



PEKO BULL

Peko Tailings Retreatment Project

Information Memorandum

COMMERCIAL IN CONFIDENCE

July 2017

Gold, Cobalt, Magnetite & Copper tailings reprocessing project

Low cost, highly profitable.

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Contents

1	Executive Summary	4
2	Introduction	7
2.1	Company Overview	7
2.2	Project Background	8
3	Project Location & Infrastructure	9
4	Land Access & Title.....	10
5	Regional Geology & Mining History	11
5.1	Geology Overview	11
5.2	Regional Mining History.....	11
6	Historical Activities at the Peko Mine	12
6.1	Primary Ore Mining Operations	12
6.2	Tailings Retreatment Activities	13
6.3	Exploration Activities	14
7	Existing Tailings Resources at the Peko Mine.....	15
7.1	Resources Summary	15
7.2	Peko Drilling 2016.....	15
8	Environmental	17
9	Metallurgy	18
9.1	Tailings Minerology	18
9.2	Historical Metallurgical Testwork Review	18
9.3	2016 Metallurgical Testwork.....	18
9.4	Process Flowsheet & Description	20
10	Mine Development Process.....	24
10.1	Mine Design	24
10.2	Mine Development Timeline.....	25
11	Mine Development Capital & Operating Costs.....	26
11.1	Capital Cost Estimate.....	26
11.2	Operating Cost Estimate	27
12	Project Valuation.....	28
12.1	Inputs.....	28
12.2	DCF Analysis.....	29
13	Detailed Feasibility Study	30
	Appendix 1 - Tenement Listing	33

1 Executive Summary

The Peko Tailings Retreatment Project is located near Tennent Creek, Northern Territory, and comprises a large tailings resource with significant metal credits. The tailings were deposited as a result of over 50 years of mining activities at the site, which occurred up until the late 1980s.

Tailings resources at the mine are stated at 3.75Mt at 1.14g/t gold, 0.25% copper, 0.11% cobalt and 80% coal washery grade magnetite. The recoverable value of metal content, in the tailings is over A\$700M.

Magnetite and the non-magnetic gold, copper and cobalt bearing minerals can effectively be separated via flotation and magnetic separation. This process allows for recovery of ~3.0Mt of coal washery grade magnetite and separation of the metals into concentrate for extraction.

The resources provide sufficient feed material to establish a 5-6 year tailings retreatment operation at 750,000 tonnes per annum, aimed at separating the metal products into a concentrate, then leaching and selectively extracting each metal to produce the average annual quantities listed in the table below:

Mineral	Avg. Production
Gold	17,000 oz/yr
Copper	1,200 tpa
Cobalt	400 tpa
Magnetite	600,000 tpa

The following outputs were obtained from a discounted cashflow valuation of the operations:

Parameter	Units	LoPOx	Acid Leach
PROJECT METRICS			
Tailing production period	Years	5-6	5-6
Capital Costs (inc. contingency)	A\$m	\$68m	\$42m
Operating Costs (inc. contingency)	A\$/t	\$53.6/t	\$47.8/t
NPV ₈ (post-tax)	A\$m	\$178m	\$102m
IRR (post-tax)	%	105%	96%
All-in Sustaining Costs	US\$/oz	-\$1,506/oz	-\$741/oz
EBITDA			
Total	A\$m	\$403m	\$240m
Average	A\$m/yr	\$77m	\$46m
PROFITS & CASHFLOW			
Net Profit After Tax	A\$m	\$311m	\$186m
Net Cashflow After Tax	A\$m	\$236m	\$136m

The low cost nature of the operations at Peko is highlighted by the negative All-in Sustaining Costs. This provides considerable buffer against any metal price fluctuations over the life of operations.

The model also assumes full taxation, however relief from taxes is being negotiated with the NT Government as recompense for assisting with remediation activities of the site.

The model also assumes the Project will be liable for full royalty payments to the state, however the operation is likely to receive royalty relief for similar environmental reasons as stated above.

The Project is also projected to deliver an attractive EBITDA over the life of operations. By targeting higher grade/value tailings during the initial operating years, the operations produce an EBITDA of over A\$100M in the first year.

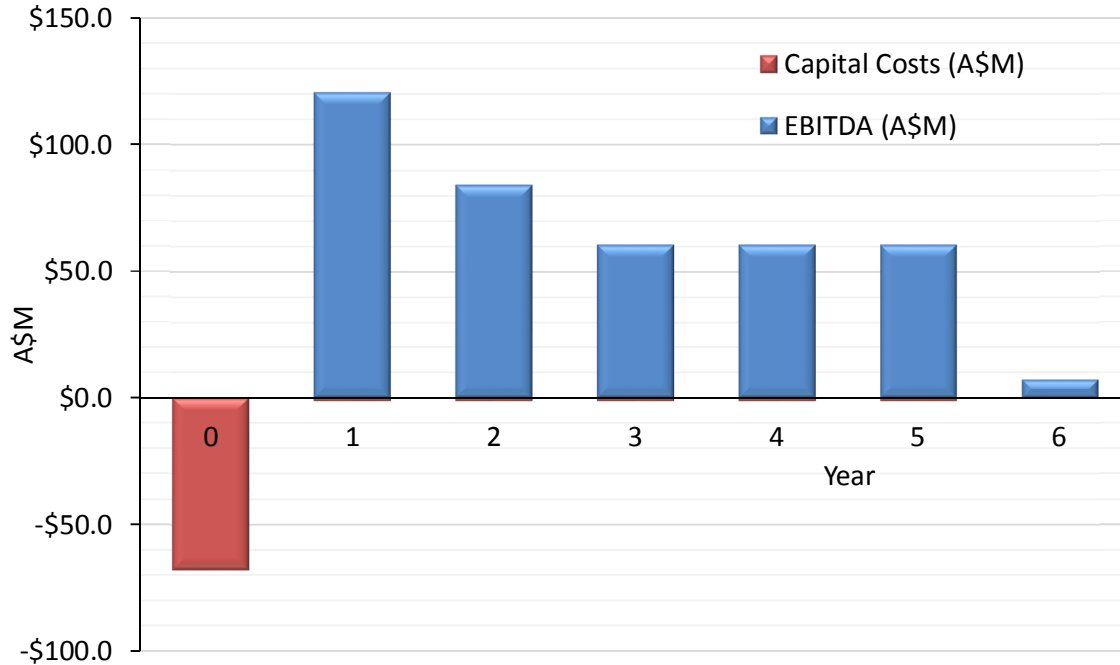


Figure 1: EBITDA and project capital costs over the life of operations (LoPOx)

PekoBull has completed preliminary optimization works on the proposed flow sheet, recovery rates currently achieved (via test work) are indicated below. It is believed that additional optimization is achievable, and this would be investigated during the detailed feasibility study.

Mineral	Recovery rates	
	Flotation and magnetic separation	Flotation, magnetic separation and LOPOX
Gold	63.4%	77.5%
Copper	61.5%	71.5%
Cobalt	8.9%	61.1%

Once a processing facility in place, additional opportunities would exist and via tolling material from other mines and mining known in-situ ore bodies. Identified in-situ resources total 211,500t, with an average grade of 6.86g/t (46,750oz).

The project has been significantly de-risked through independent:

- drilling/sampling programs across the tailing dams;
- lab testing/optimization of the proposed metallurgical process flowsheet; and
- preliminary feasibility study and costing of the processing plant

The next phase of work required would be a detailed feasibility study, which would include:

- Additional optimization of the flowsheet, including recovery and production rates
- Additional drilling/sampling, to update the tailings resource to an indicated JORC resource
- Detailed metallurgical testing, including thickening, grinding, floatation, flotation tail leaching, magnetic separation and flotation concentrate leaching tests, using samples from the above-mentioned drilling program.
- Detailed design, costing and EPC of the processing facility, to produce a capital and operating cost to a +/-15% level of accuracy
- Marketing studies, including securing off-take MOUs
- EIA studies
- Preliminary studies into the future exploration, mining in-situ ore and tolling opportunities.

The Company is looking to raise an additional A\$3m to fund operations through to the completion of the detailed feasibility study. Once the detailed feasibility study works have been completed, debt financing options could be utilized to fund the construction of the processing facility, and bring the project into production.

The Peko Tailings Retreatment Project provides excellent technical and commercial characteristics for highly profitable operation. The Company sees a great opportunity for the near term development of the Peko Tailings Retreatment Project, providing strong returns to all stakeholders.