

Serbia mining: Nevsun Resources kicks off exploration drilling in Timok project

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Nevsun Resources announced that a ground breaking ceremony took place yesterday at the Timok Upper Zone (Cukaru Peki) project in Bor, Serbia, commemorating the start of construction of the exploration decline.

The ceremony was attended by a number of Serbian and international dignitaries including the Prime Minister of the Republic of Serbia, Ana Brnabić; the Minister of Mining and Energy, Aleksandar Antić; the President of Bor Municipality, Aleksandar Milikić; and the Ambassador of Canada to Serbia, H.E. Kati Csaba; as well as members of Nevsun's Board of Directors and Senior Management.

Serbia's Minister of Mining and Energy, Aleksandar Antić, said, "The Ministry of Mining and Energy confirms its continued support to Nevsun and the Cukaru Peki project. We are committed to supporting Nevsun as it rapidly advances the project toward production."

Nevsun's CEO, Peter Kukielski, said "Commencing construction of the exploration decline on one of the world's best undeveloped copper projects is a significant milestone for the Company. Support from all levels of the Serbian government as well as local stakeholders have been instrumental in helping achieve this historic event on this world-leading project. We look forward to unlocking significantly more value for our shareholders and stakeholders as we advance toward construction of the Timok Upper Zone, a much-anticipated initial resource for the Lower Zone, and ongoing regional exploration on our highly prospective land package."

Contracts for the portal preparation and decline development have been awarded. The contractor for portal preparation has mobilized to site and the approximate eight-week work program has begun. Once preparation is complete, the decline contractor will construct the portal and begin decline development. The project is expected to be completed in approximately twenty-four months, including development of diamond drilling platform bays at depth and a lateral drift into the high-grade portion of the orebody for bulk sampling.

As previously stated with our Q1 2018 results, one hundred percent of the land required for the development of the exploration decline and 63% of the private land required for construction of the project has been acquired.

The feasibility study on the Upper Zone remains on schedule for completion in mid-2019. The Company is in the process of updating the PFS to further define parameters around the ramp up scenario previously discussed in the March 28th PFS News Release. This scenario focuses on de-risking the project by reducing initial capital and mill throughput in the early years. Initial production would start at 1.6 million tonnes per annum and ramp up to 3.2 million tonnes per annum. The Company believes this option could save up to \$100 million in up-front project capital. The Company expects to release the results of this updated scenario in the fall of 2018, if it becomes the basis of the full feasibility study.

Nevsun continues to engage with a wide range of capital providers, including discussions with potential strategic partners who are able to provide both capital and technical, political and/or product offtake/marketing support.

Regional drilling, focused on high grade Upper Zone style mineralization, has recommenced with three rigs mobilized in late May. Drilling will initially be focused on the area identified in the January 16th release, 500 meters to the east of the currently defined Upper Zone mineralization, including hole TC170189 which returned 2.93% Cu and 2.54 g/t Au over 27 meters.

Timok (Cukaru Peki) Lower Zone Update

The Company is nearing completion on the work associated with the initial 43-101 compliant resource on the Timok Lower Zone, a joint venture with Freeport-McMoRan Exploration Corporation. As announced late March, the recently completed \$20 million drill program continued to demonstrate the potential world class nature of the deposit. A clearer picture of value will emerge with the initial resource estimate to be released mid-year.