

# Asiamet Resources

06:00 19 Oct 2018

## Arden praises Asiamet's "world class" Beutong copper asset as it sets bullish 24p target

Asiamet Resources PLC's (LON:ARS) Beutong asset in Indonesia has the potential to turn the explorer into a "major copper player", says Arden Partners.

In spite of recent disappointments, the City broker has repeated its view that Beutong is a "world class asset", comparable in size to SolGold PLC's (LON:SOLG) Cascabel project in Ecuador but with the advantage of being accessible from the surface.

**READ:** Asiamet reasserts validity of Beutong permit

That leaves it amenable to open pit mining at a lower cost than a comparable underground operation, while it also benefits from strong transport links.

Beutong, which Asiamet has an 80% equity stake in, has a current resource of 510mln tonnes (Mt) of ore at 0.59% copper (Cu) equivalent. That is based on drilling to 500 metres (m), but recent results showed holes reaching 607m were still hitting copper.

More exploratory drilling at deeper depths is planned, where the company expects to see an increase in both copper and gold grades.

Arden notes that Beutong is the "jewel in the crown for Asiamet" but adds that it is the long-term focus for Asiamet; the near-term focus revolves around its smaller BKM copper-gold project and BKS polymetallic deposit.

**BKM first up though**

A bankable feasibility study for BKM, its most advanced project, was due out earlier this month but its delivery has been pushed back to allow time for more drilling to enhance the BFS.

"We currently forecast c.4k tonnes of cathode production for 2020E, and then c.25ktpa (thousand tonnes per annum) of copper cathode from thereon for the remainder of the length of mine, eight further years," read Arden's note to clients.

Once it comes into production, the plan is to use the cash flows generated from BKM to fund the development of BKZ.

Asiamet reckons further drilling will demonstrate the extent of the system and increase the metal content at BKZ, which it believes could be part of a suite of porphyries.

Only after developing BKZ will Beutong, which is about six times the size of BKM, become the main focus for Asiamet.

**On the lookout for Indonesian partner**

To help finance all of this, Arden reckons the company has a "few options" in terms of funding.

The broker believes an Indonesian partner would be "preferred route", minimising dilution at the project financing stage.

**Price:** 3**Market Cap:** £27.83 m

### 1 Year Share Price Graph



October 2018    April 2019    October 2019

### Share Information

**Code:** ARS**Listing:** AIM

<b>52 week</b>	<b>High</b>	<b>Low</b>
	8.4475	2.615

**Sector:** General mining & base metals**Website:** [www.asiametresources.com](http://www.asiametresources.com)

### Company Synopsis:

Asiamet Resources Limited is a dynamic junior company focused on the exploration and development of its portfolio of large copper-gold and polymetallic deposits on the Indonesian islands of Kalimantan and Sumatra, adjacent to the key growth markets in Asia.

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It would also satisfy Indonesian government regulations which require that an Indonesian local must own 51% of all mining projects after the tenth year of production.

Asiamet shares currently trade just below 7p, but Arden has a punchy 24p target price on the stock, "highlighting how undervalued we believe the stock is".

In terms of what could drive the share price towards that figure in the near term, Arden highlights the bankable feasibility study due by the end of the third quarter/ early fourth quarter.

It also looks to further drill results from Beutong and KSK towards the end of the year.

Copper price to strengthen

Of course, all of this is irrelevant if copper prices tank. Thankfully, Arden doesn't see that happening.

"We see copper as a standout medium to long-term investment," read the opening salvo from their 119-page report on the sector.

The red metal is often said to be the bellwether of the global economy because it's used in so many everyday applications, from wiring to piping, to household utensils to roofing.

READ: Copper price well supported by economic fundamentals

On the demand side, it's all about Chinese infrastructure, new technologies and the "green revolution," says Arden.

On the demand side, more than a decade of underinvestment means that the slightest shock to supply, like a strike at the giant Escondida mine in Chile, is likely to send tremors through the market and set prices on an upward trajectory.

Arden reckons China is about to go into a major "growth and regenerative phase" that will support the copper price above US\$3.00 per pound in the long-term.

Boss praises "strong" first half

"Asiamet had a strong first half of 2018," said chief executive Peter Bird.

"Our group continues to focus on the rapid development of the BKM and Beutong projects.

"We believe the company is very favourably positioned amongst peers as we have two significant copper development projects at a time when the copper supply side is showing signs of weakness while demand for copper remains robust."

Asiamet recorded a net loss of US\$6.2mIn (H1 17: US\$2.0mIn) for the six months ended June 30 2018, reflecting increased exploration costs.

Thanks to a US\$10mIn fundraise back in March, the company, which carries no debt on the balance sheet, ended the period with cash resources of US\$4.0mIn (31 Dec 17: US\$3.1mIn).

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