

FINANCIAL REVIEW

Rio's WA copper prospect may hit production before its Resolution mine

Luke Housego

Reporter

Jul 14, 2019 — 11.07pm

Rio Tinto's [Australian copper discovery](#) could be developed sooner than its Resolution Copper joint venture with BHP, with drilling results expected by the end of the year to determine how Rio will further develop the project.



Rio is bullish on the outlook for copper but Arnaud Soirate says growth through M&A is not on the miner's radar. **Supplied**

Speaking on Friday at Rio's Argyle diamond mine, Rio's head of copper and diamonds, Arnaud Soirat, said the copper project in the Paterson Province of WA, which was first confirmed in February this year, could be operational earlier than Resolution because initial information suggests the ore body is reasonably accessible.

"If the deposit is right, and the metallurgy is right, potentially it could come before Resolution. And the reason why I say that is because it would be open cut mine, and it's reasonably shallow," he said.

Current information shows only 50 to 100 metres of overburden would need to be removed to access the copper-rich ore, Mr Soirat explained.

Overtaking the Resolution project is not necessarily a high bar however. [Rio acquired 55 per cent of Resolution from BHP in 2001](#) but it is still only at pre-feasibility stage.

The project is located on land that is significant to local Indigenous groups in the US state of Arizona and the environmental review and approvals process is now in its seventh year.

"We should be able to have the final environmental impact statement in roughly a year from now. Once we've got this, 60 days later, there will be the land exchange, and then we become the owner of the land," Mr Soirat said.

The underground block cave mine is not expected [to enter production until at least the mid-2020s](#).

Winu's path to production is comparatively light, and not only because it is potentially just an open-pit project and not a capital-intensive underground operation.

While cultural heritage surveys have not been completed, the location in the Yeneena Basin of the Paterson Province places the project in the established mining neighbourhood of north WA.

"It's around 300 kilometres from Port Headland and maybe 200 kilometres from the first bitumen road. So it's remote, but not that remote," Mr Soirat said.

Building on expectations of the discovery, the company sent the copper executive out to personally tour the site two weeks ago.

"It's unusual for me to come to an exploration site at such an early phase but it's a very interesting project."

The unanswered question for Winu is whether drilling results will prove the scale would be large enough to suit Rio's portfolio.

"I think we'll be able to tell the market by the end of this year whether it's not a Rio Tinto site," Mr Soirat said,

"However, it will still take more time because as I said, we haven't reached the boundary on three directions of the deposit."

Drilling results released in June, and earlier results from when the discovery was first confirmed in February noted that the limits of the ore body were not yet known.

"We're still looking for the limit for the deposit east, north and south," he said, adding that it is also not yet known whether there will also be other sites in the area.

"This is also very big mine licence, as you've seen, and so we'll be also looking at other potential sites in the region, as well."

The company has secured 12,000 square kilometres of land in the area, with expectations that there may be multiple mine sites.

"We've done some surveys and there are some signs where our exploration team are saying, 'okay, it will be worth going and having a look and prospecting there'," Mr Soirat said.

But the upbeat comments on the Winu discovery in Western Australia come as Rio prepares to reveal more about the scale of [cost blowouts on Mongolia's \\$US5.3 billion Oyu Tolgoi underground](#) project in Tuesday's quarterly production report.

Mr Soirat confirmed on Friday that Oyu Tolgoi would cost more to construct than previously expected. However, he added that the geotechnical challenges and project management shortcomings should not dramatically change the long-term operating costs of the mine.