

# Power Metal Resources

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## Power Metal Resources has new cash, new management, and a new appetite for deal making in Africa

For a company that's currently capitalised at less than £2mIn, Power Metal Resources PLC (LON:POW) has plenty going on.

For one thing, there's the broad portfolio of intriguing-looking African exploration assets, which was added to as recently as Thursday 1 August.

But more than that, there's a new energy about the company, evident since a new management team led by the entrepreneurial Paul Johnson, took the reins at the beginning of this year.

That was after the company, which was formerly known as African Battery Metals, got into financing difficulties and was suspended from the market for several weeks.

Johnson and another new appointee, Andrew Bell, stepped into the breach with a rescue finance package, a new plan, and a willingness to bring new deals to the table.

Since then, the company's cash position has stabilised significantly, joint ventures have been struck, deals have been done, and Power Metals is once again generating news on a regular basis, but for all the right reasons this time round.

To be sure, the share price hasn't exactly rocketed away since Johnson and Bell showed up, but that's more a function of the depressed state of the mining equity markets in the UK than anything the new team has any control over.

And in any case, that depressed market isn't all bad for Power Metal Resources. It also offers up opportunities for a company that can lay its hands on finance, and which already has cash in the bank, to do deals on very advantageous terms.

"There's no way we'd have been able to do the deals we've done in Tanzania and Botswana if the market had been healthy," says Johnson.

He's lived through several mini-cycles since the commodities boom of the last decade, in particular gleaning much experience and know-how - and earning much success - as chief executive of Metal Tiger during its significant period of growth.

Now that he's once again back at the helm of a company, will there be any similarities between the two?

The answer to that question is somewhat nuanced. While there's no doubt that Johnson will bring the same energy, market awareness and flair for deals to Power Metals that be brought to Metal Tiger, they are two fundamentally different vehicles.

**Price:** 0.4

**Market Cap:** £1.49 m

### 1 Year Share Price Graph



November 2018 June 2019 November 20

### Share Information

**Code:** POW

**Listing:** AIM

<b>52 week</b>	<b>High</b>	<b>Low</b>
	<b>2.125</b>	<b>0.3025</b>

**Sector:** Battery Metals

**Website:** [www.abmplc.com](http://www.abmplc.com)

### Company Synopsis:

*Power Metal Resources plc (AIM: POW) (previously known as African Battery Metals plc) is a London listed, African focused metal exploration and development company. Our principal strategic objective is the discovery of large scale metal deposits and we are focused on cobalt, copper, lithium and nickel.*

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Metal Tiger was, and is, an investment company, whereas Power Metals is an operator. With that in mind there will be much less market-facing investment activity in Power Metals and much more focus on major assets in the portfolio.

"It's not our focus to run an investment portfolio," says Johnson.

"Our tagline is that we are after large scale metal discoveries in Africa."

And the operative word there is "discoveries" - Power Metal Resources would be unlikely to take any of its assets into production at this stage.

Instead, it will look to do deals on its burgeoning portfolio of assets, perhaps along similar lines to the one done on the T3 copper asset in Botswana, which has generated significant income and profit for Metal Tiger over the years and which is now in the hands of MOD Resources Ltd (LON:MOD). After all, Johnson was the one who originally took Metal Tiger into the T3 project when he acquired it out of the administration of Discovery Metals - he's done this kind of thing before.

As it stands, the Power Metal portfolio consists of four major assets.

There's the Kisinka copper-cobalt project in the Democratic Republic of Congo, a suite of cobalt-nickel projects in Cameroon, a stake in the Haneti project currently being worked up by Louis Coetzee's Katoro Gold PLC (LON:KAT), and a major stake in a nickel, platinum group metals and copper exploration play in Botswana that's being run by Kalahari Key Metals.

The Congolese asset is a legacy from the days of African Battery Metals, but Johnson likes it nonetheless. Recent sampling has identified a 6.8 kilometre anomaly that runs through the middle of the licence, a development which Johnson describes as "a bit of a revelation."

Follow-up work is planned soon.

Meanwhile in Cameroon, Power Metal is working up its cobalt assets under the shadow of the nearby Nkamouna-Mada project, owned by Geovic Mining Corp (OTCMKTS:GVCM). This is the largest pureplay cobalt project anywhere in the world outside of the Democratic Republic of Congo. The results from recent sampling work on the Power Metals projects will be available soon.

Then there's the Haneti nickel project in Tanzania. This deal has Johnson's signature all over it. Power Metals put an initial £25,000 into Katoro at 1p per share, and also took an option to go to a 35% stake in Haneti itself. Since then, Power Metals has invested an additional £75,000, taking its stake in Katoro to just under 6%, and has exercised its option rights over 25% of Haneti. It can increase its stake in Haneti to 35% if it puts another £25,000 in the next nine months.

It's still early days for Katoro, but the early signs have been very encouraging. The company has around 5,000 square kilometres of ground, explains Johnson, and one of the potential strike lengths is about 80 kilometres long. In time, that could yield up some extremely significant mineralisation; meanwhile, it's also worth noting that there's also lithium and gold on Haneti.

The Botswana deal is also signature Johnson. Power Metals has just over 18% of Kalahari Key and the option to go to 40% interest in the Molopo Farms project, where Johnson says, exploration is focussed on "Voisey's Bay-style mineralisation".

Kalahari Key, he says, is just completing ground geophysics, after which it's just a question of drilling the target.

All told it adds up to a whole lot of upside for comparatively little outlay. If, say the Katoro price moved on exploration success, the read-across to Power Metal would be straightforward enough. A 10p Katoro share price would translate to £1.9m on the Power Metal balance sheet, roughly the value of the entire company at the moment.

We're some way from such an outcome yet, but the foundations are being laid, and at the right time too. When this mining market turns for the better, as it inevitably will one day, Power Metals will already be well on the way to creating substantial value.

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