

Blackstone Minerals Ltd

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Are small-cap nickel stocks a 'buy' as Tesla CEO sets challenge to miners?

Are we about to see 2017's lithium boom repeated in the nickel market?

Based on the recent comments of Tesla chief executive Elon Musk, we just might.

"Tesla will give you a giant contract for a long period of time if you mine nickel efficiently and in an environmentally sensitive way," he said.

Last week saw a 4.5% spike in the nickel price following Musk's public challenge to miners.

So, is this just the start of the journey?

Remember, it was voracious demand from battery makers supplying the likes of Tesla that drove lithium to a record US\$25,000 per metric tonne (though the price has since been decimated by oversupply).

Battery use

Two of the most common batteries, nickel cobalt aluminium and nickel cobalt manganese, use 80% and 33% nickel respectively.

You can see why excitement might be growing around its market potential.

A word of caution here, stainless steel producers are still by far the biggest consumers of the silvery-white metal, so the price will ebb and flow with demand for items as basic as cutlery.

The cost per tonne dipped to US\$11,000 at the end of March but has since recovered to around US\$14,000.

Economic factors will continue feed into the calculation, as will growing speculative investor demand, analysts have said.

And, of course, we should talk about Indonesia, the world's largest nickel producer, which spooked the market by instituting a ban on ore exports.

That the move has backfired as the world has been ravaged by COVID should not detract from the country's potential to create volatility.

EV requirements

However, the dynamics are slowly changing, driven by the requirements of electric vehicle makers.

Already there are 7.2 million EVs on the road, and, according to the International Energy Agency, the figure will be 245 million by 2030, representing an increase of more than 30-fold.

Price: 0.365

Market Cap: \$116.92 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: BSX

Listing: ASX

52 week	High	Low
	0.54	0.08

Sector: Battery Metals

Website: www.blackstoneminerals.com.au

Company Synopsis:

Blackstone Minerals Ltd (ASX:BSX) is actively exploring the high grade Little Gem Cobalt Gold Project in British Columbia, Canada.

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The consultancy Roskill, which tracks metals markets, sees this as significant, and it feeds into its forecast that primary nickel consumption will increase by 4.4% a year over the next decade.

"Thus, a substantial amount of new nickel units will eventually be required to meet demand," it said.

Currently, there are three major suppliers: Vale of Brazil, Russia's Norilsk Nickel and international giant BHP.

Up and comers

Here are some of the up and coming juniors that might step up to meet increased demand from electric car makers and help to bolster supply in the coming years.

Blackstone Minerals Ltd (ASX:BSX)

The company has a polymetallic discovery that includes a past-producing nickel mine in Vietnam and a gold-nickel project in Western Australia. For the former, Ta Khoa, the company said it is set deliver a JORC-compliant, large-scale, bulk mineable sulphide resource with a potential high-grade "sweetener". The all-important infrastructure ingredient is already present with a processing plant and associated facilities.

Talon Metals Corp (TSE:TLO) (OTCMKTS:TLOFF)

It has a joint-venture with mining major Rio Tinto on the high-grade Tamarack nickel-copper-cobalt project in Minnesota. This comprises a large land position (18 kilometres of strike length) with numerous high-grade intercepts outside of the current resource area. Tamarack North has an NI 43-101 mineral resource estimate of 3.7 million tonnes in the indicated category and an additional 3.12 million tonnes classed as inferred.

Gungnir Resources Inc (CVE:GUG) (OTCMKTS:ASWRF)

Its key project is Knaften, which hosts high-grade gold and copper-nickel targets. All are open for expansion and further discovery. The company also holds two nickel-copper-cobalt deposits, Lappvattnet and Rormyrberget, which are to the east of Knaften.

Canada Nickel Company Inc (CVE:CNC) (OTCMKTS:CNIKF)

It owns the Crawford nickel-cobalt sulphide project, a discovery with large-scale potential in an established mining camp north of Timmins, Canada. Its initial resource is in the top 12 nickel sulphide resources globally.

Horizonte Minerals PLC (LON:HZM) (TSE:HZM)

The Brazil-focused group is developing the Araguaia ferronickel project and the Vermelho nickel-cobalt project, in the Carajás mineral district. Araguaia will become the next major nickel mine in the country when production starts in 2022.

Amur Minerals Corporation (LON:AMC)

Based in the far east of Russia, the company's main asset is the Kun-Manie sulphide nickel-copper project. Drill-defined resources have been identified within five deposits within a 36-square kilometre production licence. Production of 6 million ore tonnes per year generating 40,000 tonnes of nickel is being targeted.

Corazon Mining Ltd (ASX:CZN)

At Lynn Lake Nickel-Copper-Cobalt Sulphide Project in Manitoba, Canada, it is drilling the Fraser Lake Complex (FLC) south of Lynn Lake, which displays widespread areas of sulphide mineralisation. It aims to expand the near-surface resource base of 116,800 tonnes of nickel, 54,000 tonnes copper and 5,300 tonnes cobalt via drilling and to support the potential development of a low-cost mining operation.

Legend Mining Limited (ASX:LEG)

Australia's premier current nickel area is the Fraser Range of Western Australia where IGO Ltd (ASX:IGO) is mining the Nova deposit. Near neighbour, Legend has one of the region's hottest prospects with its Rockford Project at which broad nickel sulphide intersections have been uncovered during systematic exploration. As well as IGO, Legend has drawn the attention of leading region prospector Mark Creasy and his Creasy Group.

Galileo Mining Ltd (ASX:GAL)

Is another with Fraser Range interests and investment from IGO and the Creasy Group. First RC drilling at the Lantern project this year returned encouraging results with a second RC program then planned along with inaugural diamond drilling. It is well-funded with cash of \$8.7 million at June 30, allowing it to effectively explore the entire area over the next six to 12 months.

Cassini Resources Ltd (ASX:CZI)

A key focal area is Yarrawindah Brook Nickel-Copper-PGE Project in an emerging nickel province about an hour outside Perth in Western Australia. The region has come to the fore following the high-grade Julimar discovery of Chalice Gold Mines. Cassini continues to identify new targets and after entering into a scheme of arrangement with OZ Minerals Ltd (ASX:OZL) covering the West Musgrave copper-nickel asset, intends to demerge Yarrawindah into a new company Caspin Resources.

Jindalee Resources Limited (ASX:JRL)/Auroch Minerals Ltd (ASX:AOU)

Jindalee holds the Widgiemooltha project south of Kalgoorlie in Western Australia that is prospective for gold, nickel and lithium and is along strike of Mincor Resources NL (ASX:MCR)) (OTCMKTS:MCRZF) Cassini deposit of 1.254 million tonnes at 4.0% nickel. It has entered an agreement for Auroch to earn up to 70% of four tenements in the nickel sulphide-enriched Norseman-Wiluna Greenstone Belt in Western Australia. The tenements are near to Auroch's Leinster and Saints nickel projects.

Chase Mining Corporation Ltd (ASX:CML)

Nickel is a key component of the Alotta project in southwest Quebec, Canada, and recent diamond drilling has returned up to 17 metres at 1.67% nickel, 2.12% copper, 5 g/t silver and 1.9 g/t PGE from 48.5 metres, including 8.5 metres at 2.05% nickel, along with 6.9 metres at 2.46% nickel, 2.48% copper, 24.5 g/t silver and 4.9 g/t PGE from 81.8 metres. The results have encouraged the company to make further exploration plans.

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