

# Oro Verde/Newcrest trigger drilling at Topacio

**D**rilling under the Oro Verde Ltd/Newcrest Mining Ltd farm-in-agreement at the Topacio gold project in Nicaragua has started.

The first year of the partnership proceeded according to plan, with both parties stepping back to take a good look at the entire 93sq km Topacio concession to build a better understanding of the geological terrain in which it is hosted.

A 400m by 400m soil sampling programme across the whole concession was conducted, which was followed by airborne geophysics, magnetics and radiometrics.

The zone Newcrest was particularly keen to follow-up on was Rebeca-Sahino.

Once Rebeca-Sahino was identified, a more detailed 200m by 50m soil sampling programme was completed to give Oro Verde – manager of exploration during the farm-in period – a better handle on the geochemistry.

“In the last 12 months, Newcrest and Oro Verde have done a really good job of exploring the concession, exploring new targets and now we are at that stage of testing those targets,” Oro Verde managing director Trevor Woolfe told **Gold Mining Journal**.

“Newcrest needs a target, a multi-million ounce target to be interested, so I guess investors seeing Newcrest interested is a real tick of approval for Topacio and its potential.”

The potential target to be



**Drilling has started at Topacio, Nicaragua, where Newcrest and Oro Verde are participating in a farm-in agreement**

realised at Topacio is 2 moz gold, with the project already boasting a historical NI 43-101 inferred resource of 2.7mt @ 3.9 g/t gold for 340,000oz.

Oro Verde is two years into a three-year option agreement to acquire 100% of Topacio, whereby the costs to execute the option can be covered by Newcrest.

The Topacio farm-in agreement signed in November 2015, requires Newcrest to fund \$US4.4 million to earn a 51% interest. After committing \$US500,000 in the first year of the farm-in, a further \$US2.2 million, which includes the cost of exercising Oro Verde's option, is to be spent by August.

Newcrest can increase its stake to 75% by sole funding \$US3.5 million expenditure over the following three years.

In total, over a five-year period Newcrest needs to spend \$US7.9 million for a 75% share in Topacio.

As positive sentiment started to return to the whole mining sector in the back half of 2016, Woolfe said the market began to realise the significance of Newcrest's investment in Topacio.

“Since the middle of last

year there has been a lot more interest in the smaller end of the resources sector. The miners who were producing gold in Aussie dollar prices were the first to be appreciated and that slowly filtered through to the mid-tiers,” Woolfe said.

“Around mid-last year it did get down to the junior end to companies like ours. Our share price performance for the last eight months has seen us go from a market cap of around \$4 million to currently around \$15 million. We have been really happy with that share price appreciation and market cap appreciation. I think that comes on the back of having a quality project; people are starting to recognise that Oro Verde has a very good quality gold project in Topacio and in addition to that we have a world-class partner in Newcrest.”

Confirmation that Topacio is the type of asset Newcrest is looking for could come in the next few months.

Newcrest is funding the seven-hole diamond drilling programme (in progress at the time of print) at Rebeca which is expected to be completed sometime in April.

No previous drilling has oc-

curred at Rebeca, therefore, the hardness of rock and ease of drilling will be a key outcome in this campaign.

A total of 1,650m will be completed with depth of holes ranging 150-300m, with advancements of 20m per shift. Drilling will be conducted 24 hours per day on a two-shift roster.

Kluane Drilling from Guatemala has been engaged to undertake the drilling programme which is expected to take about seven weeks to complete.

Woolfe said there were many rigs available in Nicaragua at the moment, with six companies tendering for the gig at Topacio.

“It is a really good time to be looking for a drill rig in Nicaragua because there are a few sitting idle right now,” he said.

“We got a favourable deal [with Kluane] and we had the chance to look at the best possible proposal. I like the potential of the mining industry in Nicaragua which is one of the reasons why we are here.”

With a delayed start to the wet season in Nicaragua, Kluane is not expected to encounter any challenging weather conditions at Topacio, which is east of B2Gold Corp's La Libertad 1.8 moz, 120,000 ozpa gold mine.

In recent times, Oro Verde has expanded its land position around Topacio with Galeano and Iguanas and is looking to increase total acreage from 93sq km to 316sq km.

– Mark Andrews