



[Galileo Resources PLC](#) - GLR

Star Zinc Project Update

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Galileo Resources PLC
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For immediate release

4 October 2017
Galileo Resources Plc
("Galileo" or "the Company")
Star Zinc Project Update
Highlights

- The Company has reviewed, at current metal prices, an independent positive conceptual study ^(a) undertaken on the Star Zinc Project ("Project") during 2015
- The Company's review of the economic model demonstrates, a conceptual projected **IRR of 77%** with **NPV of \$18m** (10% discount rate), a 1-year payback at current prevailing Zinc prices of \$3000/tonne (t) and \$9.1m capex
- Galileo intends to initiate a fast track drilling programme in order to upgrade the current non-compliant resource and to test the potential to increase the resource size: estimated cost ± \$350k with funding expected out of existing cash resources
- This programme envisages, initially twin-hole drilling in the current non-compliant resource in order to upgrade it to JORC code (2012) compliance, followed by new drilling to test the potential to extend the high grade resource east and west and in new ground to the south
- The occurrence of high grade (>50% Zn) float, 200metres south of the current open pit presents an exciting prospective new target for mapping and exploration

Note ^(a) *The conceptual study is based on open pit mining from the near-surface deposit, a mineral resource of 250,000 t at 20% Zinc for a mine life of 6 years*

Colin Bird CEO said, " I am pleased that we are advancing a fast track exploration programme for the Star Zinc project. Our initial review suggests that the Project could potentially be developed as a viable stand-alone project without adding further to the resource. However, we believe that the resource could potentially be much bigger and therefore a large proportion of our exploration will focus on increasing the size of project resource and contained zinc metal.

Our acquisition of this project includes, further down the line, an off take agreement, compatibility and amenability of the Star Zinc ore permitting, with JV partner BMR Group plc, who are developing its Kabwe zinc tailings treatment project some 110 km north of Star Zinc. The objective here would be to provide sufficient feed for Kabwe, while pursuing our quest for a much larger project resource.

It is noted that no exploration attempt has been made to identify a possible sulphide feeder origin for the willemite mineralisation, which literature and academia show is often the case in other willemite deposits. The intention is also to test this as a short term mission during exploration."

Star Zinc

The Company recently acquired a 51% interest in the Star Zinc project, a historical, high-grade zinc ("Zn") open pit mine operated intermittently in the 1950s to 1990s. The Zn mineral is predominantly willemite (zinc silicate) hosted in mainly limestone and dolostone (dolomitic rock)

An Independently verified non-JORC compliant hard rock resource has been estimated at 275,166 tonnes @ **20.2% Zn with a cut-off grade of 14% Zn** ("pragmatic case") based on historical approximately 59 diamond drill holes for total 2 578m. At cut off grade of 12% Zn non-JORC resource tonnage increases (18%) to 325,941 tonnes @19.1% Zn (11% increase in Zn metal).

In addition, karstic fill deposits and red soil are locally heavily mineralised with detrital willemite and supergene zinc minerals, which may provide further potential increase to the known resource.

Mineralisation is interpreted to form two shallowly dipping lenses east and west of the open pit, mineralisation of which is around 40m deep, based on the independent model used for the resource calculation.

A number of sub vertical structures recognised in pit outcrop suggests possibility of both vertical and horizontal control of Zn mineralisation.

The Willemite at Star Zinc, fluoresces a bright green in short wave UV light, a mineral characteristic that may find an application in optical sorting. Willemite also, is denser (3.9 g/cm³) than the dolomitic (2.9 g/cm³) host rock, a feature that may find an application in heavy medium separation process, with the potential for reducing the acid consuming dolomite in the ore.

Preliminary metallurgical testwork indicates that the ore is amenable to acid leaching with more than 90% of the zinc leached into solution.

The Company has committed to undertake an 18-month work programme ("Programme") at a cost of \$250,000 using reasonable endeavours to complete a preliminary economic assessment of Star Zinc ("PEA"), following which further new shares in Enviro Zambia, the owner of the Project will be issued to Galileo to increase its aggregate equity interest in therein to 85%; accordingly it expects the Programme to meet this obligation.

Glossary

Detrital	loose fragments or grains that have been worn away from rock
Dolomite	mineral composed of calcium magnesium carbonate
Dolomitic	pertaining to dolomite
Floats	pieces of rock that have been removed and transported from their original outcrop
Karstic	pertaining to landscape underlain by limestone (calcium carbonate), which has been eroded by dissolution, producing ridges, fissures and so on
Leaching	chemical process of solubilising metals in rock into solution
Supergene	pertaining to processes or enrichment that occurs relatively near the surface

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

Technical Sign-Off

Andrew Sarosi, Director of Galileo, who holds a B.Sc. Metallurgy and M.Sc. Engineering, University of Witwatersrand and is a member of the Institute of Materials, Minerals and Mining, is a "qualified person" as defined under the AIM Rules for Companies and a competent person under the reporting standards. The technical parts of this announcement have been prepared under Andrew's supervision and he has approved the release of this announcement.

You can also follow Galileo on Twitter: **@GalileoResource**

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