MGX Minerals Provides Driftwood Creek Magnesium Update; Engages Hatch Ltd. for Pre-Feasibility Study Analysis and Reports Regional Exploration Results

09.07.2018 | GlobeNewswire

VANCOUVER, British Columbia, July 09, 2018 -- MGX Minerals Inc. (“MGX” or the “Company”) (CSE: XMG) (OTCQB:MGXMF) (FSE:1MG) is pleased to provide a status update for its Driftwood Creek magnesium project (“Driftwood Creek”) as well as report regional exploration results for its portfolio of magnesium prospects located proximate to Driftwood Creek in southeastern British Columbia.

MGX magnesite mining claims in British Columbia

Engagement of Hatch Ltd.
The Company has engaged engineering firm Hatch Ltd. (“Hatch”) to conduct a comprehensive review and multi-phased work program for Driftwood Creek. Hatch will review current mine planning and mine design, mineral processing process design, environmental and social impact assessment (ESIA) and permitting work completed to date. Additionally, Hatch will suggest project implementation logistics such as power, access, local infrastructure and more. The objective of the work program is to prepare Driftwood for completion of a N.I. 43-101 Pre-Feasibility Study (“PFS”). The PFS will build on the positive N.I. 43-101 Preliminary Economic Assessment (“PEA”) completed for Driftwood in March (see press release dated March 6, 2018). The PEA study was independently prepared for MGX by AKF Mining Services Inc. (AKF), Tuun Consulting Inc. (Tuun) and Samuel Engineering Inc. (Samuel) in accordance with CIM guidelines and National Instrument 43-101 Standards of Disclosure for Mineral Projects. Highlights include:

- Life of Mine Pre-Tax Cash Flow during Production of $1,051 million
- Pre-tax NPV@5% of $529.8 million, IRR of 24.5% with a 3.5-year payback
- Post-tax NPV@5% of $316.7million, IRR of 19.3% with a 4.0-year payback
- Initial capital costs of $235.9 million (Total life-of mine ("LOM") - $239.8 includes sustaining/closure costs of $3.9 million and contingency costs of $40.0 million)
- Conventional quarry pit mine with a 1200 tonne per day ("tpd") process plant using conventional crushing, grinding, flotation upgrading, calcination, and sintering to produce a saleable DBM product
- Average annual MgO production of 169,700 tonnes during a 19-year mine life
- LOM average head grades of 43.27% MgO
- LOM MgO recoveries of 90%
- LOM strip ratio of 2.4 to 1 of rock to mineralized material

The tonnage and grades of the Driftwood Creek Project mineral resource at a 42.5% MgO cut off are shown in the table below:

Class	Tonnes (‘000s)	MgO (%)	Al_2O_3 (%)	CaO (%)	Fe_2O_3 (%)	SiO_2 (%)	LOI (%)
Measured	4,702.7	43.31	1.01	0.95	1.29	5.06	47.83
Indicated	3,144.4	43.22	1.00	1.05	1.42	4.67	47.99
M&I	7,847.1	43.27	1.00	0.99	1.35	4.90	47.89
Inferred	55.8	42.95	0.93	0.66	1.43	6.07	47.46

Notes and assumptions:

1. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into Mineral Reserves.*

2. *The Lerchs-Grossman (LG) constrained shell economics used a mining cost of US$8.82/t, processing+ g&a costs of US$106/t, and a commodity price of US$600.00/t 95%MgO DBM.*

3. *Mineral resources are reported within the constrained shell, using a cutoff grade of 42.5% MgO (based on a 20-year LOM) to determine “reasonable prospects for eventual economic extraction.”*

4. *Mineral Resources are reported as undiluted*

5. *Mineral Resources were developed in accordance with CIM (2010) guidelines*

6. *Tonnages are reported to the nearest kilotonne (kt), and grades are rounded to the nearest two decimal places*

7. *Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal.*
   M&I = Measured and Indicated.

Cranbrook Mill Acquisition Update
The Company reports significant progress with site location at the previously announced industrial site in Cranbrook, British Columbia.

Regional Exploration
MGX also continues to evaluate its portfolio of magnesium properties. The Company’s VP of Exploration Andris Kikauka (P. Geo.) performed recent geochemical sampling at the Company’s Marysville and Red Mountain properties.

Marysville Property
Magnesite occurrences at the Marysville project (“Marysville”) are located 12 km (7.7 miles) south of Kimberly, BC covering a total area of approximately 556.55 hectares (1,396.9 acres). Marysville magnesite lenses form a combined strike length of approximately 2,200 meters along a total strike length of 6,000 meters, and width varies from 10-30 meters. The deposit is classified as a stratabound magnesite deposit type that is most likely of a sedimentary origin as a platform carbonate deposition, recrystallized by a burial process that has been subjected to Cretaceous low-grade regional metamorphism. Magnesite is hosted in Lower Cambrian Cranbrook Formation quartzite.

Geochemical analysis was performed by ALS Minerals Ltd. and involved crushed, split and pulverized samples, crushing to better than 70% and passing a 2 mm screen, split of 250 grams were pulverized to better than 85% passing 75 micron screen. The sample pulp was analyzed using ME-XRF26 Li borate flux fused disc major oxide whole rock geochemical analytical methods. Rock chip sample geochemistry from the Central Zone at Marysville is summarized below:

Sample ID	Al2O3%	CaO%	Fe2O3%	MgO%	P2O5%	SO3%	SiO2%	Total%	LOI%	MgO%/ Total%
18MA-1	1.12	0.83	0.59	44.9	0.07	0.02	2.98	99.6	48.93	45.08
18MA-2	0.87	1.06	0.48	41.9	0.12	0.02	8.39	99.53	46.32	42.1
18MA-3	0.83	1.04	0.5	41.8	0.11	0.01	8.48	99.44	46.32	42.04
18MA-4	1.04	1.42	0.82	43	0.44	0.02	5.58	99.53	47.06	43.2
18MA-5	1.01	1.26	0.76	43.3	0.33	0.01	5.31	99.64	47.47	43.46
18MA-6	0.98	1.16	0.79	43.8	0.26	0.02	4.41	99.52	47.95	44.01
18MA-7	0.87	1.06	0.69	43.9	0.15	0.02	3.93	99.42	48.63	44.16
18MA-8	1	1.22	0.81	42.6	0.32	0.02	6.31	99.36	46.92	42.87
Average	0.965	1.13	0.68	43.15	0.225	0.02	5.674	99.51	47.45	43.37

Marysville lenses contained variable amounts of quartz from eight rock chip samples taken from the Central Zone ranging from 2.98-8.48% SiO2. Other impurities included trace amounts of serpentine and talc, as well as average values of 1.13% CaO and 0.965% Al2O3.

Red Mountain Property
The Red Mountain-Topaz-Cleland magnesite property (“Red Mountain”) covers 265.3 hectares (655.6 acres) located approximately 50 km (31.1 miles) south of Golden, BC. Magnesite at Red Mountain occurs as dolomite hosted, stratabound lenses approximately10-40 meters in width (increased width and higher purity is noted in center of magnesite lens). Impurities include quartz (recrystallized chert) as ‘sweat’ veining resulting from regional metamorphism. Fe impurities occurs as FeCO3 (siderite) veins and patches. Minor gypsum and rare talc is found near the magnesite-dolomite contact zones on Red Mountain. Geochemical analysis of rock chip samples from Red Mountain magnesite are summarized below:

Sample ID	Al2O3%	CaO%	Fe2O3%	MgO%	P2O5%	SO3%	SiO2%	TiO2%	Total%	LOI%	MgO%/ Total%
18RED-1	0.28	0.7	0.93	40.1	0.02	0.02	12.44	0.01	99.53	44.9	40.29
18RED-2	0.19	0.99	0.95	38.2	0.02	0.02	15.9	0.01	99.47	43.07	38.4
18RED-3	0.21	0.6	1.05	39.9	0.02	0.02	13.75	0.01	99.96	44.24	39.92
18RED-4	0.21	0.6	1.05	37.5	0.03	0.05	18.42	0.01	99.78	41.78	37.58
18RED-5	0.24	0.88	0.91	39	0.02	0.02	13.92	0.01	99.23	44.09	39.3
18RED-6	0.26	1.15	0.96	38.7	0.03	0.02	14.78	0.01	99.72	43.67	38.81
18RED-7	0.29	0.89	0.92	40.3	0.03	0.02	11.31	0.01	99.36	45.47	40.4
18RED-8	0.28	1.18	1.19	38.3	0.03	0.16	15.23	0.01	99.71	43.16	38.41
Average	0.245	0.87	0.995	39	0.025	0.04	14.47	0.01	99.6	43.8	39.14

The CaO average for the eight samples taken from Red Mountain was 0.87% and is considered relatively low in comparison to other magnesite deposits in British Columbia, which average >1% CaO. Calcium is considered an impurity in magnesite deposits. Given the high amount of silica present on Red Mountain magnesite (average 14.47% SiO2), metallurgical testing is required to evaluate if silica (in this case re-crystallized chert) can be effectively separated through flotation in the beneficiation process for impure magnesite, and to determine the value of silica as a by-product.

The relatively high MgO content at Marysville and Red Mountain compares favourably with other magnesite producers. Detailed mapping, geochemical sampling and core drilling is planned to test the extent and purity of the Marysville and Red Mountain magnesite, prior to carrying out metallurgical testing for suitability for industrial application end uses. The continuity of Marysville and Red Mountain magnesite layers (2,200 and 400 meter strike length respectively) are positive factors for future development.

A figure accompanying this announcement is available at
http://www.globenewswire.com/NewsRoom/AttachmentNg/43c26ef7-8b2b-4c90-b815-fe4b232066e6

About MgO
Magnesium Oxide (magnesia) is a widely used industrial mineral that comes in various forms including dead burned magnesia (DBM) and fused magnesia (FM). End uses include fertilizer, animal feed, and environmental water treatment as well as industrial applications primarily as a refractory material in the steel industry. The majority of refractory grade MgO used in the US and Canada is imported from China. MGX aims to provide a stable, secure, long term supply of MgO to the North American market with quality MgO products of consistent grade and purity.

Qualified Person
Andris Kikauka (P. Geo.), Vice President of Exploration for MGX Minerals, has prepared, reviewed and approved the scientific and technical information in this press release. Mr. Kikauka is a non-independent Qualified Person within the meaning of National Instrument 43-101 Standards.

About MGX Minerals
MGX Minerals is a diversified Canadian resource company with interests in advanced material and energy assets throughout North America. Learn more at www.mgxminerals.com.

Contact Information
Jared Lazerson
President and CEO

Telephone: 1.604.681.7735
Web: www.mgxminerals.com

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements
This press release contains forward-looking information or forward-looking statements (collectively "forward-looking information") within the meaning of applicable securities laws. Forward-looking information is typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "potentially" and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking information provided by the Company is not a guarantee of future results or performance, and that actual results may differ materially from those in forward-looking information as a result of various factors. The reader is referred to the Company's public filings for a more complete discussion of such risk factors and their potential effects which may be accessed through the Company's profile on SEDAR at www.sedar.com.