

Silicon Valley's Newest Unicorn Is a Mining Company

Bill Gates and other tech-industry investors are backing AI-powered startup KoBold Metals



A drill rig in Zambia's Mingomba deposit, where KoBold Metals recently acquired copper reserves.

PHOTO: KOBOLD METALS

By

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Some of the tech industry's most prominent investors are doubling down on one of Silicon Valley's latest unicorns: a mining startup.

Berkeley, Calif.-based KoBold Metals, which explores for metals such as copper, lithium and cobalt [using artificial intelligence](#), is raising around \$200 million in a fundraising round, said co-founder and Chief Executive Kurt House.

The capital injection values the company at more than \$1 billion, he said. Part of that will be used to help it develop copper reserves [it recently acquired in Zambia](#).

The fundraising round is backed by existing investors including Bill Gates's Breakthrough Energy Ventures, a climate-tech venture-capital firm that invests money on behalf of the likes of [Jeff Bezos](#) and Jack Ma.

Also involved in the round: venture-capital firm Andreessen Horowitz and BOND, a venture-capital firm co-founded by Mary Meeker. A division of [T. Rowe Price](#) that manages client money led the round.



Bill Gates launched clean-energy fund Breakthrough Energy Ventures in 2016.

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KoBold marries elements of two recently hot investment trends. Investors have been pouring money into projects that will help transition the world to a greener economy, including battery production for electric vehicles, [clean hydrogen projects](#) and [carbon-removal technologies](#). That all requires a suite of metals that can be hard to find and expensive to dig out of the ground.

At the same time, recent advances in artificial intelligence, including the debut this year of AI-empowered chat apps, have [funneled investment into AI startups](#).

Founded in 2018, KoBold says it uses data science and machine learning to identify deposits of cobalt, copper, nickel and lithium, crucial components of the electric-vehicle boom. It has 60 continuing exploration projects in North America, Africa and Australia. Last December, it agreed to invest \$150 million to buy a controlling stake in a large, undeveloped copper deposit in Zambia that it says should take at least eight years to yield copper.

The company says it is trying to disrupt traditional methods of mining exploration, which haven't changed much in decades. Big miners over the years have outsourced exploration to smaller companies. House said one goal is to collect more sophisticated and nuanced data about deposits that conventional methods wouldn't traditionally collect.

"The success rates of finding new deposits have been declining," House said. "It's hard to see how in the current setup we'll get sufficient discoveries in time without breakthroughs in technology."

KoBold hadn't planned on raising money so soon after its fundraising round last year, but stepped up plans in light of its copper project in Zambia. It also plans to use the fundraising proceeds for nickel and lithium exploration projects and software and hardware research and development, House said.



Connie Chan said venture-capital firm Andreessen Horowitz 'saw the algorithms are working' at KoBold Metals.

PHOTO: NIKKI RITCHER FOR THE WALL STREET JOURNAL

Connie Chan, a general partner at Andreessen Horowitz, said the company's investors wanted to put in more capital because "we saw the algorithms are working and wanted [the company] to accelerate, and make sure they had plenty of resources." She pointed to projects in Quebec that yielded more nickel sulfide than the industry average for that region.

The hunt for battery metals is intensifying as the world transitions away from fossil fuels and as most of the more-easily detectable deposits have already been snapped up. Large miners globally are trying to tap new areas farther underground. KoBold has exploration partnerships with miners [Rio Tinto](#) and [BHP](#).

The investment, which is taking place amid [a difficult backdrop for tech fundraising](#) more broadly, is making bedfellows of tech players and more

traditional industry backers. Other investors participating in the round include BHP, Norwegian energy company [Equinor](#) and [Mitsubishi](#).

“The demand for metals needed for electrification and battery storage is only increasing,” said Jay Simons, a general partner at BOND. “Our demand is quickly outpacing the ability to meet it. To unlock the capacity that’s needed, you’ll need different approaches.”

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