

Colonial Coal Announces Results of a Preliminary Economic Assessment for an Open Pit Only Mine at its Huguenot Project

26.11.2019 | [CNW](#)

VANCOUVER, Nov. 26, 2019 - [Colonial Coal International Corp.](#) (TSX-V: CAD) (the "Company" or "Colonial Coal"). David Austin, Colonial Coal's President and CEO, is pleased to announce the results of a recent Preliminary Economic Assessment (the "PEA") for a stand-alone open pit option at the Company's 100% owned Huguenot coking coal property (the "Huguenot Project") located approximately 85 kilometres southeast of Tumbler Ridge in northeast British Columbia.

This PEA for the stand-alone open pit mine on the Huguenot Project is preliminary in nature and there is no certainty that the forecast results stated in the PEA will be realized. In addition, the PEA 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, and there is no certainty that the preliminary economic assessment will be realized. Furthermore, mineral resources that are not mineral reserves do not have demonstrated economic viability.

The PEA report, prepared by Stantec Consulting Services Inc. ("Stantec") in accordance with CSA National Instrument 43-101 ("NI 43-101") standards, will be completed and filed on SEDAR (the System for Electronic Document Analysis and Retrieval) within 45 days. The results of the PEA show that the Huguenot Project continues to demonstrate positive economics, has viable development options and is worthy of advancement.

The current PEA report builds upon an original PEA report prepared in 2013 by Norwest Corporation that was updated in 2018 by Norwest, now Stantec, using then current scoping level cost estimates and economic analyses. The mining studies previously reported (September 24, 2013 and July 10, 2018 and by way of corresponding 43-101 Technical Report filings) were based upon exploiting the coking coal resources by a combination of open pit and underground mining methods. During the 2018 update, Stantec recognized an opportunity to significantly expand the open pit to higher stripping ratios, with correspondingly higher recoverable tonnages of surface mineable coal, thereby creating the opportunity to examine a surface stand-alone mining option in a new PEA.

This PEA does not include any further evaluation of the underground resources nor any potentially mineable coal associated with these resources.

For the current study, Stantec used previously reported surface mineable resources to develop a revised conceptual mine plan to exploit the coal resources utilizing a stand-alone open pit, in contrast to the previous approach of a combined open pit and underground mine. Stantec completed a more detailed analysis of the open pit design and equipment selection than was carried out previously, that yielded larger mineable open pit tonnage, longer mine life and a lower cost mining operation. In addition, alternative means of product coal transportation were considered which resulted in a revised plan to transport coal by conventional haul trucks from the mine to the existing rail line south of Tumbler Ridge, as opposed to the previous concept of direct rail transport from the mine. The trucking concept has the advantage of lower capital costs, lower risk and a shorter construction schedule than the rail option.

Highlights of the revised PEA report are summarized below. All costs are in US dollars but, where Canadian dollar equivalents are provided, they have been converted using an exchange rate of US\$1.00 equals CAD\$1.316.

A summary of the financial analyses is presented in the following tables; the results show the after tax (including royalty) net present values (NPVs) at various discount rates and internal rates of return (IRRs) for

a range of coal prices. For the benchmark coal price, Stantec has used US\$174 per tonne. They note that, while a discount may be applied to the benchmark price for Huguenot product coal, they consider the potential discount to be within the range of values presented in the tables below.

The capital expenditures are based on two scenarios. The first scenario assumes that all major mining equipment is purchased outright in the year in which it is required for the mining operation. This includes replacements as they are required over the life of the mine. The second scenario assumes that the major mining equipment will be leased in the year in which it is required for the mining operation and that replacements will also be leased when the equipment needs to be replaced.

- Based on the purchased equipment scenario the financial analysis suggests that the coal price required to achieve a zero NPV at discount rates of 5%, 7.5% and 10%, respectively, is about US\$113, US\$120 and US\$125 per tonne. A coal price of US\$137 per tonne is required for an IRR of 15%.
- Based on the leased equipment option the financial analysis suggests that the coal price required to achieve a zero NPV at discount rates of 5%, 7.5% and 10%, respectively, is about US\$114, US\$119 and US\$125 per tonne. A coal price of US\$137 per tonne is required for an IRR of 15%.
- Measured and Indicated surface mineable coal resources total 132.0 million tonnes, with an additional Inferred resource of 0.5 million tonnes. Not included in the current PEA are in-situ underground mineable resources totaling 145.7 million tonnes (Measured and Indicated) and 118.7 million tonnes classified as Inferred.
- The current PEA economic analysis is based on a conceptual open pit mine plan targeting 99 million run-of-mine ("ROM") tonnes of resource at an overall stripping ratio of 10.5:1 (bank cubic metres (bcm):ROM tonnes), yielding 72 million tonnes of product coal over a mine life of 27 years. The previous PEA identified a smaller open pit with ROM tonnage of 56 million tonnes at a stripping ratio of 8.6:1, that yielded 39 million tonnes of product coal over 13 years.
- Projected clean coal production from open pit mining operations ranges from 0.7 million tonnes per annum ("Mt/a") to 3.0 Mt/a, averaging approximately 2.7 Mt/a.
- Potential coal production is identified as hard coking coal similar to coking coal currently exported from northeast British Columbia.
- The stand-alone open pit cash operating costs for the purchased equipment scenario are estimated at US\$55.08 per tonne of product coal at the mine gate. The cash operating costs for the leased equipment scenario are estimated at US\$61.47 per tonne.
- Estimated direct operating plus offsite costs for the purchased equipment scenario (i.e., FOB cost), total US\$91.90 per clean tonne (excluding production taxes and royalties). The FOB cost for the leased equipment scenario is estimated at US\$98.29 per clean tonne (excluding production taxes and royalties)
- Pre-production capital cost for the proposed mine in the purchased equipment scenario is estimated at US\$510 million, with additional sustaining capital of US\$215 million over the life-of-mine (LOM). Pre-production capital cost in the leased equipment scenario is estimated at US\$303 million, with additional sustaining capital of US\$42 million over the LOM.
- The Huguenot Project's proposed payback of initial capital is estimated within four years from start-up of operations for both scenarios.

This press release has been reviewed and the scientific and technical disclosure disclosed herein approved by Derek Loveday, P.Geo., of Stantec, a Professional Geologist and a Qualified Person as defined in NI 43-101.

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.

About Colonial Coal International Corp.

Colonial Coal is a publicly traded coal corporation in British Columbia that focuses primarily on coking coal projects. The northeast Coal Block of British Columbia, within which our Corporation's projects are located, hosts a number of proven deposits and has been the subject of M&A activities by Anglo-American and others. Additional information can be found on the Company's website www.ccoal.ca or by viewing the Company's filings at www.sedar.com.

Forward-Looking Information

Information set forth in this news release may involve forward-looking statements. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address a company's expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with marketing and sale of securities; the need for additional financing; reliance on key personnel; the potential for conflicts of interest among certain officers or directors with certain other projects; and the volatility of common share price and volume. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and except as required by law, the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ALTHOUGH THE COMPANY MAY SUBJECT TO CHANGE AFTER SUCH DATE, READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE WHILE THE COMPANY MAY BE FURTHER OUTDOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE SECURITIES LEGISLATION.

SOURCE Colonial Coal International Corp.

SOURCE [Colonial Coal International Corp.](#) Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt! Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).