

Transcript of Peter Bird CEO of Asiamet Resources on The Vox Markets Podcast 6th September 2018.

Justin	And joining me on the podcast right now is Peter Bird, CEO of Asiamet Resources, the ticker is ARS. Peter thanks for joining me.
Peter Bird	Thanks Justin and great to speak to you again.
Justin	Yeah well you've got a lot going on there and so it's always nice to catch up because I know, there's a lot of things going on in the background and I know you're very busy and even though you can't RNS everything that's happening we know you are very busy, so I've got a lot of shareholders asking for updates and it's nice for you to come on. For people who are sort of maybe looking out for copper projects and stuff like that but are not familiar with your story, can you explain or summarise in a minute or less what is Asiamet all about Peter?
Peter Bird	Yeah sure, so Asiamet as you said Justin is a copper focused company. It has an extensive portfolio of assets focused in Indonesia, which comprise currently of 2.4 million tonnes of copper metal in resource in our portfolio which is very significant and we're probably valued today as we sit at about three and a half to four cents per pound in the ground, so what does that really mean? What that means is that we, on the escalator of value we're at the low end and I think with what we're doing with our initiative on our projects that'll just continue to ride up that escalator. We've got one project in Central Kalimantan which is in feasibility which is the BKM project and then we have a second larger project in Western Sumatra called Beutong which we have an 80% equity interest in, which we've been drilling recently and had some very exciting results on.
Justin	Excellent stuff, OK. It's worth going into the copper price 'cause of late it's come off a bit on trade talks about trade tariffs with Trump and China and all this stuff, but you know largely the story's unaffected and I've seen today or yesterday Bloomberg came out with an article saying everyone loves copper and we've had a lot of stories of several companies being taken over, but what are your thoughts on the copper price, and I mean 'cause you know your share price now is becoming quite correlated to it. Not as much as producers would be but what's your thoughts on the price of copper there Peter?
Peter Bird	<p>Yeah it's a great question, I mean copper is a very, it's a staple of everyday life like milk and bread really and people just don't realise that, and just for listeners who are not aware the copper market as a consumption market is around 22 to 23 million tonnes of copper per annum and consumption has been pretty consistent over a long period of time, but it's been growing at around 2% per annum consumption since the 1950's, so if you do the maths really quickly what does that mean, it means that every year the supply side which we're involved in has to find somewhere between 400 to 500,000 tonnes of new production per annum to sort of satisfy the beast, you know, to satisfy the demand.</p> <p>And the demand is very simple stuff, it's pipes, it's wire and now we've got the advent of sort of electric vehicles and all those sorts of things which is very exciting, and solar. So it's just a staple of everyday life and back to your question on copper price we've seen it dip recently in the past couple of months or perhaps three months on all the talk of trade wars but the reality is that the demand will continue, so I really see the dip as very much a short term thing and just to give listeners a bit of a sense, if we look at China as a consumer of that 22 million tonnes, it consumes almost 50% of that production of that 22 million tonnes and of that 50% they have to import around 65 to 75% product to satisfy their demand and the Chinese economy in its "depressed state" is still growing at 6% per annum, so you do the maths really quickly and you can see that it's a very, very robust market. The big issue that the world faces with copper is that in the past ten years there's been very little money spent on finding new projects, so we've got a supply side</p>

	<p>problem and so I think the risk on copper price is on the upside and not the downside because substitution is a real issue, there's very little you can substitute particularly for wire and pipe in the day to day world and if we look at electric vehicles all the wiring and all that sort of thing, or solar, is copper so it's a pretty exciting space to be in Justin.</p>
Justin	<p>Yeah well I was looking at some news today about the biggest wind farm in the UK just opening and that involves a lot of copper and you've got these big emerging markets of course that are developing that need copper and then you add on top of that, like you said, the EV clean energy revolution, so let's go into at the moment I know it's not your priority target at the moment but you are doing, drilling holes there, but everyone was quite excited about Beutong which is the biggie in your portfolio there. Now you've drilled some quite deep exciting holes, they've come back with some decent grades I suppose, explain, take us through what you've found there and what your thoughts are on those holes please.</p>
Peter Bird	<p>Yeah sure Justin so again for the listeners we've got two projects, one in Central Kalimantan which is more advanced which is the BKM Project and then the Beutong asset which sits behind that, so just to give people a sense Beutong is approximately six times bigger than the first project, the KSK Project, and our objective there is we raised some money earlier in the calendar year to investigate just how big Beutong might be so it's currently got in resource 2.4 million tonnes of contained copper, so it's a big system, it's a world class system, it outcrops at surface and we've drilled Beutong currently to about 500 to 600 vertical metres. So again for listeners, in these big porphyry systems that's shallow, these systems can be somewhere between one and two kilometres in vertical extent and we're only down 500 or so metres, so we've got a lot of work to do but what the drilling has validated is a number of things.</p> <p>In addition to the current 2.4 million tonne resource some of this drilling which we've announced recently which has had some very positive results is outside of the existing resource, so we're quite optimistic that as we progress and evaluate this project we'll grow the resource, but really for us internally what we're doing is validating what we thought we already knew. That is that we're on a big porphyry system, it's likely to grow, it's quite exciting and it is really world class, so you know there's other sort of similar projects like Wafi-Golpu in Papua New Guinea, Cascabel in Ecuador and these sorts of projects. So we're on a similar beast and the drilling results we've had are exceptional, I mean they're really very exciting and it really motivates us to sort of further evaluate and see whether or not we can grow this, but I'm really optimistic. I think we've only scratched the top off this, it's early, we're in the top 500 metres and there's a lot more work to do.</p>
Justin	<p>Yeah when you say it's a porphyry system what does that mean Peter?</p>
Peter Bird	<p>Yeah so just to try and paint a picture of a porphyry system for the uninitiated, a porphyry system in copper looks a little bit like sort of holding your fist up in the air and surrounding the top of your fist is a halo of mineralisation, so what we've discovered is the top of that halo, so you know your knuckles and your thumb. What we haven't done is evaluated whether or not that halo drapes down over you know the bottom of your hand and down to your wrist, so if that's a good description.</p> <p>So we've evaluated the top 500 vertical metres, it's very positive; we've got some exceptional intersections which we've announced so we're on a very big porphyry system. They're generally reasonably consistent grades, but the thing that makes this one stand out a little bit is; well there's two things. The first thing is if you like geomorphology or geography is that unlike a lot of porphyries around the world it outcrops at surface so we don't have to drill for 3 or 400 vertical metres to discover the top of the ore body, it outcrops. So that's great and from a commercial point of view that's very exciting.</p> <p>I think the second thing that you just cannot underestimate is that the regional logistics are exceptional, so we're 60 kilometres by a bitumen or a paved road from the coast. At the coast there's a deep sea Port and a 220 megawatt power station, which is, the power station is about 50% utilised, so we don't have to build a power station, we don't have to build a port and we don't have to build a road. So when you start doing your maths on evaluating these projects that add up to a lot of money. So we think that this will be globally very competitive as a project, as opposed</p>

	to something that's much more isolated from the logistics point of view.
Justin	Yeah you mentioned there some investments taking place with other big copper players like SolGold and you mentioned earlier that at the moment Asiamet is sort of valued at four cents per lb in the ground - do you know how much these other projects are valued at, cents in the ground?
Peter Bird	Well I think, I think the point to make is we're probably trading at about three and a half to four cents per pound of copper in the ground, you know with our existing resource inventory. Recent transactions that have taken place like at Avanco etc, are up to about 14 cents per pound, so we're certainly, the value argument has not been recognised and it was fascinating to observe the transaction that occurred, I think another occurred yesterday with BHP and SolGold which is you know a very smart transaction. But it just tells you that big corporate organisations recognise that there's a supply side problem and they need to position themselves in good quality assets in order to provide the supply side as we go forward in the next five to ten years, so we're just as I said at the very start, we're at the bottom of the escalator and have probably been hiding our story a bit undercover but it will soon be revealed that we've got an exceptional portfolio.
Justin	Let's talk about the BFS on BKM there so that's nearing completion as you mentioned in your last update and you said you know in your final stages, but the process involves significant opportunity for the company to optimise and improve the economics of the project through value engineering benchmarking. How is it going there, I know it's hugely complex the BFS, I've no idea what's going on there.
Peter Bird	<p>It is and look, the short answer is it's going well but yeah it does, and again probably for the listeners just to explain a little bit, it's not a ten page report that we put together to advance our projects, it's literally some thousands of pages where we engage experts in a whole suite of fields from metallurgy to chemical engineering, mining engineering, construction engineering, electrical engineering, environmental, etc, etc.</p> <p>So what we're going through at the minute is a process of value engineering where we've received initial reports which ourselves and the team that provide that information work on improving the information. So it's a very sort of common pathway to take for companies to go through this value process so we're working through that with all of the service providers and internal consultants etc to hopefully deliver what we believe is you know an exceptional outcome. We haven't got the final results yet but we're getting very close and as soon as we do get them we'll, you know we'll deliver the outcomes.</p>
Justin	Marvellous stuff, and then this is the final sort of big milestone before I suppose construction is it, or?
Peter Bird	<p>Probably not the final milestone before construction. I think once the feasibility study is delivered then we move into the next phase which is the financing and permitting piece which again quite systematic, it's very normal, people shouldn't be alarmed about that, it's what everyone does at the next stage and then in parallel with that once we've got the financing piece together we'll start engaging with construction people, to move into the construction element with the objective of delivering production in 2020, so look it's all running to schedule, we're very pleased with how things are going with the team, but you know there's a lot of moving parts and people would probably be amazed at how many people are involved with putting it together, but it's some, you know, some tens or 20's of people putting together all of these packages to move forward into production.</p> <p>And remember that with this particular project we see this as what we call the enabler project, just to remind people it's sort of 25,000 tonne per annum copper cathode production in Central Kalimantan but within the existing contract of work we've got an additional, I think it's 33 other projects we have to evaluate subsequent to this one to see whether or not we can bring them into evaluation and potentially, you know, subsequent production. So we take this as first cab off the rank in an exceptional area that has incredible mineral endowment so we've got this one plus as we talked about earlier Beutong so it's an incredible portfolio to work with.</p>

Justin	Yeah, OK and I see that you know you've got some broker targets on you at 19, 20 pence and so at the moment suggesting that you know I said you have taken a little bit of a hit because of the copper price but this is, this makes the upside sort of compelling longer term doesn't it?
Peter Bird	Yeah, look I think it does and it's always, it's a bit of an awkward thing for an executive of a company to talk about its price target but perhaps just to sort of reiterate what I said a little bit earlier, we're trading at about three to four cents a pound of copper in the ground, recent transactions have taken place at in excess of ten cents per pound of copper in the ground. We've got a very, very definite flight path of activities that we have to execute and complete and if we complete those it's very clear that we'll get value generation, so I'm not, perhaps to answer your question, I'm not at all uncomfortable about those sort of price targets. I think if we reflect a little bit on the past two or three months about the copper price, I think you know it's not just Asiamet but if you look at other copper dominated companies there's been a significant sort of downturn in their price, but people shouldn't be alarmed because longer term there's a supply side problem and we've got the inventory to deliver into the supply side and I'm very, very positive about the copper market. So, look I'm totally comfortable, I think that you know one should be, at 9 or 10p (I haven't looked at the price today) but at nine or ten p people would be very, very comfortable about investing in our story.
Justin	Yeah, well listen, to summarise it Peter if someone's listening right now and likes the sound of this but are not following the story give them three quick reasons why they should hit that follow button on your page and add you to their watch list please.
Peter Bird	<p>Yeah OK Justin, so I suppose the first one is that we've got a team of people who've done this before, particularly led by our Chairman Tony Manini, I mean they've built, operated and run very good quality mines from grassroots right through to production before, so for us we see this as something that we're quite familiar with.</p> <p>I think the second thing is that just, and we've touched on this a bit in the interview, but the copper market is ripe to sort of really blossom and, but you need to get set early because once it takes off you can't catch it.</p> <p>And from a timing perspective which is the third point we've got an asset that is development ready and then sitting behind that is an asset that will grow in inventory and then thirdly we have a portfolio which will add to the previous two, so we're a very unusual company I think that as a small market cap company we've got the full package and therefore people should really give it some thought when they're looking to invest.</p>
Justin	Marvellous stuff, Peter good to chat to you. Hopefully we'll catch up again in the not too distant future, thanks a lot.
Peter Bird	Thanks Justin, appreciate it.