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How viable are Pretium's new plans for Brucejack? Digbee's latest research shows sophisticated investors a clear path through the numbers

Brucejack, in north-western British Columbia, is a great-looking mine. No-one disagrees with that. It's been up and running for a couple of years now, and bringing gold out of the ground at the rate of several hundred of thousands of ounces a year.

But it's also nuggetty, prone to uncertainties as to grade, and has been and may well continue to be the subject of repeated resource recalculations.

That's why the latest mine plan has been the subject of such intense interest, including from the highly-trained specialist analysts at Digbee Research.

This mine plan, released in April 2020, shows a reduced grade, a re-jigging of the resource at the Valley of the Kings zone, minor changes to the stope design and certain updated assumptions as to costs and commodity prices.

Partly because of these factors, Pretium's share price hasn't leapt in the same way that those of other gold producers have in this new plus-US\$1,700 environment. On the other hand, the potential now, given that the new plan is in place and working, is that a re-rating might be on offer.

It all depends on how well the mine plan works, but getting a clear handle on predicting how effective it will be isn't easy, given the complex science that's at work across multiple disciplines.

And this is where Digbee really comes into its own.

Digbee offers bespoke project-specific research on all technical aspects of a given operation, and provides, for a fee, its conclusions to interested parties, usually institutions, private equity or other sophisticated investors.

One such party recently challenged Digbee's founder and driving force Jamie Strauss to get his analysts to run the rule over Brucejack, and the results were intriguing.

First Strauss sourced some of the most experienced names in the business to put together the research. At the top of the bill is Christian Siebert, an engineer who started his career with AngloGold Ashanti, and who went on to garner experience in private equity and investment banking.

Then there's Ken Lomberg on the geological side, a man known to many as the head of SAMREC, the body that draws up the South African resource reporting code, and who also represents SAMREC on the international co-ordinating committee of resource reporting, known as CRIRSCO.

And on the metallurgy side Strauss brought in Ted Crowie, a man with experience working on plants at many different operations, and who has recently cast his analytical eye over operations like Hope Bay and the Greenwood gold project.

Share Information

Code: DIG

Listing: Unlisted (UK)

Sector: General mining & base metals

Website: thedigbee.com

Company Synopsis:

Digbee is the new data and research platform for the mining industry. The launch of Digbee Research brings a fresh dimension to Mining analysis - its mission is to mitigate risk, improve confidence and encourage a stronger mining community to benefit all.

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The overall score that these three Digbee analysts gave to Brucejack remains available only to those willing to part with the relatively modest sum of US\$9,000 for the full note.

That's because the number isn't just plucked out of the air, it's derived from aggregated scores ascribed by each of the analysts, respectively an engineer, a geologist and a metallurgist, to various specific categories including the block model, the mine plan, the mining execution, the ore handling, production of product, quality and costs.

Interested parties will no doubt be curious to know that the Digbee analysis rates the risks surrounding ore handling at the project as "high", but that the risks surrounding the mining execution are "low."

Overall the project scores twice in the "high" risk categories, three times in the "medium" risk categories and three times in the "low" risk categories.

All told, that probably adds up to a relatively reassuring picture for fans of Brucejack, although the detailed analysis of how these scores were arrived at certainly bears drilling down into.

"Given the complexity of the mineralization, and despite the improved resource definition, grades will," says the Digbee note at one point, "continue to be volatile and operational results will vary from quarter to quarter."

Elsewhere the note talks about costs in terms of the traditionally high grades encountered at Brucejack: "It is important to review cost performance in terms of US\$/t and US\$/oz, as higher operating costs (US\$/t) can also easily be masked by the operation's high-grade profile."

And the report always has the complexity of the geology in mind: "It is noted that the mineral resource estimate still needs to be reviewed and updated after a number of years of production. This suggests that even though significant effort has been spent on drilling to obtain a robust estimate, the geological model is still difficult to definitively construct."

Full details can be found at <https://thedigbee.com/project/brucejack>

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