

Cobalt Blue Holdings Limited: 2023 Annual Report

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Sydney, Australia - During FY23 [Cobalt Blue Holdings Ltd.](#) (ASX:COB) (FRA:COH) (OTCMKTS:CBBHF) articulated a strategy comprising three building blocks for the business, namely: (1) BHCP, (2) the Kwinana Refinery Project, and (3) Cobalt in Waste Stream Projects (CWSP). The BHCP remains our core focus, but the other building blocks remain integral to the realisation of our strategy.

We are completing a Definitive Feasibility Study (DFS) for the BHCP as well as progressing financing/securing commercial partners. As part of our technical program, we transitioned to quasi-commercial, continuous operations at the Demonstration Plant at Broken Hill. The Demonstration Plant is a significant component of the DFS as it provides engineering data that informs equipment selection and operating parameters while providing funders and partners confidence that our proprietary processing technology is scalable.

The Demonstration Plant consists of field operations as well as a processing facility within the Broken Hill township. Feedstock for these operations was sourced via a portal accessing the Pyrite Hill deposit. A total of 148m of development drives were executed, with ore extracted typically 40-50m below the surface.

Following on from our mining operation we announced the completion of large-scale concentration test work (500t). While cobalt grade in ore varied from ~500 ppm to >1,000 ppm a gravity circuit upgraded the cobalt grade in concentrate to ~4,434 ppm (with ~80% mass rejection). The consistency of the upgrade was confirmed and replicated in our earlier Pre-Feasibility Study (PFS) results. The concentration upgrade is a key project advantage that reduces the amount of material required to be refined by 80%, thus reducing capital and operating costs.

In total across our field campaign ~5,000t of ore was extracted, and we announced that 680t of concentrate (wet basis) was produced with a 93%+ recovery rate into concentrate achieved under optimum processing conditions. Demonstration Plant operations continue, systematically addressing scaling risks in our transition toward commercial operation.

Other fieldwork included a drilling campaign targeting resource definition, geotechnical, waste rock and groundwater characterisation completed with a total of 78 drill holes for 12,281m. Further, substantial progress on the Environmental Impact Statement (EIS) was achieved, with the "Approvals Case" mining study completed determining the scope and scale of the project. The mining and infrastructure footprint has been determined to ensure that all disturbance aspects of the BHCP are assessed in the EIS. Ecology, Aboriginal heritage and soil surveys of the maximum disturbance footprint have been completed. Where it has been possible to do so, the Project has amended the site layout to avoid or minimise impacts on watercourses and sensitive ecological or cultural heritage attributes.

COB has now applied for a new site access road, with the target of creating all-weather road access to the site from the Barrier Highway significantly improving the safety of the associated highway crossing as well as reducing the commute to the site to ~18km (one way).

During our DFS process, we identified and selected the option to refine BHCP cobalt Mixed Hydroxide Precipitate (MHP) into cobalt sulphate at a separate location, namely in the Kwinana district south of Perth. There are strategic reasons for this decision:

- Kwinana has a deep-water port and export facilities.
- Kwinana is a major chemicals district and provides ready access to low-cost chemicals.
- A single, larger refinery allows COB to process material initially sourced from third parties then BHCP and (in future) other COB-owned cobalt projects, rather than build out individual refineries at dispersed mine sites throughout Australia.

The Kwinana Refinery Project represents one of few Western World investments in cobalt sulphate refining over the last 30 years.

In addition to processing BHCP originated MHP, COB is examining the option to refine ~ 3,000 tonnes per

year of 3rd party feedstock with first operations expected by late 2025. This capacity is expected to position the Kwinana Refinery Project to be a gateway for cobalt to high-growth electric vehicle markets within the EU and US.

Presently, COB is engaging with a leading Japanese multinational as a potential partner for the Kwinana Refinery Project.

COB believes that partnering with an existing property owner would substantially reduce development time. Our potential partner is currently considering proposing an appropriate level of equity ownership in the Kwinana Refinery Project via a funding contribution.

Moving onto CWSP, the opportunity presented by the application of COB's processing technology to pyrite-rich mine waste was recognised by the Queensland Government's interest in the process, and integration of COB's process for selected sites in the Geological Survey of Queensland Secondary Prospectivity project. This project aims to define the potential for critical mineral endowment in Queensland's mine waste. COB has now completed testing of the first sample.

Globally, COB is conducting a desktop study on waste stream opportunities and we have reached out to engage with government and mine owners to understand how our technology can assist in the rehabilitation of mining waste. We executed a test work co-operation agreement with Hudbay Minerals Inc ("Hudbay") (NYSE:HBM) with respect to their Flin Flon tailings storage facility located in the Province of Manitoba, Canada. COB has agreed to utilise its proprietary minerals processing technology to assess its ability to recover gold, silver, copper, zinc, cobalt and sulphur from a pyrite/pyrrhotite concentrate produced from the tailings. The test work program is underway. We expect further opportunities to be identified over the coming quarters.

In late 2022 COB executed the Critical Minerals Accelerator Initiative (CMAI) grant agreement for the BHCP with the Australian Government. The grant totals \$15m and is payable over time, with instalments between December 2022 and March 2025. COB has now received \$7.5m of these monies. The CMAI funding enables COB to accelerate the development of the BHCP by expanding the scope of the DFS, bringing forward infrastructure and services work packages, and decreasing start-up commissioning risks.

The BHCP was also awarded \$0.5m (\$0.25m received to date) through the Critical Minerals Activation Fund (CMAF) provided by the NSW Government. The CMAF funding will be used for the environmental studies required in the EIS.

Multiple project partner and offtake discussions continue with the BHCP seen as both commercially attractive and compliant with the respective Inflation Reduction Act (US) and Critical Raw Material (CRM) Acts (EU). The more recent market guidance from US Treasury and EU Commission respectively remains highly supportive of Australian extracted and processed cobalt. The sheer commercial and financial scale of these policies will likely shape significant industry responses. It remains our belief that geopolitical legislation backed by strong financial incentives will build out entire integrated production chains, including critical minerals extracted and processed in Australia.

The recent compact between the US and Australia (Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact) advances the prospects for Australian critical minerals projects with greater availability of grants, loans, rebates, incentives, and investments. Given Australia's relatively large reserves of all the major components in lithium-ion battery chemistry, these developments present significant opportunities for the domestic critical minerals industry.

During the year we hired new and significant talent across the business, including a Project Acquisition Manager (Dr Helen Degeling) who is running our CWSP arm, a Project Finance Manager (Jan Fuchter) looking to source financing for our future needs together with our advisor, Cutfield Freeman, as well as a Human Resources (HR) Executive (Emma Jenkins) whose mandate includes HR requirements for the BHCP and the Kwinana Refinery Project.

Community and stakeholder engagement continues to be a priority for our business. During the year COB held a Shareholder Day at the Demonstration Plant site with over 300 local shareholders and dignitaries attending. A 'Town Hall' presentation was also held to provide community leaders and key suppliers with a project update. COB also sponsored the Far West NSW Business Awards, a community film festival, a science fair, the Broken Hill Australian Rules Football League, and the Royal Flying Doctor Service Women's Auxiliary. These projects target social and economic enhancement, while supporting our future capability to attract and retain an operational workforce.

COB is committed to working as part of the global cobalt industry and other stakeholders to further develop a robust framework for the delivery of sustainable and ethically sourced cobalt. Our efforts will support the

decarbonisation of the global economy and provide an enduring legacy within the communities in which we operate. We look forward to producing cobalt in a responsible and transparent manner that is consistent with our corporate values of honesty, integrity, fairness, and respect.

Australia has more than 16% of global cobalt resources but produces only 6% of supply. There is little doubt that we have plenty of potential, particularly considering our stable jurisdiction and ethical credentials. COB looks forward to closing this cobalt gap.

*To view the Annual Report, please visit:
<https://abnnewswire.net/lnk/T0F4Y941>

About Cobalt Blue Holdings Limited:

[Cobalt Blue Holdings Ltd.](#) (ASX:COB) (FRA:COH) (OTCMKTS:CBBHF) is an exploration and project development company. Work programs advancing the Broken Hill Cobalt Project in New South Wales continue. Our ambitious goals are subject to funding availability. Cobalt is a strategic metal in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

Source:
[Cobalt Blue Holdings Ltd.](#)

Contact:

Joe Kaderavek Chief Executive Officer info@cobaltblueholdings.com P: (02) 8287 0660

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