

# InvestorIntel Report: The big cobalt catch-up; Cruz makes another move; Investor excitement; Top performers

☒ Here's the big cobalt question: why did it take so long? By that, I mean, why did it take so long for the market, and miners, to realize that – with the expected huge surge in demand for lithium-ion batteries – there would also be a large rise in demand for cobalt.

Sure, some people were aware of it. Back in 2007, for example, the CEO of a small Australian exploration junior (that had a copper-cobalt project in Finland but was subsequently taken over), gave a speech to some mining conference in which he foresaw the cobalt trend.

At the time Alistair Cowden (who has gone on to run a bigger mining company) said this: *“Cobalt is the metal for now – it gives you your toys and salves your conscience. You can go out and buy your iPod and your Toyota Prius, and they use lots of cobalt. Cobalt demand has been going very, very strongly.”* He went on to argue that, given Europe's introduction of a carbon cap on vehicle emissions, he expected demand for green vehicles – which are a major user of rechargeable batteries – to increase, which could cause greater need for cobalt in the future.

But, really, warnings about the need for more cobalt were few and far between.

I would go so far as to say that InvestorIntel's John Petersen has a good deal to do with the sudden surge of interest in cobalt. After all, it was he who really rang the bell earlier this year that suddenly made people sit up and take notice

about cobalt and the looming shortage due to (a) falling production of the base metals of which cobalt is a by-product and (b) the need for more of the metal for batteries in all the new applications being developed.

A few companies knew all about the situation. **Formation Metals Inc. (TSX: FCO | OTCQB: FMETF | Frankfurt: FOQ)** has a cobalt project that has two advantages: one, it is one of the few global primary cobalt projects (most cobalt is now produced as a by-product) and, two, it is located in Idaho which is a stable mining jurisdiction.) And it was predicting demand growth for cobalt was running at 5.4% a year but supply growth was running at just 2.4%. Cobalt is expected to go into deficit this year. Formation expects mine closures and other factors to mean global output will decline 11% this year. Now, again people are sitting up and taking notice.

As I remarked here a short time ago, “search Google News for ‘cobalt exploration’ and you’ll find scant information”. Well that is certainly changing. Just in recent weeks we have a slew of announcements about companies picking up cobalt leads. Two juniors in Australia have this month jumped aboard the bandwagon while an Australian copper miner, Tiger Resources, has announced this month that it has hired consultants to look at adding cobalt to its product mix. At its Kipoi mine in the Democratic Republic of Congo it has a measured and indicated cobalt resource of a contained 40,400 tonnes and another 6,000 contained tonnes at a nearby deposit.

Suddenly the mine world is waking up to cobalt. And investors and customers, too. Earlier this month customers were active through the London Metal Exchange, some seeking forward contracts for large tonnages. And last week there was also activity from hedge funds and investors trying to lock in forward contracts.

InvestorIntel is starting to be the go-to place for cobalt leaders.

**Cruz Capital Corp. (TSXV: CUZ | Germany: A2AG5M)** was among the first movers by acquiring the War Eagle cobalt prospect in the Fort Steele mining division of British Columbia. Cruz had realized that no one much had been looking for cobalt of late – but they will soon be as people realize that there's a looming shortage and this could inhibit the production of lithium-ion batteries.

On Friday Cruz lifted the pace again by adding another six cobalt projects, four located in Ontario and two in British Columbia. The company has entered into a share purchase agreement with Cobalt Locaters Inc. As Cruz President Jim Nelson commented, *"we believe we are at the earliest stages of a significant cobalt boom and we feel all these assets in one company will put Cruz at the forefront of this exploding sector."*

**Green Swan Capital Corp. (TSXV: GSW)** has acquired the Copper Prince project in the Sudbury Basin, an area renowned for its world-class polymetallic sulphide ore deposits. The 16 contiguous mining claims lie within the Huronian Gold Belt, a prolific zone of past gold producers that extends a distance of roughly 120km. Mining infrastructure, labour and knowledge are easily accessible in this mining-friendly jurisdiction. "If you're excited about lithium then you must be excited about cobalt," says Green Swan President and CEO, Peter M. Clausi.

A great many people are getting excited by cobalt. And now they're scrambling to catch up those who had the foresight to position early in the game.

### **Investors keen on metals**

Warwick Grigor, who runs Far East Capital out of Sydney, Australia, and who has played a part in many a financing of a junior explorer, reports on his recent experience at a mining conference in Queensland. What he tells is that investors are

back, big time, in the mining business. He wrote:

*"Last week I attended the Noosa Mining Conference for the first time. Whereas Diggers and Dealers, held in Kalgoorlie each August, is regarded as the number one mining conference for industry, the Noosa Conference seems to offer the best concentration of serious investors when it comes to high net worth investors (as opposed to institutions and international investors).*

*What was particularly noticeable was the crowded auditorium. Seats were hard to find in every session, right until the end. More importantly for the companies presenting, the better stories were immediately bid up in the market. There were obviously plenty of cashed up investors looking for opportunities. This is further confirmation that the mining stocks are looking better and, barring disasters from left field, should continue to perform for some time yet."*

## **Performers of the week**

Two members of InvestorIntel had a strong week.

**Largo Resources Ltd. (TSX: LGO | OTCQB: LGORF)** announced it had entered into a non-binding memorandum of understanding with Vionx Energy Corporation ("Vionx"), a company that develops, produces and sells vanadium redox flow batteries for utility grid applications. The companies will continue discussions that may lead to the supply by Largo of vanadium electrolyte to Vionx to further the research and development of advanced VRBs utilizing VNX Grid Energy Storage Systems. Largo's Toronto-listed shares were up 21.28% on the week.

The news out of **Signature Resources Ltd. (TSXV: SGU | OTCPK: SGGTF )** was low key – the completion of a capital raising bringing in a total of \$1.066 million. But its shares rose 45.45% in Toronto. Even with the easing of the gold price last week, there seems to be unwavering interest in gold

stocks. Signature is assessing the historic Lingman Lake mine property in northwestern Ontario which hosts a historic gold estimate contained in four major zones of 234,000 ounces in-situ. Signature's immediate goals are to up-grade the historic estimate to compliant resource reporting, and then expand it by drilling down-dip and along strike.