

Tawana talks up Bald Hill production

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Tawana Resources' Bald Hill lithium mine 50km south-east of Kamalalda is the smallest in development in WA but its owners say it will also be the cheapest in the Australian market as it targets production by March 2018.

Yesterday the junior put a \$42 million price tag on the project, which will produce 155,000 tonnes of spodumene concentrate and 260,000 pounds of tantalum pentoxide a year over an initial 3.6-year mine life.

Co-owned by Singapore-listed Alliance Mineral Assets Limited — former iron ore explorer Tawana is farming in for a 50 per cent stake — the one-time tantalum project's starter pit is set to deliver earnings of \$83 million a year, with cashflow across its life of \$223 million.

The project is significantly smaller than Tawana's competitors — fellow near-term producers Pilbara Minerals (330,000tpa) and Altura (220,000tpa) dwarf it for scale at their Pilgangoora projects in the North-West — although the junior said confirmation drilling on the inferred resource at Bald Hill could extend its life to 2028.

Tawana managing director Mark Calderwood said there remained exploration upside at Bald Hill.

“The company has only drilled 20 per cent of the known pegmatite footprint and there are significant other portions of our tenements that are unexplored,” he said.

If current contract prices hold, its margins will be solid. Bald Hill's first 200,000 tonnes of spodumene concentrate has already been contracted to Hong Kong-listed Burwill Holdings for \$US880 a tonne, a \$US499/t margin according to the pre-feasibility study.

Although not yet approved for construction, it is also set to be monstered by the closer-to-home Earl Grey project, where owner Kidman Resources has already estimated a 30-40 year development at as high as 600,000tpa.

Martin Donohue-led Kidman entered a trading halt yesterday pending a funding announcement on Earl Grey, just days after its rights to the 128Mt at 1.44 per cent lithium deposit were confirmed by Supreme Court justice Kenneth Martin. He threw out a claim on Friday from fellow Forrestania lithium hopeful Marindi Metals that it had secured a binding agreement to attain the pegmatite rights at Kidman's Mt Holland Gold Project 100km south of Southern Cross in an exchange of emails.

Tawana shares closed at 22.5 cents.

Kidman shares were 71 cents.