Iggy seeks to repeat his lithium trail-blazing, this time in high-purity alumina

Plus, Great Boulder set to drill numerous large copper-nickel conductors, Breaker ticks the metallurgy box and Anglo Australian thinks big on Kalgoorlie's doorstep.

6th October 2017 **Barry FitzGerald**

Iggy Tan was ahead of his time when he set up Galaxy Resources (GXY) to prosper from the lithium-ion battery boom.

Galaxy is now a $1.2 billion company. But when Iggy left the company in June 2013, the boom had not arrived as expected and times were tough for the company and for Iggy himself.

But since 2014 Iggy has been nurturing his new baby, Altech Chemicals (ATC). And like his ahead-of-the-curve work in the lithium space with Galaxy, Iggy is now doing the same for Altech in the fast-growing high-purity alumina (HPA) space.

HPA is not a big-tonnage market, with global demand of about 25,000 tonnes in 2016. But like lithium, it is a high-growth market, with industry forecasters predicting a 17% compound annual growth rate to more than 86,000 tonnes by 2024.

There are some good reasons for that which go to newer and growing applications for HPA. The stuff is used to make clear synthetic sapphire glass (natural sapphires are coloured by impurities) for use in LED lights, and the scratch-resistant glass used in Smartphone screens and lenses.

And given Iggy's trail-blazing background in lithium, it's nice to know another fast-growing use of HPA is as the separator between the anode and cathode in lithium ion batteries. It stops them catching fire, which is something Samsung knows all about.

From that it can be taken that HPA is also a high-value, high-margin business. The 99.99% purity HPA that Altech plans to produce (it is missing the impurities found in 99.5% smelter grade alumina (SGA) used to make aluminium) from its proposed integrated operation involving a kaolin mine at Meckering, some 130km from Fremantle, and a processing plant in Malaysia, currently fetches $US27,000 a tonne. SGA sells for $US400 a tonne on a good day.

So it doesn't take much production of the stuff to have meaningful financial metrics. Altech is shooting for annual production of 4,500 tonnes of HPA, an amount that the market's 17% CAGR should comfortably accommodate without any price destabilisation.

On previous feasibility study work, which needs to be updated, the capital cost was put at $US78.7m. Assuming operating costs of $US9,000 a tonne and a conservative selling price of $US23,000 a tonne, the payback period for a "stage one" project of 30 years was estimated at 3.7 years. The pre-tax NPV was estimated at $US357.5m.

Altech has been trading at 14c for a market cap of $A40m. So there is a clear disconnect there between the upside of Iggy's plan and the current market value. And it's basically down to financing his HPA ambition.

A critical date is almost upon us – December 14. It's when German government-owned export credit agencies say yes or no to the debt component of Iggy's HPA proposal, remembering that German engineering and equipment suppliers will account for about 60% of the project.

Iggy told Resources Rising Stars he is very confident that credit approval will be granted. But he is also realistic enough to admit that it might not. There will be a plan B. But for everyone's nerves, it would be a great thing, and a game-changing event, if the Germans were to step up to the plate come mid-December.

Great Boulder pleased as Punch at Mt Venn

It has been well chronicled that Great Boulder Resources (GBR) had a stroke of good luck when an assay of the pulp recovered from an old water bore elevated the status of its Mt Venn copper-nickel-cobalt prospect, east of Laverton in WA.

Author Bio

Barry FitzGerald

Barry FitzGerald has covered the resources industry for 30 years. The inaugural winner of the Diggers & Dealers Media Award in 2003, Barry is a committee member of the Melbourne Mining Club, a non-profit organisation formed to foster industry debate.

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