



# FEATURE WA MINERALS & PILBARA IN FOCUS

Looking southwest over Pilbara Minerals' Central pegmatite system.



## The Pilbara's new bubble

The once-champion of the Pilbara, iron ore, looks to have had its day in the sun for now, but is there a new white knight emerging from Western Australia's mining heartland?

By **Andrew Snelling**

**T**hose paying attention will have noticed the rapidly growing bubble of activity just south of Port Hedland recently, a bubble exuding the kind of excitement that seems to have

been missing from the Pilbara region for a while now.

WA is already a key player in the much talked about lithium space, with the Talison-operated Greenbushes mine in the state's

south having been running since the early 1980s, and accounting for a large slice of global production.

Greenbushes contains the world's largest and highest grade known deposit of





hard rock lithium, otherwise known as spodumene, in the world.

Recent news out of the Pilbara, however, announced a significant competitor for the established mine, with Pilbara Minerals confirming its suspicions that its Pilgangoora project represented another major global player for WA.

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– Pilbara Minerals executive director Neil Biddle

The company's exploration efforts in the shallow pegmatite-bearing region bore fruit last month in the form of a 54% upgrade to its indicated and inferred resource base, pegging it up to 80.2 million tonnes, containing a hair over 1 million tonnes of lithium oxide.

"This resource upgrade cements Pilgangoora's status as a significant new global lithium project, second only to the world-class Greenbushes spodumene deposit," Pilbara Minerals executive director Neil Biddle said.

"Its scale, quality and grade – combined with its location, access to infrastructure and close proximity to key Asian markets has

propelled it to the forefront of new lithium projects worldwide."

The upgrade came as the company looked to issue its pre-feasibility study for the project, which at the time of writing was tentatively set to come out early March, with another round of drilling having already started.

With a number of offtake agreements already set out under memorandums of understanding, the bolstered confidence at Pilgangoora would have come as little surprise to many.

One only has to look at the number of juniors who have set up camp in surrounding tenements in recent months to see the industry's growing enthusiasm for the region.

Altura Mining is one company with a longstanding claim on its tenement. Its own Pilgangoora project adjoins Pilbara Mineral's tenement, and has so far reported a JORC mineral resource estimate of 25.16Mt of mineralised spodumene pegmatites at 1.23%

Li<sub>2</sub>O, containing 310,000t of lithium oxide.

Newer explorers making moves in the region include Metalicity, which last month announced it had lodged four exploration licence applications across three WA project areas which it believes are prospective for lithium, tantalum, and tin mineralisation.

One application covered a tenement 25km east of Greenbushes, while another lies 20km east of Pilgangoora – an addition to the company's Pilgangoora South project where it recently identified lithium targets.

Dakota Minerals is another recent player, having acquired six lithium tenements in Pilgangoora from Ariana Resources for \$300,000 and 50 million shares in December.

Add to this, Mining Projects Group's deal to acquire the newly renamed Pilbara lithium-gold project from Tyranna Resources and Tribal Mining in January, and the rapid growth in the area starts to become evident.

Pilbara Mineral's Biddle is not convinced the exploration will lead to widespread commercialisation though.

"I'm not a big believer that there's going to be multiple lithium mines in the Pilbara," he said.

"In fact, I have every reason to believe that that will not be the case. But that's my view.

"These junior companies that are ▶



coming into the Pilbara now and picking up pegmatites and calling themselves lithium players – I don't blame them for doing it because they can't raise money in any other sectors.

"If I was them I'd be doing exactly the same thing. You've got to go where you can raise money to keep your company alive, but it is a bit of a bubble.

"We've assessed most of the pegmatites around us and we had plenty of opportunity to pick all the ground out – we've got prime spot.

"I'm not saying that there aren't other lithium deposits around, there probably will be, but we believe Pilgangoora on a regional, geochemical basis is the hotspot for lithium in pegmatites."

In any case, Pilbara Minerals expects to be the first on the production scene, with its definitive feasibility study aimed for the middle of the year.

"We'd probably need to raise around \$150 million for around a 2 million tonne per annum project," Biddle said.

"The details and financial model will come out with the PFS early March, and then firmed up with the definitive feasibility study mid-year.

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– Lithium Australia CEO Adrian Griffin

"We're starting to talk now to groups who are interested in funding the project. So if we can get the funding put away quickly we think it's about an 18-month lead time to production. We're looking at somewhere early 2018 to mid-2018."

The company is confident it can produce technical grade spodumene from its resource, which is low in impurities, having already done so at lab scale.

The technical grade product will supply the ceramics and glass markets, while the easily-achieved chemical grade spoils will feed the growing battery market.

Interestingly, the company may also end up with another source of lithium in addition to the targeted spodumene.

A partnership with Lithium Australia is leading that company to evaluate the north western side of Pilbara Minerals' pegmatite zones for lithium micas.

Traditionally not thought of as lithium ores, a significant accumulation of the micas could fuel a proprietary technology developed by innovative explorer Lepidco, for which Lithium Australia holds the Western Australian licence.

"Effectively we have an exclusive on micas in WA because the competing technologies simply can't give you commercial outcomes," Lithium Australia CEO Adrian Griffin said.

"Our arrangement with Pilbara Minerals is to evaluate the commercial potential of the lithium micas and then, having done that, give them a commercial development proposal."

Regardless of the success of that project, Pilbara sees a clear path to commercialisation of its resource, which Biddle expects could ultimately break 100Mt, half of which he reckons will be easily mincable at a low strip ratio.

"Talison, who are the elephant in the room, are quite capable of ramping up production to a considerably larger volume than what they're producing now, and so is Pilgangoora. Our project is huge."

According to financial manager Foster Stockbroking, which acted as sole lead manager of a \$12 million placement of 52 million Pilbara Minerals shares, lithium demand is forecast to grow 10-12% until 2020, with the highest growth segment being batteries for electric vehicles.