

## Initiation: Cobalt Blue Holdings (ASX:COB)

*Ethically derived cobalt for the great energy transition*

Cobalt Blue Holdings (COB) is developing the Broken Hill Cobalt Project (BHCP) only 23km from Broken Hill in NSW. The BHCP will be Australia's only primary cobalt mine with over 80% of projected revenue derived from cobalt. The project is well advanced with a bulk sample of ore extracted and now being processed through a demonstration plant based in Broken Hill.

### Ethically and environmentally friendly derived cobalt

Cobalt global mined supply is dominated by the Democratic Republic of Congo (DRC), which produces 70% of global mined supply. The BHCP offers prospective battery makers and Electric Vehicle (EV) OEMs Tier 1 supply provenance and a fully transparent supply chain with highly valuable ESG credentials.

### Major Project Status and major project tailwinds

The major global car manufacturers have been making bold plans to expand their EV production over the next decade. In the face of rising geo-political tensions, western governments are pushing for security of supply and implementing policies and subsidies aimed to support critical minerals projects. Cobalt Blue has already received Major Project Status from the Australian Federal Government and a \$15m Critical Minerals Accelerator Grant to assist with fast tracking project development work streams.

### A unique low cost and low capital intensity integrated project

The BHCP is forecast to have AISC US\$13.40/lb and lowest quartile capital intensity compared to other greenfield cobalt projects. This offers great resilience against any volatility in commodity prices and foreign exchange rates. COB plans to build a refinery to produce battery ready cobalt sulphate product. This will be unique in Australia and potentially enable the emergence of high value Li-ion cathode precursor production in Australia.

### Tier 1 partnerships and engagement with battery manufacturers

In 2018, Cobalt Blue entered into a strategic first mover partnership with LG International, the investment arm of LG Holdings. Commissioning of the pilot plant and now a scaled-up demonstration plant has allowed COB to send samples to more than 20 prospective international customers. In our view this early and ongoing engagement is highly likely to result in future binding offtakes and strategic partnerships with Tier 1 battery makers or EV OEMs.

### Our forecasts and company valuation

BHCP pre-production capital we estimate at \$A750M. We assume a strategic partner purchases 25% equity at the project level for \$A150M. We anticipate first Cobalt Mixed Hydroxide production and sales from Broken Hill in Q4 CY2025. AISC for cobalt sulphate is forecasted to average US\$13.4/t and we have used a LT Cobalt price of US\$30/lb from FY 2025. EBITDA and FCF averages A\$180M and A\$137M respectively over the LOM.

**We initiate on COB with a BUY recommendation and 12-month target price of A\$0.90cps, a 52% upside.**

If you would like to discuss the full report, please contact us directly using the details below.

### Summary

12-month rating	<b>BUY</b>
Target Price (A\$ps)	0.90
Share Price (A\$ps)	0.59
Upside	<b>52%</b>

BBG: COB AU

### Trading data & key metrics

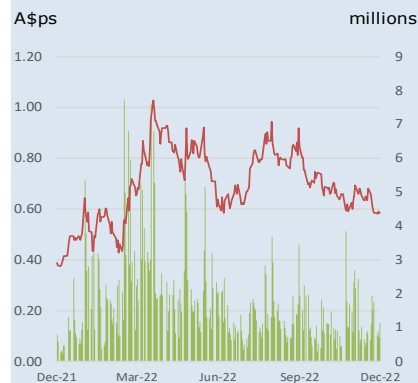
52-week range	0.3691 - 1.0675
Market Cap:	218
Shares on issue (m):	369
Avg daily volume (k):	1,653
Avg. daily volume -\$m	1.19

### Directors:

Joe Kaderavek	CEO
Robert Biancardi	CHAIR
Hugh Keller	IND DIR
Rob McDonald	IND DIR

### Substantials:

None



Analyst: Doug Smith  
 e: doug@curranco.com.au  
 m: +61 431 593 189  
 Sales: Kevin Curran  
 e: kevin@curranco.com.au  
 m: +61 415 201 002

### PHONE

+61 431 593 189

### EMAIL

doug@curranco.com.au

### LOCATION

46 Market St, Sydney

## Information Disclosure

Each research analyst of this material certifies that the views expressed in this research material accurately reflect the analyst's personal views about the subject securities and listed corporations. None of the listed corporations reviewed or any third party has provided or agreed to provide any compensation or other benefits in connection with this material to any of the analyst(s).

## General Disclosure and Disclaimer

This research has been prepared by Curran & Co Pty Limited (ABN 40 604 395 226) ("CCPL") for the use of the clients of CCPL and other related bodies corporate (the "Curran & Co Group") and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient, you must not use or disclose the information in this report in any way. CCPL is a holder of an Australian Financial Services License No. 475078.

Nothing in this report should be construed as personal financial product advice for the purposes of Section 766B of the Corporations Act 2001 (Cth). This report does not consider any of your objectives, financial situation or needs. The report may contain general financial product advice and you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision.

This research is based on information obtained from sources believed to be reliable and CCPL has made every effort to ensure the information in this report is accurate, but we do not make any representation or warranty that it is accurate, reliable, complete or up to date. The Curran & Co Group accepts no obligation to correct or update the information or the opinions in it. Opinions expressed are subject to change without notice and accurately reflect the analyst(s)' personal views at the time of writing. No member of the Curran & Co Group or its respective employees, agents or consultants accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Nothing in this research shall be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from engaging in any transaction. The Curran & Co Group and/or its associates, including CCPL, officers or employees may have interests in the financial products or a relationship with the issuer of the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, director or adviser. Further, they may buy or sell those securities as principal or agent, and as such may affect transactions which are not consistent with the recommendations (if any) in this research. The Curran & Co Group and/or its associates, including CCPL, may receive fees, brokerage or commissions for acting in those capacities and the reader should assume that this is the case.

There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment.

The analyst(s) principally responsible for the preparation of this research may receive compensation based on CCPL's overall revenues.

## Copyright

© 2022. All rights reserved. No part of this document may be reproduced or distributed in any manner without the written permission of Curran & Co Pty Limited. Curran & Co Pty Limited specifically prohibits the redistribution of this document, via the internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.