

QUARTERLY ACTIVITIES REPORT MARCH 2020

HIGHLIGHTS

- The Covid19 pandemic restrictions have led to the Company changing work practices, travel and recruitment plans but work is largely progressing according to plan.
 - Optimisation and review of engineering design continued for the Borborema Gold Project with positive results, focussing initially on the process plant layout and ensuring security of water supply.
 - The key management position of Vice President, Operations was filled with the appointment of Mr Pablo Diaz, a highly credentialled Brazilian mining engineer.
 - Mica testwork results using magnetic separation of mica from the process tails has been very successful and market acceptance studies are planned to commence.
 - The increased gold price (+13% over the DFS) and depreciating Brazilian Real exchange rate (-24%) will further strengthen the cashflow model which will be revised with optimised capital costs as they become available.
 - Sourcing of project funding continues as a high priority with several institutions currently undertaking technical and financial reviews of the Borborema project. However, securing finance will be delayed as a result of financial market volatility caused by Covid19.
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Big River Gold Limited (ASX:BRV) (“**Big River**” or the “**Company**”) provides details below of its activities during the 2020 March Quarter. In that period, subsequent to the completion of the Definitive Feasibility Study (DFS) for the Borborema Gold Project, the Company’s focus was on optimising aspects of the DFS findings and advancing project finance discussions.

CORONAVIRUS UPDATE

During March the coronavirus (Covid19) pandemic saw many restrictions placed on travel, work and both social and business gatherings. The Company closed all offices and personnel are working from home. All travel and face-to-face contact meetings were suspended, although having previously had to liaise and work across several time zones BRV finds itself well adapted to this way of working.

Notably the Company:

- is keeping staff numbers low, reducing costs and maintaining low overheads while essential engineering works continue,
- improving aspects of the recently completed Definitive Feasibility Study (DFS) as recommended in that Study. These improvements are targeting operational efficiencies and/or costs and work is continuing in both Australia and Brazil
- anticipates that some delays and issues may arise due to the volatility of the markets and the impact of coronavirus restrictions. This includes the appetite of financiers, the question of maintaining value for shareholders in any equity raising and the ability of personnel, including

consultants/contractors, to access data and communicate. However, we consider these to be manageable.

Work is still progressing well and we are prepared to come out the other side in a strong position within a good industry sector and able to take advantage of any opportunities that may arise.

OPERATIONAL

Senior Appointment

On 2 March 2020 the Company announced Mr Luis Pablo Carlin Diaz (Pablo) Diaz had been appointed to the position of Vice President, Operations for the Company's 100% owned Borborema project in north-east Brazil. That role will ultimately be responsible for the mine operations at and around Borborema and in the period up to then Pablo will work out of the Belo Horizonte office where he will guide the pre-production work and studies that will progress Borborema's financing, construction and eventual operation.

Pablo is a Brazilian mining engineer, with Australian citizenship, who has over 20 years international experience in both operational and corporate management, including with gold mines in Brazil. He has a proven ability to merge operational experience with corporate and investment objectives.



Figure 1. View to the south over Borborema Project site showing gold mineralisation exposed in the pit and proximity of infrastructure. Transmission line to the left of the pit links with main power grid crossing the Borborema leases.

DFS Optimisation

During the quarter, work continued with Wave International Ltd (Wave) and the Company's technical staff to further optimise aspects of the process plant and mine operations as recommended in the DFS report.

Process Plant

This commenced with improvements in the plant layout which have delivered significant improvements in the amount of earthworks required which will go straight to improving the construction capital costs. Ongoing engineering studies are fine tuning aspects of the plant and equipment choice in line with Brazilian conditions and more details will be provided as that is finalised to the appropriate standard.

Advancing Water Security

Given the location of Borborema in a semi-arid region of Brazil the question of water supply to support the mine and plant operation is important and reviews were undertaken as to the sources from which water could be supplied. Water recycling by filtration was reassessed, as was the pipeline delivery of waste water from local town and bringing forward the timing of dam construction on site.

DFS Financial model

The DFS was undertaken at a gold price of US\$1400 per ounce which closed the quarter at US\$1583. If sustained this has a significant impact on the cashflow and economics of the project, as shown in Table 1 with post tax IRR's over 50%

Table 1. Effect of varying gold price					
DFS LOM Cashflow metric	US\$1300	US\$1400 (DFS)	US\$1500	US\$1600	US\$1700
NPV (8%, post-tax), US\$	162M	203M	244M	\$285M	\$326M
IRR (post-tax)	36.0%	41.8%	47.3%	52.5%	57.6%
Payback (from start production)	2.8 yrs	2.4 yrs	2.1 yrs	1.8 yrs	1.7 yrs
Ave EBITDA (Full years), US\$	46.7M	53.83M	61.0M	\$68.1M	\$75.3M

This leverage is increased when the effect of the falling currency exchanges against the US dollar are factored in for both the Brazilian Real (BRL) and Australian dollar (AUD). Approximately 55% - 65% of the construction and operating costs are incurred in BRL which has depreciated 24% from the BRL:USD rate of 4.17 used in the DFS to 5.20 at the end of March.

Mica testwork

The Borborema ore body contains very significant quantities of auriferous mica that will be processed through its planned 2Mtpa CIL process plant. Initial work showed that after processing through the milling, cyanide leach and elution circuits, a substantial amount of mica could be readily separated by flotation. This float product retained attractive commercial properties including flake size. However, during subsequent feasibility work which originally focussed on producing a high purity, high value mica product via flotation, magnetic separation was identified as a more effective and attractive process route (refer ASX Announcement of 18 February, 2020 for more details).

With mining and processing costs already met in recovering gold from the mica, the capital and operating costs of producing a commercially attractive mica product at Borborema is expected to be relatively low subject to a detailed feasibility costing.

Separation process path defined

The ANZAPLAN studies moved from considering a pure flotation recovery route and developed an alternate process involving simple, chemical-free, low cost magnetic separation that produced a pure mica product free of deleterious crystalline silica (quartz). The physical and chemical characteristics of this bulk concentrate are looking commercially attractive.

Potential applications for this type of product are in the large volume filler market, (in particular dark coloured polymers), coatings and in the paint market where it could serve as a key additive with anti-corrosive properties.

The Company cautions investors that further work will be required to establish a resource estimate and confirm the specifications of the mica product that will be produced by the plant.

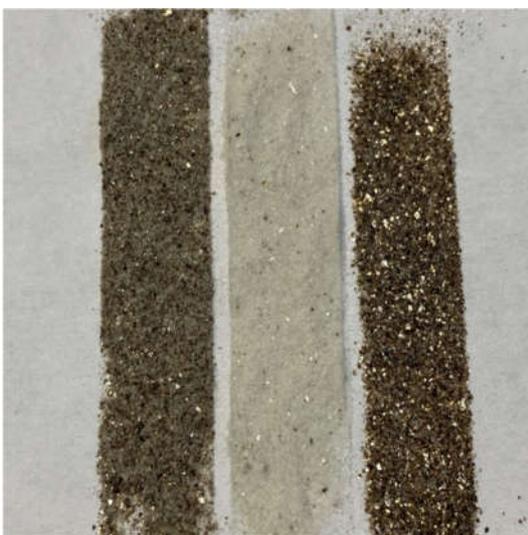


Figure 2. Picture showing the gold plant leach residue (left), non magnetic reject (centre) and mica rich magnetic concentrate (right)

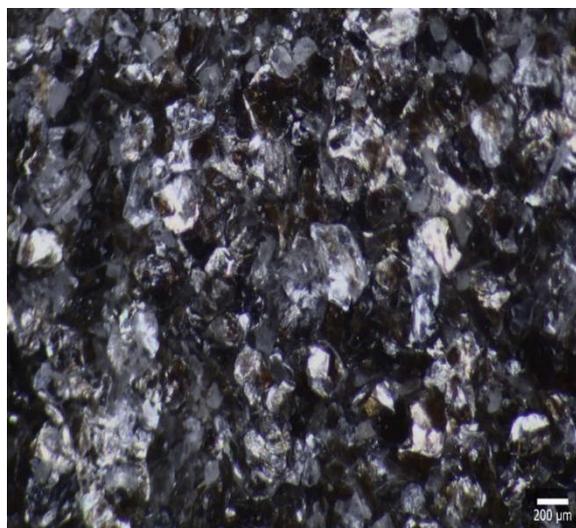


Figure 3. Magnetic mica under optical microscope – size on lower right

Commercialisation and market for mica

Further testwork is being planned to investigate:

1. technical acceptance in the above markets using 50 kg bulk mica product for commercial assessment by potential customers;
2. determination of key technical information relating to effective fine grinding of the mica product, and
3. the separation of high value, coarse flaked phlogopite (high magnesium biotite) from the bulk concentrate for use in the specialist electronics and automotive industries.

The mica market is specialised and relatively small requiring careful management to establish offtake without disrupting the market and Big River will carry out a market study aimed at identifying markets for the product both within Brazil and internationally.

Table 2 summarises the main uses and approximate sizes of the world market of both bulk mica and phlogopite products.

Table 2. Uses, scale and potential significance of mica products			
Product (Various classes)	Global Market Annual Capacity	Indicative price range. US\$/tonne ¹	Uses
Coarse phlogopite-rich	300 – 500,000 tonnes	US\$200 - US\$1000	Electronics, high-end cosmetics, metallic (auto) paints, rubber & plastic compounds, brake linings
Bulk mica (muscovite-biotite)	~3 million tonnes	US\$300- US\$500	Excellent electrical and electronic performance, fillers and extenders in a variety of rubber compounds and adhesives, insulation, automotive plastic compounds, paints, lubricants, electrical capacitors, gypsum wallboard, oil drilling muds, some soaps and cosmetics, insulation, glitter, faux jewellery etc

CORPORATE

Funding

The Company continues to seek project funding with the assistance of our financial advisors. Several institutions have commenced their reviews of the technical and financial aspects as outlined in the DFS.

The attitude of these and other groups remains positive towards the Borborema project but there has been a delay in their responses due to the volatility of the financial markets with the Covid19 pandemic and the external pressures on some groups due to such factors as their exposure to the falling oil price.

The Board believes there is a reasonable basis to assume that funding to develop the project will be available but recognises that some delay in the provision of funds must be anticipated over our original target as a result of the financial market uncertainty.

Borborema Project opening ceremony

In February 2020 the Company hosted an opening ceremony at the Borborema Gold Project in north-eastern Brazil which coincided with the centenary of the nearby city of Currais Novos.

The Company was able to host the Governor, Prof Maria Fátima de Bezerra, and Deputy Governor of Rio Grande do Norte, Snr Antenor, the Mayor and Deputy Mayor of Currais Novos and several business, political and community dignitaries.



¹ Statista Industrial Minerals Market Information: <https://www.statista.com/>

The support of the State Government, local authorities and the community will be important to the success of the Borborema Project and it was also an opportunity to reinforce the importance of the project to the region and local economy whereby:

- The operation will employ 375 personnel both directly and indirectly with additional services and contractors required from the local area;
- R\$430 million (US\$105 Million) will be spent in construction – about 65% of that will be sourced from within Brazil;
- R\$11 million (US\$2.7 million) will be spent in wages each year, and
- R\$190 million (US\$46 million) will be spent in operating costs each year, much of which will be within the region.

CASH POSITION AND FORECAST

The Company is in a strong financial position with \$3.48 million in cash at the end of the quarter. This will be sufficient to fund corporate costs well into 2021 and also facilitate accelerating pre-production activities for Borborema and identifying plant suitable for use in the design.

The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities was \$51,000, comprising Directors fees, salaries and superannuation.

Excluding costs attributable to pre-production activities, including engineering design and optimisation, during the quarter of \$574,000, the Company has maintained its lower cash burn in Australia and Brazil to \$412,000 being for corporate, administrative and personnel costs during the 2020 March quarter.

Notwithstanding the impact of the Covid19 restrictions, expenditure in the June 2020 Quarter is expected to be similar or slightly less as several avenues are pursued that will improve the design and implementation of the Borborema Project.

On behalf of Big River Gold Limited



Andrew Richards
Executive Chairman

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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 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 km² 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. 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\$642/oz and AISC of US\$839/oz.

Assuming a gold price of US\$1,400 per ounce, the post tax NPV (8%) returned US\$203M with an IRR of 41.8%. The project returns an average EBITDA of US\$54M pa (full years).

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.