

Flying under the Radar: Petro Horizon Energy (PHE)

By: Sean Mason

Stockhouse market reporter and editor.

Lithium/rare metals project with less than 20 million shares outstanding

Shareholders could be forgiven for thinking the sky's the limit for **Petro Horizon Energy** (TSX: V.PHE, [Stock Forum](#)). After all, its stock has popped 306% so far in 2010 to its current price of 34.5 cents a share. The question is, will the sun keep rising or set on this penny explorer?

Petro Horizon's sole concern is its Brazil Lake Lithium Rare Metals Project, a 3,160 acre property located about 30 kilometres north of Yarmouth, Nova Scotia, and 12 kilometres west of the **Avalon Rare Metals** (TSX: T.AVL, [Stock Forum](#)) East Kemptville Project. Although the property has yet to be diligently explored by the company, drilling to date has revealed two lithium-bearing pegmatite dikes. In addition to lithium, the dikes host several other rare metals such as tantalum, niobium, beryllium, tungsten tin and rubidium. Metallurgical bench testing to date has also revealed other potential economic targets, including cosmetic grade mica, silica chloride, aluminum chloride and rubidium enriched potassium feldspar.

"(Our deposit) is classic hard-rock pegmatite. What's attractive about this project is that it's accessibility is really good compared with a lot of other projects in the world. We're within walking distance of power, (it is in) southern Nova Scotia, which is within 15 miles of a saltwater port and it has year-round access, including road access," says Petro Horizon President Ron Bourgeois.

Bourgeois was quick to point out that it's not a grass roots property – it has been drilled up by the private company that has held the claims for a number of years and has 29 holes in it. "The real challenge is to prove up the size of the resource," he added.

Bourgeois went on to explain that lithium-hosted pegmatite dikes tend to occur in clusters. Petro Horizon has two (dikes) that have been drilled and a third on the property that the company is going to do some excavation this summer. Its goal this summer, then, is to expand the drilling on both of these dikes – "they have not yet hit bottom." The company has about 500,000 tonnes measured up (non-43-101 compliant). Bourgeois said he hopes to get the two dikes up to two million tonnes, which he believes will get the company to the commerciality stage. In addition, he plans to do some work on the third dike, which would encourage the company to do further drilling on it.

The company currently has \$150,000 in cash and 10.6 million shares (basic) outstanding, not including 4.6 million convertible warrants and about 1.8 million share options. This figure also doesn't include its announcement on March 31, 2010, that it is proceeding with a non-brokered private placement of up to 2,977,000 units in the capital stock for total gross proceeds of up to \$1,000,200.

Bourgeois says at this stage there are no plans to bring in partners. "Our joint venture with a private company called Champlain Mineral Ventures is that we will earn 75% through a phase work program." He added that once they get to that level they may consider partners because to build a mill there would probably cost between \$40 million and \$50 million.

"Unlike the salares (salt lakes containing lithium brine), we have some very good by-products potential here, with 8% cosmetic mica." He said it has been sent to a number of cosmetics producers in the United States and they like it because it doesn't have any iron in it. "Cosmetic mica is non-allergenic so it's used as a base in a lot of cosmetics," Bourgeois claims.

Petro Horizon boasts that it has one of the purist lithium discoveries in North America at 7.7%. To put that in perspective, Bourgeois asserts that the salares tend to average 1% to 2%. He explained that the mineral that hosts the lithium element is called spodumene. The granite intrusion that comes the surface is called a pegmatite and within the pegmatite there is spodumene. Bourgeois told Stockhouse that the company has been running 14% to 20% spodumene in the pegmatite and the spodumene itself has been running 7% to 7.7% lithium. What you end up doing if successful, he said, is having an open pit mine where you follow the spodumene – you mine the pegmatite where you've identified the spodumene.

Petro Horizon Energy shareholders carry the risk of investing in a junior with just one project, but could benefit from its, so far, relatively low number of shares outstanding. The company could also be an attractive takeover or joint venture candidate, possibly involving its neighbour Avalon. Regardless, Petro Horizon must continue to drill to justify a higher share price.

"We're looking at other projects. Right now we've got an application from the TSX on this project. Until such time we get this project approved by the TSX we really can't commit to anything else but we are looking at other projects and we do have our eye on a few others complementary to this one," according to Bourgeois. He added that once Petro Horizon gets confirmation from its drilling program that it has proved up the resource to a higher level, at that stage it plans to go into a bulk sampling and a pilot project, hopefully within the year.

Investor Relations:

John Curle

TSX.V: PHE

Email: IR@PetroHorizonEnergy.ca

Telephone: 604-488-3900

Fax: 604-488-3910



Follow Us On:

