

Five players keen to ride the red metal wave

Projects in Australia, South Africa, Chile, and Mongolia to help plug the copper gap

Haydn Black



The Flat Mines Area at Okiep | Credits: Orion

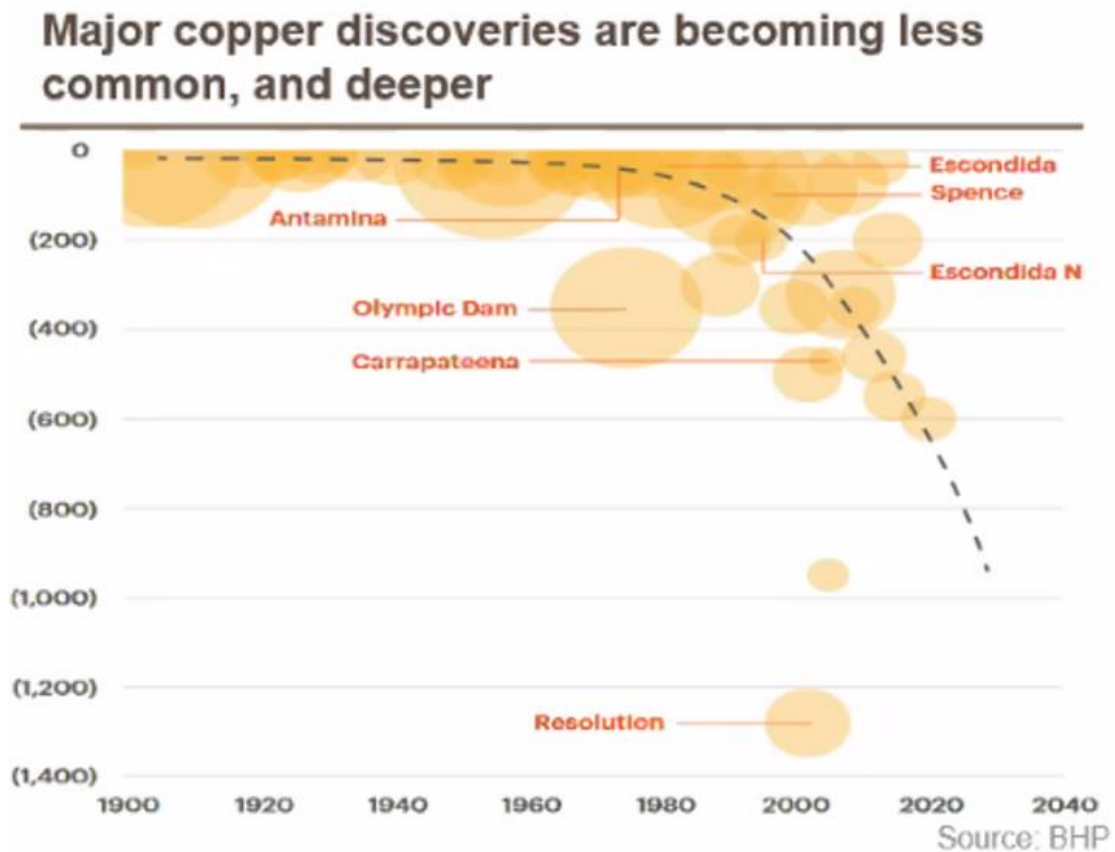
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The world needs more copper, but industry players have been finding less and developing fewer mines in more challenging locations with ever-lower grades, which is why there has been a resurgence of interest in ASX-listed copper explorers in recent years.

Five of the ASX's more advanced plays were pitching their offerings at an MST Access seminar yesterday from different points along the Lassonde Curve – some in earlier-stage exploration, some mining and some in brownfields re-developments.

According to MST senior analyst Chris Drew, of some 240 copper discoveries made since 1990, just a handful have transitioned into development, and there have been just four discoveries of note this decade.

"We are simply not discovering as much copper as we used to, and grade is declining," Drew said.



Copper is getting harder to find | Credits: MST/BHP

At the same time, there is unassailable support for copper demand to grow from the megatrends of decarbonisation and electrification, which can be separated from the clean energy theme as there are billions around the world under-served by energy infrastructure.

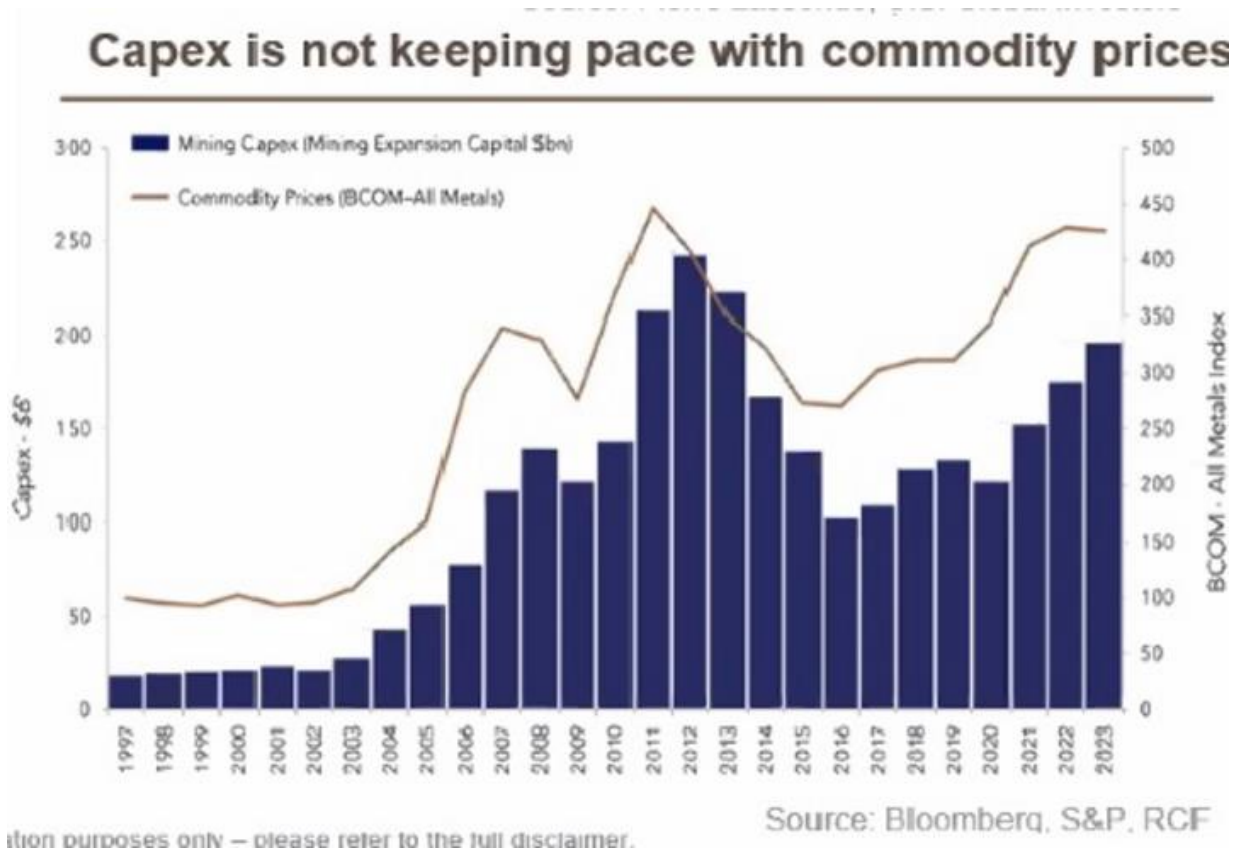
Regardless of the energy source – renewables, nuclear or fossil fuels – there's a real need for copper to transmit the electricity.

The International Energy Agency estimates demand for copper to rise by around one-third by 2030.

Data centres and the emerging artificial intelligence sector are also voracious consumers of energy-driven demand.

While they account for less than 1% of copper demand today, BHP has suggested that could grow to 9% by 2050.

"For a very long time, supply constraints were drivers of copper price, and there is now a key change with demand drivers that will deliver medium-term tightness," Drew said.



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Credits: MST

Spot price rising

That's already starting to show in the spot price, with the red metal closing back in on US\$10,000 per tonne today amid tariff-driven trade wars and supply cuts that could see a deficiency of 400,000t this year growing to 900,000t for 2026

Where's it all going to come from?

Small-scale copper miner Hillgrove Resources, brownfields developers Cyprium Metals and Orion Minerals, and frontier explorers Xanadu Mines and Southern Hemisphere Mining believe they can help plug the gaps.

Hillgrove is producing today, Cyprium, Orion and Xanadu are hopeful of joining them by the end of the decade, and Southern Hemisphere is a longer-term but potentially large exploration story.

Small nice, nice profit

Hillgrove is aiming to produce around 12,000-14,000tpa for 2025 at all-in sustaining costs of less than A\$4 per pound. At a US\$4.50/lb spot price, the company should generate a "nice profit", managing director Bob Fulker said.

The Kanmantoo underground appears to have found its stride and is starting to generate free cash so Hillgrove can move from the ramp-up to growth phase.

It has approved the early development of the Nugent deposit, allowing the development of a second decline, new mine faces, and new drilling platforms to target what could be some of the best targets in the area.

The hope is that production will rise 20% next year, while costs will fall a similar amount. From there, Hillgrove has around 10 prospective targets to drill and a mill that will still be operating with plenty of spare capacity.

A mine with a midlife crisis

Also not short of options is the new owner of Western Australia's Nifty mine – once one of the nation's most prolific producers but one that is going through a midlife crisis, Cyprium executive chair Matt Fifield said.

"The grade simply ran out" in the Nifty underground in 2019. Under Cyprium's ownership, the plan has gone back to basics, with Fifield seeing an "unbelievable" opportunity in terms of scale, cost and timing.

The new plan will see an initial development using existing leach pads and stockpiles to generate cash as early as this year while the company works out what to do with a "surfeit of infrastructure".



Copper at Nifty | Credits: MetalsX

As a brownfields development, the facilities are well-maintained, and most permits are in place, Fifield said a full restart could be achieved by 2027.

A \$30 million starter operation would allow the company to crawl before it walks or runs, giving it time to "measure twice and cut once", avoiding the pitfalls experienced by past owners who favoured scale and recovery over the need for immediate cash.

The plant is capable of producing 25,000tpa copper, so there is no limitation there.

Fifield's message is simple: Nifty is not a failed mine. It is halfway through its life and has another 20 years ahead of it, with resources of some 797,000t in the ground.

That's before it considers the nearby Maroochydore deposit, where resources are now 1.6Mt of contained copper and 84,000t cobalt.

Restoring South Africa's copper supremacy

Like Nifty, South Africa is going through a late-life crisis of its own, but Orion managing director Errol Smart believes the country is about to revive its mining sector.

Smart said he'd probably spent more on lawyers than geologists over the years, making sure Orion had clarity on its approvals and tenure because the regulations were first-world but the operating conditions were third-world.

The government has promised a functioning mining cadastre this year and that with new resources legislation and a pro-mining government, it could reawaken global interest nation's mining potential.

Orion has spent 10 years in the country painstakingly pulling together the advanced Okiep and Prieska projects.



Credits: Orion

Definitive feasibility studies for both projects are imminent. The clock then starts on bringing two underground mines into production over the next 24 months.

Orion has some funding support from South Africa's IDC and US fund Triple Flag, attracted by low capital intensities, derisked operations, and what should be attractive costs.

It's a big ask to fund two projects at the same time, but Smart believes that won't be an issue given copper offtake interest and the potential for pyrite, gold, silver, zinc and barite by-products.

Traders are "banging down the doors", Smart said.

"Offtake-related finance is really the go now. The old world of equity and debt isn't the case anymore."

Okiep was a large copper-producing district recovering some 2Mt of copper since the 1600s, with a lot of untapped potential and "unheard of cluster of deposits".

The DFS focused only on three deposits within the Flat Mines Area and resources of some 95,000t copper, where a central concentrator will be built.

There are 220 deposits that have been drilled with intersections exceeding 1% of which less than 30 have been developed.

The company's smaller Prieska redevelopment will be a modest producer with a four-year starter project designed to unlock access to deeps, where drilling suggests the orebody continues at least 500m beyond resource.

Orion is targeting becoming a 50,000-60,000tpa copper miner by the end of the decade.

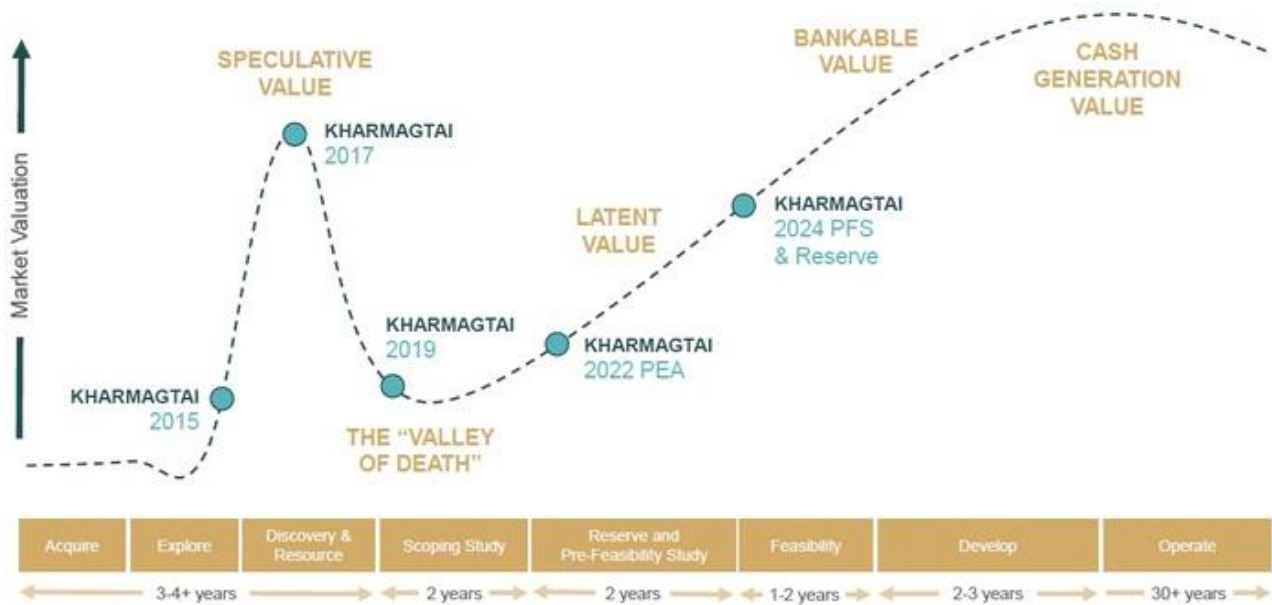
Mongolian funding mission

Xanadu executive chair Colin Moorhead says Mongolia is another place with terrific potential that is not to everyone's taste, and he has funding issues of his own for the "Cadia-sized" Kharmagtai.

Moorhead needs quick cash if Xanadu wants to fund its circa US\$30 million share of a planned DFS, but he is not worried.

Xanadu has China's Zijin Mining as its partner and, in the worst-case scenario, has a put option to require Zijin to purchase 25% or 50% of Kharmagtai holding company Khuiten Metals by April 15 for either \$25 million or \$50 million.

BDO has estimated the option's value at \$79-106 million.



Xanadu's Lasso Curve journey | Credits: Xanadu

Moorhead seems relaxed about the junior's ability to keep hold of its opportunity and avoid the "nuclear option" despite the fact Xanadu is in the "valley of death" along the Lasso Curve.

It has enjoyed the highs of exploration success and is enduring the lows of the study phase.

"This will get built this decade, with production as early as 2027 or 2028. It is one of the few that can get built, and the whole copper world is looking at it," Moorhead said.

Kharmagtai has resources of 4.7Mt contained copper and 11 million ounces gold and the potential to produce some 75,000tpa copper and 165,000zpa gold over 30 years, after an initial \$890 million in capex.

While perceptions of Mongolian sovereign risk are high, Moorhead said the new government was keen to improve its credentials on the world stage, pointing to the recent signing of an agreement with France-based Orano for development of the \$500 million Zuuvch-Ovoo uranium mine in the nation was proof of that.

Finding something substantial in Chile

Chile is worlds away from Mongolia or South Africa in terms of sovereign risk, and according to Southern Hemisphere's chair, Mark Stowell, it has a porphyry geology similar to Mongolia's and just as much upside.

It is land of giants hosting many of the world's largest copper deposits, and most of the major miners are active in Chile.

"We are well on the way to finding something substantial ourselves," Stowell said.

The company has a maiden resource of 680,000t CuEq at the largely shovel-ready Central deposit within the Llauhuin copper-gold project, and it is close to a maiden resource for its Cerro-Ferro targets.

The two deposits may be linked at depth, and there is a possible association with Central, suggesting an even deeper, larger prize in the north.

Central alone could support a 25,000tpa operation over 25 years, with the upside being akin to the Filo Del Sol deposits that were recently acquired for \$4 billion, Stowell said.

There's also the "enormous, seriously big" Curiosity anomaly in the south – a separate system with epithermal veins at surface that may be the top of a 2km-deep system.



Drilling in Chile | Credits: SUH

It is so big the hard part is deciding where to start drilling, he said.

There's a new \$490 million mine being developed just 8km away, bringing power and transport infrastructure closer, so despite the earlier stage of Southern Hemisphere, Stowell believes he holds all the cards.

The company isn't looking to get diluted down by bringing in a partner at the project level, but is open to a big brother at the corporate level.

"Then, if they want the whole thing, they have to buy everyone out," he said.

That certainly won't happen until it answers the Curiosity question.

The world needs a lot of copper, and there is no shortage of ASX-listed juniors offering it.