

# Kria Resources' Preliminary Economic Assessment Results for the Halfmile Lake and Stratmat Deposits Demonstrate Pre-Tax NPV of C\$253.4 Million and IRR of Over 20%

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TORONTO, ONTARIO -- ([Marketwire](#) - Sept. 8, 2010) - [Kria Resources Ltd.](#) (TSX VENTURE: KIA) ("Kria" or the "Company") is pleased to announce that results from its recently completed Preliminary Economic Assessment ("PEA") study, completed by Wardrop Engineering Inc., a Tetra Tech company ("Wardrop") for the combined Halfmile Lake and Stratmat deposits, have improved the project's economics. By combining the deposits, both of which are located in the Bathurst mining district of New Brunswick, the Internal Rate of Return and Net Present Value of the combined Halfmile/Stratmat PEA have increased 28% and 82% respectively over the previous Halfmile PEA completed in July 2009, (the "2009 PEA") available under the Company's profile on SEDAR at [www.sedar.com](#) (See Press Release dated July 29, 2009).

The 2009 PEA indicated that there was potential to create a combined Halfmile Lake/Stratmat project that would improve the project's economics if the mineral resource from Kria's nearby Stratmat property was combined with the mineral resource from Halfmile Lake. This potential reflects utilizing Stratmat tonnage during the initial 11 years to complement the Halfmile Lake tonnage and to maximize mill productivity. The project includes the provision for the Stratmat mine to operate for 11 years concurrently with the Halfmile Lake mine, which will operate for 20 years.

The estimates from the combined Halfmile/Stratmat PEA are outlined in the table below:

#### Summary of PEA Estimates

2010 Halfmile/Stratmat PEA 2009 PEA (Halfmile only)  
Internal Rate of Return (IRR) (pretax) 20.86% 16.24%  
Net Present Value (NPV) (pretax) CAD \$253.4 million  
(8% discount rate)

CAD \$824.6 million  
(0% discount rate) \$139.1 million  
(8% discount rate)

\$587.2 million  
(0% discount rate)

Operating Costs \$57.62 per tonne milled (includes mining \$41.91, processing and ore haulage \$13.34, general & administration \$2.37) \$62.49 per tonne milled (includes mining \$43.89, processing and ore haulage \$14.90 and general & administration \$3.70)

Total Cash Flow  
(life-of-mine) \$824.6 million, before taxes from metal sales \$587 million, before taxes from metal sales

*The results of the PEA do not include the provisions for toll treating Halfmile ore.*

Kria's Vice President of Operations and COO, Steve Davies, commented, "The PEA results confirm our theory that combining the Stratmat and Halfmile deposits improves the overall economics of the project. With the completion of this PEA, we can continue to work toward our goal of advancing the Halfmile/Stratmat project to production."

The estimated diluted mineral resources used in the Halfmile/Stratmat PEA are outlined below:

| Tonnes        | ZnEQ      | Zn%  | Cu%  | Pb%  | Ag   | gm/t  |
|---------------|-----------|------|------|------|------|-------|
| Halfmile Lake |           |      |      |      |      |       |
| Indicated     | 6,262,043 | 9.13 | 8.13 | 0.22 | 2.58 | 30.78 |
| Inferred      | 6,078,200 | 7.27 | 6.69 | 0.14 | 1.83 | 20.51 |
| Stratmat      |           |      |      |      |      |       |
| Inferred      | 5,524,500 | 8.16 | 6.11 | 0.40 | 2.59 | 54.21 |

*Calculated using a 5% zinc equivalent cut-off. Please refer to the following documents filed under the*

Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com): *Beartooth Platinum* and *Kria Resources Technical Reports* of November 20, 2009 and November 30, 2009 for Halfmile Lake and Stratmat respectively, and the 2009 PEA for Halfmile Lake. All of the referenced reports were completed by Wardrop. The Stratmat resource estimate and the Halfmile Lake PEA were the basis for the combined HML/Stratmat PEA.

*This economic assessment is preliminary in nature and 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the projections from the preliminary assessment will be realized as further work is required to increase the confidence level of the resource.*

The PEA estimates pre-production capital expenditure requirements of CAD\$187.0 million to achieve production and sustaining capital expenditures of CAD\$295 million. Total projected capital expenditure required over the life of mine is CAD\$471.1 million. The cost estimates are accurate within +/-30% and no contingency was applied to the capital cost estimate. The PEA estimates that a 2,000 tonnes per day underground mining operation utilizing 75% mechanized cut and fill (MCF) along with 25% longhole methods would be employed at Halfmile Lake. Stratmat will also be mined at a peak rate of 2,000 tonnes per day, utilizing 20% MCF and 80% longhole. The PEA utilized a mill capacity of 4,000 tonnes per day for estimation purposes. Mine life is currently estimated at over 20 years with payback being achieved in the sixth year of operation from commencement of mine startup.

Life-of-mine average metal prices and metal recoveries used in the PEA are outlined in the table below. For comparison purposes, the same criteria for the previous Halfmile PEA are also included.

#### Average metal prices Metal recoveries

|        | 2010 Halfmile/ Stratmat PEA | 2009 PEA (Halfmile only) | 2010 Halfmile/ Stratmat PEA | 2009 PEA (Halfmile only) |
|--------|-----------------------------|--------------------------|-----------------------------|--------------------------|
| Zinc   | US\$ 1.03/lb                | US\$ 0.80/lb             | 90.00%                      | 89.72%                   |
| Copper | US\$ 3.03/lb                | US\$ 1.91/lb             | 85.00%                      | 60.00%                   |
| Lead   | US\$ 0.92/lb                | US\$ 0.56/lb             | 85.00%                      | 72.07%                   |
| Silver | US\$ 15.08/oz               | US\$ 10.59/oz            | 48.56%                      | 48.56%                   |

The metallurgical recoveries for the HML/Stratmat PEA are based on typical recoveries for a new mill process design based on zinc, copper and lead concentrate production. Recent test results conducted by Kria indicate that the stated improved recoveries for the 2010 PEA are attainable, but further metallurgical work is required to further refine recoveries and concentrate grades. The 2009 PEA recoveries were based on historical Xstrata Zinc's (then Noranda) test work and included the additional production of a bulk concentrate.

A US:CAD dollar exchange rate of 1.042 was used in the combined Halfmile/Stratmat PEA, while the rate used in the 2009 PEA was 1.18.

### Halfmile/Stratmat Near Term Development Plans

The Stratmat and Halfmile Lake Properties are located in northeast New Brunswick, Canada, approximately 48 kilometers southwest of Bathurst, and only 24 kilometers from the world class Brunswick 12 deposit. The Stratmat property borders the past-producing Heath Steele operations. Kria believes that the Halfmile Lake and Stratmat properties represent the largest and highest grade undeveloped deposits in the Bathurst Mining Camp and have been explored by Xstrata Zinc and its predecessor companies since the 1960s and extensively during the 1980s and 1990s when the Heath Steele and Stratmat Mines were in production.

Kria is in discussions with Xstrata Zinc to utilize Xstrata's Brunswick 12 mill to toll process ore from Kria's Halfmile Lake property and advance Halfmile to production. Kria intends, upon receipt of governmental permits, to begin development activities at the Halfmile Lake site in order to begin supplying ore to Xstrata's Brunswick 12 processing facility by early 2011, assuming an agreement with Xstrata is successfully negotiated. The toll processing of ore would continue until the Brunswick 12 mill closes. The results of the PEA do not include the provisions for toll treating Halfmile ore, which the Company expects may improve overall project economics.

Steve Davies continued, "The Company is confident that toll treatment of Halfmile ore at Xstrata's Brunswick 12 mill may help minimize project risk as it allows for the potential to generate earlier cash flow, which in turn assists in financing the next phase of the project."

Earlier this year, Kria began work on an Environmental Impact Assessment (EIA) report to obtain the governmental permits required to proceed with development of the Halfmile project. It is Kria's belief that Kria

has incorporated input from local stakeholders and regulators into the submission and design. Kria expects a final decision in the third or fourth quarter of this year from the New Brunswick government.

Studies on the feasibility of bringing these properties into production were carried out by Noranda in the early 1990s. Kria acquired the property from Xstrata Canada Corporation-Xstrata Zinc Canada Division in July 2008 and is under agreement to meet conditions to gain full ownership of the property (see press releases of July 29, 2008 and August 17, 2009 for further details).

The PEA was conducted on behalf of Kria by Wardrop Engineering Inc., a Tetra Tech Company (Wardrop). The author and Qualified Persons as defined under NI 43-101 guidelines of the PEA report was Mike McLaughlin, P.Eng of Wardrop, with co-authors Daniel Sweeney, P.Eng., Virgil Corpuz, P.Eng, Georgi Doundarov, P.Eng., Timothy Maunula, P.Geo., and Douglas Ramsey, R.P.Bio.

## **Quality Control**

The scientific and technical contents of this press release have been supervised, reviewed and approved by Steve Davies, P. Eng., Vice President Operations of Kria and Dayle Rusk, P. Geo., Vice President Exploration of Kria, both of whom are Qualified Persons as defined under NI 43-101 guidelines.

## **About Kria Resources Ltd.**

Kria Resources is a base metal exploration and development company focused on high-quality, advanced-stage base metal assets. Kria's primary asset is the Halfmile Lake and Stratmat properties near Bathurst, New Brunswick. The Halfmile Lake and Stratmat projects are optioned by Kria from Xstrata, which is currently the largest shareholder of Kria.

Kria completed a preliminary economic assessment ("PEA") on its Halfmile Lake project in July 2009 that estimated a pre-tax NPV of C\$139 million (8% discount) and IRR of over 16% based on metal prices of US\$0.80/lb Zn, US\$1.91/lb Cu, US\$0.56/lb Pb and US\$10.59/oz Ag. A second PEA completed in August 2010 indicated that the project's economics improve if the mineral resource from Kria's nearby Stratmat property is combined with the mineral resource from Halfmile Lake. The combined Halfmile/Stratmat PEA estimated a pre-tax NPV of C\$254 million (8% discount) and IRR of over 20% based on metal prices of US\$1.03/lb Zn, US\$3.03/lb Cu, US\$0.92/lb Pb and US\$15.08/oz Ag.

Please refer to the Company's technical reports filed on SEDAR for details regarding the NI 43-101 compliant resource estimates on Halfmile, Stratmat and Ruttan. Prices and other assumptions mentioned in this press release are Kria's internal assumptions and estimates. Additional information is available at [www.kriaresources.com](http://www.kriaresources.com).

## **Cautionary Note Regarding Forward-Looking Information**

*This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the PEA and its estimates, anticipated results based on comparison to the 2009 PEA, recent test results, anticipated timing with respect to the potential agreement with Xstrata Zinc, exploration prospects, the timing with respect to implementation of the EIA and permitting approval process and timing with respect to the completion of the financing, and timing with respect to all regulatory approvals and shareholder approvals, if required. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of mineral prices; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or required financing or in the completion of activities. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.*

*There can be no assurance that such information 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 information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

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**For more information, please contact**

Kria Resources Ltd.  
Heather Colpitts  
Manager, Investor and Public Relations  
416-861-5803  
[info@kriaresources.com](mailto:info@kriaresources.com)  
[www.kriaresources.com](http://www.kriaresources.com)

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