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## Copper Vets Make Bet With Start-Up Firm

By CAROLYN CUI

There is no way copper prices can keep soaring, right?

Don't tell that to a group of copper-mining veterans hoping to again hit pay dirt.

The team is launching a company to search for overlooked deposits. The start-up company, Cupric Canyon Capital LLC, is headed by Timothy Snider, former president and chief operating officer of Freeport-McMoRan Copper & Gold Inc., one of the world's largest copper producers.

"We are all firm believers in the copper business going forward," says Mr. Snider, who set up Cupric this month with several alumni from Phelps Dodge Corp., a copper miner that Freeport acquired for \$25.9 billion in 2007.

M. Stephen Enders, a former Phelps president and a geologist with [Newmont Mining Corp.](#), also is joining Cupric.

Copper was the second-best-performing commodity in 2009, up 139%, behind only lead. Prices of the red metal were propped up by strong demand from emerging countries where copper is used for infrastructure, cars and home appliances.

Copper also is a bet on China. Chinese copper demand, which accounts for 40% of the world's total, jumped 43% in the first 10 months of 2009, largely offsetting the rest of the world's decline of 18%, according to the International Copper Study Group.

Still, the supply of copper is actually edging higher, suggesting prices may hit a ceiling. Mine production rose 2% in the same period, contributing to a small surplus of 79,000 metric tons.

A metric ton is equal to 2,204.62 pounds.

Copper inventories at warehouses in London and Shanghai, where the metal is mostly traded, keep heading up.

Some analysts are concerned about a potential copper correction because of these increasing stocks.

But Mr. Snider says, "Our vision in the copper domain isn't necessarily for the near term." With demand rising in China, mine production likely will be outstripped by consumption, he says, at least over the long haul.

Copper is up 0.3% so far this year, closing at \$3.3385 a pound on Friday at Comex, the metals' division of CME Group.

That represented a gain of 5.35 cents, or 1.6%, for the day. For the week, copper futures lost 1.65 cents a pound, or 0.5%. That was the second consecutive week the price declined.

Cupric Canyon will scout the world for undeveloped copper deposits that contain resources but have been shelved for technical, geological or environmental reasons. The company will take over these assets, or team up with existing owners, conduct additional drilling and feasibility studies, and advance the sites toward production, says Dennis Bartlett, chief executive of Cupric, a former senior vice president of development at Phelps Dodge.

Typically, it can take as long as a decade to bring a project into production.

Barclays Natural Resource Investments, a unit of Barclays PLC's Barclays Capital, will back Cupric with an initial investment of as much as \$100 million.

The bank anticipates making a larger investment down the road, says David Ellis, a director at BNRI.

Barclays Capital is bullish on copper, projecting that the average price will rise 34% this year from 2009.

Copper is down 18% from its Comex record close of \$4.0775 a pound, which it hit on July 2, 2008. Still, the metal is up nearly 130% from a year ago.

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