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On Friday's Close

Analyst : Warwick Grigor

Cyprium Metals; an emerging copper company priced at nominal levels

We have had a great six months in resources markets, particularly with gold. However, good times don't last forever. How far out into the future can we see? For what it is worth, Goldman Sachs is forecasting a commodity bull market stoked by inflation and new demand driven by additional fiscal and monetary stimulus. If it is correct, the good times will keep rolling.

Another thought is that we are seeing a once in a generation bull market with many new players in the speculative end. They don't yet know what it is to lose money when the music stops. They have no fear and so they will stay at the table well after the more experienced traders will have decided to cash out. Again, this supports the view that this market will keep rolling.

There is a widely held view that the only way governments can solve their debt problems (if debt can continue to be thought of as a problem and not just a number) is by inflating their way out of it. Monetarists will want to raise interest rates to stop inflation getting out of hand, but the erosion of debt won't happen if the raising of interest rates is pre-emptive. If interest rates lag inflation you will have the right environment to set inflationary expectation into play, but that is like letting the genie out of the bottle. That will give you the problem of galloping inflation like what we saw in the 1970 and 1980s.

CYM planning to monetise WA copper projects

While everyone is off chasing gold companies and occasionally things like rare earths, the playing field for copper companies is a lot smaller. It is even smaller when you discard those companies that are all about promotion rather than progressing to production. Actually bringing on-stream a profitable copper producer has been a challenge over the years. We haven't seen many of these in the junior end of the market, so it is with some caution that I cast my eye over Cyprium Metals (CYM) when I was first introduced to it a week ago. However, I have quickly started feeling quite positive about this company.

History - new projects and management in 2019

Cyprium was previously ARC Exploration (ARX), an unsuccessful gold explorer in Indonesia. The name was changed in mid 2019, following a change of management and the vending of the right to earn 80% of the Cue Copper/Gold Project, by the new team.

The Cue Project was previously owned by Musgrave Minerals, which retains a free-carried 20% stake through to completion of a BFS. CYM has since spent \$2m in the ground to secure its 80%, but has outstanding milestone payments of \$200,000 (cash or shares) and \$300,000 (cash or shares) upon proving 80,000 tonnes of copper in-situ and a decision to mine, respectively.

Management is an important selling point

Led by Barry Cahill, the company has an experienced copper production team that was responsible for the design, development and operation of the successful Wetar SX-EW copper mine in Indonesia, operated by Finders Resources. Barry was keen to put that heap leach/SX-EW experience to good use in Australia. After an extensive study of potential projects he settled on the ground held by Musgrave in Cue. Then followed the more recent acquisition of the Nanadie Well Copper Project located 75 km to the east of the Cue Project's Hollandaire orebodies. Cyprium now has a critical mass of copper interests that could conceivably support production of 10,000 tpa. More work is required, but so far the confidence is high.

The *Hollandaire orebodies (80% CYM)* have been the main focus up until now. These are VMS or SedEx styles of orebody with extensive post mineralisation metamorphism and structural activity that has disguised the true origins to some extent. There are two deposits with the Hollandaire East occurring as stringer to massive pyrite/chalcocite sulphide lenses with massive mineralisation varying from 1m to 15m in thickness. Sulphide stringers varying from 10-20mm in thickness are found in lenses that can get up to 20m in thickness. Both styles of mineralisation dip 25-35 degrees to the south and are open at depth. The maximum strike length is 130m and thickness varies from 1m to 45m

Hollandaire West mineralisation occurs as stringer pyrite/chalcocite with minor chalcopyrite sulphide stringers that vary from 10mm to 20mm thick with 20 to 50mm spacing in stringer lenses from 0.5m to 45m thickness. The mineralisation dips 30° to the south and the limits of contiguous mineralisation have been well defined. The maximum strike length is 230m and thickness varies from 1m to 15m

There is a deletion zone from 30-45m and there is no supergene mineralisation to speak of. The East orebody starts at a depth of 50m and the West body at 30m.

The orebodies have been tested with 208 RC holes and 94 diamond holes, with Silver Lake Resources having drilled most of them between 2011 and 2013. Drill spacing is 20m x 20m and 40m x 40m. A 0.3% Cu lower cut-off grade was applied, with 26% as the top cut. The minimum mining width has been taken to a narrow 1m but so far there have not been any internal and external dilution factors applied.

Resource recently lifted to 50,000 tonnes of copper

The recently updated resource comprises 2.78 Mt at 1.9% copper with incidental gold and silver. Seventy eight percent is in the Indicated category and 80% of the mineralisation is within 160m of the surface, meaning that it is open pittable. Fresh rock accounts for 89% of the orebody.

Nanadie Well has added to the Portfolio

In July 2020, CYM announced the purchase of 100% of the Nanadie Well project for \$1.5m (cash and shares), from Horizon Metals. Adding this to Hollandaire could be a case of one and one equalling three, so it was a very strategic purchase.

There is already a 2004 JORC compliant Inferred Resource of 151,506 t of copper, being 36 Mt at 0.42% Cu and 0.06 gpt gold, but CYM believes there is potential for much more, both from extension of the orebody and elsewhere on the leases. It is keen to run IP surveys over the ground to take advantage of the last 20 years of improvement in this geophysical technique. It will shortly commence a 3,000m RC drilling program to upgrade the supergene portion of the resource status to the Indicated category.

Nanadie Well has had some good intercepts in the past, including 156m at 0.7% Cu from surface, 105m at 0.76% Cu and 0.22 gpt from 8m, 28m at 0.85% Cu and 0.55 gpt Au, and 14m at 2.16% and 0.55 gpt Au from 38m. Mineralisation is found within a 150m width along 750m of strike, with possible strike extensions out to 2 km. It has had only one diamond drill hole into it and the deepest intercept was at 250m, ending in mineralisation. It will be interesting to see what conclusions can be drawn once the 3,000m program is factored into the numbers.

In addition, there is the Stark copper nickel mineralisation, only 1 km to the east of Nanadie Well. CYM has taken high grade copper surface samples from gossan and the nearest drill intersection into sulphide mineralisation is around 200 metres deep without any drilling in between.

Parameters of a possible development

Although the rules don't allow Cyprium to publicly state much yet, it does have a vision of a 10,000 tpa copper mine that would cost in the order of \$70m to establish. As a stand-alone operation Hollandaire would probably wash its face, but when you throw Nanadie Well into the equation it really starts to get interesting. There are synergies with metallurgy that add significant value. With a combined resource base of 200,000 tonnes of copper you have the potential to generate significant profits from open pit mines. Once established, an operating mine could draw from a number of interesting geological positions in the region that could be advanced with further exploration work.

Metallurgy and Processing Methodology is the Key

Metallurgical test work by Cyprium has demonstrated that heap leaching and SX-EW methods at Hollandaire can recover 95% of the metal in 40 days, producing copper metal plates. This is a low operating cost process with modest capex requirements as there is no need for a concentrator or a tailings dam. The saleable product is LME grade copper.

The Bottom Line

Judging by the nominal market capitalisation of around \$10m, the market is not giving much credit to these copper projects. Perhaps it doesn't understand them. Perhaps the company has been under-promoted. Whatever the reason,

the market capitalisation at \$10m with the shares at 16-17¢ seems ridiculously cheap. Sure, the company needs to raise capital in the short term and maybe the potential buyers are waiting for this as an entry point, but any way you look at it there is enormous leverage at these prices.

A wise quote that comes to mind says that "a mine isn't found, it is made." We may be looking at a classic case here that proves the point. Cyprium has copper orebodies that previous owners didn't know what to do with. Along comes someone who not only recognises the value but also has the smarts to monetarist what is sitting in the ground. It looks good to me.

STOP PRESS: Just as we finished writing this piece CYM went into a trading halt to raise \$5m at 15¢, in a two tranche placement, with a \$1m SSP to follow.

Disclosure: Interest associated with the author do not own shares in Cyprium but they have applied for some of the placement happening now.

WWI adds another 0.7 Moz to Reach 4.4 Moz

West Wits performed very well in the market on Wednesday with the announcement that it had added another 700,000 oz to the Witswatersrand Basin Project, taking the total to 4.37 Moz at 3.88 gpt. Incredibly, there were 254 mill. shares traded on the day for a value of \$17.5m, in 4,444 trades. Our phones were running hot with investors wanting some insight as to what will happen next.

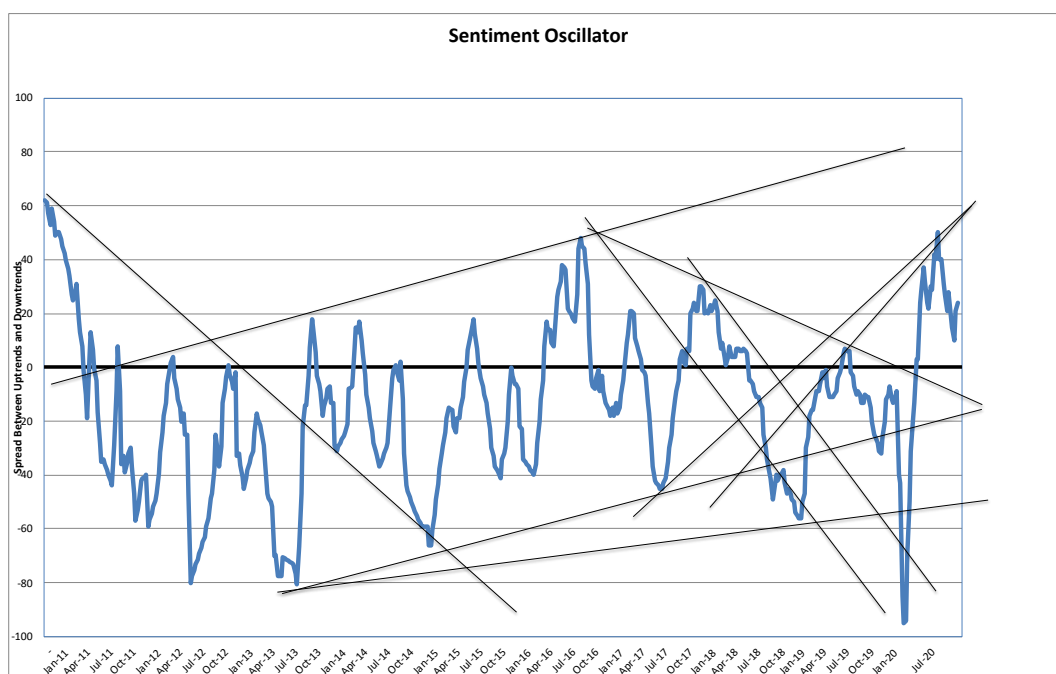
From my perspective, the resource upgrade was always going to happen but the improvement in grade was a pleasant surprise. That, combined with the higher gold price this year means that the project is materially more valuable that it was this time last year.

As positive as the market was on the upgrade, that is just a precursor to the real value creation that will come with granting of the mining rights. That is when the asset becomes real as opposed to prospective. The company is still capitalised at only \$89m (at 7.5¢). It could easily be worth 3-4 times this figure. The company has advised that after many years of waiting, the rights should be granted any week now. That is what we are waiting for.

In the interests of accuracy, you should remember that WWI has a 66.6% interest in the ounces and the project.

Disclosure: Interest associated with the author own shares in West Wits and FEC has received corporate fees.

We have added Cyprium Metals to our chart coverage.






Sentiment Oscillator: Sentiment continued to rally during the week. There were 51% (48%) of the charts in uptrend and 27% (27%) in downtrend on Friday's close.

Detailed Chart Comments

NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.

Indices	Code	Trend Comment	
All Ordinaries	XAO	surge through resistance	
Metals and Mining	XMM	testing resistance line	
Energy	XEJ	down	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	down	zinc, polymetallic
Aeon Metals	AML	testing support	copper + cobalt
Alkane Resources	ALK	new high	gold, zirconia
Alicanto Minerals	AQI	surge to new high	base metals, silver, gold
Allegiance Coal	AHQ	down	coking coal
Alliance Resources	AGS	sideways	gold predevelopment
Alto Metals	AME	new high	gold exploration
American Rare Earths (was BPL)	ARR	surge to new high	rare earths
Apollo Consolidated	AOP	breaching downtrend	gold exploration
Arafura Resources	ARU	breached downtrend	rare earths
Aurelia Metals	AMI	testing support	gold + base metals









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Australian Potash	APC		strongly higher	potash
Auteco Minerals	AUT		down	gold exploration
BHP	BHP		down	diversified, iron ore
Base Resources	BSE		rising	mineral sands
BBX Minerals	BBX		higher	gold exploration
Beach Energy	BPT		down	oil and gas
Beacon Mining	BCN		sideways	gold production
Bellevue Gold	BGL		new high	gold exploration
Blackstone Minerals	BSX		breaching uptrend	nickel
Blue Star Helium	BNL		new high	gas, helium
Breaker Resources	BRB		still in LT downtrend	gold exploration
Buru Energy	BRU		sideways	oil
Buxton Resources	BUX		down on negative drill result	nickel exploration
Calidus Resources	CAI		new high	gold
Capricorn Metals	CMM		breached uptrend	gold
Central Petroleum	CTP		sideways through uptrend	oil/gas
Chalice Gold	CHN		new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML		collapse on negative drill result	nickel/copper/PGE
Chesser Resources	CHZ		back to highs	gold exploration
Cobalt Blue	COB		down	cobalt
Cyprium Metals	CYM		on support line	copper
Dacian Gold	DCN		rallying	gold
Danakali	DNK		down	potash
Davenport Resources	DAV		breached downtrend	potash
De Grey	DEG		new high	gold
E2 Metals	E2M		testing uptrend	gold exploration
Ecograf (was Kibaran)	EGR		pullback	graphite
Element 25	E25		new high	manganese
Emerald Resources	EMR		sideways	gold
Euro Manganese	EMN		rising	manganese
Evolution Mining	EVN		sideways	gold
First Graphene	FGR		breached downtrend	graphene
Fortescue Metals	FMG		down	iron ore
Galaxy Resources	GXY		heavy slump	lithium
Galena Mining	G1A		rising	lead
Galilee Energy	GLL		rising	oil and gas, CBM
Genesis Minerals	GMD		uptrend	gold
Gold Road	GOR		down	gold
Highfield Resources	HFR		rising	potash
Hillgrove Resources	HGO		still in downtrend	copper
Iluka Resources	ILU		rising again	mineral sands
Image Resources	IMA		falling back to support line	mineral sands
Independence Group	IGO		down	gold
ioneer (was Global Geoscience)	INR		steeply higher	lithium

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Ionic Rare Earths (Oro Verde)	IXR		gentle uptrend	rare earths
Jervois Mining	JVR		sideways	nickel/cobalt
Jindalee Resources	JRL		pullback	lithium
Kin Mining	KIN		new high	gold
Kingston Resources	KSN		testing downtrend	gold
Kingwest Resources	KWR		spike higher	gold
Legend Mining	LEG		weaker	nickel exploration
Lepidico	LPD		sideways	lithium
Lindian Resources	LIN		higher	bauxite
Lithium Australia	LIT		testing uptrend	lithium
Los Cerros	LCL		steeply higher	gold exploration
Lotus Resources	LOT		testing downtrend	uranium
Lucapa Diamond	LOM		pullback on exploration news	diamonds
Lynas Corp.	LYC		new high	rare earths
Mako Gold	MKG		back in downtrend	gold exploration
Mali Lithium	MLL		uptrend	gold & lithium
Manhattan Corp	MHC		heavy fall	gold exploration
Marmota	MEU		drifting lower	gold exploration
Marvel Gold (was Graphex)	MVL		rising	gold exploration
MetalTech	MTC		breached uptrend	gold
MetalsX	MLX		down	tin, nickel
Metro Mining	MMI		rallying	bauxite
Mincor Resources	MCR		rising	gold/nickel
Musgrave Minerals	MGV		testing downtrend	gold exploration
Myanmar Minerals	MYL		on support line	lead, zinc, silver
Nelson Resources	NES		rising	gold exploration
Neometals	NMT		rising	lithium
Northern Minerals	NTU		steeply higher	REE
Northern Star Res.	NST		spiked higher	gold
NTM Gold	NTM		new high	gold exploration
Oceana Gold	OGC		heavy fall	gold
Oklo Resources	OKU		testing downtrend	gold expl.
Orecorp	ORR		breaching uptrend	gold development
Orocobre	ORE		testing downtrend	lithium
Oz Minerals	OZL		breached downtrend	copper
Pacific American Holdings	PAK		strongly higher	coal
Pacifico Minerals	PMY		testing downtrend	silver/lead
Pantoro	PNR		testing downtrend	gold
Panoramic Res	PAN		rising	nickel
Peak Resources	PEK		testing downtrend	rare earths
Peel Mining	PEX		uptrend	copper
Peninsula Energy	PEN		down again	uranium
Poseidon Nickel	POS		rising	nickel
Pure Minerals	PM1		rising	nickel/cobalt/HPA

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Pensana Metals	PM8		surge to new high	rare earths
Perseus Mining	PRU		testing uptrend	gold
Pilbara Minerals	PLS		breaching uptrend	lithium
Polarex	PXX		heavy fall	polymetallic exploration
Ramelius Resources	RMS		rising again	gold production
Red5	RED		rallying	gold
Red River Resources	RVR		new high	zinc
Regis Resources	RRL		down	gold
Reergen	RLT		down	gas, helium
Resolution Minerals	RML		down	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		down	diversified, iron ore
Rumble Resources	RTR		testing uptrend	gold exploration
Salt Lake Potash	SO4		breaching downtrend	potash
Saracen Minerals	SAR		breached downtrend	gold
St Barbara	SBM		down	gold
Sandfire Resources	SFR		Downtrend	copper
Santos	STO		down	oil/gas
Saturn Metals	STN		down	gold exploration
Sheffield Resources	SFX		on support	mineral sands
Sky Metals	SKY		rising	gold exploration
St George Mining	SGQ		rising	nickel
Silex Systems	SLX		down	uranium enrichment technology
Silver Mines	SVL		on support line	silver
Sipa Resources	SRI		breached uptrend	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		breached steepest downtrend	coal
Strandline Resources	STA		down	mineral sands
Sunstone Metals	STM		uptrend	
Talga Resources	TLG		rising	graphite
Technology Metals	TMT		surge higher	vanadium
Tesoro Resources	TSO		new high	gold exploration
Theta Gold Mines	TGM		uptrend	gold
Thor Mining	THR		on support line	gold exploration
Tietto Minerals	TIE		testing downtrend	gold
Titan Minerals	TTM		breaching downtrend	gold
Vango Mining	VAN		down	gold
Venturex	VXR		rising	zinc
Vimy Resources	VMY		still in downtrend	uranium
West African Resources	WAF		new high	gold
Westgold Resources	WGX		new high	gold
West Wits Mining	WWI		rising	gold
Western Areas	WSA		down	nickel
Whitebark Energy	WBE		down	oil and gas
Whitehaven Coal	WHC		rallying	coal

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Wiluna Mining	WMX		back to support line	gold
Yandal Resources	YRL		surged higher	gold exploration
Zinc Mines of Ireland	ZMI		testing downtrend	zinc
Totals	51%	75	Uptrend	
	27%	40	Downtrend	
		147	Total	

Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.
- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, some times for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.
- Errors and omissions may occur from time to time, especially in fast moving markets.

Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits (or minimise their losses if indeed it is the start of the new uptrend (downtrend). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

Weightings of Sectors Represented in the Company Charts

Sector	No. of Companies	Weighting
Gold	37	25.2%
Gold Exploration	26	17.7%
Nickel	12	8.2%
Oil/Gas	8	5.4%
Lithium	8	5.4%
Zinc/Lead	7	4.8%
Rare Earths	7	4.8%
Copper	7	4.8%
Mineral Sands	5	3.4%
Iron Ore/Manganese	5	3.4%
Potash/Phosphate	5	3.4%
Coal	4	2.7%
Uranium	4	2.7%
Graphite	2	1.4%

Bauxite	2	1.4%	
Silver	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	3		
Total	147		

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