



The Speculator

By David Haselhurst
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PORTFOLIO POINT: Winners are grinners. Readers who followed the Speculator into Coppermoly, could have tripled their money after mining giant Barrick Gold farmed into the junior this week.

We added Coppermoly (COY) to our trading portfolio just three weeks ago after learning that the junior prospector was talking to various large but unidentified companies about a possible joint venture on its copper project on New Britain in Papua New Guinea.

Coppermoly was then trading at 6.5¢, with its major asset being a declared 200-tonne inferred resource of 0.47% copper equivalent on its 90%-owned Simuku project. We picked up 40,000 shares at that price for the portfolio.

The day after Eureka Report published the Speculator's pick, Coppermoly shares traded between 9.1¢ and 10.4¢, but drifted back as low as 6.4¢ in the last week of September, as long-suffering shareholders scrambled out of the stock. (Like so many other companies earlier in the year, Coppermoly's shares had sagged to as low as 1.5¢ before recovering to 6.5¢ when we bought, so the Speculator's tip was an opportunity for the stale bulls to quit the stock, as well as an opportunity for new punters to enter.)

Those who bought in near the September lows would have seen a paper profit of 200% this week after the stock hit a new year's high of 19.5¢ on Monday, but more of that later.

In our first report on Coppermoly, on September 23, we compared the company's project with a similar but larger deposit in Madang Province, on the PNG mainland. Known as the Yandera project, it is held by the listed Marengo Mining, which earlier this year attracted interests associated with American investment guru George Soros to take a placement in the stock.

We concluded in our September 23 assessment that Marengo's market capitalisation was then 14 times that of Coppermoly, and although somewhat more advanced, its so far identified resource was only about three times that of the smaller company.

At that time we noted that Coppermoly's managing director, geophysicist Peter Swiridiuk, had reported the company's 200 million tonne inferred resource of 0.47% copper equivalent was within just one-third of the so far identified copper system. It included a higher-grade proportion of 0.6% copper equivalent (with a base grade of 0.44% copper and the rest made up of molybdenum, gold and silver).

We noted that Swiridiuk had reported to the ASX on August 27: "Given it's such a large project, we are having joint venture discussions and site visits with quite a number of larger companies which, if the right deal comes along, may be a more attractive way to help us achieve the objective of bringing this project to a stage of feasibility."

The right deal came along last Friday, when Coppermoly sought a suspension of its shares from trading pending an announcement. The shares closed at 10.5¢, having traded for the week between a low of 8.9¢ and a high of 11.5¢ on a week's turnover of 2.92 million shares.

On Monday this week, the suspension was lifted with the announcement that the world's biggest gold miner, Barrick Gold Corporation, had agreed to fund up to \$20 million to earn a 72% in Coppermoly's projects in New Britain. Coppermoly's 28% will be funded to feasibility.

Coppermoly's shares shot to a high of 19¢ after listing was restored, before closing for the day at 15¢ on a day's turnover of 3.547 million shares.

Barrick will also subscribe for 6.3 million shares in Coppermoly at 9¢ a share, representing a 5% stake in the company voluntarily escrowed from sale for a minimum of two years.

Coppermoly's Peter Swiridiuk said Barrick had indicated it intended to "vigorously pursue" exploration under the agreement. Following the placement, Coppermoly will be cashed up with about \$2.8 million in the bank and issued capital will stand at 99 million shares.

The Speculator portfolio, as at October 13, 2009						
Company	ASX	No of shares	Bought	Purchase price	Current price	Current value
Robust Resources	ROL	25,000	13/02/09	\$0.155 avge	\$0.650	\$16,250
Quickstep Holdings	QHL	20,000	16/03/09	\$0.165	\$0.315	\$6,300
Cortona Resources	CRC	20,000	14/04/09	\$0.150	\$0.180	\$3,600
A1 Minerals	AAM	43,077	12/05/09	\$0.135	\$0.210	\$9,046
Gage Roads Brewing	GRB	40,000	26/05/09	\$0.050	\$0.065	\$2,600
Image Resources	IMA	16,000	2/06/09	\$0.654 avge	\$0.805	\$12,880
Blue Energy	BUL	20,000	9/06/09	\$0.215 avge	\$0.255	\$5,100
Scotgold Resources	SGZ	20,000	22/06/09	\$0.100	\$0.165	\$3,300
Viralytics (ops)	VLAO	200,000	3/07/09	\$0.0105 avge	\$0.018	\$3,600
Hillgrove Resources	HGO	20,000	28/07/09	\$0.235	\$0.290	\$5,800
Emmerson Resources	ERM	20,000	4/08/09	\$0.190	\$0.330	\$6,600
Golden Gate Petroleum	GGP	53,330	25/08/09	\$0.042 avge	\$0.052	\$2,773
GGP options ex. 8c by 31/8/2012	GGPO	6,665	30/09/09	Free	\$0.000	\$0
Emu Nickel	EMU	30,000	8/09/09	\$0.145	\$0.200	\$6,000
Hill End Gold	HEG	20,000	15/09/09	\$0.230	\$0.235	\$4,700
Coppermoly	COY	40,000	22/09/09	\$0.065	\$0.155	\$6,200
Total value of portfolio						\$94,749
Plus cash at bank						\$10,388
Total						\$105,137
Portfolio change since January 2, 2009 (started with \$40,000)						+162.84%
All Ordinaries change since January 2, 2009 (then 3655.7)						+31.02%
<i>Current value based on last sale October 13, 2009</i>						

Reader's query on Coppermoly director

A Eureka report reader asked if I was worried that two Coppermoly directors (Bob and Peter McNeil) had been directors of Macmin Silver, which went into administration after the company was unable to raise \$3 million in needed capital last year.

The answer is no. The company in question is completely unrelated but suffered the misfortune of many others in the restrictive market scene of 12 months ago. Bob McNeil is a director of the unlisted New Guinea Gold, which was a shareholder in Macmin. He remains a director of Coppermoly, in which his company is a major investor.