



## Musk desperately signs with US supplier for nickel; Kumova strokes beard

Mining

January 13, 2022 | Christian Edwards

Picture: Getty Images

The huge pivot by global car manufacturers as electric vehicles (EVs) go mainstream has underwritten vast increases in future demand for key inputs, such as nickel.

The big question has always been – just where will it all come from?

The first real ‘proof of pudding’ for nickel dropped this week when Tesla boss Elon Musk ate his own carefully chosen words and signed the car makers’ maiden US nickel supply deal with Minnesota outfit Talon Metals.

He did, after all, tell everyone US nickel producers are “objectively very lame” and certainly not of the Aussie and/or Canuck standard.

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Elon Musk  
@elonmusk

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## Buy me a Prony

The deal follows October's offshore tie-in with New Caledonia's nickel producer Prony Resources for the supply of well over 42,000 tons of the metal.

And that's just the start. To meet their increasingly ambitious goals, manufacturers will inevitably be competing against each other for raw commodities (across markets familiar to Aussie small cap investors), inevitably pushing prices higher.

Famous small cap investor and Aston Minerals (ASX:ASO) executive chairman Tolga Kumova told Stockhead that "it makes a hell of a lot of sense for Tesla to avoid the uncertainty of competing at the pointy end of trade and go right to the start of the supply chain to lock in a secure source of future supply".

"Talon's project is in Minnesota, a US state that borders the Canadian state of Ontario, where our Edleston project is," Kumova said.

In late December, ASO announced a "significant nickel discovery" with a 53.5m at 0.49% Ni & 0.017% Co intercept at the 'Bardwell' prospect. The hole ended in mineralisation.

## Back to Goro

As Mr Musk himself points out, as vital as nickel is to electric car batteries, extracting the metal is dirty, difficult and increasingly dire to secure at the right end of supply.



<https://www.youtube.com/watch?v=r4SXPKpAzWE>

It's a measure of desperation that Tesla is heading back to New Caledonia – where the Goro plant has a long and ugly history of environmental calamity.

Prony Resources, which runs Goro, said in October it plans to double nickel output by 2024 to deliver Tesla's ~44,000 tons annually.

But that desperation is infectious.

“BHP lost the bidding war for Noront to Twiggy at Fortescue (FMG’s chair Andrew Forrest) and is now taking on Africa-risk to get access to nickel deposits, which is the first time they have looked at Africa since spinning S32 out,” Kumova says.

“A large-scale, bulk mineable nickel deposit in a tier one jurisdiction is therefore going to be quite valuable.”

## Ergo sum Elon

The word is Tesla went with Talon on the back of its more environmentally friendly ways, tying in nickel’s whole EV function which is to improve energy storage in the cathode and extend vehicle range.

“So to be just a few states over from Nevada, and to use more environmentally sustainable production techniques makes the Talon deal a smart move for Tesla,” Kumova says.

Diversifying sources, mixing up and down supply lines and setting a stringent standard all kick an array of goals for Musk just as the shiny new metal goalposts are getting smaller.

The Tesla deal places both clarity and emphasis on securing responsible sources of battery minerals and Kumova says investors should expect more of the same, now the mould has been set