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HALLGARTEN + COMPANY

Portfolio Strategy

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Monthly Resources Review: The Energy Transition's Death Throes?

Performance Review – February 2025

Monthly Resources Review

The Energy Transition's Death Throes?

- + **The (old) Energy Transition is dead, long live the (new) Energy Transition**
- + **Some base metals have been doing well, particularly copper, and some even see Nickel ready for a run, but zinc has done nothing at all in 2025**
- + **Rearmament is the theme of the moment for governments (excepting the US) and spells good news for military metals**
- × **If peace is breaking out (for the US), then this potentially spells bad news for demand for military metals from that quarter**
- × **The Antimony price is over-cooked and we sense that the Chinese will “act” to slap it down at some point, awaiting the sweet spot where maximum damage will be done to clueless wannabes**
- × **The supposed merger of RTZ and Glencore was DOA but we suspect that the insidious (and clueless) calls by hedgies for RTZ to delist from LSE is part of campaign to weaken it for a merger play**
- × **MP Material's dire results show Rare Earths remain unprofitable**
- × **A pivot away from wind turbines will potentially release substantial amounts of recycled REE-based magnet metals back to the markets**

The Great Pivot on Climate Change

Nothing is immutable and climate change is... changing. In a few short weeks even climate change's “fans” have seemingly stopped talking about it. We doubt this is due to a failure in their belief system but it may be that to even mention the subject seems trivial in the face of the enormities in the political sphere at a global level. It's like discussing dress lengths in late 1939.

The chattering classes (the 1% and their acolytes) have had a change of discourse foisted upon them. Going radio silent though may be a good idea for a resistance movement (and the Climate Changers have definitely been driven underground) but the problem is that if one isn't on-topic all the time with climate change, then the *Great Unwashed* start to drift in their constancy to the 1%'s nostrums and start longing for their ICEs and affordable transport. They start to recall that there have always been floods and bushfires, remember that winters used to be super cold and yet not so cold sometimes. They start to work out that the **Great Con** of congestion region levies, and ultra-low emission zones have not removed one Ferrari or Maserati from the road, but have crushed car ownership, by the working class and lower middle class, like bugs on a windscreen. Here in Sadiqistan, the master oppressor of the aspirations of the “lower downs” has been curiously quiet, probably fearing that he of the bright yellow comb-over will have him back in his sights.

Thursday, March 6, 2025

The problem for the Transitioners is that the longer the radio silence goes on, the less that climate change will stick as the be-all-and-end-all of policy decisions. Look how Germany has become obsessed with its defence budget, inevitably at some point causing a cutback in funds for the Transition. If EVs and wind turbines are out of fashion in the US, then the largest potential market for these Rare Earth-driven technologies withers away. Indeed, if the failure rate for wind turbines maintains pace and their replacement is unlikely then an awful lot of magnet metals will flow back into a marketplace that is not panting to convert them into EVs. It is somewhat ironic that he of the comb-over has found religion on Rare Earths, without anyone advising him that his other policy “offerings” imply that there will be less need for them in the world of “drill, baby, drill”.

Lithium has proven to be the first (dead) swallow of summer and others have followed. Even as the obscure attractions of non-existent Rare Earths in Ukraine have hit the front pages, the listed Rare Earth players look like the inhabitants of a displaced persons camp. An energy transition of sorts is going on and will continue to do so. But we must also recognize that those who imagined that they would control it and remake it in their image have had the steering wheel taken away from them. The reappearance of nuclear, for example, was not in the plans of the Transitioners. They loathed it and hated it and spent their best years opposing it only to find that nuclear energy has grabbed the torch and dashed off into the future while they were microdosing on ketamine.

If nuclear is indeed the theme for the rest of this decade and beyond then metals in that complex, uranium, (maybe) thorium and definitely Tungsten and Beryllium should be on the radar of investors wanting to get ahead of the curve.

Tungsten & Nuclear Power

Most of the buzz these days in the nuclear power space is related to SMRs and with good reason, as the disastrous excursions in Europe into the addition to the nuclear fleet of full-scale plants have seen cost over-runs that exceed the GDP of small nations. This has been particularly the case in the UK.

SMRs tick a large number of boxes, such as cost, flexibility and easier to define locations.

Some have ventured that fusion reactors are the way to go. Progress is being made towards the development of nuclear fusion, which fuses atoms rather than splits them as in a conventional fission reactor. There is under construction in France, the International Experimental Fusion Reactor, which aims to be the first reactor that produces more energy than it consumes.

At the Culham Centre for Fusion Energy in Oxfordshire, the Joint European Torus (JET), is the world’s largest operational magnetic confinement plasma physics experiment, intended to open the way to future nuclear fusion grid energy.

Advocates for nuclear fusion claim that it has the potential to generate almost limitless, clean energy that is “too cheap to meter”. Research is being undertaken at the University of Huddersfield in the UK, investigating the role of Tungsten in this type of reactor.

Thursday, March 6, 2025

Tungsten is a leading candidate for both plasma-facing and shielding in both spherical and D-shaped tokamaks (devices which use a powerful magnetic field generated by external magnets to confine plasma). This is due to its core properties, including high melting point, high thermal conductivity, high neutron shielding and low sputtering yield (loss of material when hit with energetic particles).

Detractors claim that, by simulating the damage caused by high-energy neutrons and alpha particles produced during the fusion process, researchers have discovered that Tungsten is liable to become brittle, leading to failure. This is not to discount though that Tungsten alloys may achieve the desired outcome.

If the planets align in favour of fusion reactors (and capital cost must be the deciding factor, rather than just operating cost) then a sizeable, and reliable, Tungsten supply chain would need to be established. The current Tungsten output is clearly not adequate in such a scenario therefore the industry would need to grow by an order of magnitude to achieve the roll-out of fusion reactors to afford economies of scale and move them from being a niche option to a mainstream alternative.

Portfolio Changes

During the month, the only change in the Model Resources Portfolio was the demise of our long-held LONG in Neometals.

Saving Hastings (ASX: HAS) from Itself

This mosh-pit of players and wannabes once deserved [a full note](#) from us when it looked like it might be on the cusp of achieving something. During the past month a rather bedraggled Hastings Technology Metals Ltd managed to get some airtime as it succumbed to the less than riveting charms of Twiggy Forrest and his big swinging Wyloo.

The announcement elucidating the transaction said that under the terms of the JV agreement, Wyloo will acquire a 60% interest in Yangibana (structured as an unincorporated JV). The consideration consists of the cancellation of the Hastings' Convertible Notes due to Wyloo (with an AUD\$220mn value at maturity in October 2025), with the 21.5% interest that Hastings holds in NeoPerformance Materials (TSX: NEO). This stake is worth ~AUD\$85mn at the current time. Neo we might note is a long-time constituent of our Model Resources Portfolio.

In addition, Wyloo gets an option over an additional 10% interest which can be exercised at the lower of \$20mn or independently assessed fair market value. This might otherwise be called low-balling it.

Hastings frankly pawned their grandmother's glass eye on the original deal, then couldn't redeem it and granny is now wandering about directionless. Definitely not a queen in the land of the blind.

The Yangibana project has a capex of AUD\$474mn, of which some AUD\$158mn had been expended as at end of 2024 (on the likes of accommodation, airstrip, site infrastructure) on this quixotic venture to create a Rare Earth mine designed for an initial output of 37,000 tpa of RE concentrate (of which some

Thursday, March 6, 2025

3,200 tpa would be NdPr).

Wyloo will assume management of the JV. The parties will seek to secure project finance on a joint basis.

One broker estimated “an implied value for Yangibana at \$233m (based on the transaction terms), which on an attributable basis is a 99% premium to HAS post transaction EV”. This is definitely a glass half-full interpretation. More accurately we would posit that Wyloo lost their shirt and Hastings lost granny’s ocular prosthesis and with Hastings having a market cap AUD\$63.5mn, the whole JV (grossed up) is worth a tad over AU\$150mn. We suspect it is not even worth what granny’s glass eye might fetch, as no one needs, nor wants, a new Rare Earth project.

Though it almost goes without saying.... **AVOID**.

Capital Metals (AIM: CMET) – Movement at the Station

We wrote up Capital Metals at the time that Sheffield Resources (a constituent of our Model Resources Portfolio) took a strategic stake in the company, then we gave it further column inches in our [Heavy Minerals Sands Review](#). To refresh memories the company said it is in its words “approaching mine development stage” at the high-grade, Taprobane Minerals Project (formerly Eastern Minerals Project) in Sri Lanka). The new name was chosen for its positive historical significance and community resonance as the ancient Greek (and Latin) name for Sri Lanka.

During the month it announced that the Geological Survey and Mines Bureau (the GSMB) had signed an agreement pursuant to which the GSMB will provide technical services in connection with the forthcoming resampling and drilling program. The company is finalising the last renewal of land access permissions, with the air core drilling rig and team on standby.

The drilling program aims to increase the project's resource, and inform ongoing design, engineering and mine planning work, whilst obtaining greater geological confidence in the proposed mining areas. The drilling program was delayed due to Sri Lanka's elections which resulted in widespread ministerial and senior personnel changes across all departments. The company does not currently expect any impact to its target of reaching a Final Investment Decision in 2Q25 in order to commence construction, with an expected 9-12-month construction period until first production.

The company attributed the delays in permitting to the election of a new government which created personnel changes at many levels.

The company says it is dialoguing with offtakers, vendor financiers, and potential Sri Lankan project partners to finance the project in a way that minimises or eliminates the requirement to raise market equity.

We do not have a rating on Capital Metals, but it resonates with us as one of the most attractive upcoming HMS projects. The intention to make a FID in 2Q25 somewhat puts Sheffield’s feet to the fire

Thursday, March 6, 2025

as Sheffield have been pursuing the more quixotic Brazilian HMS prospect. It would appear that Capital Metals is a bit more of an open door to push upon than Brazil and certainly much closer to its Thunderbird operation, being “just across the pond”.

HMS – All Action

In other HMS sector developments, Sheffield finally left behind the miseries that had beset its early days. While these were mainly in the minds of naysayers in the space, the company had to outperform even its own expectations to quell the forces of evil.

The £474mn takeover proposal launched for Kenmare Resources plc (LSE:KMR) in recent days by a consortium led by Oryx Global Partners and former managing director Michael Carvill, focusses attention on the undervalued nature of Sheffield and may prompt similar action there. As for Kenmare, the company rejected the offer stating that it undervalued its business and future prospects.

The consortium’s proposal was pitched at 530 pence per share and the stock shot up 38% shortly after news broke. However, Kenmare, which operates the Moma Titanium Minerals Mine in Mozambique, said this failed to reflect the company’s true value.

We refer investors to [our study on the HMS sector](#) from late last year.

Neometals (ASX: NMT) – Revolving Door on Vanadium

We now know how the principal character in *The Exorcist* felt when her head went into high rotation, in reviewing the latest developments at Neometals’ Vanadium operations. Notably Neometals that once developed the world’s second largest Lithium operation now terms itself a “sustainable process technology developer”. Hmmm, very 2023.

In an announcement Neometals said that Recycling Industries Scandinavia AB (RISAB), in which Neometals holds 87.1%, had executed a project agreement with EIT RawMaterials GmbH to provide a second tranche of funding to support the development of the Finnish Vanadium Recovery Project (VRP1). We have written on the [previous grand plan here](#).



EIT RawMaterials is based in Berlin Germany and is a legally independent part of the European Institute of Innovation and Technology, an EU entity. EIT RawMaterials is mandated by the European Commission to lead and manage the European Raw Materials Alliance (ERMA). EIT Raw Materials had become a minority shareholder in RISAB through an earlier investment of €0.5mn.

Thursday, March 6, 2025

The latest deal involves:

- EIT RawMaterials providing an additional €0.494mn in grant funding to increase its minority shareholding in RISAB to 2.2%, at a Pre-Money Valuation of €50mn with potential for up to a total €10mn investment within 18 months
- Funding to advance technical work programs in parallel with project financing process now underway
- Second round follows EIT RawMaterials €0.5mn first investment in VRP1 in Pori, Finland in September 2024.

EIT RawMaterials will support certain project technical programs whilst the financing process continues for the development of a plant to produce high-purity Vanadium pentoxide (V₂O₅) from Vanadium-bearing steel slag in Pori, Finland.

The thing that confuses us here is that, in late October of 2023, after years of build-up Neometals informed Critical Metals Ltd, its partner in the Finnish vanadium recovery project, that it did not wish to proceed with the construction of the facility. It rationalized this as being due to it needing to preserve its cash balance and not contribute further material funding to evaluation activities on the project, as "the state of the global financial markets dictate". The market hated this announcement, as it looked like yet another dead-end alleyway that the company had wandered down since it forsook mining as its *raison d'être* and sent the shares tumbling to new lows.

Now seemingly the project is back despite Vanadium prices still being in the dumpster.

Neometals' release spoke of the execution of a project agreement providing additional funding and services to Novana Oy (in which NMT holds an indirect 87.1% interest through RISAB). Novana is commercialising Neometals' patent-pending vanadium recovery process through the development of the VRP1 in Finland. The VRP1 feasibility study confirmed the potential for V₂O₅ production at lowest-quartile operating costs, with a low-to-negative carbon footprint.

Novana is currently conducting a project financing selection process seeking approximately €400mn (targeting c. 40% equity, 60% debt) with leading Nordic banks SEB and Aventura managing the equity and debt packages respectively, with assistance from EIT RawMaterials.

Novana holds the exclusive licence to Neometals' wholly owned VRP Technology in the Nordics and a non-exclusive licence for areas outside the Nordics and is required to pay a 2.5% gross revenue royalty to Neometals from all products and sales generated from its use. Novana holds a long-term lease over the proposed VRP1 plant site, has secured the project's environmental permit and has entered a binding offtake for 100% of VRP1's V₂O₅ products with Glencore International AG6.

In a not too comforting assurance, Neometals claimed that it did not intend to provide further material funding to RISAB/Novana to develop VRP1 and expected to dilute its current holding to a minority equity

Thursday, March 6, 2025

position. We feel the time has come to cut loose our longest-held **LONG** in the Model Resources Portfolio and finally shed our Neometals position.

Parting Shot

We had to laugh upon seeing this tale of the Chinese hoist on their own petard, and in Nigeria no less.

As the reports would have it, the newly inaugurated Ganfen Lithium Industry Limited Nigeria, a Chinese company operating in Nasarawa State, raised an alarm over its impersonation, which it claimed was threatening its corporate existence in the country.

Consequently, the company pleaded with the Federal government to intervene and commence investigation into the activities of the company allegedly impersonating it, under the name 'Ganfen Lithium Group Co Ltd'.

The company in a statement signed yesterday by Andrew Kekunkun, Chief of Ganfeng staff in Nasarawa, alleged that the impersonating company had no bearing on its operations and was using its corporate name to carry out illegal activities in Nigeria.

The statement read: "Ganfen Lithium Industry Limited, Nigeria, are aware of a recent statement about our company's relationship with Ganfeng Lithium Group Co."

The statement in itself is pregnant with the follow-on question as to whether any of these scallywags have anything to do with the Ganfeng that we know and love? Will the real Ganfeng please stand up!

The report went on, "Ganfeng Lithium Industry Limited is an independent limited company legally registered in Nigeria according to Nigerian laws. The company's business scope includes "lithium ore exploration, extraction, laboratory analysis, processing, and sales of lithium carbonate."

"Ganfeng Lithium Industry Limited, Nigeria is a limited liability company with a business scope in the local area of Nigeria. Our company's name "Ganfeng" in the phonetic meaning within Chinese represents the hope of achieving a sweet harvest through hard work in Nigeria."

Who knew that Ganfeng meant "the hope of achieving a sweet harvest through hard work". Who is getting harvested and by whom?

The statement further declared that activities of the company in Nigeria was a reflection and promotion of corporate culture as well as it's hopeful vision for the future, adding that Ganfeng Lithium Industry Limited Nigeria had never relied on or utilized any resources or influence from Ganfeng Lithium Group Co., Ltd. to develop or engage in business activities.

Oh, what a tangled web we weave....

Thursday, March 6, 2025

Recent & Upcoming

In the last month we published our Update on the Argentine Nuclear/Uranium sector and our Potash Review.

In the short-term pipeline, we have an Initiation of Almonty Industries, an Initiation on Summa Silver, an Initiation on Silver Viper, an update on First Nordic and an examination of the LSE's new Secondary Listing Rules.

MODEL RESOURCES PORTFOLIO @ END FEBRUARY

Security	Ticker	Currency	Price	Change		12-mth Target	
				last 12 mths	last mth		
LONG EQUITIES							
Diversified Large/Mid-Cap	Hochschild	HOC.L	GBP	1.836	98%	4%	£2.40
Base Metal Developers	Denarius Metals	DNRSF	USD	0.396	-24%	-5%	\$1.15
Uranium	Sprott Physical Uranium	U.UN.to	CAD	13.71	-34%	-15%	\$20.00
	enCore Energy	EU.v	CAD	1.97	-64%	-59%	\$4.90
	Energy Fuels	UUUU	USD	3.80	-38%	-28%	\$7.50
Zinc/Lead Plays	WisdomTree Zinc ETF	ZINC.L	USD	9.26	16%	3%	\$14.00
	Group Eleven Resources	ZNG.v	CAD	0.20	25%	11%	\$0.35
	Luca Mining	LUCA.v	CAD	1.11	383%	26%	\$1.40
Nickel Developer	Canada Nickel	CNC.v	CAD	0.83	-43%	-1%	\$2.15
Silver Developer	AbraSilver	ABRA.v	CAD	3.14	1021%	7%	\$4.20
Silver ETF	IShares Silver ETF	SLV	USD	28.75	36%	1%	\$32.00
Gold Producer	Soma Gold	SOMA.v	CAD	0.55	22%	8%	\$0.85
	Aura Minerals	ORA.to	CAD	22.04	137%	16%	\$19.00
	Asante Gold	ASE.cn	CAD	1.15	-14%	7%	\$2.40
	Orvana Minerals	ORV.to	CAD	0.29	123%	-3%	\$0.60
	Talisker Resources	TSK.to	CAD	0.44	42%	26%	\$1.10
Gold Developer	West Wits Mining	WWI.ax	AUD	0.02	18%	0%	\$0.024
Gold/Antimony Developer	Perpetua Resources	PPTA.to	CAD	12.39	207%	-28%	\$13.00
Royalties	EMX Royalties	EMX	USD	1.75	10%	-1%	\$2.50
Copper Explorers	Panoro Minerals	PML.v	CAD	0.40	264%	-7%	\$0.30
	Aldebaran Resources	ALDE.v	CAD	1.82	164%	2%	\$2.50

MODEL RESOURCES PORTFOLIO @ END FEBRUARY							
Security	Ticker	Currency	Price	Change		12-mth Target	
				last 12 mths	last mth		
LONG EQUITIES							
Tungsten Producers	Almonty Industries	AII.to	CAD	1.90	206%	62%	\$3.10
	EQ Resources	EQR.ax	AUD	0.05	0%	67%	\$0.08
Graphite Developer	Blencowe Resources	BRES.L	GBP	0.0405	-8%	1%	£0.09
Lithium	E3 Lithium	ETL.v	CAD	0.24	-86%	-14%	\$1.35
	Century Lithium	LCE.v	CAD	0.07	-89%	-13%	\$1.10
Phosphate	MinBos	MNB.ax	AUD	0.042	-54%	-16%	\$0.28
Gold Explorer	Alpha Exploration	ALEX.v	CAD	0.75	7%	9%	\$1.00
AgroMinerals	Millennial Potash	MLP.v	CAD	0.50	127%	16%	\$0.60
Rare Earths	Rainbow Rare Earths	RBW.L	GBP	0.1125	-2%	-7%	£0.30
	Neo Performance Materials	NEO.to	CAD	7.62	7%	-10%	\$14.00
Tin	Alphamin	AFM.v	CAD	0.70	-19%	-23%	\$1.20
	Rome Resources	RMR.L	GBP	0.27	42%	6%	n/a
	Elementos	ELT.ax	AUD	0.06	-54%	-14%	\$0.25
Mineral Sands	Sheffield Resources	SFX.ax	AUD	0.20	-62%	43%	\$0.72
Oil & Gas	Shell	SHEL.L	EURO	26.675	8%	0%	£28.00
SHORT EQUITIES							
Shorts	Golconda Gold	GG.v	CAD	0.32	68%	10%	\$0.15
	Patriot Battery Metals	PMET.to	CAD	2.56	-67%	-15%	\$1.60
	Aya Gold & Silver	AYA	CAD	11.72	16%	0%	\$4.50

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