

THE AUSTRALIAN

STOCK QUOTES		Enter company code			
MARKET	.9000	CBA ▼ -0.05% 92.93	RIO ▼ -0.48% 60.31	ANZ ▲ +0.23% 34.98	WOW ▼ -0.6%
S&P/ASX 200 ▼	AUD/USD ▲	TOP GAINER MRM ▲	TOP LOSER FXJ ▼		
-0.09%	+0.12%	+8.38%	-9.64%		
5814.9000	\$0.78	\$0.97	\$0.87		

Veteran stockpicker Warwick Grigor bets big on graphene

PAUL GARVEY THE AUSTRALIAN FEBRUARY 10, 2015 12:00AM



Warwick Grigor says Talga is 'potentially a billion-dollar stock ... I've spent the past year studying all this and there's nothing like it. It's unique' Source: News Limited

VETERAN stockpicker Warwick Grigor has made his biggest bet to date, plunging millions of dollars of his own money into Swedish graphite play Talga Resources.

Mr Grigor, who sold out his remaining interest in Cannacord Genuity last year, has spent \$412,501 over the past four months building his position in Talga.

He now owns an 8.3 per cent stake in Talga worth \$3.4 million at Friday's closing price, and he confirmed to The Australian the interest is his single biggest investment holding.

"Talga to me is potentially a billion-dollar stock," Mr Grigor said.

“The penny hasn’t dropped because people don’t understand, but I’ve spent the past year studying all this and there’s nothing like it. It’s unique.”

After the best part of four decades studying resource stocks, including five years partnered with Andrew “Twiggy” Forrest in their company Far East Capital, Mr Grigor has retired from broking and is intent on finding and supporting growth stories for the long haul.

“I’m really done with broking. Broking is very much about living by the day. I want to be involved in something with a long-term growth profile,” he said.

“It’s funny how as you get older you become more patient for long-term things.”

Mr Grigor’s big bet revolves around graphite and, in particular, graphene.

Graphite is made up of millions of layers of graphene just a few atoms thick.

Those graphene layers have vast potential for applications across a variety of hi-tech sectors, as well as as an additive to strengthen products such as carbon fibre, cement and aluminium.

Separating graphite into graphene is generally an expensive and difficult process

But Mr Grigor says the graphite ore from Talga’s Vittangi project in northern Sweden is particularly conducive to producing graphene.

“Talga will be able to produce graphene for nominal cost, only 5-10 per cent of the cost everyone else has to pay,” he said.

Graphite was arguably the metal of the moment in what was a dismal 2014 for the resources sector, with a macro picture of tight supply from major producer China and recognition of graphite’s use in emerging battery technologies capturing the imagination of investors.

That interest was best reflected in stocks such as Syrah Resources, which owns a large graphite deposit in Mozambique, and which continues to enjoy a market capitalisation of about \$630m.

Mr Grigor says the interest in graphite stocks last year was a classic example of a “bubble”.

“A lot of stocks doubled or tripled in the space of a month, there wasn’t a lot of common sense there,” he said.

The nuances of the graphite industry continue to be misunderstood not just by investors, he says, but by graphite explorers.

“Most of the people operating and promoting the [graphite] companies don’t understand the business they’re dealing with. It’s amazing, the lack of knowledge the promoters have of the industry and the marketing.

“There’s no shortage of graphite: it’s not about the size of the deposit, it’s about getting the metallurgy right.”

A recent scoping study into Vittangi estimated the project could be brought into production for \$29m and generate a net present value of more than \$490m.

Mr Grigor says the project has added advantages over larger rival projects in Africa — the political

stability of Sweden and its existing infrastructure and proximity to market all trumping those of Africa.

Elsewhere in graphite, The Australian understands junior explorer Mozambi Resources is to announce it has acquired graphite and vanadium prospects in Mozambique. Mozambi, which has been hunting for new projects since a change in management in December, has picked up ground near the graphite deposits owned by Syrah and Triton Minerals.

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