



Resourcestocks

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TOP 5

COPPER

The red metal is a current favourite among investors, spurred by a price rise from less than \$US3000 per tonne in late 2008 to about \$US10,000/t in February 2011. All levels of operators are covered by our experts this month, from those with big production portfolios to the junior explorers.



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Number 1: Equinox Minerals (EQN)

An attractive play via the Lumwana project in Zambia and its newly acquired Saudi Arabian Jabel Sayid asset. Recent brownfield exploration has extended the resource and reserve base at Lumwana, with initial production and capital expenditure parameters indicating a 260,000 tonne per annum of copper production and mine life of 27 to 35 years.

Number 2: PanAust (PNA)

A copper-gold miner with its foundation asset being its 90% stake in the Phu Kham operation in Laos. A robust pipeline of growth projects include the Inca de Oro project in Chile, copper projects in Thailand and Laos and the Ban Houayxai gold-silver project (21% complete).

Number 3: Discovery Metals (DML)

Focused on its Boseto copper project in Botswana, it recently completed a bankable feasibility study, with project completion and production planned during 2012. A recent capital raising of \$142 million will further progress and de-risk the project.

Number 4: Talisman Mining (TLM)

With highly-rated ex-Jubilee Mines management, this stock should be watched closely. It holds more than 700 square kilometres of exploration licences in Western Australia's Bryah Basin and recently recommenced drilling at its Springfield copper-gold project in the Doolgunna district.

Number 5: Altona Mining (AOH)

Key copper assets are the Outokumpu project in Finland and the Roseby project in Queensland. Outokumpu is expected to start production in early 2012 at 8000t of copper, 8400 ounces of gold and 1600t of zinc annually. Roseby is one of the largest copper resources in Australia and a definitive feasibility study was completed in 2009.

Number 1: Equinox Minerals (EQN)

Started production in late 2008, and plans to grow output from 20 million tonnes per annum to 24Mtpa by the end of this year. In addition to Lumwana, the company has a significant land position in Zambia to explore further, and could be the target of corporate activity. In late 2010, Equinox acquired Saudi Arabia-focused Citadel Resource Group (which has cash costs of less than \$US1 per pound) for \$1.2 billion perhaps to ward off predators.

Number 2: PanAust (PNA)

A copper-gold mining company with key operational areas in Laos and Thailand. It has made a binding offer to acquire a majority interest in the Inca de Oro copper-gold project in Chile. Total copper production for 2010 was 67,806t.

Number 3: Sandfire Resources (SFR)

Sandfire was one of the major success stories from 2010, going from a share price of \$3.66 in January to \$8.11 in December. This year probably will not be as spectacular in share price growth, but I dare say it still will be a good year.

Number 4: Rex Minerals (RXM)

South Australian-based deposit with an inferred resource to 170Mt at 0.7% copper and 0.2 grams per tonne gold. Primary copper recoveries of 90% from metallurgical testing, and eight drilling rigs to be used to expand known copper mineralisation. Cash at hand at December was \$103.7 million.

Number 5: Tiger Resources (TGS)

Fully-funded company recently commenced production at Kipoi in the Democratic Republic of the Congo. The mine facility will have a life exceeding 10 years with production scaling up to 50,000tpa of copper metal. High grade copper production will help pay back capital expenditure.



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Number 1: Rex Minerals (RXM)

My preferred copper exploration play. After drilling out about 60% of its Hillside discovery in South Australia, the deposit so far contains 1.2 million tonnes of copper metal and 1.1 million ounces of gold, which is almost twice the copper and gold endowment of Sandfire Resources' DeGrussa project so far. Remainder of the deposit should be drilled out by mid-year.

Number 2: Equinox Minerals (EQN)

The Lumwana mine in Zambia is on target to produce 140,000t of copper this year and has a 37-year mine life. Equinox also successfully bid for Citadel Resource Group and has production assets in Saudi Arabia. The combined group will be the world's 13th largest copper producer.

Number 3: Encounter Resources (ENR)

Another favorite of mine. It has a very exciting discovery in the under explored Patterson province about 80km from the Telfer and Nifty mines. The BM1 discovery intersected broad zones of shallow secondary copper mineralisation. A large drilling program is scheduled to begin by April attempting to hone in of the primary copper source.

Number 4: White Rock Minerals (WRM)

Whiterock owns the polymetallic Mt Carrington ground in the New England Fold Belt. In addition to JORC gold (190,000oz) and silver (10.5Moz) resources, they have had encouraging copper intercepts – including 18.7m at 5.9% copper from 52m.

Number 5: Horseshoe Metals (HOR)

The Horseshoe Lights project is 75km northwest of DeGrussa. The former mine and project area has not been properly explored for nearly 20 years. Initial results from the maiden drilling program included 15m at 5.1% copper, and 12m at 4% copper from only 14m depth.



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Number 1: Horseshoe Metals (HOR)

The Horseshoe Lights project was the original volcanically hosted massive sulfide find in the region. Sandfire Resources' Degrussa is part of the same geological find. Horseshoe Lights was mined in the 1980s to the early 1990s before the copper price fell to all-time lows. The mine was famous for the massive high grade copper lenses mined via open pit. The latest drill results suggest a possible return to the bonanza grades with the discovery of high grade lenses again.

Number 2: Altona Mining (AOH)

Feasibility is completed and plant refurbishment is underway on at its Outokumpu project in Finland. Will be a major copper producer if it does go ahead. It is likely to produce 8000 tonnes of copper and 8400 ounces of gold per annum.

Number 3: Voyager Resources (VOR)

Recently commenced drilling on its Khongor copper-gold porphyry project in southern Mongolia. A total of seven diamond drill holes have been completed and initial samples have been sent for analysis. Results are expected by early March. Khongor is geologically similar to the world class Oyu Tolgoi, situated about 320 kilometres to the east.

Number 4: Avanco Resources (AVB)

Avanco will explore for shallow and potentially free digging copper oxide deposits at the Carajas project in Brazil. It is regarded as one of the most prospective provinces in the world for copper-gold discoveries.

Number 5: Lindian Resources (LIN)

Acquiring Philippines epithermal gold and copper projects. Included in the package are the Del Gallego and Mt Balintongan projects. So far, rock chip samples and stream sediment samples have identified anomalous copper.