

## MEDIA COVERAGE

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**BusinessDay**

### 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.

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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.

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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.

**SIMPLE HOPES**Garimpeiro continues to marvel at the fancy market capitalisations for a horde of Pilbara iron ore hopefuls.

Their deposits remain stranded and there is little or no short-term prospect for access to rail lines to get their planned production to port, let alone access to spare port capacity.

But look beyond the Pilbara and you will come across iron ore hopefuls that do not face the same infrastructure constraints. **Western Plains Resources** and **Pluton Resources** are examples.

Western Plain recently announced a binding access agreement to Port Pirie for its Peculiar Knob iron ore project in South Australia. The agreement with the privately owned Flinders Ports

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means it is pretty much all systems go for Peculiar Knob, a planned 3 million to 4 million tonne "starter" project for it in SA.

Peculiar Knob is no different to many of the proposed Pilbara projects in that it sits a long way from port - about 620 kilometres. But all it needs to do is build a 90 kilometre haul road to the existing and open access central Australian rail line. It is a set-up about which the Pilbara hopefuls can only dream, and agitate.

Pluton does not need a rail line at all. Its Irvine Island iron ore project is off the Kimberley coast of Western Australia and virtually juts out into the ocean. The project, said to be the closet Aussie iron ore deposit to Asian markets, is based on the same iron ore mineralisation that is being mined on the nearby Cockatoo Island (Cliffs) and Koolan Island (Mount Gibson Mining).

Like those two, the plan is to load Irvine island iron ore directly on to ships using shiploaders.

Pluton has some work to do before it can think about the short payback period and long life the project would enjoy. Among other things, it needs to secure Aboriginal approvals to mine.