



Eurasian Resources Group

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## MARKET COMMENT

### **Benedikt Sobotka: Cobalt market has fantastic potential**

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**Benedikt Sobotka, the Group CEO, shares his thoughts on cobalt development this year and beyond:**

“Perhaps my biggest passion is the cobalt market. Tesla has made electric cars cool and highly desirable, and we would like to bring a similar vibe to the cobalt sector, which plays an essential part in shaping the EV market. Given tighter emissions rules and a growing emissions scandal among diesel carmakers, the auto market is ripe for a dramatic change. At ERG, we believe in the EV revolution and that EVs will displace a growing proportion of petrol and diesel cars, thereby reducing carbon emissions and replacing foreign oil dependence with domestic electricity generation. Tesla alone hopes to manufacture 500,000 electric vehicles annually. Other car makers made equally ambitious statements about their EV targets. Most of the next-generation batteries, that deliver higher specific energy, contain cobalt in their composition, as it is still essential for batteries’ power capability. While cobalt prices have been very stable since 2011 until mid-last year, we think that prolonged period of relative stability is now over. After gaining 50% in 2016, we believe that the cobalt market still has a fantastic potential. We expect to see more dramatic volatility, within a strong primary uptrend, in which prices will likely touch USD17/lb within the next two years or less. Moreover, we think that investment demand will be a major determinant of the price even though it is relatively small now.”

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### **About Eurasian Resources Group:**

**Eurasian Resources Group (ERG)** is a leading diversified natural resources producer with integrated mining, processing, energy, logistics and marketing operations. It has a portfolio of production assets and development projects in 14 countries crossing four continents, and is represented by more than 80,000 people globally, being a major employer in the industry.

Today ERG is the world's largest ferrochrome producer on a chrome content basis and a key supplier of iron ore. The Group is also among the global top-10 alumina producers and a principal copper and cobalt manufacturer.

In the Republic of Kazakhstan ERG represents about one third of the country's metals & mining industry. It is also a key power supplier and a large railway operator in Central Asia. Kazchrome, SSGPO, Aluminium of Kazakhstan, Kazakhstan Aluminium Smelter (KAS), Eurasian Energy Corporation (EEC), ShubarkolKomir and Transportation Group TransCom LLP are among the Group's major assets located in Kazakhstan.

In the Democratic Republic of Congo ERG mines copper and cobalt and processes the ore at Boss Mining, Frontier and Comide. Some other key development and near-production assets, including the Metalkol Roan Tailings Reclamation (RTR) Project, are also located in the DRC.

ERG's smelter, Chambishi Metals PLC, is a major enterprise in Zambia and a large producer of copper and cobalt metal. The Company also has a number of development projects in coal, manganese, platinum, bauxite and fluorspar across the African continent, embracing the Republic of South Africa, Zimbabwe, Mali and Mozambique.

In Brazil ERG continues development of Pedra de Ferro project, a 20mtpa iron ore production complex.