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Yorbeau tables Scott Lake PEA

Yorbeau Resources' senior management at the Gap Lens deposit's discovery hole on the Scott Lake polymetallic project in Quebec, from left: Amit Gupta, chairman; Gérald Riverin, president; Georges Bodnar, director and interim CFO; and Sylvain Lépine, project manager. Credit: Yorbeau Resources.

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Yorbeau Resources (TSX: YRB) has announced a new resource estimate and preliminary economic assessment (PEA) for its wholly owned Scott Lake polymetallic project in the Chibougamau area of Quebec.

Scott Lake's 63.4 sq. km includes 18 km of the same felsic rocks from the Waconichi formation that host the past-producing, high-grade Lemoine mine, located 40 km southeast. Strong hydrothermal alteration and disseminated sulphides indicate a possible volcanogenic massive sulphide ore deposit.

The PEA pegs pre-production capital expense at $215 million, with sustaining costs at $113.2 million and operating costs at $89 per tonne. It calculates a 16.5% pre-tax internal rate of return with a six-year payback period, as well as a pre-tax net present value of $144 million at an 8% discount rate.

The project has a planned life of 15 years with a 2,500-tonne-per-day concentrator plant at the mine site. Yorbeau estimates the plant would churn through 12 million tonnes grading 4.14% zinc, 0.81% copper, 26.59 grams silver per tonne and 0.24 gram gold over its lifetime.

Yorbeau staff at work on the Scott project in Chibougamau. Credit: Yorbeau Resources.

Peak production would occur during years five to eight for copper and silver and years nine to 12 for zinc. During peak production, Scott Lake would annually produce 15 million lb. copper per year, 395,835 oz. silver and 75 million lb. zinc.

Yorbeau president Gerald Riverin says that because part of the study is based on inferred resources, Yorbeau will have to do infill drilling and perhaps underground exploration.

According to the latest resource estimate, Scott Lake has 3.65 million indicated tonnes grading 0.95% copper, 4.17% zinc, 0.2 gram gold and 37 grams silver, in addition to 14.28 million inferred tonnes grading 0.78% copper, 3.49% zinc, 0.2 gram gold and 22 grams silver.

"The bulk of the ore starts at about 400 metres vertical, which is not very deep," Riverin says. "But still, for the kind of accuracy you need to bring that to the indicated category, that's a lot of high-precision drilling. So this is better done from underground."

He points out that an underground exploration program would give a head start on mine development because of ramp and drill accesses — with a positive impact on project economics.

"The key point of Scott is its location," Riverin says. "If those kinds of resources were located way up north there's no way you would dream of mining that, but being located where it is — that's the beauty of it. It's not that deep, the ground conditions are good, access is good and [there is] manpower and infrastructure."

The project is in the Chibougamau mining camp, between the towns of Chibougamau and Chapais, 20 km from each. It's close to a power line and 10 km north of a railroad.

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"We can drive directly to the project with a car," Riverin says. "You don't even need a pickup truck, the access is so good."

Riverin says that part of Yorbeau's acquisition strategy is finding projects with good infrastructure. That's one reason it signed an option agreement to acquire the KB property in December.

The KB property is located in McCorkill, 35 km east of Chibougamau. It consists of 30 claims covering 16.7 sq. km on the eastern limit of Quebec's Abitibi belt.

Per the agreement, Yorbeau has to make cumulative cash payments of $200,000 and exploration expenses of $750,000 over three years to private company **Tectonic**. Tectonic would keep a 1% net smelter return royalty that could be bought back for $1.5 million.

Mineralization consists of banded massive sulphides containing pyrrhotite, pyrite, sphalerite and chalcopyrite. The property hasn't seen much exploration, but trenching and channel sampling in 2012 yielded an average 1.4% copper, 9.2% zinc, 2.2 grams gold and 56 grams silver.

"Our guess is that the stratigraphy we have at KB is the same as at Scott and the same as at the Lemoine mine," Riverin says.

The KB property is accessible by logging roads. Riverin says that ore could be trucked from KB to Scott Lake for processing.

A drill rig at the Scott project in the winter. Credit: Yorbeau Resources.

Yorbeau plans to explore at KB in 2018, including an airborne geophysical survey followed by field reconnaissance.

It also wants to drill more at Scott Lake and complete a feasibility study — although Riverin estimates Yorbeau would need to raise $20 to $30 million to do both. He says Yorbeau is looking for a partner to accomplish that goal, and is receptive to a joint-venture agreement.

On Dec. 1, the company announced that **Kinross Gold** (TSX: K; NYSE: KGC) had ended its option to buy a 100% interest in Yorbeau's Rouyn property. Kinross had committed to spend $3 million on the property in the first 18 months of the agreement, including 12,500 metres of diamond drilling. Kinross completed 24,000 metres of drilling in 12 months.

Yorbeau will resume drilling at Rouyn in the first quarter of 2018 on a near-surface target that was found by its team in 2012, but never drilled.

Yorbeau has 10 projects, including the Caribou project, where it plans to do more drilling in 2018. Its share price is 7¢ with a 52-week range of 6¢ to 10¢.

The company has a $23-million market capitalization.

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