SP Angel – Morning View – Monday 09 07 18

LMEX Index growth highlights strong metal fundamentals

MiFID II exempt information – see disclaimer below

SP Angel are the No. 1 broker for AIM mining stocks in London

Arc Minerals* (ARCM LN) – Arc presenting at Zambia Mining conference in London today
Atalaya Mining (ATYM LN) – Riotinto ore reserve increase
Avesoro Resources (ASO LN) – Q2 gold production on track to meet 2018 guidance
BlueRock Diamonds* (BRD LN) – Q2 production update
Centamin (CEY LN) – Sukari Q2/H1 production
MOD Resources (MOD AU) – Drilling results from the A4 Dome in Botswana
Metal Tiger (MTR LN) - holds a 30% joint-venture interest in the project

US, Trump & Copper – Copper hugely oversold on Trump tariff news as hedge funds force prices through stop-loss levels

- Copper has come in for a real bashing in recent days as hedge funds continued to sell copper down in its biggest short-term sell-off since 2011
- We feel the move is hugely overdone and may be part of a quasi-state-sponsored move to shake markets in protest and opposition to Trump’s imposition of tariffs on China.
- The Chinese have carefully targeted ‘revenge’ tariffs on US pork and soya in a transparent attempt to hit Trump voters, though this is likely to have little impact as China still wants to buy pork and soya.
- Copper production was ahead of market expectations in the first half justifying some of the pullback but not the $1,023/t fall seen over the last month
- US dollar strength is a negative when it comes to commodity prices
- US interest rates may also rise as the US economy strengthens and the stronger dollar makes imports cheaper for US manufacturers
- The reshoring of US cash into the US may cause some liquidity issues in China and other emerging markets but will also help the US economy at the end of US QE when liquidity is often tight
- Copper demand is likely to remain strong despite Trump tariffs as US manufacturers are likely to continue to build inventory and Chinese manufacturers find other markets to sell into
- Re-shoring of manufacturing and money back into the US may have a much greater effect than the market expects
- Trump’s messaging might be described as clumsy at best but the strategy behind Trump is clear and decisive and is developed by much smarter people.
- We may say ‘football is coming home’ but in the US they can say ‘jobs are coming home’.

South Africa mines minister delays finalization of draft mining charter

- South Africa’s mines minister Gwede Mantashe said he will extend by a month a period for public comment on a mining industry charter which lays out requirements for black ownership levels and other targets.
- Uncertainty around the charter has deterred investment into a sector that accounts for 8% of gross domestic product in the world’s top platinum producer.
- Mantashe said he will extend the period for public comment until the end of August, “It gives people a chance to engage more and comment more”.
- A draft of the charter published last month extends to five years from one year the time that existing mining permit holders will have to raise black ownership levels to 30% from 26%.
- It also proposes a requirement that 10% for new mining right applicants be granted free to communities and qualifying employees, dubbed “free carry”, which industry body The Minerals Council South Africa has opposed.
EV Charge points could be requirement in new build homes

- New homes and offices would need to be fitted with electric car charging points under a government proposal to cut emissions.
- Ministers also want new street lights to come with charge points wherever there's on-street parking, details of a sales ban on new conventional petrol and diesel cars by 2040 are also expected to be set out.
- The strategy comes at a time when the government is facing criticism for failing to reduce carbon emissions, the government's target is to reduce the UK’s greenhouse gas emissions by at least 80% of 1990 levels by 2050.

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Economics

Currencies

US$1.1767/eur vs 1.1712/eur last week  Yen 110.48/$ vs 110.58/$  SAr 13.456/$ vs 13.572/$  $1.331/gbp vs 1.324/gbp  0.747/aud vs 0.741/aud  CNY 6.621/$ vs 6.652/$

Commodity News

A third of sovereign investors are planning to reduce equity exposure in the next three years following a good run in 2017 amid trade risks, geopolitics and high valuations, Invesco study showed.

- The report is based on interviews with 126 sovereign investors and central bank reserve managers with $17tn in assets.
- Around 40% of respondents suggested they are currently comfortable with equity weight in portfolios which averaged 33% recently making it the largest asset class in portfolios.
- Although, 35% of managers said they are planning to reduce the allocation to equities over the medium term.

European equities are trading higher taking cues from Asian markets and US futures as investors set aside concerns over increasing trade disputes and focus on the upcoming earnings season.

US – Employment numbers released last Friday outpaced expectations suggesting effects of trade sanctions have not yet had negative effect on hiring.

- Unemployment rate climbed 0.2pp on the back of an increase in labour participation rate as more workers entered the labour force.
- Despite robust growth in labour statistics in June and a significant revision in May numbers, labour earnings growth was little changed at 2.7%yoy.
- The news seem to have trumped the announcement of trade tariffs over $34bn worth of Chinese goods made same day as US equity markets closed higher on Friday.
- NFP: 213k v 244k (revised from 223k) in May and 195k forecast.
- Unemployment Rate (%): 4.0 v 3.8 in May and 3.8 forecast.
- Av Hourly Earnings (%mom/yoy): 0.2/2.7 v 0.3/2.7 in May and 0.3/1.8 forecast.

China – Authorities are trying to improve availability of credit to small businesses which saw their borrowing costs climbing as Beijing launched a deleveraging campaign.
Financial regulator asked banks to “significantly cut£ lending rates for small firms in Q3 compared to Q1, according to people familiar with the matter.

Germany – Exports posted a 1.3%yoy decline in May as the euro appreciated by more than 2% since May 2017.

- Outbound shipments have dragged down by poor non-EU exports (-6.4%yoy) as compared to deliveries within the union (+2.4%yoy).

UK – Pound is rangebound against the US$ this morning as markets are weighing potential for a “soft Brexit” after David Davis, Brexit Secretary, resigned from the government.

- The decision to resign comes on the back of the new Brexit plan agreed by PM and her cabinet.
- “As I said at Cabinet, the “common rule book” policy hands control of large swaths of our economy to the EU and is certainly not returning control of our laws in any real sense,” Davis wrote in his resignation letter.
- “I am also unpersuaded that our negotiating approach will not just lead to further demands for concessions.”

Precious metals:

Gold US$1,261/oz vs US$1,256/oz last week

- Gold reverses losing trend, climbing to two-week high as the dollar weakens following US June payrolls report, and investor weigh trade war impacts between China and the US.
- US hiring topped forecasts in June while unemployment rose from an 18-year low and wage gains unexpectedly slowed, giving indication the labour market still has growth opportunities.
- Nonfarm payrolls climbed 213,000 after an upwardly revised 244,000 advance, Labor Department figures showed Friday. The median estimate of analysts surveyed by Bloomberg called for a gain of 195,000 jobs. Average hourly earnings rose 0.2 percent from the prior month -- less than forecasts for the second straight 0.3 percent gain -- while the jobless rate increased to 4 percent from 3.8 percent, the first rise in almost a year.
- Treasury yields and the dollar fell while stock futures rose after the report, which suggested less pressure on the Federal Reserve to step up its pace of interest-rate increases, with the jobless rate already below central bank estimates of levels sustainable in the long run. Even so, a steady pace of hiring and gradually rising wages, along with lower taxes, are helping underpin consumer spending and propelling a rebound in U.S. growth.
- Bullion for immediate delivery rose +0.5% to $1,261.72/oz, after recording the biggest quarterly loss since 2016.
- The dollar has continued to show signs of losing momentum against European currencies, which will limit the scope for gold selling unless there is an extremely strong U.S. CPI release and pressure for the Fed to accelerate monetary tightening.
- Stabilization in the Chinese yuan helped underpin risk sentiment, and gold tended to benefit as the dollar lost support.
- U.S. currency trends will continue to be a key market focus during the week and will inevitably have an important impact on gold.

Gold ETFs 69.7moz vs US$69.8moz last week

Platinum US$855/oz vs US$842/oz last week

- Prices slumping to 9-year lows last week are forcing producers into a corner with the world’s second-largest producer, Impala Platinum Holdings Ltd., facing some tough choices to stem losses at aging shafts.
- The South African miner has already cut 2,500 jobs in the year through June, with threats of further losses. Only three of the ten shafts at the sprawling Rustenburg mining complex are profitable as of March, with further quarterly losses expected as prices have tumbled another 9% to hit a non-year low last week.
- Implats are expected to announce results of a strategic review of Rustenburg in September, with the miner aware that its can’t discount the possibility of more job losses across the 31,000 payroll. The company said in March that the strategic review, announced last year, would look at measures to “refocus or close unprofitable areas”, and could lead to shafts being closes earlier than planned.
- Implats isn’t facing the issue alone, with more than half of the industry’s production estimated to be unprofitable. Rival Lonmin Plc is cutting 12,600 jobs over three years and its future hinges on the speedy approval of a merger deal with Sibanye Gold Ltd. Anglo American Platinum Ltd., the top producer, is in a better position than its counterparts after exiting high-cost assets, according to Morgan Stanley analysis.
Platinum prices have dropped by more than half since a 2011 peak, as demand for the metal used to curb pollution from diesel cars weakens, partly because of slower sales of the vehicles in Europe. The selloff in the metal has gained pace this year amid concerns that industrial demand could be curbed as trade tensions escalate.

Spokesman Johan Theron noted “the industry has been under profitability and financial viability pressure for some time, especially the deeper labor-intensive mines around Rustenburg”. While platinum-group metals in rand terms have remained persistently low, “cost inflation has continued to escalate unabated”.

As the demand outlook remains limited, falling prices are squeezing high-cost miners, and some supply will need to be removed. Implats shut a shaft at its Rustenburg operation in January and flagged three more to be closed once mined out. However, two new shafts will together produce about 300,000 ounces a year by 2021-22 to replace higher-cost production.

Palladium US$960/oz vs US$948/oz last week
Silver US$16.14/oz vs US$16.05/oz last week

Base metals:
Copper US$ 6,412/t vs US$6,303/t last week

- London copper climbed +2.4%, leading a broad rebound in metals which have been hampered by flows of negative news and developments on the escalating trade spat between the US and China.
- While concerns surrounding the trade war depressed prices over recent weeks, metals should be “relatively supported” this year as fundamentals unlikely to be significantly impacted by US-China trade dispute. BMI Research are expecting China’s continued stimulation unlikely to increase infrastructure spending directly, but would indirectly support economic growth and metal demand. “While we expect prices to remain supported by tight fundamentals, global trade uncertainty and slowing Chinese demand pose key downside risks to this outlook”.
- Base metals display reversal in price trends, after the LMEX Index of six metals recorded the worst previous 4 weeks since 2011.
- The lack of bad news, combined with a lack of fresh selling/long liquidation onshore has encouraged the rally. However, it is expected that any fresh escalation of trade war rhetoric will see bullish bets reverse quickly.

Aluminium US$ 2,107/t vs US$2,077/t last week
Nickel US$ 14,165/t vs US$13,930/t last week
Zinc US$ 2,735/t vs US$2,699/t last week
Lead US$ 2,347/t vs US$2,340/t last week
Tin US$ 19,500/t vs US$19,420/t last week

Energy:
Oil US$77.5/bbl vs US$77.4/bbl last week
Natural Gas US$2.852/mmbtu vs US$2.839/mmbtu last week
Uranium US$22.85/lb vs US$22.95/lb last week

Bulk:
Iron ore 62% Fe spot (cfr Tianjin) US$62.8/t vs US$63.1/t

- Environmental watchdog has today recommended approval of BHP Billiton’s long term development plans in the Pilbara including construction of 13 new iron ore mines and expansion of 4 existing mines
- Licence grants BHP a licence to operate in the Pilbara for the next 50-100 years
- BHP first asked for environmental consent for expansion in 2012, EPA deputy chair Robert Harvey said the EPA had given the strategic proposal careful consideration over the past six years, including impacts to fauna, flora, surface and ground water, air quality and social surrounds.

Chinese steel rebar 25mm US$640.2/t vs US$636.6/t
Thermal coal (1st year forward cif ARA) US$90.9/t vs US$91.3/t

- Efforts to curb use of coal in the West have been a boon for coal companies in the East, more so now that the benchmark price for thermal coal exceeded $120 per ton in July, the highest since 2012.

Please, see disclaimer at the of this document
• However, public pressure against burning coal has been on the rise in Asia. Local resistance in Thailand’s Songkhla and Krabi provinces have halted projects for coal-fired power plants, while in Myanmar public outcry has stalled a $2.8 billion plant in Mon State.

• Even so, Asian financial institutions are also still willing to finance coal-related projects, with China Construction Bank being the largest financier of coal mining from 2015 through 2017 followed by other Chinese banks including Bank of China and Agricultural Bank of China.

• While global production of coal, according to BP, dropped by 2.4% in 2017 compared to 2015, global consumption only dropped 0.8%, with demand rising in the Asia-Pacific region, which accounted for 74.5% of global coal consumption.

• Combined coal consumption in five Southeast Asian countries - Indonesia, Malaysia, the Philippines, Thailand and Vietnam - increased 10.4% in the two years to 2017, while India saw a 7.2% rise.

• The International Energy Agency forecasts that by 2040, coal will account for 40% of the energy mix to support the region’s economic and population growth.

Premium hard coking coal Aus fob US$195.8/t vs US$195.8/t

Other:
Cobalt LME 3m US$73,000/t vs US$72,250/t
Tungsten APT European US$344-349/mtu vs US$350-354/mtu

Lithium – Lithium Power drops lawsuit after Chile says it can apply for a lithium permit
• Lithium Power International has dropped its lawsuit against the Chilean government after it was told it can now apply for a special operating license for its Maricunga lithium project.
• It launched legal proceedings against the government early this year after they issued a permit to state-owned copper giant Codelco over tenements already owned by Lithium Power’s joint venture company.
• However, three months of talks between Lithium Power’s JV company and the government have resulted in the company now being told they can apply for a special lithium operation contract over the Lito tenements that are subject to the new mining code. LPI share price climbed 22% as the contract is the final approval needed for Lithium power to produce lithium under the new Chilean legislation.
• Lithium Power want to know whether Codelco would be allowed to exploit the lithium on its landholding.

Uranium – Yellow Cake announces receipt of Uranium following its debut on AIM
• Yellow Cake believes the recent emerging theme of supply side discipline in the uranium market and the industry cost structure will be supportive of this strategy.
• The company sold 76mln new shares at 200p apiece in its initial public offering on 5 July, raising US$200mln (£151mln) which it used to buy 8.1mln pounds of uranium from Kazatomprom.

Chromium - Global automotive chromium market seek rising demand for thin coatings driving growth
• The rising demand for thin coatings in the automotive industry is one of the major trends being witnessed in the global automotive chromium market.
• Automotive manufacturers use thin coatings to reduce costs and environmental impacts.
• These coatings protect automotive components from corrosion and other environmental conditions.
• They reduce the overall vehicle weight and increase the service life and performance.
• Of the two major applications, the decorative plating segment held the largest market share in 2017, contributing to over 70% of the market. This application segment will dominate the global market throughout the forecast period.
• The Americas was the leading region for the global automotive chromium market in 2017. It accounted for a market share of approximately 45%. It was followed by EMEA and APAC.
• The Americas is expected to project the fastest growth during the period 2018-2022.

Company News
Arc Minerals* (ARCM LN) 4.1p, Mkt Cap £23.5m – Arc presenting at Zambia Mining conference in London today (Arc holds an effective 66.34% of Zamsort and around 73% of Casa Mining’s Akayanga project)
• Arc Minerals are presenting at the Zambia Mining Investment Conference at Le Meridan Hotel in Piccadilly today.
While battling though the heat on the London Underground might seem like a baptism of fire the Arc Minerals talk should be more refreshing.

Nick von Schirnding, Arc’s executive Chairman has recently consolidated Arc’s key assets at Zamsort in Zambia and at Casa in the DRC while expanding the scale of both assets.

Zamsort (Kalaba): Arc now holds an effective 66.34% of Zamsort where it is currently drilling on the Kalaba copper cobalt property. We have not seen core or results from the drill program but we expect assays to verify the presence of significant copper mineralisation around the copper mine at Kalaba. Kalaba has a non-JORC or any other compliant code, copper ore resource of 16.59mt grading 0.94% copper with a some cobalt expected. We expect drilling to confirm and to meaningfully extend this resource with results due imminently and a new resource statement later this year.

The location of the Kalaba property near Solweizi on the Copperbelt combined with the existing, operating small copper mine on the property indicates to us that the property has good potential for significant scale if drilling proves successful. Casa (Akayanga): Arc recently released an upgraded gold resource at Akayanga (Missi) of 3moz grading 2.16g/t assuming a $1,500/oz gold price reflect a longer-term view of the market. Casa is now working on a scoping study for a 150-200,000ozpa mine.

*SP Angel acts as nomad and broker to Arc Minerals*

Atalaya Mining (ATYM LN) 255 pence, Mkt Cap £350.2m – Riotinto ore reserve increase

Atalaya Mining reports a 29% increase in ore reserves at the Proyecto Riotinto operation in Andalucia to a proven and probable 197mt at an average grade of 0.42% copper compared to the previously announced 153mt at an average grade of 0.45% copper.

We note that, in addition to the reserves increase, the company is now also reporting similar level of increase for its ore resources (28%) with total measured, indicated and inferred resources of 276.3mt at an average grade of 0.42% copper compared to the previously reported 216mt at an average grade of 0.43% copper.

This demonstrates to us that the company is actually defining additional ore grade mineralisation, and hence expanding the overall mineral inventory, rather than simply just converting existing known resources into reserves through infill drilling.

The increased reserves underpin the current US$95m expansion to treat 15mtpa of ore by 2020 and gives the mine a reserve life of 13.8 years.

Other results of the increased reserves are reported to be a reduction in the life of mine waste:ore ratio to 1.43:1 and a lowering of both the net (of silver credits) C1 cash cost and all-in-sustaining costs to US$2.10/lb and US$2.22/lb respectively.

Commenting on what he described as “a significant milestone in Atalaya’s development”, CEO, Alberto Lavandiera, pointed out that “The study results strongly support the Company’s decision to increase the mine process plant throughput from 9.5Mtpa to 15Mtpa by 2020 … These results reinforce the significant long term potential of Atalaya and are a reflection both of the quality of the asset and the technical expertise of the operational team.”

We observe that Atalaya’s operational team have already delivered one smooth expansion of throughput from 5mtpa to the current 9.5mtpa and with this track record we have considerable confidence in their ability to implement the current phase of expansion.

**Conclusion**: The growth of the reserve base underpins the current expansion at Proyecto Riotinto while the increase in mineral resources provides evidence that the company is successfully finding additional mineralisation which may, in part, ultimately provide further scope for further reserve expansion.

Avesoro Resources (ASO LN) 263p, Mkt Cap £214.5m – Q2 gold production on track to meet 2018 guidance

Avesoro Resource reports that gold production during Q2 of 60,231oz brings the output during the first half to 128,319oz and keeps the company on course to meet its 220-240,000oz 2018 production guidance.

Mining rates(ore plus waste) have increased at both the company’s operating mines with New Liberty increasing by 13% quarter-on-quarter to 5.69mt while Youga achieved increases of 45% to 4.15mt during the quarter.
At New Liberty, waste mining grew slightly faster than ore production resulting in a modest quarter-on-quarter increase in the stripping ratio to 14.2 from 13.0 and with a slight decline in feed grade to 2.81g/t gold from 2.91g/t, gold production rose by 7% to 29,808oz.

The Youga mine also experienced the stripping ratio from 11.3:1 to 17.8:1 and a 24% reduction in feed grade to 3.44g/t gold resulting in a 24% reduction in gold output to 30,423oz.

Plants at both plants maintained previous recovery rates with 87% at New Liberty and 90% at Youga.

Commenting on the results, Serhan Umurhan, Chief Executive of Avesoro, said “Already this year we have substantially outperformed the Company’s prior year total annual gold production of 76,719 ounces and we remain on track to meet our 2018 production guidance of 220,000 – 240,000 ounces of gold.”

**Conclusion:** At the half year stage, Avesoro remains on track to meet production guidance. Both its mines are increasing waste:ore ratios at present and as a result we would expect costs to be under pressure at the moment.

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BlueRock Diamonds* (BRD LN) 1.2p, Mkt Cap £2.4m – Q2 production update

- BlueRock Diamonds report ore production volume of 43,247t of kimberlite through Q2.
- The lower than anticipated production was due to problems with the cone crusher which is being repaired.
- Management report the company lost five weeks of aggregate downtime in Q2 due to the crusher and bad weather.
- A temporary, mobile crusher is now working at the mine and the development of BlueRock’s second mine should help to offset the impact of rain going forward.
- Diamonds sold came to just 875cts in the quarter as grades fell due to a lower grade block being excavated in the mine.
- The price per carat also fell to $305/ct from $378/ct seen in Q1 as the quality of stones failed to match the previous quarter.
- BlueRock is guiding production to between 150,000-175,000t through the second half assuming no further major mishaps.
- This would bring the full year to 223,028-248,028t for the year.
- If we assume grades and values rise back to the 3.8cpht and $378/ct then the mine could sell some $3.56m worth of stones this year.
- Grades should be helped by the mining of the higher grade KV1 pit which has a theoretical grade of 6.3cpht according to the consultant analysis.
- Margins are less easy to predict with the poor Q2 performance but if all goes well in the second half then margins could rise to >$100/ct.

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1) Based on calendar quarters.

2) Based on the period between tenders which usually take place in the third or fourth week of each month. There is no tender in December. The total carats produced in FY 2017 was 3,728.

**Conclusion:** BlueRock have been unable to meet their set targets due to equipment failure and the weather. The cone crusher should be fixed soon and this combined with better weather should help towards probability in the second half.

*SP Angel acts as Nomad & Broker to BlueRock Diamonds*
Centamin (CEY LN) 109p, Mkt Cap £1,259m – Sukari Q2/H1 production

- Centamin reports a 25% year-on-year decline in Q2 gold production to 92,803 oz from its Sukari mine in Egypt. The decline reflects lower ore grades from the open-pit mine as it works through the transition zone compounded by underground grades which were lower than expected.
- The weak second quarter brings gold production for H1 to 217,099 oz – a decline of 7% on the 233,828 oz produced during H1 2017.
- The company comments that “Materially stronger production is expected in the second half, driven by continued improvements in grade from the open pit as mining progresses into the sulphide ore and an increase in high grade stoping from the underground.”
- The company is maintaining its current production guidance of 505-515,000 oz for 2018 implying H2 production of 288-298,000 oz of gold.
- While it appears that the grade decline within the open pit mine was largely expected, the reduction in grade from 8.89 g/t in Q2 2017 to 4.62 g/t in Q2 2018 may have been less factored into the company’s plan as “Stope grades were impacted by greater than scheduled dilution from low grade porphyry material in the open stopes” while development ore was also lower than expected. The company implies that the situation may be improving as there “have been no further disruptions to the long hole drill rig (“LHDR”) availability and utilisation”.
- Commenting on the results, CEO, Andrew Pardey, said that “We have experienced several challenges this year, resulting in the revision of our full year guidance in May. I am pleased to report progress throughout June in the open pit, where mining has begun to access improved grades as we are currently mining through the lower areas of the transitional zone and into the sulphide ore, which will be mined in the third quarter and onwards for the next four years. Our focus now remains firmly on delivering the underground operations back in line with forecasts and returning Sukari’s production profile to a steady state.”

Conclusion: After a difficult first half at Sukari, Centamin is indicating that an improvement is underway which should express itself as around 290,000 oz of gold output compared to the 217,000 oz achieved during H1.

MOD Resources (MOD AU) A$0.485, Mkt Cap A$112.3m – Drilling results from the A4 Dome in Botswana

Metal Tiger (MTR LN) 2.9 pence, Mkt Cap £32.3m holds a 30% joint venture interest in the project

- Following encouraging results from its first hole at the A$ Dome area, MOD Resources reports that the next, second, hole (MO-A4-003D) located 1.8 km further west has intersected mineralised veins containing the visible copper minerals chalcopyrite, bornite and chalcocite from a depth of 232 m for a further 67 m to 299 m and that the hole is being deepened to test for other electromagnetic targets.
- The hole is currently at a depth of 334 m and is now targeted to extend to over 600 m and in addition to probing further EM targets is intended to “also test the prospective Ngwako Pan Formation (NPF) contact inferred below the target sequence.” We recollect that this contact zone was generally regarded as a key geological control at the former Boseto mine.
- At this stage, assay results have not yet been published, however photographs of the drill-core published with the announcement show both chalcopyrite and bornite mineralisation.
- The results from this and the earlier hole vindicate the use of the airborne electromagnetic survey used to identify previously unknown targets within the core of the A4 Dome structure.
- Commenting on the results, MOD’s Managing Director, Julian Hanna, said that “Our geologists are excited that MO-A4-003D has intersected a mineralised stockwork vein system, within what appears to be a large, intact dome. This opens up the possibility that any copper that was deposited in the A4 Dome is still there.”

Conclusion: Although the drilling at the A4 Dome is still at an early stage and there are no assay results yet, the intersection of the expected copper mineralisation in the first two drill-holes demonstrates the effectiveness of the geophysical interpretation used for targeting the drilling. We look forward to assay results as they become available.

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