AbraPlata Announces Diablillos PEA Results with 30.2% IRR

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BUENOS AIRES, Argentina, March 02, 2018 (GLOBE NEWSWIRE) -- AbraPlata Resource Corp. (TSX.V:ABRA) (OTC:ABBRF) (Frankfurt:1AH) ("AbraPlata" or the "Company") is pleased to announce the completion of an independent Preliminary Economic Assessment ("PEA") on the Company's 100% owned Diablillos silver-gold project, located in Salta Province, Argentina. The results of the PEA demonstrate the potential technical and economic viability of establishing an open pit silver-gold mine with mill complex on the Diablillos property. Highlights of the PEA are provided in Table 1 and the forecast annual silver-equivalent (“AgEq”) production and head grades are shown in Figure 1.

Diablillos Project Annual Silver Equivalent Production and Grade Profile

Diablillos Project Undiscounted After-Tax Cash Flow

Site Layout - Plan View

Table 1 - Summary of Diablillos Project PEA (all dollar amounts in US$)	
Pre-Tax Net Present Value (“NPV”)$_{7.5\%}$	$342 Million
Pre-Tax Internal Rate of Return (“IRR”) and Payback	40.7% and 2.9 years
After-Tax NPV$_{7.5\%}$	$197 Million
After-Tax IRR and Payback	30.2% and 3.1 years
Average Head Grade	125.1 g/t Ag and 0.72 g/t Au
Average Annual Production	9.8 Moz AgEq or 136,000 oz AuEq
Mine Life	8 years
Average All-in Sustaining Cost per Ounce Produced	$7.52/AgEq oz or $542/AuEq oz
Initial Capital	$293 Million
Metal Price Assumptions	Ag: $20.00/oz and Au: $1,300/oz
Calculated Metal Net Smelter Return (“NSR”) Values	Ag: $15.20/oz and Au: $1,097/oz

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

Commenting on the results, Hernan Zaballa, Chairman of AbraPlata, stated, “We are very pleased with the robust results of the Diablillos PEA. The PEA demonstrates that Diablillos has the potential to produce almost 10 million AgEq ounces per year at a low all-in sustaining cost per ounce. While the main Oculto deposit does require pre-stripping, the average grades are relatively high for an open pit mine. On the basis of historical drill results, our geological team believes that there is strong potential to expand the high grade gold zones in the eastern portion of the Oculto deposit, which are not included in the PEA pit shell. The gold-rich mineralization at Oculto and additional near-surface mineralization at satellite deposits sets up the potential to extend the mine life and potentially strengthen the economics even more in future economic studies.”

The PEA was prepared under the guidance of lead consultant RPA Inc. of Toronto ("RPA") with input from

GR Engineering Services Ltd of Perth, Western Australia (“GRES”), and Saxum Engineered Solutions of Argentina (“Saxum”).

A cash flow valuation model for the Diablillos project was developed as part of the PEA. From metal prices of US$20.00 per ounce silver and US$1,300 per ounce gold, Table 2 shows the sensitivity of estimated NPV of the project's cash flows at various silver prices. Figure 2 shows the undiscounted annual and cumulative after-tax cash flows.

Table 2 - PEA Sensitivity to Silver Price

Silver Price (US$/oz Ag)	After-Tax $NPV_{7.5\%}$ (US$)	After-Tax IRR	After-Tax Pay Back
$16/oz Ag	$108 Million	20.3 %	3.7 Years
$18/oz Ag	$153 Million	25.3 %	3.4 Years
$20/oz Ag	$197 Million	30.2 %	3.1 Years
$22/oz Ag	$241 Million	34.9 %	3.0 Years
$24/oz Ag	$285 Million	39.5 %	2.8 Years

Project Description and Mineral Resource Estimate

The Diablillos property is located in the Puna of Argentina, in the Province of Salta, approximately 150 km southwest of the city of Salta. The property comprises nine mineral leases acquired by AbraPlata in 2016 from SSR Mining Inc. (formerly Silver Standard Resources Inc.), with several known occurrences of epithermal gold-silver mineralization. Exploration work, conducted by a number of operators over the history of the project, includes 87,711 m of diamond and reverse circulation drilling in 476 holes. This drilling has delineated the Oculto and Fantasma deposits, which are weathered high-sulphidation epithermal gold-silver deposits hosted primarily in Tertiary volcanic and sedimentary rocks. The current Mineral Resource estimates for the Oculto and Fantasma deposits are shown in Table 3.

Table 3 - Diablillos Mineral Resource Estimates – Effective August 31, 2017

Deposit	Category	Tonnage (000 t)	Ag (g/t)	Au (g/t)	Contained Ag (000 oz Ag)	Contained Au (000 oz Au)
Oculto	Indicated	26,850	93.0	0.85	80,300	732
Fantasma	Indicated	200	98.3	-	650	-
	Total Indicated	27,100	93.1	0.84	80,940	732
Oculto	Inferred	1,000	46.8	0.89	1,510	29
Fantasma	Inferred	80	75.3	-	190	-
	Total Inferred	1,100	48.8	0.83	1,690	29

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut off grade of 40 g/t AgEq for Oculto and 40 g/t Ag for Fantasma.
3. Mineral Resources are estimated using long-term metal prices of US$1,500/oz Au and US$23/oz Ag.
4. Average bulk density is 2.22 t/m^3 for the Indicated category and 2.29 t/m^3 for Inferred for Oculto and 2.00 t/m^3 for both Indicated and Inferred categories for Fantasma.
5. The estimate is constrained by pit shells for both Oculto and Fantasma.
6. Numbers may not add due to rounding.

Production Summary

The PEA envisions conventional open pit mining methods utilizing contractor-operated truck and shovel operations. Oculto will require approximately 18 months of pre-stripping of unmineralized overburden. The Oculto pit will have a mine life of eight years (excluding pre-stripping) and be supplemented by a small amount of material from the nearby Fantasma deposit. The life of mine (“LOM”) strip ratio will be 3.2:1, or 4.6:1 including pre-stripping. The final pit shells and waste dump are shown in Figure 3.

Process Plant

The processing facility has been selected as a conventional silver processing plant that incorporates

crushing, grinding, agitated leaching, counter current decantation (“CCD”), cyanide recovery, Merrill-Crowe zinc precipitation, refining and tailings disposal. The design basis for the process plant is 6,000 tonnes of mineralized material per calendar day (“tpd”), or 2.19 million tonnes of mineralized material per annum. The equipment has been sized to achieve this throughput with an operating availability of 70% in the crushing circuit and 91.3% in the grinding and cyanidation sections.

The three-stage crushing circuit delivers crushed material to a fine ore storage bin. The crushed material is withdrawn from the bin to feed a 6.0 MW ball mill that has a centrifugal gravity recovery circuit included in the design. Ground material is fed into six leach tanks where the silver and gold will be dissolved. The leached slurry is then sent to the CCD circuit where the silver and gold solution is washed away from the solids before being sent to the Merrill-Crowe zinc precipitation circuit to recover the silver and gold. The precious metals are then refined and poured into Dore bars in the refinery. The washed solids from the CCD circuit are sent to the cyanide recovery circuit to maximize the amount of cyanide that can be recirculated and the resulting slurry is sent to cyanide detoxification before being pumped to the final tailings storage facility (“TSF”).

A number of trade-off studies looked at the treatment options for the project’s high and low grade mineralized material. A range of throughput options were investigated for high grade milling at 4,000 tpd, 6,000 tpd and 8,000 tpd. The optimum throughput for high grade mineralized material was determined to be 6,000 tpd.

For the lower grade mineralized material, two different treatment options were considered, being either heap leaching (“HL”) or operating the process plant at a higher throughput (“HTP”) than the nominated 6,000 tpd. This was achieved by allowing the grind size of the material exiting the grinding section to increase from a P_{80} of 75 micron to a P_{80} of 100 micron, increasing the nominal throughput rate to 7,500 tpd.

Recoveries
The recovery of silver and gold was calculated as a function of the head grade of the mineralized material treated. For both the standard milling circuit and the HTP option, the same regression equations were used, with an additional lowering of the recovery with the coarser particle size in the HTP option. The gold recovery for HTP was lowered by an additional 4% from the regression calculation, whilst the silver recovery was lowered by 8%. Life of mine average silver and gold recovery for the standard milling option are 82% and 86%, respectively, and the HTP milling option achieves 55% and 81%, respectively.

Project Capital Costs
The capital costs ("CAPEX") for the contemplated open pit mine, process plant and supporting infrastructure for the Diablillos project are estimated at US$311 million. Initial capital costs are estimated at US$293 million, including US$91 million in pre-stripping costs at the Fantasma and Oculto deposits and contingencies of US$32 million. The capital costs for the process plant were based on input from GRES, which specializes in fixed price engineering design and construction services to the resources and mineral processing industry. Other capital costs were estimated from a variety of sources including comparative analysis of other operations, derivation from first principles, equipment quotes and factoring from other costs contained within the PEA. The project CAPEX is summarized in Table 4.

Table 4 - Summary of Capital Cost Estimates

Description	Cost US$000s
Surface Mining	93,308
Processing	69,192
Site Infrastructure	35,195
Owner Costs	17,336
Indirect Costs	45,645
Contingency & Other Provisions	32,282
Initial Capital Cost	292,959
Sustaining Capital	4,998
Closure	13,000
Total Capital Costs	310,957

Operating Costs

The operating cost estimate ("OPEX") is based on a contractor-operated truck and shovel mining operation, conventional processing facility, and TSF. Mine operating cost estimates are provided in Table 5 and unit OPEX per ounce produced is shown in Table 6. The PEA estimates that the OPEX will average US$6.52 per ounce of AgEq (or US$470 per ounce of AuEq).

Table 5 – Mine Operating Cost Estimates

Operating Costs	US$ per tonne mined	US$ per tonne milled
Mining – waste	3.00	8.75*
Mining - mineralized material	3.60	3.23
Standard Milling		14.63
Standard Milling G&A		2.92
HTP Milling		12.68
HTP Milling G&A		2.33

* Note: excludes capitalized stripping costs.

Table 6 - Operating Costs per Ounce Produced

Operating Costs	US$ per AgEq oz Produced	US$ per AuEq oz Produced
Surface Mining	2.57	186
Salta Province Royalty	0.34	24
Processing	3.02	218
G & A	0.59	43
Total Operating Cost	6.52	470

Opportunities to Enhance Value

The PEA pit shell focuses on the most profitable portion of the Mineral Resources, accounting for approximately 60% of the tonnage contained within the Mineral Resource pit shell. The PEA does not contemplate mining the eastern portion of the Oculto deposit due to the depth of mineralization, which would result in an increased stripping ratio. Historical drilling in the eastern portion of the Oculto deposit has encountered high grade gold mineralization in metamorphic basement rocks (e.g. DDH-87-007A intersected 16.7 g/t Au and 39.2 g/t Ag over 10.6 metres starting at 210 metres down hole). A recent comprehensive review of drilling results by the Company and its consulting geologist suggests the existence of a high grade gold zone that coincides with the recently identified structure that controls both geometry and the overall NE-SW trend of the Oculto deposit. Additional drilling is recommended to test the extent of the high grade gold zone as additional high grade gold in the eastern portion of the Oculto deposit could result in an increased mine life.

Satellite deposits to Oculto - namely Fantasma, Laderas, and Cerro Viejo - are known to contain silver and/or gold mineralization near surface. Additional drilling of these deposits may provide additional mill feed to increase the mine life envisioned in the PEA.

Technical Disclosure

The scientific and technical information in this news release with respect to the PEA has been reviewed and approved by Scott Ladd, P.Eng. and David Rennie, P.Eng. of RPA, and Gerry Neeling, FAusIMM of GRES, each of whom is an independent "qualified person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI-43-101"). All other scientific and technical information in this news release has been approved by Willem Fuchter, PhD P.Geo., President & CEO of AbraPlata Resource Corp. and a qualified person as defined by National Instrument 43-101.

A new technical report summarizing the PEA will be filed on SEDAR (www.sedar.com) within 45 days of this news release.

About AbraPlata

AbraPlata is a junior mining exploration company focused on delivering shareholder returns by unlocking mineral value in Argentina. The Company's experienced management team has assembled an outstanding portfolio of gold, silver and copper exploration assets, and is focused on advancing its flagship Diablillos silver-gold property, with an Indicated Mineral Resource containing 80.9M oz Ag and 732k oz Au, through the various stages of feasibility. In addition, AbraPlata owns the highly prospective Cerro Amarillo property

with its cluster of five mineralized Cu-(Mo-Au) porphyry intrusions located in a mining camp hosting the behemoth El Teniente, Los Bronces, and Los Pelambres porphyry Cu-Mo deposits. Further exploration work is also planned for the Company’s Samenta porphyry Cu-Mo property south of First Quantum’s TacaTaca project as well as its Aguas Perdidas Au-Ag epithermal property.

About RPA
RPA is a global mining consultant with offices in Canada, the United States, and the United Kingdom. The company provides services to the mining industry at all stages of project development from exploration and resource evaluation through scoping, prefeasibility and feasibility studies, financing, permitting, construction, operation, closure and rehabilitation. RPA advises major mining companies, mid-cap producers, junior mining and exploration companies, financial institutions, governments, law firms, and individual investors on the technical and commercial aspects of mineral property development.

About GRES
GR Engineering Services Limited is a medium-sized, ASX-listed (ASX: GNG) process design and engineering contractor specializing in providing engineering design and construction services to the mineral processing industry. Headquartered in Perth, Western Australia, GRES has successfully delivered EPC fixed price projects and EPCM services into a large number of projects which have been located in many different countries and regions. GRES has teams of highly experienced technical and engineering professionals and broad experience in the compilation of feasibility studies.

ON BEHALF OF THE BOARD
ABRAPLATA RESOURCE CORP.
"*Willem Fuchter*"
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For further information about AbraPlata and its projects, please visit the Company’s website at www.abraplata.com.

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