# **Entrée Resources Announces Second Quarter 2020 Results**

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VANCOUVER, Aug. 4, 2020 - Entrée Resources Ltd. (TSX: ETG) (OTCQB: ERLFF) (the "Company" or "Entrée") has to its interim financial results for the second quarter ended June 30, 2020. All numbers are in U.S. dollars unless otherwise.

Q2 2020 HIGHLIGHTS

Oyu Tolgoi Underground Development Update – Mongolia

The Oyu Tolgoi project in Mongolia includes two separate land holdings: the Oyu Tolgoi mining licence, which is held b joint venture partner Oyu Tolgoi LLC ("OTLLC") and the Entrée/Oyu Tolgoi JV Property, which is a partnership between and OTLLC. On July 2 and July 28, 2020, OTLLC's 66% shareholder <u>Turquoise Hill Resources Ltd.</u> ("Turquoise Hill") p updates on underground development:

- The unprecedented circumstances of the COVID-19 (coronavirus) pandemic impacted some aspects of undergro
  construction in the second quarter 2020 due to continued restrictions on mine site access for teams from OTLLC,
  International Holdings Ltd. ("Rio Tinto") and their construction partners.
- Despite the challenges presented by COVID-19, underground development on the Oyu Tolgoi mining licence con achieving strong productivity in underground advancement during the second quarter 2020 (1,830 equivalent met with an average monthly rate of 1,831 equivalent metres for the quarter).
- Shafts 3 and 4 continued on care and maintenance and this is expected to continue until expert service providers
  to site to complete technical commissioning of specialized equipment and commence sinking activities. Work also
  some essential underground material handling infrastructure, in particular the construction of primary crusher one
  now returned to 24-hour shifts following a period of day shift only. Personnel numbers on site have been limited in
  manage the risks around COVID-19.
- Routine Shaft 2 rope shortening was successfully completed utilizing remote presence technology. Payload and shack to planned levels and people and materials movement via the service hoist continue to operate normally.
- On July 2, 2020, Turquoise Hill announced the completion of an updated Oyu Tolgoi Feasibility Study ("OTF\$20" incorporates the new mine design for the first lift ("Lift 1") of Hugo North Panel 0 announced by Turquoise Hill on 2020. OTLLC is in the process of submitting OTF\$20 with the Government of Mongolia in order to comply with lor regulatory requirements. OTF\$20 does not reflect the impacts of the COVID-19 pandemic, which are ongoing and to be assessed.
- Turquoise Hill also announced on July 2, 2020 its updated mineral resources and mineral reserves prepared in activity with the requirements of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43 and CIM definition standards for mineral resources and mineral reserves (2014). The new mine design for Panel the mineral reserve estimate for the overall Hugo North Lift 1 underground mine due to the inclusion of two struct planned to be located on the Oyu Tolgoi mining licence. However, the ore tonnes and contained copper, gold and the Probable mineral reserve that Turquoise Hill reported for Hugo North Extension Lift 1 on the Entrée/Oyu Tolgo Property have all increased.
- The block cave design incorporated in OTFS20 provides for 120 metre structural pillars included to the north and Panel 0, protecting ore handling infrastructure (which will be moved into the structural pillars) and increasing the of sequencing Panel 1 and Panel 2. The Hugo North Extension deposit on the Entrée/Oyu Tolgoi JV Property is In the northern portion of Panel 1 and is not affected by the pillars.
- Turquoise Hill believes the existing feasibility study designs for Panel 1 and Panel 2 remain executable based on orebody understanding. However, with the introduction of structural pillars, Panels 1 and 2 become independent, much greater operational flexibility.
- Panel 1 and Panel 2 design optimization studies have been initiated by OTLLC and Rio Tinto. The studies are no
  to delay the ramp up of Panel 1 or Panel 2. Drilling work is underway and the resulting updates to geotechnical m
  and mine design review are expected by Turquoise Hill to continue into 2021.

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• OTFS20 incorporates an update to the first sustainable production schedule and capital cost estimates for the unmine development based on the new block cave mine design for Panel 0. The new design anticipates a base cas development capital cost of \$6.8 billion, with a range of \$6.6 billion to \$7.1 billion, and a target to first sustainable from the Oyu Tolgoi mining licence of February 2023, with a target range between October 2022 and June 2023, an allowance for schedule contingency. The mine design for Panel 0 will now undergo further detailed design, enand optimization to support the definitive estimate review (the "Definitive Estimate"), expected to be completed by Rio Tinto and Turquoise Hill before the end of the year, subject to any delays due to the impacts of the COVID-19

## Entrée/Oyu Tolgoi JV Property

- Entrée's 2018 Technical Report completed on its interest in the Entrée/Oyu Tolgoi JV Property discusses two dev scenarios, a reserve case (the "2018 Reserve Case") and a Life-of-Mine Preliminary Economic Assessment (the PEA"). The 2018 Reserve Case is based only on mineral reserves attributable to the Entrée/Oyu Tolgoi joint vent "Entrée/Oyu Tolgoi JV") from Lift 1 of the Hugo North Extension underground block cave. Both the 2018 Reserve the 2018 PEA are based on information reported within the 2016 Oyu Tolgoi Feasibility Study.
- The Company has not yet been provided with OTFS20 or any of the data or assumptions underlying OTFS20, the cave designs in OTFS20 or Turquoise Hill's updated mineral resources and reserves and the Company is therefore to verify such data or the scientific and technical disclosures made by Turquoise Hill at this time. For information Company's interest in Entrée/Oyu Tolgoi JV Property, see the 2018 Technical Report available on SEDAR at www.sedar.com.
- Once the Definitive Estimate and the Panel 1 optimization studies have been completed and delivered to Entrée of OTFS20, the Company will be able to assess the potential impact on Entrée/Oyu Tolgoi JV Property resources are as well as production and financial assumptions and outputs from the two alternative cases, the 2018 Reserve Ca 2018 PEA. Entrée will continue to evaluate any information made available to it by Rio Tinto or OTLLC and will up market accordingly.

#### Corporate

- Q2 2020 operating loss was \$0.5 million compared to the operating loss of \$0.4 million in Q2 2019. The increase
  professional and advisory fees related to advancing potential amendments to the Entrée/Oyu Tolgoi joint venture
  (the "Entrée/Oyu Tolgoi JVA").
- Q2 2020 operating cash outflow after working capital was \$0.4 million compared to a \$0.5 million operating cash Q2 2019.
- As at June 30, 2020, the cash balance was \$4.5 million and the working capital balance was \$4.4 million. The Co
  holds the majority of its cash in Canadian currency.
- The Company recognizes the unprecedented situation surrounding the ongoing COVID-19 pandemic and is close monitoring the effect of the COVID-19 pandemic on its business and operations and will continue to update the me the impacts to the Company's business and operations in relation to these extraordinary circumstances.

### **OUTLOOK AND STRATEGY**

The Company's primary objective for the 2020 year continues to be to work with other Oyu Tolgoi stakeholders to adva potential amendments to the Entrée/Oyu Tolgoi JVA that currently governs the relationship between Entrée and OTLLO finalization, transfer the Shivee Tolgoi and Javhlant mining licences to OTLLC as manager of the Entrée/Oyu Tolgoi joi The form of Entrée/Oyu Tolgoi JVA was agreed between the parties in 2004, prior to the execution of the Oyu Tolgoi In Agreement and commencement of underground development. The Company currently is registered in Mongolia as the ultimate holder of the Shivee Tolgoi and Javhlant mining licences.

The Company believes that amendments that align the interests of all stakeholders as they are now understood, would best interests of all stakeholders, provided there is no net erosion of value to Entrée. No agreements have been finalized there are no assurances agreements may be finalized in the future.

The Company continues to expect 2020 full year expenditures, which include Mongolian site management and complia to be between \$1.5 million and \$1.7 million.

The Company's interim financial statements and Management's Discussion and Analysis ("MD&A") for the second qual June 30, 2020 are available on the Company's website at www.EntreeResourcesLtd.com, on SEDAR at www.sedar.co EDGAR at www.sec.gov.

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Robert Cinits, P.Geo., consultant to Entrée and the Company's former Vice President, Corporate Development, and a Gerson as defined by NI 43-101, has approved the technical information in this release. For further information on the Entrée of January 15, 2018, available on SEDAR at www.sedar.com.

## ABOUT ENTRÉE RESOURCES LTD.

Entrée Resources Ltd. is a Canadian mining company with a unique carried joint venture interest on a significant portio the world's largest copper-gold projects – the Oyu Tolgoi project in Mongolia. Entrée has a 20% or 30% carried participating interest in the Entrée/Oyu Tolgoi JV, depending on the depth of mineralization. Sandstorm Gold Ltd., Rio Turquoise Hill are major shareholders of Entrée, holding approximately 21%, 9% and 8% of the shares of the Company respectively. More information about Entrée can be found at www.EntreeResourcesLtd.com.

This News Release contains forward-looking statements within the meaning of the United States Private Securities Litig Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws with rescorporate strategies and plans; uses of funds and projected expenditures; the expectations set out in OTFS20; timing a of Oyu Tolgoi underground development; the mine design for Hugo North Lift 1 and the related cost and production schimplications; the re-design studies for Panels 1 and 2 of Hugo North (including Hugo North Extension) Lift 1 and the position of the Definitive Estimate review and the scope thereof; timing amount of production from Lift 1 of the Entrée/Oyu Tolgoi JV Property, potential production delays and the impact of an on the Company's cash flows, expected copper and gold grades, liquidity, funding requirements and planning; the pote impact of COVID-19 (coronavirus) on Oyu Tolgoi underground development and the business, operations and financial of the parties to the Entrée/Oyu Tolgoi JV; the estimation of mineral reserves and resources; estimates of capital and o costs, mill throughput, cash flows and mine life; capital, financing and project development risk; mining dilution; discuss the Government of Mongolia, Rio Tinto, OTLLC and Turquoise Hill on a range of issues including Entrée's interest in the Entrée/Oyu Tolgoi JV Property, the Shivee Tolgoi and Javhlant mining licences and certain material agreements; permitines; anticipated business activities; and future financial performance.

In certain cases, forward-looking statements and information can be identified by words such as "plans", "expects" or "o expect", "is expected", "budgeted", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "might", "will be taken", "occur" or "be achieved". While the Company has based these forward-looking statements on it expectations about future events as at the date that such statements were prepared, the statements are not a guarante Entrée's future performance and are based on numerous assumptions regarding present and future business strategies correct interpretation of agreements, laws and regulations; local and global economic conditions and negotiations and t environment in which Entrée will operate in the future, including commodity prices, projected grades, projected dilution, anticipated capital and operating costs, anticipated future production and cash flows; the anticipated location of certain infrastructure and sequence of mining within and across panel boundaries; the construction and continued developmen Oyu Tolgoi underground mine; and the status of Entrée's relationship and interaction with the Government of Mongolia Rio Tinto and Turquoise Hill. With respect to the construction and continued development of the Oyu Tolgoi undergrou important risks, uncertainties and factors which could cause actual results to differ materially from future results expres implied by such forward-looking statements and information include, amongst others, the timing and cost of the constru expansion of mining and processing facilities; the timing and availability of a long term domestic power source for Oyu the availability of financing for OTLLC or the Government of Mongolia to construct such a source); the potential impact COVID-19; the ability of OTLLC to secure and draw down on the supplemental debt under the Oyu Tolgoi project finanand the availability of additional financing on terms reasonably acceptable to OTLLC, Turquoise Hill and Rio Tinto to fu develop Oyu Tolgoi; the impact of changes in, changes in interpretation to or changes in enforcement of, laws, regulation government practises in Mongolia: delays, and the costs which would result from delays, in the development of the unc mine; the status of the relationship and interaction between OTLLC, Rio Tinto and Turquoise Hill with the Government Mongolia on the continued operation and development of Oyu Tolgoi and OTLLC internal governance; the anticipated I certain infrastructure and sequence of mining; projected copper, gold and silver prices and their market demand; and p estimates and the anticipated yearly production of copper, gold and silver at the Oyu Tolgoi underground mine.

Other risks, uncertainties and factors which could cause actual results, performance or achievements of Entrée to differ from future results, performance or achievements expressed or implied by forward-looking statements and information amongst others, unanticipated costs, expenses or liabilities; discrepancies between actual and estimated production, more reserves and resources and metallurgical recoveries; development plans for processing resources; the outcome of the Estimate review; matters relating to proposed exploration or expansion; mining operational and development risks, included entremediately restrictions, including legal and political risk in Mongolia; risks associated with changes in the attractional operations, including legal and political risk in Mongolia; risks related to the potential impolitical or national health concerns, including the COVID-19 (coronavirus) pandemic; inability to upgrade Inferred mineral resources to Indicated or Measured mineral resources; inability to convert mineral resources to mineral reserves; concl

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economic evaluations; fluctuations in commodity prices and demand; changing foreign exchange rates; the speculative mineral exploration; the global economic climate; dilution; share price volatility; activities, actions or assessments by Ri Turquoise Hill or OTLLC and by government authorities including the Government of Mongolia; the availability of fundir reasonable terms; the impact of changes in interpretation to or changes in enforcement of laws, regulations and govern practices, including laws, regulations and government practices with respect to mining, foreign investment, royalties an the terms and timing of obtaining necessary environmental and other government approvals, consents and permits; the availability and cost of necessary items such as water, skilled labour, transportation and appropriate smelting and refini arrangements; unanticipated reclamation expenses; changes to assumptions as to the availability of electrical power, a power rates used in operating cost estimates and financial analyses; changes to assumptions as to salvage values; ab maintain the social licence to operate; accidents, labour disputes and other risks of the mining industry; global climate of title disputes; limitations on insurance coverage; competition; loss of key employees; cyber security incidents; misjudge the course of preparing forward-looking statements; as well as those factors discussed in the Company's most recently MD&A and in the Company's Annual Information Form for the financial year ended December 31, 2019, dated March 1 filed with the Canadian Securities Administrators and available at www.sedar.com. Although the Company has attempt identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, es intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and fu events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue re Forward and king statements of the Gompany is under no realigation to help a terminate of latter any taken as the company is under no realign to the formation of the company is under no realign to the company is under no reali E-mair diande Emplicable securities Jaws.

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