



## ASX ANNOUNCEMENT 27 November 2008

### POSITIVE SCOPING STUDY RESULTS - PUNGKUT GOLD PROJECT

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#### BOARD OF DIRECTORS

Brian Hurley - Chairman  
Philip Christie - Director  
Rod Murchison - Non-Executive  
Director  
Bruce Tomich - Non-Executive  
Director  
Misha Collins - Non-Executive  
Director

ASX Code: ORP



Company Announcements Office  
Australian Stock Exchange Limited  
4<sup>th</sup> Floor, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir / Madam,

Please find the above letter attached.

Yours faithfully,  
**OROPA LIMITED**

**PHILIP C CHRISTIE**  
Director



## ASX ANNOUNCEMENT 27 November 2008

### POSITIVE SCOPING STUDY RESULTS – PUNGKUT GOLD PROJECT

Oropa Limited (“Oropa”) is pleased to announce the results of the Scoping Study conducted by independent consultant SRK Consulting (Australasia) Pty Ltd (“SRK”), which confirms the potential to develop a profitable operation at Oropa’s 75% owned Pungkut gold project in Sumatra, Indonesia (“Pungkut”). The Scoping Study has been based on treatment of 1Mtpa using a conventional Carbon in Pulp (CIP) circuit with open pit mining from the Sihayo 1 North and Sambung mineral resources. Specific assumptions and outcomes from the study (100% of project) are as follows:

**Table 1: Summary of Scoping Study assumptions and results:**

Nominal Plant Throughput	1Mtpa
Mineral Resources Scheduled	Inferred Resources
Expected Mine Life	10 years
Total mineralised inventory processed	10.1 M tonnes
Expected Head Grade	2.43 g Au/t
Expected Gold Recovery	80%
Average Annual Production	63,000 tr. ounces
Stripping Ratio (t waste : t mineralised inventory)	3.8 : 1 (t/t)
Unit Cost per Tonne of mineralised inventory treated	US\$28.22/t
Cash Operating Costs per troy ounce of gold	US\$442/tr.oz
Gold price per troy ounce of gold	US\$800/tr.oz
Indicative pre-tax Net present value (NPV) (discount rate of 10%)	US\$50.3 million
Pre-tax IRR	25.8 %

#### **Operating Costs**

The Scoping Study has factored in the significant operating cost pressures faced by the industry in recent times. Even allowing for these high costs, estimated production costs at Pungkut compare favourably with recently announced costs from three of the world’s largest gold producers, Barrick, Newmont and AngloGold-Ashanti, which reported September quarter production costs of US\$466/oz, US\$480/oz and US\$486/oz respectively.

#### **Scoping Study Parameters**

SRK was commissioned by Oropa to conduct a Scoping Study assessment on the Sihayo 1 North and Sambung Inferred Mineral Resources which contain a combined 13.2 Mt at 2.4 g Au /t for 1.01 Moz of contained Au. (Table 2). It should be noted that the Scoping Study is based on an Inferred Mineral Resource only and therefore the results must be interpreted cautiously.



Inferred Mineral Resources can not be converted into Ore Reserves according to the 2004 JORC Code guidelines.

**Table 2: Sihayo 1 North and Sambung Mineral Resources**

<b>Project</b>	<b>Inferred Mineral Resources Million tonnes</b>	<b>Grade g/t gold</b>	<b>Contained Gold Million ounces</b>
<b>Sihayo 1 North</b>	12.1	2.4	0.91
(+1.0 g/t cut-off grade)			
<b>Sambung</b>	1.1	2.6	0.10
(+1.5 g/t cut-off grade)			
<b>Combined Inferred Resource</b>	<b>13.2</b>	<b>2.4</b>	<b>1.01</b>

The Scoping Study used the Whittle™ pit optimisation software for pit optimisation and indicative scheduling, on pit shells only, with an assumed gold price of US\$800 per troy ounce. Mining operating costs, treatment operating costs and capital expenditure were estimated by SRK. Processing plant capital expenditure is based on using new plant and equipment. Oropa believes the capital expenditure can be significantly reduced by using reconditioned plant and equipment. Power costs were supplied by Oropa based on costs of similar operations in North Sumatra.

### **Mining and Processing**

The Sihayo 1 North and Sambung pits will be mined using open pit mining, with drill and blast methods. The mining fleet will be owned and operated by a mining contractor.

Indicative production scheduling by SRK aimed at providing 1 million tonnes of mineralised inventory per year to the process plant, produced a 10 year life of mine schedule with an average stripping ratio of 3.8 to 1. Processing will be conducted with crushing, grinding, and conventional leaching using CIP. Metallurgical testing undertaken to date indicates an 80% recovery should be achievable.

### **Capital Costs**

SRK has estimated the total capital expenditure for new equipment and infrastructure at US\$75.6M, which includes owners' costs, an allowance for contingencies and working capital.

Oropa's directors believe there is considerable scope for optimisation of SRK's projected capital expenditure which would lead to a materially lower total initial capital outlay than assumed in the Scoping Study. Specific factors supporting this are;

- The Australian dollar exchange rate has fallen to 63 cents from 85 cents (-26%) against the US dollar since the Scoping Study assumptions were locked in.
- The Indonesian Rupiah has fallen to 12,000 per US dollar from 9,000 per dollar (-25%) since the study assumptions were locked in.



- Oropa and PT Sorikmas Mining's management consider that local Indonesian construction costs for access roads, general infrastructure, construction of tailings dam and the fabrication of site buildings will be significantly lower than SRK assumptions.
- Fully equipped and refurbished second hand mills and treatment plants are currently available in the market ready to be shipped at approximately 50% of the SRK estimates for the concentrator capital.

Based on these factors, it is likely that the final capital expenditure could be reduced to between US\$40m and US\$50m prior to contingencies, but including all owners' costs and working capital.

At present, the above capital expenditure scenarios are indicative and actual capital expenditure would not be established until the completion of a Bankable Feasibility Study. However, to demonstrate the potential impact on expected project returns, Oropa has compiled three capital expenditure structures, with their respective Internal Rates of Return, Net Present Values, and Payback Periods as expressed in Table 3.

**Case 1**

SRK Scoping Study case with a total capital cost of US\$75.6M

**Case 2**

Capital cost at US\$50M

**Case 3**

Capital cost of US\$40M

The following table presents the key financial outcomes of each capital expenditure scenario at three assumed gold prices; US\$800, US\$900 and US\$1000 per troy ounce. At the close of US trading on Friday 21<sup>st</sup> November 2008, spot gold prices were US\$799/oz.

**Table 3: Capital Cost Variations and IRRs**

	Gold Price	Pre-Tax Net Present Value (NPV) @ 10% Discount Rate	Pre-Tax Internal Rate of Return (IRR)	Pre-Tax Initial Capital Payback (years)
<b>Case 1:</b> SRK Estimate Capex at US\$75.6m	US\$800/tr.oz	US\$50M	26%	3.2
	US\$900/tr.oz	US\$85M	35%	2.5
	US\$1000/tr.oz	US\$120M	44%	2.1
<b>Case 2:</b> Capex at US\$50m	US\$800/tr.oz	US\$75M	43%	2.1
	US\$900/tr.oz	US\$110M	56%	1.7
	US\$1000/tr.oz	US\$145M	69%	1.5
<b>Case 3:</b> Capex at US\$40m	US\$800/tr.oz	US\$84M	55%	1.8
	US\$900/tr.oz	US\$119M	70%	1.5
	US\$1000/tr.oz	US\$154M	85%	1.3



Table 3 demonstrates that the financial returns are strong in all 3 cases at current gold prices of around 800 US\$/tr.oz and more importantly, are particularly attractive at higher gold prices. Potential reduction in capital expenditure would result shorter payback periods and higher IRR.

### Future Development

SRK concludes that "...if the many assumptions used are representative of the deposit, then the project would appear to be both technically and economically feasible. More security would be given by a longer life."

The positive results of the Scoping Study clearly support continued exploration and development efforts at Pungkut. Priorities will be conversion of the existing Inferred Mineral Resources at Sihayo 1 North and Sambung to a higher classification of Mineral Resources through infill drilling.

Recent drilling results at the newly discovered "Old Camp Area" indicate there is a strong likelihood of further mineralisation being discovered at Sihayo 1 North. If further mineralisation is discovered it will create an opportunity to extend the assumed 10 year mine life. Alternatively additional gold inventory might be used to support a larger mill size and higher annual gold production.

Yours faithfully  
**OROPA LIMITED**

A handwritten signature in black ink, appearing to read "Philip Christie", with a long horizontal flourish extending to the right.

**Philip C Christie**  
Director

*Note 1: The information in this report that relates to exploration results, geochemical data base, quality assurance/quality control and geological interpretation of the Sihayo 1 North and Sambung Mineral Resource is based on information compiled by Mr Dean Pluckhahn, who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Pluckhahn is employed by Oropa Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pluckhahn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Note 2: All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Oropa Ltd, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.*



*Note 3: The opinions expressed in this Report have been based partly on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Oropa Ltd (Oropa). Without a site visit, SRK has not been able to verify the conditions expected and the accuracy of information supplied.*

*The model was developed by others, using measured bulk densities and moisture content based on experience from similar projects elsewhere. Rock strength and trafficability were inferred from the observations of the client's geologist and the author's past experience in Indonesia and elsewhere. The concession certificate (CoW) was sighted by SRK, and appears valid, but SRK is not competent to assess this with certainty.*

*Oropa provided details of preliminary metallurgical test work which they believe is representative of the deposits. These are the basis for SRK's assessment of processing.*

*Oropa provided the preliminary layout for the project and ore transport road. From this, SRK assumed a location for a process plant and tailings dam, but this is entirely conceptual and may be unsuitable. It was also assumed that good heavy haulage access to this site, from the regional trunk road, would be available without any further expense, but this is unverified. The feasibility of this location is, therefore, subject to further study.*

*SRK has exercised all due care in reviewing the supplied information, but the accuracy of the results and conclusions from the review are reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.*