



# Resources Stocks Down Under

🗨️ *Lithium is like a beautiful lady, very much sought and pursued.* 🗨️

- Evo Morales (b. 1959), Former President of Bolivia

**GLOBAL LITHIUM RESOURCES**

Deserving of its growth

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Stocks Down Under rating: ★★★★★

**ASX: GL1**  
**Market cap: A\$474.7M**

**52-week range: A\$0.54 / A\$2.94**  
**Share price: A\$2.30**

This week we look at Global Lithium Resources (ASX:GL1) another lithium IPO that has been on a hot run since listing. GL1 has grown its market cap by nearly twenty times in the last 18 months and it is all thanks to the hard work done at its Marble Bar and Manna lithium projects, both prior to and since listing. This is not a company that has had one good hit and investors piling in due to FOMO. Rather, this is a company that deserves appetite from investors with a significant JORC resource, offtake in place and even further upside possible from exploration at both projects.

## Share price chart



Source: Tradingview

## Over 18-fold growth in as many months

Global Lithium was incorporated in 2018, picked up the Marble Bar project in 2019 and listed on the ASX in May 2021 with a fully diluted market capitalisation of ~\$28m and is now worth nearly \$500m. The secret to this company's success has been the Marble Bar & Manna projects – GL1 acquired the latter in December 2021. The Marble Bar Project lies in WA's Pilbara region, near the town that is its namesake as well as close to two major lithium deposits - Pilbara Minerals' Pilgangoora deposit and the Wodgina deposit.

So far, the bulk of lithium at Marble Bar has been found and estimated at one particular area of the project – the Archer Deposit. It is continuing to conduct drilling and metallurgical test work at Marble Bar and investors have been impressed with these results. It has a Maiden Inferred Mineral Resource of 10.5Mt at 1% lithium.

## Not just a decent project

Several other things have helped this company's cause, including being in Western Australia – a proven resources jurisdiction with one of the world's lowest sovereign risk levels. Investor FOMO has inevitably played a part given the growth recorded by West Australian companies, such as Liontown (ASX:LTR) and



Pilbara (ASX:PLS), which discovered monster lithium projects and are working towards bringing them online. Investors who got in on those companies made significant profits and they are seeing a similar opportunity with GL1.

And it is not just retail investors who are seeing opportunity here. GL1 has a 10-year offtake agreement with Suzhou TA&A for at least 30% of spodumene concentrate produced from Global Lithium's operation. Suzhou is an associate of CATL Group, a leading upstream lithium chemical producer and the largest producer of EV vehicles. Suzhou has a 9.9% stake in GL1 as does Mineral Resources (ASX:MIN), which part-owns the nearby Wodgina project.

## **Manna in the desert**

GL1 also has the Manna Lithium Project that lies in the south of Western Australia – 100km east of Kalgoorlie. GL1 first dipped its toe in the water in December last year, buying an 80% interest in the exploration and future mining rights to lithium. Less than 12 months later, it owns not only the remaining 20% of exploration rights, but 100% of interest in the underlying tenements. It snapped them up from Breaker Resources (ASX:BRB) and undertook a \$111.4m placement to fund it. Both Mineral Resources and Suzhou participated in the deal to maintain their existing stakes.

The Manna project has shown significant promise in the drilling results recorded to date and has a maiden Mineral Resource of 9.9Mt @ 1.14% lithium, meaning it has a resource of over 20Mt @ 1% lithium across both projects. The company plans to release a Feasibility Study in 2HY23 at which point there will be a further Mineral Resource Estimate. Environmental/Native Title approvals and a Final Investment Decision are not expected until CY24, however. The start of production is even further away, estimated for CY26.

## **It's been a hot run, but deservedly so**

Last week, we wrote about Atlantic Lithium (ASX:A11), which is a similar company to GL1 in many respects. It is looking to bring its lithium project online in the medium term, performed significant exploration work prior to listing, the good hits have continued since listing and it has backing in the form of an offtake deal and ~9% investment stake from a major ASX player – in Atlantic Lithium's case Piedmont Lithium (ASX:PLL).

However, there are differences too. Atlantic Lithium has only been listed for 3 and a half months, it only has one project and that project is in Ghana, a country that does not have an operating lithium mine (yet). In its favour is that it has formally completed a PFS while GL1 has not and we have an idea of how much capital will be needed to bring the project online – US\$125m.

Despite the appeal of A11's project, we thought investors were better off waiting until next year when its DFS is due. We thought the risk of a share price sell off was significant barring drilling results that were even better than what it recorded so far – bear in mind it has recorded grades of up to 4.52% lithium. However, we think the risk of such a sell off is lower for GL1 and we are consequently giving GL1 four stars.

We acknowledge that some investors may prefer to wait until next year when GL1 will have completed its own Feasibility Study. At that point, we have an indication of how much it might cost to bring Manna into production as well as an idea of when we might see the same at Marble Bar. But unless the operating cost is extremely high, we don't think investors will be too shocked. We also don't think the company will have trouble in securing finance. And if Liontown and Pilbara Minerals are any guide, investors are prepared to show more patience towards companies with home-grown lithium projects.

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