

# The Dean's List – Part 6: What cobalt companies could benefit from Canada's commitment to critical minerals?

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It's time for Part 6 in our series that looks at Canadian companies in the mining sector that could be impacted by the many announcements with respect to critical materials, supply chain, EV battery manufacturing, etc. As a reminder the province of Ontario first announced in March its [strategy for 'critical minerals'](#) followed shortly by a [C\\$4.9 billion electric vehicle battery plant](#) in Windsor, Ontario, and then in mid-July, a [new C\\$1.5 billion battery materials facility](#) was announced for eastern Ontario. In April the Federal Government got on board with it's [Budget 2022 proposing up to C\\$3.8 billion in support](#) over eight years to implement Canada's first Critical Minerals Strategy followed in late June with a House of Commons Standing Committee on Industry and Technology report entitled: [Positioning Canada as a Leader in the Supply and Processing of Critical Minerals](#).

On top of all this, the U.S. passing of the [Inflation Reduction Act](#) could also have a trickle down affect on Canadian miners. The Bill requires that 40% of battery components be sourced from factories in the U.S. or its free trade agreement partners (like Canada) to qualify for tax credits. It also states that Chinese components and minerals be phased out beginning in 2024. Hence the [Dean's List](#) focus to date on critical minerals involved in EV battery production. So far we've covered all the primary components in current generation batteries except for one –

cobalt, which is where we are headed today.

The initial company I was going to look at would have been a very efficient way of covering two critical minerals with one name, especially in light of uranium stocks getting a huge lift on [news out of Japan](#) on Wednesday. [UEX Corporation](#) (TSX: UEX | OTCQB: UEXCF) has several uranium and three cobalt-nickel exploration projects all located in the Athabasca Basin of northern Saskatchewan. However, on Monday UEX completed a transaction to [sell to Uranium Energy Corp](#) based in Texas, which may or may not reduce the likelihood of benefitting from Canadian Government financial support. Given the Canadian Government didn't seem to care that a foreign company was purchasing a Canadian company with 3 commodities on the critical minerals list, I shouldn't discount the likelihood that they could still benefit in some way. However, I'm going to be stubborn and stick to Canadian companies with Canadian assets.

So who's next on my cobalt list? I guess it would make sense to go to Cobalt, Ontario and start looking around that area. Yes, there is a town called Cobalt and you can probably guess how it got its name. In 1908, the area was considered the world's largest producer of silver and of cobalt which is a byproduct of the process. This led me to [Canada Silver Cobalt Works Inc.](#) (TSXV: CCW | OTCQB: CCWOF), a Canadian leader in the silver-cobalt space. The Company's flagship silver-cobalt [Castle mine](#) and 78 sq. km Castle Property feature strong exploration upside for silver, cobalt, nickel, gold, and copper. CCW has an exceptional high-grade silver discovery at [Castle East](#), a pilot plant to produce cobalt-rich gravity concentrates, [a processing facility](#) (TTL Laboratories) in the town of Cobalt, and a proprietary hydrometallurgical process known as [Re-20x](#) (for the creation of technical-grade cobalt sulphate as well as nickel-manganese-cobalt (NMC) formulations).

Two things stand out for me with Canada Silver Cobalt, first is the location – Ontario and Quebec (their [Graal](#) nickel, copper and cobalt project is getting a lot of attention from the Company of late). Quebec is another province looking to make its mark in the manufacturing space with BASF announcing plans [to build a factory in Quebec](#) to produce cathode active materials and General Motors Co. and South Korea's POSCO Chemical having announced a deal to [build a plant to produce material for batteries](#) to be used in EVs both in Bécancour, Quebec, just to name a couple. Of note, Cobalt, Ontario is basically on the border with Quebec so CCW is located pretty strategically with its mining assets.

The second point that could make Canada Silver Cobalt a beneficiary of government support is their proprietary Re-20x technology. It is a closed-loop hydrometallurgical process that extracts metals without any discharge or smelting and conforms with EV manufacturers' need for ethically sourced battery metals and strict environmental compliance. The Ontario Government has stated in its critical minerals strategy that it wants to expand domestic refining and processing capacity of minerals as well as support applied research projects to strengthen mining and mineral processing research and innovation. The Federal Government has also prioritized developing expertise in intermediate processing with the [Committee on Industry and Technology report recommending](#) Canada establish an intermediate processing sector and catalyze and support private sector adoption of a national sustainable capacity for critical minerals and the materials supply chain.

It seems to me that if you not only have the critical minerals, but are also willing to do a little extra homework on the processing of them, you might differentiate yourself from the rest of the herd. And if you are a shareholder of any of these companies, and they can extract any funding from governments of

any level, then you will surely benefit from non-dilutive financings that hopefully add value. The only question is whether any of these politicians will “walk the walk”, given we all know how fond they are of “talking the talk”.

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