

Breakneck expansion by quiet achiever

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Russell Scrimshaw's achievements in mining speak for themselves, argues John Beveridge.
Picture: Amos Aikman Source: News Limited

ANDREW "Twiggy" Forrest may have been grabbing the headlines with his comments on indigenous employment and the mining tax but some of his former colleagues have also been very active.

Twiggy's long-term deputy at Fortescue, Russell Scrimshaw, has just jumped on to the board of Cleveland Mining.

In the process he has renewed acquaintances with a couple of other former Fortescue colleagues David Mendelawitz (Cleveland chief executive) and Jim Williams (director).

Russell Scrimshaw has some of the most extensive Chinese business contacts of any Australian after negotiating billions of dollars' of off-take agreements with all of the major Chinese steel mills and also raising multiple billions to fund Fortescue's iron ore mine, port and rail infrastructure.

His arrival at Cleveland and the earlier appointment of former LionOre chairman/chief executive Donald Bailey as chairman indicates that this fast-growing South American explorer/miner is seriously ramping up its already breakneck expansion plans.

It also indicates that Cleveland's Porto Grande iron ore prospect may be promising enough to justify the Scrimshaw touch.

From a nice start with some fully and half-owned gold prospects in Brazil including the advanced Premier mine, Cleveland has rapidly established three geographical activity hubs covering eight projects being Crixas (gold, Brazil), central west (gold/copper, Chile) and the Amapa hub (iron ore, Brazil).

"Our main focus is getting Premier up and running as close to the end of the year as possible," said chief executive David Mendelawitz.

With low extraction costs and the high gold price, Cleveland's profit share from the Premier mine could give it some much-needed cash that can be ploughed back into exploring its other tenements and building up a skilled workforce.

Asked about Cleveland's extraordinarily rapid development, Mendelawitz said: "It is the only way to be. We are still living off our equity and even though we have very low overheads, it takes three years to start a new mine.

"By bringing Premier into production we can allocate exploration and capital to multiple projects as they warrant it."

Interestingly, the large Porto Grande coastal iron project has been placed in a Hong Kong subsidiary to avoid equity dilution for Cleveland shareholders given the big numbers and high risk involved in developing iron ore mines.

Cleveland remains a speculative buy with the arrival of Russell Scrimshaw suggesting the company's aim of becoming a mid-tier miner in a few short years is a step closer to fruition.

THE market certainly loved the news that Sony was the other party signing an agreement with the Australian-listed Audio Pixels Holdings, pushing the price up a further 2.7 per cent to \$9.24.

As I pointed out with a speculative buy call a couple of weeks ago when the price was around the more reasonable \$8 mark, Audio Pixels is producing small digital speakers that can be mounted directly on circuit boards.

Unlike conventional, bulky magnetic speakers, these speaker chips produce better quality sound using less power and are only a millimetre thick.

It is analagous to the revolution of flat-screen television and monitors which have quickly overtaken their large and heavy glass tubed cousins.

If tests on the first-generation speakers meet expectations, the deal between Audio Pixels and Sony could quickly progress to mass production with the tiny speakers appearing in Sony devices and later with other manufacturers.

The price of entry may have risen substantially but given the potential across a wide range of audio devices, Audio Pixels is still a speculative buy for the adventurous.

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