

# STOCKHEAD



## Barry FitzGerald: Will Hawkstone Mining's maiden estimate propel it into Liontown territory?

It is a wonder that there is any money to be had from trading in the lithium stocks given all of the negative news about over-supply driving down lithium prices.

But there is a notable exception to that – the rise and rise of **Liontown (LTR)** on the strength of its Kathleen Valley project in Western Australia.

Liontown was a 2.5c stock at the start of the year and was most recently quoted at 15.5c for a market value of \$230m.

While the performance hasn't made it a 10-bagger just yet, the 580% gain in a market sector that has been beaten up on over-supply concerns has been remarkable stuff.

The key to Liontown's super-charged performance was the recent declaration of a 74.9mt hard-rock resource grading 1.3% lithium oxide at Kathleen Valley.

It is a big resource and means that Liontown can start thinking about a development project to take advantage of the window of opportunity likely to open in the early 2020s, once the current over-supply is cleared, for second-generation hard-rock lithium projects.

All that is by way of background to today's interest, **Hawkstone Mining (ASX:HWK)**. It is close to announcing a maiden resource estimate for its Big Sandy lithium clay project, a 2.5 hour drive northwest of Phoenix, Arizona.

The company has flagged its maiden resource estimate should be ready in late September and while the company isn't saying so, drilling results to date suggest 30-50mt grading 1700 parts per million to 2000ppm lithium would not surprise.

It is potentially a big resource in itself and will come from the drilling of less than 10% of the flat-lying and shallow mineralised horizon indicated at Big Sandy.

Given Hawkstone is trading at 1.9c for a market value of \$13 million, the response to the maiden resource statement will be interesting to watch.

While low grade, lithium clay deposits in general benefit from low-cost open-cut mining and little to no grinding and crushing.

The processing route uses sulphuric acid in vats and precipitation to produce lithium carbonate which, give or take, sells for \$US8,500/t compared with the \$US700/t price that 6% lithium concentrates from the hard-rock operations in WA fetch.

## **Feat of clay?**

Now it has to be said that there is some scepticism on whether lithium clay deposits – because of the low grade, issues in handling clays,

and the imperative to get the metallurgy right – can compete with the established hard-rock and brine sources of lithium.

But there is no doubting lithium clay deposits do stand as a potential disruptive force in the lithium market to the hard rock and brine producers.

Industry consultant Roskill said last year that the prospects for lithium clay projects “remain optimistic at present as they exhibit some advantages over both lithium brine and mineral operations”.

But it added further studies and test-work will “undoubtedly be required to remove uncertainties over their commercial scale development”.

The Roskill commentary was in response to the emerging lithium clay boom of sorts in Arizona and the adjoining Nevada.

ASX-listed **ioneer (INR)** is in the thick of things with its Rhyolite Ridge project in Nevada. But it’s unique because it comes with revenue boosting boron.

Roskill considered the Thacker Pass project of Vancouver-based **Lithium Americas (TSX:LAC)** in Nevada to be the most advanced of the lithium clay projects.

A staged development costing an initial \$US580m and capable of producing 30,000tpa of lithium carbonate, rising to 60,000tpa at a later stage, has been the subject of advanced studies by Lithium Americas.

Hawkstone is a long way off from having a potential project on its hands. But at least the upcoming maiden resource estimate for Big Sandy will make Hawkstone a serious player in the push for “Made in America” lithium.