



Kalgoorlie Miner

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Base metals at record levels

By Susan Bower

GOLD broke through the \$US600 mark late last week only to be followed by base metals with copper notching up new records and nickel reaching heights not seen for 17 years.

The increasing strength in the nickel market began in 2004 but this week it had risen to a high of \$US7.90 per pound.

Demand for nickel and other base metals is expected to remain robust for the next few years, Macquarie resources analyst Sam Catalano said.

But with a tight labour market and capital costs continuing to increase, production problems and delays are expected to keep prices high. Development problems at Inco's substantial Goro nickel project in New Caledonia magnified the subsequent effect on prices earlier this week, propelling prices past recent highs.

"The supply to quench demand is expected to continue at risk," Mr Catalano said. "But purchasers of these metals are looking for delivery as soon as possible."

Patersons Kalgoorlie branch manager Tim Larcombe said the Goro project was having a sizeable impact on sentiment.

"But the whole base metals complex is trading at record levels, in no small part due to the perceived weakness in the US currency and funds are buying physical commodities," Mr Larcombe said.

Good prices translated into investor support for at least one northern Goldfields nickel producer this week, Jubilee Mines pushing seven per cent higher to peak at \$8.57.

Investors also warmed to the prospects of Jabiru Metals in a rewarding market, pushing the company's price 22 per cent higher in a week.

Proving up its zinc-copper-silver Jaguar and Teutonic Bore projects, Jabiru is well placed to take advantage of across-the-board commodities gains.

Spot silver soared beyond \$13 per ounce this week, outshining gold's proportional increase, as Jabiru advanced towards new, deeper targets in an extended drill program expected to last until at least June.

For Heron Resources, which continues to advance its proposed Kalgoorlie Nickel Project, the sustained buoyancy is also pleasing.

But Heron chief operating officer Mathew Longworth said the company was feeling no pressure from the prices.

Mr Longworth said the Heron project, backed by Inco, was large enough to be in production for up to six (commodity) cycles.

"The prices are very encouraging and are reflected in the share prices of the juniors," Mr Longworth said.

"But they are pretty much what we've been seeing in the past two years and everyone realises that at some time in the future, the prices will change."