

West Australian
Wednesday 25/10/2017

Page: 12
Section: Advertising feature 2
Region: Perth, AU
Circulation: 137583
Type: Capital City Daily
Size: 654.00 sq.cms.



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RIGHT PLACE, TIME AND PROJECT FOR TAWANA

Tawana Resources' journey from iron ore explorer to aspiring lithium producer has continued to gain momentum, as the company works towards a first spodumene shipment from its joint venture Bald Hill project near Kalgoorlie.

Tawana is farming into a 50 per cent stake of the brownfields project at Bald Hill alongside Singapore Exchange-listed joint venture partner Alliance Mineral Assets.

With a production target in the upcoming March quarter – just 14 months from its completion of due diligence on the project in December 2016 – Tawana looks likely to become the state's next lithium producer.

"It's either us or Altura, but it's a reasonable expectation that we're the next lithium producer in Western Australia," Managing Director Mark Calderwood told *WA State of Lithium*.

"We're working to production commencing mid-quarter and shipping at the end of the quarter. We are in construction now – steelwork is going up at the moment and things are moving fairly quickly."

Bald Hill will initially produce 155,000 tonnes of spodumene concentrate and 260,000 pounds of tantalum pentoxide per year over an initial 3.6-year mine life and Mr Calderwood said Tawana would quickly explore its options to capitalise on market demand for its product once producing.

The company has another large landholding near Kalgoorlie which it said held plenty more lithium potential.

"We want to increase our production rate by the third or fourth quarter of next year, significantly increase our reserve base over the next 12 months and look at bringing more deposits on stream," Mr Calderwood said.

"We've got more than 950sqkm – that's a big area with lots of LCT pegmatites throughout, so there's room for us to bring another operation on stream or to continue increasing the existing one.

"It's only recently we have realised demand will grow as quickly as the bulls are saying – we have started off with a modest production target, but we're exploring ways to double or triple that production rate."

Such is the demand for lithium concentrate from the market that Hong Kong-based Burwill Holdings has

committed to purchasing the first two years' worth of offtake from Bald Hill.

The pair have agreed to a fixed price of US\$880 (\$1124) per tonne of lithium concentrate over the first two years of production, with annual price negotiations thereafter.

Mr Calderwood predicted lithium was here to stay in WA and said the state would serve an important role in the overall supply of the battery component.

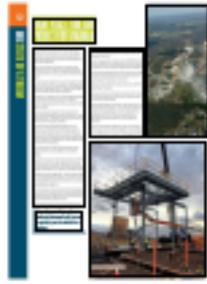
"There's a chance WA and Canada will produce half the world's lithium," he said.

"The reason is WA, and Canada to a lesser extent, serve as the counterbalance that the motor companies need in their country risk profiles.

"You have got Argentina and Chile, where the other half of the lithium will come from – they will argue otherwise, but they are considered high risk for supply and they need places like WA and Canada to be producing because there is almost zero risk of interruption to production.

"The car manufacturers take a 50-year view on things, not a five-year view, and they need that constant supply from a combination of countries. They recognise WA can offer that."

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Steel work has begun going up at Bald Hill.