

Tawana bucks off-take trend



Despite having no resource at Bald Hill, Tawana has secured a binding off-take agreement with a subsidiary of Hong Kong-listed Burwill Holdings Ltd

Tawana Resources Ltd has secured binding off-take for its Bald Hill lithium project in Western Australia for the next five years despite having no resource or a completed feasibility study.

A subsidiary of Hong Kong-listed Burwill Holdings Ltd has agreed to a fixed price of \$US880/t (FOB Esperance) for all production from Bald Hill grading 6% lithium oxide between March 15, 2018 and December 31, 2019.

Pilbara Minerals Ltd signed a long-term agreement with leading Chinese producer Jiangxi Ganfeng Lithium Co Ltd for the first stage of its Pilgangoora lithium-tantalum project last month, paving the way for the balance of funding for the 2 mtpa operation to be completed.

The agreement comprises 160,000 tpa chemical-grade spodumene concentrate over an initial 10-year term, with two five-year options to extend.

Under the terms of the agreement, Ganfeng must participate in no less than \$US20 million as an investor in Pilbara's remaining financing for Stage 1. Ganfeng must also commit to provisional debt funding or off-take pre-payment to support development of the second stage 4 mtpa operation.

Upon a decision to develop Stage 2,

Prices for the remaining three years of the agreement will be based upon prevailing market conditions at the time.

Under the terms of the agreement, Burwill has provided a \$12.5 million pre-payment, of which \$3.75 million has been received, to fund development of the project, 50km south-east of Kambalda.

Tawana's JV partner, Alliance Mineral Assets Ltd, has also executed a separate off-take agreement with Burwill on the

Pilbara will supply Ganfeng with an additional 25% of Pilgangoora's expanded production. Up to 50% (maximum 150,000 tpa) will be off-take, contingent on Ganfeng's funding commitments being commensurate with its final off-take position.

Pilbara has also received environmental approval for Pilgangoora, clearing the path for construction works to begin.

Meanwhile, Altura Mining Ltd has awarded major contracts to Civmec Ltd (process plant), Qube Holdings Ltd (mine logistics) and Kalgoorlie Power Systems (power station) for its neighbouring Pilgangoora lithium project.

Site works began at Altura's project in March, with the company targeting first product shipments in early 2018.

same terms, taking total pre-payment available to the project to \$25 million.

Tawana managing director Mark Calderwood said both parties had agreed to terms just three weeks after their initial meeting.

"They knew we hadn't released a resource, but they know we're going to produce a good product and can produce a good product and they were pushing hard to tie us down," Calderwood told **Paydirt**.

"We knew this party could move fairly quickly. They're a Hong Kong-listed entity with management that owns a big chunk of the company, so they can move quicker than some of the more conservative off-takers. They used that to their advantage and within three weeks of meeting them, we had signed a contract. It all happened pretty quickly."

Tantalum concentrates were excluded from the agreement, with separate talks being held with potential off-takers.

Tawana only started "meaningful drilling" at Bald Hill in January, having acquired the project in mid-2016. Calderwood said it was unusual for a company to sign off-take after only four months of serious exploration work, but he always knew this project would differ from the norm.

“Before we have finished drilling we’ve started a feasibility study and before we were midway through our drilling we had finished our metallurgy,” he said. “We will have an EPC contract before we have finished our feasibility study and we’ll have finance before we’ve finished our feasibility study.”

“Each piece of the puzzle is going in in an unusual fashion, but it’s all to save time basically.”

Calderwood said the resource estimate for Bald Hill would likely be ready in July, but he was unsure of the time-frame for the feasibility study due to the company’s focus shifting more towards construction.

Tawana’s construction team was expected to be approved access to site from June 1.

Less than 24 hours after announcing the off-take deal, Tawana confirmed it had received commitments from domestic and offshore institutional investors to raise up to \$15 million, further boosting the available cash reserves for the construction phase.

“It just shows there’s enough believers out there, even if Australian lithium stocks have been a bit weak lately,” Calderwood said.

“Most of it will go into construction. Obviously we will keep drilling aggressively, but we had some cash for that anyway.”

Tawana reported numerous high-grade hits from infill drilling during the first quarter, including 21m @ 1.44% lithium and 319 ppm tantalum from 61m, 20m @ 1.38% lithium from 59m, 12m @ 2.38% lithium from 136m and 12m @ 2.09% lithium from 54m.

Recent extensional step-out drilling also returned some of the best intercepts to date, including 35m @ 1.35% lithium from 71m (including 10m @ 1.62% and 6m @ 1.75%) and 28m @ 1.34% lithium and 343 ppm tantalum from 92m (including 12m @ 2.06% lithium and 464 ppm tantalum).



Pilbara Minerals has signed a long-term agreement with Jiangxi Ganfeng Lithium Co for 160,000 tpa chemical-grade spodumene concentrate over an initial 10-year term

Perhaps the most crucial win for Tawana during the March quarter was confirmation from metallurgical test work that Bald Hill could produce grades above 6% lithium at good mass yields with low iron content, with 60-70% of the feed mass

easily rejected after first-pass DMS.

“We’ve probably got the best met of any [lithium] mine in WA and our orebody is not as big as some of them,” Calderwood said.

“Metallurgy is the thing that has really reared its head in the industry over the last couple of months, with the understanding of how every mine is a little bit different. Metallurgy is what has stopped a lot of this extra production coming on-stream for the off-takers.”

Meanwhile, Tawana has started met test work on material from its Uis lithium project in Namibia, with results due at the end of the month.

The search also continues for a JV partner for the company’s former flagship asset, the Mofe Creek iron ore project in Liberia.



Mark Calderwood

– Michael Washbourne

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