

SE Wealth
HD Chileans aid hunt for copper
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Antofagasta has struck strategic alliances with Argonaut and Monax AUSTRALIA has produced its fair share of successful mining entrepreneurs through the years. So has the world's biggest copper producer, Chile, the most successful being Andronico Luksic.

Luksic died in 2005, but his legacy lives on in the London-listed and Chile-based Antofagasta, the \$14 billion copper group with substantial interests in water and transport as well.

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It remains 65 per cent-owned by the greater Luksic family, making them Chile's richest. Like all good entrepreneurs, Andronico Luksic — his father was an immigrant from Croatia — worked hard at creating his own luck.

And so it was with a 1954 deal in which Luksic sold his stake in a small copper mine to Japan's Nippon Mining. Turns out that Luksic struck what he thought was a good deal in pesos.

The Japanese had assumed the figure he quoted to secure the deal was in US dollars, the international currency for such deals.

"I thought for sure they would figure it out," Luksic told Chilean newspaper El Mercurio in 2002. But they didn't, leaving Luksic to collect \$US500,000, or more than 10 times what the equivalent in pesos would have been.

He credited the windfall with providing the basis for the growth that was to come at Antofagasta, which takes its name for the dusty port city in northern Chile where Luksic grew up as the son of general store-owning parents who did well enough to send the young fella to the Sorbonne in Paris, for a time at any rate.

All that is by way of demonstrating that Antofagasta was born of an entrepreneurial spirit. And much to the benefit of some Australian Securities Exchange-listed copper juniors, it can be said that the spirit lives on.

Unlike the BHP Billitons and Rio Tintos of the mining world, Antofagasta has not pulled its head in when it comes to exploring the world for the next big copper deposit, even if there is more of the stuff in its own back yard than you can poke a stick at.

What's more, Antofagasta has a strategy of forming strategic alliances on promising copper plays held by junior explorers, particularly those that deserve to be advanced but can't be because the juniors are cash-starved.

Antofagasta has secured two such deals in recent times with ASX companies, one with Argonaut Resources (ARE), the other with Monax Mining (MOX).

In both, the deal has been cemented with share placements that have made Antofagasta the biggest shareholder, but nothing oppressive mind you, with the juniors remaining operators of their planned exploration programs.

In the case of Argonaut, Antofagasta has struck a deal under which it can earn a 70 per cent interest in Argonaut's 90 per cent- owned Lumwana West project in Zambia's **copper** belt.

To get there, it has to spend \$US18.9 **million** (\$20.4m). At this point it is worth pointing out that Argonaut is trading at 2.3c a share for a market capitalisation of all of \$10.5m.

Lumwana West has all the potential in the world to host the one **million** tonnes of **copper**-plus that attracted Antofagasta in the first place. The deal was secured by a \$US1.1m placement, which sees Antofagasta emerge as Argonaut's biggest shareholder with a **stake** of 13.8 per cent.

Drilling is about to begin in Zambia to test known **copper** positions as well as some big-looking targets elsewhere in the permit area, one that sits slap-bang in the middle of major mine developments by Barrick, First Quantum and others. A strong news flow is expected.

Argonaut is more than Zambia. It has an active **copper** exploration joint venture with Sandfire on its ground on South Australia's Eyre Peninsula, and another with Straits looking for Olympic Dam-type mineralisation underneath Lake Torrens, also in SA. All up, there will be about \$6m spent this year by others on Argonaut ground. Again, not bad for a **company** with a market cap of \$10.5m.

Monax has an even smaller market value of \$3.9m, and that was after yesterday's 31 per cent rise to 2.5c a share on news that Antofagasta was taking up a \$436,000 placement of shares.

The funds are to be used to advance work at Monax's Parndana silver-**lead**-zinc project on Kangaroo Island off SA, although the Chilean's interest is more in the existing joint venture covering the Punt Hill and Millers Creek Olympic Dam-style targets back on the mainland.

Mining Projects Group (MPJ) THE nickel producers have been the market's star performers this year. Spurred on by a nickel price that has surged 38 per cent since the start of the year thanks to Indonesia's ban on the export of unprocessed ores, they are up somewhere between 58 per cent (Mincor, MCR) and 173 per cent (Panoramic, PAN).

Supporting the gains is the broad expectation that as **China** — which relies heavily on imported Indonesia ores — works off the stockpiles it accumulated ahead of the Indonesian ban taking effect, nickel prices could head higher still.

Nickel averaged \$US6.80 a pound last year and is currently selling for \$US8.75 a pound. UBS has just upgraded its forecast for (calendar) 2015 to \$US10 a pound.

All that suggests it is time to look at the junior nickel explorers. They have yet to go for a run on the back of nickel's price surge, which is not all that surprising given the lean years they have had to endure ahead of this year's nickel price run. Few of them are ready to fire up.

That is not the case with today's interest, **Mining** Projects Group (MPG). As luck would have it, the group is just emerging from 16 months of rejuvenation with a reworked board and management team, and a clear focus on three core nickel projects: Roe Hills to the east of Coolgardie, ground down in the Fraser Range, and a position in the Dingo Range.

More to the point for a **company** trading at 0.7c a share for a market cap of \$7.5m is that one of the changes saw Neil Hutchison join the board in a non-executive role. Hutchison is general manager of geology at Andrew Forrest's nickel interest, Poseidon Nickel, and it is fairly safe to suggest that no one knows as much as he does about the modern way to find nickel in Western Australia. Meanwhile, an alliance MPG has struck with Newexco Services gives it access to the same sort of geophysical and geological wizardry behind the Nova, Spotted Quoll and Flying Fox nickel discoveries in WA.

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