



The little explorer who could

With low cash costs and the high-flying gold price, payback on Integra Mining's \$65 million Randalls project is on schedule

It is ironic that after a string of exploration successes that saw it in the top five of **Gold Mining Journal's** Explorer of the Year award on three occasions, Integra Mining Ltd should finally get its hands on the "Miner of the Year" trophy just one year into its production story.

Since geologist Chris Cairns took on the managing director role in 2003, Integra has, at various times, defied critics, frustrated investors and surprised sceptics.

As Cairns related at the Randalls opening ceremony in October 2010: "In 2004 the doyens of the industry said you couldn't find any decent deposits east of Kalgoorlie, then we found Salt Creek and now Majestic.

Then they questioned whether we could get enough ounces to make a mine, and we did. Then they questioned whether we could raise the money to fund the operation, and then we did."

The journey began in 2003 with Cairns – having been thrust into the managing director's chair just weeks after coming on board the then junior nickel explorer as exploration manager – quickly putting in place a deal to secure the Randalls project from Solomon Australia Ltd, in the process adding 280,000oz to the 430,000oz the company had at its nearby Aldiss project.

A series of scoping and feasibility studies followed but they only confirmed what Cairns and the management team always knew: if Integra was going to make it to producer status, it needed new discoveries in the region.

Under the leadership of exploration manager Greg Wilson that is exactly what the company did. In 2007 it announced a virgin discovery at Randalls, Salt Creek, which has since gone on to be the backbone of Integra's move

into production. The 4.63mt @ 2.71 g/t for 403,833oz open-pit resource handed Integra enough high-grade feed to kick-start operations.

However, for a junior gold miner, getting to production start-up is not even half the challenge; the WA Goldfields are littered with remnants of good exploration companies who failed to make the difficult transition to profitable miner. But Cairns, the Miner of the Year award now in his back pocket, is confident Integra is now out of the danger period.

"I think being voted for this award goes some way to putting paid to the old criticism about explorers not being able to run a mine," Cairns told **Gold Mining Journal**. "We have got through that critical phase of start-up quite cleanly within six months. Since then we have upgraded the plant (from 900,000 tpa to 1 mtpa) and have just received a study on another 50% upgrade."

The September quarterly figures point to the steady ramp-up of operations at Randall. The company produced 22,463oz at a cash cost of \$505/oz, achiev-

ing guidance in both production and costs. That followed on from a June quarter that saw 21,582oz produced at \$552/oz, again with-in guidance.

Cairns said one of the keys to the company's success was setting achievable targets and not over-promising to the market.

"Part of our success is setting realistic targets and then beating them. If you are realistic in stating your objectives it also gives your operations team a genuine chance of achieving goals rather than simply piling pressure on."

Mining at Salt Creek is in full swing and attention has now turned to development of the Maxwells open pit. It is this progress that has given Cairns confidence the company is in a position to overcome any of the teething problems so often associated with start-up operations.

"We came rapidly out of the commissioning phase. This (December) quarter we are aiming to hit guidance; there was a little hiccup with the crusher in October but we have overcome that now and we are on track. The mining fleet is only work-



Chris Cairns (managing director), Greg Wilson (exploration manager) and Peter Ironside (company secretary) on site at Randalls

ing in Salt Creek five days of the month. That is enough to build the stockpile for the mill and it means the other three weeks are spent on Maxwells. That gives us an inherent flexibility in our operations; we can concentrate on efficiencies rather than being tied to ensuring volume is reaching the mill."

With Maxwells set to be in production in the early part of the year, Integra is now contemplating the possibility of bringing the second plant expansion forward.

"If Maxwells outperforms in the way Salt Creek has we will look at that expansion sooner rather than later. Once complete, and with our underground resources in production, that will take us up to 150-170,000 ozpa."

The underground resources Cairns referred to are centred on the Santa and Cock-eyed Bob deposits. He said development of Cock-eyed Bob would start once approvals were received.

The period of expansion is further underlined by more regional exploration.

"The second half of this financial year will be the most active in

an exploration sense in the company's history; we have a \$23 million exploration budget for the year. We have already flagged a series of open pits we need to work on, including Lucky Bay and Fly Camp. One real driver is bringing the full underground potential to light. We are not getting any value in the market for that currently.

"The focus now is on how to optimise the true potential of this project."

The company will also revisit its Aldiss tenements where it has hopes of creating a second standalone operation.

Such ambitious growth plans need solid financial foundations to be built on and with cash flow increasing from Randalls, Integra is starting to free itself of financial obligations.

"Our remaining hedging commitments are 47,000oz, to be sold over the next five quarters. After the December quarter is complete we will have all the heavy hedging requirements completed and it drops off after that. By the end of the December quarter our debt will be \$16 mil-

lion, which means we will have retired two-thirds of the debt."

Clear of debt and the Randalls project pipeline seemingly in place, Cairns is now planning Integra's next phase.

"We recognise the company has an element of risk in that it is a one-mine play. We would like to diversify the revenue risk by bringing on another mine. The preferred route is through discovery and development because that is where shareholders see most value. We are already pushing ahead with the exploration programmes at Aldiss as we look to turn that into a standalone operation.

"The lower-risk, but more expensive, option is looking at merging with a company with a similar quality of assets and similar exploration upside, although they don't necessarily need to be of the same size."

Unlike some in the junior gold circles, Cairns is not usually wont to making such grand statements and his words are proof of the air of confidence surrounding the company. Not that he will let that turn into complacency.

"There has been a certain degree of serendipity in Integra getting to where we are, just as there has been for many of the new junior miners, with the gold price being so strong. We can never forget that."

The junior gold game can be a perilous one and Cairns well remembers how lucky, or unlucky, companies can be.

"There was a period of anxiety for us around 2006. We had raised \$5 million, we had done a lot of targeting and had six prospects to test. Salt Creek was the sixth of those and the discovery hole was the fifth in a five-hole programme. Before that we had had technical successes but we were beginning to think we would be testing the patience of shareholders if we didn't come up with something."

Now, with undoubted shareholder support, the company can make its own luck.

– Dominic Piper