

SE Business
HD **Japan's Watershed move to break Beijing's grip**

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JAPAN has increased its support for the potential development of Vital Metals' Watershed tungsten project in north Queensland as it seeks new long-term supplies of the strategic metal outside the grip of **China**.

The ASX-listed Vital said yesterday it had pulled in \$550,000 from a share placement at 4c a share specifically targeted at private investors in Japan where ongoing marine territory skirmishes with **China** has served to heighten fears about **China**'s global supply dominance in tungsten.

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Japan **Oil**, Gas and Metals Corporation (JOGMEC), the body responsible for securing raw materials for Japan's import dependent industry, has already earned a 30 per cent interest in Watershed, one of the biggest undeveloped deposits of tungsten outside of **China**.

Vital said it viewed the involvement of private Japanese investors as a "compelling investment opportunity" in light of the participation of JOGMEC.

The government agency earned its **stake** in the project by contributing \$5.4 **million** towards the completion of a definitive feasibility study.

Under the original 2011 earn-in agreement with JOGMEC, the agency has the right to transfer its **stake** to a Japanese **company** that would have an off-take interest in future production, as well as involvement in project financing.

A similar relationship emerged at Lynas, where "Japan Inc" got behind the development of the group's rare earth project, again as a way to break **China**'s grip on another strategically important commodity.

Vital managing director Mark Strizek said there was a "natural linkage between the Japanese market's need for raw materials and Japanese project funding of Australian resource projects".

"The recent visit of Japanese Prime Minister Abe to Australia has underscored the importance of natural resource projects to the development of both countries' economies," Mr Strizek said. The deposit, 160km northwest of Cairns, was originally worked by Utah Development **Company**.

CO jogmnc : Japan Oil, Gas and Metals National Corp

IN i1 : Energy | i13 : Crude Oil/Natural Gas

NS ccat : Corporate/Industrial News

RE jap : Japan | china : China | queensl : Queensland | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | austr : Australia | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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