

Glencore's zinc production cuts fire up base metals

THE AUSTRALIAN | OCTOBER 12, 2015



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Zinc had one of its biggest days ever after Switzerland-based metals giant Glencore announced production cutbacks, the metal gaining \$US150 a tonne to close at \$US1829.

The galvanising one's bounce set fire to the whole base metals complex, sending copper up 3 per cent, nickel by \$US320 a tonne and tin by \$US250 a tonne, getting the last mentioned back over \$US16,000; if that lasts, aspiring tin producers will be blowing the cobwebs off their feasibility studies and walking with an extra spring in their steps.

Glencore's decision to remove 500,000 tonnes (about 4 per cent) of global zinc supply includes mothballing the Lady Loretta mine near Mount Isa. The news proved a tonic not only for metals generally but many of the beaten down Australian zinc stocks.

By coincidence, the news was followed by a Reuters report that the International Lead and Zinc Study Group estimates the world zinc surplus this year to be 88,000 tonnes, but moving to a 152,000 deficit in 2016.

Among those getting a bounce on Friday were **Overland Resources (OVR)**, a junior with zinc aspirations in the Yukon. It was up 16.6 per cent to 0.7c. **Metalicity (MCT)** got its timing right, with a report it had begun a scoping study at the Admiral Bay zinc project in Western Australia's Canning Basin. The stock was up on Thursday, adding another 15 per cent on Friday to close at 2.3c. The company has also brought on board a management team with a long track record in the mining industry.

Good timing, too, at **Heron Resources (HRR)**, which reported on its latest drilling at Woodlawn, 250km southwest of Sydney. The zinc grades were as high as 8.5 per cent, along with copper, lead, silver and gold. Heron saw a 5 per cent gain on Friday to finish at 10.5c.

However, the market took a chilly turn for **Consolidated Zinc (CZL)** even after it said drilling had confirmed high-grade zinc at its Plomosas deposit in Mexico. Eight of the samples returned grades of zinc grading above 30 per cent, but the stock declined on the following two days (although on light volumes). Plomosas was mined between 1945 and 1974, producing 2 million tonnes of ore at an average grade of 22 per cent zinc and lead, along with 80 grams per tonne of silver. There has been some small-scale mining since, but CZZ is after the previously untested mineralisation below the old workings.

But other explorers operating abroad were more in favour. **Variscan Mines (VAR)** has zinc on its ground in Brittany, France, and had two days of price gains on no news. Ditto for Greenland explorer **Ironbark Zinc (IBG)**. It was three good days on the market for **Energia Minerals (EMX)** even though it was almost a month since it reported high grades from its Gorno project in Italy, including 32.3 per cent zinc, 7.9 per cent lead and 74 grams a tonne silver.

Metals of Africa (MTA) has been riding the graphite wave, but perhaps some traders remembered it also has a zinc deposit in Gabon. The stock rose 10.8 per cent on Friday to 5.1c.