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## John Kaiser: Zinc uptrend could benefit these three juniors

Like many metal market observers, John Kaiser of [Kaiser Research Online](#) sees opportunity in zinc.

In an interview with *Mining Markets* at the recent Vancouver Resource Investment conference, Kaiser said big price gains could be ahead for the often-overlooked base metal.

“Zinc is the one metal where it's not just myself, but most observers feel there is an [uptrend possible](#) in the next few years,” he said. “And that is because zinc has been such a stinker for so long, there's not an awful lot of new deposits left to develop, especially outside of China.”

Kaiser says China has gone overboard bringing new zinc supply onstream in the past five years, depressing prices. However, many of the world's major zinc-producing mines are depleted and slated for closure.

“They started shutting down in 2013 and they'll continue to shut down, and zinc demand will continue to rise.”

In addition, Kaiser notes that China is rationalizing its mining practices and becoming more concerned about the environmental damage from mining.

“Chinese supply itself might decline, so we could see zinc move up in two or three years to perhaps \$1.50 higher just on its own, not inflation adjusted — which means there is now interest in companies that have advanced zinc deposits that don't make a lot of sense at 95¢, but would be a very profitable mine at \$1.50,” he said.

“This is the time to start putting that resource feasibility demonstration money into those projects, whereas copper, nickel, all these other areas, they had their fun — we're not going to see significant increases for copper or other base metal prices for a couple of years.”

Kaiser is watching three companies with advanced zinc deposits closely.

One is **Solitario Exploration & Royalty** (TSX: SLR; NYSE-MKT: XPL), and its Bongara zinc-lead-silver project in Peru.

“This is a project that's completely ignored by the market,” Kaiser says, adding that Solitario is priced on its Mt Hamilton gold-silver project in Nevada.

However, \$60 million has already been spent on Bongara, and Solitario's partner at the project, Votorantim Metais, is working on a prefeasibility study due out in mid-2014 that will include the project's first resource estimate. Votorantim can earn up to 70% of the project by completing a feasibility study and making a construction decision.

Kaiser is also interested in **Lithic Resources** (TSXV: LTH), which completed a preliminary economic assessment on its West Desert project, in Utah, in 2010. Lithic is now working on an updated study that includes open-pit mining of oxides at West Desert. (The previous study looked only at underground mining of sulphide resources.)

“That company now has some strong management on board and they're gearing up to do some drilling and move to a prefeasibility,” Kaiser says.

Lastly, Kaiser has an eye on **Canada Zinc Metals** (TSXV: CZX) and its Akie project in northeastern British Columbia. While the project has been unable to gain traction for two decades because of low zinc prices, it's finally starting to attract attention.

The deposit has indicated resources of 12.7 million tonnes grading 8.4% zinc, 1.7% lead and 13.7 grams silver per tonne (at a 5% zinc cutoff), a 16.3 million inferred tonnes grading 7.4% zinc 1.3% lead and 11.6 grams silver.

Solitario recently traded at \$1.10 in a 52-week range of \$0.76-1.75, and has 37.5 million shares outstanding, while Lithic traded at \$0.10 in a 52-week-range of \$0.04-0.11, with 63.2 million shares outstanding; and Canada Zinc traded at \$0.52 in a range of \$0.17-0.60, with 146 million shares outstanding.

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## Photos



Drill rig set-up at Solitario Exploration & Royalty's B...