

# Copper Price Set to Rebound Amid Supply Shortages and EV Demand Surge, Miners Respond

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[Energy Metals News](#) Commentary  
Issued on behalf of [Usha Resources Ltd.](#)

VANCOUVER, July 26, 2024 - Despite recent setbacks in the price of copper (falling 20% in just two months), analysts at big banks and funds such as BMO, Citi, and Goldman Sachs believe that factors such as a recent Chinese smelter supply shortage and constrained mine supply will push the red metal's price back up. According to a report from Financial Times, the world's largest copper miners are predicting closer collaboration with their end users as copper shortages are set to flare up in the years ahead. A new study from the International Energy Forum, is already warning that the world needs 55% more copper mines to meet its EV transition goals. The mining sector is doing what it can to prepare for this surge in demand, with recent developments made by Usha Resources Ltd. (TSXV:USHA) (OTC:USHAF), [Freeport-McMoRan Inc.](#) (NYSE: FCX), Rio Tinto Group (NYSE: RIO), BHP Group Limited (NYSE: BHP), and [Lundin Mining Corp.](#) (TSX: LUN) (OTCPK: LUNMF).

In a strategic deal that saw it work to divest up to 90% interest in its Jackpot Lake lithium asset, Usha Resources Ltd. (TSXV: USHA) (OTC: USHAF) took the opportunity at roughly the same time to execute an option for the right to purchase an undivided 100% interest in the Southern Arm copper property from Abitibi Metals. Building upon its reputation for acquiring and growing out value for its mineral assets, the Jackpot Lake sale for US\$26,025,000 once completed would see Usha having successfully generated a return-on-investment of over 1,300%-after only spent approximately US\$1.835 million on acquiring and developing Jackpot Lake since 2022.

"Our strategic vision at Usha has always been to acquire and monetize undervalued assets," said Deepak Varshney, CEO of Usha. "With the recent acquisition of the Southern Arm Copper-Gold VMS Project from Abitibi Metals, our focus will now shift towards copper and other critical metals. With working capital of approximately \$1.2M, Usha is in a strong financial position to execute over the coming year and we look forward to our maiden drill program at Southern Arm, particularly at "Hollywood", which has a ~1.8 km footprint that is open along strike."

Now with the potential upcoming addition of the Southern Arm asset, USHA is making a timely move into the copper sector. The asset hosts a ~7.3km copper-gold trend along the regional-scale Bapst fault within the same volcanic rocks group that hosts the nearby Selbaie Mine, and B26 Deposit of Abitibi Metals which is owned by the seller of the Southern Arm project, and who will be acting in an advisory role for the project with Usha as it progresses on the proposed exploration strategy.

"We are very excited to partner with Abitibi Metals on Southern Arm, which establishes Usha as a diversified metals company in North America with an opportunity to develop a company-making asset in the best mining province in Canada," said Varshney. "We look forward to working with the Abitibi team to advance Southern Arm and plan on completing a fully funded maiden drill program this coming Fall."

Down in Chile, US miner Freeport-McMoRan Inc. (NYSE: FCX) is moving forward with an expansion to its El Abra copper mine, an investment that's projected to be around \$7.5 billion. The project is expected to take seven to eight years to develop due to permitting requirements, as Freeport is planned to submit an environmental impact statement by the end of next year. Freeport owns 51% of El Abra, with state-owned Codelco holding the remainder.

"We're going to continue to review the economics in the context of market conditions, but believe this is a project that will be required in the future to support long-term copper demand trends," said Kathleen Quirk, CEO of Freeport.

According to data from state agency Cochilco, the mine produced 98,400 metric tons of copper last year. Quirk has said Freeport was hopeful that the Chilean government would carry out its aim to streamline permitting for mining projects, as the expansion's benefits would yield 750 million pounds of copper and 9 million pounds of molybdenum per year.

After seeing its iron output rise, Rio Tinto Group (NYSE: RIO) recently warned that its full-year copper output would be at the lower end of its guidance range. This is despite gaining a 23% increase in output at the Oyu Tolgoi underground mine in Mongolia. Higher grades of ore from Escondida in Chile also contributed to

overall output of copper, rising 18% to 171,000 tons.

"Our Group full year mined copper production guidance is therefore expected to be around the bottom end of the 660 to 720 thousand tonne range," said Rio Tinto in its Q2 2024 production results.

"We see good long-term value in Rio shares, although we are concerned about downside risk to iron ore prices," said Christopher LaFemina, analyst for Jefferies LLC in a note, as reported by Bloomberg. "Growth in copper and higher prices for copper and aluminum should partially offset the negative impact of lower iron ore prices."

At the Chile-Argentina border, a potential large conglomeration is brewing between Lundin Mining Corporation (TSX: LUN) (OTCPK: LUNMF) and BHP Group Limited (NYSE: BHP), to acquire copper miner Filo Corp. According to a report from Bloomberg, Lundin Mining has approached BHP Group to consider the joint bid for Filo. This move could potentially address the fundraising requirements for a nearby project Lundin aims to develop.

According to the report, Lundin plans to buy out other Filo shareholders and merge Filo's Filo del Sol copper mining project, located on the Chilean-Argentine border, with Lundin's nearby Josemaria project. The Lundin family, which founded the company, currently holds a 32% stake in Filo, while BHP holds a 6% stake.

Through a source cited by Reuters, it was revealed that integrating the infrastructure between the Filo del Sol and Josemaria mines could cost between \$5 billion and \$8 billion. The sources requested anonymity due to the confidential nature of the discussions.

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