

Lithium powers ahead

- Robin Bromby The Australian, December 7, 2015 12:00AM



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The price of lithium carbonate has risen from \$US5500 a tonne in 2013 to more than \$US7200.

It's hard to find a commodity bucking the present dispiriting trend, but it seems lithium is one such.

Since early 2013, the lithium carbonate price has risen from about \$US5500 a tonne to more than \$US7200. And Australian players seemed to have timed their entry into the market well, what with the explosion in battery manufacture, not only for electric cars and other devices, but as the big hope of energy storage for solar and wind power.

Lithium Australia (LIT) has stakes in several lithium mining projects. Construction has begun at the Mount Marion lithium mine in Western Australia after **Neometals (NMT)** got Jiangxi Ganfeng Lithium to take a 25 per cent stake. And StockAnalysis sees **Galaxy Resources (GXY)** as a low-cost supplier to lithium-ion battery makers from its brine project in Argentina, but also having farmed out 50 per cent of its Mount Cattlin mine in Western Australia. **General Mining (GMM)** plans to get Mount Cattlin back into operation by March.

Industry number cruncher Austex Mining says that, in the September quarter, six of the seven ASX-listed lithium companies saw share price gains of greater than 50 per cent. The six were all hard-rock explorers (as opposed to brine).

Graphite did not miss out, either. Eight of the 31 listed ASX companies in that sector also saw more than 50 per cent share price increases. Interestingly all but one of those eight are in the early stages and Austex's Rob Murdoch says this gain for juniors at pre-resource level came despite the likelihood that these

companies will face challenges finding marketing partners. Overall in the September quarter, there was a 100 per cent chance of a 50 per cent price rise if a junior announced it was into hard rock lithium, a 29 per cent chance of a similar gain if the junior decided to switch to non-resources business, 26 per cent chance if you were taking the first leap into graphite, and just an 11 per cent chance for those explorers sticking to their knitting.

Back to graphite: veteran mining analyst Warwick Grigor, who earlier this year made news by plonking \$3.4 million of his own money (and money from his clients) into **Talga Resources (TLG)** and its Swedish graphite projects, seems to have switched his enthusiasm to Sri Lanka explorer **First Graphite (FGR)**, formerly known as MRL. FGR — into which Grigor has also pumped “a fair amount” of money — has brought him inside the tent. Grigor starts as chairman today. FGR, like Talga, has graphite amenable to simple processing into the wonder material graphene.

Gold price surprise

Along with almost everything else (oil and iron ore excepted, of course) gold jumped on Friday when, one would have assumed, the good US jobs report just cemented in the interest rate rise by the Federal Reserve this month — which should have seen gold retreat in the face of the greenback steamroller. Instead the yellow one rose 2.34 per cent.

Gold has taken a bit of analyst bashing of late with forecasts of a price below the (deeply) psychological \$US1000-an-ounce level. But Morgan Stanley, in its new report “The Big Golden Book”, says gold has done not too badly.

In fact, their top 25 ASX-listed goldminers are up an average 15 per cent since January 1, while the US dollar gold price is down 9 per cent. But some of the particular stocks have done very well. **Evolution Mining (EVN)** is up 107 per cent year-to-date, **Northern Star Resources (NST)** 75 per cent, **Regis Resources (RRL)** 14 per cent and **St Barbara (SBM)** 940 per cent.

Morgan Stanley noted that gold’s 9 per cent retreat since January 1 compared favourably with base metals (down 18 per cent), bulk commodities (down 38 per cent) and Brent crude (down 22 per cent). And fortunately (given Morgan Stanley’s forecast that gold will gain strength), it seems Australia is in no immediate danger of running out of new gold if the announcements of the past week are any guide.

Montezuma Mining (MZM) hit gold in its first two holes at the Yamarna project. One hole intersected metal from 46m below surface down to 67m, the best interval being 7m at 5.4 grams/tonne. Also in Western Australia, the Tampia project owned by **Explaurum (EXU)** is turning out to be extremely shallow. One drill hole hit gold 1m from the surface, and intersected 11.69g/t over 4m, while another hole struck gold at 8m, intersecting 11m at 3.11g/t. And 14m from surface, another hole hit 8m at 9.47g/t. **Ramellius Resources (RMS)** has been drilling below the Milky Way open pit and made several hits, one over 22m returning 55.05g/t gold.

South of Darwin, at its recently acquired Mount Ringwood property, **Monax Mining (MOX)** has been doing some rock chip sampling. One sample assayed at 382g/t. In northern NSW, **Rimfire Pacific Mining (RIM)** continues to get impressive hits, the latest including 9m at 18.15g/t with 100g/t silver.

Potash deals

It seems potash still fires up some investors, at least when it involves extracting it from old brine lakes (much cheaper than deep underground mining).

During the week **Goldphyre Resources (GPH)** did a deal with the prospector who has become a legend in his lifetime. Mark Creasy's company handed over 1000sq km of ground adjacent to GPH's Lake Wells sulphate of potash project, 500km northeast of Kalgoorlie. In return, Creasy gets shares that make him the company's largest shareholder with 19.9 per cent. The news sent GPH shares up 22.4 per cent.

And we have a new mining float, something not too common in these difficult times. **River Rock Energy (RRR)** is seeking \$4m to explore 2884sq km of ground in the Canning Basin of Western Australia. It already has a land access agreement with the Martu people. As with GPH, this is sulphate of potash, the premium form of the fertiliser mineral that is low in chloride, therefore suited to sensitive, high-value crops. RRR's Percival Lakes project is on the same historic river system that served Lake Disappointment, the latter held by **Reward Minerals (RWD)**. RWD claims its project to be the largest and highest grade SOP brine resource in the world and is moving to its prefeasibility study phase.

Also gearing up for a PFS on a brine resource, this time in the Northern Territory, is **Rum Jungle Resources (RUM)** at Karinga Lakes.

No investment advice is implied and investors should seek professional guidance. The writer does not own shares in any company mentioned.