

Australian Mines Ltd

20:47 11 Feb 2019

Australian Mines has a competitive cobalt-producing nickel project on its hands: CRU

Australian Mines Ltd's (ASX:AUZ) Sconi Cobalt-Nickel-Scandium Project in Queensland has been forecast to be one of the most competitive cobalt-producing nickel operations in the world by an independent nickel and cobalt sulphate market study commissioned by the company.

The market study, undertaken by commodity research specialist CRU International, forecasts that the 2025 value-adjusted business costs of the Sconi Project would place it in the first quartile compared to other existing and proposed analogous operations globally, based on the outcomes of the financial modelling that was released in AUZ's base case bankable feasibility study (BFS).

Price: A\$0.023

Market Cap: A\$82673800M

1 Year Share Price Graph



Share Information

Code: AUZ

Listing: ASX

52 week **High** **Low**
A\$0.09 **A\$0.02**

Sector: Mining

Website: www.australianmines.com.au

Company Synopsis:

Australian Mines Limited (ASX:AUZ) is listed on the Australian Securities Exchange.

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2025 nickel sulphate cost curve, nominal USD per tonne of nickel contained

As it currently stands, Sconi is a late-stage, laterite-hosted cobalt-nickel-scandium project with payable metals expected to be produced annually, on average (based on an 18-year mine life), of 8,500 tonnes of cobalt sulphate and 53,300 tonnes of nickel sulphate.

AUZ completed a resource extension drilling program in late 2018 and expects to be in a position to release an updated resource estimate for Sconi in the March quarter, which will feed into an optimised BFS on the project.

READ: Australian Mines jumps 21% as Sconi is given Prescribed Project status by Queensland Government

Due to modelled demand growth for both cobalt and nickel sulphate from the lithium-ion battery industry, on the back of global vehicle fleets transitioning to a greater variety and volume of electric vehicles, the market study found there was a clear need for new supply of these crucial battery chemicals.

Australia is emerging as a strategic new supplier of cobalt (and lithium) given its reputation as a world-class mining and investment jurisdiction as well as its proximity to high volume battery manufacturers in South Korea, Japan and China.

In terms of the prevailing opportunity for future nickel production, the market study described the planned nickel sulphate production additions out to 2023 and identified a 1.3 million tonne unallocated supply gap beyond this to meet demand in 2035.

This clearly necessitates a large number of new projects and expansions to come online.

The study found similar conclusions for cobalt production, where a lack of visibility on new production allocations beyond 2023 should see supply remain tight until at least 2029, when the study expects improving economics of recycling and increased battery scrap to have a significant impact on the supply curve.

2025 pro rata cost curve of cobalt producers, nominal USD per pound of cobalt

AUZ managing director Benjamin Bell said: "We felt it was prudent to get an updated expert view of the medium and long-term market forecasts for nickel and cobalt, and confirm our BFS modelling that pointed to Sconi being a 1st quartile low-cost producer, hence giving Australian Mines a competitive advantage if commodity prices do fluctuate in the medium term.

"CRU International is a respected commodity research firm when it comes to detailed analysis of battery and technology metals in particular, and provided deep insight into the forecast supply, demand and pricing dynamics for cobalt and nickel sulphate products.

READ: Australian Mines BFS values Sconi Cobalt-Nickel-Scandium Project at \$697 million

"The market study serves to demonstrate that there will be a very significant opportunity for new nickel sulphate and cobalt sulphate market entrants, including Australian Mines, and the price environment is expected to be very favourable for low-cost producers.

"Sconi is on track for first production in 2021 and CRU International's modelling of our operating expenditure versus likely competitors based on the base case BFS for Sconi is highly encouraging at a critical time for the project as we work to progress project financing arrangements.

"The characteristics of the Sconi resources, being able to produce a high-value cobalt sulphate product alongside the larger scale nickel sulphate production, places our project firmly at the bottom of the cost curve, which of course translates to greater future profitability and insulates us from potential nickel sulphate price shocks."

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