

A new scramble is under way for copper deposits in Northern Cape

Fledgling operators in SA's copper district stake out their patches and predict big things to come

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NababEEP copper plant, owned by Big Tree Copper, in the Northern Cape. Picture: ALLAN SECCOMBE

The shattered remains of the NababEEP copper mine and processing plant in the Northern Cape look like a sneak preview of a dystopian apocalyptic future, with a sinister steel smoke stack looming over the site, which spreads down the side of a barren hill.

Entwined in the ruined terraces of thick, rubble-laden concrete platforms, broken walls and rusting rebar of a once-important source of SA's copper output is a shiny, modern plant, SA's first solvent-extraction electrowinning plant for a dedicated copper mine.

It is also one of the first tangible signs of a return to copper production in what was once one of the world's richest sources of the metal, which is primarily used to conduct electricity.

The company building the new plant is Big Tree Copper, which has timed the start of the project with record high prices for the metal, with more increases in prices forecast. It aims to commission the plant in July and list on ZAR X in Johannesburg shortly afterwards.

It will offer investors a rare pure copper company, albeit one tightly held by management, core investors and a large SA fund manager. There are no other pure-copper producers listed in SA.

Near Big Tree Copper is Orion Minerals, a Sydney- and Johannesburg-listed base metals development company that is buying defunct underground assets and reams of geological data from O'Okiep Copper Company. The plan outlined by Orion CEO Errol Smart is to restart mining copper sulphides from underground resources.

Orion is bringing the defunct Prieska copper and zinc mine in the Northern Cape back into production after the mine was shut in the 1990s. Orion is aggressively exploring a swathe of land around the R5bn Prieska project, and Smart says the potential is good for finding further base metal deposits.

"This is one of the best underexplored copper districts in the world. It's not a mega-copper camp like Chile, but there were historically very high grades, very profitable mines. That's what we want to discover," he says.

Orion will fly modern geophysical, electromagnetic survey equipment over the region to identify more copper deposits.

"We believe we can get that area back to the Newmont production levels. We see 30,000 to 40,000 tonnes of copper a year. We want to get involved in something of scale," Smart says.

"Ultimately it's about the whole Northern Cape. Prieska's 22,000 tonnes of copper and that 30,000 to 40,000 tonnes will set up that area nicely," he says.

Big Tree CEO Jan Nelson is in full agreement. "This is going to be the next big mineral province in SA after the platinum group metals mines. Mark my words, what you're seeing here now is just the beginning of something much bigger," he says.

According to a mineral report signed by well-respected geologist Anton Esterhuizen, Nelson and fellow geologist Pieter Wiese, Big Tree has a total in situ copper resource of 43,000 tonnes contained in 3.1-million tonnes at an average grade of 1.4%.

The report noted that between 1940, when mining activity increased significantly, and 1998, when mining drew to a close, the area produced nearly 1.5-million tonnes of copper at a grade of 1.7% from 30 mines.

Big Tree's focus is on copper oxide resources, which were mined historically and stored in vast dumps by previous mining operators focusing purely on the sulphides.

Nelson says there is 30 years' worth of work to treat the oxide dumps but the company wants to halve that time frame to exploit the global demand for ethically and environmentally produced copper.

A few minutes' walk from the new plant is an enormous pit of a collapsed mine. Big Tree plans to remove whatever copper oxide ores it can from the pit before filling it in with neutral tailings coming from its process.

An old shaft at NababEEP has billions of litres of water that Big Tree plans to pump out, clean and use for a large agriculture project it has for nearby communities.

From the upper reaches of the new plant and from the foot of the historical stack that vented gases from the old sulphide processing plant, the town of NababEEP is easily seen. It's a small town of more than 1,000 houses and about 6,000 people, living in the baking hot, dry valley.

Big Tree's strategy is to grow to 250 tonnes of high-grade copper plate a month at NababEEP to 500 tonnes a month by adding a second plant at the nearby Rietberg deposit.

Talks are under way with Orion to see if there are opportunities to work together on projects such as solar energy, water and possibly communities.

Not only will Big Tree have a presence on a Johannesburg bourse but it plans to reverse into its 20% shareholder, Handa Mining, a company listed on the Toronto venture exchange, giving it an immediate offshore presence and another avenue to raise capital for plans to expand and consolidate copper assets in the Northern Cape, says Nelson.

A third company, called SHiP, has vast land holdings and is about to receive its first mining right, says CEO Shirley Hayes, who is also a shareholder in Big Tree.

These three companies will bring jobs, money and opportunities to an area last mined with any intent by Metorex before it shut up shop in 2003 and moved its big processing plant to its Ruashi project in the Democratic Republic of Congo.

One of those clinging on to his profession was Tinus van Schalkwyk, who bought the engineering workshop at NababEEP from Metorex after working for the company and its predecessor, Gold Fields SA.

His business now counts Big Tree as a shareholder and he has overseen the construction of the new plant for less than \$4m, a third of the price quoted by engineering companies specialising in these projects.

"If we'd had to pay \$12m we wouldn't be standing here looking at all this now. The fact we have an engineering company as part of our business is the competitive advantage we have," Nelson says.