

# ScoZinc Mining Ltd. Announces Improved Results of Its Scotia Mine 2021 Pre-Feasibility Study

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## Pre-Tax NPV of C\$174M and IRR of 69%

Halifax, Nov. 16, 2021 - [ScoZinc Mining Ltd.](#) (TSXV: SZM) ("ScoZinc" or the "Company") is pleased to announce the results of its updated Pre-Feasibility Study (the "2021 PFS") including its new Gypsum NI 43-101 Mineral Reserve Estimate ("2020 Mineral Reserve Estimate") for its wholly-owned and permitted Scotia Mine ("Scotia Mine" or the "Project"), located in Nova Scotia, Canada. The 2021 PFS was prepared in collaboration with the independent engineering firm MineTech International Limited, adopting the 2020 Pre-Feasibility Study completed by Ausenco Engineering Canada Inc., MineTech International Limited, SRK Consulting (U.S.), Inc., and Terrane Geoscience Inc.

Highlights of the 2021 PFS are tabled below, with additional details of the NI 43-101 Technical Report ("2021 PFS") to be filed on [www.sedar.com](http://www.sedar.com) under ScoZinc's profile within the next 45 days.

Table 1: Pre-Feasibility Study Highlights

Pre-Tax Net Present Value (Discount Rate 8%)	\$174M
Pre-Tax Internal Rate of Return	69%
After-Tax Net Present Value (Discount Rate 8%)	\$128M
After-Tax Internal Rate of Return	65%
EBITDA (Annual Average)	\$18M
Payback Period (Years)	1.3
Free Cash Flow (Cumulative First 3 Years)	\$55M
Pre-Production CAPEX (incl \$2.7M Contingency)	\$30.6M
Metal Production Zinc (5 Year Annual Average)	35M lbs
Metal Production Lead (5 Year Annual Average)	15M lbs
Zinc Concentrate Grade (LOM Average)	57%
Lead Concentrate Grade (LOM Average)	71%
Processing Throughput Rate (Tonnes Per Day)	2,700
Life of Mine ("LOM") Duration	14.3 Years
Base Metal Ore Reserves Mined (LOM Total)	13.66Mt
Zinc Ore Grade (LOM Average)	2.03% Zn
Lead Ore Grade (LOM Average)	1.10% Pb
Gypsum Reserves Mined (LOM Total)	5.18Mt
Gypsum Grade (LOM Average)	91.8%
Net Revenue After Royalty & Treatment Charges	\$875M
Operating Cash Flow Before Taxes	\$357M
C1 Costs Over LOM <sup>1</sup>	US\$0.50/lb
Total Operating Cost (Per tonne Milled LOM)	\$52.56/t
All-In-Sustaining-Cost (ZnEq) <sup>1, 2</sup>	US\$0.52/lb
Zinc Price (LOM Average)	US\$1.22/lb
Lead Price (LOM Average)	US\$1.04/lb
Gypsum Crude Price (LOM Average)	US\$8.60/t
Foreign Exchange Rate (CAD:USD)	0.80

All dollar amounts are expressed in Canadian Dollars unless otherwise noted

<sup>1</sup> After Lead credits deducted

<sup>2</sup> All-In-Sustaining-Costs ("AISC") are C1 Costs plus Sustaining Capital and Financing Costs

The President and CEO, Mr. Mark Haywood, commented: "We are very excited to deliver the results of our updated Scotia Mine PFS which includes updated commodity prices, treatment charges, exchange rates and the compelling addition to the Project's economics of the Gypsum by-product revenue stream. The Project's economics are 12% more robust than determined by the 2020 PFS, with cumulative free cash flow of \$55 million in the first 3 years alone, and low capital requirements of approximately \$30M.

The Project is set to produce high quality Zinc and Lead concentrates for over 14 years, at low operating costs, via conventional open pit mining methods, with a steady ore processing rate of 2,700 tonnes per day. Through detailed planning and analyses, we believe the technical team have resolved many of the mine's historical bottlenecks, perceived water issues, and poor performance issues to develop an effective, low-risk development and life of mine production plan.

Importantly, the PFS shows that commercial Zinc and Lead concentrate and Gypsum production can be achieved within 9 to 12 months of project financing of approximately \$30M, with a resulting average annual cash flow of \$18M. The extensive facilities already in place on site, combined with the short pre-stripping period, enable the Scotia Mine to potentially demonstrate a free cash flow of \$19M in the first year of commercial production.

ScoZinc is also of the view that there are additional opportunities to further improve the Project's economics and extend the operation's 14-year mine life including on-strike mineral development and nearby regional targets for potential future mill feed."

A summary of the updated Pre-Feasibility Study is provided below. The complete NI 43-101 Technical Report will be provided on the Company's website at [www.ScoZinc.com](http://www.ScoZinc.com) once the report has been filed on SEDAR.

#### Location, Ownership & History

The Scotia Mine consists of a fully permitted mine and mill which are 100% owned by ScoZinc. The Scotia Mine is located at approximately 45°02' North, 63°21' West, or 62 kilometres northeast of Halifax, Nova Scotia, in the Halifax Regional Municipality. Year-round access to the Project is by paved highway roads and is approximately 15 kilometres off the Nova Scotia provincial highway along Route #224. The Halifax International Airport is located 33 kilometres southwest of the mine site. The Project consists of 648 hectares of mineral rights in the form of three contiguous mineral leases, including land with exploration potential for zinc and lead mineralization. ScoZinc also owns real estate property of 712.5 hectares, which includes the mineral leases and adjoining areas.

In February 2011, Selwyn Resources Limited ("Selwyn") purchased ScoZinc Limited and all of its assets, including the Scotia Mine and ScoZinc's exploration claims, for \$10 million less a deduction relating to increased reclamation bonding requirements that were being determined at the time of the acquisition. Selwyn changed its name to [ScoZinc Mining Ltd.](#), and owns 100% of the ScoZinc Limited subsidiary, which in turn holds the mineral rights to the Main and Getty Zones, the mining rights and surface rights (real property rights) for the Scotia Mine deposit and an environmental assessment (environmental registration) for the Scotia Mine.

ScoZinc also currently holds five exploration licenses covering 41 claims in the immediate vicinity of the Scotia Mine Deposit. Each individual claim covers an area of approximately forty acres (16.2 hectares). In total, the 41 claims cover approximately 664 hectares (1,641 acres). These licenses are located along strike from the Scotia Mine Deposit and include favourable host rocks similar to that at the mine site.

#### Geology and Mineralization

The Scotia Mine Deposit consists of three main zones of mineralization referred to as the Main (formerly Gays River deposit), Getty and Northeast Zones. The Main zone lies along the southside of the Gays River main branch, immediately east of the confluence with the Gays River south branch. The Getty zone lies just northwest of the Main and North-East zones on the western side of Gays River. The two zones are separated by less than one kilometre.

The Gays River Formation mineralization has long been considered a Mississippi Valley-type lead-zinc deposit. This type of deposit is carbonate-hosted, classified as a typical open space filling type, and hosted in a dolomitized limestone. The limestone developed as a carbonate build-up on an irregular pre-Carboniferous basement topographic high where conditions allowed for growth of reef-building organisms.

The zinc/lead-bearing Gays River Formation trends in an east-north east direction across the Property. Locally, the mineralisation dips up to 45° on average, and up to vertical in places, to the north-northwest which is the depositional slope of the front of the Gays River reef unit. The dip tends to be horizontal in the back reef area (south of the main trend). The mineralisation is present as sphalerite and galena and grades from massive Pb-Zn mineralized material in the fore reef to finely disseminated, lower grade material in the back reef. In the mine area, the Gays River Formation is overlain either by the evaporites of the Carroll's Corner Formation and/or overburden.

## Exploration and Data Management

The Scotia Mine has extensive diamond drilling and blast-hole drilling on a large portion of its mining leases and associated exploration licences. A total of 1,831 holes or 121,870 metres has been drilled to date. All of the data from these holes has been included in this updated Pre-Feasibility Study and the 2020 mineral resource estimation (the "2021 MRE").

## Royalties

For the Scotia Deposit, ScoZinc owns the real property covering all the defined mineral resources on the mining leases, so no royalty to any landowner is applicable. However, there is a small 25-acre portion on ScoZinc's real property that is subject to a sand, gravel and fill royalty of \$1.00 per metric tonne to Gallant Aggregates. This royalty does not impact the Scotia Mine's Pre-Feasibility Study.

For the Getty deposit, ScoZinc has a 1% royalty with Globex Resources Ltd ("Globex"), which provides Globex with a 1% Gross Metal Royalty ("GMR") interest in the associated claims. Agreement terms also allows ScoZinc to purchase 50% of the GMR for \$300,000. ScoZinc's Life of Mine plan indicates that such a royalty would only be applicable in the last few years of the 14-year mine life.

Nova Scotia provincial royalty of 2% also applies on all net revenue generated from the Project.

## Mineral Resource Estimate

A Mineral Resource estimation update was completed in March 2021 for the Scotia Mine Deposit, including the Main, Getty and Northeast Zones ("2021 MRE"). The purpose was to add a Gypsum resource to the already existing base metal (Lead & Zinc) resource calculated in the 2019 Mineral Resource Estimate ("2019 MRE"). No changes were made to the base metal resource from the 2019 MRE and remain the same for the 2021 MRE.

The mineral resources for the Scotia Mine Deposit have been classified as Measured, Indicated and Inferred categories based on CIM Definition Standards in accordance with NI 43-101 reporting guidelines, and are reported with respect to cut-off values calculated using the assumed processing costs and recoveries, and metal prices. The resource is also constrained by an optimized (Whittle™) pit shell, which is based on optimistic metal prices, in order to demonstrate that the defined resources have reasonable prospects of eventual economic extraction, which is a CIM Definition Standards criterion. All classification categories (Measured, Indicated and Inferred) were considered in the resource pit optimization.

Gypsum mineral resources were estimated using the outlined gypsum/anhydrite geology constrained by the Life of Mine (LOM) design pit outlined for the base metal mining. Drill holes were chosen to be representative of the Gypsum over the geographic area planned for open pit mining.

Gypsum waste rock constrained inside the LOM pit was considered for conversion to Gypsum mineral

resources. No Gypsum outside the LOM pit was included or considered in the calculation of the Gypsum resource, nor did it have any influence on the size and shape of the LOM pit.

The Scotia Mine Deposit mineral resource summary statement is provided in Table 2, with an effective date of 22 March 2021.

Table 2: Scotia Mine Resource Statement, 22 March 2021 - MineTech International Ltd.

Classification	Zone	Tonnage (kt)	Zinc (%)	Lead (%)	ZnEq (%)	Gypsum Tonnage (kt)	Gypsum Grade (%)
Measured (M)	Getty	60	1.38	1.25	2.58	0	0
	Main	4,130	2.57	1.30	3.81	1,310	93.0
	North East	130	3.18	1.88	4.98	220	91.9
	Total	4,320	2.57	1.32	3.83	1,530	92.8
Indicated (I)	Getty	8,090	1.24	0.81	2.02	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	9,870	1.92	1.01	2.89	2,500	92.7
	North East	2,330	2.88	1.15	3.98	1,150	88.7
M & I	Total	21,130	1.75	0.92	2.64	3,650	91.4
	Getty	8,150	1.24	0.82	2.03	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	14,000	2.11	1.09	3.16	3,810	92.8
	North East	2,460	2.89	1.19	4.04	1,370	89.2
	Total	25,450	1.89	0.99	2.84	5,180	91.8
Inferred	Getty	950	1.35	0.54	1.87	0	0
	Getty South	770	1.53	0.25	1.77	0	0
	Main	2,980	1.49	0.79	2.25	250	92.2
	North East	310	2.01	0.74	2.72	540	90.7
Total	5,010	1.50	0.66	2.13	790	91.2	

- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into Mineral Reserves;
- Determination of reasonable prospects of eventual economic extraction was based on assumed prices for Zinc of US\$1.35/lb, and for Lead of US\$1.14/lb, a Zinc recovery of 86% and a Lead recovery of 93%, mining and processing costs varying by zone, and pit slopes of 45 degrees in rock and 22 degrees in overburden;
- Near surface resources are reported based on a Zinc equivalent (ZnEq) grade of 0.90% and a Gypsum grade of 80%. The ZnEq grade incorporates Zinc and Lead sales costs of US\$0.19/lb and US\$0.11/lb respectively, and a 2% royalty fee; and
- Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.

#### Base Metal Mineral Reserve Estimate

The Scotia Mine Base Metal Mineral Reserve Estimates are classified as either Proven Reserves or Probable Reserves and are provided in Table 3. Total Mineral Reserves are 13.66 million tonnes with a Zinc Equivalent grade of 3.09 percent. The Base Metal Reserve Estimate remains unchanged from the 2020 PFS.

Table 3: Scotia Mine Base Metal Mineral Reserve Estimates

Mineral Zone Classification	Tonnage (t)	Zinc Grade (%)	Lead Grade (%)	Zinc Equivalent Grade (%)
Scotia Mine Proven	3,370,000	2.46	1.21	3.62
Scotia Mine Probable	10,290,000	1.88	1.07	2.91
Scotia Mine Total	13,660,000	2.03	1.10	3.09

Notes: The Base Metal Mineral Reserves are as of 6 July 2020 and based on a design cut-off grade of 1.5% ZnEq grade. Cut-off grades are based on a Zinc metal price of US\$1.10/lb, recovery of 89%, a Lead metal

price of US\$0.95/lb, and mining recovery of 92%. Average unplanned dilution and mining recovery factors of 12% and 92%, respectively, are assumed.

### Gypsum Mineral Reserve Estimate

The Scotia Mine Gypsum Mineral Reserve Estimates are classified as either Proven Reserves or Probable Reserves and are provided in Table 4. Total Mineral Reserves are 5,180,000 tonnes with a Gypsum grade of 91.8 percent.

Table 4: Scotia Mine Gypsum Mineral Reserve Estimates

Mineral Zone Classification	Gypsum Tonnage (t)	Gypsum Grade (%)
Scotia Mine Proven	1,530,000	92.8
Scotia Mine Probable	3,650,000	91.4
Scotia Mine Total	5,180,000	91.8

Notes: 2021 Gypsum Mineral Reserves are as of 16 November 2021 and based on a non-binding offtake agreement. The LOI has been reviewed and approved by Minetech International to satisfy the requirements for converting Gypsum resources into Gypsum reserves.

### Mining

The Scotia Mine deposit covers a total strike length of approximately 4 kilometres, with some surface constraints in between, and a vertical distance of approximately 120 metres. All mining is from open-pit operations with an expected mine life of approximately 14 years. Mining operations will be conducted utilizing 4 shifts, 12 hours each shift, covering 24 hours per day. The 4 shifts will be on a 4-days on, 4-days off, 4-nights on, 4-nights off rotation.

The Scotia Mine mineral resources will be extracted using conventional load and haul (truck & shovel) mining methods as determined by optimized pit designs and life-of-mine schedules. Mining operations will be completed using an owner/operator of excavators, loaders, haul trucks and ancillary support equipment as well as some rental equipment. Equipment requirements have been determined based upon required production rates and haulage cycles using equipment specifications provided by local authorized equipment suppliers and manufacturers.

The open-pits will be mined on 5-metre-high benches with double benching being utilized on the lower benches which are primarily comprised of hard rock. Drilling and blasting are only required for 40 percent of the total material mined over the life of mine plan, which accounts for all of the hard rock to be mined from the pits. The remaining 60 percent is largely comprised of overburden and has been proved to be free digging material based on past operations and will not require blasting. Drilling and blasting will be performed using contract services.

Figure 1 overleaf illustrates the ultimate open-pit and waste dump design.

### Figure 1: Ultimate Pit and Waste Dump Design

To view an enhanced version of this graphic, please visit:  
[https://orders.newsfilecorp.com/files/6904/103794\\_9a117ecd04974b8d\\_002full.jpg](https://orders.newsfilecorp.com/files/6904/103794_9a117ecd04974b8d_002full.jpg)

The Ultimate Pit Design was divided into 6 phases to optimize development sequences and production requirements. Waste has been subdivided into overburden, gypsum, and carbonate waste rock. Inferred resource material inside the Ultimate Pit Design has been included as carbonate waste rock and totals approximately 1,450,000 tonnes at 1.5% Zn and 0.7% Pb. Waste storage will consist of a combination of backfilling the mined pits and stockpiling in the waste dump. Using the Ultimate Pit Design and the pit phase

sequencing, a Life-Of-Mine ("LOM") mining schedule was developed by month and is based on operating 24 hours/day, 365 days/year. The LOM production schedule is based on providing a mill feed of approximately 1 million tonnes per annum at an average grade of 2.03% Zinc and 1.10% Lead, which equates to a Zinc Equivalent grade of 3.09%.

The water table at the Scotia Mine is divided into two horizons: the overburden horizon and the bedrock horizon. ScoZinc plans to utilize 60 geotechnical depressurizing pumping wells, in conjunction with in-pit pumping via submersible sump pumps, to dewater the overburden horizon. The bedrock horizon will be dewatered using the existing deep well infrastructure in conjunction with in-pit temporary wells that access the underground workings. Horizontal wells will also be utilized in the karst gypsum to deal with the localized trapped water and will be allowed to drain into strategically placed in pit sumps which will then be pumped to the tailings storage facility ("TSF"). All in pit water will be pumped to the TSF. Water from the 60 depressurizing pit perimeter wells will be discharged into either a reservoir or the Gays River, however most of this water will be used as processing water in the mill. A similar setup will be utilized in the North East and Getty pits.

### Metallurgy and Mineral Processing

Metallurgical data from past production data and more recent metallurgical test work is available on the carbonate hosted zinc-lead deposit. The combined data shows that the zinc and lead minerals liberate well from the host rock, resulting in relatively high metal recoveries and concentrate grades. The simple mineralogy and metallurgy present the opportunity to consistently achieve high recoveries and concentrate grades over the life of mine plan.

The process design criteria, based on historical data and plant design improvements, include overall average zinc concentrate grades of 57% with an average 86.6% recovery, and the overall average lead concentrate grade of 71% with an average 89.1% recovery. Due to the carbonate hosted deposit, the zinc and lead concentrates have very low levels of impurities or deleterious minerals, resulting in the ScoZinc concentrates to be proven to be a clean, high-ranking concentrate.

The ScoZinc concentrator plant (or Mill) was last operated in 2009 at 2,200 tonnes per day from the original name plate design of 1,500 tonnes per day using conventional crushing, grinding flotation, concentrate dewatering/drying, and rehandling loadout. After extensively reviewing all past production and incomplete engineering work, new final design work as part of the 2020 Pre-Feasibility Study has confirmed that with relatively minor upgrades to the comminution, flotation and dewatering circuits, the plant can consistently operate at 2,700 tonnes per day without major capital expansion.

### Site Infrastructure

The Scotia Mine is conveniently located 33 kilometres from Halifax's International Stanfield Airport (YHZ) in Nova Scotia with excellent infrastructure in place including processing facilities, waste dumps, a tailings pond, grid-power, all-season port terminal access, and all-season highways. Building infrastructure in place has an area of approximately 131,585 square feet. The mine site infrastructure is well established, as it has been on high level care & maintenance since 2009. ScoZinc equipment and spare parts asset inventory is assessed at approximately \$5.3 million.

As the Scotia Mine is fully permitted for operations, relatively minor upgrades and improvements to the mining and processing facilities to enable the operation to commence commercial production within a relatively short time frame of months. ScoZinc intends to expand the existing operations with the additions of ROM based primary and secondary crushers, a container handling yard, mobile fleet fuel bay and additional mobile fleet maintenance workshop. Some of these opportunities require permitting and have been included in the Pre-Feasibility Study by way of temporary additions until permanent permitting can be provided. All mining and maintenance operations will be conducted by ScoZinc.

Electrical grid power systems are currently onsite with transformers and major motor control centres in place. Some of these systems will be replaced during the pre-production phases in order to ensure performance and reliability during commercial production.

Water for mineral processing is provided from pit perimeter wells designed to un-saturate the pit slopes and

to provide clean water to the plant for optimal water quality. Water may also be sourced from the tailings pond. Additional water is sourced from the nearby Gays River and treated for potable water site needs and fire suppression.

The Tailings Storage Facility is permitted with 8 million tonnes of capacity. ScoZinc intends to either seek approval to expand the capacity by 6 million tonnes or use in-pit tailings deposal into its completed pits in approximately year 6 of the life of mine.

#### Site Access

The Scotia Mine is located adjacent to sealed Highway 224, with a permanent 900 metre access road providing all season access to the operation. The Mine is located in the Halifax Regional Municipality, which is approximately 62 kilometres to downtown Halifax. Due to its convenient location and quality of potential personnel, ScoZinc expects most of its workforce will be sourced from the region.

The transport and handling of freight and concentrate is possible year-round due to ScoZinc's location on an unrestricted highway. The Scotia Mine is also located near a Canadian National Railway line siding, the Nova Scotia provincial highway (102), deep-water ports and container handling terminals, and the Trans-Canadian National Highway.

#### Concentrate Marketing

The Scotia Mine's carbonate-hosted orebody will produce high-quality zinc and lead concentrates through its 2,700 tonnes per day processing plant on the mine site. The concentrates will be loaded directly into lined 20' shipping containers, which will be sampled, sealed and weighed on site. ScoZinc personnel will transport the containers by all season highway to either the Fairview Cove Container Terminal or a nearby Canadian National Railway siding. The Scotia Mine's concentrate container handling system will avoid excessive costs and risks associated with rehandling, contamination, concentrate losses and excessive moisture build up employed historically.

ScoZinc had an initial concentrate offtake agreement by way of a Memorandum of Understanding, dated 3<sup>rd</sup> April 2018, with MRI Trading AG, for the Scotia Mine's lead and zinc concentrates for approximately 10 years of the 14-year mine life. The agreement provides competitive terms for 333,000 wet metric tonnes of zinc concentrate and 133,000 of lead concentrate from the Scotia Mine. ScoZinc expects to establish firm concentrate purchase contracts with one or more metal trading companies under terms consistent with the current market terms. ScoZinc is engaged in negotiations with a number of concentrate and gypsum offtakers but has not yet finalized a definitive binding agreement.

The forecast annual production of Zinc and Lead concentrate is provided below in Figure 2.

Figure 2: Forecast Annual Production of Concentrate: Zinc and Lead

To view an enhanced version of this graphic, please visit:  
[https://orders.newsfilecorp.com/files/6904/103794\\_9a117ecd04974b8d\\_003full.jpg](https://orders.newsfilecorp.com/files/6904/103794_9a117ecd04974b8d_003full.jpg)

#### Permitting, Environmental and Community

The Scotia Mine is an existing operation on high-level Care & Maintenance with substantial environmental databases, operating history, and valid permits and licenses that allow for the mining, processing of resources, and the shipping of zinc and lead concentrates.

Environmental responsibility and stewardship have been and continue to be a priority to ScoZinc. To that end, there are extensive monitoring programs at the Scotia Mine including but not limited to: Surface Water quality, Groundwater quality, Wetland, Wildlife and Vegetation. These programs have continued throughout Care & Maintenance and will be implemented for operations.

Roughly half of the mineral resources used in this economic analysis are already under permit and mining of those resources (Main Zone, Southwest Expansion) can begin immediately.

Another important aspect of the project status with respect to permits, environment and community is that regulators and the community have experience with the project and environmental baseline conditions are already well understood. In combination, these factors limit the overall permitting risk and anticipated timelines for permitting project expansions to include the entire mineral resource used in this analysis.

### Capital & Operating Expenditures

The tables below (Tables 4 and 5) summarize the estimated capital and operating costs for the Scotia Mine. The capital expenditure determined to advance the Project to commercial production within 9 to 12 months of project financing are estimated to be \$27.9 million, excluding contingency of \$2.7 million. The Payback period for the capital is estimated at 1.3 years, including contingencies.

Table 4: Capital Expenditure Summary

Expenditure	Year -1
Mining Pre-stripping	\$9.0M
Mining Capital Costs	\$1.6M
Mill Refurbishment/Capital Costs	\$12.3M
G&A Equipment	\$1.0M
G&A Capital Costs	\$1.1M
Direct & Indirect Capital Costs	\$2.9M
Sub-Total	\$27.9M
Contingency	\$2.7M
Total	\$30.6M

The Operating costs are estimated at \$52.56 per tonne milled (or processed), which equates to an average C1 Cash Cost of US\$0.50/lb over the life of the mine.

Table 5: Operating Expenditure Summary

Major Cost Centre	Life of Mine Total Cost	Life of Mine Unit Cost
Mining	\$311M	\$22.78/t
Processing	\$154M	\$11.29/t
Gypsum Processing	\$0.6M	\$0.12/t
SG&A	\$31M	\$2.27/t
TC & Freight	\$219M	\$16.09/t
Total	\$715M	\$52.56/t milled
	C1 Cash Cost	US\$0.50/lb

### Economic Analysis

The Base Case economic model has been developed using both short term commodity price assumptions of US\$1.40/lb Zinc, US\$0.94/lb Lead, US\$8.60/t Gypsum, plus long-term commodity price assumptions of US\$1.20/lb Zinc, US\$1.05/lb Lead, US\$8.60/t Gypsum. The short term metal pricing is based on present market conditions anticipated for the first two years of production, and ScoZinc is of the view that this approach represents a realistic methodology since the Scotia Mine has the potential of commercial production within the short term.

The commodity price assumptions used in this study are based on market consensus for the long-term prices of Zinc, Lead, and Gypsum including Sell-Side Mining Research, published by different investment banks, in Canada and internationally, and studies by independent consultants such as Wood Mackenzie Ltd., Fastmarkets MB, S&P Global Market Intelligence and Open Mineral AG, among others.

The Project's sensitivities to metal prices and foreign exchange rates are provided overleaf in Table 6 and Table 7 respectively.

Table 6: Metal Price Sensitivities Analysis

Zinc/ Lead Price US\$/lb	NPV Pre-Tax		NPV After-Tax		IRR		Payback Period (years)	Average Annual EBITDA
	8% discount	5% discount	8% discount	5% discount	Pre- Tax	After-Tax		
1.00/0.90	\$77M	\$107M	\$59M	\$82M	31.0%	29.3%	4.7	\$9.8M
1.10/0.95	\$117M	\$156M	\$88M	\$117M	43.6%	41.1%	3.0	\$13.3M
1.20/1.00	\$157M	\$205M	\$116M	\$151M	57.0%	53.6%	1.8	\$16.7M
Base Case*	\$174M	\$225M	\$128M	\$165M	69.0%	64.9%	1.3	\$18.0M
1.30/1.05	\$197M	\$254M	\$144M	\$185M	71.1%	66.2%	1.5	\$20.1M
1.40/1.10	\$237M	\$303M	\$172M	\$219M	85.9%	78.6%	1.3	\$23.6M
1.50/1.15	\$277M	\$352M	\$199M	\$253M	101.1%	90.9%	1.1	\$27.0M

\*Scotia Mine Base Case: Year 1 average (US\$1.40/lb Zn, US\$0.94/lb Pb, US\$8.6/t Gypsum), LOM average (US\$1.20/lb Zn, US\$1.05/lb Pb, US\$8.6/t Gypsum)

Table 7: Exchange Rate Sensitivities Analysis

Exchange rate CAD: USD	NPV Pre-Tax		NPV After-Tax		IRR		Payback Period (years)	Average Annual EBITDA
	8% discount	5% discount	8% discount	5% discount	Pre- Tax	After-Tax		
0.65	\$287M	\$364M	\$207M	\$262M	114.6%	102.3%	0.9	\$27.8M
0.70	\$244M	\$311M	\$177M	\$225M	96.8%	87.9%	1.0	\$24.0M
0.75	\$207M	\$265M	\$151M	\$193M	81.8%	75.7%	1.2	\$20.8M
0.80*	\$174M	\$225M	\$128M	\$165M	69.0%	64.9%	1.3	\$18.0M
0.85	\$145M	\$190M	\$108M	\$141M	58.1%	55.0%	1.7	\$15.5M
0.90	\$120M	\$158M	\$90M	\$118M	48.8%	46.3%	2.0	\$13.3M
0.95	\$97M	\$130M	\$74M	\$99M	40.6%	38.7%	3.3	\$11.3M

\*Scotia Mine Base Case

### Workforce

During full-scale operations the Scotia Mine will employ an average of 151 people, with a peak of 178 full time personnel. The majority of the workforce will be scheduled to work on two 12-hour shifts, 365-days per year. Four roster teams are planned to operate on this basis across all operations departments. Administrative staff will work Monday to Friday, for a minimum of 10 hours per day.

It is expected that the majority of personnel will be sourced from the Halifax Regional Municipality and reside within a short commute of the Scotia Mine.

### Project Execution

Scotia Zinc has determined that a number of project execution phases are required for a successful commencement of commercial production, namely, a procurement phase, pre-commercial production phase, and a commercial production phase. Due to Scotia Zinc's existing Environmental Assessment Approvals and Industrial Approvals, and high-level care and maintenance status, the Scotia Mine has however a relatively short time frame to commercial production of between 9 to 12 months. As such, the Scotia Mine is considered a near-term producer.

### Effective and Filing Date

The Technical Report has an effective date of November 16, 2021. It will be filed under the Company's profile on SEDAR within the next 45 days of this news release.

#### Qualified Persons

The 2021 PFS was prepared by MineTech International Limited ("MineTech") with assistance from ScoZinc technical personnel and extracts from the 6<sup>th</sup> July 2020 PFS prepared by Ausenco Engineering Canada Inc. ("Ausenco"), MineTech International Limited ("MineTech"), SRK Consulting (U.S.), Inc. ("SRK"), and Terrane Geoscience Inc. ("Terrane").

The contents of this news release have been reviewed and approved by:

- Patrick Hannon M.A.Sc., P.Eng of MineTech International Limited is an independent Qualified Persons as defined by NI 43-101. Mr. Hannon is responsible for, and has reviewed and approved the 2021 PFS numbers presented in this news release.
- Jason Baker P.Eng of ScoZinc Limited, and Mark Haywood B.Eng (Mining Engineering) Hons, LL.B of [ScoZinc Mining Ltd.](#) are responsible for, and have reviewed and approved, the scientific and technical content of this news release.

#### About ScoZinc Mining Ltd.

ScoZinc is a Canadian exploration and mining company that has full ownership of the Scotia Mine and related facilities near Halifax, Nova Scotia. ScoZinc also holds several prospective exploration licenses near its Scotia Mine and in the surrounding regions of Nova Scotia.

The Company's common shares are traded on the TSX Venture Exchange under the symbol "SZM". For more information, please contact:

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The Company's corporate filings and technical reports can be viewed on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Further information on ScoZinc is also available on Facebook at [www.facebook.com/ScoZinc](http://www.facebook.com/ScoZinc), Twitter at [www.twitter.com/ScoZincMining](http://www.twitter.com/ScoZincMining), and LinkedIn at [www.linkedin.com/company/scozinc-mining-ltd](http://www.linkedin.com/company/scozinc-mining-ltd).

#### CAUTIONARY STATEMENTS

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This news release includes certain forward-looking statements which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently

available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes, but is not limited to, the Company's objectives, goals or future plans, statements, potential mineralization, exploration and development results, the estimation of mineral resources, exploration and mine development plans, timing of the commencement of operations and estimates of market conditions. There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from ScoZinc's expectations include, among others, the degree to which mineral resource and reserve estimates are reflective of actual mineral resources and reserves, the degree to which factors are present which would make a mineral deposit commercially viable, the price of zinc, lead and gypsum, uncertainties relating to availability and costs of financing needed in the future, changes in equity markets, risks related to international operations, the actual results of current exploration activities, delays in the development of projects, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of metals, ability to predict or counteract potential impact of COVID-19 coronavirus on factors relevant to the Company's business, as well as those factors discussed in the section entitled "Risk Factors" in ScoZinc's management's discussion and analysis of the Company's annual financial statements for the period ended December 31, 2020. Although ScoZinc has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results to be not as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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