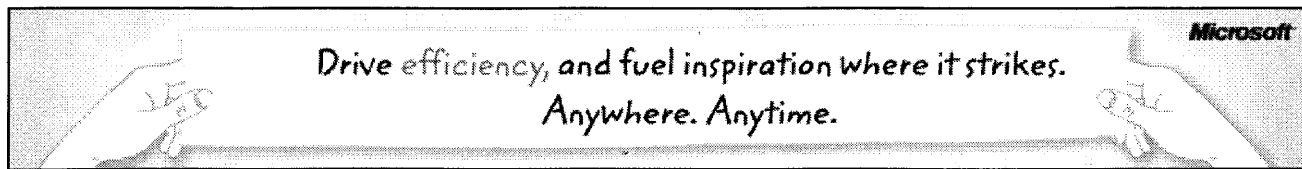


The Australian



Meridian Minerals in a cherry-picking mood

- PURE SPECULATION: Robin Bromby
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ROBERT Healy is a builder who, from his base in Orange, NSW, made a fair whack by investing in Paladin Energy, or Paladin Resources as it then was, when the shares were worth just a few cents.

Since then he has gone on to take substantial stakes in various other juniors. As of the latest annual reports, he owns 18.2 per cent of Red Fork Energy, 22.7 per cent of Elk Resources, 12 per cent of Navigator Resources, along with sizeable holdings in Australasian Resources and Black Range Minerals.

Some of those stocks have had a run, but one of Healy's other investments is in Meridian Minerals. This stock is pretty unloved of late, losing more ground on Friday on bigish volume to close at 6.2c.

It's hard to sell a zinc-lead story these days even though the prices have rebounded considerably. Zinc closed at \$US2419/tonne on Friday in London, against its 52-week low last January of \$US1096.50. One theory is that the average retail investor does not know much about these metals; they do know that 44 grams/tonne of gold, or 2.3 per uranium, are good grades, but they are apparently often unsure what to make of lead or zinc grades.

Healy's stake in Meridian has been diluted of late now that China's Northwest Mining and Geology Group has moved to 42.7 per cent after investing a further \$10.5 million. But it's an interesting story at Meridian's Lennard Shelf project in Western Australia where, during the week, the company added to its land package by settling on some adjacent tenements formerly held by Zinc Co Australia.

The area was first worked by the then separate BHP Minerals and Billiton, these companies bringing the Cadjebut mine into production in 1987. The mine and other deposits were sold on to Western Metals, a company that ended up in the hands of receivers in 2003. Canada's Teck bought the Lennard Shelf assets from the receivers and eventually this ended up as a joint venture with Xstrata.

Now Meridian is taking up the challenge. The plan is to cherry-pick the high grade ore in the various deposits scattered over the company's tenements, as did BHP and Billiton, which to some extent insulates the operation from any easing in metal prices.

But there's no certainty yet. There is another year's work ahead with drilling and coming up with a mine plan.
