

RIDING THE COPPER BULL WITH BLUE CHIPS

BHP and Rio Tinto have deliberately positioned themselves as leaders in copper, with Rio Tinto providing more exposure to critical metals, and BHP is advancing its critical nutrient (potash) project.

THE RED METAL IS RISING

5-year copper price in US dollars per pound.



There has been volatility in the past few months due to US tariff confusion, but the price has been quite consistent over the long-term, due to increasing demand for this critical mineral from grid buildouts, EVs, renewable power projects, and data-centre builds. It has been a case of buy the dips.

SOURCE: Trading Economics

Both companies offer a unique blend of scale, diversification, and exposure to minerals of the future. We rate both stocks as Buys, but if you are a copper bull, there is no better place than BHP.

COPPER ANALYSIS CONT.

We have been believers in copper for some time, but our focus has intensified in the past 12 months in both Blue Chips (Quarterly Bonus Report 3 Jan 2025) and Small Caps. Read this week's analysis in Under the Radar on Copper and Capstone Copper (CSC) as well as recent notes on Evolution Mining (EVN). Both CSC & EVN have run hard.

Copper front and centre for BHP & RIO

Today it is the diversified mining giants **BHP** & **Rio Tinto (RIO)** where valuations still understate the big exposure both have to the red metal and where opportunities for investors still exist.

Copper has gone from a secondary segment to a strategic centrepiece for BHP and part of a broader portfolio of future-facing commodities for Rio Tinto. Both mining giants have significantly increased their exposure to copper through higher production, project investments, and acquisitions. If you are a copper bull, there are no safer exposures.

BHP's copper production has grown in high single digits each year for the past 5 years to reach 2 million tonnes a year. The miner has allocated significant capital for future growth which recently included the acquisition of Oz Minerals.

Rio Tinto started from a lower base but has increased copper output from 521kt in 2022 to 800kt in 2025. It has also built its project pipeline with increased ownership of Oyu Tolgoi, a massive copper-gold deposit in the Mongolian Gobi Desert.

Both see copper as critical to the global energy transition due to its high electrical conductivity and recyclability. These attributes make it essential for electrification, renewable energy, electric vehicles, and grid infrastructure.

BHP estimates that global copper demand will grow by over 50% by 2050 (from 33 Mt/year currently). At the same time, the industry faces supply constraints (declining ore grades, few new discoveries, long project lead times).

Copper's Contribution to Revenue and Earnings

Copper has become an increasingly large share of BHP's revenues and profits. In FY25 BHP's copper revenue, reached about US\$22.5bn, to put this in perspective, it is nearly on par with the iron ore revenue of US\$22.5bn.

Copper is now rivalling iron ore as BHP's most important business (45% of Group EBITDA) and helped the company maintain strong financial outcomes despite weaker iron ore and coal prices.

COPPER ANALYSIS CONT.

Copper is a smaller contributor for Rio compared to its flagship iron ore division, but its significance is growing. In 2022, Rio's copper segment revenue was US\$6.7bn and EBITDA was US\$2.4bn, in comparison the first half 2025 EBITDA from copper was US\$3.1bn.

This is mainly due to Rio doubling its ownership of Oyu Tolgoi. This asset is the cornerstone to doubling copper production by 2030 as production ramps up to 500 kt/year (from 2028) and other projects come online. This will increase the copper business's contribution to earnings from the current 10%.

Capital Expenditure and Investment

BHP has invested for growth at the world's biggest copper mines: Escondida and Spence in Chile, development of new deposits, and integration of newly acquired assets such as the acquisition of Oz Minerals for \$6.4bn in South Australia and Western Australia.

Additionally, BHP has committed capital to exploration and joint ventures like the Vicuña (Filo del Sol) project in Argentina, one of the biggest greenfield copper discoveries in decades. In FY25 BHP spent US\$4.5bn or 50% of its total capex budget on copper projects and this is expected to grow in the future.

Rio's major copper investment is Oyu Tolgoi, including the \$3.1bn purchase of Turquoise Hill Resources (completed December 2022), to give Rio a 66% majority control.

Rio committed capital to exploration and joint ventures like the Resolution Copper development in Arizona and the La Granja project in Peru. Rio is also investing in the development of other tier 1 assets in the "energy transition" sector including aluminium and lithium.

Investment Summary

BHP and Rio Tinto have deliberately positioned themselves as leaders in copper, with Rio Tinto providing more exposure to critical metals, and BHP is advancing its critical nutrient (potash) project.

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BHP



BHP GROUP (BHP)

BUY

MARKET CAP	\$214.4BN
NET CASH/DEBT	-\$15.9BN
DIVIDEND YIELD	3.7%
PE RATIO	14.0x
CURRENT PRICE	\$42.11

**Radar Rating: Iron ore and copper low growth, accelerated by potash.
A steady hand for your portfolio.**

Rio Tinto



RIO TINTO (RIO)

BUY

MARKET CAP	\$46.3BN
NET CASH/DEBT	\$6.3BN
DIVIDEND YIELD	4.2%
PE RATIO	13.6x
CURRENT PRICE	\$124.61

**Radar Rating: Exposure to critical minerals with increasing exposure to copper;
lowest cost iron ore provider.**