



# GOLD OUTLOOK 2024

Glory be  
to Gold

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### Editorial

**Author** Dominic Hale

### Mining Journal staff

**Group Managing Editor** Chris Cann

**E-mail:** [chris.cann@mining-journal.com](mailto:chris.cann@mining-journal.com)

**Editor of Mining Journal** Siobhan Lismore-Scott

**E-mail:** [siobhan.lismore-scott@aspermontmedia.com](mailto:siobhan.lismore-scott@aspermontmedia.com)

### Editorial enquiries

**Tel:** +44 (0) 208 187 2330

**E-mail:** [editorial@mining-journal.com](mailto:editorial@mining-journal.com)

### Advertising

**Group chief commercial officer** Matt Smith +44 (0) 7500 958452

**E-mail:** [matt.smith@aspermont.com](mailto:matt.smith@aspermont.com)

### Subscriptions and circulation enquiries

**Sales director:** Roger Cooke

**Tel:** +44 20 8187 2329 **E-mail:** [roger.cooke@mining-journal.com](mailto:roger.cooke@mining-journal.com)

For Mining Journal Subscriptions, please contact

**Tel:** +44 20 8187 2330 **E-mail:** [subscriptions@mining-journal.com](mailto:subscriptions@mining-journal.com)

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**Managing director** Alex Kent

**Group chief operating officer** Ajit Patel

**Group chief financial officer** Nishil Khimasia

**Group chief commercial officer** Matt Smith

**Group content director** Ana Gyorkos

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# Contents

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<b>Credits</b>	<b>2</b>
<b>Introduction</b>	<b>4</b>
<b>Whitepaper</b>	<b>5</b>
Profile 1: Merdeka Copper Gold	10
Profile 2: Warriedar Resources	12
Profile 3: Calibre Mining	15
Profile 4: Quatro Metales	18



# Glory be to Gold

Ongoing geopolitical instability continues to underpin the insatiable demand for gold. The yellow metal's unique allure has the market in raptures.

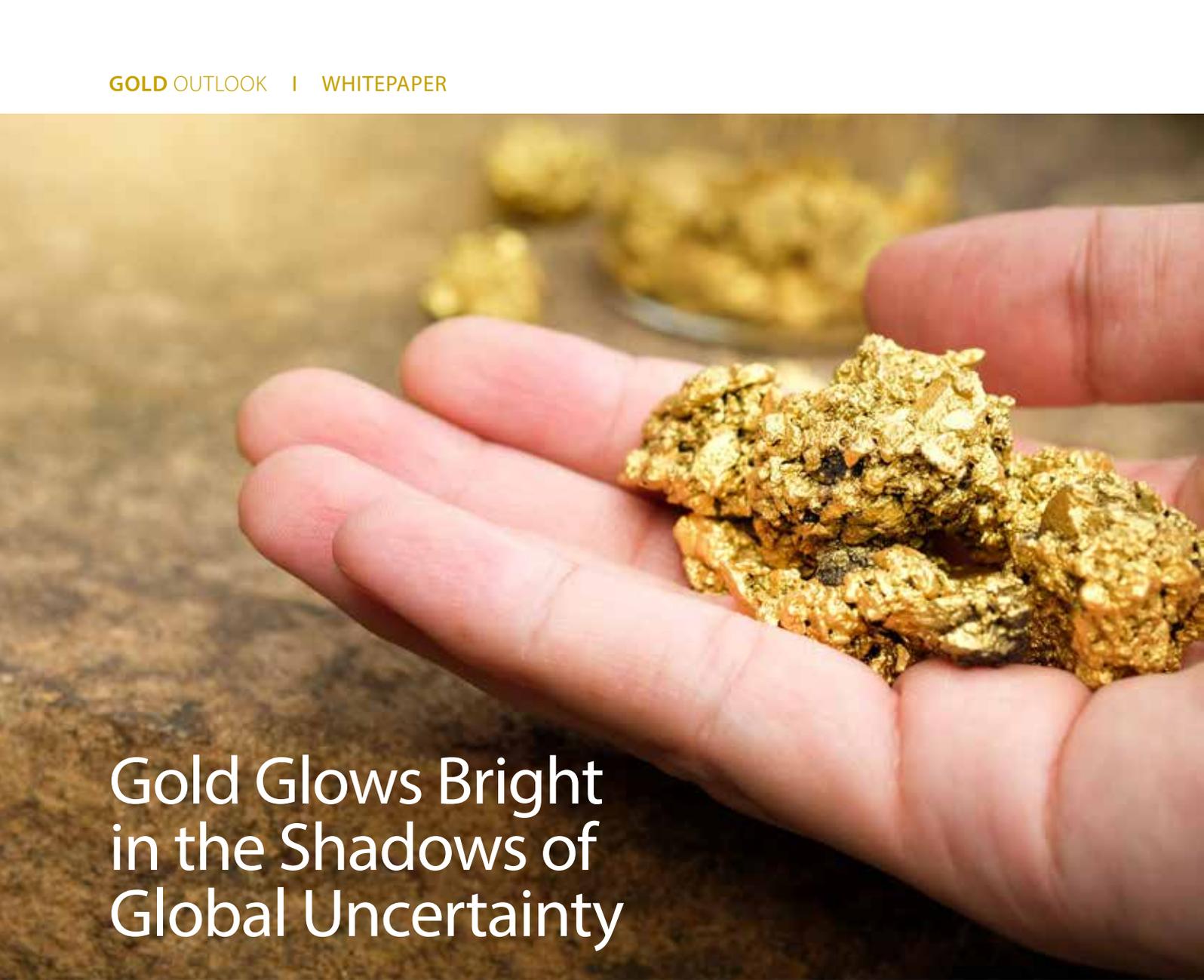
Gold had been bubbling away just below US\$2,000 per ounce for some three years leading into 2024, save for a couple of sharp drop backs in Octobers 2022 and 2023. Three extended breaches in August 2020, March 2022, and across April-May 2023 gave cause for excitement, but each time the gains were not sustained, and the price fell back. Come late 2023, however, gold punched through the symbolic US\$2,000/oz mark for the first time and has barely looked back since.

It gives weight to the case that 2024 will be gold's breakout year. Geopolitical tensions fuelled by the ongoing war in Ukraine, continued US-China tensions and an explosion of violence in the Middle East are combining to provide support for gold around current levels. At the same time, the foundations of the world's financial system have been subtly shifting to create new, more fertile conditions for gold. No longer does the US stand unchallenged as the global overseer. Rather, its own economy now struggles to fund itself through domestic

savings, which in turn tests the patience of an international community unwilling to continue to provide cheap debt. Pressure on the dollar means looser fiscal policy could well be on the cards, so creating a long-term inflationary environment in which gold would thrive. For investors looking to leverage this potential bull run in gold, junior gold explorers, developers and producers – some considerably undervalued – represent enticing prospects. In this report we investigate the range of drivers for gold in 2024 and the likelihood of a sustained bull run. We review the global gold space for those companies best placed to take advantage of the fecund conditions, and those most worthy of investor attention.

“Pressure on the dollar means looser fiscal policy could well be on the cards, so creating a long-term inflationary environment in which gold would thrive.”

**Dominic Hale, *Mining Journal***



# Gold Glows Bright in the Shadows of Global Uncertainty

## Key drivers of gold's current record-breaking run are central banks – and not just the usual suspects.

Emerging central banks too, such as those of India and Turkey, have noted Russia's ability to successfully navigate its economic isolation following its invasion of Ukraine, and that this has, in part, been down to having reserves in unreachable gold. Gold's clear rainy-day credentials as a provider of protection from geopolitical risk, inflation and volatility has compelled them to follow suit. And in the 'emerged country' category, Poland has been a significant purchaser of gold in recent years too.

It is China, however, that remains the biggest central bank buyer of the yellow metal. A concerted drive to expand its gold reserves and ditch the dollar is built on festering resentment of its dependence on the currency of its great rival for pricing and settling commodities contracts, which makes its economy unnecessarily vulnerable to global volatility and international geopolitical tensions. This has seen the Asian superpower shift its exposure from US government debt to gold, with the result that its

central bank now holds a staggering 2264t of the stuff: an increase of 466% in reserves since the start of the millennium.

The growing China-spearheaded global move to 'dedollarise' – which has countries reducing their reliance on the US dollar as the global reserve currency, medium of exchange or unit of account – creates further uncertainty and perceived risk, serving to further heighten gold's allure as a potential hedge.

Households in China have been making their mark too. Wrestling with the effects of a property slowdown and lacking enthusiasm for the Chinese equity market, they have increased their holdings of physical gold, given the paucity of other appealing options available to them.

The cumulative effect of this heightened demand is that China's gold imports reached a record 1471t in 2023.

Another contributor to growing physical gold demand is the jewellery sector. The effect of rising incomes in emerging markets such as India, where gold is revered and of significant cultural importance, is likely only to become more pronounced as social and economic transformation at scale continues apace.

Over-the-counter (OTC) transactions have been another significant element of a total global gold demand that stood at 1,238t for Q1 2024, according to the World Gold Council, representing an eight-year first-quarter high.

**Normal rules do not apply**

The received wisdom goes that higher interest rates are bad news for gold prices, since higher bond yields act as competition for the yieldless yellow metal. Yet this traditional formula has been insufficiently powerful to hold back opposing forces, such as record high levels of inflation and the voracious appetite of central banks. In addition, the US Federal Reserve's long-anticipated rate reduction is likely to be introduced late 2024 or early 2025, meaning a further tailwind for gold is in the offing.

That said, since the gold price is so acutely disconnected from the usual macro drivers, it is certainly worth acknowledging another viewpoint that sees an imminent substantial correction where even the high price scenario is lower than today's.

**Gold miners underperforming gold**

To date, the sustained high gold prices have not translated

into a juicy pay day for the producers, since rising inflation has been placing pressure on wages, exploration, and interest expenses. Q1 2024 financials show the gold majors having achieved an average all-in-sustaining cost (AISC) of US\$ 1408/oz. This represents a 6.6% increase quarter-on-quarter and 13% lift year-on-year.

Mid-tiers fare rather better and would appear to have greater leverage to the rise in the gold price exhibiting just a 1.6% average AISC quarterly increase to \$1414/oz, placing them on a virtual par with the majors. Taken as a community, the mid-tiers – unlike the majors – can also point to margin expansion.

Another factor informing investor reticence is that production declines have been the order of the day for both the majors and mid-tiers, with march-quarter financials showing 3.8% and 16.3% declines in output, respectively.

**Metal/equities disconnect**

Despite the gold price being at its highest ever level, gold stocks have a long way to go to reach the lofty heights they occupied at their 2011 zenith. It would be fair to say the sector is significantly undervalued.

There are various reasons for these low gold stock valuations. Broadly, there is widespread investor reticence born of the belief that high gold prices underpinning much of the existing or future production are unsustainable.



China is spearheading global de-dollarisation efforts



Gold bangles and accessories used in Indian wedding celebrations

Beyond this headline lie other significant details, not least that serial equity dilution to finance capital projects has acted to limit the capacity of many generalist investors to analyse effectively. Another factor at play requires us to cast our minds back to the surge in CapEx spending by gold miners immediately following the 2011 gold price high, which was followed by an equally dramatic but more prolonged spending reversal as the price fell back and profits were squeezed. While spending has now returned, the industry is still feeling the effects of the dry CapEx years from 2015 to 2021, and it will not be lost on many that the hurdle rate to build new gold mines will likely be predicated on still higher gold prices.

In addition, resource nationalism has increased the risk premium for large new capital projects, such that even some companies able to point to stellar geological credentials have been unable to set the wheels in motion due to actual or perceived jurisdictional risk. Combined with this are more onerous permitting criteria to meet, so tying up capital for longer, thereby increasing the time between discovery and cash generation, and with it the risks that a project can be derailed.

Against precedent, the gold price has risen despite traditional drivers such as investment demand and ETF holdings having declined.

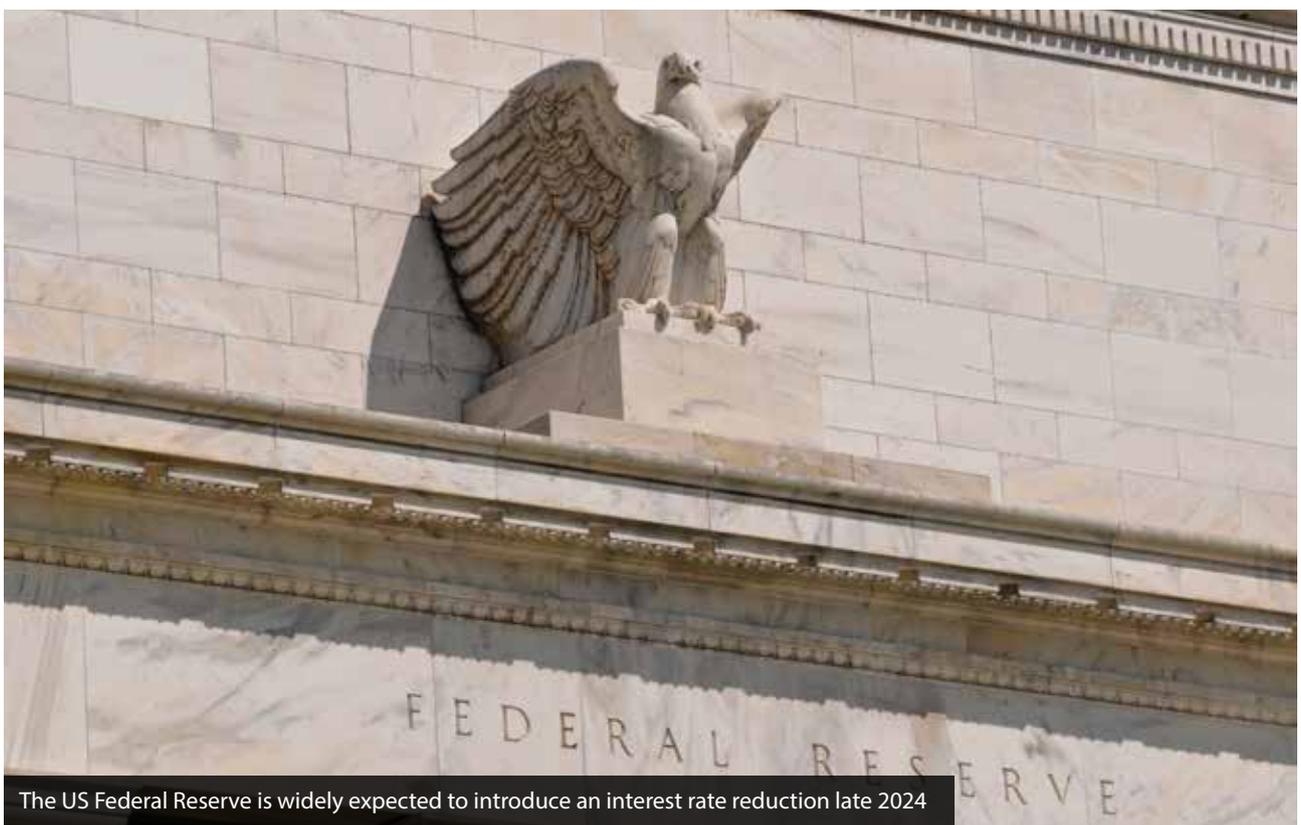
When this demand returns, as surely it will, and investors seek to diversify and hedge their portfolios, it delivers the ingredients for an accelerated rally and another mark for the bulls. Meanwhile, gold ETF inflows are likely to increase come any rate cut by the Fed.

**High gold price creating an enabling environment**

While gold equities may be underperforming, the high spot price is at least supporting strategic investment. Not only is this acting to support advanced development stage and proven producing assets, but it is also providing funds for greenfield projects, which are of crucial importance to ensure long-term security of supply.

It is indicative of a wider picture of a gold space currently marked by new strategic partnerships and M&A activity, which amounted to \$23 billion in 2023.

To access such strategic investments, recipients will



The US Federal Reserve is widely expected to introduce an interest rate reduction late 2024

usually need to point to a management team with proven pedigree, compelling geology, economic grades, and district-size scale; the same criteria, in fact, that should be on the radar of any investor weighing up which horse or horses to back.

Given the converging forces, well-backed, well-managed and disciplined gold mining companies with something tangible to shout about – be it grade or size of resource – looking at straightforward mining in a proven, stable region should not be ignored.

**Sit up and take notice companies**

Merdeka Copper Gold is one such company. A feasibility study (FS) in March 2024 for its Pani gold project in Gorontalo province, Indonesia, served to confirm a technically simple, large-scale, multi-decade and low-cost open pit operation that has it as one of the most significant gold mines in the Asia-Pacific region.

By way of specifics, the FS points to an ultimate ore processing capacity of 19.0Mtpa, peak gold production of approximately 500,000 ounces per annum, and a mineral resource of 6.9Moz.

Regarding proven pedigree, Quatro Metales is a British/Latin American exploration and exploitation mining company currently focused on its Paccha Vista copper-gold project. The company can point to a stellar recent history of successfully taking projects into production in Latin America's new gold frontier, Ecuador.

The compact country has significant gold resources but is highly underexplored. It also benefits from well-developed existing infrastructure, and a pro-mining government.

Many investors will assess that Quatro Metales represents excellent value, as does relative jurisdictional newcomer to mining at scale, Ecuador.

In Western Australia, meanwhile, Murchison is a fine example of a highly prospective gold exploration region synonymous with historical and ongoing success.

Since acquiring two large-scale, highly prospective projects there in February 2023, Australia-based brownfield gold and base metals exploration company, Warriedar Resources has undertaken significant drilling programmes at both, unlocking resource growth potential of consequence in the process.

Investors will also be attracted by the managing director, Amanda Buckingham's data-driven approach to exploration and thirty-year experience in mineral exploration, alongside Warriedar's robust cash position ahead of further planned resource growth drilling in 2024.

**Gold not immune to the laws of economics**

While downside risks are limited, gold prices are destined to fall back at some point, despite production challenges that could impact supply. Technology advancements in respect of leaching, for example, are making it more economically feasible to mine lower-grade ore, with efficiency improvements at existing mines further helping to boost production. And while immediate past output may be down, the general trend is upwards.

Set against this is the fact of declining discovery rates and major discoveries being smaller, thereby exacerbating the supply challenge to come – although this will be offset in the near term to a degree by large discoveries made in the first decade of the millennium coming online.



Large setup infrastructure for mining gold and other minerals in Australia.



Green energy efficient mining

It is also worth mentioning that the high gold price currently bringing projects marked by lower-grade ores into the economic orbit of mining companies, does bring with it the risk of cost creep. And still higher gold prices will be needed to incentivise some of the additional production needed to keep the expected supply-demand disconnect in check.

And, while we are all familiar with the mantra that past performance is no guarantee of future results, when applied to the geopolitical sphere, speculators could reasonably expect the many storms currently raging across various fronts to reduce in number, frequency and severity at some point down the line, so helping to create more nourishing conditions for global growth. In turn, this will see the allure of stocks and other investments increase at the expense of gold.

For the foreseeable, however, gold carries the aura and authority of certainty in uncertain times.

#### **Responsible gold miners will inherit the Earth**

Over the longer term, it will become increasingly important to each new generation of investors, consumers and other stakeholders that they are able to evaluate how miners are performing against recognised responsible mining standards and that the end product is fully traceable and ethically sourced.

Gold mining companies in particular – given their more intimate link with the end user – are perfectly positioned to connect with such sensibilities and demonstrate their commitment to transparency and traceability. The most responsible will be best placed to attract new talent in an industry presently struggling with recruitment and

retention.

While it may not be of critical consequence to the investment rationale at present, how responsible a gold mining company is will become an increasingly significant determinant of its success. In recognition of this, the World Gold Council has developed its Responsible Gold Mining Principles for its member companies, which is designed to act as a guiding light for industry participants.

Canadian-listed mid-tier gold producer, Calibre Mining is one of those members. It places sustainability front and centre at every stage of the mining cycle, so bringing to the company a discernible edge over its peers in that regard.

The company's commitment to upholding and surpassing the highest environmental, social and governance standards is one that applies across its entire portfolio of gold exploration and development opportunities. Whether regarding projects in Canada, the United States or Nicaragua, the same principle holds true – that of acting locally and connecting those actions with global challenges.

#### **Gold's future assured**

That the gold price will fall back at some point should not be in dispute. It is a certainty. But it is unlikely to happen just yet. Because of gold's multi-functional status as a hedge, a diversifier, a currency without borders, a store of value, and as cover during unpredictable times, under present conditions at least, its resilience and go-to status is assured. And, uniquely, on the flip side, even if and when a fall in the gold price driven by improved economic conditions comes, that too will be mitigated by procyclical consumer demand for the metal for all seasons.



# Merdeka's Pani Gold Project – Construction Underway Targeting Near-Term Production

In announcing its Feasibility Study (FS) results in March 2024, Merdeka Copper Gold confirmed its Pani gold project in Gorontalo province, Indonesia, to be a technically simple, large-scale, multi-decade and low-cost open pit operation.

The FS references an ultimate ore processing capacity of 19Mtpa and peak gold production of approximately 500,000oz per annum, positioning Pani as one of the most significant gold mines in the Asia-Pacific region with a mineral resource of 6.9Moz of gold.

#### **Phased project development commencing with near-term heap leach operation**

Project commissioning for Pani is targeted for late 2025, with the first gold pour set for early 2026. Initially, to take advantage of readily leachable oxidised gold ore, Pani will commence operations utilising heap leach recovery by investing a pre-production capex of approximately US\$250 million plus ancillary costs. Merdeka brings proven pedigree in heap leach recovery, demonstrated by its mature Tujuh Bukit gold mine in East Java and Wetar copper-pyrite mine in Southeast Maluku. Merdeka can execute Pani construction cost-effectively by engaging in-house construction expertise and combining with local contractors. Construction activities for the heap leach operation are currently progressing according to plan.

The heap leach operation will process 7Mtpa of ore, producing approximately 140,000Oz of gold per annum,

designed to maximise near-term cash flow. A second development phase will be introduced in late 2028 that utilises a carbon-in-leach (CIL) recovery circuit to exploit the deeper sulphide gold mineralisation. This second stage will have an initial ore processing capacity of 7.5Mtpa, increasing to 12Mtpa to give the above figure of 19Mtpa from the combined heap leach and CIL operations. The expected future cash flow generated from the heap leach operation is forecast to fund a significant portion of the capital required to construct the CIL mining and processing infrastructure.

Pani is a large-scale resource offering significant upside for exploration. Numerous prospects have been identified, and drilling has returned encouraging results. The company is confident of further resource expansion, given that the Pani ore body is open in a range of directions and at depth, although its near-term focus is getting Pani into production.

#### **Feasibility Study demonstrates robust Pani project economics**

Notwithstanding the need for independent technical studies prepared to a high standard, even prior to the FS



ROM Pad and Primary Crushing Earthworks

completion, there existed a high degree of confidence that Pani was going to be an economic project based on the work already undertaken. Such was the confidence level regarding Pani's credentials that Merdeka commenced project construction, utilising balance sheet strength to fast-track the path to production.

In recent history, Merdeka has invested approximately US\$140 million in on-site development, exploration drilling and resource definition and study work. This is in addition to substantial expenditures incurred before Merdeka ownership and excludes Merdeka's acquisition costs for Pani.

Pani is a low sulphidation epithermal gold deposit that is expected to be large-scale and low-cost, benefiting from an estimated strip ratio of ~0.5x resulting in the lowest quartile all-in sustaining cost of approximately US\$870/oz over the life of mine (LOM). Leveraging the substantial work that has already taken place, the FS results demonstrate attractive project economics even at gold prices well below the current gold price level of ~US\$2300/oz.

#### **Merdeka: Indonesian pedigree with best-in-class global credentials**

While Merdeka operates to an international standard, the company is Indonesian listed, has a majority of Indonesian shareholders, and is regarded as an Indonesian company by Indonesian regulations. Therefore, it is well placed to avoid the issues foreign mining companies may encounter when operating outside their home jurisdiction. The company is well diversified across a portfolio of businesses. It has a track record of operating in various regions across Indonesia, leveraging its experience from

its established nickel and Tujuh Bukit copper and gold projects.

Pani is positioned to be the fourth large-scale mining project Merdeka has brought into production and is expected to provide a meaningful socio-economic boost to the Gorontalo province, a region with a rich history of gold and copper mining. It has not been subject to the stop-start capital raising experience that marks many other mining projects in development. Instead, progress to date has been informed by study work, technical considerations and construction timelines, and this is set to continue as the project advances towards production.

#### **Merdeka's next great revenue generator offers low-risk exposure to gold**

Looking ahead, Pani will constitute a new and significant income pillar for Merdeka alongside its nickel mine and processing facilities and its Tujuh Bukit copper-gold porphyry project. Even using conservative assumptions, Pani is forecast to generate over US\$500 million EBITDA per annum and over US\$6 billion of cumulative free cash flow over the initial LOM.

From a longer-term strategic perspective, Merdeka chairman Andrew Starkey recognises that other high-quality dormant or semi-dormant assets in Indonesia could be progressed and developed to a similarly high international standard and have a good productive life, subject to them being brought into the right ownership structure. To this end, Merdeka is ever alert to the next Pani-type opportunity.

#### **Merdeka – at a glance**

##### **Head Office**

Treasury Tower 67-68th Floor, District 8 SCBD Lot. 28,  
Jalan Jenderal Sudirman Kav. 52-53  
South Jakarta 12190, Indonesia  
**Tel:** +62 21 39525580  
**Web:** merdekacoppergold.com

##### **Directors:**

Albert Saputro, Jason Laurence Grieve, Andrew Philip Starkey, David Thomas Fowler, Hardi Wijaya Liong, Gavin, Arnold Caudle, Titen Supeno, Chrisanthus Supriyo

##### **Market Capitalisation**

US\$3.6 billion

##### **Quoted shares on issue**

24.4 billion (as of April 5, 2024)

##### **Major Shareholders**

Provident Capital Partners : 23%  
Saratoga: 19%  
Thohir Group: 9%

# Warriedar Resources: unlocking significant resource growth potential in a premier WA gold region

Warriedar Resources (ASX:WA8) is an Australia-based brownfield gold and base metals exploration company with two large-scale, highly prospective projects, Golden Range and Fields Find, located in the Murchison region of Western Australia.

The Golden Range and Fields Find projects are within a historic gold producing region located approximately 350km northeast of Perth and 260km from Geraldton. Golden Range possesses a current JORC-compliant mineral resource of 19.2Mt at 1.5 g/t Au for 945,000oz of contained gold.

## Hitting the ground running

Since the acquisition of the projects in February 2023, Warriedar has undertaken significant drilling across both Golden Range and Fields Find. To date, over 23,000m of reverse-circulation (RC) drilling has been completed at Golden Range, which has delivered growth at five separate gold deposits. In parallel, the company has rapidly pursued drilling of key gold and copper targets at Fields Find, with close to 16,000m RC completed there.

Notably, the drilling at Golden Range has demonstrated the excellent resource growth potential across what is known as the 'Golden Corridor', a 25km long area below



Warriedar Resources  
Managing Director,  
Amanda Buckingham



RC Drilling program in progress at Warriedar Resources' Golden Range Project

and between historic open pits in an area which hosts six discrete gold deposits which are all open at depth.

The Golden Corridor is the key focus of Warriedar's 2024 exploration drilling program, which began in February 2024.

**Large untapped regional growth potential**

Golden Range covers a 70km long section of a belt-scale mineralised shear that has remained relatively underexplored with only shallow, irregular drilling being undertaken historically. This offers Warriedar a substantial upside opportunity with the addition of future discoveries, particularly at depth.

"The significant scale of the growth potential at our Murchison assets requires a sharp focus and has prompted us to allocate maximum available resources to its exploration," Warriedar managing director, Amanda Buckingham, said. This focus has prompted Warriedar to concurrently pursue strategic investment and farm-out opportunities for its other key asset, the Big Springs Gold Project located in Nevada, US.

The Murchison remains a highly prospective gold exploration region buoyed by historical and ongoing success across a range of project proponents and operators in the area. Approximately 60km to the south of Golden Range and Fields Find is Capricorn Metals' Mount Gibson gold project. Buckingham noted that "Mount Gibson is considered by many to be a regional benchmark, and an encouraging pro-forma model for Warriedar, being two years ahead of us in terms of exploration drilling".

Warriedar's assets are also situated close to other major

exploration activity centres, including Silverlake Resources' Rothsay & Deflector projects and Ramelius Resources' Mt Magnet project.

"In a broader sense, our commitment to the area is validated by the ongoing activities of other industry leaders operating nearby, who continue to demonstrate the suite of upside opportunities within the Murchison", Buckingham said.

**A direct approach to exploration**

Warriedar's modus operandi has been directly spearheaded by Buckingham, who operates with a simple but effective data driven approach: use the right data in the right way to narrow the search space and drill in the right spot. The Warriedar team is site based, and



Overlooking one of the open pits along the 'Golden Corridor' at Warriedar Resources' Golden Range Project



Inspecting soil samples

Buckingham is highly active in the field year-round, where she can not only stay close to the action but also work interactively and in real-time with her highly experienced team.

“Fostering effective communication across our broader team has been crucial to our exploration strategy over the past year. Working closely with the technical team and ensuring they have what they need is instrumental to long-term success. It has allowed us to produce some strong results within a comparatively short period of time,” noted Buckingham.

As a geophysicist with over 30 years’ experience in mineral exploration, Buckingham has a strong grasp of what ingredients are required to produce success and has a keen sense, based on the data, of what a winner looks like.

“Exploration is rarely easy. While the outcomes are never certain, I am pleased that our efforts to expand our knowledge of the geology in and around the existing Golden Range resources has produced significant extensional discoveries of high-grade gold between and below the existing, shallow open pits,” she stated.

Moving forward, Buckingham is focused on ensuring that Warriedar retains significant flexibility from a structural and operational perspective. “A lot goes on out in the field, so it is important that we keep ourselves nimble, and as an organisation, streamlined and ready for any contingency,” she added.

Following the successful completion of a A\$6 million placement in the March 2024 quarter, Warriedar has a robust cash position ahead of further planned resource growth drilling in 2024.

### Clear pathway to further success

Warriedar has adopted a dual-focus strategy for the remainder of its 2024 drilling activities.

The company’s primary focus is further resource growth at Ricciardo and along the Golden Corridor. Ricciardo is the largest of the six deposits located within the Golden Corridor. It possesses a current Mineral Resource estimate of 8.7Mt at 1.7 g/t Au for 476,000oz of gold and remains highly prospective, with outstanding extensional gold intercepts returned from outside of existing resource boundaries during 2023/24 drilling.

Warriedar is also focused on making new discoveries along the underexplored 70km shear, which extends north and south either side of the 25km long Golden Corridor.

“A key objective of our 2024 strategy is to continue expanding our portfolio with new discoveries of high-grade ounces along the main shear to complement our existing high-quality resources”, Buckingham stated.

While Buckingham acknowledges widespread investor reticence when it comes to backing junior gold explorers in recent years, she stated a belief that Warriedar possesses deep-rooted advantages to distinguish it.

“With the discovery of high-grade gold shoots greater than 5g/t, which remain open at depth and along strike, there is plenty to be excited about across Golden Range and our broader Murchison tenure,” Buckingham said.

“While it does take time to explore a belt of this size, I believe our results to date speak for themselves. As we endeavour to rapidly grow and upgrade our existing gold resources at Golden Range, we look forward to this translating to long-term value growth and superior returns for our shareholders.”

### Warriedar Resources – at a glance

#### Head Office

Suite 3, 41-47 Colin Street, West Perth WA 6005

Tel: +61 8 9481 0389

Email: [info@warriedarresources.com.au](mailto:info@warriedarresources.com.au)

Web: [warriedarresources.com.au](http://warriedarresources.com.au)

#### Directors:

Mark Connelly, Amanda Buckingham, Mingyan Wang, Dianmin Chen

#### Quoted shares on issue

692.4 million

#### Market Capitalisation

A\$33.2 million (at June 5, 2024)

# Calibre Mining's Sustainable Business Edge

Canadian-listed mid-tier gold producer, Calibre Mining, is leading from the front in ensuring that sustainability informs every stage of the mining cycle. It is an approach that translates to sustainable value for all the company's stakeholders and affords it a discernible edge over its peers.

The Americas-focused mining company has a robust pipeline of gold exploration and development opportunities in Newfoundland & Labrador in Canada, Nevada and Washington in the US, and Nicaragua.

Yet, regardless of the jurisdiction, the company adopts a responsible and sustainable approach to mining marked by adherence to – or the exceeding of – ever more exacting compliance criteria. At every turn, Calibre seeks to apply customised local solutions that at the same time advance the dialogue around how best to tackle critical global concerns, such as those related to biodiversity, climate change and deforestation.

Calibre endeavours to ensure that the work it undertakes in its capacity as an agent of change reverberates not just across the company, but across the whole mining industry.

In practice, the company's take on sustainable mining is informed by its three strategic pillars, the first of which is



Petri Salopera, Senior vice-president, sustainability



Valentine Gold Mine workers

'Responsible Practices' which seeks to ensure a culture of best practices internally and with partners. Calibre's second pillar, 'Contributions to Sustainability', has the objective of generating positive effects beyond mining, while its third strategic pillar of 'Global Challenges' has it seeking to connect with efforts to safeguard the future.

#### **Common strategy, local content**

Calibre uses this strategic trinity as a guiding light to inform its contributions to the sustainability of the host communities in which it is active.

For example, in its provision of employment opportunities company-wide, Calibre prioritises local labour, evident in Nicaragua where 96% of its workers are national employees, and 77% hail directly from neighbouring communities.

Such a regional socio-economic boost would be welcomed anywhere in the world, but senior vice-president, sustainability, Petri Salopera, who oversees such matters, knows that the most effective, impactful and sustainable solutions are those that are jurisdiction or even site-specific and the product of a dialogue between local stakeholders and Calibre.

An example of this codevelopment approach can be found in Nicaragua in the form of Calibre's potable

drinking water programmes, the planning, execution and evaluation of which is a partnership between mining company and host community. Also in Nicaragua, the company has planted more than a million trees.

Calibre also seeks to integrate a robust health and safety culture informed by enhanced training and education with cutting edge technologies in its work processes to reduce risks in relation to health, safety and the environment. Informed by this, trucks have been equipped with technology as standard that allows risks such as driver fatigue to be monitored and managed.

With its new Canadian asset, Calibre is active in a jurisdiction marked by the highest environmental, social and governance (ESG) standards, and this is something that excites Salopera. But here, as with its existing portfolio across Nicaragua and the United States, the same principle holds true – that of acting locally and connecting those actions with global challenges.

#### **Cross-fertilisation for optimum sustainability outcomes**

Calibre proactively contributes to enhancing the mining industry's sustainability credentials.

As well as being part of the World Gold Council and an adherent of its Responsible Gold Mining Principles, the company also became a member of the Mining

Association of Canada (MAC) in 2023.

As a Canadian-listed company and now near-term producer in the country, following its acquisition of the Valentine Gold Mine, this constituted a logical next step for Calibre, and will see it actively participate in and uphold MAC's Toward Sustainable Mining (TSM) performance system.

This globally recognised framework has been designed to drive performance and accountability in key areas, including environmental and social responsibility. For Salopera, it is a welcome opportunity to "strengthen our sustainability performance by measuring against industry best practices, but also to bring our own experiences to the table and share them with other members".

Such a collaborative approach to best practice moves sustainability considerations beyond mere alignment with local requirements to a connection with international standards and evolving expectations. The result of this is that complacency is avoided, and optimum conditions are created for Calibre to continuously challenge itself in pursuit of ever better ESG outcomes.

#### **Moving through the phases**

The company is currently mid-way through implementing its Sustainability Strategy, which is marked by three distinct phases.

The first of these, 'Setting the Stage' in 2022, saw alignment and standardisation of its ESG practices across all operations, to reinforce Calibre's positive impacts on the economy, environment, and people.

It was followed in 2023 by the second phase, known as 'Meeting Higher Standards', which runs to 2025 and is leading to best practices being implemented and operational processes optimised.

Thereafter, the final phase, 'Leading the Way', kicks off in 2026. This is set to position the company as a front-runner in sustainability among its peers.

#### **Alignment comes from engagement.**

In relation to sustainable development, Calibre's capacity to make a difference is profound, regardless of the country in which it is operating. This is underpinned always by engagement with local communities, to make sure the two parties' objectives are in alignment.

Those companies that prioritise such engagement and the importance of ongoing investment in their social licence to operate are likely to benefit from a more predictable relationship with those host communities. In turn, a well-served and involved community whose wishes are not simply listened to, but acted upon, is unlikely to seek satisfaction from authorities with the power to thwart

progress at a mine – effectively at will. And without needing to assuage the concerns of voters who support them, those same authorities, of whatever political stripe, represent a far more predictable force for investors to weigh up, should the company they are contemplating backing hold community engagement in high esteem.

#### **Uber-diligence translates to value**

Salopera and the company he represents subscribe to the view that mining can be a responsible and sustainable partner to the environment and local communities, helping to transform lives and livelihoods for the better.

Calibre has acknowledged that incorporating sustainability into its business strategy is essential to its long-term success, hence an increasing focus on sustainability practices and robust ESG performance, as recorded in its comprehensive Sustainability Report. And, this positioning of sustainability at the heart of its business model is working to ensure its accomplishments are achieved in ways that are ethical, transparent, accountable, and respectful of the rights of others.

Combined with its strong balance sheet, proven management team, strong operating cash flow, accretive development projects and district-scale exploration opportunities, Calibre's responsible and disciplined approach to operations – perhaps best embodied in its advanced tailings management practices – is set to unlock significant value for all stakeholders.

#### **Calibre – at a glance**

##### **Head Office**

Head office: Suite 1560 - 200 Burrard Street,  
Vancouver, BC, Canada V6C 3L6

**Tel:** 604-681-9944

**Fax:** 604-681-9955

**Email:** calibre@calibremining.com

**Web:** calibremining.rp1.adnetcms.com

##### **Directors:**

Blayne Johnson, Darren Hall, Douglas Forster,  
Douglas Hurst, Raymond Threlkeld, Audra Walsh,  
Edward Farrauto, Randall Chatwin, Mike Vint

##### **Market Capitalisation**

US\$144 million (as of April 30, 2024)

##### **Quoted shares on issue**

787.8 million

##### **Major Shareholders**

B2Gold 14.9%

Vaneck 9.5%

Investco Advisors Inc 2%

MERK Investment LLC 2%



## Ecuador and Quatro Metales: The Perfect Mining Match

Quatro Metales is a British/Latin American exploration and exploitation mining company that owns 100% of its project assets in Ecuador. It can point to a stellar recent history of successfully taking projects into production in the country, such as the Fyfield Minera copper and gold mine.

### Unique mining region

The company's current portfolio includes what will be its fourth and largest underground rock mining project to date, the Paccha Vista Minera, where first processing of pre-production is imminent.

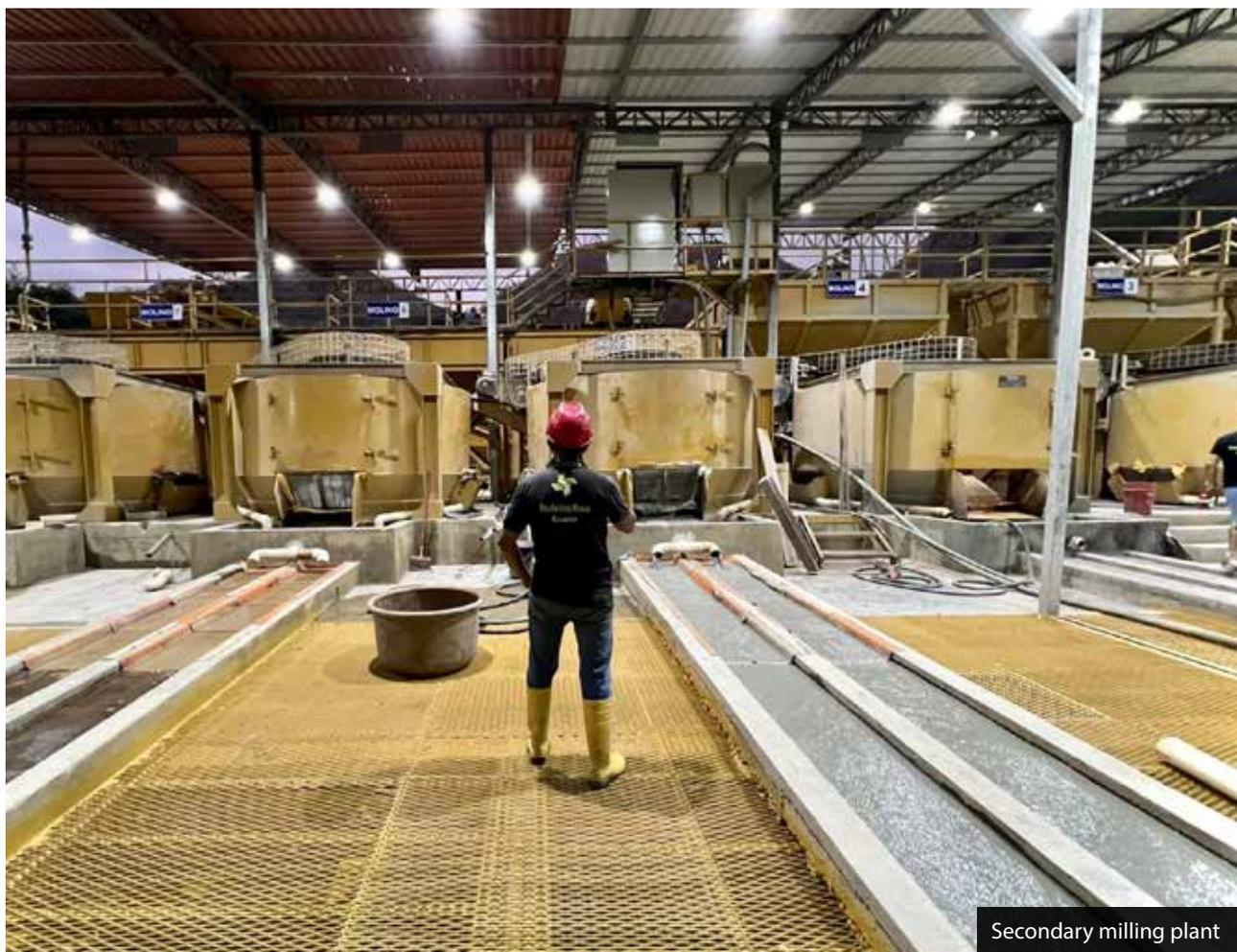
This copper-gold project is located in the Zaruma-Portovelo region of Ecuador's southern-most coastal province, El Oro, a veritable mineral mecca with unique geological credentials.

As Quatro Metales' senior operations director, Stuart Hume explained, the region has "vast deposits centred on a number of porphyry copper deposits, while the mesothermal and epi-thermal vein and spur systems that stem from the porphyries contain an abundance of gold, silver and copper and a number of rare earth minerals".

### Underexplored but solid foundations in place

One of Quatro Metales' greatest advantages is that it is operating in a country where mining's force for good credentials and capacity to transform lives has only recently begun to be acknowledged at sufficient scale to count in the corridors of power. Consequently, only 8% of Ecuador has been geologically explored to date.

One would be forgiven for thinking this indicated an absence of critical infrastructure necessary to support a thriving mining sector, but the truth is that a highly developed logistical infrastructure is already in place. This is thanks to the expansive development of an established and well-backed petrochemicals industry, which, along with agriculture, has long constituted the backbone of the country's economy. Current president Daniel Noboa, however, recognises the importance of diversifying Ecuador's economy, considering the international move



Secondary milling plant

away from fossil fuels, and consequently is 100% pro-mining.

The processing zone of Portovelo is easily accessible from the Paccha Vista mine-site via well-maintained asphalt roads, as are both the port city of Machala just 60 miles to the west, and Ecuador's second city, Guayaquil, 150 miles to the north. While rich in minerals, Ecuador is a compact country and transport distances are not the cost headache they can be in other jurisdictions.

**Early mover advantage**

Quatro Metales is in good company in having identified a sleeping giant of a jurisdiction before the crowd. Lundin Mining, for example, owns the Fruta del Norte gold mine in southeast Ecuador, one of the highest-grade operating gold mines in the world, while junior miner, Lumina Gold is currently advancing the largest primary gold deposit in Ecuador just a relative stone's throw from the Quatro Metales series of projects.

Yet, while foreign mining companies may only just be discovering Ecuador, artisanal mining has been going on for centuries, such that there is a culture predisposed to the industry. This translates to a highly skilled mining team base, as well as ready access to mining equipment and engineering materials. And regarding security of tenure,

Quatro Metales can point to its concessions having been negotiated to run well into the 2040s, with Paccha Vista set to be at the very least an 18-year project.

**Eyes on Paccha Vista**

The Quatro Metales Paccha Vista project is marked by development of the mesothermal vein systems that strike upwards from the Pinas and Buza faults. Here, an average of 6.8g/t at the surface level of 1200-1900m, with bonanza type grades to 16.8g/t, has been demonstrated.



Central Flotation and Leaching



Haides Hydro Alluvial geo-testing team

Ongoing exploration has led to the service tunnel being extended to intercept the previously drilled dense replacement orebody structure 'Pacchia Blanca' at an intrusion of 1.4km and a depth of approximately 648m. Gold mineralisation tests show double the grade of the average previously intercepted veins at 28.8g/t, while in total, the deposit is estimated to be at least 100,000t oz through the concession, coming out at an average of 8.26g/t in primary testing.

On the back of this discovery, full development is set for early 2025 and will focus on expanded production of gold/silver bullion and copper concentrate from what Hume describes as a "relatively untapped deposit".

#### The vision

By way of a longer-term strategy, commercial director Paul Dunmore explained that Quatro Metales is looking to bring to bear greater economies of scale. This will result in the company bringing into production a number of micro-producing mines that would feed into a central plant for bulk processing with a view to reducing costs, destructive footprint and onerous bureaucracy.

Such an approach also aligns with the company's commitment to contribute to the development of a greener, healthier and more socially responsible industry in Ecuador. To this end, Quatro Metales employs up to

95% of its staff from the local region, has launched an English language programme in the region's schools, and helps to combat deforestation resulting from illegal mining by planting native trees in reserved areas as part of ongoing conservation efforts.

#### On the horizon

As to forthcoming milestones, having been developed into a multi-level underground mine, Paccha Vista's service tunnel will afford access to nine of the 10 high yielding gold, silver and rare earth mineral bearing veins in the zone to allow for pre-production in late 2024. The tenth vein, 'Pacchia Blanca', meanwhile, can confidently be described as one of the highest concentrated gold and copper veins in the region following comprehensive testing, and should be reached by 2025.

In addition, Quatro Metales can point to the potential opening of two further copper-gold mining concessions in the Paccha region of El Oro and Catamayo further to the south. Hume indicated that continued high gold prices could lead to these operations becoming primary gold mines with a high-grade copper byproduct.

In other news, the Haides Hydro Placer project is being prepared for funding as the company's first junior level alluvial gold mining project. It consists of 38sq.km of riverbed, where it is estimated that a small to moderate initial capex would produce around 10,000t oz per year from four separate bioethanol and gas-powered vibration rigs to green standards over a five-to-seven-year project life – making the project one of the first commercial, fully carbon neutral gold production projects in the world.

Underexplored it may be, but Ecuador has an embarrassment of mineral riches, well-developed infrastructure, and a now pro-mining government. With its proven pedigree, extensive portfolio of projects and a nourishing gold market, Quatro Metales constitutes a compelling investment proposition when compared with similar operations in more developed jurisdictions. All told, it affords the company a secure and solid foundation as it progresses down the pathway to going public.

#### Quatro Metales – at a glance

##### Head Office

Quamet Holdings Ltd, 5th Floor, 63-66 Hatton Garden, London, EC1N 8LE.

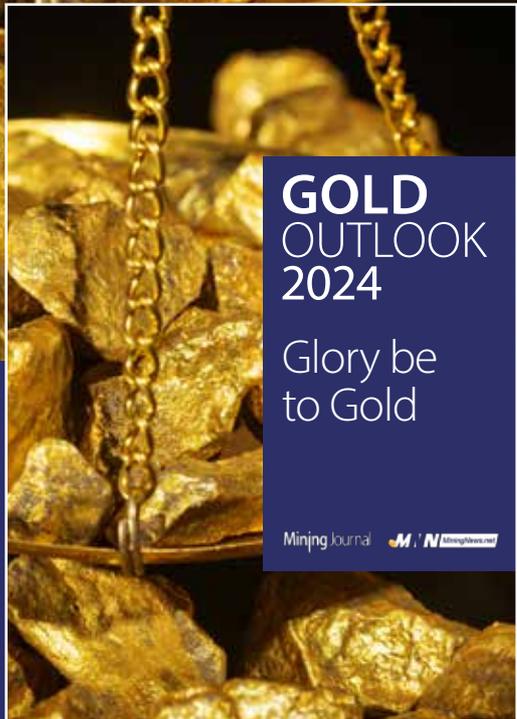
Tel: +44 844 884 8687

Email: [pd@quatrometales.com](mailto:pd@quatrometales.com)

Website: [pacchavista.com](http://pacchavista.com)

Instagram: [instagram.com/quatro\\_metales](https://www.instagram.com/quatro_metales)

Facebook: [facebook.com/pacchavistamining](https://www.facebook.com/pacchavistamining)



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