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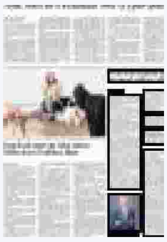

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Why this lithium boss stopped taking calls

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Why this lithium boss stopped taking calls

Brad Thompson

Pilbara Minerals boss Dale Henderson says his phone is switched to silent as a constant stream of car and battery makers try to secure supplies of lithium, and he doesn't expect the calls to stop any time soon.

The $16 billion company's operations in Western Australia continued to spew cash in the September quarter after an increase in production – albeit at a lower grade – and higher spodumene concentrate prices.

Pilbara Minerals ended the quarter with a cash balance of $1.37 billion, an increase of $783.7 million from June 30, and has flagged that it will start to pay dividends as part of a capital management strategy to be unveiled before the end of calendar 2022.

It continues a remarkable turnaround for Pilbara Minerals, which posted a maiden full-year profit of $561.8 million for 2021-22 after a $51.4 million loss a year earlier, when it struggled for survival in the aftershock of the last lithium boom. In response to the surging demand and high prices, the company said it had opted to produce lower grade but higher volumes of spodumene concentrate over the September quarter. Production increased by 17 per cent on the previous quarter to 147,105 tonnes. Pilbara Minerals sells its 5.3 per cent-grade spodumene concentrate at an average price of $US4266 ($6740) a tonne.

Mr Henderson said there was a constant stream of customer inquiries as car, battery and cathode makers all looked to strengthen their supply chains. "They continue to try and beat down the door. The phone won't stop ringing, my phone is set to silent," he said. "It is just a function of the great market we are in. As to the outlook, we don't see anything which gives us cause for concern in the short term.

"As to the mid-term, absolutely new supply is coming. We all know that, but based on our analysis we are not too concerned as we look at both the combination of increased supply plus increased demand."

Mr Henderson said it was much harder to predict a long-term outlook.

Pilbara Minerals has some off-take agreements reaching expiry and continues to reap higher prices for spodumene concentrate on the spot market.

The company's 5.5 per cent-grade product was fetching about $US6200 on the spot market in July, about $US7000 a tonne in mid-September, and it announced a sale at $US7255 a tonne on Monday.

Pilbara Minerals expects to sign a joint venture agreement with Calix to produce a value-added lithium phosphate in the next few weeks, and said it was happy with progress on a 43,000-tonne-a-year lithium hydroxide plant being built in South Korea under a joint venture with POSCO.

Chris Ellison's Mineral Resources is also due to release September quarter results today, amid speculation about a potential spin-off of its lithium assets.

Mineral Resources is boosting its stake in Global Lithium Resources through a $121.5 million equity raising announced by the aspiring producer yesterday. Mineral Resources is set to emerge with a 9.9 per cent stake in Global Lithium, the equal biggest shareholder alongside China's Suzhou TA&A, which has a controlling stake in lithium hydroxide maker Yibin Tianyi.

Global Lithium will use $60 million from the equity raising to secure full ownership of the Manna lithium project, excluding precious metal rights, from Breaker Resources. Other funds from the equity raising will go towards a feasibility study for the Manna project in WA's Goldfields region and the company's project near Marble Bar in the Pilbara. Global Lithium, which listed on the ASX in May last year after a $10 million initial public offering, is aiming to have at least one asset in production by late 2025.

'We don't see anything which gives us cause for concern in the short term.'
Dale Henderson, Pilbara Minerals

Dale Henderson, Pilbara Minerals chief executive. PHOTO: BLOOMBERG