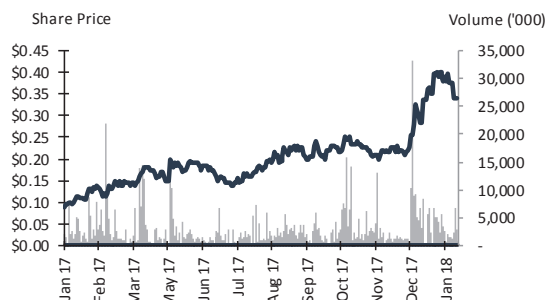




## Global Geoscience Limited (GSC)

US dual product lithium boron developer

Recommendation	Speculative Buy
Previous	N/A
Risk	Very High
<b>Price Target (A\$)</b>	<b>\$ 0.40</b>
Previous	N/A
<b>Share Price (A\$)</b>	<b>\$ 0.34</b>
ASX Code	GSC
52 week low - high (A\$)	0.088-0.40
Capital structure	
Shares on Issue (M)	1,332
<b>Market Cap (A\$M)</b>	<b>453</b>
Net Cash/(Debt) (A\$M)	33
<b>EV (A\$m)</b>	<b>420</b>
Options on issue (M)	67
12mth Av Daily Volume ('000)	2,996
Board	
Mr James D. Calaway	Non Executive Chairman
Mr Bernard Rowe	Managing Director
Mr Alan Davies	Non Executive Director
Mr Patrick Elliott	Non Executive Director
Dr John Hofmeister	Non Executive Director
Major Shareholders	
Mycatmax	6.4%
Holdrey	4.4%
Share Price Graph	



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The analyst does not own GSC securities.

Foster Stockbroking and associated entities (excluding Cranport Pty Ltd) owns 2,000,000 GSC shares.

Cranport Pty Ltd does not own GSC securities.

**Talking Point** mostly discusses stocks for which Foster Stockbroking does not provide formal research coverage. It combines both the dealing desk's market view and basic research analysis. The aim is to offer clients additional investment ideas that lie outside the firm's universe of formally covered stocks. Occasionally, some stocks under formal research coverage will also be discussed in Talking Point.

### Event:

- We provide an overview of Global Geoscience (GSC).

### Analysis:

- GSC is a lithium and boron explorer and developer of the Rhyolite Ridge project (100% interest) in Nevada, US. The company envisages a dual income stream from two products: lithium carbonate and boric acid.
- Upgraded Resource of 460Mt at 0.9% lithium carbonate and 2.6% boric acid. This includes a high grade zone of 137Mt at 0.9% lithium carbonate and 7.2% boric acid, including 100Mt Indicated Resource in the high grade zone. Large, scalable deposit with exploration upside: only 10% of the project area has so far been drilled.
- Strategic project location in a mining friendly jurisdiction, close to existing infrastructure, and only 340km from the Tesla Gigafactory 1, under construction. Shallow, thick, and flat lying deposit coupled with soft ore will facilitate low cost mining and milling.
- Processing is amenable to agitation and heap leach methods, with no roasting or new technology required. GSC has recently announced encouraging heap leach test work results, demonstrating strong lithium and boron recoveries with rapid leach times at ambient temperature and moderate acid consumption rates, derisking Rhyolite Ridge's novel mineralogy. The company is advancing towards a single leaching technique and bedding down a processing flow sheet.
- Potential to be a major, low cost supplier to support rising global demand for lithium carbonate, and the company contemplates a simple mining process with lower capex than brines and lower opex than pegmatites.
- Strong board and management with deep experience in borates and lithium processing, as well as developing and commercialising resources.

### Earnings and Valuation:

- We have derived a risked valuation of \$0.40 per share for GSC. Our valuation is underpinned by a risked NPV<sub>10</sub> of A\$710M for Rhyolite Ridge, assuming US\$250M capex, 2.5Mtpa throughput to produce 15.4ktpa lithium carbonate, and 146.3ktpa boric acid in the early years of production. We assume first production in FY21e, and long term prices of US\$11,331/t lithium carbonate and US\$800/t boric acid, with sound margins from cash costs of US\$3,906/t and US\$440/t, respectively.
- On an unrisked basis, we have a valuation of \$1.02 per share, based on an unrisked project NPV<sub>10</sub> of \$ 56M.

### Recommendation:

- We recommend GSC as a Speculative Buy, given the project's strategic location, contemplated dual product and income stream, and large, shallow lying deposit with mineralogy conducive to high recoveries.
- We have a price target of \$0.40 per share, and note the possibility for rerate given a number of upcoming catalysts including: 1) submission of permitting application; 2) further met work results in Q1FY18e; 3) PFS release in Q3CY18e.