



Australian
27/07/2009
Page: 23
Business News
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Region: Australia
Circulation: 138765
Type: Australian National
Size: 471.14 sq.cms
Frequency: MTWTF



PURE SPECULATION

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Sandfire soars after a promising drill

The base metals explorer has stirred up a lot of excitement after spectacular drill results at Doolgunna but still has a long way to go

SEVERAL Sydney brokers were at a lunch the other day and, according to an informant at the table, all they could talk about was **Sandfire Resources (SFR)**.

There was, as would be expected, a great deal of speculation about where the share price is going. It closed at \$2.38 on Friday (its 52-week low was 5c and it has an entitlement issue out there at \$1.20 a share) and the more excitable at the lunch started bandying around price targets well above that, but we are not going to mention those. *Pure Speculation* is getting much older and a little wiser when it comes to putting ideas in people's heads — especially as it is still a long way to go before Sandfire proves up that this is the major find that some believe.

And one hole does not a mother lode make. But, you have to say, 7.9m at 27.3 per cent copper is in the spectacular category. Then on Thursday the assay came out for a lower section of that same hole, with 6.1m at 21.4 per cent. Not only that, but the company is awaiting assay results for two other, still

lower, intersections in that one hole.

Sandfire is run by two well-known Perth mining types, Miles Kennedy and Karl Simich, who between them have been involved in launching a string of companies, many of which went on to substantial things, including the (former in all cases) Macraes Mining, Union Gold Mining — now **GRD (GRD)** — along with Golden Plateau (it became Oxiana), Kimberley Diamond and Namakwa Diamond.

The technical director is John Evans, an ex-CRA man (and conservative, too, we're told). The company was floated five years ago. Its aim was to explore virgin territory rather than rake over old exploration stories. Doolgunna, 140km north of Meekatharra, the site of the copper discovery, was one.

This was one of the prospects identified by geologist Graeme Hutton, who had been involved in founding Sandfire. He had prospected for Lang Hancock and, in later years, would head off into scrub with just a rifle, a dog and a bag to collect samples,

entering the results into what he called his blue file — prospects worth exploring.

Sadly, Hutton didn't live to see Sandfire take off, it being almost two years since he died tragically in Broome. And Sandfire, among other things, still has to explore its 14,000sq km of the Northern Territory, ground that needs a few drill holes.

And while on the subject of copper, **China Yunnan Copper (CYU)**, a junior controlled by China's third largest producer of the red metal, keeps coming up with interesting drilling results at its Gem prospect near Cloncurry. The latest assays include assays up to 2.36 per cent copper. A story to watch.

Incidentally, ABN Amro Morgans last week put out its latest metals report with chief economist Michael Knox saying copper is still cheap. One reason: once real demand starts growing again, the stockpiles will shrink and there are very few new, big copper mines due to start up in the next five years.



Bargain basement: Copper is still cheap, according to ABN Amro Morgans

Picture: Bloomberg