

Resource & Investment buoyant on costs

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Resource and Investment's Grosvenor gold plant near Meekatharra.

Shares in Subiaco-based explorer Resource and Investment have closed the day's trade higher after feasibility studies revealed low operating costs at its gold projects near Meekatharra.

The studies show weighted average life-of-mine cash operating costs of \$990 per ounce at its Grosvenor and Peak Hill projects, which have combined gold resources of around 2 million tonnes.

The updated studies have doubled the mine life at the two projects to eight years, with a life of mine revenue of more than \$1.1 billion and net cash flows of more than \$200 million on an assumed gold price of \$1,400/oz.

The spot gold price is currently trading at just more than \$1,300/oz.

"These studies show that the Grosvenor and Peak Hill gold projects are economic and feasible to develop, using multi-processing options," Resource chairman Miles Kennedy said.

"The results provide a pathway to sustainable gold production for RNI which is both low-cost and near-term. The economics of developing these projects are further enhanced by the significant tax losses RNI has which can be applied against future gold production earnings."

Resource secured an option last September to acquire control of the Peak Hill project from Montezuma Mining Company in exchange for \$2.8 million in cash and the issue of 8.4 million fully-paid Resource shares and 2.1 million options exercisable at 35 cents within three years of issue.

It announced last week that it had extended the option to acquire the project.

Research by JP Morgan last month [revealed](#) [2] that around 1.4 million ounces, or 30 per cent of WA's total gold output, was being produced at costs above the spot price of gold.

A further 1.4 million ounces were being produced at break-even costs, the research said.

Resource shares closed the day's trade almost 12 per cent higher at 6.6 cents.