

Tinka Resources Limited

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Tinka Resources' Ayawilca zinc project boasts positive preliminary economic assessment but potential doesn't stop there

- One of the largest undeveloped zinc projects in the world
- Low risk jurisdiction amid scarcity of new projects in development
- Preliminary economic assessment underscores credentials

What does Tinka Resources do?

Tinka Resources Ltd (CVE:TK) (OTCPK:TKRFF) is advancing its wholly owned Ayawilca zinc project in Peru, which is one of the largest undeveloped zinc prospects in the world.

The asset spans 170 sq km and lies 40 km northwest of Cerro de Pasco in the richly mineralized silver-lead-zinc belt of Central Peru, one of the top two global producers of copper, zinc and silver.

A resource estimate dated November 26 last year showed a higher confidence indicated resource of 11.7 million tonnes, containing 1.8 billion pounds of zinc, 983 tonnes of indium, 5.8 million ounces of silver, 42 million pounds of lead. In the inferred category, there is 45 million tonnes, containing 5.6 billion pounds of zinc, 3,003 tonnes of indium, 25.2 million ounces of silver and 230 million pounds of lead.

The project benefits from good infrastructure and is 15km from Peru's largest silver mine and 40km from the country's second largest zinc mine.

After copper, aluminum and iron, zinc is the most commonly used metal by industry - mainly for galvanizing. It is also used in human health products and zinc air batteries. Zinc oxide is also widely used in making many household products such as paints, rubber, cosmetics.

The price has been volatile of late and analysts are divided on outlook but inventories have been low and there is a scarcity of new projects in the pipeline. Growth machine China is the main producer, but in recent times has been a net importer of the commodity.

How is it doing:

In July, Tinka released an eagerly awaited preliminary economic assessment (PEA) for the Ayawilca Zinc zone, which showed the project was "shaping up to be one of the best new zinc development projects in the Americas".

Price: 0.185

Market Cap: \$63.04 m

1 Year Share Price Graph



Share Information

Code: TK

Listing: TSX-V

52 week High Low
0.245 0.07

Sector: General mining & base metals

Website: www.tinkaresources.com

Company Synopsis:

Tinka Resources Ltd. is a junior exploration company based in Vancouver, Canada, that is developing its 100%-owned Colquipucro and Ayawilca projects. The projects are located 40 km northwest of Cerro de Pasco in the richly mineralized silver-lead-zinc belt of Central Peru.

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The study was based on an underground ramp-access mine development with a 5,000 tonnes per day (tpd) processing plant. Initial capital expenditure was put at a modest US\$262 million with a pre-tax internal run rate of 37.2%. The predicted mine life is 21 years with average head grades of 6.05% zinc, 18.3 grams per ton (g/t) silver, 67.1 g/t indium, and 0.25% lead.

The pre-tax net present value (NPV) for the project is US\$609 million using metal prices of US\$1.20 per pound zinc, US\$18 per ounce silver, and US\$0.95 per pound lead on a 100% equity basis.

Notably, the tin zone was not included in the PEA because it requires additional metallurgical work but does offer significant exploration potential. Also, the Colquipucro silver oxide deposit is amenable to open pit methods, but was not included in the report because it is believed to require higher silver prices to be economical.

The Ayawilca zinc zone has not been fully delineated and is open in several directions, including to the east and northeast and exploration drilling is ongoing.

On July 29, Tinka reported high grade drilling results from Ayawilca, which further underlined the asset's credentials, with three holes having been sunk at West Ayawilca and one at South Ayawilca.

The hole at South Ayawilca threw up assays which included 19.6 metres (m) grading 15.2% zinc, 9 g/t silver and 212 g/t indium from 247.4 metres, and also included 7.2 metres at a grade of an impressive 21.8% zinc, 12 g/t silver and 354 g/t indium from 259.8 metres.

More drill holes are planned, and the company said it was looking forward to publishing results in coming weeks as the assay results come to hand and are interpreted into the geological model.

In June, the project's credentials were further boosted when it was reported that test work showed that recoveries of 92% zinc at a concentrate grade of 50% could be consistently achieved using a standard flotation processing method.

What the CEO says:

Speaking to Proactive in July, Tinka's chief executive Dr Graham Carman noted that the Ayawilca "deposit is still wide open" and that "we're still drilling".

"We believe this (PEA) is just the first economic assessment of the project and there's a lot more potential to continue to expand the zinc resource."

He pointed out that Tinka was fully permitted for its drill plans to at least August, September this year, and going into next year, would be getting permits ready for the next pre-feasibility stage.

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