



NEWS RELEASE

TSX Venture: KBLT  
FRA: 270

## **Cobalt 27 Closes Acquisition of US\$300 Million Cobalt Stream on Vale's Voisey's Bay Mine**

*32.6% Cobalt Stream to deliver approximately 1.9 million pounds of cobalt per year to Cobalt 27, to be settled in physical delivery for the life of the mine*

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IN THE UNITED STATES

**Toronto, Ontario - June 28, 2018 - Cobalt 27 Capital Corp.** ("Cobalt 27" or the "Company") (TSXV: **KBLT**)(FRA: **270**) is pleased to announce that the Company has closed its previously announced acquisition from a subsidiary of Vale S.A. ("Vale"), of the world's first pure cobalt stream, being an amount of finished cobalt equal to 32.6% of the cobalt production from Vale's Voisey's Bay Mine, including from the proposed Voisey's Bay Mine Expansion (the "VBME", and collectively, "Voisey's Bay"), commencing January 1, 2021, (the "Cobalt Stream"). The Company has paid to Vale total upfront cash consideration of US\$300 million, which represents a prepayment of a portion of the purchase price for the sale of cobalt to Cobalt 27 (the "Advance Amount"). Cobalt 27 will also make ongoing payments (the "Ongoing Payments") equal to 18% of the Cobalt Reference Price<sup>1</sup> for each pound of cobalt delivered under the Cobalt Stream, until Cobalt 27 has recovered the full value of the Advance Amount through Vale's deliveries of finished cobalt under the Cobalt Stream. After this time, the Ongoing Payments will increase to 22% of the Cobalt Reference Price.

The closing of this transaction is in conjunction with Vale completing a separate streaming agreement with Wheaton Precious Metals Corp. ("WPM"). In total, Cobalt 27 and WPM have provided Vale an aggregate of US\$690 million in upfront proceeds for a combined purchase of finished cobalt equal to 75% of Voisey's Bay cobalt production commencing January 1, 2021.

Anthony Milewski, Chairman and Chief Executive Officer of Cobalt 27 commented, "The Voisey's Bay Cobalt Stream is a milestone achievement in our pursuit of building the world's premier investment vehicle to play the electric vehicle and battery energy storage revolution. Cobalt 27 is expecting to purchase

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<sup>1</sup> The Cobalt Reference Price will be equal to an applicable, as determined by grade, Cobalt Metal Bulletin free market U.S. dollar per pound in warehouse price, as published by Metal Bulletin, or an alternative reference price mutually agreed to by Vale and Cobalt 27.

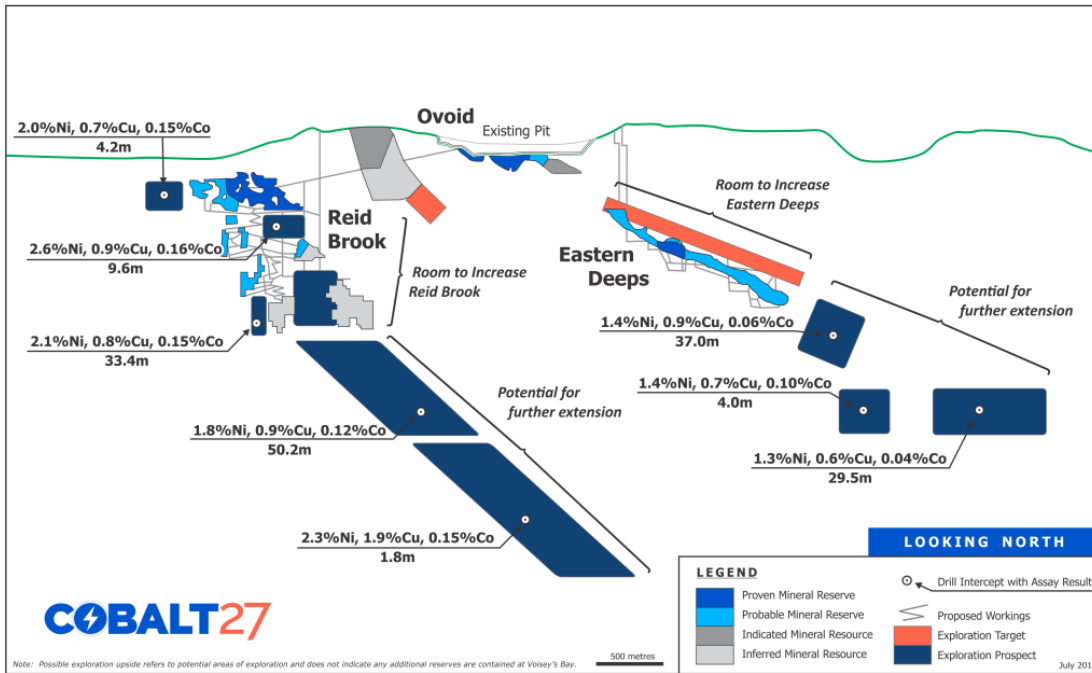
approximately 1.6 million pounds of cobalt per year during the 2021 to 2024 ramp-up, increasing to approximately 1.9 million pounds of cobalt per year during full-scale production starting in 2025. The Cobalt Stream will be settled by Vale delivering to Cobalt 27 cobalt metal stored in warehouse in the form of warehouse certificates. At current cobalt spot prices, the Voisey's Bay Cobalt Stream is expected to add significant cash flow to Cobalt 27, for an initial 14 year mine life, beginning in 2021. We expect a stream on this world-class, low-cost, long-life asset to be rewarded in the market and build the foundation for a value re-rating of our Company's shares."

Vale recently confirmed its plans to proceed with the construction of the VBME, with its first full year of production scheduled for 2021. Total estimated capital expenditures to complete construction and commissioning of the VBME are estimated by Vale to be approximately US\$1.7 billion and will extend the life of mine to 2034. As previously announced on June 11, 2018, once an aggregate of approximately 10.8kt (23.8mmlb) of cobalt has been delivered to Cobalt 27, which would occur once Voisey's Bay cobalt production after January 1, 2021 reaches approximately 33.1kt (73.0mmlb), the proportion of cobalt production delivered to Cobalt 27 will reduce to 16.3%. Under the terms of the Cobalt Stream, Vale has agreed that if mill throughput does not reach 85% of targeted levels by December 31, 2025, some or all of the Advance Amount may be refunded to Cobalt 27 and/or the applicable cobalt stream percentages may be increased.

### ***About Voisey's Bay***

Located on the north coast of Labrador, Canada, Voisey's Bay began production in 2005 and was purchased by Vale in 2006. The integrated open-pit mine and 8,100 tonnes per day milling operations, produces a copper concentrate and nickel-cobalt-copper concentrate from ore mined from the Ovoid deposit with the nickel-cobalt-copper concentrate being shipped for processing at Vale's Long Harbour hydrometallurgical refinery in Newfoundland which produces nickel rounds, copper cathode and cobalt rounds. The Long Harbour refinery began operations in 2014, and has a nameplate capacity of 50,000 metric tons of nickel per year. The VBME will focus on the Reid Brook and Eastern Deeps deposits. Once in operation, underground mining is scheduled to extend Voisey's Bay life of mine to at least 2034, based on total estimated underground reserves of 23.6 million tonnes, with a nickel grade of 2.17% and cobalt grade of 0.14%. The life of the mine may extend beyond the current scheduled reserve base as exploration drilling has shown mineralization continues below the current resource boundaries.

## Vale's Voisey's Bay Mine – Exploration Drilling Results



### About Vale S.A.

Vale is one of the largest metals and mining companies in the world with a market capitalization of approximately US\$70 billion. Vale operates four principal business segments: Ferrous Minerals, Base Metals, Coal and Logistics Infrastructure. Vale is one of the world's largest producers of iron ore and iron ore pellets and the world's largest producer of nickel. Vale also produces manganese ore, ferroalloys, metallurgical and thermal coal, copper, platinum group metals (PGMs), gold, silver and cobalt. Vale operates large logistics systems in Brazil and other regions of the world, including railroads, maritime terminals and ports, which are integrated with its mining operations. Vale has a track record of successfully streaming by-product metals from several of its base metals mines, with upfront payments totaling US\$3.7 billion since 2013 (excluding the Voisey's Bay Cobalt Stream).

### About Cobalt 27 Capital Corp.

Cobalt 27 Capital Corp. is a leading electric metals investment vehicle offering exposure to metals integral to key technologies of the electric vehicle and battery energy storage markets. The Company owns 2,982 Mt of physical cobalt and is acquiring the world's first producing cobalt nickel stream on the low-cost, long-life Ramu Nickel-Cobalt Mine and a cobalt stream on Vale's world-class Voisey's Bay mine beginning in 2021 including the announced underground expansion. The Company also manages a portfolio of eight royalties and intends to continue to invest in a cobalt-focused portfolio of streams, royalties and direct interests in mineral properties containing cobalt, while potentially adding to its cobalt physical holdings when opportunities arise.

For further information please visit the Company website at [www.cobalt27.com](http://www.cobalt27.com) or contact:

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### ***Scientific and Technical Information***

The scientific and technical information in this news release, as well as additional material scientific and technical information with respect to Voisey's Bay, has been prepared by Vale in its capacity as 100% owner and operator of Voisey's Bay, and disclosed by Vale and is available on Vale's filings with the U.S. Securities and Exchange Commission at <https://www.sec.gov> as well as on Vale's website at <http://www.vale.com/canada/>. All estimates of mineral reserves and mineral resources in respect of Voisey's Bay in this news release are based on Vale's Canadian mines operations' use of the NI 43-101 standard of estimating and reporting.

Disclosures of a scientific or technical nature in this news release have been reviewed on behalf of Cobalt 27 by Mr. Robert Osborne P.Eng., geologist and President of OLGs, an independent consultant to Cobalt 27 and a "Qualified Person" as defined by Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). A due diligence was conducted for scientific and technical matters and a site visit was conducted by the due diligence team.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. No securities regulatory authority has either approved or disapproved of the contents of this news release.*

*Forward-Looking Information: This news release contains certain information which constitutes 'forward-looking statements' and 'forward-looking information' within the meaning of applicable Canadian securities laws. Forward-looking statements in this news release include, without limitation: statements pertaining to the construction and commissioning of the Voisey's Bay mine expansion; statements pertaining to estimates of mineral resources and mineral reserves at Voisey's Bay; statements pertaining to future production and mining costs at Voisey's Bay; statements pertaining to future prices of cobalt, nickel and other commodities; statements pertaining to the adoption of electric vehicles globally; and statements pertaining to impact of the Cobalt Stream on the future performance of the Company. Forward-looking statements involve known and unknown risks and uncertainties, most of which are beyond the Company's control. For more details on these and other risk factors see the Company's most recent Annual Information Form on file with Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com) under the heading "Risk Factors". Should one or more of the risks or uncertainties underlying these forward-looking statements materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements. Accordingly, undue reliance should not be placed on these forward-looking statements. This news release also contains references to estimates of mineral resources and mineral reserves. The estimation of mineral resources is inherently uncertain and involves subjective judgments about many relevant factors. Estimates of mineral reserves provide more certainty but still involve similar subjective judgments. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the company's projects, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized), which may prove to be unreliable*

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*and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral resource or mineral reserve estimates may have to be re-estimated based on: (i) fluctuations in mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; (v) the evaluation of mine plans subsequent to the date of any estimates and/or changes in mine plans; (vi) the possible failure to receive required permits, approvals and licences; and (vii) changes in law or regulation.*

*The forward-looking statements contained herein are made as of the date of this release and, other than as required by applicable securities laws, the Company does not assume any obligation to update or revise it to reflect new events or circumstances. The forward-looking statements contained in this release are expressly qualified by this cautionary statement.*