

- Robust after-tax returns (30% IRR) and low Zinc production costs (\$0.52/lb of payable Zinc, net of Lead by-product)
- Stable jurisdiction with well-defined permitting process
- Excellent potential to expand resources and extend Project life

VANCOUVER, April 20, 2015 /CNW/ - [Rathdowney Resources Ltd.](#) ("Rathdowney" or the "Company") (TSXV: RTH) announces the completion of a Preliminary Economic Assessment ("PEA") for its 100%-owned Olza Zinc-Lead Project ("Project Olza" or the "Project"), located in southwestern Poland. The PEA was conducted by independent international engineering specialists, led by SRK Consulting (UK) Ltd ("SRK") with contributions by Melis Engineering Ltd., and demonstrates strong potential financial returns for Project Olza.

The development scenario recommended by SRK for the Project is a conventional underground mine using room and pillar mining methods and a mineral processing rate of 6,000 tonnes per day ("tpd") or 2.16 million tonnes per year ("Mtpa"). The mine would be accessed by two declines from surface, which enhances the construction timeline and provides for long term operational efficiencies. The PEA incorporates construction of a processing facility, utilizing semi-autogenous grinding ("SAG") and ball milling followed by standard flotation to produce marketable low iron zinc and lead concentrates that would be shipped to smelters.

The Inferred Mineral Resource of 24.4 million tonnes ("Mt") grading 7.02% Zn+Pb at a 2% Zn cut-off, estimated in compliance with NI 43-101 has been used as a basis for the PEA mine life ("LOM") of eight years. Extensive historical drilling conducted by the Polish government has documented widespread zinc-lead mineralization outside of the current resource-area. In the areas where confirmatory drilling was carried out by Rathdowney, there has been good correlation with the results from the historical drilling. The potential to increase Mineral Resources and extend the Project life with additional drilling is considered to be excellent.

Highlights of the PEA results (after tax) with all currency values in US Dollars ("\$\$") include:

Project Economics		Project Costs	
Free Cash Flow	\$330 million	Initial Capital	\$227 million
Net Present Value (NPV)	\$170 million	Sustaining Capital	\$51 million
Internal Rate of Return (IRR)	30%	Total On-Site ¹	\$47.42/tonne milled
Payback	2.4 years	Total Off-Site ²	\$22.47/tonne milled
		Total Operating	\$69.88/tonne milled

The PEA uses an 8% discount rate and the median of consensus forecast metal prices: Zn \$1.00 to 1.10/lb and Pb \$0.95 to 1.00/lb.

¹ Total On-Site includes mining, milling and infrastructure costs incurred to produce concentrate.

² Total Off-Site includes Treatment Charges/Recovery Charges ("TC/RC"), transportation, handling and freight costs.

Totals may not add due to rounding.

Rathdowney Chairman David Copeland stated, "We are very pleased with the progress and results of the technical studies, which support our view that Project Olza will become a profitable zinc producer. Based on the PEA, a mine at Project Olza would have healthy operating margins, a high IRR and a short payback period. Project Olza's financial metrics, including estimated cash flow and NPV indicate that the project has significant potential value and warrants timely development towards production.

As recommended, we plan to advance Project Olza to a pre-feasibility level of study using this PEA as a basis for optimizing its development. This study also identifies a number of opportunities to further enhance the project that will be actively considered during the next phase. These include following up on the high potential to expand the mineral resources and extend mine life, integrating into the mineral resources silver values recorded during Rathdowney's drilling and metallurgical studies, and completing additional studies to optimize the mine and processing plans."

Rathdowney President and CEO Robert Konski said "Project Olza is located in the heart of Europe in a jurisdiction with a history and knowledge of mining, and well-established infrastructure. These key characteristics reduce project risk, adding further to the attractiveness of an important zinc mine development at Project Olza. We look forward to advancing our work and our discussions with stakeholders in Poland about the project."

The PEA was carried out in compliance with the requirements of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). A technical report will be filed on the Rathdowney website at www.rathdowneyresources.com and the Company's profile at www.sedar.com shortly.

The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA will be realized. Mineral Resources are not Mineral Reserves because they do not have demonstrated economic viability.

Project Olza Preliminary Economic Assessment

Additional Project Olza PEA financial results along with proposed site, mine and processing details are provided below. Financial results are presented in US dollars.

Zinc and lead price assumptions for the PEA are based on the median price forecast of over 30 independent banks and investment dealers (such as BMO Capital Markets, CIBC World Markets, Credit Suisse, Deutsche Bank, Morgan Stanley and others specialized in commodity market analysis). Metal prices used in the PEA for zinc are \$1.10/lb in Year 1 and 2 and \$1.00/lb in the remaining LOM; and for lead are \$1.09/lb in Year 1, \$1.00/lb in Year 2 and \$0.95/lb in the remaining LOM.

The assumptions used for corporate income taxes are consistent with current and anticipated tax laws in Poland, including a 19% statutory income tax rate. In addition, royalties payable to the state treasury are consistent with the existing resource royalty structure in Poland.

Property Description

The 150 square km Project Olza mineral property is located in the Upper Silesian Mining District of southwestern Poland, a world-class region of Mississippi Valley Type ("MVT") deposits with a long mining history and well-developed infrastructure. Project Olza is located along strike from ZGH Boleslaw's Pomorzany zinc-lead mine, which has produced some 90 Mt (www.geoportal.gov.pl) over some 40 years, and 25 km north of the ZGH Boleslaw zinc smelter. A spur from the main railway line runs through the Olza property and provides access to local facilities and to other smelters via Baltic ports. The project site is a one-hour drive from Krakow, a major city with full services, including an international airport. Access roads to and from the property are already in place. Power is available from the existing electrical grid, and skilled mine workers live in the area.

Geology & Mineral Resources

The Olza MVT deposits are principally hosted by rock formations that have been intensively replaced by dolomitization, producing what, locally, is called the Ore-Bearing Dolomite ("OBD"). The OBD hosts the mineralization at Olza as well as most of the zinc-lead mines in the Upper Silesian District. The unit ranges in thickness between 30 to 80 m, and the associated zinc-lead mineralization typically occurs as stratiform or podiform bodies, locally to 10 m in thickness and several hundred metres in lateral extent.

Between 1950 and 1980, Polish State organizations completed extensive drilling (some 1,600 holes) in the region of the Project Olza property. Rathdowney completed a confirmatory drilling program from mid-2011 to early 2013 over a portion of the area previously drilled. This drilling comprised some 223 holes along a mineralized trend on the Zawiercie and Rokitno mineral concessions which hosts the current mineral resource.

The PEA Mineral Resource is based on a 16 July 2014 estimate by Hunter Dickinson Services Inc ("HDSI") (see Rathdowney News Release dated 2 February 2015) using a resource model that incorporates Rathdowney's drilling and historical drilling in the same area. The Mineral Resource estimate was audited by SRK for the purposes of the PEA and restated to 11 February 2015 with no adjustments.

SRK Audited Mineral Resource Statement for Project Olza Above a 2% Zn Cut-Off Grade

(restated to 11 February 2015)

Classification Mt Zinc Grade Lead Grade Combined Grade Contained Zinc Contained Lead

	Zn %	Pb %	Zn+Pb %	Mlb	Mlb
Inferred	24.4553	1.49	7.02	2,975	802

Notes:

1. Mineral Resources that have not been converted to Mineral Reserves do not have demonstrated economic viability.
2. There are no Mineral Reserve estimates for Project Olza.
3. SRK and HDSI are not aware of any factors (environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors) that have materially affected the Mineral Resource Estimate.
4. Dr Lucy Roberts MAusIMM (CP) fulfills the requirements to be a Qualified Person ("QP") as defined by NI 43-101. As QP for Mineral Resource Estimate, she has audited the data, assumptions and methodologies used in the estimation, and classified the Mineral Resource for Project Olza according to the "CIM Definition Standards for Mineral Resources and Mineral Reserves (amended May 2014)".
5. Dr Christopher Bonson, EurGeol, Principal Consultant (Structural Geology), SRK is also a QP for the PEA. Dr Bonson has undertaken a review and verification of the geological setting and mineralization; deposit type; exploration; drilling; sample preparation, security and analyses; and data verification of Project Olza, and visited the site in January 2015.
6. Contained metal values shown above are based on 100% recoveries.

Preliminary cost and recovery parameters were applied to the Mineral Resources and used to develop mineable shapes and quantify the diluted tonnes and grade available for the mining and processing schedule in the PEA.

Mine Operations and Facilities

Planned infrastructure and facilities at the Project Olza site include the underground mine, processing plant, tailings management facility, concentrate storage and handling facilities, conveyors, crushers and ancillary buildings, including offices, change houses, stores and workshops.

The production scenario proposed in the PEA is underground mining at a target rate of 6,000 tpd, using variations of room and pillar methods with unconsolidated coarse sand backfill. As envisioned, the mine would be accessed by two declines, one of which will transport run of mine ("ROM") mill feed via conveyor to the surface from the underground crusher with continued conveyor transport to the processing facilities. In conjunction with the Owners development team, a contractor would be engaged for the initial development of the mine. Mining equipment selection is based on production requirements and stope dimensions. Under the PEA mine plan, ventilation will be established in phases as mine development progresses to facilitate mining through the various zones of mineralization.

Metallurgy and Processing

Metallurgical testwork to date has shown that Project Olza mineralization is amenable to industry standard zinc-lead recovery methods. Based on the PEA processing plan, mill feed would be ground to 80% passing 90 µm size using SAG and ball milling, following which it would be subjected to lead flotation at natural pH with one cleaning stage to produce a lead concentrate. The lead flotation tails would be subjected to zinc flotation at elevated pH with one cleaning stage to produce a zinc concentrate. Lock cycle flotation testing indicates that a marketable, low iron zinc concentrate would be produced. Average LOM recoveries are 89% zinc and 88.5% lead, producing a 56% zinc concentrate and a 70% lead concentrate. Concentrates would be loaded from a storage shed onto rail and transported to ports and smelter facilities.

Rathdowney's project staff and consultants have been in contact with a number of smelters. These discussions indicate positive interest in acquiring concentrates from Project Olza.

Production

LOM metal production statistics developed by the PEA are summarized below. These results indicate Project Olza has the potential to become an important zinc and lead producer.

Production Summary

Description	Units	Value
ROM Mill Feed	Mt	16.1
Zinc Grade	%	4.98
Lead Grade	%	1.50
Process Recovery		
Zinc	%	89
Lead	%	88.5
Zinc Concentrate	kt dry	1,275
Recovered Zinc	Mlb	1,574
Payable Zinc	Mlb	1,338
Lead Concentrate	kt dry	307
Recovered Lead	Mlb	473
Payable Lead	Mlb	449

Note : k - thousands; M – millions; t – tonnes; lb - pounds

Operating Costs

The PEA indicates that Project Olza would be a low cost producer of zinc and lead. Operating cost estimates from the study (presented below in \$/t of mineralized material processed) were based on information gained through direct inquiries with local suppliers and estimates of consumables derived from the technical work completed on the development and mining schedule. The total operating costs were benchmarked by SRK and HDSI against a number of mines built at other MVT zinc-lead deposits worldwide, including local Polish operations.

Operating Cost Summary

Description	Units	Value
Mining	\$/t	26.88
Milling	\$/t	11.46
Environmental/Tailings Storage Facility	\$/t	5.15
Site General & Administration	\$/t	3.93
Total On-Site	\$/t	47.42
Total Off-Site	\$/t	22.47
TOTAL OPERATING COSTS	\$/t	69.88

Notes:

1. Total On-Site includes mining, milling and infrastructure costs incurred to produce concentrate;
2. Total Off-Site includes TC/RCs, transportation, handling and freight costs.
3. Totals may not add due to rounding.

Capital Costs

Project Olza capital cost estimates from the PEA are summarized below. These estimates are based on budget quotes from major equipment providers for all major equipment; inquiries of local suppliers and assessments of plant and equipment requirements from the technical work completed on the development and mining schedule. The total capital costs were benchmarked by SRK and HDSI with MVT operations worldwide as well as the report: "Sourcing Local Costs in Upper Silesia Area in Poland" by The Mineral and Energy Economy Research Institute of the Polish Academy of Sciences.

Capital Cost Summary

Description	Units	Initial	Sustaining	Total LOM
Mining	\$M	82.3	36.6	118.9
Processing	\$M	59.7	-	59.7
Tailing Management & Water Treatment Facilities	\$M	33.1	14.5	47.6
Surface Facilities	\$M	15.7	-	15.7
Contingency	\$M	23.1	-	23.1
EPCM	\$M	13.1	-	13.1
Sub-total	\$M	227.0	51.1	278.1
Reclamation Security	\$M	6.8	4.5	11.3
TOTAL CAPITAL COSTS	\$M	233.8	55.6	289.4

Note: Thirty percent contingency and fifteen percent EPCM applied to processing.

Other Site Considerations

Provisions for water handling and treatment have been included in the PEA cost estimates. Groundwater inflow to the mine projected in the PEA has been modelled on existing data from the Project Olza area and the project consultant's experience with other mines in the area. The Project Olza borehole database documents a clay layer within the rock sequence occurring over most of the project area, which overlies and isolates the mineralized horizons. This feature is a difference from some other mines in the region, and based on this information the underground mine proposed for Project Olza may experience less water inflow from overlying strata and surface water than what has been observed at the other mines, resulting in potentially reduced pumping requirements. Hydrogeological investigation and analysis will be progressed as the Project is developed.

Tailings will be piped from the processing plant to a lined tailings management facility.

The cost estimates in the 2015 PEA include pre-construction financial securities, reclamation during closure and post-closure site monitoring.

Projected Pre and Post Tax Financial Results and Sensitivities

Pre-Tax			Post-Tax		
Parameter	Units	Value	Parameter	Units	Value
Cash Flow	\$M	408	Net Cash Flow	\$M	330
IRR	%	36	IRR	%	30
NPV _{8% discount}	\$M	221	NPV _{8% discount}	\$M	170
			Payback	years	2.4

Sensitivity analyses in the PEA contemplate a range of input values for key assumptions which consequently indicate a wide range of after-tax NPV and IRR results. This analysis indicates that zinc prices and on-site operating costs are the most sensitive variables.

The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the preliminary economic assessment will be realized. Mineral Resources are not Mineral Reserves because they do not have demonstrated economic viability.

Permitting

Poland has an established multi-step permitting process. Rathdowney is well-informed about the requirements of the process and potential timeframes involved. The Geological Documentation Report was submitted and approved in 2014. Baseline data collection has commenced in preparation for environmental assessment. Rathdowney has also actively been engaging with all levels of government, local landowners and members of the communities in the area since 2010, developing constructive relationships with stakeholders to support ongoing activities at Project Olza.

Next Steps

SRK recommends advancing Project Olza to a pre-feasibility level of study using the PEA as a basis for refining and optimizing the approach. Additional technical work will include continued drilling, geotechnical and hydrogeological investigation, environmental baseline data collection, socioeconomic and engineering studies to support an environmental assessment and project evaluation to advance Project Olza towards development.

Qualified Persons

David Copeland, PEng., Rathdowney's Chairman has reviewed this release and is the Company's QP for the disclosure. It has also been reviewed by the independent QPs responsible for the PEA, including:

Qualified Person	Company	Professional Designation	Sections of the Report
Christopher Bray	SRK	BEng, MAusIMM(CP)	Project Management and Mining
Dr Lucy Roberts	SRK	BSc (Hons), MSc, PhD, MAusIMM (CP)	Mineral Resource
Dr Christopher Bonson	SRK	PhD EurGeol, P.Geo	Geology, Sampling and QAQC
Lawrence Melis	Melis	P.Eng	Metallurgy and Mineral Processing
Kris Czajewski	SRK	P.Eng, APEGBC	Tailings
Dr Houcyne El Idrysy	SRK	MSc, CGeol FGS	Water Management

About Rathdowney

[Rathdowney Resources Ltd.](#) is focused on efficiently advancing Project Olza in Poland through permitting and toward production. Rathdowney is associated with Hunter Dickinson Inc. ("HDI") a diversified, global mine development company with a 25-year history of mineral development success.

For further details on Rathdowney and Project Olza, please visit the Company's website: www.rathdowneyresources.com.

On behalf of the Board of Directors
Robert Konski
President & CEO

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Statements

All information contained in this press release relating to the contents of the Preliminary Economic Assessment (PEA), including but not limited to statements of the Project Olza's potential and information are "forward looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Some of the assumptions used in the PEA have been described in the news release and additional information will be available in the Technical Report. Other assumptions used by the Company to develop forward-looking statements include the following: Company's Project Olza in Poland will obtain all required environmental and other permits and all land use and other licenses, studies and development of the Project Olza will continue to be positive, and no geological or technical problems will occur.

The PEA was prepared to broadly quantify the project's capital and operating cost parameters and to provide guidance on the type and scale of future project engineering and development work that will be needed to ultimately define the project's likelihood of feasibility and optimal production rate. The following are the principal risk factors and uncertainties which, in management's opinion, are likely to most directly affect the conclusions of the PEA and the ultimate feasibility of the project. The PEA is based on the inferred resources estimated by HDSI and audited by SRK. Additional exploration, process tests and other engineering and geological work will be required to estimate indicated or measured mineral resources at Project Olza and if an economically exploitable reserve can be established. Final feasibility work has not been completed to confirm the underground design, mining methods, and processing methods assumed in the PEA. Final feasibility could determine that the assumed underground design, mining methods, and processing methods are not correct. Construction and operation of the mine and processing facilities depends on securing environmental and other permits on a timely basis. No permits have been applied for and there can be no assurance that required permits can be secured or secured on a timely basis. Data is incomplete and cost estimates have been developed in part based on the expertise of the individuals participating in the preparation of the PEA and on costs at projects believed to be comparable, and not based on firm price quotes. Costs, including design, procurement, construction, and on-going operating costs and metal recoveries could be materially different from those contained in the PEA. There can be no assurance that mining can be conducted at the rates and grades assumed in the PEA. Energy risks include the potential for significant increases in the cost of fuel and electricity. The PEA assumes specified, long-term prices levels for zinc and lead. Prices for these commodities are historically volatile, and Rathdowney has no control of or influence on those prices, all of which are determined in international markets. There can be no assurance that the prices of these commodities will continue at current levels or that they will not decline below the prices assumed in the PEA. Prices for zinc and lead have been below the price ranges assumed in PEA at times during the past ten years, and for extended periods of time. The project will require major financing, probably a combination of debt and equity financing. Interest rates are at historically low levels. There can be no assurance that debt and/or equity financing will be available on acceptable terms. A significant increase in costs of capital could materially and adversely affect the value and feasibility of constructing the project. Other general risks include continuity of mineralization, those ordinary to large construction projects including the general uncertainties inherent in engineering and construction cost, the need to comply with generally increasing environmental obligations, and accommodation of local and community concerns, potential environmental issues or liabilities associated with exploration, development and mining activities, exploitation and exploration successes, delays due to third party opposition, and changes in government policies regarding mining and natural resource exploration and exploitation. The Company is also subject to the specific risks inherent in the mining business, as well as general economic and business conditions. For more information on the Company, Investors should review the Company's filings that are available at www.sedar.com.

Information Concerning Estimates of Inferred Resources

This news release uses the term "inferred mineral resources". [Rathdowney Resources Ltd.](http://RathdowneyResourcesLtd.com) advises investors that although these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the U.S. Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Economic Assessment as defined under 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

SOURCE [Rathdowney Resources Ltd.](http://RathdowneyResourcesLtd.com)

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