

# TMT rushes ahead to join vanadium party

**SPINIFEX**

■ Stuart McKinnon



Technology Metals Australia is the latest aspiring vanadium player to capture the attention of investors after the release of a pre-feasibility study last month which showed its Gabanintha project near Meekatharra could deliver life-of-mine earnings of more than \$3 billion.

Shares in the Ian Prentice-led company, which listed only 18 months ago, have been on a tear in recent weeks, touching an all-time high of 66¢ yesterday.

Mr Prentice admits TMT is late to the vanadium party, which is why it has been rushing to progress its project as quickly as possible.

The company is one of a swag of aspiring WA-based vanadium miners which include TNG, Neometals, the Anthoni Slim-backed Atlantic and Australian Vanadium, which holds the other half of the Gabanintha



RC drill samples at Gabanintha.

deposit immediately south of TMT's landholding.

Each is rushing to fill a supply gap in the vanadium market. This week the price of the steel-strengthening commodity surged to fresh 10-year highs of \$US18.30/lb.

As China dominates the world of steelmaking, it is also the main player in the vanadium market and it's the fundamentals operating in the country that are driving the price surge.

A recent, well-documented crackdown on polluting industries such as steelmakers in China has prompted a ban on the importation of vanadium slag (waste product) taking a



Final 99pc vanadium pentoxide.

substantial supply component out of the market. Meanwhile, high-cost swing producers in the country, which would normally fill a supply void, have not had their permits renewed because of the high-polluting nature of their operations and product.

Separately, Chinese steelmakers have been ordered to double the amount of vanadium they use in their steel rebar to meet higher safety standards in construction.

Higher demand for vanadium is also expected to emerge from the aviation industry, which uses the light-weight, high-strength material in plane components and the growing use of

vanadium in batteries used to store renewable energy.

Roskill predicts global vanadium consumption could surge from 86,000t last year to 129,000t in 2027 as a base case and 160,000t if vanadium flow batteries take off.

Mr Prentice notes there has been no supply reaction to the recent price surge, meaning the market is still open to a handful of players who can make quality projects stack-up.

"The price will eventually pull back, so investors are looking for high-grade, low-cost operations that will still be around in 20 years time when the market corrects," he said.

At \$US4.27/lb, he says TMT is close to the bottom of the cost curve and at 0.96 per cent, holds the third-highest grade deposit in the world.

Mr Prentice says TMT will move quickly to a definitive feasibility study for Gabanintha, with the aim of moving more of its 120Mt inferred resource into the indicated category, which currently sits at 21Mt.

## Nicheliving listing alive

■ Sean Smith

Nicheliving's protracted bid to join the trading boards remains alive, with the release of a supplementary prospectus that addresses conditions put on the residential developer by the Australian Securities Exchange.

The latest document is the sixth supplementary or replacement prospectus issued by the company since its original prospectus was issued in October.

The ASX confirmed in June that it would only approve Nicheliving's listing subject to several conditions, including the company's appointment of a chief financial officer, the addition of another director with listed company experience, and the engagement of a big four accountancy firm.

Nicheliving has addressed all the concerns in the latest supplementary prospectus, which also appears to disclose that subscriptions have fallen to \$4.7 million from \$6.6 million in April.

The company, which launched its proposed float forecasting a \$10.7 million net profit for 2017-18, is seeking \$5.7 million from investors, with its expected listing date revised to October 5.

A third replacement prospectus due out soon will provide further updates, including Nicheliving's financial results for the 2017-18 year.

The company's operations include construction, property management and finance.

## Chinese obsession risky but lucrative

■ Peter Milne

The WA lobster industry – the forgotten live export trade – wants to double in size to harvest a billion dollars worth of product in 10 years time through technology, marketing and production control to support high prices that would make OPEC envious.

Western Rock Lobster Council chief executive Matt Taylor heads the industry body for fishers who hold licences for the annual production quota of 6300 tonnes, or about 12.6 million lobsters.

Speaking at an Agribusiness Australia breakfast this week Mr Taylor said the industry aimed to maximise value rather than just boost production.

Since 2009 the industry had operated under a quota called the total allowable commercial catch that was set to ensure the environmental sustainability of the fishery. Plans are afoot to further restrict the quota with a criteria to maximise economic yield. Put simply, even if the fishery can support an increased catch more lobsters would not be harvested if it would push the price down.

West Australians used to refer to "crayfish", with the term "lobster" regarded as an unwanted Americanism used to appease the main market. Sales later moved to Japan and now China takes 98 per cent of the State's catch.



Lobster boat deckhands setting pots near Cervantes. Picture: Mogens Johansen

The industry's own analysis identified the reliance on one market as its biggest risk.

The Geraldton Fishermen's Co-operative is the biggest industry player, with its members holding a 63 per cent share of the quota.

Chief executive Matt Rutter said China absorbed almost all the catch as it provided the premium price, in part because of the cultural

significance of lobster in China. Red was regarded as an auspicious colour, lobsters looked like dragons and their Chinese name of "longxia" translated to dragon shrimp.

In a marketer's dream, many buyers considered the high price a positive, as using lobsters signified prosperity. He said they often featured in significant celebrations such as weddings.

West Australians have now lost control of the name and almost all the production of a treasured festive season delicacy.

To lower the risk of losing community support, a local lobster program has run for the last two summers to put more lobsters on to Christmas plates. It allowed fishers to increase their catch with 12,500 local-use only tags.

## Other cars to overtake Tesla's lot

■ Frankfurt

Electric-car pioneer Tesla no longer has the road to itself.

German carmakers Daimler, BMW and Volkswagen are closing in and may pass their American rival by 2021, based on a consultancy's ranking of electric carmakers that factors strategy, battery technology, culture, supplier networks, partnerships and financial performance into an overall score.

Tesla will remain No.1 next year, according to the forecast by PA Consulting Group. But by 2021, when traditional rivals flood the road with a variety of models, Elon Musk's company will fall to seventh place. By then, Daimler will be in the lead, then BMW, the Renault Nissan Mitsubishi alliance and VW.

Production issues with the Model 3 and an uncertain profit outlook were factors in the lower ranking for Tesla, PA Consulting said.

"Achieving CO2 targets and improving e-mobility performance go hand in hand," Thomas Goettle, head of PA Consulting's automotive business, said. "For the manufacturers, however, this also involves great need for action in terms of organisation and personnel."

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