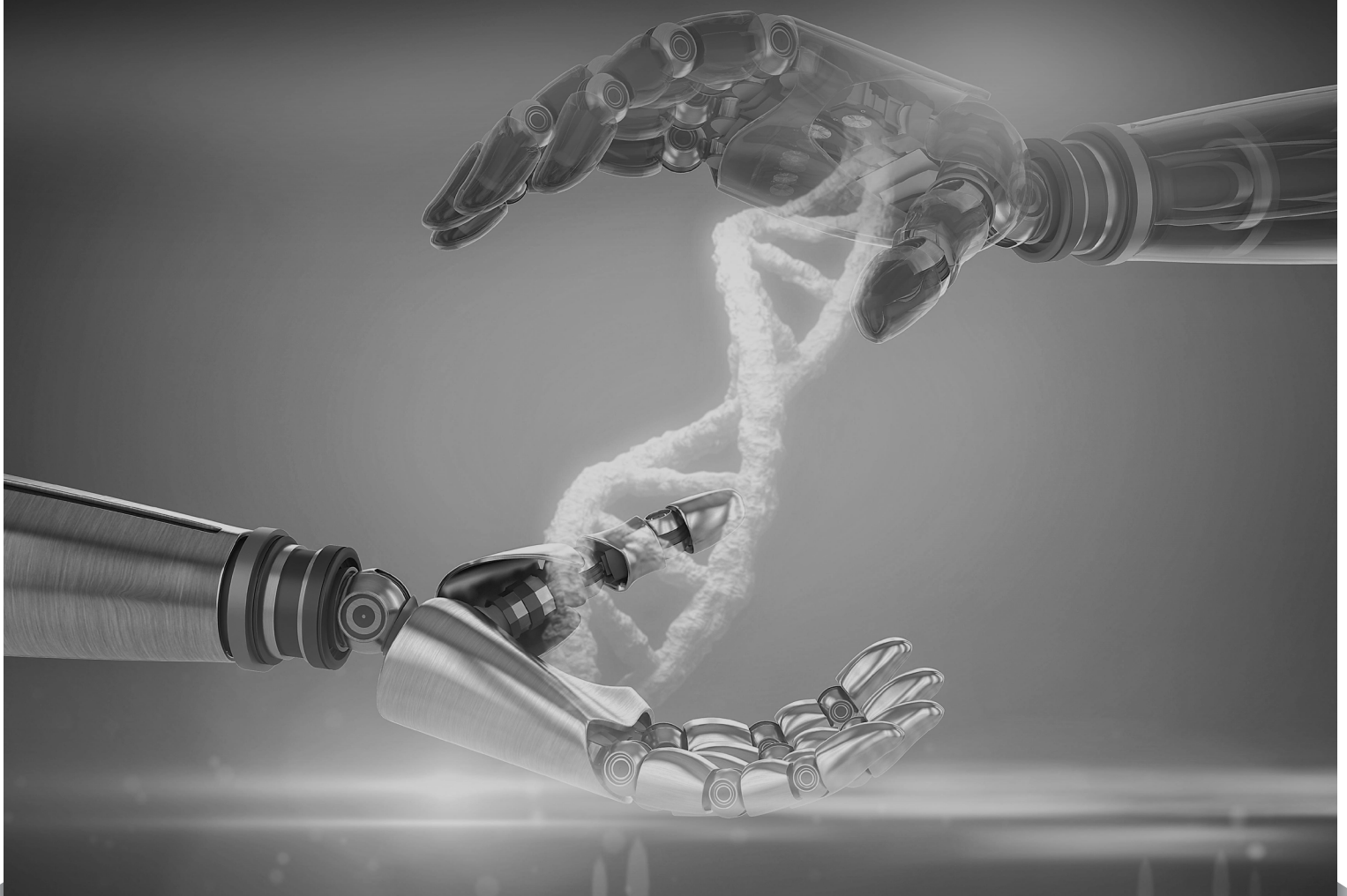# Emerging Stocks Down Under

❝ *Data will confess to anything.* **❞**

- Ronald Coase (1910-2013), Economist and Nobel Prize Winner

SENSORE

Rise of the mineral explorer robots

SENSORE

Rise of the mineral explorer robots

Stocks Down Under rating: ★ ★ ★ ★

ASX: S3N
Market cap: A$11.3M

52-week range: A$0.35 / A$0.93
Share price: A$0.45

The stock is a long way below its IPO price, but the Melbourne-based SensOre has made some good progress since it listed in February 2022. The company has developed a suite of technologies that allow AI and Big Data to be brought to bear on the discovery of new mineral deposits. As well as selling the tools to other explorers, SensOre is doing a bit of its own exploring too and with good results.

Share price chart

Source: Tradingview

Meet Data Cube

It took about 10 years of work, but SensOre reckons it now has something pretty valuable for mineral explorers. Back in 2010 a number of experienced resource sector operators, including Alfred Eggo, Adrian Manger and Anthony O'Sullivan, started building a suite of data mining tools that could help mineral explorers better identify valuable targets.

Their company, Sasak Minerals (the founders named it after the people who populate the Indonesian island of Lombok) took all the available geology, geochemistry and geochemistry data it could lay its hands on in Australia and around the world, and put that data into standard formats in their Geographic Information System (GIS). The result was what is now called Data Cube.

Big Data Rocks

Much of what went into Data Cube was publicly available thanks to the way data routinely builds up in state-run geological surveys and Mines Departments. However, it took ten years to create mainly because of the challenges of cleaning and integrating the massive datasets involved.

The Data Cube database is truly gigantic, like it has 24 billion data points over 2,400 layers covering multiple 'terranes' around the world, a terrane being any large slab of the earth's crust where there's a prevalent type of rock. Data Cube is so big it will be hard for any competitor to replicate. Size, however, isn't what makes the technology valuable. It's the interrogation smarts.

Sitting alongside Data Dube is DPT, short for 'Discriminant Predictive Targeting'. DPT is basically Artificial Intelligence and machine learning that can predict the location of potential future mineral discoveries. You read that right. Once upon a time you had to go out and sample soil or rocks or actually drill holes in order to get a sense of what's down there in a particular exploration license. With Data Dube and DPT you can now use computers to see through the cover and give yourself an unfair advantage both in terms of pegging the right ground and picking drill targets.

Some early backers

SensOre was formed in 2019 in order to commercialise Sasak's foundational work and add a few other tools to the toolkit, such as Argus, a geological 3D modelling software suite, and JetStream II, a global geospatial database. An early commercial user of SensOre's platform was BHP Billiton, which liked the SensOre so much that it actually invested in the company via its BHP Ventures unit

DGO Gold, the explorer chaired by the legendary Ed Eshuys and which just got bought by Gold Road (ASX: GOR) for A$411m, was another early user as was Deutsche Rohstoff, a German oil and gas company now kicking around Australia searching for lithium.

Last year, with all this prestigious backing, SensOre took the decision to go public to be able to tap what is an US$11-12bn market for mineral expenditure globally. It raised $7.5m at 85 cents, but had the misfortune to hit the boards on 11 February 2022. The War in Ukraine started just nine days later. No wonder, then, that SensOre stock is now trading at about half the IPO price.

We think the stock will see better days. Commercially, SensOre is still at a very early stage, with sales more or less at a standing start. That said, those sales are now growing fast. In the September 2022 quarter the company sent out $0.76m in invoices, 118% better than the June quarter. Not long ago SensOre bought Intrepid Geophyics, which had been doing what SensOre had been doing but with geophysical data and came with $2m of Annual Recurring Revenue.

There is the intention for the Sensore platform to be made available in a SaaS model in the near term, which will make marketing it to the next round of users a relatively straightforward proposition. SensOre has only just started marketing in Europe and North America. And then there's the exploration projects in Western Australia that SensOre itself is running to show the world the power of its technology.

DPT works its magic

SensOre currently has 2,500 sq km of exploration ground in WA. Take the North Darlot project as a good example of what's possible. This project, around 900km north-east of Perth, is located near the Darlot Gold Mine of Red 5 (ASX: RED) and the Bronzewing mine of Northern Star, but the area is underexplored in part because there's a lot of cover before you hit fresh rock where there may or may not be sizeable gold.

Since 2020 SensOre has been working with DGO Gold and now with Gold Road on this project. In June 2022 SensOre was able to report some early RC drilling results indicative of a new basement mineralised system with 5 km of strike untested by drilling. SensOre knew where to start looking for this system because it used DPT to pick the early aircore and slimline RC targets. The company currently has seven such projects on the boil generating a lot of news flow. We believe that the first discovery will drive significant interest in using the SensOre platform from resource sector players large and small. The announcements of 2022 have generally shown that DPT knows how to pick good targets.

A few members of the SensOre board decided, when the stock got to about 40 cents not long ago, that the company was potentially worth a bit more than that. Non-executive director Nic Limb, CEO Richard Taylor and Chairman Robert Peck were buying it on-market in September and early October.

It's still early days, but for those with risk appetite for early-stage revenue companies, this one is four stars.

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Stocks Down Under gives you an information advantage to better invest and trade in ASX-listed stocks!