Nevsun Resources Ltd announced the results of a pre-feasibility study for the Timok Upper Zone copper-gold project in Serbia, one of the world's best development stage copper projects. All economic values within this release are in US dollars unless indicated otherwise.

Mr Peter Kukielski CEO of Nevsun commented that "The PFS confirms the extraordinary value of our wholly-owned Timok Upper Zone project. This is a high-grade, high return, fully executable copper project in a supportive jurisdiction. The PFS is an important advance over our October 2017 Preliminary Economic Assessment and further de-risks the Project by improving confidence in the engineering details, metallurgical understanding, timeline to production and capital assumptions.

As we drive toward a feasibility study in mid-2019, I am confident that we have the right team in place to bring the Timok Project into production. Between our management and the Board, we collectively have decades of development experience through the building of multiple projects and tens of billions of direct over sight of deployment of capital."

Timok Upper Zone Project PFS Highlights

1. Initial Probable Mineral Reserve of 27 million tonnes at 3.3% copper and 2.1 grams per tonne gold using a price of USD 3.00 per pound copper and USD 1300 per ounce gold
2. Pre-production capital cost of USD 574 million, excluding USD 114 million to be spent to reach a construction decision
3. After-tax NAV8% of USD 1.82 billion and IRR of 80% at USD 3.15 per pound copper valued at start of construction (July 2020)
4. After-tax NAV8% of USD 1.45 billion and IRR of 55% at USD 3.15 per pound copper, including pre-construction capital and valued at June 30, 2018
5. Initial production targeted for 2022
6. Ten-year mine life producing over 1.7 billion pounds of payable copper, excluding inferred resources
7. Life of Mine average annual payable production of 86 thousand tonnes per year at an average C1 cash cost of USD 0.92 per copper pound
8. Average annual payable copper production of 143 thousand tonnes at an average C1 cash cost of USD 0.54 per copper pound over the first three full years of production
9. Strong front-end cash flow and quick payback period of less than 1 year supports a wide range of financing opportunities and alternatives
10. Scoping level work suggests potential to decrease initial capital by up to USD 100 million through a staged ramp up from 1.6 to 3.2 million tonnes per annum while maintaining strong Project economics

11. Significant exploration potential exists through the future conversion of inferred resources and greenfield exploration

Mr Peter Kukielski CEO of Nevsun continued that “The Project lies in an established mining jurisdiction with a supportive and collaborative government. The Republic of Serbia recently granted an exploration decline permit for the Project, advancing our timeline to production. The decline permit is a testament to the strong working relationship that we have built with the government of Serbia. We are grateful for their continued support as we begin initial construction of the decline in Q2 2018, advancing the Timok Upper Zone Project for the benefit of both local stakeholders and our shareholders.”

Serbia’s Minister of Mining and Energy, Aleksandar Antic commented that “The Timok Project is very important to Serbia. I, and my Ministry, are committed to supporting Nevsun along the journey to production.”

Mr Kukielski added that “We are very excited about the potential upside from additional high-grade Upper Zone type deposits. Based on our recently disclosed exploration results, we are confident there are more discoveries to be made, which could eventually increase the production profile and extend mine life.”

Mr Ryan MacWilliam, Nevsun CFO, said that “The Timok Upper Zone remains a low capital intensity project which the Company is in a strong position to finance, considering our strong cash position, debt-free balance sheet, Bisha cash flow and the robust front-end cash flow from Timok. We have initiated discussions with several potential project finance providers, including traditional banks, development banks and precious metals streaming companies and potential strategic partners. These discussions have confirmed that we have multiple viable options for financing the Project which will now be advanced in parallel with the feasibility study. As we move to feasibility, we will closely examine further de-risking the Project via a ramp-up scenario starting with initial production at 1.6 million tonnes per annum ramping up to 3.25 million tonnes per annum. Recent scoping level studies suggest that this approach has the potential to deliver a capital savings of up to USD 100 million while maintaining strong economics.”

Source : Strategic Research Institute, SteelGuru