

# Greatland Gold

## Northern Breccia Zone takes shape

Today's Greatland Gold press release underlines the rapid progress being made by Newcrest at the Havieron gold project located in the Paterson Province of Western Australia. Newcrest are currently earning-in to up to 70% of Havieron from Greatland in addition to undertaking a number of studies with the aim of rapidly accelerating to production in two to three years, treating the Havieron ore in the 20 Mtpa processing plant at Telfer located 45km away. In our view, the world-class high-grade nature of the Havieron discovery in conjunction with the Telfer mill having a need for higher grade feed due to Telfer resource depletion, are driving Newcrest to advance Havieron towards production at as fast a pace as possible.

### Northern Breccia zone defined

In our [August 2020 note](#), we discussed the discovery of a new zone of breccia mineralisation to the north west of the previously defined sulphide and breccia zones. This Northern Breccia zone has been extensively drilled since the publishing of Newcrest's 30 June 2020 Quarterly Exploration Report. The interpretation of this drilling is that the Northern Breccia currently has a footprint of ~300m x 100m x 300m open at depth. In addition, a higher-grade sulphide zone has also been observed within the egg-shaped breccia zone. Today's press release outlines potential for a bulk mining opportunity at the Northern Breccia zone; in our view the footprint would need to increase further before block or panel caving could be considered, with sublevel caving being a more likely scenario for the northern zone based on the current footprint. We also believe that the Northern zone and the main zone to the south are possibly linked and are part of the same system, requiring further investigation.

### Excellent drill results continue

Since June 2020, a further 22.2km of new drilling has focused both on infill drilling the high-grade sulphides and the surrounding breccia as well as the newly defined Northern Breccia zone. Best drill holes included:

- **116.2m @ 2.6g/t Au, 0.65% Cu** from 607m, including **18m @ 6.3g/t Au, 0.92% Cu** (HAD043W2)
- **309m @ 0.99g/t Au, 0.07% Cu** from **915m**, including **44m @ 3.3g/t Au, 0.15% Cu** (HAD047)
- **208.6m @ 1.2g/t Au, 0.22% Cu** from 832.4m, including **10.4m @ 4.0g/t Au, 0.11% Cu** from 1002.6m (HAD078)

### Havieron being moved fast to production

Newcrest are currently progressing a Concept Study at Havieron, with targeted completion in Q4 2020, investigating the potential to develop the deposit using both underground selective mining and bulk mining methods. In addition, Newcrest has announced that a mining lease has now been granted for the part of Havieron that is subject to the Newcrest/Greatland farm-in agreement. In our view, these developments are likely to lead to a fast-tracking of an exploration decline at Havieron by the end 2020/beginning 2021 conditional on the receipt of all necessary permits and approvals. Newcrest has also recently reiterated their desire to achieve commercial production at Havieron in 2023/2024.

### Valuation under review

We are working on a bulk mining valuation scenario for the Main and the Northern Breccia zones via a caving mining method, in addition to the sublevel open stoping operation on the high-grade sulphide zone currently included in our model. The typical gold grades in the breccia zones are over 1 g/t, which are relatively high for a bulk underground mine and thus we are confident that the addition of a bulk mining scenario will drive a substantial increase on our valuation, although we would caution that our pre-JORC and pre-scoping study estimates are, by definition, subject to wide margin of error.

### Major catalysts to come in H2 2020

In our view, the most significant potential catalyst over the next 12 months remains the maiden JORC resource, expected in Q4 2020. In addition, the completion of the concept study and commencement of the exploration decline are another potential major catalysts for GGP shares.

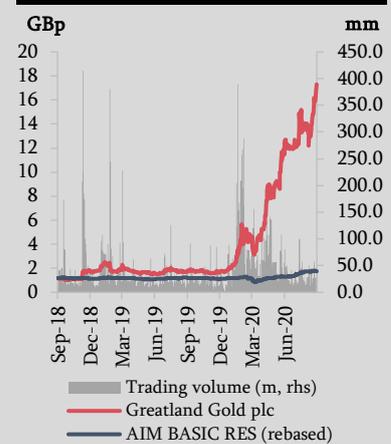
GICS Sector	Materials
Ticker	AIM:GGP
Market cap 10-Sep-20 (GBm)	659.8
Share price 10-Sep-20 (GBP)	17.4
Target price 31-Dec-20 (Gbp)	U/R

**US\$1,950/oz**

Our gold price forecast used in Havieron valuation

**US\$2.0bn**

Our Havieron project NPV on 100% equity basis



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