

Rio Tinto's Winu copper find 'promising'

PAUL GARVEY RESOURCES REPORTER [@PDGarvey](#)

12:00AM FEBRUARY 28, 2019

Rio Tinto has confirmed the worst kept secret in Australian mining, unveiling what chief executive Jean-Sebastien Jacques described as a “promising” new copper discovery in Western Australia’s Paterson Ranges.

The confirmation from Rio Tinto followed months of speculation about the company’s activities in the remote area. It had aggressively pegged out an extensive landholding around the region, sparking a subsequent land grab as juniors and majors looked to build their own positions.

Aerial photographs of a sizeable exploration camp and two drilling rigs only added to the speculative frenzy, as did applications by Rio Tinto to build an airstrip and upgrade a dirt road leading into the area.

The company said it had 26 diamond holes drilled at the Winu discovery and had moved into a second stage of drilling to ascertain scale.

Mr Jacques told *The Australian* that it was still too early to tell just how large Winu could be.

“We would feel much more comfortable if we had more drill holes. The other piece is we need to do the metallurgical testing as well,” Mr Jacques said.

“I know there has been lots of speculation, but until we’ve got more results and all the metallurgy and recovery testing, I think it will be difficult to put out such an assessment. As soon as we have something we will inform the market.”

Drilling results filed by Rio with the ASX included intercepts of up to 499 metres of relatively low- grade copper, gold and silver mineralisation as well as narrower intercepts with copper grades above 1 per cent.

“What is absolutely clear is there is lots of copper, lots of gold, and lots of silver,” Mr Jacques said.

Such drilling disclosures are unusual for a company of Rio’s size, and Mr Jacques said the decision to release the details should give the market some form of confidence in the discovery’s potential.

Yesterday’s announcement is the most substantive indication yet of the area’s exploration prospects.

London-listed Greatland Gold had also unveiled broad, high-grade but deep drill intercepts from its Haveiron prospect elsewhere in the Paterson Range, while junior explorers such as Antipa Minerals and Sipa Resources have also been stepping up their work in the region.

The West Australian

At last, Rio Tinto lifts the lid on copper, gold, silver find in East Pilbara's Paterson province

[Stuart McKinnon](#)

Thursday, 28 February 2019 2:00AM

Rio Tinto has finally pulled the covers off its rumoured big copper find in the remote Paterson province of the East Pilbara, revealing an encouraging discovery but one that is still in its infancy.

Releasing its 2018 full-year results yesterday, the mining giant also announced that drilling at its Winu project 130km north of Telfer had intercepted copper, gold and silver.

The company revealed it had drilled eight RC holes and 20

diamond holes between December 2017 and the end of last year for a total of 13,286m. Assay results revealed some wide intersections of vein-style mineralisation with grades above one per cent copper, 1g/t gold and up to 26.41g/t silver.

Rio said the mineralisation had been encountered beneath relatively shallow cover from 50-100m and remained open at depth and to the east, north and south.

However, it is yet to establish a resource estimate for the find. Four holes covering 1409m have been completed since drilling resumed in mid-January with assay results pending.

Rio chief executive J-S Jacques described the Winu discovery as promising, although it was early days and more work needed to be done.

“But the initial results from the first phase of drilling are pretty encouraging, there is copper, there is gold, there is silver,” he said.

“And I’m really looking forward to the second phase and for sure we will keep you and the market updated.”

Speculation about the scale of Rio’s find in the East Pilbara went into overdrive late last year after it was revealed the company had set up an exploration camp at Winu, applied to upgrade roads to the location and planned to build an airstrip on site.

The activity has stoked hopes of belt-scale mineralisation across the Paterson province and prompted a scramble for land adjacent to Rio’s vast 11,000sqkm tenement package in the area.

Mr Jacques said the company had agreed to increase its investment at Winu, its adjacent tenements and joint venture licences to support drill work as part of the mining giant’s \$US250 million global exploration spend this year, with a focus on copper. Rio yesterday exceeded analysts’ expectations with full-year net earnings of \$US13.64 billion (\$19 billion) and \$US7.1 billion (\$9.9 billion) in returns to shareholders.

Underlying earnings of \$US8.8 billion was up 2 per cent on the

previous year, well above analysts' expectations of \$US8-8.4 billion.

The mining giant kept up its policy of big returns to shareholders, declaring a final dividend of \$US1.80 a share and a special dividend of \$US2.43 a share on the back of recent asset sales. Rio shares closed up 56¢ at \$95.12 yesterday near last week's 10-year-plus high of \$95.60.



Rio comes clean on copper find

RIO Tinto has finally confirmed it's made a copper discovery in Western Australia's Paterson Province, and has shed some light on the find.

- [Exploration / Development > Discovery](#)
- 28 February 2019

Kristie Batten



The company's exploration team has been working at Winu, 130km north of Telfer, since late 2017.

Yesterday Rio released the results for the first 22 holes and partial results for a further two holes.

Vein-style copper, gold and silver mineralisation has been intersected beneath shallow cover ranging from 50-100m.

The widest intersection is 741m at 0.45% copper, 0.52 grams per tonne gold and 2.94gpt silver from 68m, while the highest grade intersection was actually hole one, which returned 104m at 0.8% copper, 0.28gpt gold and 4.35gpt silver from 70m, including 11m at 2.23% copper, 0.24gpt gold and 8.44gpt silver.

There was also a hit of 6m at 4.69% copper, 2.52gpt gold and 26.41gpt silver within a broader intersection of 145m at 0.43% copper from 88m.

Mineralisation remains open at depth and to the east, north and south along a 1.4km strike.

Rio completed 13,286m of drilling up until the end of 2018, with a further four holes for 1409m has been completed so far this year with assays awaited.

Rio CEO J-S Jacques described the results as "pretty encouraging", but stressed it was early days.

"I'm really looking forward to the second phase and for sure we will keep you and the market updated," he told reporters.

"What is absolutely clear is there's a lot of copper, a lot of gold, a lot of silver."

Morgans analyst Adrian Prendergast said the results "certainly got the mind ticking on the possibilities".

"It is only early days on Winu, but the (so far) large and relatively low-grade deposit certainly holds potential," he said.



A cross-section from Winu

An 80-man camp has been built, a gravel airstrip is being built for emergency response purposes and the sand section of a 200km track is being upgraded.

Later, during the investor briefing, one analyst commented that he'd never seen Rio put drilling results in a presentation before, "which is a good thing".

"I don't think we've communicated enough about exploration in the past," Jacques said.

He noted Rio was the only major miner not to cut exploration spend during the global financial crisis.

"We need to push harder on exploration," he said.

Rio spent US\$231 million on exploration last year and plans to spend \$250 million this year - the bulk of which will be in copper.

Jacques said the company remained extremely bullish on copper and would also consider M&A.

"We have a watching brief but we have a high threshold," he said.

"When the time is right, we will move."

Jacques said he was currently enjoying the results of decisions made by his predecessors.

"And what we want to make sure is that whoever is running this company in 10 years, 20 years from now, he or she has a healthy pipeline of options," he said.

"So I'm not ruling out M&A. We'll keep a watching brief. But we need to push harder on the exploration."

The Winu news had little market impact on the juniors working in the Paterson Province.

Rio's joint venture partner Antipa Minerals was heavily traded, but rose just 3.8% to 2.7c. Sipa was unchanged at 0.8c.

AIM-listed Greatland Gold, which has reported some strong results from the Havieron project, was unmoved in London overnight.

FINANCIAL REVIEW

— NEWS WEBSITE OF THE YEAR —

***'We deliver': Rio
Tinto's \$5.6b
investor bonus,
copper find***

James Thomson and Brad Thompson

Updated Feb 27, 2019 — 6.47pm,
first published at 5.21pm

Rio Tinto has lavished shareholders with a \$US4 billion (\$5.6 billion) special dividend and given its growth prospects a much-needed boost by revealing an exciting copper prospect in Western Australia.

The mining giant reported a 2 per cent rise in underlying profit to \$US8.8 billion, beating expectations for a profit of \$US8.5 billion. Revenue edged higher to \$US40.5 billion during a year in which the company sold five major assets. Rio declared a final dividend of \$US1.80, in line with last year's final payout of \$US1.80. But it will also pay a \$US4 billion special dividend, following the sale of [its stake in the Grasberg copper mine in Indonesia](#) in late 2018.



"Our world-class portfolio and strong balance sheet will serve us well in all market conditions," said Rio Tinto chief Jean-Sebastien Jacques, pictured in London on Wednesday. Chris J. Ratcliffe

"We deliver on our promises, which is to deliver value to our shareholders in the short, medium and long term – \$US13.5 billion or nearly \$18 billion Australian dollars is the best proof of what we are doing," chief executive JS Jacques said.

The dividends take the full-year shareholder returns to \$US13.5 billion, a record for the company. This includes \$US7.2 billion in from share buybacks and special dividends.

Shaw and Partners analyst Peter O'Connor said the size of the special dividend was a surprise.

"Although the intent was well flagged by the company December 2018, the size of the prize may impress."

'Pretty encouraging'

Rio also finally confirmed an exciting copper find at Winu in the Paterson Range in the East Pilbara, in a major boost for the company's growth options.

"It is early days and we have more work to do, but the initial result from drilling are pretty encouraging," Mr Jacques said. "There is copper, there is gold and there is silver, and I'm really looking forward to the second phase [of drilling]."

Rio has drilled 24 holes and found mineralisation close to the surface. Extensive drilling will continue as part of the company's \$US250 million exploration program.

The find is about 130 kilometres from Newcrest's Telfer copper/gold mine in the East Pilbara and near a series of other copper prospects discovered recently by junior miners.

Many of the world's biggest mining houses are hunting for copper, which is expected to fall into a supply deficit in the coming years. Speculation has been mounting about the Paterson discovery since it emerged Rio has been quietly investing in infrastructure in the area, including an airstrip and access roads.

The excitement in the Rio camp around the Winu prospect might help to ease some concerns around Rio's growth prospects, given's Rio's spate of recent asset sales.

Rio sold \$US8.6 billion worth of assets during 2018, including its Queensland coal mines. Mr Jacques said the

sale of these coal assets and its thermal coal business in 2017 had improved the company's standing from a sustainability point of view.

"We are the only large mining company with no coal or oil and gas in our portfolio," he said on Wednesday evening. He played down the concerns about Rio's growth options, declaring the miner was "reinvesting in the existing business and we have exciting growth projects already underway in iron ore, copper and bauxite".

'We are not going to rush'

Rio has forecast it will grow production at 2 per cent per annum under its current capital expenditure plans, but Mr Jacques was cautious on mergers and acquisitions.

"Are we looking at opportunities? The answer is yes," Mr Jacques said. "But we are not going to rush."

However, Rio revealed that preparatory work at the company's Oyu Tolgoi underground copper mine in Mongolia was taking longer than expected, and sustainable production will be further delayed. Rio had been hoping to start production in early 2020, but this was pushed out by nine months in late October and will now be pushed out again.

But Mr Jacques said he remained confident in the project's prospects.

"There is no doubt in our mind that Oyu Tolgoi remains a truly world-class business for us."

Mr Jacques warned that there were some clouds over the global economy, including the threat of a trade war between the United States and China, the key market for

Rio's iron ore.

"I am the optimist in the room and I believe common sense will prevail at some stage," Mr Jacques said of the trade tensions.

"There is uncertainty around but we are very well positioned. The only thing I can do is to make sure I have a business that is even stronger."

Mr Jacques said the outlook for iron ore was strong given global supply interruptions and Rio remained "bullish" about copper and aluminium in the medium and long term. Rio Tinto shares have risen 21 per cent since the start of the year on the back of rising iron ore prices. A tragic dam accident at a Brazilian mine owned by Vale [has shaken the global market](#).

'Value over volume'

However, Rio said it has no plans to increase production in the wake of the disaster, despite high prices.

"Clearly value over volume," Mr Jacques said of Rio's underlying philosophy.

Rio's iron ore business, which accounts for about 60 per cent of its profits, delivered a 3 per cent fall in underlying earnings to \$US6.5 billion.

The iron ore business had cash costs of \$US13.30 a tonne in 2018, and has forecasts costs of between \$US13 a tonne and \$US14 a tonne in 2019. In November, Rio approved the \$US2.8 billion Koodaideri iron ore mine, which will replace existing production in the Pilbara. Rio shares closed 0.6 per cent higher on Wednesday at \$95.12, prior to the release of its full-year numbers.

