YTC chases a Cobar clone

Kate Haycock, 8 December 2010

EXPLORATION success at Nymagee, just 4km down the road from its Hera project in New South Wales, could drastically change YTC Resources' production plans – for the better.

YTC is hoping that Nymagee could turn into a clone of some of the Cobar mineral field's more appealing projects, such as Glencore's high-grade CSA mine, which is about 90km from Hera and Nymagee. So far, the company's successes at Nymagee have been limited to very promising drilling results but the company will enter 2011 with a focus on proving just what the project area can deliver.

The latest results from the project included a massive intersection of 252m at 0.25 % copper from 176m, with high-grade sections such as 4m at 2.4% copper from 184m and 5.5m at 2.7% Cu and 21.2 grams per tonne silver from 392m. The best hit from YTC's drilling has been 7m at 8.3% copper, 46gpt silver and 0.32gpt gold.

Nymagee, like Hera, was a producing mine in the early part of the 20th century with recorded historical production of 422,000t at 5.8% copper. However, until now, YTC's focus had been entirely on Hera, YTC chief executive Rimas Kairaitis told ***HighGrade***.

"Since we bought Hera and Nymagee in September 2009 we ploughed directly into a lot of drilling at Hera to build up the resource which could be pushed into the definitive feasibility study. We wanted to build the mining reserve; we did a lot of work from there that flowed into process design and plant design," he said.

By September this year that process was almost complete and with Hera looking very much like a viable project. It has a base case production scenario of 39,000oz of gold, 77,000oz of silver concentrate, 6700t of zinc, 3800t of lead and 330t of copper per annum.

With that process under control, YTC began exploration work at Nymagee as well as extensional drilling to the north and south of Hera. The first drilling hits from Nymagee returned high-grade copper results, and with recent results from Hera also surprising the company on the upside, Kairaitis said it had become clear that the project YTC was aiming to wrap up was suddenly looking bigger and better.

The company is now looking to expand the project “quite dramatically” and if Nymagee does turn out to be as good as the company thinks, it would add substantially more copper and silver to the Hera plant flowsheet.

“What we’re doing now is we’ve got a couple of rigs running at Hera and Nymagee to demonstrate how large the Nymagee system is and get a maiden resource out so we can start to build that into the project planning,” Kairaitis said.

This should put the company in a position next year to know what the Nymagee resource could be and what design changes might need to be made to the plant to handle it.

“Wrapped around that is a sense that Nymagee might evolve into the main game,” Kairaitis said.

“It has that typical Cobar character which is vertical continuity – we can see really strong analogues to the CSA mine up the road ... it is mined from surface down to 1800m and it has amazing vertical continuity and that’s what we’re looking to do at Nymagee and in the first quarter of next year we hope to have a sense of that.”

The CSA mine is owned by Glencore and is the country’s highest grade copper mine, producing around 150,000t of copper concentrates at 28% copper each year. It has been mined for more than 40 years. The project’s reserves were grading as high as 6.7% copper in 2007, and up until 2005 it produced a total of 596,250t of copper metal.

If Nymagee is a third of the CSA then Kairaitis said he would be happy, and no doubt the company’s shareholders would also be ecstatic.

There’s plenty more drilling to be done before YTC can confirm Nymagee’s potential, but if it evolves into something which completely outsizes Hera it might drastically change what YTC wants to do.

“We might have to double or triple the size of the plant,” Kairaitis said.

The plant would also need to be reconfigured to cope with the different commodity mix. The current proposed plant for Hera will utilise a gravity circuit at the front end and flotation at the back end and the Nymagee ore could potentially just bypass gravity section and head straight to the flotation circuit, but the grind size needs to be refined as do possible throughput rates.

“We also need to look at our throughput rate. At the moment we are looking at 350,000tpa and that quite plainly has to increase significantly to allow for two ore sources rather than one,” Kairaitis said.

The upgraded Hera resource should be out in the first quarter of next year with a maiden Nymagee resource potentially coming in the second quarter.

In the meantime, Kairaitis said timelines and the “general approach” at Hera won’t change as Nymagee is a good 18 months behind any development at Hera. This means YTC is still planning to start production on Hera in the middle of next year and incorporate the high-grade copper from Nymagee further down the track.

“We don’t want to slow down the path to development or the permitting process, but what we do want to do is really lift the drilling intensity. We just need to make sure what we permit and what we build is going to accommodate what Nymagee will deliver,” Kairaitis said.

http://www.highgrade.net/article/2010-12-08/YTC_chases_a_Cobar_clone