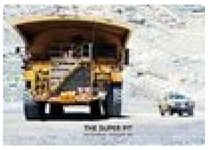
Mining News – Sunday roundup



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The cause of concern is that Covid-19 is sweeping through Chile and Peru, both major copper producers, and their mines are starting to be closed as a result, resulting in a supply shortage and rising prices.

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Copper is the focus of attention this week as LME stocks reduced 2% this week, but still stand at over 300,000 tons. Shanghai stocks rose a little and stand around 114,000 tons, and there are other non warehoused stocks around, so certainly no imminent shortage of supply to worry about.

The cause of concern is that Covid-19 is sweeping through Chile and Peru, both major copper producers, and their mines are starting to close to try and prevent further spreading, resulting in a reduction in mined supply, and this is spooking the market and causing the price to rise. The covid situation in Chile in particular is becoming quite alarming for such a small country, and it does look as though the areas around some mines in the Atacama region will be locked down.

Guajardo said "*the worsening situation meant Chile's official estimate, of a dent in production of some 200,000 tonnes now looks conservative. His group estimated a reduction of 5.5% versus 2020 production forecasts, or some 320,000 tonnes*".

Whilst people are focused on possible supply problems for copper, nobody seems to be picking up that a lot of **silver** is produced as a by product in those copper mines, so there is a possibility that silver could become in short supply too, and would therefore increase in price.

Companies in the news this week.

Fosterville South (TSX.V: FSX) took advantage of the high share price after the recent good drill results and the announcement of the Leviathan Gold spinoff, and ran a placing at C$4 per share, a large discount to the prevailing price on the day the placing was announced.

Colonial Coal (TSX.V: CAD) trod water after the recent steep rise, which as healthy in my view. The price of coking coal rose C$10 during the week, a nice increase in margin per ton in a typically low margin bulk tonnage commodity.

Orla Mining (TSX.V: OLA) appointed a very experienced seasoned mining professional,Sean Spraggett, as General Manager, Panama, effective July 1, 2020.

Orla remains focused on advancing its **Camino Rojo** oxide gold project in Mexico.

In addition, they are updating the Pre-Feasibility Study on their **Cerro Quema** Oxide Project in Panama, continuing exploration on both oxide and sulphide target areas with 4,000 metres of drilling planned in 2020, and completing a maiden mineral resource estimate on the Caballito copper-gold sulphide discovery.

A busy year for a really determined management team.

Metal prices

Gold $1775

Silver $18.06

Copper $2.76

Nickel $5.82

Zinc $0.92