

# The Australian

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## Cobar still shines with mines that go the distance for investors

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**ONE of the attractions of exploring around Cobar is that discoveries tend to lead to mines with long lives.**

Just outside the NSW town is the CSA mine owned by Swiss commodity giant Glencore. It was first mined in 1871, and in the latter half of the 20th century went through the hands of several once well-known companies, including Broken Hill South and Golden Shamrock Mines.

Even today, CSA produces an impressive 185,000 tonnes a year of copper concentrate with silver as a by-product. In the past it also yielded large tonnages of zinc and lead.

There's plenty of activity around Cobar. Kidman Resources (KDR) is about to resume drilling its Blind Calf target, having previously intersected 23m at 7.07 per cent copper.

Blind Calf is 160km southeast of Cobar and along the same structure as the Hera-Nymagee project owned by YTC Resources (YTC).

YTC plans to run a combined operation with the Hera gold and base metal deposit (underground) and the Nymagee copper project (open pit). Just before Christmas, we saw the initial Nymagee resource of 96,000 tonnes of copper, 27,000 tonnes of lead, 53,000 tonnes of zinc and 2.2 million ounces of silver.

Mike Millikan at Hartleys sent out a note maintaining his "buy" on the stock during the week, putting a 76c-a-share valuation on the company. YTC shares closed on Friday at 45c.

OZ Minerals (OZL) has a large land position in the Cobar area, as does Cobar Consolidated Resources (CCU), which is focusing on its Wonawinta silver project.

While most junior stock investors will be pulling their hair out over savage declines in their stocks' prices, Peel Mining (PEX) has swum against the tide. It was at 7c last February but rose to 19c last month and is coasting along now at 17c.

The driver has been the Mallee Bull discovery, 100km south of Cobar, and follow-up drilling results out during the week added some flesh to the story.

Among the intercepts was a 6m intersection grading 2 per cent copper, 64 grams/tonne silver, 0.43g/t gold, 0.52 per cent lead, 0.22 per cent zinc and 0.02 per cent cobalt.

While most Cobar-style deposits are located relatively deep -- CSA is now being mined more than 1.5km below the surface -- Peel's drilling is hitting strong mineralisation at just over 200m below the surface.

The company raised \$2.6m late last year, moving 80 per cent of the rights offer, with the remainder being spoken for soon after.

Yes, but what about the metal prices? Firstly, companies drilling now will be affected by base metal prices two or more years down the track, so immediate trends affect only capital raisings.

But while Pure Speculation remains in the glass-half-empty camp, there seem to be some green shoots of optimism out there.

Friday's downgrading by Standard & Poor's of nine eurozone countries -- Italy's credit rating is now on the same level as Kazakhstan -- had surprisingly little effect on the metals markets.

Copper closed unchanged on Friday at \$US8005/tonne while lead fell a little but remains above \$US2000/tonne. Zinc fell only by 0.4 per cent. Tin even rose a little to \$US21,100/tonne.

BNP Paribas put out a note headed "Base metals waiting for the sun", in which analyst Stephen Briggs sees copper and tin remaining in deficit this year, which may also be one of transition from surplus to deficit in lead. Nickel, though, will move into a sizeable surplus, as may zinc and aluminium.

Briggs is sticking his neck out with a call for copper to get back over \$US9000/tonne this year; tin may be "even better and for longer" while even the other fundamentally weaker metals should recover, he says.

If we may once again beat our tin drum, London-based industry body ITRI is circulating an article showing you can get minute traces of tin into your body because vegetables, fruit and meat absorb it from the earth.

Indeed, says ITRI, there are now claims tin can prevent cancer, digestive and skin problems, boost energy levels and reflexes. Yes, but we might wait to see a bit more work done on this.

Also on the copper front, Foster Stockbroking says the Voyager Resources (VOR) Mongolia story is still flying under the radar. Intersections include 116m at 2.4 per cent.

The broker reminds clients Mongolia has stopped processing exploration applications, which leaves only merger and acquisition for those wanting in.

Foster's note suggests the potential of VOR's ground could draw the attention of now-excluded majors.

After all, the same team achieved a good result selling off their Mongolian coal play, the former Hunnu Coal, to the Thais.

### **Solar scheme**

WE'RE never averse to reader suggestions about companies to watch. While the reader inevitably has an interest in the stock, it helps to broaden our horizons. So we note without comment EnviroMission (EVM) saying it has financing for its first solar tower, to be built in La Paz county, Arizona. The investor was not disclosed, but it will be equity, not debt.

The towers look like a massive version of Victorian industrial chimneys. They're about 1km tall and 130m in diameter and have a generating capacity of 200 megawatts, enough to power 200,000 homes.

They work by heating a large volume of air in the tower, which is used to drive turbines.

Someone in the US clearly has become a believer. The stock is trading at 3.4c.

### **Golden future**

JUST in case you've lost your nerve regarding gold or missed the news, Chinese buyers imported 102.8 tonnes of the metal through Hong Kong in one month.

November was a big jump on October when 86.3 tonnes went over the border, making November the fifth successive month of rising gold imports, totalling 389 tonnes for the first 11 months of last year.

This is a lot more gold than Australia produces in a year no doubt a propitious sign for Exco Resources (EXS) and Polymetals Mining (PLY) as they green-lighted their Vertigo gold project in South Australia.

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