

## **Copper's climb makes the case for Cascabel even stronger**

The price of copper has surged 19% in 2017 and is up 39% since the end of 2015.

In early September, copper prices touched a three-year high as improving demand ran up against falling ore grades at major mines.

According to Chile's national mining association Sonami, demand for copper is growing at about 2% a year but supply growth is poised to fall from about 2019, placing the market in a substantial deficit from about 2021.

Global metals, mining and fertiliser industry research firm CRU Group expects existing mine production to decline by 1% a year until 2025 because of declining ore grades and reserve exhaustion.

Population growth and urbanisation in China will continue to be a strong influence on copper demand but it will not be the only – or even major – driver. China's contribution to total global copper demand will fall as demand from the rest of the world grows even faster, says CRU Group. It expects India and the Association of South-East Asian Nations (ASEAN) to have the fastest growth in demand.

Mining giant Rio Tinto says infrastructure, electric vehicles and other renewable energy technologies will also boost copper demand because the use of copper in renewable energy is higher than in non-renewable energy.

This month, a report by Bloomberg Intelligence analyst Eily Ong said worldwide copper demand was expected to surge 6,100% by 2040 as electric vehicle sales increased.

But on the supply side, the pipeline of mine projects is very thin, says CRU Group, with no large projects starting in 2017, neither are any expected to commence an operational stage in 2018. "Large" projects refer to those with a life-of-mine capacity of at least 100,000 tonnes of copper produced per annum.



Rio Tinto also expects the copper market to go into deficit by 2020, just when the extension of its Oyu Tolgoi mine in Mongolia comes on stream.

In short, it's a crucial point in time to be developing a major copper deposit to address the upcoming deficit.

The Cascabel copper-gold project in Ecuador, which is 85% owned by London-listed SolGold, may become one of the largest copper-gold porphyry systems ever discovered.

Cascabel is in the northern portion of the Andean copper belt, which is renowned for hosting almost half the world's copper known reserves.

SolGold is planning to have a maiden inferred resource estimate in the market by the end of 2017, with a completed prefeasibility study by the end of 2018.

The drilling program has yielded strong copper and gold grades near the top of the ore body, which itself is close to the surface. It continued to extend the mineralised footprint at Cascabel, with the most recent results showing a clear extension of the large high-grade zone at Cascabel's Alpala Northwest project.

To better define the project, a further five drilling rigs will be added to the site during the final quarter of 2017. This will bring the total number of operating rigs to 11 by early 2018.

Cascabel shows significant promise of hosting a tier 1 copper-gold resource – of the kind that are simply not being found at present.

SolGold is yet to drill the other 14 identified targets within the concession and these have shown a number geophysical similarities to Alpala. It is looking to be another exciting 6 months for the Ecuadorian focused explorer.