

Searching for lithium in ‘elephant country’

Following a July listing on the ASX, Oceana Lithium Ltd chairman Gino Vitale is confident of unearthing critical minerals success out of Brazil – a country historically recognised for its coal and iron ore mining.

Oceana brings to the bourse the Solonopole lithium pegmatite project, covering 114sq km of ground across eight permits in the coastal state of Ceará.

Recent foreign success in Latin America has typically been in the likes of Argentina, Chile, Ecuador and Peru; ranging in commodities from gold to copper to lithium.

However, a combination of Brazil’s geology, business fundamentals and indicators for revitalised foreign trade has Vitale bullish the company’s \$6 million in IPO money will be spent wisely.

“It’s fair to say Australian companies have not had the experience in Brazil that they have had elsewhere, like in Chile, but I think that is changing,” Vitale told **Paydirt**. “I think it’s changing for a very simple reason: the country is highly prospective geologically, it’s incredibly well-endowed



Gino Vitale

and it’s unexplored. It’s huge, it’s elephant country.”

Solonopole has been subject to shallow artisanal mining and the work of a previous company which lost the project to Oceana following the breakdown of a JV. This has left guidelines for Vitale and his team to explore deeper when it comes time to spin the drill rig.

A previous soil sampling programme at the project took place over a 400 by 400m grid and Oceana plans for a more refined follow-up programme with some guidance

from identified outcropping.

“We’re fortunate enough that we’re not starting from scratch,” Vitale said. “The fact that we’ve inherited a large database from our previous predecessors is giving us a head start when it comes time to identify potential drill targets.

“There’s been about three years of work done on the project and that included mapping and remote sensing. The artisanal mines also haven’t gone any deeper than 10m because of the hard rock.”

Oceana’s pre-IPO register included a cornerstone cash injection from Sichuan Yahuan Industrial Group. The Chinese company is the third largest lithium hydroxide producer in the world and a major supplier to Tesla Inc and other notable players in the battery space.

Vitale said such an investment was indicative of hungry end-users swimming upstream to safeguard against supply shortages.

“They [Sichuan] want to align themselves with upcoming producers so as not to miss the boat,” he said. “It’s a very interesting arrangement because we haven’t had to give away any offtake rights. They’ve simply made an investment to back the exploration team.”

The Oceana board includes executive director Sebastian Kneer, formerly of Galaxy Resources, non-executive director Qingtao Zeng who also serves on the board of North American lithium explorer Winsome Resources Ltd, and non-executive director Simon Mottram.

“We are fortunate to have a local director, Simon, who has been a resident of Brazil for more than 12 years and is fluent in Portuguese. That helps a lot,” Vitale said.

“We’re very keen to hit the ground running, we’ve inherited the ‘A Team’ from Galaxy Resources, in particular Sebastian Kneer.”

Galaxy merged with lithium producer Orocobre last year to operate as Allkem Ltd, the Australian-Argentine lithium producer valued at more than \$6 billion.

“Because lithium has been a nascent in-

ASX companies in Brazil

Company	Commodities	Market Cap
Oz Minerals	Gold and copper	\$5.45 billion
Jervois Global	Cobalt and nickel	\$714.28 million
Centaurus Metals	Nickel	\$371.58 million
Latin Resources	Lithium	\$125.45 million
Big River Gold	Gold	\$80.99 million
Tombador Iron	Iron ore	\$51.17 million
BBX Minerals	Precious metals	\$46.17 million
Agua Resources	Phosphate and copper	\$23.19 million
Oceana Lithium	Lithium	\$22.21 million
Meteoric Resources	Gold	\$18.31 million
Alvo Minerals	Precious metals	\$16.02 million

dustry, it’s not easy to find people with experience,” Vitale said. “We’ve been fortunate to secure Sebastian and others who were involved in exploration and production with Galaxy. It always helps when you have people who know the rocks.”

Meanwhile in July, the Brazilian Government enacted a policy change for lithium exporters to no longer need approval from the Science and Technology Ministry to ship their product.

The move to cut red tape comes as Brazil seeks to be a standout lithium exporter after prices peaked as high as \$US78,000/t in April.

Mines and Energy Minister Adolfo Sachsida said the Government’s decision could redirect lithium investments away from Eastern Europe and Asia towards Brazil.

“That increases legal certainty and predictability [for companies] while reducing bureaucracy,” Sachsida said.

The policy change comes four years after the Port of Rotterdam Authority, manager of Europe’s largest port, purchased 30% in the port of Pecém in Ceará.

Cargo throughput at the Port of Pecém has grown at an average of 26% each year over the past decade, handling up to 17mt of cargo in 2018.

Such a collaboration is an indicator of strong business fundamentals for Vitale.

“The port of Pecém is being established with the cooperation of Rotterdam to incorporate their systems for exporting bulk commodities,” he said. “[Ceará are] very serious about developing their industries and they’re doing something about it, not just talking about it.

“About this time last year, Fortescue Future Industries even signed a MoU with Ceará to develop their hydrogen industry.”

– Fraser Palamara