

Hot Chili going for gold in North America

Christian Easterday says the time has come for Hot Chili to follow the lead of Steven Bradbury and compete with the big boys of copper in North America. And hopefully be the first junior to take one of the world's few new, major copper projects across the line and into production.



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Bradbury, the Aussie more or less mocked in his own country for daring to compete with the northern hemisphere titans at Olympic speedskating, was literally the last man standing when he took gold at the Salt Lake City Winter Olympics in 2002. His better credentialed opponents fell over near the end and Bradbury skated alone to the finish line to become the first southern hemisphere athlete to win a Winter Olympic gold medal.

Easterday, managing director of ASX-listed Hot Chili since its formation more than 12 years ago, said Australians were known for sports passion and sometimes punching above their weight in certain arenas. Bradbury knew he was outclassed at the top level of speedskating so he had the simple objective of staying on his feet and being ready to take his opportunities when they came along.

He'd been "unfunded, unloved, [but] kept trying" through much of his career - something Easterday said he could relate to.

"Our 12-year journey to get here has involved a lot of luck, and a lot of persistence and now Hot Chili is the company holding the largest copper resource on the ASX outside of the control of the major mining companies," he said at the RIU Explorers Conference in Fremantle, where two years earlier he'd announced a deal to acquire the Cortadera porphyry copper-gold project in Chile for US\$32 million. It put a maiden JORC resource of 451 million tonnes grading 0.46% copper-equivalent on Cortadera last October.

"Our aim this year is to elevate it to a top 5-6 project in the world. We have quite a lot of treasury coming in this year [through Chile government tax refunds and in the money options, adding to last year's \$25 million equity injection] to support a \$20 million, very aggressive drilling program on this."

The 40,000m of planned drilling, including a number of deep holes to infill and extend the 104Mt grading 0.74%Cu-eq "high-grade core" at Cortadera, will double the amount of drilling done so far.

"We see Cortadera growing quite significantly this year," Easterday said.

"We're aiming to lift Cortadera into legitimate tier-1 territory and become a titan of the copper sector ... [to support a] blueprint for 100,000tpa copper project and 100,000ozpa gold producer. In plain speak that's a project that will kick out US\$800 million per annum of revenues and we're looking to position this as a 20-year project. These are very rare.

"Coming back to my analogy with speedskating ... the Australian market doesn't [traditionally] play at this end [of the copper market]. All of the big copper projects not controlled by BHP, Rio Tinto, Newcrest or Antofagasta, are controlled by the North Americans.

"Unsurprisingly the company is making preparations to move to a North American dual listing ... where projects like this are gaining significant multiples above the valuations in the Australian sector.

"We've waited eight years to see the copper price at the level it is today.

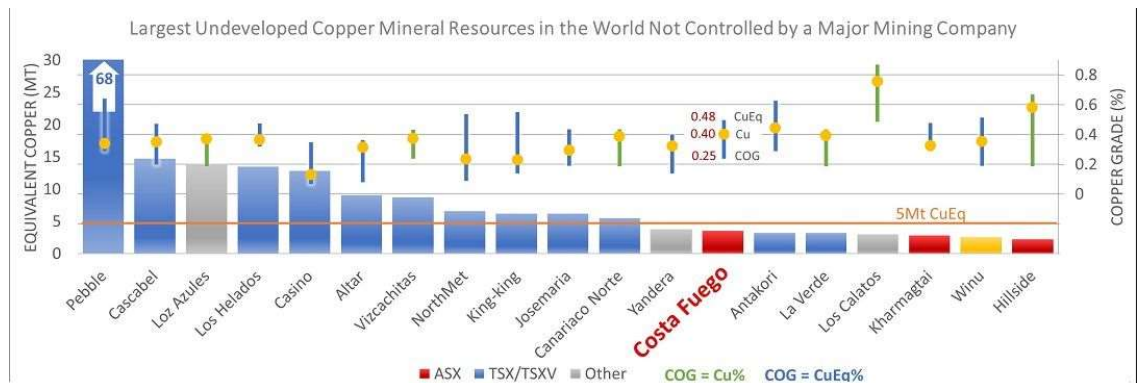
"It's great to have the doctor back."

Easterday compared Cortadera's potential scale and grade to Newcrest Mining's vast Cadia East copper-gold deposit, within its wider Cadia-Ridgeway field, in Australia, and said Cortadera - along with Rio Tinto's Winu in Western Australia - was the best new copper find in the world since Ivanhoe Mines' fabulous Kamoakakula discovery, in the DRC, in 2014.

Easterday also compared Costa Fuego, including Cortadera, with the world's other large copper projects in the hands of junior companies.

Twelve of 18 projects were controlled by Toronto-listed companies.

Twelve were currently ahead of Costa Fuego in copper-equivalent endowment.



"The important thing with this development pipeline is [to consider what] the key attributes of Costa Fuego are," Easterday said. They included its location, at low altitude, near the coast and established infrastructure in northern Chile, and the potentially formative stage of resource development.

"It's not a 3000-4000m altitude project: knock out four of those projects [in front of Hot Chili]. It's not a project that has 300ppm arsenic sitting in the metallurgy: knock another three projects out."

Geopolitical risk might trip others.

Easterday plans to stay on his feet as Hot Chili lands in North America.