

ALDRIDGE MINERALS

MULTI METALS IN TURKEY



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Aldridge Minerals is a junior Canadian company focused on just one project in Turkey – after a decade of development the Yenipazar mine is on the cusp of production

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Right at the geographical centre of Turkey sits the industrial town of Kayseri (called after Caesar Augustus as it happens). It is 120 kilometres north of Kayseri that the principal project of Canadian mining junior Aldridge Minerals can be found. The polymetallic Yenipazar project occupies a ten square kilometre site on a volcanogenic massive sulphide (VMS) body that hosts a gold-silver-copper-lead-zinc mineral deposit.

Aldridge has been present in Turkey since 2004 and has established a strong local management team based at Ankara, just four miles to the north west of the project. Canadian companies are familiar to the Turkish government, which has shown a lot of support for their efforts in building projects in the country. To grow its abundant resources both for export and to supply Turkey's burgeoning industry is a major priority here, which is no doubt why it is seen as a really enabling jurisdiction for these companies to enter. This is a good time to be operating in Turkey.

Permitting, finance, infrastructure support and expertise are all given a fair wind: in return companies like Aldridge are simply expected to do their job, provide employment for local people, engage in skills transfer and comply with local and international best practices when it comes to respecting the environment and community impact. All these things Aldridge has taken pains to do: "It is impossible these days to develop a mine

without the support of the community," says its President and CEO Mario Caron.

Yenipazar is a substantial project with 30 million tonnes of reserves. It will be an open pit operation producing 2.5 million tonnes of ore a year over a mine life that is currently estimated at twelve years, however there is additional upside potential, with the company currently testing promising mineralised outcrops close to the main deposit.

In addition Yenipazar is ideally located from the point of view of infrastructure. It has excellent road access from the south and west, and is just 74 kilometres from the excellent

Turkish rail network, enabling the concentrates produced at the mine site to be transported effectively to the Mediterranean port of Iskenderun, where there is spare capacity to handle them. Just 17 kilometres from the project the national electricity grid can be

**\$382
MILLION**

.....
Capital cost of Yenipazar

accessed in the form of a 154 kV power line.

Very little infrastructure will have to be built, meaning that the lion's share of financing can be devoted to constructing the mine proper, including process plant, equipment and tailings facilities. An owner-operated fleet of 90-tonne trucks and ten cubic metre hydraulic excavators will be used to mine the ore and waste materials. The process plant is a conventional crushing and grinding operation followed by a gravity circuit where most of the gold and a portion of the silver are recovered. The gravity circuit is followed by sequential flotation of copper, lead, and zinc.

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The total pre production capital expenditure comes out at \$382 million: that for such an enviably low figure can be achieved, for a project of this sort, is explained partially by this lack of a need to build expensive roads or power plants, but the major contributing factor is the easy accessibility of the ore body itself.

It is a shallow deposit, much of it between 50 and 120 metres deep, which means operating benefits as well as low capex. The shallow nature of the ore body and the flat topography of the project footprint and surrounding area allow Aldridge to benefit from

the lower operating costs associated with conventional open-pit mining methods. For example operating costs for the tailings management facility have been estimated at approximately \$11 million during the 12-year life of the project. The cost of mining will come out at something under \$30 per tonne

One milestone already safely passed this year was the feasibility study, results of which were announced in April. It confirmed the promise of the preliminary economic assessment done in 2010 and concluded that Yenipazar is a robust and viable project. As Mario Caron put it: "The strong results

30
MILLION
TONNES

.....
Total reserves at the site

pave the way for the completion of additional technical work while we advance the project financing and enter the development stage in the coming months.”

In the remaining months of 2013 Aldridge hopes to get its environmental and social impact assessments cleared by the Turkish government as well as the land acquisition necessary to build the mine. Detailed engineering will continue throughout 2014, with construction starting in the first quarter of next year. The process of building the mine and associated infrastructure such as the 17 kilometre power line to link with the grid will take about two years in total, including the commissioning phase, so commercial production should start in the early part of 2016.

Getting the financing structures in place to start construction is another priority in the wake of the feasibility study. The company’s shareholders, including its local partner ANT Holding and Mavi Investment Fund, have been highly supportive, says Caron. Yenipazar has the inestimable advantage in today’s financial climate of being a polymetallic mine. This spreads the risk from price volatility giving a good deal of room for manoeuvre. “Not having any supply agreements that involve equity means we can



look at every available financing option. One of the main objectives in a difficult market is to keep the amount of equity needed to finance the project to a minimum.”

One of the options being considered is streaming transactions, which are becoming a favoured instrument for mining companies. These are contracts for the ongoing supply of minerals under which, upon advance payment of a premium, the buyer agrees to purchase,

at a fixed, discounted and predetermined price, all or part of the mineral production to be extracted by a mining company during a certain period or even throughout the life of the mine, until the mineral deposit is depleted. The mining company receives an upfront payment, which enables it to develop, construct and operate or expand the mine. This allows the mining company to capitalise on the basis of proven but still unexplored mineral reserves, typically at a cost below that of a loan. Nevertheless offtake agreements will be open for negotiation too, he says.

Investors like to know the impact of their investment. After ten years in Turkey, Caron admits the company could never have achieved such rapid and smooth progress without the support of the authorities and

the local community too. Now that the exploration stage is drawing to a close and the project is entering its construction phase that cooperation is even more vital, so the company held a well attended public meeting in 2012 and will continue to engage all its stakeholders, keeping them informed and listening to their concerns. These days it may be difficult to get a project financed unless you can demonstrate its compliance with the Equator Principles but environmental and CSR best practice is part of Aldridge Minerals’ DNA. ■

“IT IS IMPOSSIBLE THESE DAYS TO DEVELOP A MINE WITHOUT THE SUPPORT OF THE COMMUNITY”

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