

Kincora consolidates Mongolian copper province

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Kincora Copper has moved to consolidate the southern Gobi copper belt in conjunction with a company ultimately controlled by Robert Friedland

If Sam Spring's comparison of south eastern Mongolia now to Chile in the 1970s holds any water at all, then Kincora Copper's (CVE:KCC) latest deal could position it as a significant player in the world's next major copper province.

As chief executive of Kincora and a former AMA Mining Analyst of the Year, Spring brings considerable geological expertise to the table, as well as time spent in the broking community getting to know the whys and wherefores of capital markets.

For a couple of years now, he's weathered the downturn in mining, conserving cash for Kincora while making sure that licenses are retained, and in some case regained.

Now though, as signs of life start to breathe through the Canadian equity markets, Kincora has staked its claim as a major player in Mongolia by adding to its existing Tourmaline and Bronze Fox licenses a whole swathe of ground held by Ibex, a private vehicle ultimately controlled by the famous mining entrepreneur Robert Friedland.

Seasoned investors will remember that it was Friedland himself who really opened up Mongolia, with the development of what is now one of the world's largest copper mines at Oyu Tolgoi.

Back then, Friedland's vehicle was called Ivanhoe, and it made a lot of people a lot of money before eventually selling out to a company commensurate with the size of Oyu Tolgoi, Rio Tinto (LON:RIO).

But the knowledge and skill sets that Friedland and his people gained during that exercise were not to go to waste.

Friedland kept his hand in, and Ibex managed to secure a significant land position north east of Oyu Tolgoi along the trend of the Oyu Tolgoi Tsagaan Suvarga Devonian belt.

It's this that's now coming into Kincora via a merger of local subsidiaries and the issue of nearly 59 mln Kincora shares with additional warrants to Ibex's owner HPX, a private vehicle.

HPX will in turn bring some of the latest exploration technology to bear on the ground in Mongolia.

You can almost hear the excitement in Spring's voice when he says: "Ibex's portfolio was secured and targets advanced by former key executives of Oyu Tolgoi's exploration team and focused on 'mega scale' gold-rich copper porphyry targets."

In other words, the idea is to turn south-eastern Mongolia now into what Chile was in the 1970s – the next big copper development region.

There, porphyry mines like Oyu Tolgoi almost always occur in clusters. And on a comparative basis, the small corner of Mongolia that contains Oyu Tolgoi and Kincora's now much-expanded land position would, in Chile, contain 15 large copper mines and be producing more than two million tonnes of copper per year.

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<http://www.proactiveinvestors.com/companies/news/126384/kincora-consolidates-mongolian-copper-province-126384.html>