

# Critical Metals PLC joins the exclusive club of copper producers with its Molulu Project in the DRC

written by InvestorNews | January 30, 2023

Copper is often said to be the ultimate green energy transition metal, essential for transmitting electricity for use in almost all modern day devices. Solar systems, wind turbines and electric vehicles all rely heavily on copper components.

The [International Energy Agency \(“IEA”\) forecasts](#) copper demand to increase 2-3x from 2020 to 2040, similar to [Trend Investing’s forecast](#) of 2.3x from 2020 to 2037. As we move towards a world of lower emissions, copper’s importance grows significantly.

The [top 4 copper producing countries](#) in order are Chile, Peru, China, and the Democratic Republic of the Congo (“DRC”).

While the DRC has its risks, the country is known for its exceptionally high grades of both copper and cobalt. Today’s company has invested into the DRC copper/cobalt mining sector and has a new producing mine.

**[Critical Metals PLC](#) (LSE: CRTM) is now a new copper producer**

As [announced](#) by Critical Metals on January 26, 2023: “Copper oxide production commenced at the Molulu Project, an ex-producing copper-cobalt mine in the Democratic Republic of the Congo.” Critical Metals owns [100%](#) of Madini Occidental Limited, which holds an indirect 70% interest in the Molulu copper-cobalt project in the DRC. The project is forecast to produce an initial 120,000 tonnes pa of copper oxide ore. Critical Metals

[states](#): “The copper ore produced in January 2023 will be stockpiled for sale into the market in February 2023. All copper material extracted from the mine will be sent to local processing plants, of which there are four in the Likasi and Lubumbashi areas expressing interest in purchasing Molulu copper ore.”

The Molulu Project is an ex-producing, medium scale copper-cobalt project in the Katangan Copperbelt, adjacent to producing mines previously mined by artisanal miners. Molulu has very high grades. According to the [company](#): “Molulu’s copper grades range between 15% & 40% (sulphides) and 2% and 15% (oxides). Cobalt areas have been identified and will be drilled for confirmation”, and [comments](#): “The Project’s fundamentals provide the potential for a long lived, low capital cost and high operating margin copper and cobalt mine in the DRC.”

### **Critical Metals development plan**

Critical Metals plans to carry out additional exploration work at the Molulu Project. A \$200,000 drill program will be designed and initiated to further delineate the copper strike length and depth and to create a JORC compliant resource. There are numerous anomalies that have been discovered and are considered worthy of further investigation in order to potentially grow the resource and ultimately production (see image below).

**Heat Map of Minière Molulu Copper/Cobalt showing numerous copper and cobalt anomalies yet to be investigated further**

Figure 3-2: Soil Geochemistry **Copper (Cu)** Anomalies

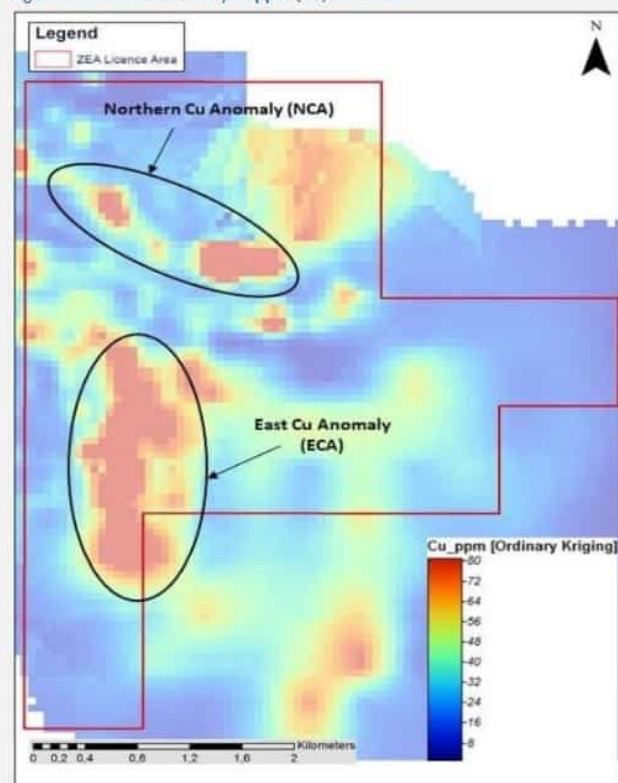
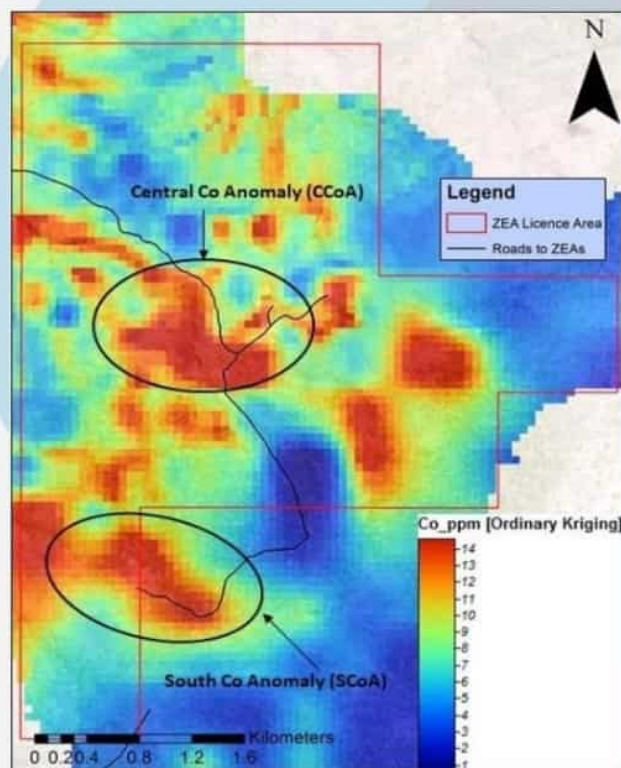


Figure 3-3: Soil Geochemistry of **Cobalt (Co)** Anomalies



**Source:** [Company presentation](#)

The Company also intends to seek further potential investment opportunities in the DRC.

## Closing remarks

High grade copper and cobalt producing mines are rare but are commonly found in Katangan copper belt of the DRC. The country is not without significant sovereign risks, but if these can be managed the rewards can flow from the high grade copper and cobalt mining in the region.

Critical Metals PLC trades on a market cap of only [~C\\$15 million](#).

# The Dean's List – Part 4: What copper company could benefit from Canada's commitment to critical minerals?

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## Part 4: Foran Mining Corporation

It's time for another installment in our series that looks at Canadian companies in the mining sector that could be impacted by Federal and Provincial government announcements with respect to critical materials, supply chain, EV battery manufacturing, etc. As a reminder the province of Ontario first announced in March its [strategy for 'critical minerals'](#) followed shortly by a [C\\$4.9 billion electric vehicle battery plant](#) in Windsor, Ontario. In April the Federal Government got on board with its [Budget 2022 proposing up to C\\$3.8 billion in support](#) over eight years to implement Canada's first Critical Minerals Strategy. The Fed's followed this up in late June with a House of Commons Standing Committee on Industry and Technology report entitled: [Positioning Canada as a Leader in the Supply and Processing of Critical Minerals](#). And then in mid-July, a [new C\\$1.5 billion battery materials facility](#) was announced for eastern Ontario in a deal that sees Umicore, a Belgium multinational corporation, planning to transform metals such as nickel, cobalt and lithium into cathode active battery materials.

With announcements like this coming fast and furious one can hope that there is follow through on all of this potential and numerous Canadian mining companies can take advantage of this positive momentum. On top of all this, there was some big news

out of the U.S. this weekend that could also have a trickle down affect to Canadian miners. With the Senate passing the [Inflation Reduction Act](#), the Bill includes requirements for domestic manufacturing of EVs and their battery components to qualify for tax credits. As written, [the law](#) requires that 40% of battery components be sourced from factories in the U.S. or its free trade agreement partners (that would definitely include Canada), and that Chinese components and minerals be phased out beginning in 2024. The landscape is beginning to look outright bullish for North American purveyors of all these critical minerals.

Up to this point in this series, I had been focused on Ontario-based companies, simply because that province appears (to me) to have the best critical minerals plan and is also the heart of vehicle manufacturing in Canada. However, in light of the latest U.S. development and another piece of news out yesterday, I've decided to venture into Saskatchewan for today's offering. [Foran Mining Corporation](#) (TSXV: FOM | OTCQX: FMCXF) just announced it has entered into a non-binding term sheet with Ontario Teachers' Pension Plan Board (Ontario Teachers), which contemplates a transaction that could see [Ontario Teachers' invest up to C\\$200 million](#) in the 100%-owned [McIlvenna Bay copper project](#).

McIlvenna Bay is a copper-zinc-gold-silver rich volcanic-hosted massive sulphide (VHMS) deposit intended to be the center of a new mining camp in a prolific district that has already been producing for 100 years. McIlvenna Bay sits just 65km West of Flin Flon, Manitoba, is located entirely within the traditional territory of the Peter Ballantyne Cree Nation and is the largest undeveloped VHMS deposit in the region. The Company announced the results from its [Feasibility Study](#) on February 28, 2022, outlining an 18-year mine life producing an average of 65 million pounds of copper equivalent annually. That Feasibility Study indicates an initial capital cost of C\$368 million, which means it appears they are already over half way there as far as

financing this domestic copper supply.

Over and above all the generally bullish news currently out there regarding critical minerals, Foran Mining has a couple of unique characteristics that make it stand out to me. First is location. Saskatchewan is one of the world's top mining jurisdictions and with the property being entirely located on the Peter Ballantyne Cree Nation, it triggers one priority found in the [House of Commons Standing Committee on Industry and Technology report](#) which recommends that the government provide incentives to ensure that the development of a new mine also establishes a value-added industry in the region where it is located and introduces initiatives to encourage Indigenous peoples to fully participate in the mining sector. Perhaps it's a bit of a reach but I suspect Foran could tap into some funding from the Federal government if they play their cards right.

The other interesting aspect of the McIlvenna Bay project is Foran's objective to build the mine based on the Company's carbon neutrality goals and initiatives, part of a broader mission to create a blueprint for responsible mining that is upheld as leading practice globally. To show they are serious about this undertaking, Foran has already announced [an agreement with Sandvik](#) to supply initial underground equipment for development at its McIlvenna Bay project. The initial equipment order includes battery electric underground drills, trucks, and loaders that will be used for the mine's development and production activities. Clean power is provided by two nearby hydroelectric dams to reduce operational emissions and a state-of-the-art tailings storage facility and paste backfill operation will reduce the carbon footprint and greatly reduce environmental impact. I have to believe that as the push for domestic supply chains of critical minerals evolves, the potential source's carbon footprint will also play a role in who signs the best supply or offtake agreements.

I'm not sure if the phasing out of anything Chinese in battery components by 2024 was a late add to the US Inflation Reduction Act as a result of China's military response to US House speaker Pelosi's visit to Taiwan (likely not, but it's fun to speculate). Regardless, there appears to be increasing tensions globally as the rest of the world figures out how far behind China they are when it comes to the resources and facilities required to combat climate change and reduce emissions without being mostly reliant on China. In the near term that appears to be good news for North American resource companies.

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Did you miss a previous edition? *Check it out...*

[The Dean's List – Part 3: What graphite company could benefit from Canada's commitment to critical minerals?](#)

[The Dean's List – Part 2: What nickel company will benefit from Canada's commitment to critical minerals?](#)

[The Dean's List – Part 1: What rare earths company will benefit from Canada's commitment to critical minerals?](#)

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# The pit of despair – can Nevada Copper dig itself out?

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Going from a junior exploration company to an actual mining company is no small task. It's one thing to raise small chunks of cash when necessary to continue exploration and drilling programs. It's a whole different ballgame to set about putting a



greenfield mine into production. Not only do you need a lot of committed capital to implement all the infrastructure required, you also need nature to cooperate as well. Whether it be flooding, forest fires or unanticipated geological structures that add unexpected costs along the way, it can make the light at the end of the tunnel not a sign that you are almost finished but that of an oncoming train.

One company that appears to be traveling headlong into the oncoming train is [Nevada Copper Corp.](#) (TSX: NCU), which is unfortunate given how close they appear to be to sustainable copper production at their [Pumpkin Hollow Copper Project](#) in Nevada. Pumpkin Hollow has substantial reserves and resources including copper, gold and silver. Its two fully-permitted projects include the high-grade Underground Mine and processing facility, which is now in the production stage, and a large-scale open-pit project, which is advancing towards feasibility status. That is until project financing started to become a little more challenging.

The first warning sign that all was not going according to plan occurred in August 2021 when the Company [reported Q2 results](#), an operational update and the sudden departure of the CEO effective the day after the press release. Included in the operational update were some credit facility amendment discussions as well as expansion of another credit facility. It's hard to say exactly what part(s) of the news release the night before spooked the market, but the share price experienced a 30% one-day drop from C\$1.65/share to C\$1.15.

However, under the stewardship of the new CEO, Nevada Copper seemed to get things back on track. First, in mid-October, they announced a [transformative balance sheet improvement](#) that included a two-year deferral of first loan repayments on the Senior Project Facility, consolidation and extension of



shareholder loans and increased availability of US\$41 million under the Amended Credit Facility. Then to further shore up the Company's capital situation a [marketed public offering](#) was announced in November to raise C\$75 million. This was subsequently [upsized](#) and ultimately closed in late November for aggregate gross proceeds of approximately C\$125.4 million. One would think that all was good again and surely this would be enough funding to take the development and ramp-up of the Underground Mine at the Pumpkin Hollow project to completion, especially given the 66% increase in the size of the offering.

Alas, it appears this was not the case as the Company dropped another bombshell [on June 6<sup>th</sup>](#). First off, mine development progress was proving to be somewhat challenging as the Underground Mine encountered operational and geotechnical challenges that are expected to delay mining in the East South mining area and result in reduced concentrate production for the second quarter of 2022. Access has been delayed due to an unidentified weak rock structure being encountered in the main ramp to the East South Zone that requires additional drilling and geotechnical mitigation work to reinforce the area prior to proceeding. These challenges have caused an expected delay of most of the ore production until August.

Unfortunately, the news only got worse as Nevada Copper also announced they were in discussions to obtain additional required financing, including this ominous quote: "There can be no assurance that the full amount of the funding contemplated by the promissory note will be made available or that an agreement will be reached on additional financing or on the amount, terms and sufficiency of any such additional financing. ...[T]he Company may not be able to continue to carry on business in the ordinary course." Not surprisingly, June 7<sup>th</sup> saw another 17.5% drop in Nevada Copper's share price.

Since then, Nevada Copper has provided two further updates that haven't exactly put shareholders at ease. On July 1 it was confirmed that they were in [ongoing discussions](#) with third parties and the Company's financing partners, about additional funding and other financial accommodations. While these discussions are ongoing, the Company is taking measures to significantly reduce Underground Mine site and other operational expenditures, including the suspension of most mining activities. They have not made payments due to certain creditors and vendors, including its mining contractor and working capital provider. Then on July 4th there was a hint of optimism as they had [agreed to non-binding terms](#) with its senior lender, and its largest shareholder, for a loan of up to US\$70 million. Nevertheless, the stock saw another 11% haircut.

It would be a shame if the team at Nevada Copper was unable to get this project to the finish line. Although, even if they can get it into production, it's hard to say what shareholders will be left with. The good news is, the largest shareholder and second-largest lender, Pala Investments, holds 37.6% of the outstanding shares and appears to be very active in keeping things moving forward. The question then becomes, with US\$165 million in long-term debt, another US\$100 million in current liabilities, and seemingly no cash at present, is this company worth its C\$94 million market cap?

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## **Biden Admin Moves to Kill**

# Alaska Copper Project

written by InvestorNews | January 30, 2023

One of North America's most promising new mineral developments just took a major hit from the Biden Administration.

The project is called Ambler, in northern Alaska. It's mineral rich, with many ore-grade zones assaying at astonishing levels of copper, zinc, cobalt, gold, silver and more. Some zones have returned grades of 12% copper, with associated elements adding to the mix.

Ambler is remote, though. It's nestled on the south side of the mighty Brooks Range of northern Alaska, and currently accessible only by foot or air. (Yes, I've been there.) Project development absolutely will require an industrial-level road. Here's the broad outline:



*Map courtesy of Trilogy Metals.*

As you can see on the map, the proposed road generally tracks west-east, paralleling the mountain range to the north, and connects with the existing Dalton Highway which runs from Fairbanks to Alaska's North Slope at Deadhorse.

For over a decade, a junior company called [Trilogy Metals Inc.](#) (NYSE American: TMQ | TSX: TMQ) has explored the Ambler area and made numerous, significant mineral discoveries. Then in 2019, a major mining company called **South 32 Limited** (ASX: S32 | OTC: SOUHY) optioned a 50% interest in the project. All along, exploration and pre-development efforts have been ongoing.

In mid-2020 the U.S. government issued a key permit to build the access road, running about 211 miles through what is called

“roadless wilderness.” Government actors included the Department of Interior, Bureau of Land Management and Corps of Engineers. About 42 miles of road would cross federal lands, versus state or tribal owned lands.

Up to now, development has proceeded apace on Ambler, with \$60 million worth of engineering work scheduled to begin this spring as soon as weather and ground conditions permit.

But this week, on Feb. 22 the U.S. Department of Interior filed suit in federal district court in Anchorage to revoke the previously issued permit, allegedly because environmental assessments were inadequate. For now, the permit is suspended which will halt almost all work on any roadbuilding effort.

What’s going on here? Well, the Washington Post ran a [story](#) on the matter, with a headline that is likely quite indicative of the Biden Administration’s true political rationale: “Biden administration suspends right of way for Alaska mining road advanced by Trump officials.”

Aha. Yes, it may just be that simple.

We are living under the Biden regime, a collection of policymakers that includes ardent environmentalists opposed to pretty much all mining and energy development, everywhere. And up in Alaska is this nice, ripe target, the Ambler Road that was approved under the Trump Administration.

We’re witness to environmental lawfare, pure and simple. The idea is to focus on a Trump era decision and then go to court to challenge it. Halt work. Slow and impede progress. Delay everything. Drive up costs and risks, while diminishing the overall economic return.

It matters not that Trilogy and South 32 have spent many years

preparing baseline environmental studies, along with extensive engineering work and analyses of alternatives. Nor that they worked diligently and respectfully with local residents in the Ambler area, as well as native corporations that hold extensive land claims and stand to benefit from jobs, taxes and royalties. Or that the state government of Alaska is heartily in favor of the road and mine development, along with the Alaska Congressional delegation.

Nor does it matter that the Biden Administration is making a full-bore push for “renewable” energy projects in America, ranging from solar and wind to a rebuilt power grid to electric vehicles – all of which require copper, zinc, cobalt and more.

Somehow or another, in the collective mind of Biden and his brain trust, the country can decarbonize and re-electrify, all without additional energy or mineral development. Buy everything from China, perhaps?

But despite the apparent cognitive dissonance on display – more electrification without metals production – give the Biden Administration credit for knowing how to shoot straight at the heart of mineral development. By going to court, Biden’s Interior Department is challenging a road plan that is nothing less than essential to develop the Ambler Mining District.

No road, no project; it’s that easy.

Meanwhile, this latest effort to block development in Alaska makes for a remarkable bookend to the life and times of Joe Biden. Because as a freshman Senator in 1973, one of Biden’s first votes was to oppose construction of the Alaska Pipeline, which entailed building that above-noted Dalton Highway.

Now, 49 years later, Biden returns to Alaska to kill a significant mining project. He’s consistent.

And along these lines, as Karl Marx once noted, history repeats itself. First as tragedy, then as farce.

That's all for now... Thank you for reading.

Best wishes...

Byron W. King

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# **Claudia Tornquist on Kodiak's MPD Copper-Gold Porphyry Project and new shareholder**

written by InvestorNews | January 30, 2023

In a recent InvestorIntel interview, Peter Clausi speaks with Claudia Tornquist, President, CEO, and Director of [Kodiak Copper Corp.](#) (TSXV: KDK) about Kodiak's copper-gold porphyry system discovery at the MPD project and attracting Teck Resources Limited (NYSE: TECK | TSX: TECK.A | TSX: TECK.B) as a significant shareholder.

In this InvestorIntel interview, which may also be viewed on YouTube ([click here to subscribe to the InvestorIntel Channel](#)), Claudia went on to say, "The company is focused on copper and last year made a very nice discovery very early on." She continued, "We have certainly had some interesting gold values in our discovery holes. That is obviously encouraging as gold can be a big contributor to the economics in a porphyry mine."

Kodiak recently attracted Teck Resources Limited (NYSE: TECK |

TSX: TECK.A | TSX: TECK.B) as a significant shareholder. “That is a great vote of confidence in our project and company,” Claudia commented. She also provided an update on the Mohave copper porphyry project in Arizona’s copper belt “in the vicinity of a large copper porphyry mine.”

To watch the full interview, [click here](#)

### **About Kodiak Copper Corp.**

Kodiak is focused on its 100% owned copper porphyry projects in Canada and the USA. The Company’s most advanced asset is the MPD copper-gold porphyry project in the prolific Quesnel Trough in south-central British Columbia, Canada, where the Company made a discovery of high-grade mineralization within a wide mineralized envelope in 2020. Kodiak also holds the Mohave copper-molybdenum-silver porphyry project in Arizona, USA, near the world-class Bagdad mine. Kodiak’s porphyry projects have both been historically drilled and present known mineral discoveries with the potential to hold large-scale deposits.

The Company also holds the advanced-stage Kahuna diamond project in Nunavut, Canada. Kahuna hosts a high-grade, near surface inferred diamond resource and numerous kimberlite pipe targets.

Kodiak’s founder and Chairman is Chris Taylor who is well-known for his gold discovery success with Great Bear Resources. Kodiak is also part of Discovery Group led by John Robins, one of the most successful mining entrepreneurs in Canada.

To learn more about Kodiak Copper Corp., [click here](#)

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