Tungsten – the other critical metal and a way to play it

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One key theme at the PDAC convention this year – Canada's annual mining convention, sponsored by the Prospectors and Developers Association of Canada – was the idea of so-called "critical metals."

These metals are – as the adjective implies – "critical" to making modern industrial society work. Without them, things wind down. The world as we know it kind of stops.

For example, at PDAC much discussion focused on rare earths metals which occupy an entire line of their own on the Periodic Chart. And there was much other discussion of related battery metals, essential to… well… batteries.

And PDAC offered ideas for critical "fuel" metals like uranium. And of course, basic electric metals like good old copper. Plus, an array of other elements deep in the guts of chemistry.

Now in this note, I have one more critical metal for you, and by now you know the routine.

Like the above-noted rare earths, battery metals, uranium, copper and more, this particular metal is essential for all manner of important things across entire industries and sectors. Indeed, absent this element a whole lot of things just won't happen (examples below).

And no surprise, these days most of the supply of this important metal comes from China, which produces about 80% of what the world uses.

Once again, sad to say, we have another example of how the West has outsourced so much of its supply chains and industrial security to third parties. And in the current global correlation of forces, more and more policymakers have come to regret the folly of these ways.

On the upside, I'll explain in a moment how investors can get an angle on this situation. But first, let's lay some groundwork.

The critical metal we'll discuss here is super-hard, very dense and has a high melting point. For these reasons alone, it's widely used to make drill bits, ranging from what you might have in your garage tool kit, all the way to massive cutting and grinding devices used for oil wells and hard rock mineral drilling.

Plus, you'll find this metal in a vast array of industrial cutting tools, abrasives, tools and dies for stamping, surgical instruments, high strength steel, high-temp lubricants, strong ferro-magnets, nuclear reactor components, rocket nozzles, armor-piercing ammunition, many forms of electronics, and even in fishing hooks.

All this, and for well over a century the metal was essential to making old fashioned incandescent light bulbs – in fact, General Electric once held a patent on its use for just that purpose.

Have you figured it out yet? It's tungsten.

And the bottom line is that tungsten is "critical" (there's that word again!) to modern industry. You'll find tungsten everywhere from mines, mills and factory floors; to oil refineries and chemical plants; to electronics, space exploration, military applications and more.

As I mentioned earlier, if there's no tungsten the world winds

down pretty fast.

For now, we'll skip the deep history and just note again that the key global supplier is China. 'Nuff said on that, right?

Other suppliers to global markets include Russia, Vietnam, Democratic Republic of the Congo, and small amounts from Portugal and Austria. Again, you can likely discern that there's supply risk here.

So, is there any tungsten in North America, you may wonder? Well, yes! And I visited a truly remarkable site on a recent trip up to the Yukon.

I'm pleased to report that there's a superb tungsten deposit in Canada, straddling the border of Yukon and Northwest Territories. It's called MacTung, located at the very top of a high mountain, running along a glacial-carved ridge.

MacTung Tungsten Deposit, Yukon/Northwest Territories, Canada. BWK photo.

As the photo indicates, it's remote and rugged; definitely helicopter country.

Discovered in the 1960s, MacTung was assessed by a variety of players through the 1970s, 80s, 90s and even 2000s. It has been well surveyed and mapped, including varieties of geophysics; and drilled to the point of establishing a solid resource. (I won't lay any numbers on you just now because it all must be refreshed to current reporting standards.)

Not long ago the project was in the hands of a company called North American Tungsten, which filed for bankruptcy in 2015.

Then title passed to the Government of Canada.

This year a company called Fireweed Metals Corp. (TSXV: FWZ; OTCQB: FWEDF) bought the MacTung claims from the government – interesting story; too long to discuss here. But it's a Fireweed play now.

If you follow such things, Fireweed Metals used to be called Fireweed Zinc, and in fact the company just changed its name in the past couple of weeks. The pertinent geography in all this is that Fireweed controls a massive zinc resource directly adjacent to MacTung, in an area called MacMillen Pass (hence the "Mac" references).

I first visited Fireweed's zinc project in 2016, when the company was beginning to scope out the zinc resource, including significant lead and silver as well.

Per a 2018 report the company boasts an indicated resource of 1.6 billion pounds of zinc, 620 million pounds of lead and over 7 million ounces of silver. The inferred resource is far larger, awaiting more drilling to prove it up. Or in other words, the published numbers will doubtless increase via an upcoming resource update, along with the current summer exploration program that's underway.

Meanwhile, and quite serendipitously, Fireweed's zinc claims are directly adjacent to MacTung, which makes for a strong co-development synergy. Consider how the same road, power line, logistic system and much more could work in terms of building out two exceptional mineral plays, versus just a single asset.

It's early in the development game, of course. But at the same time, we live in a world where people up and down the line are discussing renewed mineral development in the West – certainly in Canada – as an element of economic security. Hey, they are

even discussing “critical” metals!

All this while Fireweed has a solid reputation for technical excellence in the arena of exploration and working up its resource. Management is superb, with a well-regarded team that can raise money, deal with local issues, and obtain government permits.

To sum up, it’s fair to say that across that northern sky of Yukon and Northwest Territories, the stars are beginning to align for major new mineral development plays. Now, with an existing resource of zinc-lead-silver, and recently coming to control a key deposit of tungsten, Fireweed Metals is a name to watch and possibly own.