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Milking a major
Wednesday, 26 June 2013

EXPLORER Coppermoly has struck a binding agreement to pay \$A5 million to buy back the 72% stakes in the Simuku, Nakru and Talelumas projects in Papua New Guinea that Barrick Gold earned through spending \$20 million.

Barrick earned its major stakes in the three West New Britain projects off Coppermoly in January 2012 and started a sales process to divest the assets six months later.

By December, Coppermoly revealed it wanted to reacquire these stakes and immediately sell the tenements to create a net cash surplus position.

While market sentiment for greenfield copper-gold projects has worsened with the recent falls in commodity prices, Coppermoly has finally struck its long-flagged deal with Barrick.

Under the agreement, Coppermoly will reacquire the project stakes through staged payments totalling \$5 million over five years.

The explorer aims to raise \$2 million before August 14 to make the first two-staged payments to reacquire a 53% interest off Barrick in the three projects.

Coppermoly aims to raise gross proceeds of \$1.95 million through a fully underwritten non-renounceable entitlement offer priced at 4.5c per share, with more details on this offer to be announced.

The explorer has already agreed to make a \$165,000 private placement to Jelsh Holdings for 3.7 million of its ordinary shares at 4.5c each.

The final 28% interests in the projects can be bought off Barrick for \$3 million before August 2018.

Coppermoly managing director Maurice Gannon said the binding deal with Barrick was a fantastic outcome.

"Barrick has spent well over \$20 million acquiring its interest in the West New Britain Project," he said.

"For Coppermoly to reacquire 100% of the project for \$5 million over five years is a significant achievement."

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Coppermoly's projects on New Britain Island, PNG.

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