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AUROCH MINERALS NL
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Western Australia.

Auroch Minerals (ASX: AOU), formerly Terranova Minerals, is currently acquiring the 3 million ounce Manica gold project in Mozambique, with the company also having some gold and copper focused projects in

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Auroch Minerals to fast track Manica gold project into production

Wednesday, July 03, 2013 by [Proactive Investors](#)



Auroch Minerals (**ASX:AOU**) has found a means to develop its Manica Gold Project in Mozambique and to fast track it into production by developing existing non-refractory and transitional resources at the Fair Bride prospect.

A new Scoping Study has confirmed the technical and commercial viability of building a 40,000 ounces per annum mine, with a Definitive Feasibility Study to commence immediately.

Scoping Study results

Prepared by independent advisers JP Mining Consulting, these revealed the following as the basis for further studies:

- Viable simple shell open pits for Fair Bride and Dot's Luck deposits;
- shallow depth underground open stoping for the Guy Fawkes deposit;

- A centralised processing plant on the Mining Concession with a throughput rate of 720,000tpa (60,000tpm);
- An average head grade of 2.23 g/t gold to produce +40,000 oz per annum
- Initial capital expenditure (**CAPEX**) of \$31,617,244 in May 2013 constant money terms;
- Estimated production of 273,469oz gold over an operating life of mine (LOM) of 7 years;
- **Average total operating cost** of \$39.29/t milled or **US\$641.92/oz** produced (excludes capex and before tax, depreciation and royalties); and
- The Study has assumed a long term gold price of US\$1,200/oz

Managing director Dean Cunningham said, "The development of Manica will give us a first mover advantage and allow us to accelerate our consolidation strategy in the area, giving the company momentum and critical mass.

"This will provide a stable platform from which the company can create cash flow and operate at the lower end of the total cash cost curve. These are exciting times for all stakeholders as we make the transition from exploration to development."

Chairman Glenn Whiddon added, "As Auroch has successfully progressed its exploration program, the technical teams' understanding of the Manica Northern Shear Zone has improved greatly.

"The company has considered the results to date and its circumstances to formulate a decisive strategy which provides a path to production and a potential source of near term cash flow. Auroch has every confidence in the robust nature of the Manica Gold Project and we are excited to be moving towards production."

Focus for Auroch

- Complete the Environmental License requirements on the Manica Gold Project Mining Concession. This entails collectively finalising and submitting the following by 1 February 2014. This entails finalising an Environmental Impact Assessment report and also a land use licence which allows the holder to use a portion of land with exclusivity in Mozambique.

Initiate the DFS:

- Completion of infill drilling at the Guy Fawkes and Dot's Luck deposits to upgrade the confidence categories of existing resources (cost US\$360K); and
- Metallurgical test work at the Fair Bride, Guy Fawkes and Dot's Luck Project deposits to confirm the amenability of the non-refractory resources to traditional carbon in leach processing (cost US\$60K).

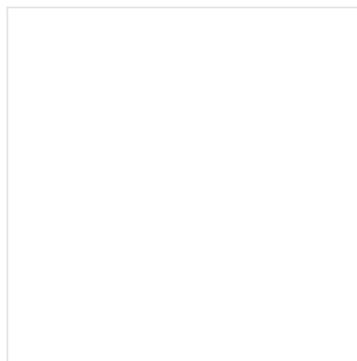
DFS Grant Funding

Auroch will submit a Grant Funding application with the Department of Trade and Industry of South Africa on or before 16 July 2013. The Feasibility Grant funding, if approved, will permit Auroch to fund certain DFS expenses up to a maximum of 55% of ZAR15 million (\$0.9 million) attributed to completing the DFS. Once approved, the DFS will commence. Approval is expected during Q4 2013.

Drilling Program

Auroch has completed its initial scout drilling program at the Guy Fawkes Project Sector, the results of which are due.

Timeline to production



Proactiveinvestors recommends



Lemur Resources in strong cash position to reject Busveld takeover bid



Po Valley Energy aims for 55% increase in Italian gas production



Range Resources farm-in with Niko Resources boosts acreage in Trinidad

Additional Information

Market: ASX
 Sector: Gold Mining
 EPIC: AOU
 Latest Price: 0.10 (5.56% ▲)
 52-week High: 0.41
 52-week Low: 0.09
 Market Cap: 3.28M

1 year chart



1 day chart



The timeline to production entails completion of the DFS by March 2014 and project construction commencing in June 2014.

Analysis

Auroch' refinement of its strategy for the Manica Gold project is exactly what the market is looking for - exploiting nearer term production potential and generating cash flow as early as possible to fund exploration in a tougher funding environment.

That there is significant exploration upside at the 2.9 million ounce Manica gold deposit is axiomatic, and today's announcement provides a road to faster production for Auroch and at less cost.

Forecast average total OPEX of **US\$641.92/oz** would provide a very significant profit margin even at current prices while the forecast initial CAPEX of \$31.6 million is eminently more palatable relative to similar sized projects.

Today's announcement should begin the process of returning Auroch to investor radars and is value accretive particularly given the paucity of the current market cap. of just \$3 million, for a project with a total mineral resource of 2.97 million ounces and cash of +\$3 million.

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Auroch Minerals gets busy at 3Moz Manica Project

Auroch is wasting no time as it works to build the already large resource base at the 3Moz Manica Gold Project, with the company two months ahead of drilling schedule. Assays from drilling are set for late March and there will be continuous drilling news flow every four weeks.



Auroch Minerals: Foster Stockbroking initiates coverage

Auroch Minerals has been rated a Speculative Buy by Foster Stockbroking. The company has an attractive valuation metric, according to the Australian broker, with Auroch trading at a significant discount to its peer group of African exploration companies – \$6/Resource oz vs \$44/Resource oz.



Auroch Minerals ahead of the game with Mozambique gold project acquisition

Auroch Minerals is primed to begin further drilling on the highly prospective 3Moz Manica Gold Project with the completion of the acquisition of the project and its re-listing on the ASX. With around A\$5.4M in cash its 2013 exploration program is fully funded, in progress and ahead of schedule.



Terranova Minerals commences highly anticipated exploration at 3MOz Manica Gold Project

Exploration has kicked off at Manica on schedule. In addition, a review of data has seen the identification of a higher grade sulphide zone within the Fair Bride Prospect. Fair Bride, which hosts 2.6moz of the Manica Gold Project's 3moz, contains 1,025,904 ounces of gold at an average grade of 4.13g/t gold.

**Terranova Minerals MD tells "Stars in 2012" of plans to grow 3Moz Manica gold project**

Terranova Minerals managing director Dean Cunningham spoke with investors at the recent "Stars in 2012" in Sydney, outlining the company's plan to add at least another 1Moz to the already 3Moz Manica gold project in Mozambique.

**Terranova Minerals to exploit oxide potential at 3Moz Manica gold project**

Terranova is poised to begin early exploration of the 40km long Northern Shear Zone at the newly acquired 3Moz Manica Gold Project as early as November to exploit the oxide potential of the zone. Drill ready targets along the zone have been identified. Manica is one of those rare, advanced projects with plenty of historic work and a large defined gold resource.

**Terranova Minerals' MD to discuss newly acquired 3M ounce gold project at "Stars in 2012"**

Terranova Minerals is acquiring the advanced 3Moz Manica gold project in Mozambique, where half the resource is already in the higher Measured and Indicated categories. The company will discuss the project with investors at "Stars in 2012" in Sydney.

**Terranova Minerals in transformative acquisition of 3m ounce pre-development gold project**

Terranova will acquire 100% of the Manica Gold Project which has a JORC Resource of almost 3 million ounces of gold. Terranova has entered into a share purchase agreement to acquire the project from Pan African Resources plc (AIM:PAF) with an initial consideration (at date of issue) of 25,000,000 ordinary shares and \$2 million in cash.

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