The collapse of Altura Mining Ltd in late October cast another dark cloud over the struggling lithium sector. What was once the pacesetter in the battery minerals revolution is now lagging at the back of the pack. However, those companies which remain committed to developing lithium projects are taking on board all the lessons learned in a bid to ensure mistakes are not repeated when prices have recovered enough to justify starting production.

KordaMentha was appointed receivers of Altura on October 26 after the company conceded it could not attract enough support for its $150 million recapitalisation effort aimed at wiping away most of its climbing debt. Voluntary administrators were called in the next day. Receivership comes a little more than two years after Altura officially opened its namesake lithium operations in the Pilbara and only 14 months after fellow spodumene producer Alita Resources also entered voluntary administration. Mineral Resources Ltd has also mothballed its Wodgina project, while the likes of Pilbara Minerals Ltd and Galaxy Resources Ltd have had anything but smooth rides since starting up their respective mines in Western Australia.

Pilbara Minerals has put its hand up to take control of the Altura operations, having entered into an implementation deed with the senior secured loan noteholders of Altura just two days after receivers were appointed. The conditional deal for the shares in Altura’s operating subsidiary, valued at about $US175 million, is subject to completion of the receivership process. The collapse of two lithium companies so soon after entering production has cast doubt over the ability of other hopefuls in the space to make it to market, especially while prices remain depressed and not forecast to hit their straps again for at least two more years.

Pilbara Minerals was the obvious buyer for Altura given its Pilgangoora operations sit immediately to the west. Both mines have been producing spodumene for roughly the same period.

“This potential acquisition represents a logical consolidation of two neighbouring operations to unite the greater Pilgangoora orebody, unlocking tangible synergies in both the short and long term. Pilbara Minerals managing director Ken Brinsden said in an ASX announcement.

“If successful, the acquisition will cement Pilbara Minerals’ position as the largest pure-play ASX-listed lithium company by enterprise value and will provide strong leverage to the expected recovery in lithium prices, driven by the increasing demand for electric vehicles and energy storage applications evident across the world.

“We believe this will help safeguard jobs in the WA lithium sector and ultimately create some exciting new growth opportunities that will deliver a range of benefits for the local economy.”

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Liontown Resources Ltd is one such developer. The Tim Goyder-chaired company is focused on the Kathleen Valley lithium project, about 350km north-northwest of Kalgoorlie, and recently published both an updated PFS for a standalone 2.5 mtpa mining and processing operation there, as well as a scoping study for a potentially lucrative downstream option.

Based on indicative timetables, Liontown is still four years away from commissioning an operation at Kathleen Valley that is forecast to produce an average 350,000 tpa spodumene concentrate and 430,000 tpa tantalum concentrate over a 40-year mine life.

Liontown managing director David Richards said his company had the luxury of time on its side given spodumene prices were
Next tier sees hope through dark lithium clouds

Paydirt, National

Pilbara Minerals has emerged as the frontrunner to acquire the neighbouring Altura lithium operations from the administrators of Altura Mining tipped to recover by 2024.

"We're not in a hurry to rush into production now," said chairman Steve Promnitz.

"I think the key is we've got time. We don't want to be a miner for the honour and glory of it. We want to be a profitable miner and the key to that is certainty in making spodumene."

Steve Promnitz

"There was very little-to-nil margin for error here was that they used incredibly expensive capital to build the projects," Rowe said.

"There was very little-to-nil margin for error and that's something our board is adamant that we just won't do."...