

IPO Watch › Nickel



IPO Watch: This miner wants to sell nickel sulphides down the road from Europe's first homegrown battery plant

June 14, 2022 | [Josh Chiat](#)

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- Nickel explorer Bayrock Resources chasing \$12m at 20c a share in a recent IPO launch
- Main asset boasts JORC Resource of 460,000t at 2.2% nickel, 0.7% copper and 0.15% cobalt

- **Located just 100km from Northvolt's new Skelleftea gigafactory**

Europe is undergoing an energy revolution and emerging as one of the world's largest electric vehicle markets, so there are few better places to be looking for battery metals.

More than 2.2 million plug-in electric and hybrid vehicles were sold in Europe last year, grabbing a 19% market share, a figure that is only expected to rise further in the coming years as governments set dates for the end of production for internal combustion engines.

European carmakers and authorities are nervous about the dominance of China in the supply chain for lithium ion batteries and their component commodities like nickel, cobalt, lithium and graphite.

Battery maker Northvolt has taken an early step to change that dynamic, opening the continent's first European-owned gigafactory at Skelleftea in northern Sweden and shipping its first deliveries last month.

Just 100km up the road an Australian company is getting ready to explore a high-grade deposit of nickel, copper, cobalt and platinum group elements in the hope of joining this nascent supply chain.

BayRock Resources (ASX:BAY) is seeking to raise \$12 million in an initial public offering to float on the ASX in August.

The RFC Ambrian-led raising will bankroll drilling at the Lainejaur project on the Skelleftea belt near the Swedish border with Finland.

Ready to explore

Purchased from ASX-listed copper stock **Carnaby Resources (ASX:CNB)** last year, Lainejaur is unusually advanced for an IPO prospect.

It already boasts a resource of 460,000t at 2.2% nickel, 0.7% copper and 0.15% cobalt, and a history as a working mine dating back to World War 2.

On top of that the resource boasts substantial credits of 0.68g/t palladium, 0.2g/t platinum and 0.65g/t gold.

While the deposit has been known about for a long time and delivered 101,000t at 2.2% nickel, 0.1% cobalt and 0.9% copper between 1941 and 1945 down to around 100m in a shallow underground, Bayrock managing director Ian Pringle says it remains open for new discoveries.

The JORC resource estimate was compiled off around 40 drill holes undertaken on a minuscule exploration tenement of just 0.4sqkm.

Bayrock has put together ~42sqkm of turf around the mine, opening up the potential to find repeats of the Lainejaur deposit near to the mine and at depth.

“It continues down dip and the reason it wasn’t followed up by previous work was that the drilling was undertaken on a very tiny little exploration permit that was only 0.4sqkm,” Pringle told *Stockhead*.

“So the drilling couldn’t step out to test any area outside that.

“We feel that we will be able to get the resource up considerably larger than it is.

“It does have a lower grade resource of about half a per cent nickel-copper, and some of that obviously is going to be economic. We’ll look at that closer but it’s not within the resource.

“So there’s tonnes and tonnes of room for upside.”

The hunt for class 1 nickel

The International Nickel Study Group expects global nickel production to total around 3.015Mt in 2022, placing the market in a 67,000t surplus.

But those surpluses are expected to give way to prolonged deficits over the coming years as demanded for EVs carrying nickel rich lithium ion batteries increases.

Class 1 nickel made from nickel sulphide deposits is the main source of battery grade nickel.

And while efforts are being made in Indonesia to shift lower grade nickel laterite mines from the stainless steel market to the battery market, there are concerns the pollution levels and emissions intensity of those operations.

For that reason, companies boasting high grade nickel deposits in top-tier jurisdictions are likely to be favoured by customers, who will demand high sustainability credentials from their suppliers.

Pringle says being located in Europe puts Bayrock at an advantage compared to Australian-based producers as well.

“The European Union have now got carbon taxes on anything coming into the region and of course we are already there. So we will be competing against nickel imported from Australia or wherever that is taxed on their carbon consumption,” he said.

“It’s something that really is attractive and something that not only Sweden but the whole of the European Union is really pushing to get a mining operation with these sort of metals that is low carbon and socially acceptable.

“These are exceptional targets, the world is crying out for nickel sulphides.

“Two-thirds of the world’s cobalt comes from the Congo and it’s required in many of the lithium ion batteries, nickel is required in most lithium ion batteries and if you’re dealing with a large laterite nickel project, it’s going to be a really messy affair and environmentally very destructive.

“This is class one nickel we’re talking about, nickel sulphides of this type are very rare and to get the high cobalt credits from it and copper credits is exceptional.

“It’s in a great location and I think the timing is immaculate as far as getting something like this up and running.”

Northern exposure

Adding to the main Lainejaur project, Bayrock also plans to explore five nearby projects acquired from EMX Royalty Corporation covering some 340.7sqkm of ground in north-eastern Sweden prospective for nickel and cobalt called the Northern Nickel Line projects.

Bayrock already has drilling permits for Lainejaur, and is planning airborne EM and SkyTM surveys to assist with targeting across the Northern Nickel Line assets.

Some have walk-up targets, with previous drilling at the Vuostok project picking up shallow nickel and copper hits of up to 2.3% and 0.6% respectively.

While the projects are accessible for exploration year round, much of Bayrock’s tenure sits under cover, meaning it wasn’t easy for the old timers to make deep discoveries without the benefits of modern exploration technology.

“Some of the other targets are similar to Lainejaur; they will be smallish pipelike near surface mineralisation,” Pringle said.

“We’ve got some really good targets that occur close to the surface, in fact we’ve got similar grades to Lainejaur at 10m depth at Vuostok which is our most north-westerly project.

“But we’ve also got very large geophysical anomalies that look like very large style deposits that are a lot deeper. Clearly they’ll be much more attractive to bigger companies.”

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