

Peter Bird on Vox 7th June 2018 – Podcast Transcript

Person Speaker	Text
INTERVIEWER:	And joining me on the podcast right now is Peter Bird, CEO of Asiamet Resources, ARS ticker. Peter, thanks for joining me.
PETER BIRD:	Thanks Justin, great to speak to you again.
INTERVIEWER:	Now, you are one of the most popular companies on Vox markets, highly followed, but there's always new people joining the podcast or some people not aware of the company so, can you give a brief summary, a brief overview as to what Asiamet is all about, please Peter?
PETER BIRD:	Yeah, sure. Sure, Justin. Asiamet is an A-listed natural-resources company; we are capped at approximately £100million. The company in its current form is a little over three years of age and very much focussed on the copper and copper-related asset space with an exceptional portfolio of assets assembled within Indonesia.
INTERVIEWER:	Excellent stuff. And it's good having a chat I suppose, from your point of view and investors' point of views because the copper market is pretty much hitting a yearly high and it's looking very bullish, isn't it? What's your thoughts on that, Peter?
PETER BIRD:	Yeah, it is. It's very exciting, I was thinking about this a bit today; in a way I'd liken to a slow-burn which I think is about to suddenly ignite. For the listeners who don't know much about the copper market, it is the largest base metal commodity, around 22-24 million tonnes per annum consumption market and really, due to a lack of capital investment over the past five to eight years, it's projected to go into supply deficit in 2019/2020. So as you're suggesting, because of these factors, copper has hit a 52 week high and it's sitting around the mid \$3.20 US a pound now. So that's where it's at – it's a pretty exciting stage but it's one of those classic situations of a lack of capital on the supply side that's going to create a production/consumption squeeze.
INTERVIEWER:	Yeah, well, do you know what? I remember talking to Tony back almost three years now, must have been, when he was predicting that this was going to happen because of lack of investment and it's been through this cycle before and at the time I wasn't quite sure you know? I wasn't confident! But it's come to fruition and I've obviously been reading more about copper since investing in copper plays, and there's several things happening isn't there? I mean, you've got obviously traditional copper demand going up anyway because of industrialisation of developing countries, plus you've got the electric vehicle market, which copper cars – or EV's – take about three times as much and also, is there a case of grades going down as we go on, so it's more expensive to get the stuff out of the ground, is that right?
PETER BIRD:	Yeah, you're right, Justin, on all of those points. I mean, the traditional consumption that I was just talking about, the 22-24 million tonnes really is not taking into account the growth in

	<p>EVs and also as we move to more renewable technologies like solar and wind and the like, they're very large consumers of copper, so you know, for all of those factors it's a pretty exciting space to be in at the minute. And Tony was right, as I mentioned in the introduction, he put this portfolio of assets together effectively a little over three years ago recognising that we're in a cyclical industry, the capital was not being invested so, he really did that when things weren't trendy! But it is starting to pay handsomely now.</p>
<p>INTERVIEWER:</p>	<p>Yeah, absolutely. Okay, well, let's go through some of the assets. When we first started back three years ago, Tony, BKM was what they talked about and Beutong was in the background, but now your portfolio seems to be expanding and you've got a lot more going on and you've got BKM there, and Baroi there, BKW, so take us through at the moment, some of the assets and where you are with them, if you could, Peter?</p>
<p>PETER BIRD:</p>	<p>Yeah, sure. So, for the listeners, I'll do a snapshot of our assets and then possibly some of our recent milestones to sort of get it into context. So as I said, we have two key geographic areas in Indonesia, the first one's in Central Kalimantan, which is the KSK contract of work which we own 100% and that encompasses, as you just mentioned, the BKM Copper Project which is now in advanced late stage feasibility and I'll return to that in a moment, and some successful recent discoveries immediately around that including a polymetallic discovery called BKZ and an exception portfolio of expiration assets and targets surrounding that within about a 40,000 hectare area. And currently we have approximately 430,000 tonnes of copper in resource on this property plus base metals in resource. So that's the KSK area. So, the other area we have is in North Western Sumatra, it's called the Beutong Porphyry Project which we currently own 40%. This is a globally significant porphyry and skarn system so very large scale system that outcrops its surface, it's mineralised. We currently have a defined resource on Beutong of about 2.3 million tonnes of contained copper with close to 2 million ounces of gold so that's on a hundred percent basis of which we've got, 40% of, and it's yet to be fully constrained. So, that's at a high level our assets. And then if I sort of drill down a little bit on what we've done more recently which has probably had quite an impact on the company, so if we look at the company back in February of last year, the stock was floating around 2p/3p in that level and now we are trading at around 10p/12p range and it's because of the result of some of the milestones I'll go through now I think. These are as follows; so firstly, we have secured our tenure on the KSK contract of work with a re-negotiation which was very successful with the Government, so we have very strong tenure, gives us a very solid platform to plan with certainty what we are going to do on the property and it also gives us the ability to consider various pathways forward including funding alternatives, potential partner participation, further exploitation and that sort of thing. As I mentioned a little earlier, we've augmented the resource at the BKM Copper Project which currently just exceeds 430,000 tonnes of copper. We made a new ore body discovery in the contract of work which was BKZ, which is a polymetallic system, but the implications of BKZ are very meaningful for us because what it suggests is that we are siting in a very large mineralised camp, as we call it. So, it's a very strong vector for us to sort of progress forward on the whole KSK property. We've kicked off on the BKM feasibility study which is now very much in its latter stages. So again for the listeners, this is a very detailed process which builds upon the original preliminary economic assessment outcomes which we had, so it brings into account a suite of disciplines including geology, geotech, metallurgy, [inaudible 00:08:01] community, mining engineering, civil engineering, environment etc, just to name a few. With the ultimate study literally being hundreds of files and documents to a standard which we are satisfied with so we can deliver the best commercial outcomes. So that's a very exciting piece of work and as I said, we are nearing the latter stages of that now and we'll keep the market updated as we get towards a close. We've also secured a production licence for the Beutong property and of course, we've recently completed a \$10million US equity raise within the context of which brokers sort of estimated the value of the company to be somewhere between 19p/20p – that's not my estimate, that's their estimate. So, I think all of those things have really contributed to, as you said, the excitement and the interest in the story, but I think that's not the end of the story; I think in the innovating period between</p>

	now and the end of the year, we've got a number of quite defined deliverables so if we want to deliver and keep the market informed on – and perhaps I can just take you through a few of those as well?
INTERVIEWER:	Yeah, go for it, Peter, go for it.
PETER BIRD:	<p>So I think – and this is not in a specific order, but just to give people a flavour – I think the first of which will be delivered upon some of the results of the drilling that we've recommenced at Beutong so, in a previous announcement we mentioned that the first drill hole was well under way at Beutong, we've now completed that hole – some 600 metres in length – awaiting for assays but the top of the hole looked pretty interesting so, we will certainly, as soon as we get all of that information we will make that release. With the second drill hole well under way and we also have brought in a third party drill rig to assist us with these bigger holes because it's more efficient and frankly does a better job. And the objective here is to sort of validate and potentially build upon the previous 2.3 million tonne copper resource which is already in place. And just for context, if listeners think about that, that's about six times the size of the BKM current resource, so this is a very material and significant project. It's a significant porphyry on a global scale, it outcrops its surface, we've defined it to about 500 vertical metres but it's still not closed off either laterally or vertically; and for listeners who are interested, they should probably look at things like Wafi-Golpu Project which Newcrest has, Cascabel which Solgold have, or one called Esperanza which Centenera have in Argentina. I mean, this is the sort of thing that we're evaluating. So, I think that's exciting – that drilling's very exciting. We will complete the transition as per the existing joint venture agreed with our partner where we'll move from 40% to 80% at Beutong, so that process is under way, and clearly the value argument for us to do that was circa \$3.3million US, is fairly obvious given the mineral endowment. I think the third thing we'll look to do is deliver on the feasibility study outcomes for BKM which I touched upon. And I think probably the fourth thing, which you've already seen start to happen, is sort of, continue to add to our team of people at all levels within the organisation as we change and morph from being an exploration company into a developer-cum-producer. So as listeners would have heard, Steve Hughes has moved on to a new opportunity but will remain involved with this very heavily in a consulting capacity but in his place at board level, we've introduced – effective the 25th of this month – Dominic Heaton, and people will have seen that announcement, but Dominic is a very experienced developer, operator and got a lot of experience working in countries with communities and that sort of thing so he will be a great addition. But I would flag that it's an evolving process – we will continue to add appropriate people at the right time and that's just a natural thing to do as companies grow and build. So, I think in the next sort of couple of months, you're going to see a lot of news flow in relation to all of those elements in the asset portfolio. Subsequent to that in the next three to six months, we also have a whole series of deliverables clearly. We'll come to a landing on the finance part both with BKM and its development. We've got a number of alternatives on the table now, and we've had a lot of inbound interest from parties to get involved in that project – so I think that's a 'watch this space'. Clearly, we will work out what our next steps will be in Beutong given our enhanced position and improved knowledge in the asset as we drill it and we complete that joint venture process. And I think, you know, strategically, we will incorporate BKM and BKZ learnings into a more refined regional exploitation strategy for the contract of work at KSK in Central Kalimantan. So, it's a pretty exciting stage we're at – a lot of work to do, whilst the duck might be looking like it's sitting on top of the pond, its legs are going very quickly, so plenty happening and there'll be a lot of news flow to follow.</p>
INTERVIEWER:	Yeah, do you know what? You have got like you say a lot going on – have you noticed, Peter, since you've been at Asiamet now, the change in the sentiment towards you with the backdrop of the copper price going up and everyone becoming more bullish? When I first started talking to Tony a couple of years' back, you know, copper wasn't as loved as it is

	now, but it's starting to be <i>the</i> commodity? Are you sensing more people approaching you, the sentiment changing?
PETER BIRD:	Yeah, Justin absolutely and I think you've summed it up nicely. I mean, in February/March of last calendar year when Tony and I did some meetings with investors and potential investors I think the level of interest was somewhat tepid but all of a sudden it's changed. So I think we've seen this point in the resources cycle before and I know personally my time based at Newcrest Mining and Normandy Mining we saw a transition in a similar point in the cycle from mid to moderate capped companies to multi-billion dollar companies and as listeners would be aware, Tony Manini's record is unquestionable with exceptional stories at Oxiana and Oz Minerals and NexGen etc., so we're building a company here and we are sort of entering that classic phase in the sector where we've seen a supply squeeze in the commodity which we're dominated by copper, clearly, and that's our principal commodity. The corporates and the sophisticateds and the institutions are now turning their gun-sights onto the sector because you're starting to see growth in the sector and interest and money coming into the sector; there's little in the way of new developments globally too because of lack of capital investment so that's just going to exacerbate that squeeze. I think personally M&A activity will be inevitable as suppliers just seek to satisfy the hunger of the demand. So, all of that I think, we as a corporate, are probably very nicely positioned but it's not something that's happened overnight, it's been a plan that's been in place for a considerable period of time.
INTERVIEWER:	Yeah, yeah, and we announced you were coming on, on Twitter and someone's just contacted us and got quite a few questions but most of them you've sort of covered, but one mentioned, of all the things going on there, somebody mentioned what's happening at Baroi because that as well could be quite significant, couldn't it?
PETER BIRD:	Yeah, Justin, it is. So as I said, in the next three to six months we will clinically evaluate ... because we've got a lot of new knowledge – for listeners, Baroi is already a very significant exploration opportunity with some very exciting drill holes in it and we need to get back on to that and evaluate it but I think the knowledge we've learned with the growth in the resource at BKM and the significance of the discovery which Steve led at BKZ cannot be underestimated. So, every day we gain more knowledge and that will help us target things like Baroi and many others more clinically. So, it's on the list, it's something we want to deal with and I think it will be in that three to six month period.
INTERVIEWER:	Yeah, yeah, and just underline, I mean, one final question here, but Beutong, I mean, how significant is this on a global scale? I mean, would there be bigger companies looking at this now knowing that copper projects are few and far between?
PETER BIRD:	Yeah, I think it is significant, it's a very significant project and some of its sort of serious positives, many of these porphyry's are – which for the listeners are very big systems – multi, multi-million tonne systems – and this one is interesting because it outcrops its surface, it's not sort of located at great depth so its ability to sort of, get access to mineralisation early stage is very real. It's very well serviced from a logistics perspective with a port and electricity being 60km away. And at the end of the day these are commercial earth-moving operations so the greater your infrastructure around your mineralisation and the position of that mineralisation – the closer to the surface – the better your economics are going to be. So we've got all that going for us, so I think what we've got to do – and Tony has said this in previous podcasts – but what we've got to do is systematically evaluate this and validate what we already know – which is the 2.3 million tonnes of copper, a couple of million ounces of gold – see if we can grow that and then I think once that knowledge is tightened up, we can work out a pathway for it. But there's no doubt it's exciting and it's significant on a global scale.

INTERVIEWER:	Marvellous stuff! Peter, one final thing you need to do here, as is the case tradition on a podcast, if someone is listening 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:	Yeah, thanks Justin. I think in summary, the foundations are there with the assets and the plan in place, we have the team assembled but will continue to refine that as we grow and change. The timing is absolutely right for copper and we are right in the box suit for that, so we are a company that's making the transition from small cap explorer to developer and operator and we are just really keen to keep generating value.
INTERVIEWER:	Excellent stuff, Peter, good to chat to you and hopefully we will be catching up again in the not too distant future! Thanks very much.
PETER BIRD:	Love to – thanks Justin, very much appreciate it.

