Pre-feasibility study underway at Kipushi

In September 2016, Ivanhoe began a pre-feasibility study (PFS) on the Kipushi Project that will further refine the optimal development scenario for the existing underground mine at Kipushi. Orewin, of Australia, has been appointed the main engineering firm for the preparation of the PFS. Golder Associates, MDM, SRK, DRA, Murray & Roberts and Grindrod also have been engaged to complete various aspects of the study.

The PFS will refine the positive preliminary economic assessment (PEA) for the redevelopment of the Kipushi Project that was announced on May 2, 2016. The PEA was prepared in compliance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

Highlights of the 2016 PEA, prepared by OreWin and the MSA Group (Pty) Ltd, of Johannesburg, South Africa, include:

- After-tax net present value at an 8% real discount rate is $533 million.
- After-tax real internal rate of return is 30.9%.
- After-tax project payback period is 2.2 years.
- Leveraging existing surface and underground infrastructure significantly lowers the redevelopment capital compared to a greenfield development project, as well as the time required to reinstate production.
- Life-of-mine average planned zinc concentrate production of 530,000 dry tonnes per annum – with a concentrate grade of 53% zinc – is expected to rank Kipushi, once in production, among the world’s major zinc mines.
- Life-of-mine average cash cost of $0.54/lb. of zinc is expected to rank Kipushi, once in production, in the bottom quartile of the cash-cost curve for zinc producers globally.