

Argentina-focused Centaur Resources targets institutionals for A\$50M lithium IPO

Monday, 3 September 2018 2:51 PM AWT

By Anthony Barich

Institutional backing is believed to be forthcoming for Centaur Resources whose prospectus is due about Sept. 14 ahead of a A\$50 million IPO on the ASX in October focusing on the Lobo Blanco project in Argentina's Salta province.

Centaur CEO Brian Clifford told S&P Global Market Intelligence during an investor roadshow in Perth, Australia, that the company already has an exploration permit, its pilot plant permits are expected in a month, then a JORC resource is due by June 2019 underpinned by drilling down to between 450 meters and 600 meters post-listing, targeting grades north of 550 milligrams per liter of lithium concentrate.

The IPO plans to raise A\$15 million just as lithium prices are slipping, with a report by Patersons Securities dated Sept. 3 noting that the 99.5% lithium carbonate price sourced from Asian Metal closed at US\$10,205.52 per tonne for the week of Aug. 27, down 49.4% year to date, though Clifford said demand fundamentals are still positive with "a lot of readiness from car manufacturers to sign offtake agreements."

He said the oversupply is in a lot of higher-cost lithium production in the market, but even at a conservative price of US\$8,000 per tonne long-term pricing for lithium, Centaur would still get 100% return on production as being in the bottom third of the cost curve is a "top priority."

Centaur's 10,032 hectare exploration property is on the Pastos Grandes Salar, considered to have the best infrastructure in a region considered the most conducive to developing a lithium brine project, and lies east of LSC Lithium Corp.'s Pozuelos and Millennial Lithium Corp.'s Pastos Grandes projects.

Centaur has appointed Independent Chairman, Vale SA unit Vale Australia Pty. Ltd.'s former general counsel Robert Milbourne, who told S&P Global Market Intelligence that the "lithium triangle" of Chile, Bolivia and Argentina are the three obvious jurisdictions to develop a lithium brine project.

"Bolivia lacks adequate infrastructure and faces challenging political risks, and Chile is now implementing significant new regulatory restrictions on water rights which very likely will have significant impact on project development or expansion in that country, leaving Argentina as the jurisdiction of choice," Milbourne said.

Chile's Water authority chief Oscar Cristi told Reuters in August that the country was preparing major new restrictions on the extraction of water from the lithium-rich Salar de Atacama salt flats, home to lithium miners Albemarle Corp. and Sociedad Quimica y Minera de Chile SA.

Milbourne also said that Argentinian President Mauricio Macri has brought about a pro-mining regulatory culture, though S&P Global Ratings recently placed Argentina's sovereign credit ratings on CreditWatch with negative implications, saying the recent pressure on the peso threatens the government's efforts to stabilize the economy.

Cristian Saavedra Lopez, the ex-general manager of Orocobre Ltd., is Centaur's COO; while Alex Rodriguez Bidegain, formerly of Rincon Lithium Ltd, is Centaur's Senior Vice President Operations.

The board being formed for Centaur's IPO includes Lynas Corp. Ltd. co-company secretary Ivo Polovineo, who was also on the board of lithium player Galaxy Resources Ltd., along with Greg Jones, who held senior management roles with Western Mining Corp. Pty. Ltd.

Centaur also has the the intellectual property to process lithium brines to both lithium carbonate and lithium hydroxide products, which it sees as a valuable advantage over competitors, most of which do not possess the technology.

Institutional attraction

Shaun Cartwright, managing director of Viriathus Australia, corporate adviser for the Centaur IPO, told S&P Global Market Intelligence that when his firm looked at the listed companies and the tenements nearby, "the valuation that we were able to come up with is very attractive to new investors to the industry."

"For people who missed the first uptick in lithium, this is a good entry point that hasn't been priced in what's going to be achieved in the next 12 months," he said; while those already in the lithium space "truly understand the problems with the early comers to the market, and Brian and his team have already ascertained what they are, so they won't have the drawback in terms of the speed to market."

"So in the next 12 months this project is going to quickly catch up to a lot of the other competitors. We're talking to six or seven key cornerstone parties, and we'd hope to secure at least one or two of those to kick us off into the retail offer."

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