

# Cobalt Blue CEO Joe Kaderavek talks with Matt Bohlsen of Seeking Alpha/Trend Investing

## **Mr Kaderavek shares his views on cobalt supply and demand, as well as his thoughts on the cobalt sector as a whole.**

Mr Kaderavek gives an update on Cobalt Blue as well as his 5 year outlook for the company:

*"Thackaringa will be the largest single source of cobalt outside of Africa producing 4,000t of cobalt (~20,000t of cobalt sulphate) per annum."*

Mr Kaderavek was former Head of Resources at Deutsche Bank equities/investment management, with a resources and energy storage technology focus. He also worked at PricewaterhouseCoopers doing operational reviews and strategic assessments across mining, minerals processing, railway and port facilities throughout Australia, North America and Europe. He also worked extensively on secondment to BHPB and Rio Tinto. Finally, an international consulting role focused on renewable energy/battery storage technologies.

Cobalt Blue is a pure-play cobalt focused energy solutions company, incorporated on 26 August 2016 for the express purpose of advancing the development of their Thackaringa cobalt mining operation in New South Wales, Australia. The Company is also seeking to invest in energy storage (battery) technologies that may complement the production of cobalt in commercializing battery and associated energy storage technologies.

## **What are your current views on the cobalt industry? Can you please give your views on supply and demand issues, industry consolidation, and on current and future cobalt pricing?**

The market remains tight but orderly. Supply is constrained, apart from near term DRC supply, which will ease into the market over 2018–19F, beyond that supply moderates. Norlisk (OTCPK:NILSY) [LSX:MNOD] remains on the sidelines with high cost cobalt (tailings reclaim). Demand is the great unknown, we estimate the physical market will double by 2025–30F led by battery cathode makers with (~70–80%) of overall demand. The Asian processing triumvirate (China, Japan and Korea) are hunting ex African supply for the next 10 years.

Cobalt Blue is focussed on pricing duration. Pricing will remain above trend to 2020–25F and bake in (previously unheard of) supply. That's our opportunity.

## **What is Cobalt Blue currently working on in regards to your projects and what stage are you at? Please comment on your resource and its potential?**

Currently completing Pre-Feasibility Study ((PFS)) for delivery mid-2018. With >20,000m of site drilling combined with >800kg of metallurgical processing testwork producing high purity (20.5%) cobalt sulphate (battery industry) for acceptance testing. Bankable Feasibility Study ((BFS)) by mid-2019. The Thackaringa resource is large with 55Mt of inferred resource containing 50,000t of cobalt and clear potential to add multiples of this baseline. Our scale is simple, Thackaringa will be the largest single source of cobalt outside of Africa producing 4,000t of cobalt (~20,000t of cobalt sulphate) per annum. Our economic target is to achieve a cash breakeven down to US\$10–\$12/lb, well below the long term market clearance price.

## **What do you see as the main catalysts for Cobalt Blue going forward, and where do you see your company being in one year?**

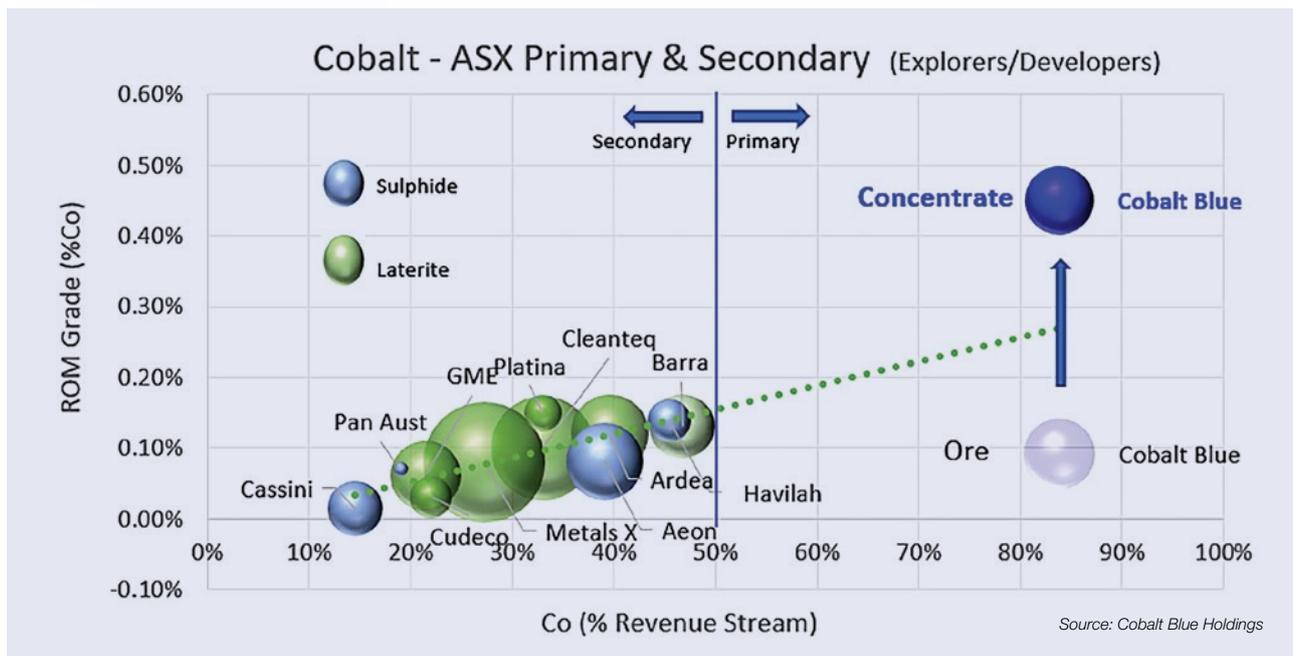
A big year ahead. Produce initial battery grade cobalt sulphate by January. Customer purity confirmation by February with follow up commercial visits. Resource upgrade end Q1 (to 40Mt Indicated) then PFS due mid year. For BFS testwork our view is to produce 1–2 tonnes of cobalt sulphate and ship for production testing globally. Now, that's a major market moment for us. We'll be there within 12 months.

## **Do you think Cobalt Blue is currently fairly valued, undervalued or overvalued by the market? Where do you see your company and the stock price being in 5 years?**

Our view is that achieving milestones will take care of the share price. We have no interest in valuing COB against other explorers as few will see development. My view is towards production and creating a world class cobalt operation. 20,000t of cobalt sulphate currently equates to \$US280m p.a. How much of that we capture as free cash flow is the key question.

## **Could you please comment on Cobalt Blue difference to other cobalt companies?**

Thackaringa has a sulphide orebody so our processing is somewhat simpler. All mines operate at their ROM grade, but COB can recover 92% (via simple 1.2mm coarse crush and gravity separation) of this cobalt while deporting only 20% of this mass to a refinery. Think about that for a moment, refining is where the majority of production costs occur, and ours is processing only 20% of mined ore. That upgrade is not available to a laterite mine. This transformation is shown below.



Further, laterites need acid, lots of it. Our process needs less than 10% of that equivalent.

**Would you like to add anything that you think investors should know about Cobalt Blue?**

Recapping the key investment points:

- Target to be the largest single mine source of cobalt outside of Africa.
- Produce high purity (20.5% cobalt sulphate – straight from mine to battery industry).
- Primary cobalt mine – 80% of revenue is cobalt – not a byproduct.
- Australia – safe and stable jurisdiction.

Investors can view the July 2017 company presentation here, with a November update to be posted very soon.

**Conclusion**

I would sincerely like to thank Mr Joe Kaderavek for giving freely of his time and for sharing his views on the cobalt sector and on Cobalt Blue. It is always great to get some insight from an industry insider.

As usual all comments are welcome.

**Disclosure:** I am/we are long Cobalt Blue (ASX:COB), (ASX:COBO).

I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it. I have no business relationship with any company whose stock is mentioned in this article.

**Additional disclosure:** The information in this article is general in nature and should not be relied upon as personal financial advice.