

Nusantara DFS supports robust mine

NUSANTARA Resources says its Awak Mas gold project in Indonesia is shaping up to be a long-life, low-cost gold producer, with just US\$146 million needed to get the 100,000 ounce per annum operation off the ground – and it is now looking for financing and a partner to do just that.



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Editor

A carrot for any backer would be the emerging exploration potential: in the proposed pit areas, the immediate near mine environment, and throughout its holdings, where the outlook for finding more gold was again highlighted this morning.

The Lion Selection Group-backed miner released its definitive feasibility study today, saying the project offers an opportunity for 11 years of life and would require just \$16 million in pre-production mining expenditure and project sustaining capital of US\$29 million.

More importantly, all-in sustaining costs would be just \$758 per ounce, which assuming a gold price of \$1250/oz delivers a post-tax NPV5% of \$152 million, with a 20.3% internal rate of return.

Payback would be four years based on free cashflow of around \$120 million between 2019 and 2030.

The company believes a 7% lift in grade and a three-year mine life extension are easily within its grasp, based on its understanding of the Awak Mas and Salu Bulu deposits and the inclusion of the Tarra deposit, which was left out of the DFS, into the mine plan.

That would increase NPV towards \$250 million and the IRR to around 25%.

The project has reserves of 1.1Moz project following a recent 11% upgrade, with around 990,000oz at Awak Mas, within total resources of 2Moz (45.3Mt at 1.4 grams per tonne)

The project would be based around a 2.5 million tonne per annum mill in an area of South Sulawesi close to power, ports, services and logistics, in an area with long history of mining.

Nusantara managing director Mike Spreadborough said the project was "technically feasible, financially robust" with significant opportunities to increase project value.

The project has been granted all its environmental permits and construction approvals for development, pending some changes, and is well positioned to become Indonesia's next major gold producer, he said.

The development plan covers beyond first 10 years during which Nusantara has the right to 100% of production from the Contract of Work with the Indonesian government, after which time it needs to offer 51% of its holding company, Masmindo, to a local concern at fair market value.

Describing Awak Mas as one of the few undeveloped gold projects within the Asia-Pacific, Nusantara also sees plenty of upside, with the potential for improve economics if further infill drilling is completed and extensions to the current deposits are drill tested.

Near mine exploration will aim to advance brownfields exploration focused on the Salu Kombong, Kandeapai, Puncak Utara and Puncak Selatan prospects.

Spreadborough said the completed DFS had allowed a "shift in focus" in exploration.

This morning the company flagged the potential of Salu Kombong with three significant new gold and copper outcrops identified on intrusive related quartz veining covering an area of some 250m by 100m, with assay results of up to 2.8gpt gold and 1.2% copper sampled

Work at Puncak Utara has confirmed grades up to 11gpt gold from trenching with broad continuous zones of mineralisation up to 12m at 2.39gpt gold, all associated with a gold geochemical anomaly over more than 1.5km.

First pass manually excavated trenches at Puncak Selatan have confirmed surface mineralisation, up to 5.3gpt gold.

The wider exploration potential beyond the pits also remains open, particularly outside the two recognised mineralised corridors. There are a number of magnetic signatures indicating the presence of intrusives which appear to be coincident with known mineralisation

Nusantara, which had \$1.4 million cash at mid-year, last traded at 19c, valuing the company at \$23 million.



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