

Alexco Resources Corp report a positive PEA

Alexco Resources {TSX.V: AXU} reported a positive PEA for their expanded silver solution at Keno Hill, Yukon, Canada.

The PEA includes an amended agreement with Silver Wheaton for the silver streaming deal.

Mr. Clynton Nauman reports

ALEXCO UPDATES POSITIVE PRELIMINARY ECONOMIC ASSESSMENT FOR EXPANDED SILVER PRODUCTION FROM KENO HILL SILVER DISTRICT, YUKON

Alexco Resource Corp. has released an updated National Instrument 43-101-compliant preliminary economic assessment (PEA) for its 100-per-cent-owned Keno Hill silver district in Canada's Yukon Territory. This PEA consolidates into one report updated information related to construction and operation of a new underground mine at the Flame and Moth silver deposit, and includes current resource statements for the Bellekeno, Lucky Queen, Onek and Bermingham deposits. The PEA was compiled by SRK Consulting (Canada) Inc., with contributions from a team of qualified persons, and assesses an operations expansion for production of silver, lead, zinc and gold in the Keno Hill silver district (KHSD).

The PEA reflects one of a number of production strategies being considered in the eastern Keno Hill silver district. Alexco president and chief executive officer Clynt Nauman said, "We are continuing to optimise our work in the KHSD, which is anticipated to lead to a further technical report for

Keno Hill with updated resource statements for the Flame and Moth, and Birmingham deposits based on surface-related exploration work completed in 2014, results which are not yet available and therefore not reflected in this PEA.”

Relative to the prior PEA released in December, 2013 (see news release dated Dec. 5, 2013), changes and additions to the updated PEA include:

- Incorporation of Alexco’s amended silver purchase agreement with Silver Wheaton, including impact on potential mining blocks and overall economics, and reflecting the effect of the payment to Silver Wheaton of \$20-million (U.S.) that will be required to bring the streaming agreement amendment into effect;
- Slightly revised mining plans, including increased overall silver grade, resulting from the combination of reduced silver prices and the impact of the revised silver purchase agreement on individual mining blocks;
- Adjusted initial capital to incorporate projects completed in 2014;
A reduction of 23 per cent in silver price and 7 per cent in foreign exchange rates to \$18.50 (U.S.) and 89 U.S. cents, respectively;
- A slightly revised Onek resource incorporating underground drilling completed in 2012 and 2013.

▪ **Highlights of the revised PEA include:**

A production strategy comprising an initial nine-month construction period, followed by a 5.75-year period of silver production anchored by the Flame and Moth deposit;

Annual delivery of an average three million ounces of payable silver, 6.6 million pounds of lead, 6.1 million pounds of zinc and 1,020 ounces of gold from approximately 140,000 tonnes per year of consolidated mine and mill production;

An aftertax internal rate of return of 22.1 per cent, an aftertax net present value (5 per cent) of \$23.3-million and a 3.75-year payback. Initial capital requirements of

approximately \$45-million, of which \$20-million (U.S.) is slated for the Silver Wheaton payment prior to commercial production. Of the remainder, roughly half the initial capital would be deployed to drive a decline and establish underground infrastructure at the Flame and Moth deposit, which is planned to deliver 72 per cent of the tonnes in the current plan. The balance of the initial capital is planned for minor mill upgrades, additional surface facilities, recommissioning of the Bellekeno mine, and working capital and inventory buildup; Importantly, approximately 15 per cent, or 143,000 tonnes, of potentially minable tonnes, primarily at Bellekeno, and Flame and Moth, were not included in the PEA mine plan, and remain to be considered in the event underlying costs and obligations are further optimized.

Mr. Nauman said: "Earlier in 2013, in the face of declining silver prices and reduced operating margins, we elected to suspend winter operations at our Bellekeno mine and mill facilities at Keno Hill. We did so with the knowledge that we had a rapidly growing silver resource at the Flame and Moth deposit, and that a revised operations strategy was required to integrate production from known and previously developed deposits (Bellekeno, Lucky Queen) with the new and larger but as yet undeveloped Flame and Moth deposit. In addition, simple economics drove us to develop a plan that fully utilized our mill capacity when reinitiating silver production. To do that, the PEA outlines a strategy to firstly develop the Flame and Moth mine and then initiate silver production with ore feed from Flame and Moth, and Bellekeno, and later in the plan replace Bellekeno supplemental ore feed with ore from the Lucky Queen deposit.

"Subsequent to the publication of the initial PEA last December, in 2014 Alexco mobilised an expanded exploration program to further evaluate extensions to the Flame and Moth deposit. Results of this work will be incorporated in further optimization studies. Clearly, the Flame and Moth deposit is emerging as a cornerstone asset in the Keno Hill silver

district and will potentially anchor future production well into the 2020's. Furthermore, our recent exploration successes in the Bermingham area give us more encouragement that the potential resource pipeline in the KHSD will continue to grow as our work and understanding of the ore controls in the district become more sophisticated."