



## MNN Awards: Superior performance at Plutonic

ONE of the world's newest gold companies was born out of a Western Australian mine deal last year.

Kristie Batten, 11 Jul 2017, 9:21, Feature



*Plutonic has produced over 5 million ounces of gold since 1990.*

In early 2016, Northern Star Resources signed up PCF Capital Group to run a formal sale process for its Plutonic mine.

Canadian geologist and gold industry veteran Chris Bradbrook had been looking for new opportunities around the same time as the Plutonic sale process kicked off.

“We were invited to be part of that process, and in completing our due diligence we saw a tremendous opportunity,” he told *MNN*.

Bradbrook was no stranger to Australia, having founded Crocodile Gold (now Kirkland Lake Gold) and New Gold, and said it was logical to look for opportunities there.

“It is the second largest gold producing country in the world, and I believe it has lots of unrecognised potential, and understands mining and has a great deal of expertise,” he said.

Bradbrook’s Billabong Gold emerged as the successful bidder in early August.

Billabong agreed to pay \$12.5 million cash and issue \$25 million worth of shares, or 33% of the company if it listed in Toronto within six months.

The deal, which also included milestone payments, was funded via a \$15.47 million private placement.

“Our approach to Northern Star was that if they accepted a substantial position in the new company (Superior Gold) as part of the consideration they could create significant long term value from the project without incurring their own management time,” Bradbrook said.

“They saw the merit to this and as a result, installed a management team that generated the improvements in the mine.

“Since we have taken ownership of the mine, those improvements have continued as we focussed further on possible improvements (which were possible as this is our sole asset currently).

“So I think the message is that the improvements were generated by Northern Star and ourselves working together to create value.”

Billabong took ownership of the mine in October. Plutonic had produced 18,662 ounces of gold in the September quarter at total cash costs of A\$1331 an ounce for operating cashflow of \$3.75 million.

The mine generated net cash of \$4 million in its first two months under new ownership.

That provided the springboard off which to list in Toronto.

The company became known as Superior Gold (Billabong remains as the operating subsidiary).

Superior launched a C\$14.5 million IPO in January.

The IPO, the first mining offer in Toronto for two years, was heavily oversubscribed and was upsized to \$32.7 million.

Shares were issued at \$1 each and traded as high as \$1.25 on the first day. In a weaker gold market, the stock now sits at 96c, capitalising Superior at just under \$92 million.

Plutonic has so far been a strong performer for Superior, producing 43,763 ounces of gold in its first two quarters, generating \$12.8 million in free cashflow.

Last month, Superior approved the development of the Hermes satellite pit, which will boost production back to around 100,000oz per annum from next year and lower all-in sustaining costs to US\$900-950/oz.

Superior is also spending \$5-10 million on exploration this year with the aim of extending the mine life of Plutonic.

That is also yielding strong results to date.

Of the 281 holes drilled across eight zones in the first five months of Superior ownership, 90% returned intersections of over 5 grams per tonne gold.

Plutonic has been operating since 1990 and reached 5 million ounces of production last year, with annual production peaking at around 240,000ozpa in 2003.

The current mine life is less than five years, but Superior is confident it can be extended.

Bradbrook said what started as essentially a “man with a plan” had created a new gold company.

“It started out simply as a just me looking for an opportunity – we were initially a private company with no cash, just dreams – but managed to close the deal and raise the cash and list the company,” he said.

“We literally created something from nothing.”

**Superior Gold's acquisition of Plutonic is a nominee for Deal of the Year in the inaugural MNN Awards.**