

Koba Resources uses IPO funds to develop cobalt projects in tight market

By *Imelda Cotton* - May 5, 2022



Koba Resources raised \$9 million in an oversubscribed IPO to fund exploration at its high-grade cobalt projects in the US.

US-focused cobalt explorer Koba Resources (ASX: KOB) made its public market debut on Wednesday following completion of an oversubscribed initial public offering which raised \$9 million before costs.

The Australian-based entity was created when New World Resources (ASX: NWC) decided to spin-out its cobalt-copper assets.

These include the highly-prospective Blackpine, Colson, Panther and Elkhorn cobalt-copper projects along the premier Idaho cobalt belt, and the Goodsprings project in Nevada.

IPO process

Koba set out to raise a minimum \$8 million by issuing a minimum 40 million shares at \$0.20 each, with room for up to \$1 million in oversubscriptions.

By the end of the process, the company had accepted the full commitment for the issue of 45 million Koba shares to complement the distribution of 20 million in-specie shares to New World investors on completion of the de-merger.

The total exercise gave Koba \$9 million from the IPO and an indicative market capitalisation of \$13 million upon listing.

Funds raised from the offer will be directed into systematic exploration of Koba's cobalt projects and the evaluation of future acquisition opportunities targeting minerals which are expected to benefit from increasing demand for electric vehicles and renewable energy infrastructure.

Koba said it would use modern methodologies to refine targets ahead of drilling, as it endeavours to delineate commercially-viable quantities of cobalt mineralisation.

Project locations

Koba's Idaho projects are in proximity to the historic Blackbird cobalt-copper mine, which produced 5 million tonnes at 0.6% cobalt and 1.5% copper between 1939 and 1968.

Also close by is Jervois Global's (ASX: JRV) Idaho cobalt operation, which is targeting first production later this year.

Koba's projects contain high-grade mineralisation where cobalt is the primary element of economic importance rather than a by-product of nickel or copper mining.

Blackpine Cobalt-Copper Project

The company's high-grade Blackpine project is 15km southeast of Blackbird and Jervois' Idaho operation.

It includes the historic Blackpine mine which produced 6,000t of ore grading 2% copper between 1964 and 1979.

No exploration has been undertaken at Blackpine since 1996, when 196 holes were completed for 17,935m with best intercepts of 0.15m at 4.79% cobalt and 4 grams per tonne gold from 82.1m; 6.2m at 0.61% cobalt and 6.4g/t gold from 77.4m, including 2.8m at 1.25% cobalt and 14g/t gold from 77.4m; and 16.8m at 0.37% cobalt and 0.59g/t gold from 25.9m.

Koba has already commenced exploration ahead of a project-wide induced polarisation (IP) survey that is set to get underway in the next couple of weeks, the survey is designed to identify cobalt-bearing sulphide mineralisation and guide future drilling programs.

Colson drilling

The company is also planning to drill at its Colson cobalt-copper project in the coming months to follow up a series of strong IP and coincident high-grade cobalt-copper soil anomalies.

Results from soil sampling at the Long Tom prospect include values of up to 0.11% cobalt and 0.39% copper, extremely high grade for soil samples.

The target is along strike from the Salmon Canyon mine, which produced several hundred tonnes of copper-cobalt ore between 1964 and 1979.

Best results from underground sampling were 2.5m at 0.59% cobalt, 5.33% copper and 2.24g/t gold; 1.3m at 0.35% cobalt, 6.16% copper and 2.54g/t gold; and 1.8m at 0.31% cobalt, 2.99% copper, 3.48g/t gold and 27.7g/t silver.

Cobalt market

Koba's public listing comes at a time when global demand for cobalt is projected to rapidly escalate.

During the last 15 months, cobalt's price on the London Metals Exchange has more than doubled from around US\$33,000 per tonne to more than US\$82,000/t in April, driven predominantly by increasing demand for battery metals used in electric vehicles and the growing momentum of the global green energy revolution.

More than 60% of the world's cobalt is currently used in the manufacture of batteries, as it plays a critical role in ensuring their stability, performance and reliability.

Global consumption is forecast to rise from around 150,000t in 2021 to almost 400,000t in 2030; however, limited opportunities exist for mining companies to substantially increase production of cobalt (as a primary or by-product) during that timeframe.

Predicted and substantial shortfalls to supply are expected to put more pressure on the metal's market price.

Source: <https://smallcaps.com.au/koba-resources-ipo-funds-develop-cobalt-projects-tight-market/>