

MetalsTech seeks strategic partners

MetalsTech Ltd is gearing up for an aggressive 12 months of drilling across its suite of lithium projects in Canada after electing to pursue a separate listing for its cobalt assets.

The Cancet and Adina lithium projects in Quebec were central to MetalsTech's IPO in February 2017, but with cobalt emerging as another key battery mineral, the newly listed company was enticed to add to its already promising portfolio.

MetalsTech acquired the Bay Lake cobalt project in March and made a move on the former Rusty Lake cobalt-nickel-silver mine in November. Both assets are located in neighbouring Ontario.

With cobalt prices continuing to soar, the company announced late last year it would spin out its cobalt projects via an IPO into upcoming float iCobalt Ltd (see page 89).

MetalsTech executive chairman Russell Moran said shareholders had welcomed the decision to chase dedicated funding for the cobalt assets without diluting the capital structure.

"We believe in the case of the company's cobalt and lithium assets, the sum of the parts is actually greater than the whole, and shareholders will receive significantly more value through development of the two [commodities] through separate vehicles, each with focused management and dedicated funding," Moran told **Paydirt**.

"The share structure of the new cobalt venture is very tight and MetalsTech will retain its exposure as its largest shareholder."

MetalsTech's decision to focus solely on lithium is also justified by exploration results returned from Cancet during 2017. Some of the better drill intercepts were 18m @ 3.71% lithium oxide from 8m, 21.5m @ 2.24% lithium oxide from 5m, 17m @ 2.06% lithium oxide from 6m and 15.9m @ 1.82% lithium oxide from 18m.

An exploration target of 15-25mt @ 1-2% lithium oxide and 100-250 ppm tantalum pentoxide has been estimated for Cancet, with the company to resume



MetalsTech has high hopes for its Cancet lithium project in Quebec, Canada

drilling mid-year following an extensive field mapping programme.

"We've had tremendous exploration success at Cancet to date," Moran said. "Initially it was all about confirming a high-grade shallow deposit, which we have done, but now we're firmly focused on extending strike and identifying areas to grow tonnage."

A maiden diamond programme comprising 15-25 holes for about 2,000m of drilling began at Adina last month, with the initial focus being a 350m by 2km outcropping pegmatite where up to 3.2% lithium oxide has been assayed from surface.

Maiden exploration of the company's other lithium projects – Terre des Montagnes, Kapiwak and Wells-Lacourciere – is also on the agenda for 2018.

MetalsTech is the brainchild of Perth-based businessmen Moran and Gino D'Anna, with the pair initially looking to establish a company which would ultimately produce a spodumene concentrate on site and on-sell that to an end-user who would complete the beneficiation process.

As excitement continues to build in the battery and electric vehicle industries, MetalsTech is looking to produce its own lithium chemicals and has started engaging with potential strategic partners to assist with this revised strategy.

"There is genuine panic amongst end-users and this has translated to a willing-

ness by them to invest in early-stage projects in an effort to secure potential future supply," Moran said.

"It is important to understand that lithium is not actually a rare commodity – there's a lot of it – there just happens to not be enough production to keep up with the current rapid demand growth. This imbalance will change with time and by building our business around a beneficiated product model with strategic partners we will be able to maximise our success and insulate ourselves from a potential cooling of the market in later years.

"We're seeking to bring in partners with the expertise to

not only help us finance the production of spodumene concentrate, but also provide us with the technical expertise and funding to deliver a beneficiation strategy whereby we would essentially use our projects as a spodumene concentrate feed for a centralised lithium hydroxide and/or lithium carbonate facility."

MetalsTech has already struck a strategic agreement with Shenzhen-listed leading chemicals manufacturer Wuxi Baichuan Chemical Industrial Co (BCC) to take a circa 10% stake in the company.

The deal is expected to deliver \$1.8 million in funding to MetalsTech, which reported a healthy cash position of \$2.1 million at the end of 2017.

Moran said landing a strategic partner so early in a company's lifecycle was a huge advantage for an emerging explorer.

"Strategic investors are not looking to trade equity; they're looking to use their equity position to garner a seat at the table when it comes time to work out who gets to buy the product," he said.

"It's about striking a win-win deal with someone who wants to see a project developed just as much as you do.

"Strategic equity, as opposed to retail equity, promotes a tight, stable register where everyone is rowing the boat in the same direction."

– Michael Washbourne