

# FRIEDA RIVER COPPER-GOLD PROJECT, PAPUA NEW GUINEA



*PanAust holds an 80 per cent interest in the Frieda River Copper-Gold Project in Papua New Guinea (PNG).*

PanAust completed a feasibility study for the Project in May 2016. In June the same year, PanAust submitted its application for a Special Mining Lease (SML) for the Project to the Papua New Guinean Mineral Resources Authority (MRA).

In May 2017, PanAust announced the completion of an addendum to the original feasibility study. The addendum incorporated data and technical analysis from geological, geotechnical and metallurgical field programs that was not available at the time of the feasibility study.

The overall approval and permitting process for the SML application and other permits and approvals is now being coordinated by a Government appointed State Negotiating Team, chaired by the PNG Department of Mineral Policy and Geohazards Management.

In line with a commitment made in the Proposal for Development that accompanied the SML application, in 2017 PanAust investigated opportunities identified in the feasibility study to increase the value of the Project, decrease capital expenditure, and reduce the overall Project risk profile. Study work investigating these opportunities, including through the development of a shared-use infrastructure model that would significantly benefit the Project and the socio-economic development of the Sandaun and East Sepik Provinces, indicate several promising pathways for value enhancement. This study work will continue in 2018.

Throughout 2018, PanAust will work to maintain its excellent relationships with local communities, the Government of Papua New Guinea and other stakeholders to advance the Project.

The addendum contemplates an initial Project based on the Horse-Ivaal-Trukai, Ekwai and Koki copper-gold porphyry deposits and comprises a large-scale, open-pit mining operation that supplies a conventional process plant with a nominal capacity of 40 million tonnes per annum (Mtpa). Average annual production of metal in concentrate is expected to be 175,000 tonnes (t) copper and 240,000 ounces (oz) gold. The initial mine life is estimated at 18 years with 714 million tonnes (Mt) of mill feed that includes 686Mt of Ore Reserve.

The Project will have a competitive C1 cost of US\$0.69/lb copper (average over the life-of-mine) that will place it within the first quartile of the global copper cost curve.

The HITEK global Mineral Resource is estimated to contain 2.64 billion tonnes of mineralisation at an average grade of 0.44 per cent copper and 0.23 grams/tonne (g/t) gold, representing 12Mt of copper and 19 million oz of gold.

## ECONOMIC IMPACTS AND SUSTAINABILITY

The Project will make a substantial positive economic contribution to PNG at both a national and provincial level. It will be the first major, large-scale natural resource project in the Provinces of Sandaun and East Sepik, a least-developed area of the country. Supporting infrastructure, including ocean and river ports, roads, airport, communication links, and power supply will assist other industries and open an array of economic opportunities for the region.

The Project offers the potential to generate benefit streams to landowners and host communities, and create new employment and business development opportunities during implementation and operations.

Landowner communities will benefit from royalty streams, compensation and community development projects which will focus on skills development, local business opportunities, and improved health and education outcomes.

### Photo captions: (L-R)

An aerial view of the Frieda River Copper-Gold Project site facilities at the Frieda River airstrip  
A map of Papua New Guinea showing the location of the Frieda River Copper-Gold Project