

Zinc One Resources Inc.

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Zinc One Resources reaches key milestone with positive resource estimate for Bongara project, Peru

Zinc One Resources Inc (CVE:Z) skittled another major milestone Tuesday as it announced a positive first resource estimate for its Bongara zinc mine project in Peru, sending shares higher.

The report has been eagerly awaited as it included near-surface, high-grade, zinc-oxide mineralization, encountered at the Mina Grande, Mina Chica, and Bongarita deposits at the property..

READ: Zinc One Resources sitting on 339M pounds of indicated resources at Bongara mine

The new estimate showed a higher-confidence indicated mineral resource of 812,000 tonnes averaging 18.9% of zinc, containing 339 million pounds of the commodity at a 10% zinc cut-off.

The inferred resource came in at over 1.3 million tonnes averaging 16.8% of zinc, which contained 496 million pounds of zinc at a 10% zinc cut-off.

Greg Crowe, director at Zinc One, highlighted that the new resource estimate covered just a small area along a strike of eight kilometers of prospective geology at the property, underlining the excitement surrounding the project.

In 2019, the company plans to carry out further drilling, including to upgrade the confidence level of the currently defined inferred resources and to expand the overall resource at nearby undrilled high-priority targets between Mina Chica and Mina Grande Norte and northwest of Mina Chica at Campo Cielo.

What is the Bongara project?

Zinc One got its hands on the asset when it bought Forrester Metals last year in a one-for-5.5 all-share acquisition.

The mine was discovered in 1974 and various companies have completed exploration programs across the area. Zinc One has access to most of the data and technical work that date back to the 1990s, and was included in the technical report issued in 2016.

The Bongara zinc mine and the associated Charlotte Bongara zinc project are home to zinc oxide mineralization occurring over a 2.5 km trend, and much of the area has been subject to sampling from pits and trenches, as well as by shallow drilling.

Previous exploration has resulted in a resource of up to 1.2 mln tonnes of oxides grading around 21% zinc, although this is not a number that is compliant with modern NI-43-101 legislation.

Bongara was previously a mine in production (between 2007 and 2008) exploiting high grades at surface (150,000 tonnes mined at over 20%) but was shut down due to the zinc price decline and the global financial meltdown.

Price: C\$0.08

Market Cap: C\$9.8M

1 Year Share Price Graph



February 2018 August 2018 February 2019

Share Information

Code: Z

Listing: TSX-V

52 week High Low
C\$0.48 C\$0.07

Sector: General Mining - Zinc, Lead and Tin

Website: zincone.com

Company Synopsis:

Zinc One is a Vancouver based company focused on the acquisition, exploration and development of prospective and advanced world class zinc projects. The company believes in the current and future fundamentals of the zinc supply and demand scenario and the continued growing demand for zinc in global industrial uses.

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The historical measured and indicated resource was around 1.007mln tonnes at 21.61% zinc.

Production via open pit is targeted for 2021 and permitting is on track.

Peru a leader in the mining sector

The South American country, with a growing economy, is the third largest in terms of its zinc reserves and is the second largest producer of the metal on the planet.

Zinc production dates back to the pre-Colonial era and La Oroya, Peru's first modern zinc refinery, started operations in 1922.

In 2017, Peru produced 1.47 million tonnes of the stuff, up 10.2% from 1.3 million tonnes of the metal in 2016.

It is a mining friendly country with legal and tax regimes designed to support the industry.

Company leveraging the zinc market

Industrial metals are steady at the moment, buoyed by easing fears of a US-China trade war, and zinc appears to be enjoying a rally.

Base metal prices fell by 23.43% in 2015, but in 2016 they rose 26.77%. In 2017, the sector of nonferrous industrial metals was the best-performing commodities sector posting a 21.99% for the year.

So the zinc price has been somewhat volatile but the World Bank has predicted a more stable picture by 2030, when prices are expected to hover around US\$1.09 per pound, giving zinc a strong economic forecast and boosting confidence for juniors like Zinc One.

Yesterday (February 5), zinc prices touched \$2,801 a tonne, which represents a seven month high, boosted by shortage to supplies and delays to new capacity in the top producer China.

The share price

Zinc One shares in Toronto are up nearly 12% to \$0.095 in Toronto on Tuesday, but still off the highs off around \$0.105 seen in early December last year.

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