



Sinclair sale on cards: analyst

■ **Josh Chiat**

Paterson Securities analyst Simon Tonkin says Kerry Harmanis' Talisman Mining could look to sell the Sinclair nickel project near Leinster as it awaits its first cash-flow from the Monty copper-gold mine.

Talisman bought Sinclair from Glencore for \$8 million in 2014, but has been largely focused on funding its 30 per cent share of the Monty copper development in the Doolgunna district, which major partner Sandfire Resources plans to open by the end of the year to service its underfed DeGrussa processing plant.

It has also built a substantial exploration portfolio in the central Lachlan Fold Belt, where it is planning a new reverse circulation and diamond drilling program from the middle of this year, placing Sinclair on the backburner.

In a research note on Talisman, Mr Tonkin placed a \$12 million valuation on Sinclair, which was opened in 2008 by X-Strata, produced 38,500t at a grade of 2.44 per cent nickel over its life until it was

shut in August 2013, and has a resource of 47,300t of nickel metal.

"The project is located in the world-class Agnew-Wiluna Greenstone Belt in WA's north-eastern Goldfields, which has a significant nickel endowment," he wrote.

"At the present time, Sinclair isn't a key focus for the company and we believe it may look to deal the asset."

Mr Tonkin said first cashflow from Monty, which is expected to deliver Talisman \$85.7 million over its 30-month life, was expected in the December quarter.

He has a speculative buy rating on Talisman with a target price of 43¢ a share. It was unchanged at 22.5¢ a share yesterday.

Talk of deals in the nickel space has heated up over the past few months, as the price of the base metal has risen to around \$US14,000 per tonne.

Junior explorer Minotaur Exploration recently moved to divest its own Leinster assets, which contain a resource of around 8000t, while Western Areas started \$32m of early works on its new Odysseus development, expected to come

online in three to four years, last month.

Odysseus is part of the Cosmos Nickel Complex, which Western Areas bought from Glencore X-Strata at the bottom of the market in 2015 for \$24.5 million. Meanwhile, Sandfire Resources and

Auris Minerals shares shot up on Tuesday on news the mid-tier copper miner may have made a new discovery at its new farm-in on Auris' Morck's Well East project, 22km south-west of DeGrussa.

Auris surged 63 per cent to 9.3¢ after drilling at Morck's Well East near Meekatharra detected copper that could ultimately feed Sandfire

Resources' nearby DeGrussa plant, before climbing again 1.2¢ to 10.5¢ yesterday.

Sandfire shares were up 11¢ to \$8.73 yesterday.



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Talisman bought the Sinclair nickel project from Glencore for \$8 million in 2014. Picture: Talisman Resources