

Automakers

Ontario cobalt refiner eyes breakthrough EV supply chain role

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With upgrades, First Cobalt's refinery could grab a big foothold in North American EV supply chain

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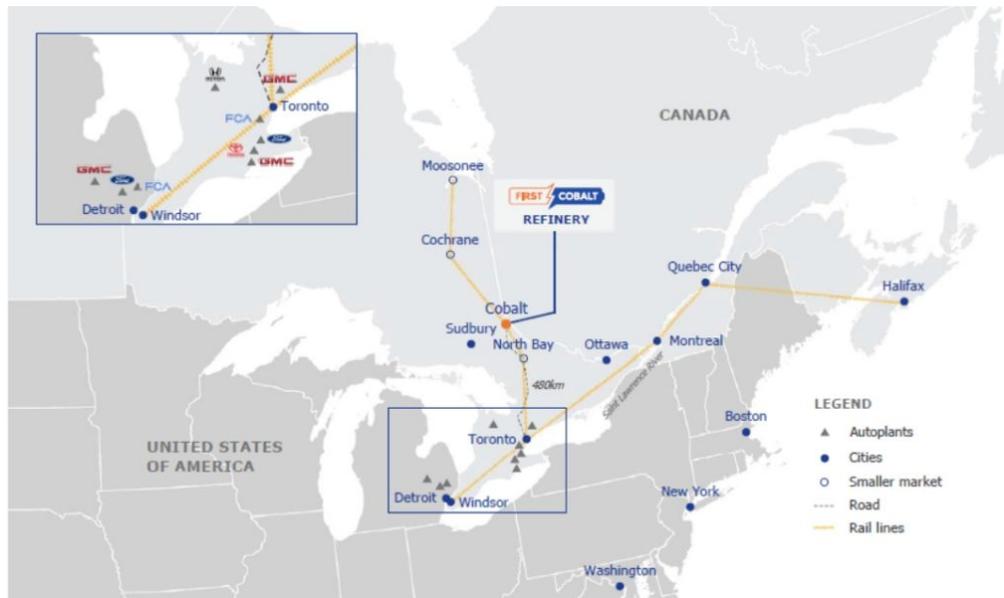


First Cobalt announces “important milestone” towards a year-end launch that will upend North American battery makers’ dependence on China

An upstart Toronto-based company is poised to make a big splash for itself and its northern Ontario namesake while turning the province into a key producer of an essential element in the North American electric vehicle supply chain.

The First Cobalt Refinery project, located in Cobalt, Ont., is set to challenge China’s near-monopoly on the cobalt refining industry. [First Cobalt Corp.](#), the refinery’s owner,

has released the results of an independent study that concludes recommissioning the refinery is economically viable.



The location of the First Cobalt Refinery

The company now says its goal is to begin producing cobalt sulphate in late 2020 or early 2021. If successful, it will be North America's only cobalt refinery.

Refined cobalt is a key component in the manufacture of rechargeable lithium-ion batteries.

Five per cent of world market possible

The results demonstrate First Cobalt could become the fourth largest cobalt refiner outside of China. With upgrades, the facility could ultimately refine 25,000 tonnes of battery grade cobalt sulphate annually. That would equal five per cent of the global market share.

"This is an important milestone in our efforts to disrupt the existing cobalt supply chain," says First Cobalt CEO, Trent Mell, in a company statement.

"The study shows strong asset-level economics that position the refinery to be competitive globally and provide attractive investment returns."

First Cobalt is publicly listed on the TSX Venture Exchange. It has grown through a series of mergers and acquisitions – one yielded the dormant refinery, first commissioned in 1996; others brought under its control an "advanced cobalt" project in the state of Idaho and cobalt mineral assets in Ontario.

Mining and EV expertise

Lobbying registry documents show First Cobalt has been working on proving the refinery's viability to the federal and Ontario governments since last year.

Interestingly, while its senior executives are all seasoned mining executives, its board includes Susan Uthayakumar, an executive in the electrical industry, and EV pioneer Henrik Fisker, chairman and CEO of [Fisker Inc.](#), as a special advisor.

According to a statement on its website, the company's strategy "is to explore, develop and refine ethically sourced cobalt within North America for sale back into the American battery market."

In a follow-up e-mail responding to questions from *Electric Autonomy Canada*, Mell says First Cobalt believes "Ontario is well positioned to support the next generation of auto manufacturing, which includes a robust supply chain."

He also reports that if the refinery recommissioning goes ahead, it will create 100 jobs during construction. Once in operation, it will employ approximately 30 people and create additional indirect employment opportunities.

Demand for North American alternative

China is currently responsible for 79 per cent of the global battery cobalt supply. A [presentation](#) from First Cobalt in January 2020 claims that, other than their refinery, there are no plans underway to commission new cobalt refineries outside of China.

"The outlook for electric vehicles and the push by automakers to develop shorter supply chains creates an excellent opportunity," says Mell.

"With most of the world's cobalt refining capacity located in China, there is strong demand for a North American alternative."

First Cobalt will acquire the "feedstock" for its refinery through a partnership with mining giant Glencore, the world's largest cobalt producer. The raw material will come from Glencore's cobalt mines in the Democratic Republic of Congo.

"As mines are developed and sources of cobalt emerge in Canada or the U.S., we would look at ways we could process it through our refinery," says Mell. "Battery recycling will also become a strategic focus."

Glencore is expected to provide the primary financing to enable First Cobalt to complete the refinery's expansion. The retrofit is expected to take 12 months.

Besides finalizing the funding, the company must still secure environmental approval and other permits to start the project.

Mutually beneficial

In 2018, Reuters [reported](#) Glencore produced 17,054 tonnes of cobalt, but only sold 4,257 tonnes losing over US\$400 million in sales. This deal will be mutually beneficial for the two companies.

“As the world transitions to a low-carbon economy, cobalt will play an essential role in the growth of mobility electrification,” Glencore’s Nico Paraskevas adds in the press release.

“We look forward to working with First Cobalt to bring a sustainable source of cobalt to the North American market.”