

## QUARTERLY ACTIVITIES REPORT DECEMBER 2020

- **Successful placement of A\$20.4M (approximately US\$15M) before costs at A\$0.05 per share was made to institutional and sophisticated investors.**
- **Includes A\$8.0 million cornerstone investment by highly experienced Canadian-based resource investor, Dundee Goodman Merchant Partners.**
- **Planning for plant option review engineering studies and water catchment construction commenced.**

**Big River Gold Limited (ASX:BRV) (Company or Big River)** provides below details of its activities during the 2020 December Quarter. In that period, the Company continued to focus on reviewing the Borborema Gold Project (**BGP**) design as well as assessing the best options for funding construction of the Project.

In December the Company announced the completion of a two-tranche placement to raise A\$20.4M (approximately US\$15M) (**'Placement'**) before costs. Funds raised from the Placement will be used to advance the development and construction of the Company's 100%-owned 2.43Moz Borborema Gold Project in north-east Brazil<sup>1</sup>.

There was very strong demand for the Placement from a number of Australian and international institutional and sophisticated resource investors, including an A\$8.0 million cornerstone investment from highly experienced Canadian-based resource investor, Dundee Goodman Merchant Partners (**Dundee**).

Dundee, Jett Capital Advisors LLC and Petra Capital acted as Joint Lead Managers and Joint Bookrunners to the Placement.

The significant support for the Placement demonstrates confidence in the investment proposition of the Borborema project and will strengthen the Company's profile in the local and international markets. Upon completion of the second tranche of the Placement Dundee Corporation will hold approximately 9.2% of the Company's issued ordinary shares.

The addition to the Big River register of supportive North American and European institutions with a proven track record in gold investment and mining demonstrates more depth in the ability of the Company to bring the BGP into production.

### Project Funding

The Placement at this stage allows the Company to do three things;

- (1) an early commencement of infrastructure construction and the recruitment of project management;

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<sup>1</sup> ASX Announcement 7 December, 2020

- (2) incorporate planning for a possible future plant expansion into the current design as outlined in the Definitive Feasibility Studies (DFS)<sup>2</sup> and,
- (3) Recommence exploration on tenements to the south west of the BGP and exploration for high grade extensions within the BGP concessions.

While the DFS's completed to date demonstrate the very robust and profitable economics of the proposed Stage 1 operation, the additional attraction of the Borborema Project for incoming investors is the long term potential and scale of the Project beyond Stage 1 including:

- Extending the planned operation to mine the additional ~800,000 ounces gold Mineral Reserves that remain outside the current Stage 1 mine schedule<sup>3</sup>;
- Exploration prospectivity and potential to upgrade, in whole or part, the 566,000 ounce Inferred Mineral Resource that exists immediately below and down dip of the currently defined Reserves, and
- The potential to significantly expand mine throughput above the initial 2Mtpa to better align the plant size with anticipated reserves, subject to water management and securing water supply.

Consequently, the Placement provides the opportunity to bring engineering studies forward to modify and optimise the existing Stage 1 design in order to minimise disruption and downtime when transitioning to a Stage 2 expansion, should it be proven viable.

Discussions to secure project finance will resume following the end of year break and the required due diligence will accommodate the results of the plant option review.

## Use of Funds

The funds raised by the Placement are intended to be primarily applied towards physically advancing the Borborema project in several key areas:

- Undertaking early infrastructure works including water catchment and finalising the water pipeline and power supply;
- Completion of an option study of optimal plant designs to ensure a seamless expansion of the Stage 1 operation should that be proven viable;
- Detailed engineering design and accelerating plant expansion studies;
- Appointing a Project Team to manage implementation as well as mine production and grade control teams, and,
- Undertake drilling programs for detailed mine planning and resource definition and exploration in and around the current planned pit.

Part of the funds raised are also intended to be applied towards general working capital and the costs of the Placement.

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<sup>2</sup> ASX Announcements dated 23 December 2019 and 8 July, 2020

<sup>3</sup> ASX Announcements dated 6 March, 2018 and 23 December, 2019.

## Placement

Under the Placement the Company will issue a total of 408 million shares at an issue price of \$0.05 per share, as follows:

- 168,334,685 shares were issued under the Company's Listing Rule 7.1 placement capacity (**Tranche 1 Shares**);
- 239,665,315 shares will be issued subject to the receipt of shareholder approval, which was obtained subsequent to the end of the quarter at a general meeting on 28 January, 2021 (**Tranche 2 Shares**)<sup>4</sup>.

Shareholders also approved the participation of Directors in the Placement, for a total of 3.2 million shares of the Tranche 2 Shares.

Settlement of the Tranche 1 Shares occurred on 11 December 2020 with settlement of Tranche 2 Shares expected to be completed on 4 February 2021.

As part consideration for the joint lead manager services provided in connection with the Placement, the Company agreed to issue the joint lead managers 24.48 million unquoted options exercisable at A\$0.06 expiring 3 years after the date of issue. The issue of these options was also approved by shareholders.

## Project Progress

Despite the impact of COVID-19, travel to the Borborema Project site is still possible with appropriate precautions and activities are still being undertaken on behalf of Big River by various engineering groups. The project timeline is not expected to be materially impacted.

The main areas of activity include planning for the:

1. Option study of comminution circuits to facilitate a possible future expansion.
2. Early commencement of water catchment construction.
3. Securing additional water supply.
4. Power line design and consideration of possible future capacity requirements.
5. Establishing an Owners Team to implement project construction.
6. Exploration programs targeting high grade mineralisation in and around the planned pits.

Much of these activities were planned during the quarter and enacted in January 2021. Readers are referred to the update provided in the ASX announcement dated 20 January, 2021 for more details.

## FINANCIAL POSITION

At the end of December 2020, the Group had cash reserves of \$9.9M. Payments to related parties (Directors) and their associates totalled \$73,000 for the quarter.

During the quarter \$280,000 of exploration expenditure was capitalised which related to the Borborema gold project and included costs incurred in Brazil (staff, consultants and other) of \$136,000, and consultant costs incurred in Australia (Nagrom, Epac Pty Ltd and other engineering consultants) of \$144,000.

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<sup>4</sup> ASX announcement dated 28 January, 2021.

Exploration expenditure expensed for the period in Australia and Brazil totalled \$138,000.

*For and on behalf of the Board.*



Andrew Richards  
**Executive Chairman**  
Big River Gold Ltd

#### **About Big River Gold**

Big River Gold Ltd (ASX:BRV), is a mineral exploration and development company listed on the Australian Securities Exchange. Its major focus is the 2.43M ounce Borborema Gold Project in Brazil; a country the Company believes is underexplored and offers high potential for the discovery of world class mineral deposits.

#### **Borborema Gold Project**

Borborema is a project with a resource of 2.43Moz gold, located in the Seridó area of the Borborema province in north-eastern Brazil. It is 100% owned by Big River and consists of three mining leases covering a total area of 29 km<sup>2</sup> including freehold title over the main prospect area.

The Project benefits from a favourable taxation regime, existing on-site facilities and excellent infrastructure such as buildings, grid power, water and sealed roads. It is close to major cities and regional centres and the services they can provide.

#### **Definitive Feasibility Study (DFS)**

A DFS for development and construction of Stage 1 of the Borborema Project was completed in December 2019 as detailed in the ASX Announcement of 23 December, 2019. The DFS was updated to improve capex estimates and de-risk the operation (refer ASX announcement of 8 July, 2020). It confirmed the project's strong economics and optimised a profitable open pit with a mine life of more than 10 years producing approximately 729,000 ounces gold at a C1 cash cost of US\$534/oz and AISC of US\$713/oz.

Assuming a gold price of US\$1,550 per ounce, the pre-tax NPV (8%) returned US\$342M with an IRR of 64.7%. The project returns an average EBITDA of US\$72M pa.

#### **Competent Person Statements**

##### ***Borborema mineral resource estimate***

The information in this announcement that relates to the mineral resource estimate for the Borborema Project was first reported in accordance with ASX Listing Rule 5.8 on 24 July 2017. Big River confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

##### ***Borborema ore reserve estimate***

The information in this announcement that relates to the Ore Reserve estimate for the Borborema Gold Project was first reported in accordance with ASX Listing Rule 5.9 on 6 March 2018, 29 March 2018 and 11 April 2018. All material assumptions and technical parameters underpinning the Ore Reserve estimate continue to apply or have been updated in the attached JORC Table 1.

That portion of the Ore Reserve that was included in the Stage 1 Mining Schedule for the December 2019 Definitive Feasibility Study (DFS) was reviewed by Porfirio Cabaleiro Rodriguez, BSc. (MEng), MAIG of GE21 as part of the DFS.

The Ore Reserve was first reported in accordance with ASX Listing Rule 5.9 on 24 July 2017 and updated on 6 March 2018 and is based on information compiled by Mr. Linton Kirk, Competent Person who is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy. Mr. Kirk is employed by Kirk Mining Consultants Pty Ltd and is an independent consultant to the company.