

## Copper heats up as global demand spikes

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*Cyprrium plans to turn Nifty into an open-pit operation.*

*While gold mergers and acquisitions were the talk of the town last year, copper activity has been spiralling upwards in the background.*

It's no secret that clean energy technologies require a large amount of copper.

After climbing into record territory on the London Metals Exchange this year, there are expectations that the red metal will become as vital as ever as demand for these technologies grows.

Australian copper exports already achieved a record revenue of \$10.4 billion in 2020, according to the Australian Bureau of Statistics.

While global copper production is dominated by major mining companies, Cyprrium Metals is pushing towards becoming a mid-tier producer in Australia to make its mark on the industry.

The Perth-based company comprises mining executives with strong experience working in both local and international copper projects.

In February, Cyprrium made a key move in this direction by acquiring Metals X's copper portfolio for \$60 million.

The buyout includes the mothballed Nifty copper mine in the Pilbara region of Western Australia, which Metals X placed on care and maintenance in 2019 after acquiring the site three years earlier.

Nifty was first discovered in the 1980s but progress at the site stalled due to a lack of exploration.

For Cyprrium Metals, however, all systems are go at Nifty as the company looks to advance its path towards the mid-tier sector.

“It always was attractive for us in terms of the size, the copper metal, in terms of the fact it’s a stressed asset, that it’s in Western Australia, and the infrastructure surrounding it,” Cyprium Metals managing director Barry Cahill tells *Australian Mining*. “We’re really happy to get a hold of it.”

Cahill says Cyprium is firing on all cylinders to make its mid-tier prospects possible.

“Really the focus is on copper production,” he says. “We’re not explorers, we’re resource developers, operators, producers and financiers.

“We like to get copper resources and turn them into operating projects and make them commercial – that’s what gets us excited.”

Cyprium is looking to develop the Nifty mine exclusively into an open pit site, unlike previous owner Metals X, which operated an underground operation at the site.

This strategy continued into Metal X’s reset plan at Nifty, but Cyprium has other ideas for how to approach mining of the resource.

“The reset plan didn’t work is the fundamental answer,” Cahill says. “Whatever was in the plan didn’t work. The reset plan involved underground, we’re involving an open pit instead.”

Rather than using the Nifty concentrator, Cyprium plans to use a heap leaching method, which it believes is more economically viable.

“We’re producing copper metal plate with the heap leaching instead so it’s a finished product rather than a concentrate, which was done at Nifty previously,” Cahill says.

“Copper metal plate sells all over the world mainly into Asia at the moment, but also into Europe and the United States.”

The company hopes to commission the plant and produce first copper by the end of 2022, followed by full production in 2023, with current targets of 20,000 tonnes of copper per annum.

A feasibility study is also due by September this year to upgrade the proof of concept study that was completed as part of the due diligence process prior to the purchase, Cahill continues.

“Metals X released their scoping study last year,” he says. “We don’t agree with the concepts in there, but it goes to show there’s a lot of data available to turn into the feasibility study.”

## **A cause for copper**

To be a copper producer in 2021 comes with its own success and opportunities.

“I’d love to be a copper producer this year,” Cahill says. “Who wouldn’t? You’d be laughing.”

Like many miners, Cahill sees copper demand only increasing in the long run.

He says copper does not fluctuate to the extremes of speciality metals, making it a safer choice of investment for a new technology future.

“From our point of view, copper is a safe bet for worldwide electrification,” Cahill says.

“No matter what you do with electrification, it all requires copper, and copper production is required for all of those things.

“It’s such a safe bet without having those fluctuations of supply and demand. That’s why we went for copper.”

A large slice of Australia's copper is exported from BHP's Olympic Dam mine in South Australia, which is one of the world's largest deposits of the mineral.

BHP, which last year became the world's top copper producer, has a massive portfolio in the base metal, including the Escondida joint venture operation in Chile, the largest copper mine in the world.

Speaking at the CRU World Copper Conference in Chile, BHP president minerals Americas Ragnar Udd says copper demand is expected to double in the future.

"In a Paris-aligned, 1.5-degree scenario, we expect that investment in areas such as copper-intensive solar generation, nickel-intensive batteries, and steel-intensive wind turbines will contribute to a more than doubling of the amount of primary copper and a quadrupling of the amount of primary nickel demand over the next 30 years relative to that was produced over the last 30 years," he says.

Udd says industry efforts decarbonise will also increase commodity demand for new infrastructure.

"This effort will require substantial investment in infrastructure and the technologies that will leverage them," he says.

BHP has also revised its internal EV penetration forecast as demand climbs, with Udd pointing to these vehicles requiring significantly more copper to manufacture than petrol-based cars.

"Policy signposts for rapid EV adoption were distinctly favourable over the last 12 months and we have revised our internal EV penetration forecasts upwards," he says.

"These vehicles use four times as much copper as petrol-based cars, and they will also need more infrastructure to connect charging stations to the grid."

Goldman Sachs believes "copper is the new oil", according to a report released by the company in April.

"We estimate that by mid decade this growth in green demand alone will match, and then quickly surpass, the incremental demand China generated during the 2000s," the report states.

"Ripple effects into non-green channels mean the 2020s are expected to be the strongest phase of volume growth in global copper demand in history."

The report anticipates that by 2030, copper demand from electrification will grow by almost 600 per cent to 5.4 million tonnes.

If there is a "hyper adoption" of sustainable technologies, copper demand would increase by as much as 900 per cent to 8.7 million tonnes.

## **Future opportunities**

With copper demand stirring, and strong optimism from the world's leading producer, Cahill is eager to progress Cyprum's assets to help meet future supply needs.

"To get Nifty back up and running properly is going to require a lot more support from stakeholders like government and government departments," he says. "We want to be copper producers – we're not talking about it, we're doing it."

Through the Metals X copper acquisition, Cyprum also secured the Maroochydore and Paterson Exploration projects, both in the Paterson Province in Western Australia.

Cyprum's new assets join its Nanadie Well project and an 80 per cent interest in the Cue Copper project in Western Australia.

Drilling at Maroochydore has unveiled a resource of 486,000 tonnes of copper and 18,500 tonnes of cobalt.

“We have a view with our intellectual property that we can crack the metallurgy there (at Maroochydore),” Cahill says.

“Nifty is hopefully running to full production in January 2023, so we need to have Maroochydore ready for our next project after Nifty.”

Cahill anticipates that Maroochydore will follow suit and enter production by 2025 at 20,000 tonnes of copper per annum.

“The approval process on a new build might be a bit longer and the cost is much greater,” he says. “But we’re very bullish on it.”

The Paterson project is a joint venture (JV) with IGO, which has committed \$32 million to earn a 70 per cent interest in the project.

The JV was formed in 2020 with IGO agreeing to fund exploration activities for six-and-a-half years.

With Paterson located near Nifty, Cahill is excited to see what IGO can help it achieve there.

“We’re quite happy with the expertise of IGO in terms of their exploration,” he says.

“They have other tenements in the Paterson Province and we’re happy to let them do their due and ride off the back of it.”

Cyprium’s strategy to turn itself into a mid-tier company looks promising, and Cahill hopes it can build a presence in the Western Australian copper sector with the three acquired assets.

“By sheer luck, we’ve ended up solely in Western Australia,” he says. “One of the things we’ve taken into our strategy is our regional presence, which is why Nifty, Maroochydore and Paterson work so well for us.”

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