

Coppermoly sits in a comfortable place

BARRY FITZGERALD

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The big north American gold producers, and our own Newcrest, have cottoned on to the idea that investors will allow them to derive as much as 30 per cent of their revenue from copper before removing the cherished gold premium applied to their shares.

That is good news for the truly big gold producers. With their annual gold production measuring at 5 million to 7 million ounces, they face a continual struggle to replenish their reserve base. But the 5 million to 15 million ounce gold deposits that would make their life that much easier are few and far between.

Expand the search to copper/gold deposits and it is a different story. Apply the copper revenues against the costs of gold production, and you are in a situation where you can report production of low-cost gold.

The biggest gold producer, Canada's Barrick Gold, finds itself in that position on New Britain island, Papua New Guinea, much to the delight of the ASX-listed **Coppermoly**.

Earlier this year Barrick started a drilling program at one of three wholly owned Coppermoly tenements on the island that are subject to a joint venture agreement in which the Canadian miner can earn a 72 per cent interest by spending \$20 million.

Results from the first hole at the Nakru 1 prospect were reported by Coppermoly on July 12. It was a good start too, with a 190.85 metre intersection grading 1.01 per cent copper and 0.36 grams of gold a tonne.

Unlike much of the big copper/gold deposits being uncovered on the PNG mainland, Nakru will not have to overcome infrastructure shortcomings to get into production, should it live up to its early promise.

Infrastructure supporting the island's palm oil and logging industry is pretty good, and Nakru is a four-hour drive along logging tracks from the deepwater port at the provincial capital of Kimbe.

Coppermoly expects to be able to report results from Barrick's exploration drilling (two rigs and possibly a third on the way) on a monthly basis. So there will be a good news flow from the company in the months ahead.

The stock closed on Friday at 13¢ for a market value of \$17.2 million.

Canadian-listed New Guinea Gold is the major Coppermoly shareholder with 17.1 per cent and another Canadian group, Vangold, holds about 14 per cent. Those blocks mean that should Barrick strike something special on New Britain, it would only have to make a couple of phone calls to take control of its junior partner.