

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 with joint venture partner, Highlands Pacific holding the remaining 20 per cent.

In May 2016, PanAust announced the completion of the Frieda River Project feasibility study and in June the Company lodged a Special Mining Lease (SML) application for the Project with the Mineral Resources Authority of Papua New Guinea. In December 2016, an the Environmental Impact Statement for the Project was completed and lodged with the Conservation and Environment Protection Authority of PNG.

In May 2017, PanAust announced the completion of a feasibility study addendum for the Project. The addendum incorporates data and technical analysis from 2016 geological, geotechnical and metallurgical field programs that was not available at the time of the feasibility study completion in May 2016, and subsequent lodgement of the SML application for the Project in June 2016.

The feasibility study and Addendum contemplate 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. Average annual production of metal in concentrate is expected to be 175,000 tonnes copper and 250,000 ounces 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 now estimated to contain 2.64 billion tonnes of mineralisation at an average grade of 0.44 per cent copper and 0.23g/t gold representing 12 Mt of copper and 19 Moz 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.

Development of the Project would increase national gross domestic product and export earnings and provide a long-term boost to government revenues.

The Project also offers the potential to generate benefit streams to landowners and host communities, as well as create new employment and business development opportunities during implementation and operations. The Project would provide a large number of jobs during construction and operation. During operations, the Project would require around 1,950 full-time equivalent positions with a target of 95 per cent for PNG national employees. Preferential recruitment zones will ensure landowner and host communities are given priority and suitable training programs will ensure competency in required roles.

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

Photo captions: (L-R)

An aerial view of the Frieda River with the proposed river port location in the foreground
Map of Papua New Guinea showing the location of the Frieda River Copper-Gold Project