

Challa revitalises Platina

by Michael Washbourne

An ounce of palladium might currently be worth more than its weight in gold, but Platina Resources Ltd believes its best chance of a re-rating lies with the latter.

Platina listed on the back of palladium and other specialty metals projects in 2006 but with work set to begin on the newly acquired Challa gold project, about 500km north-east of Perth, the company's focus has definitively switched.

Challa is neatly positioned in the middle of what Platina managing director Corey Nolan described as the "golden triangle" between three long-standing mining provinces which have collectively produced more than 8 moz.

Platina acquired the project from private hands for the issue of 10 million shares and a 0.75% gross royalty payable on any gold produced from the tenements.

Nolan told **GMJ** the company decided to seek out a gold project in Western Australia after being forced to shelve plans to progress a promising zinc-copper-gold play in California, US amid the global coronavirus pandemic.

"The gold price was on the move and we thought one of the best jurisdictions back in Australia for finding those types of projects was going to be in WA," he said.

"We started reviewing a number of different opportunities and Challa came across our desk. We really like it because it's in a little bit of a 'golden triangle' between Mt Magnet, Youanmi and Sandstone. We were attracted to this little fringe of greenstone belt in the middle of that golden triangle on the edge of the Windimurra Igneous Complex which is under cover and hasn't attracted a lot of historical attention.

"It enables us to create a presence in the gold space in a world-class jurisdiction, both geologically and from a permitting perspective."

Initial field work at Challa – due to start at the time of print – will include soil geochemistry and a low-cost RAB drilling programme to define and test primary targets.

Investors appear to be backing Platina's move into the gold space with the company's stock up more than 600% since the start of May, a month before the proposed acquisition of Challa was announced.

Platina has since topped up its cash reserves via two private placements totalling \$1.8 million, one of which attracted Canada's Palisades Goldcorp to the register as a new major shareholder.



Platina has acquired the Challa gold project, about 500km north-east of Perth

"It's about validating the company's strategy of targeting gold in the right jurisdictions," Nolan said.

"I also think because they [Palisades] are Canadian, they see the opportunity we have at hand with the sale of our Greenland asset to the CSE-listed Major Precious Metals. At the moment, our interest on closing that deal, which is 55 million shares, is currently valued around \$30 million, which is where our market cap is currently sitting. So, we think we're significantly valued on that deal alone, let alone factoring in the upside that comes from the Challa opportunity."

The sale of Platina's Skaergaard palladium project in Greenland was expected to close at the time of print, with only one of the conditions precedent – approval of the transaction by the CSE – to be satisfied.

Platina shareholders will retain good exposure to palladium via its new shareholding in Major Precious Metals and a 30% interest in the Munni Munni project in WA's Pilbara region.

Despite the newfound focus on Challa, Platina plans to continue quietly progressing its namesake scandium project (formerly known as Owendale) in New South Wales.

"We have a completed DFS but scandium is quite a unique market, so we're currently talking to a number of different players, primarily in the aluminium and the aluminium-alloying space, looking at opportunities to secure offtake agreements that would ultimately provide financing for the project," Nolan said.

"The scandium market today is probably somewhere between 5-20t and we would estimate that probably somewhere between 7-10t goes into the manufacture of solid oxide fuel cells, and there's only one company in the world – Bloom Energy out of California – utilising that technology.

"We're also looking at a number of technological modifications to the flowsheet to try and reduce the capex even further and give it an easier pathway towards production."