

# All systems go for Aurelia

**D**iversified miner Aurelia Metals Ltd was poised to declare the start of commercial production at the Hera gold-zinc-lead operation in New South Wales before the end of the last quarter.

Commissioning of the new processing plant at Hera had taken slightly longer than expected following the start of production in September 2014 and the formal opening of the mine in late November.

Upon final works of the gravity gold circuit and tertiary crusher being completed, it will be all systems go for Aurelia, formerly known as YTC Resources Ltd on the ASX.

Aurelia managing director Rimas Kairaitis told **Gold Mining Journal** he was satisfied with the lengthy commissioning process.

"Mills are relatively complex things and the process of commissioning is essentially just ironing out the bugs," Kairaitis said.

"It's a process that every single mine and process plant goes through. It's not an overwhelmingly positive period, but it does make you good at problem-solving and now we're looking forward to getting everything under way and declaring commercial production."

Aurelia produced 3,655oz of gold and 6,022t of lead-zinc concentrate during the December quarter.

Hera is expected to churn out 39,000 ozpa gold, 7,800 tpa lead, 10,800 tpa zinc and 154,800 ozpa silver once in full production and bring more than \$500 million into Aurelia's bank account over the initial 7.3-year mine life.

Development of the Hera underground mine is continuing ahead of schedule with seven separate production levels now fully or partially established as the start of commercial production looms.

Exploration remains high on Aurelia's agenda and the com-



After a lengthy commissioning phase, Aurelia is on the cusp of full scale production at the Hera gold-zinc-lead mine in New South Wales

pany raised \$10 million via a fully underwritten non-renounceable rights issue in January to fund further drilling programmes around the main Hera deposit.

Aurelia reported a cash position of \$17.2 million in early March following the rights issue and revenue of \$4.76 million received from the sale of gold doré during the December quarter.

"We've got a project that is starting to make money now, which is great, but at the same time you want to make sure you've got enough cash to keep the exploration going," Kairaitis said.

"We think our shareholders will get an uplift not just from production, but also from the exploration if we can have both sides of the business making money. We're in volatile times so it's nice to have a good working capital buffer in the business while there is some volatility around."

The first drill hole of 2015 – outside of the main Hera deposit – intersected 3.65m @ 39.7 g/t gold, 243 g/t silver, 972 ppm copper, 7.91% lead and 11.3% zinc, including 1m @ 141.6 g/t gold, 463 g/t silver, 17% lead and 14.6% zinc. A follow-up wedge hole also returned an encourag-

ing 17.1m @ 14.8 g/t gold, 168 g/t silver, 16.9% lead and 16.2% zinc.

Hera's current reserve estimate is 1.8mt @ 3.6 g/t gold, 2.5% lead, 3.5% zinc and 15 g/t silver and ongoing exploration outside of the main deposit is expected to add several years to the mine life.

"Nearly every deposit in the Cobar district has started as relatively small but high-grade and then flowered into a large, high-grade deposit," Kairaitis said.

"There's such a strong precedent for that and we think the geological setting is such that Hera and Nymagee are both going to turn into big deposits. All you need to do is apply the right exploration brains and exploration resources to drill them."

Aurelia also locked in a hedge of 10,500oz @ \$1,591/oz in February which will remain in place until September and complement the company's existing gold put options of 36,945oz @ \$1,526/oz until September 2016.

"It's a pretty modest gold hedge, but we recognise that Australian dollar gold prices are pretty good at the moment so we saw the opportunity to put a bit of hedging in, particularly during

the first six months of the project while it's ramping up," Kairaitis said.

"We have some good put options as well so we've got protection all the way down to \$1,500/oz and that blend of put options and forward commitments is a nice thing to have at this stage."

The unusual mix of gold-zinc-lead at Hera also has Aurelia nicely placed to take advantage of the base metals market, with all lead-zinc concentrates sold directly to Glencore as part of a project funding agreement.

"We've seen some real softness in the base and bulk pricing lately and zinc is one of those metals where there is some real interest around, particularly on the supply side where the market is looking to give a pretty good response," Kairaitis said.

"There's a lot of issues around zinc supply, so we're looking for some exposure to a rising zinc price and probably a rising lead price towards the back end of this year and into 2016 when quite a lot of parties are predicting a pretty strong uplift."

– Michael Washbourne