

With sunny skies ahead, Critical Metals prepares for Copper ore production by Year-End

written by Dean Bristow | November 22, 2022

With the focus of late on critical minerals, or metals or materials or however you want to describe them, it should come as no surprise that corporate names and entities are jumping on board with the trend. Most, if not all, G7 nations now have a critical minerals strategy, and in Canada several provinces also have their own frameworks to best take address the situation, which was the main driver behind the [Dean's List](#) we did at InvestorIntel in July and August. Along those lines, InvestorIntel has also established the [Critical Minerals Institute](#), an international organization for companies and professionals focused on battery materials, technology metals, defense metals, ESG technologies and practices, the general EV market, and the use of critical minerals for energy and alternative energy production.

With that kind of introduction, how could we not have a look at one of the companies out there that is part of the club, with the right name for the times – [Critical Metals PLC](#) (LSE: CRTM). Critical Metals has acquired a controlling 57% stake in Madini Occidental Limited, which holds an indirect 70% interest in the Molulu copper and cobalt Project, an ex-producing medium-scale asset in the Katangan Copperbelt in the Democratic Republic of Congo (DRC). In line with its investment strategy of focusing primarily on known deposits, targeting projects with low entry costs and potential to generate short-term cash flow; the

Company intends on bringing the Molulu Project into near-term production. Additionally, the Company will continue to identify future assets that are in line with its stated acquisition objective of low CAPEX and OPEX projects with near-term production, concentrating on minerals that are perceived to have strategic importance to future economic growth and generate significant value for shareholders.

There are several appealing features of Critical Metals' flagship Molulu Project. For starters, it is a brownfield, ex-producing copper/cobalt project, having previously been mined by artisanal miners from 4 pits. Copper mining operations at Molulu are planned to begin by the end of 2022 to provide near-term free cashflow. The Company [announced last week](#) the appointment of a Mine Manager and the camp is now operational and onsite developments continue. Critical Metals has contract arrangements for the required earth moving and mining equipment that will be used in copper oxide ore production, as well as a contract arrangement for a 20,000-litre diesel fuel tank to support mining operations.

The grades at Molulu are also appealing with copper grades ranging between 15% and 40% sulphides and 2% and 15% oxides. In tandem with preparing the Molulu mining restart, a \$200,000 drill program will be designed and initiated to further delineate the 3 km copper strike length and depth. Cobalt areas have also been identified and will be drilled for confirmation. Lastly, proximity to copper smelters in Lubumbashi and Likasi provide selling channels for copper and cobalt production. All this adds up to make Critical Metals not your typical junior mining company as first year cash flow minimizes future shareholder dilution and early cash flow allows for a potential market re-rating. Not bad for a Company that started trading September 12th (granted it was incorporated in May, 2018).

With that said, it's not all sunshine and lollipops for Critical Minerals moving forward. For starters, the Molulu mine is ramping up activities as the region heads into seasonal heavy rains that normally arrive at the end of the year. Despite designing a brick making process to increase and fortify the camp's infrastructure to ensure adequate protection from the seasonal heavy rains, the question remains if enough will be completed on time for this season. As well, the last 38 kilometers to the mine site (from Lubumbashi City) is on a dirt road. Although the Company plans to fund the upgrading of about 12km of this road, until this takes place, there is a risk of difficulties getting to the Project and/or trucking minerals produced from the Project for processing in the rainy season when the dirt roads can become treacherous. Then there's the political risk, with presidential elections scheduled for December 2023 that could disrupt the relative calm seen in the DRC over recent years, plus the question of whether key markets are even willing to buy products from the DRC.

Despite some known risks, it's hard to find a mining company this close to generating revenue this quickly. Another promising fact is that Critical Metals stock price remains above the issuance price of 20 pence per share that was done in conjunction with the Molulu acquisition, where the Company successfully raised £1,800,000. With a market cap of £12.3 million (US\$14.6 million, C\$19.6 million) and ample capital to fund the Company for the foreseeable future there could be plenty of sunny days ahead. At least once the heavy rains have come and gone.