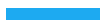


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# **5 Trends That Will Drive Cobalt Stock Prices to the Moon in 2019**





## Introduction

The market landscape for resource mining is in a volatile period. Investors are looking at factors ranging from global trade wars or agreements to rapid technological innovations to discern where prices will go next. Seen historically, resource prices are considerably higher than they were just 20 years ago. This report highlights 5 key trends that will likely drive the prices of Cobalt much higher in 2019 and how investors can profitably trade on those trends.

### **Key Trends**

1. The premium applied to cobalt mines located in Europe and North America
2. The continued dominance of Lithium-Ion batteries in their segments and the growth of the battery market
3. The emerging trend towards vertically integrated cobalt supply chains
4. The continued innovation in technology applications that rely on Lithium-Ion
5. The growth in the Electric and Autonomous Car markets and the high amount of cobalt needed for those cars

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## Cobalt Mines in Europe and North America Are At a Premium

Social reputation is a critical element of a stock value in today's always-on market. Major brands that are customers of products with cobalt in them, such as Lithium-Ion batteries, can ill afford a public relations disaster, one that goes viral and can wipe off billions in market value. With that in mind, sourcing cobalt from the Democratic Republic of Congo brings with it many perils. Top of the list is DRC's reputation for using child labor in its mines which is a viral social media disaster waiting to happen.

But of course, it's more than just social reputation risk that is driving the premiums for European cobalt mines. There is also the political risk that comes with countries whose governments can suddenly change the ownership rules or where local employees are at risk of capture or worse.

Having mines in Europe and North America allow for the recruitment of top talent, since not all potential employees are willing to work in other areas.

And being in Europe and North America means being connected to modern logistics networks.



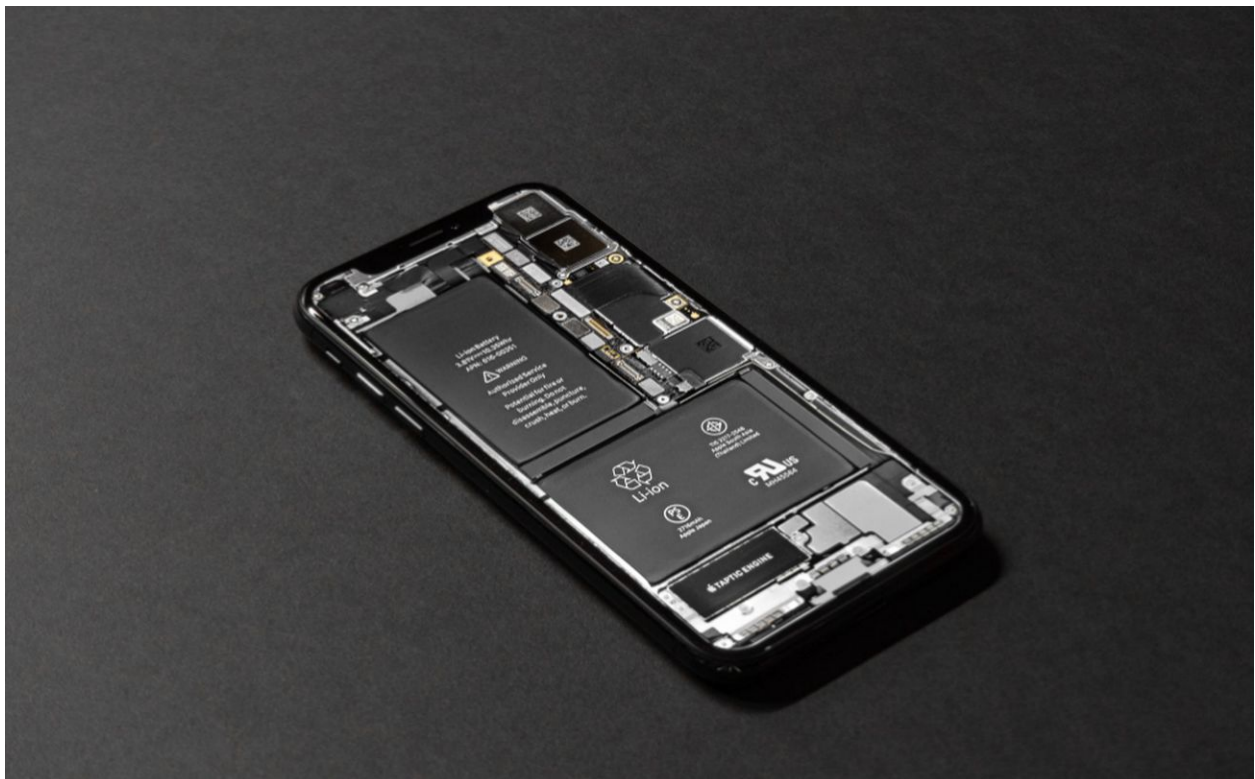
The entrance to one of the [Declan Cobalt \(CSE: LAN\)](#)\* cobalt mines in the Czech Republic

For example, [Declan Cobalt\\*](#), which boasts a large Cobalt deposit in the Czech Republic sits within just 150km of some of Europe's main electric vehicle battery plants, including BMW's main plant in Erfurt, Germany. See trend #3 for more information on how vertically-integrated supply chains make this location all the more attractive.

## Lithium-Ion Continues to Dominate Its Market Segments

Lithium-Ion is a battery technology that has gained widespread market acceptance. The fact that people know its name and recognize it at all speaks to its central importance. With that comes a whole infrastructure of supply chains and products that form the foundation for future innovation and makes it hard to compete with. It got to this dominance because of its combination of low maintenance, high energy density, light weight, and low self-discharge.

It will continue this dominance because of its competitive advantage in technologies ranging from mobile phones to electric vehicles. The infrastructure that has built up around Lithium-Ion creates long-lasting critical mass for innovations and supply chain logistics which further cements its status as leader.



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Since Cobalt forms on average 20% of the make up of a Lithium-Ion battery and since the markets within which Lithium-Ion is the leader are all growing this trend upward is only just getting started. Combined with the premium for European mines described in point 1, this will create upward pressure for sourcing European and North American cobalt that is likely to become acute in a short time.

## The Emerging Trend Towards Vertically Integrated Cobalt Supply Chains

Apple shocked the Cobalt market by buying its own mine, effectively vertically integrating its battery supply chain to its source. Will Apple stop there? Does Apple ever stop growing? If it works once, there's every reason to believe that they will continue looking for more mines to build into its supply chains. And for every Apple there are many Apple competitors that want to be like Apple, who now must also consider vertically integrating their supply chains to source cobalt from the mine directly.



And Apple doesn't just mean phones and computers anymore. Apple is rumored to be releasing an iCar by 2020 and is mentioned in the press as a potential key competitor of Tesla, BMW and others. All this, combined with trends #1 and #2 could create a bidding war for European and North American Cobalt mines.

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## The Continued Innovation in Technology Applications That Rely on Lithium-Ion

In this report we've touched on the use of lithium-ion batteries in mobile phones and cars, but that is actually just scratching the surface of its many applications. Other applications include Industrial Tools, Power Backup and Energy Storage on Solar Panels, Medical Devices, Portable Power, and Uninterruptible Power Source (UPS).



Demand for these applications and more will drive the demand for lithium-ion batteries and thus for cobalt. Applications such as these are expected to drive the total Lithium-Ion Battery market to sales of **\$93.1 billion** in 2025. If any of the product brands demand the cobalt in the batteries be sourced from European or North American mines then this will accelerate further the upward pressure on the premium price for European and North American cobalt.

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## Electric and Autonomous Cars Need a Lot of Cobalt - and Those Markets Continue to Grow

There are an estimated 4 million electric vehicles in circulation worldwide today, and that number is estimated to grow to 13 million by 2020. For autonomous cars, of which most will be electric, there are very few on the road currently but the number is projected to grow to 8 million by 2025. Uber is expected to become a leader in the autonomous car market for instance and is one of many companies that could look to vertically integrate its supply chain by buying up cobalt mines.

The amount of cobalt needed to create the power source needs of an electric car is much higher than for an iPhone.





## Conclusion

These 5 trends and others bode well for the cobalt mining market, particularly those located in Europe and North America, in proximity to factories where they can be integrated vertically into supply chains. Trends that drive prices are one thing - a company also has to align with those trends. In this report, we highlighted one such company, [Declan Cobalt](#)\*, which is situated within 150km of several major electric battery facilities, including BMW's main plant in Erfurt, Germany.

\*Notice: Declan Cobalt is a client of Trendscan and Trendscan and members of the Trendscan team own options to stock in Declan Cobalt.

