

From exploration to production

Auryn ships first ore from Altos de Lipangue

It took four years for Maurizio Cordova, CEO of Auryn Mining, to negotiate the consolidation of ownership of the Altos de Lipangue copper project but it is now showing its potential, the executive says, drawing comparisons with Teck's (TSX: TCK) Andacollo mine in Region IV.

Covering 11,000ha 40km NW of Santiago, near the town of Lampa, Cordova says exploring Altos de Lipangue has been something closer to a work of art than a mining process.

Entering a mountain affected a natural rock-fall, meaning they were unable to use explosives, was a major challenge for the Auryn team. "We had to do it manually, installing timber props and then building a ceiling. There are ceilings up to six meters high," Cordova told CER.

In five months, the team could only advance 80m. But in the following 20m, Auryn obtained an intercept of 28m @ 11.5g/t Au, 31g/t Ag & 1.62% Cu. "This vein cut off after 4m and appeared 42m away," Cordova explained. The results for the intervening meters have yet to be published but are expected to double the previous ones.

"In the upper part of the mountain, we have two structures visible and so we should have two veins (...). In the coming days we shall build a crosscut on half the deposit, and we

think that, in less than 20m, we find some high grades in the orebody," the executive said.

This discovery will allow Auryn to define how to develop the mine. Although the focus has been on exploration, the ore extracted so far has been sent for production. On December 26th last year, the company made its first delivery of 12.4t of ore to state mining development company ENAMI. To date around 100t has been sent for processing.

Still exploring

From north to south, Auryn has identified almost 2km of veins on the property and the company aims to explore all of them. The process could take 18 months but if they discover the high-grade veins they are looking for, then the company will set up a new team to drill an exploration tunnel while the rest of the personnel develop production veins.

"We have built three shafts and theoretically we have seven levels above and six levels below. We could have 15 work teams and all of them blasting at the same time," said Cordova.

With two blasts daily, the mine could advance around 90m a month. This rate of work would significantly increase production

costs, but it remains an option "as long as it is for production."

At Altos de Lipangue, the company is aiming for significant production volumes but with a careful management of costs. To assess the business model and develop a plan, the company has hired the geologist Raymond Jannas (a director at Revelo Resources) as an advisor. "We want to develop the veins and generate the cash-flow of a small-scale mine, almost artisanal but still significant," said Cordova.

Interest from majors

The project has already attracted the interest of some major mining companies. Representatives from Freeport-McMoRan (NYSE) were recently on site to assess the Pegaso Nero and Dos Marias targets, where the presence of molybdenite and tourmaline breccias could indicate a porphyry system. The companies have signed a confidentiality agreement.

Going public

Auryn could go public later this year, listing shares in the US as a Foreign Private Issuer. It has already begun procedures to list its shares on OTCQX and OTCQB.

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**Maurizio Cordova,
CEO of Auryn Mining**

