

Bonanza cash flagged for Collerina HPA project

COLLERINA Cobalt's plan to build a business producing high purity alumina (HPA) from readily available "bulk industrial chemicals" next to the port at Newcastle in New South Wales has been modelled to generate bonanza-looking free cashflow of A\$247 million per annum



Exploration / Development > Feasibility

To achieve that it will need only \$215 million in capital.

Comments

The Norm Seckhold-Rimas Kairaitis led company (which intends to change its name to alpha HPA), is banking on the EV revolution and strongly increasing HPA demand given its use in ceramic coated lithium-ion battery separators.

Share

Forecasts for that market include CRU's expectations of growth from about 40,000 tonnes currently to around 125,000t in 2025.

Michael Quinn

Collerina's project is slated to produce about 10,000tpa, with ramp-up beginning early in 2022.

Collerina has modelled its output receiving a base case price of US\$25,000 per tonne, with recent HPA pricing put in the range of \$25,000-50,000/t.

Collerina said its proposed project would still generate earnings of A\$47 million at a HPA price that declined to US\$10,000/t - given cash costs of \$6403/t after by-product credits.

The company joins a handful of other potential new ASX entrants to the space emerging in the past year or two including FYI Resources, Pure Alumina (formerly Hill End Gold), and Altech Chemicals.

Unlike its peers, Collierina doesn't require a mine, albeit the company originally was looking to develop a mining venture at its namesake nickel-cobalt project in NSW.

However, "during the expanded testwork program for the (Collierina) PFS, the opportunity was identified to apply the company's licenced proprietary technology on a feedstock, made up of a blend of readily available industrial products, rather than a pregnant leach solution (PLS) liquor generated from acid leaching of the Collierina project ore".

And according to Collierina, the alternate feedstock provided aluminium to the SX circuit at "multiples higher tenor than achieved using the Collierina project PLS".

Collierina raised A\$4 million last quarter in a rights issue that priced new shares at 8c each.

Shares in Collierina were up 11.5% to 14c in morning trade, capitalising the company at \$74 million.

The stock was at 1c two years ago.

Chairman Seckold joined the company late last decade after having a big win with a Mexico silver play called Bolnisi Gold.

Seckold holds about 12% of the company. The veteran Sydney-based ASX company promoter also has a big stake in Nickel Mines, a \$200 million IPO earlier this year with developing nickel production assets in Indonesia.



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