



# Proactive Investors Commodity Watch

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## Is a copper price rise on the horizon? "ASX copper plays"

While the copper price may have been on a downward trend in recent years, there are some key catalysts in the short to medium, as well as longer term, that could re-rate the metal higher.

Currently copper fetches around US\$3 a pound, down 50% from the giddy heights three years ago, but well above the US\$2 a pound five years ago.

The key price driver is the quality, and quantity, of potential new supply, supported by demand.

First to demand.

Existing mines producing copper are forecast to decline in the next three years, but this will be supported by firm projects coming online, according to CRU.

The problem is this current production, firm production and even the third level of probable production, is set to fall below forecast demand from 2015.

Any hiccup or time delays in the firm or probable projects, could potentially further increase the supply shortage - and be a catalyst for the metals gain in price if demand remains steady.

Not to be forgotten - Australia's biggest trading partner, China, is the world's top user of refined copper.

This highlights the opportunity for "ASX copper plays" to tap this void.

Quality of potential new supply

Finding and mining high grade copper deposits is becoming harder, with the head grade treated falling for almost each of the past ten years, and forecast to continue falling, according to Wood MacKenzie, Rio Tinto.

There is an increasing deposit depth, with the majority of major discoveries over the past decade and a half considered 'Blind', compared to all the major discoveries in the 1980's being exposed.

There is also increasing country and infrastructure risks with close to two-thirds of copper supply to come from 'Medium risk' and 'Higher risk' countries in 2014.

Copper production

In 2013 global copper production pushed towards 18 million tonnes, with close to a third of this coming from Chile.

China is the second biggest producer with 1.65 million tonnes, followed by Peru with 1.3 million tonnes and the United States with 1.2 million tonnes.

Australia ranks fifth at just under 1 million tonnes.

Other notable producers include Russia (930,000 tonnes), Democratic Republic of Congo (900,000 tonnes), Zambia (830,000 tonnes), Canada (630,000 tonnes), Mexico (480,000 tonnes) Kazakhstan (440,000 tonnes) and Poland (430,000 tonnes).

"ASX copper plays"

### Share Information

**Code:**

**Listing:**

**Sector:**

**Media**

**Website** [www.proactiveinvestors.com.au](http://www.proactiveinvestors.com.au)

#### Company Synopsis:

*Proactive Investors Australia delivers insights on global commodity markets, along with the impact on market sectors.*

**Author:**

**Proactive  
Investors**

**+61 2 9299 5001**

[action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)



The ASX's lowest cost and fourth largest copper producer (behind OZL, PNA and SFR) Tiger Resources (ASX: TGS) is due to increase production from its Kipoi Copper Project in the current quarter.

Its Stage 2 solvent extraction electro-winning (SXEW) operation is due to start producing copper cathode in the current quarter. About 12,000 tonnes of copper cathode is expected to be produced in the 2014 calendar year.

Tiger has also recently upgraded Kipoi Central Stage 2 Ore Reserves by 191,000 tonnes to 696,000 tonnes of copper despite mine depletion.

Blackthorn Resources (ASX: BTR) holds the Kitumba Copper Project in Zambia which the preliminary Pre-Feasibility Study indicated had the potential to be economically and technically viable.

Results from an optimisation program are expected to be released soon.

Kitumba, currently envisaged as an underground operation, has a resource of 34.7 million tonnes grading 2.29% copper at a 1% cut-off.

King River Copper (ASX: KRC) has recently completed helicopter reconnaissance that has identified a previously unknown +20 metre wide shear zone near the Chapman outcrops at its Speewah Dome copper, gold and silver project in Western Australia.

It is also on track to start in May the first of two phases of drilling at the project to investigate high grade copper, gold and silver surface results.

KGL Resources (ASX: KGL) is continuing drilling at its Jervois copper-silver-gold project in the Northern Territory with the latest results confirming the continuity of the mineralised zone between the Bellbird and Bellbird North deposits.

This is likely to result in the company achieving its objective of increasing resources, which currently stand at 170,000 tonnes of copper and 11 million ounces of silver.

Argonaut Resources (ASX: ARE) holds the Lumwana West copper project in Zambia where drilling is expected to begin during the dry season in May.

The Lumwana West licence area covers numerous prospects, as defined by regional soil geochemistry. It has a global exploration target of between 1,090 million and 1,560 million tonnes at 0.45% to 0.65% copper.

White Cliff Minerals (ASX: WCN) is increasing its ownership of the high grade Chanach Copper Gold project in Kyrgyz Republic to 88.7% after exercising its option to acquire T2 Gold's 32.2% interest.

This consolidates ownership of two copper-gold deposits including the new Aucu discovery where trenching has returned 7 metres at 3.83% copper and 30.1 grams per tonne gold and 10 metres at 1.73% copper.

Chanach covers 83 square kilometres and is located 350 kilometres southwest of the capital Bishkek. It also has good road access and is close to regional mining support hubs.

It has also recently identified ten anomalous electromagnetic responses from a technical review of historical high level airborne electromagnetic survey at its Merolia nickel-copper project in Western Australia.

In Indonesia, Arc Exploration (ASX: ARX) has intersected traces of chalcopyrite and molybdenite mineralisation in porphyry-style veining at the first drill hole at the Singgahan Prospect of its Trenggalek Project in East Java.

Trenggalek exploration is currently managed by ARX but fully funded by Anglo American after it farmed into the project.

In addition, a petrological study of selected drill core from the Jerambah Prospect supports the company's conclusion that this hole has possibly intersected the periphery of a potential mineralised porphyry system in this prospect area.

Additional copper-gold-molybdenum anomalies have also been highlighted from soil sampling to the north of



Jerambah.

Apollo Minerals (ASX:AON) has secured shareholder approval to proceed with a strategic alliance with High Power Exploration, owned by billionaire mining entrepreneur Robert Friedland, to find major Iron Oxide Copper Gold in the Gawler Craton, South Australia.

Preparation and planning for the first IP geophysical survey over the Bundi and Wirrida IOCG Targets has been completed and survey works will commence this week with a decision to drill expected within the first half of 2014.

Apollo had in February 2014 identified numerous new iron oxide-copper-gold drill targets at Bundi, a gravity anomaly consistent with the dominant IOCG target that is several times larger than that of Oz Minerals' (ASX:OZL) Carrapateena Deposit.

Bundi shares striking similarities to major IOCG deposits in the area including the Prominent Hill, and BHP's behemoth Olympic Dam deposit.

Latin Resources' (ASX:LRS) recent drilling and logging at the Ilo Norte Project in Peru has intersected IOCG style alteration and mineralisation in the four holes drilled.

Assays from the first two holes are expected by the end of April.

The work is being carried out by partner Peruvian company Compania Minera Zahena (CMZ) for a staged consideration of US\$9 million to earn a 70% stake in the Ilo Norte project.

Alkane Resources' (ASX: ALK) early exploration at the Kaiser Project in New South Wales has defined a new zone of porphyry style gold-copper mineralisation at the McGregor Prospect.

The Kaiser Project lies within the broader Bodangora Project where similar porphyry style gold-copper mineralisation associated with the Comobella Intrusive Complex was identified in 2012.

Notably, Kaiser mineralisation has a similar geological setting to Newcrest Mining's (ASX: NCM) Ridgeway porphyry deposit in the Cadia Valley.

Alkane has the right to earn a 100% interest in Kaiser from Ajax Joinery for payment of \$10,000 on transfer of the licence, \$200,000 following expenditure of \$500,000 on exploration within two years, and a 2% net smelter return on saleable products.

Mutiny Gold (ASX: MYG) is carrying out drilling at its high-grade Deflector gold-copper deposit at Gullewa in Western Australia's Mid-West Region.

This targets shallow untested extensions of the Central and Contact lodes within the planned Deflector Gold-Copper open pit.

The current Deflector deposit has a strike length of 950 metres; the planned extensional drilling is to the SAM survey boundaries, covering an additional 950 metres of strike to the south, and 450 metres to the north.

It has an Ore Reserve of 2,344,000 tonnes at 4.9g/t gold, 0.8% copper and 5.9g/t silver for contained Reserves of 367,000 ounces of gold, 19,000 tonnes of copper and 441,000 ounces of silver.

At the NimbusBoorara silver-gold-zinc-lead-copper projects, MacPhersons Resources (ASX: MRP) has recently intersected a peak of 37,000 grams per tonne silver and 6.6% copper.

Nimbus which is located just 10 kilometres east of Kalgoorlie's superpit gold mine, currently hosts an Ore Reserve of 1.126 million tonnes at 297 grams per tonne, or 10.8 million ounces silver equivalent, and a Resource of 4.9 million tonnes at 149g/t, or 23.4 million ounces silver equivalent.

Drilling confirming that mineralisation extends below the current 200 metre limit could further increase resources.



Legend Mining (ASX: LEG) had last September pegged a 356 square kilometre tenement within the highly prospective Fraser Range Belt in Western Australia.

Aeromagnetic interpretation had indicated potential for magmatic nickel-copper mineralisation beneath transported cover.

This is expected to be granted in April 2014.

Rubianna Resources (ASX:RRE) holds the Kookynie copper project in Western Australia located 60 kilometres northeast of Menzies.

Exploration carried out last year had identified a significant sulphide system at the Dingus and Angus prospects.

Multiple mineralised horizons were intercepted over 4 kilometres of strike.

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