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Australian Mines, the junior explorer super-charged by battery metals in 2017-18



by Brad Thompson

Meet the managing director who [plugged into cobalt](#) and a Korean oil company to super charge his company's share price.

Until the dying days of the financial year, Benjamin Bell's Australian Mines was the best performing stock in the ASX All Ordinaries index, with a 12-month gain of more than 580 per cent.

But the Perth-based battery metals play slipped to second on Thursday - the second last trading day of the year - after slumping 10 per cent, or 1¢, to 9¢. The \$241 million company had just emerged from a trading halt that stemmed from Mr Bell getting ahead of himself while talking to brokers at a conference in London. The top spot, with a return of 618 per cent, was tightly held manganese miner and explorer OM Holdings.

Investors, and there are lots of them with 2.68 billion shares on issue, will likely forgive him after watching their Perth-based junior exploration company become a [battery metals bolter](#) in 2017-18 and delivering a return of 500 per cent.

The key events in the past year were an investor conference in Hong Kong where Australian Mines was compared favourably with billionaire Robert Friedland's Clean TeQ and the signing of a 13-year off-take agreement with Korea's SK Innovation.

SKI is committed to purchasing up to 12,000 tonnes of cobalt sulphate and 60,000 tonnes of nickel sulphate a year from Australian Mines' flagship Sconi project in northern Queensland.

It also has an option to buy 19.9 per cent of Australian Mines at a premium of 12¢ a share and, along with other parties, is in talks about financing the Sconi project with construction work due to start at the end of the year.

SKI is building battery plants around the world at cost of about \$US1 billion apiece to supply car makers and is relying on product from Sconi starting from 2021.

The statements Mr Bell made in London last month, and was forced to retract this week, related to financial forecasts putting the total value of the SKI deal at \$5 billion.

Mr Bell, a geologist and geophysicist who spent a decade in gold exploration, is being more cautious with his comments but remains upbeat about the off-take deal and the potential for SKI to assist with project finance.

"They need supply and they need supply quickly," he said. "One of the things that attracted them is how close we are to production.

"It has worked really well for us to have a partner there with deep pockets and someone who is desperate to get cobalt as quickly as possible."

SKI engineers have been frequent visitors to a demonstration plant in Perth where Australian Mines, in conjunction with Simulus Engineering, already produces cobalt sulphate and nickel sulphate from Sconi ore.

A little over 12 months ago Mr Bell was a one-man band backed by a board and an office manager. The many friends and family among the investors included his father-in-law and the share price was a miserable 1.5¢.

The slow-burning fuse for it to skyrocket to as high as 14.5¢ in November before ending the year at 9¢ had been lit in 2014 when Australian Mines decided to target cobalt as a key component in the battery revolution.

"We were sitting around in conferences listening to lithium stories over and over again and no one was talking about the rest of the battery," Mr Bell said.

"We did a 12-month review of every cobalt project in the world and then ranked them on a couple of criteria."

No.1 on the list was the Sconi project in northern Queensland with its cobalt, nickel and scandium reserves. Australian Mines got a foothold in Sconi and eventually acquired 100 per cent of the project from Metallica Metals in September.

The following month the share price spiked sharply while Mr Bell was in Hong Kong for the I2I Mining Investment conference. Clean TeQ was also in town talking about its Syerston project in NSW and that led to inevitable comparisons with Sconi.

In response to an ASX query, Mr Bell referenced Macquarie research valuing the Syerston project at \$1.2 billion and Australian Mines announcements on Sconi that noted similarities between the two in

terms of resource tonnage, expected cobalt-nickel-scandium feed grade, geology and metallurgy.

"The significant disparity between Australian Mines and Clean TeQ's market capitalisation appears to have created an arbitrage situation whereby investors can gain exposure to the cobalt-nickel market via Australian Mines at a material discount to its peers," he said.

It continues to frustrate Mr Bell that Clean TeQ's market capitalisation of \$568 million is more than double that of Australian Mines despite the gap closing since Hong Kong.

"We got a good reception in Hong Kong because they are more in tune with the Chinese government saying we are going to push toward electric cars," he said.

"Once a few (investors) get in, then a few more get in and suddenly you have got that price rise."