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Experts

Money Talks: MineLife founder Gavin Wendt's top gold, coal and lithium picks

May 8, 2019 | [Angela East](#)

Money Talks is Stockhead's regular drill down into what stocks investors are looking at right now. We'll tap our extensive list of experts to see what's hot, their top picks and what they're looking out for. Today, we hear from Gavin Wendt, senior resources analyst and founding director of MineLife.

What's hot right now?

At various times in the market there will be particular sectors that go for a run – lithium, for example.

But right now, according to Wendt, it is more about individual stocks than one sector being the hot favourite.

“18 months ago it didn't matter what stock you looked at in the lithium space, everything was moving and everything was moving rapidly and you sort of get that with the first wave I think of any new hot fashionable sector,” he told Stockhead.

“It's very, very hard to sustain that level of momentum. You know that probably eight out of the 10 of the companies that have enjoyed riding the wave really don't have much of a story, but they were just being pushed along by investor sentiment.

“Then of course the wave inevitably crashes ... and then it all comes back to fundamentals – who's got the better projects, who's cheap, who are the real deal when it comes to directors, who's going to actually survive rather than just being pushed along by the market – and I think that's exactly where we are now.”

Wendt said it's very "company specific" right now and investors are looking closely at stocks that really stack up.

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Top picks

Wendt's top pick is lithium explorer **Liontown Resources (ASX:LTR)**, which Wendt says has just been busily "beavering" away on its projects.

"They've got two WA lithium projects with resources and I think what's attractive about them is they look like they're going to be quite high-grade, low cost lithium deposits, easy to mine," he said.

Liontown has a market cap of \$72.5m at its current share price of 4.8c.

The company has defined a resource for its Kathleen Valley project and is expected to release a resource for its Buldania deposit in the next few months.

"They're a very, very modest market cap because they haven't enjoyed the investor rush that a lot of other companies have in the sector. They've kept a very low profile," Wendt explained.

"But because they've kept a low profile and just kept drilling and adding to their resource base, they really have added value to their main project."

Wendt said Wesfarmers' (ASX:WES) recent **\$776m takeover play for Kidman Resources (ASX:KDR)** had "just shone a light again on the West Australian lithium space".

Another of his picks is **Allegiance Coal (ASX:AHQ)**, which has a market value of around \$42m at a share price of 8.2c.

Allegiance has a coking coal project in mining friendly British Columbia in Canada.

"They're not yet mining, but they've got access to port and railway, which are the two key stumbling blocks when you've got a bulk commodity project," Wendt said.

"If you don't have a railway and you don't have a port you've potentially got to spend hundreds of millions of dollars. They've got access to existing railway and port facilities, they've just got to build a spur line."

This means capex for the Tenas project will be a “modest” US\$54.3m, according to Wendt.

“When they get up and running and start producing this semi-soft metallurgical coal, they’re going to be just about the lowest cost producer out there in the market for that type of coal,” he said.

Lastly, Wendt sees potential in gold explorer **Vango Mining (ASX:VAN)**, which has a market cap of just over \$100m at a share price of 17c.

Vango, which is backed by Chinese investors, recently expanded the gold resource at its Trident deposit in WA.

The company is aiming to be in production at its Marymia project within 12 months.

“Most people would just not have heard of them, but they have just done very, very well over the last couple of years in terms of their share price,” Wendt said.

“They’ve just been plugging away, de-risking the project. They’ve got two deposits which they’re looking at bringing on stream.”

Wendt believes the gold sector is still a place that investors should be focused on because the price is still very good.

“It’s still either side of US\$1300 an ounce [and] the Aussie dollar price is still outstanding from a historical perspective,” he said.

“It’s still a very, very good time to bring a gold mine into production.”

Gavin Wendt has been involved in the Australian share market for over 20 years as a resource analyst. After many years as a broking resources analyst with Intersuisse, Gavin helped establish the Fat Prophets Mining Report in 2005, writing and producing the report until he established MineLife in 2010.

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