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Here's another reason to spend the kids' inheritance

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Bullish predictions on the price outlook for copper are a dime a dozen. It makes you wonder why people aren't cashing in their kid's endowment policies and loading up with copper, or at least producers of the red metal.

The reasons for the raft of bullish price predictions are well known. It's all about the growth in demand caused by the electrification of the emerging economies at a time of falling grades and reserves pressure at established mines, and the increasing number of approvals roadblocks faced by new projects.

London-based metals consultancy GFMS is one of the latest to outline a rosy future for copper. It reckons that apart from the impact on demand/prices from an economic slowdown in the first half of 2011, it will be a case of onwards and upwards thereafter.

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So much so that GFMS is prepared to predict that copper prices will rally from the first half of 2011 setback to prices "well above" \$US11,000 a tonne in 2013. That's more than 30 per cent from where the copper price currently sits.

Societe Generale's analysts have also chipped in, saying the rise of exchange-traded (metals) funds, and the resultant diversion of metal away from end users of the stuff, means that copper prices are likely to rise "significantly".

Local exposure to copper comes with the big three of the metal on the ASX – BHP Billiton, Rio Tinto and OZ Minerals. But as you might suspect, Garimpeiro's interest is in the more leveraged plays to the copper boom we keep getting told is unfolding.

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BHP and Rio will do well out of a 30 per cent-plus rise in copper prices over the next three years. But who knows, over supply in iron ore might see them hit by tanking iron ore prices. That leaves OZ as the pure producer play. But it has to sort out what it is going to do with its cash pile of some \$1.5 billion before we'll know what it will look like in 2013, or next year for that matter.

So it's back to the developers like Sandfire or Rex Minerals, or Garimpeiro's personal preference, the explorers, particularly those with unfolding leverage to the price spike we're told is coming.

Gold Coast-based **Coppermoly** falls in to that category. Garimpeiro had a look at the stock back in July when it was trading at 13 cents a share for a market capitalisation of a little more than \$17.2 million.

On Tuesday it was a 14.5 cent stock worth \$20 million on an undiluted basis. Not exactly a stellar share price performance. But there is a fair chance interest in the stock will build in the months ahead in response to a flow of exploration results from its joint venture with the world's biggest gold producer, Canada's Barrick Gold, on New Britain island in Papua New Guinea.

Earlier this year Barrick started a drilling program on Coppermoly's tenements on the island that are subject to a joint venture agreement under which Barrick can earn a 72 per cent interest by spending \$20 million.

Results from the first of the holes drilled have been impressive. The most recent result – from the third hole drilled by Barrick in to the Nakru property (it was the first by Barrick in to the smaller Nakru 2 geophysical anomaly) – was released last week.

The hole returned a 64 metre intersection grading 0.59 per cent copper from 141 metres depth, including a 10.2 metre intersection grading 1.59 per cent copper. A separate lower interval returned 4.9 metres grading 13.6 per cent zinc, 0.85 per cent copper, 0.41 grams of gold a tonne and 24.03 g/tonne silver.

All very interesting, particularly as Nakru is a four-hour drive along logging tracks from the deepwater port at the provincial capital of Kimbe. More drill results from already completed holes will be released as they are received from the assay lab. They could be worth watching out for, as will Coppermoly's need to top up its cash position.

At last count it was down to \$2 million.

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