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COMMODITIES

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Canada's First Cobalt eager for more after U.S. Cobalt buy

Barbara Lewis



LONDON (Reuters) - Canada's First Cobalt, which has just bought another cobalt developer, is keen for more acquisitions to accelerate bringing on production to meet North American demand, a senior company official said.

Expectations of soaring demand for cobalt because of its use in electric vehicles has inspired a hunt for the mineral across the globe.

Governments and miners are anxious to secure supplies in more stable jurisdictions than Democratic Republic of Congo, which holds around half of the world's reserves.

First Cobalt wants to develop U.S. and Canadian resources, which are smaller, but close to end-users, including the car industry.

Frank Santaguida, First Cobalt's vice president for exploration, said on the sidelines of a Canadian mining conference in London the company was "absolutely" working on more deals.

“A pipeline of projects is what’s necessary to really move forward and to continually assess the best things to develop,” he said. “We’re looking at smaller things in Idaho,” he told Reuters in an interview. “It’s about having prospects to look at.”

The world’s major cobalt producing companies are led by Glencore and China Molybdenum, operating in Democratic Republic of Congo.

North America mined cobalt in the past, but no company is currently producing there.

First Cobalt describes itself as the largest cobalt exploration company by market capitalization, which will be nearly 400 million Canadian dollars (\$311 million) once its merger with U.S. Cobalt is completed. Santaguida said that should be by the end of May.

The deal adds U.S. Cobalt’s exploration properties in Idaho and Utah to First Cobalt’s 50 mining properties in Cobalt, Ontario, which include a permitted cobalt refinery.

The U.S. Cobalt acquisition was needed, Santaguida said, to get to a size to attract bigger investors, tolerant of the spending levels necessary to accelerate production.

Santaguida estimated it would take a year or two to get its mothballed cobalt refinery running again.

“Cobalt demand is now. Predictions are it will last for about 10 years at least, so it is about getting to that early production,” he said.

The quickest way could be to use piles of unprocessed rock, which have already been mined.

After that, the Iron Creek project in Idaho, acquired in the merger deal, could be producing cobalt in three to four years’ time, Santaguida said.