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DRC Cobalt Export Ban Shakes Global Market

DRC suspends exports of cobalt

The DRC government will suspend cobalt exports from 22 February, citing a need for "immediate action" after years of illegal mining and uncontrolled supply. ARECOMS, the country's mineral regulator, says excessive exports threaten both domestic and international investors. "Exports must align with global demand," it stated.

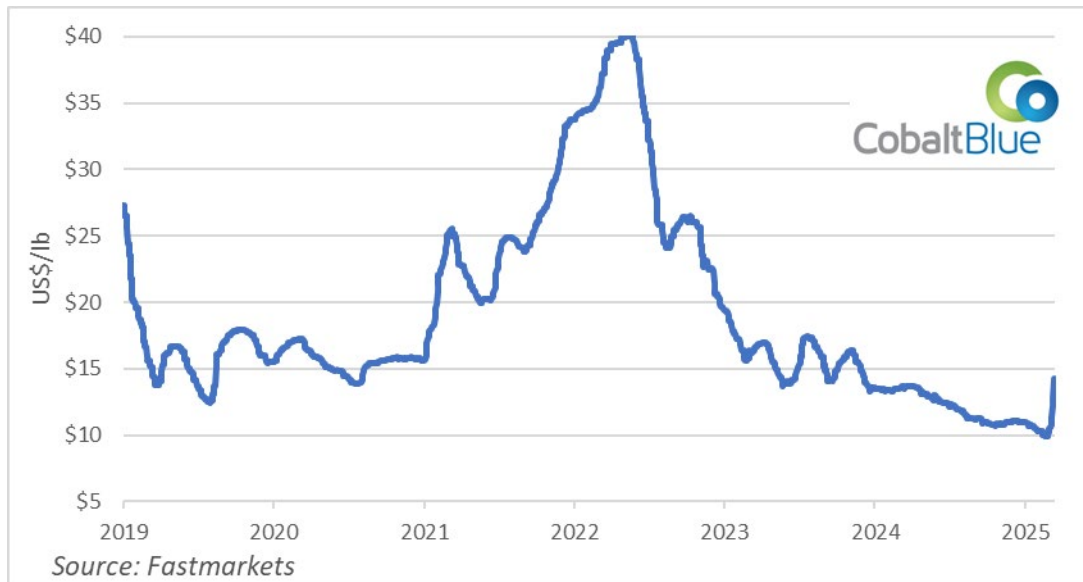
ARECOMS will review the ban in three months and is considering further measures to stabilize the market and boost local processing.

The surprise move injects uncertainty: A short-lived ban could mean a quick return to oversupply, while tighter long-term controls could reshape the global cobalt market and force a pricing reset.

Immediate impacts

China-based cobalt refiners are rushing to secure feedstock, pressuring prices higher. After years of oversupply and falling prices, many had cut stockpiles. Now, with supply squeezed, the market is under intense strain. Seasonal demand adds fuel to the fire. Post-Lunar New Year restocking, especially from the consumer electronics sector (~30% of cobalt use), is amplifying the scramble for material.

Prices soar: As of 11 March, the most widely followed benchmark metal price (Europe, standard grade) has risen 45% from US\$9.95/lb in mid-February to US\$14.25/lb.



In the futures market, the Chicago Mercantile Exchange (CME) forward curves have leapt far further than spot pricing, with the April 2025 contract currently trading at US\$17.70/lb and the furthest out Q4'26 contract at US\$19.25/lb

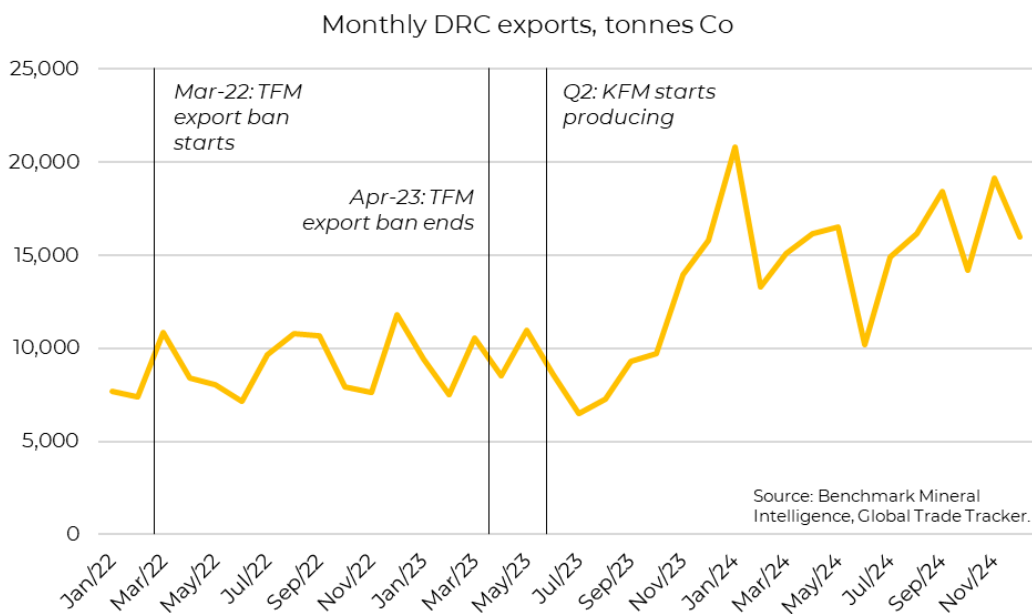
What will happen next?

After years of oversupply, global cobalt stockpiles are set to shrink. A 16% annual supply surge (vs. 8% demand growth) left a major surplus, with Benchmark Minerals forecasting a 24kt glut in 2025. According to calculations from BMO Global Commodities Research, the DRC export ban could cut up to 65kt from the trade, implying an impending market rebalancing.

With no quick replacement outside the DRC, fierce competition for supply will keep prices elevated. What happens next depends on further government moves.

No post-ban flood: While DRC producers will stockpile during the ban, logistical bottlenecks mean exports won't necessarily surge when trade resumes—echoing past supply disruptions like the Tenke Fungurume suspension.

DRC cobalt exports did not surge following Tenke Fungurume Mine's export ban removal



What is the DRC government's objective?

The DRC's call to "encourage the processing of strategic minerals" hints at a long-term strategy to boost domestic processing capacity. Indonesia's success with similar policies, including export bans and quotas on nickel ores since 2014, serves as a model. Today, Indonesia is the world's largest refined nickel producer. DRC leaders are likely watching this closely as they consider similar resource nationalism tactics.

Cobalt export quotas? While the government hasn't confirmed details, there are clear motivations for introducing export quotas:

1. **Boosting Domestic Investment:** Most of the DRC's cobalt is exported for refining abroad. To retain more value locally, the government may tie export quotas to miners' investments in domestic processing.
2. **Improved Stewardship:** While major miners follow international ESG standards, a significant portion of DRC exports doesn't. A new quota system could give the government more control over these exports.
3. **Controlled Export Volumes:** These measures would help ensure cobalt is exported in a more structured way, aligned with global demand.

What does this mean for Cobalt Blue?

The DRC export ban introduces uncertainty, potentially deterring investment in future production there. This could make projects outside the DRC more attractive.

Cobalt Blue has spent eight years positioning itself as a key player, with its Kwinana Cobalt Refinery set to be Australia's first and one of the largest non-China suppliers of battery-grade cobalt sulphate. Meanwhile, the Broken Hill Cobalt Project, one of the largest non-African sources, awaits better market conditions to move forward.

With supply tightening, Australia's stable jurisdiction becomes even more appealing. We've been closely tied to EV manufacturers and battery makers for years, and while we couldn't predict this disruption, we've always known the market would evolve—making projects like ours a prime investment opportunity.