

Mineral Resource

The PEA is based on the current mineral resource estimate for Tepal. The technical report, titled *Technical Report on the Mineral Resources of the Tepal Gold-Copper Project, Michoacán State, Mexico* (the "2012 Resource Report"), was filed on SEDAR on March 29, 2012. Project mineral resources are summarized in the table below:

Total Tepal Project Resource Estimate⁽¹⁾ - March 2012

Resource Classification	Tonnes	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Contained Au (oz)	Contained Cu (lbs)
Measured	34,100,000	0.48	0.25	0.95	528,000	185,000,000
Indicated	153,700,000	0.26	0.19	1.67	1,276,000	628,000,000
Measured & Indicated	187,800,000	0.3	0.2	1.54	1,804,000	813,000,000
Inferred	35,700,000	0.16	0.15	1.68	182,000	120,000,000

Oxide and Sulphide Resources⁽¹⁾ - March 2012

Resource Classification	Tonnes	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Contained Au (oz)	Contained Cu (lbs)
Oxide Measured & Indicated	21,100,000	0.34	0.21	1.18	233,000	96,000,000
Oxide Inferred	700,000	0.19	0.13	2.01	4,000	2,000,000
Sulphide Measured & Indicated	166,700,000	0.29	0.2	1.59	1,571,000	717,000,000
Sulphide Inferred	35,000,000	0.16	0.15	1.67	177,000	118,000,000

(1) The resource stated in the table conforms to CIM guidelines for reasonable potential for economic extraction and is not to be confused as reserves. Resource numbers above are rounded to nearest 100,000 tonnes, 1,000 oz Au and 1,000,000 lbs Cu

Capital Costs

Total pre-production capital cost is estimated at \$214 million with the majority of the costs associated with sulphide and oxide processing plants as well as surface infrastructure. The PEA envisions a two-year construction period. Initial capital costs will be partially offset by commencing oxide Au/Ag doré production during the second year of construction via a 5,500 tpd oxide processing plant consisting of a ball mill, oxide CIL circuit producing Au/Ag doré and tailings management facility. Commercial mine production will commence upon commissioning a separate 22,000 tpd sulphide processing plant consisting of semi-autogenous grinding ("SAG") and ball mills, a flotation circuit producing Cu/Au/Ag concentrate and a sulphide CIL circuit producing Au/Ag doré, along with tailings management facilities.

Open pit mining and haulage is anticipated to be completed by contract mining companies using their own equipment, conducted 365 days per year. Electrical power would be supplied by CFE, the federal power authority in Mexico. Pre-production capital cost includes all costs associated with upgrading an electrical substation located in the community of Tepalcatepec and adding 20 kilometres of new overhead transmission line from this substation to the Project site. Power line and substation cost estimates were based on a peak demand load forecast of 28 megawatts and overhead line supplying power at 115kV.

LOM sustaining capital costs are estimated at \$87 million with the majority of the costs associated with tailings and waste rock management and closure costs.

Project capital costs are summarized below:

Capital Costs	Pre-Production (US\$M)	Sustaining / Closure (US\$M)	Total (US\$M)
Mining	12.4	3.0	15.4

Site Development/Earthworks	5.5	0.0	5.5
Sulphide Processing Plant	77.7	5.7	83.4
Oxide Processing Plant	29.9	0.0	29.9
Tailings & Waste Rock Management	8.6	48.5	57.1
Surface Infrastructure	25.2	0.0	25.2
Project Indirects	10.5	0.0	10.5
EPCM	15.3	0.0	15.3
Owner Costs	6.9	0.0	6.9
Closure (Net of Salvage)	0.0	22.9	22.9
Subtotal Capital Costs	191.9	80.1	272.0
Contingency 11%	22.3	6.6	28.9
Total Capital	214.2	86.7	300.9

Mining

The PEA mine plan would use conventional open pit mining methods with work performed by contract mining companies. Mineralized material is located in three open pits (North, South and Tizate Pits) and would be mined sequentially, targeting the highest value material in the initial years of mine life in order to facilitate early capital payback and maximize project economics. In-pit mineral resources included in the PEA mine plan using 5% mining dilution are as follows:

Mineral Resource (Mine Diluted) Included in PEA Mine Plan⁽¹⁾⁽²⁾

Resource Classification	Tonnes	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Contained Au (oz)	Contained Cu (lbs)
Measured	26,800,000	0.51	0.25	0.95	438,000	150,000,000
Indicated	61,700,000	0.28	0.20	1.58	550,000	269,000,000
Measured & Indicated	88,500,000	0.35	0.21	1.39	988,000	419,000,000
Inferred	2,000,000	0.19	0.18	2.73	12,000	8,000,000

(1) The resource stated in the table conforms to CIM guidelines for reasonable potential for economic extraction and is not to be confused as reserves. Resource numbers above are rounded to nearest 100,000 tonnes, 1,000 oz Au and 1,000,000 lbs Cu

(2) NSR cut-off for sulphide material is \$8.19/tonne milled and for oxide material is \$10.13/tonne milled

Measured and Indicated resources comprise 98% of the PEA mine plan tonnage, with Inferred resources comprising the remaining 2%.

Processing

The PEA envisions milling of oxide and sulphide material through separate circuits. Oxide material would be milled at 5,500 tpd through a ball mill and sulphide material would be milled at 22,000 tpd through a separate SAG and ball mill circuit.

Oxides would be processed through a CIL circuit, producing Au/Ag doré on site that would be shipped for refining. Oxide Au/Ag doré production is expected to commence during the second year of mine construction in order to offset a portion of the initial capital cost. Total gold production during the pre-production period would be approximately 21,000 oz.

Sulphides would be processed through a Cu/Au/Ag rougher circuit for copper, gold and silver recovery. The rougher Cu/Au/Ag concentrate would be reground and processed through a cleaner circuit to produce a copper concentrate with significant gold credits for shipment to an offshore smelter. Tailings from the Cu/Au/Ag rougher circuit would be sent to a pyrite rougher circuit to produce a pyrite concentrate. Separate to the Cu/Au/Ag concentrate process, the pyrite concentrate would be combined with the tailings from the first copper cleaner circuit, with the combined concentrate leached through a CIL circuit to produce Au/Ag doré on site that would be shipped for refining.

Based on Geologix's previously completed technical work that processed representative material from

Tepal's three pits at G&T Laboratories located in Kamloops, British, the PEA design is expected to produce a concentrate with a copper grade of 26% and no deleterious elements. The Company believes that the Cu/Au/Ag concentrate will be marketable to smelters.

Operating Costs

Project operating cost estimates are as follows:

Operating Cost	US\$/t processed	LOM (US\$M)
Mining*	3.30	298.7
Processing - Sulphide	5.49	429.7
Processing - Oxide	6.34	77.2
G&A	0.75	67.4
Total OPEX	9.65	873.1

**Mining operating cost is \$2.16/t mined (excludes waste tonnes not associated with the 1.4Mt of pre-production mining)*

Qualified Persons and 43-101 Disclosure

The technical information contained in this press release is based on information prepared by, or under the supervision of, Gord Doerksen, P.Eng., VP Engineering for JDS and a Qualified Person for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101").

About Geologix Explorations Inc.

Geologix is a mineral exploration and development company focused on acquiring, exploring, and developing mineral resource opportunities with the potential to host profitable mining operations. The Company's primary focus is the Tepal Gold/Copper Project in Michoacán state, Mexico.

This Press Release may contain statements which constitute 'forward-looking' statements, including statements regarding the plans, intentions, beliefs and current expectations of the Company, its directors, or its officers with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, or its management, are intended to identify such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future business activities or performance and involve risks and uncertainties, and that the Company's future business activities may differ materially from those in the forward-looking statements as a result of various factors. Such risks, uncertainties and factors are described in the periodic filings with the Canadian securities regulatory authorities, including the Company's Annual Information Form and quarterly and annual Management's Discussion & Analysis, which may be viewed on SEDAR at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward- looking statements except as required by applicable Canadian securities requirements.

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