

Pensana Metals Ltd

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Pensana Metals produces robust preliminary feasibility study for the Longonjo rare earths project

Pensana Metals Ltd (ASX:PM8) has revealed the results of a preliminary feasibility study conducted to estimate the economic potential of the Longonjo neodymium and praseodymium (NdPr) project in Angola.

The study was coordinated by Wood Group and is based on open-pit mining and a two-phase development of a two million tonnes per year processing plant and associated infrastructure, producing on average 56,000 tonnes per year of NdPr concentrate for export.

WATCH: Pensana Metals' Paul Atherley discusses its 'low capex, fast payback' Longonjo rare earths project

The study supports a sustainable operation with initial capital costs of approximately US\$131m and strong cashflows from the first year of production.

The company has contracted further infill drilling scheduled to commence in November 2019 and is aimed at demonstrating the conversion of additional inferred to indicated mineral resources.

Non-binding discussions are underway with interested parties for offtake of planned production. Discussions with third-party infrastructure providers are underway. Extensive environmental baseline studies have been completed and no social, environmental, legal or regulatory impediments to development have been identified.

The project economics have been evaluated under base, high and low price forecasts developed by Roskill.

Under the low price assumptions, gross revenue is set to come in at just under US\$1.5bn, generating EBITDA of US\$782m and a pre-tax internal rate of return of 64%. Under the high price assumptions, gross revenue hits US\$2.7bn, with EBITDA of US\$2bn and an IRR of 129%.

Those are attractive numbers for any project, particularly one in the rare earths space, an area which has recently been the subject of much attention for geopolitical reason.

Pensana stresses that Longonjo is situated in an infrastructure-rich area of Angola, including major rail and power infrastructure.

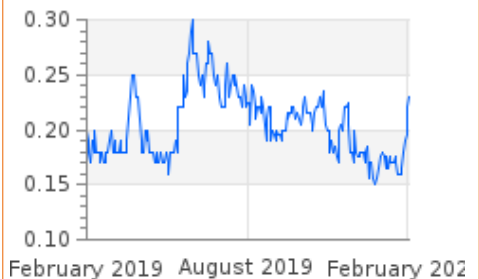
That access reduces both risk and cost and allows for the development of the mine as a simple flotation operation producing a concentrate for export avoiding the need to invest in a complex and expensive chemical processing plant.

The mine will be a significant NdPr producer outside China and the first major rare earth mine to be developed since 2012.

Price: 0.23

Market Cap: \$35.18 m

1 Year Share Price Graph



Share Information

Code: PM8

Listing: ASX

52 week High Low
0.315 0.15

Sector: General mining & base metals

Website: www.pensanametals.com

Company Synopsis:

Pensana Metals Ltd (ASX:PM8) is a focussed NdPr company listed on the Australian Securities Exchange. Pensana is developing the Longonjo NdPr Project located 60 km west of Angola's second largest city of Huambo and only 3 km from the newly upgraded Benguela rail line that runs to the Atlantic port of Lobito. The current inferred Mineral Resource estimate at Longonjo is now 240 million tonnes at 1.

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For the first three years of operation, the project intends to process 1.5 million tonnes per year higher grade resources, producing 60,000 tonnes of concentrate in each year and containing 4,600 tpa NdPr and 20,700 tpa TREO. From the fourth year of operations the front end of the plant will be expanded to process two million tonnes per year and maintain concentrate and NdPr production.

It all comes at a very propitious moment as far as the market is concerned. A number of commodity analysts have forecast that the NdPr oxide market will move into deficit in the next few years as demand takes off for magnets in electric vehicles and other forms of transport, offshore wind turbines, military applications and a growing universe of green energy applications.

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