

# Cobalt 27 Announces New Board, Offering of Shares and Agreements to Acquire Physical Cobalt and Cobalt-Related Royalties

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VANCOUVER, April 24, 2017 - [Cobalt 27 Capital Corp.](#) (TSX VENTURE: KBLT) (the "Company" or "Cobalt 27") announces that it has entered into a number of contracts and arrangements which in aggregate constitute a "change of business" under TSX Venture Exchange Policy 5.2. Specifically, the Company:

1. has appointed Scotia Capital Inc., Canaccord Genuity Corp. and TD Securities Inc. as lead underwriters and joint bookrunners (collectively, the "Lead Underwriters") to raise \$200,000,000 through a distribution of the Company's common shares (the "Offering");
2. has been granted thirteen options to purchase physical cobalt with net proceeds from the Offering (the "Cobalt Contracts");
3. has entered into six net smelter return royalty agreements on eight separate exploration-stage properties pertaining to the possible future production of cobalt (the "Royalty Contracts");
4. has appointed new officers and directors, being Anthony Milewski (Chairman, CEO & Director), Cindy Davis (CFO), Frank Estergaard (Director), Nick French (Director), and John Kanellitsas (Director), who will be joining John Hykawy (Director) whose appointment was announced on March 24, 2017;
5. has promoted Justin Cochrane to President & COO; and
6. has formed an advisory board to provide specific advice on the Company's new business strategy, comprised of Robert Mitchell, Phil Day, Andrew Ferguson, Stephen Gill, Vincent Metcalfe, Mark Selby, and Neil Warburton. In addition, Arlington Group Asset Management Limited will serve as a corporate advisor to the Company and continue to provide advice regarding management roles, board composition, marketing, financings, potential investors, streaming and royalty acquisitions and general corporate matters.

## New Business Strategy

The Company intends to become a minerals company offering pure-play exposure to cobalt, an integral element in key technologies of the electric vehicle ("EV") and battery energy storage markets. The Company will initially hold physical cobalt and several exploration-stage cobalt royalties. The Company is currently in negotiations with cobalt producers and developers for potential cobalt stream acquisitions. Management believes that the cobalt purchased under the Cobalt Contracts will represent one of the largest holdings of physical cobalt in a publicly-listed pure play cobalt company. The Company's objective is to achieve appreciation in the value of its physical cobalt position and accretively grow its cobalt exposure through the acquisition of additional physical cobalt, streams, royalties and direct interests in mineral properties containing cobalt.

EVs have entered into the mainstream at economically attractive price points to the mass market. Increasing demand for EVs is expected to drive investor demand for battery metals, particularly cobalt, which is an important component in batteries. Batteries currently represent approximately 50% of total cobalt demand. The Company believes strong cobalt demand, coupled with challenged supply due to a lack of primary cobalt mines and political instability of the Democratic Republic of the Congo, which is the largest supplier of mined cobalt, creates an attractive proposition for cobalt price appreciation. The cobalt market was in a deficit in 2016 for the first time since 2009, with growing supply deficits expected through to 2020.

Management intends to pursue a business model that offers direct and long term leverage to cobalt price appreciation through owning physical cobalt and cobalt streams and royalties from producers and developers, as well as direct interests in mineral properties containing cobalt. Unlike mining companies and battery producers, physical cobalt, streams, and royalty interests will limit exposure to operational and capital risks. As there is a lack of futures liquidity for cobalt on the London Metal Exchange, and an absence of near-term primary-cobalt mining projects, the Company intends to provide a unique investment opportunity by offering investors exposure to cobalt.

## **Public Offering**

To finance this new business strategy, the Company has appointed the Lead Underwriters, on behalf of a syndicate of underwriters to be formed (collectively with the Lead Underwriters, the "Underwriters") to raise gross proceeds equivalent to \$200,000,000 through a distribution of the Company's common shares ("Shares"), to be priced following a marketing program (the "Offering"). The Company has prepared and filed a long form prospectus (the "Prospectus") to qualify the distribution of the Shares pursuant to the Offering. The Company will also grant the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time until 30 days following the closing of the Offering, to purchase from the Company at the offering price up to an additional 15% of the number of Shares sold under the Offering.

## **Cobalt Contracts**

Under each Cobalt Contract, the Company has been granted an option, but not an obligation, to acquire a specified maximum amount of physical cobalt, at the market price. The grade and brand of cobalt under option with each vendor varies and includes premium brands and standard brands of physical cobalt. Each Cobalt Contract will close concurrently with or immediately following closing of the Offering; and closing of each Cobalt Contract is conditional upon closing of the Offering. Each Cobalt Contract was entered into at arm's length.

Each vendor of cobalt was offered the choice of receiving cash, Shares, or any combination thereof. Following vendor elections, Cobalt Contracts provide for the purchase price to be paid in cash, Shares or in a combination of cash and Shares. Shares issued as partial or full consideration under a Cobalt Contract are referred to as "Cobalt Contract Shares". All Cobalt Contract Shares are qualified for distribution under the Prospectus, and will be issued concurrently with closing of the Offering.

Cobalt purchased under the Cobalt Contracts will be insured and is currently stored in secure warehouses, and will either remain in such location, or be re-located as the Company may determine.

## **Royalty Contracts**

The Company has entered into the Royalty Contracts to acquire eight royalties on exploration-stage properties containing cobalt, for total consideration of \$1,150,000 to be satisfied with the issuance of Shares at the offering price immediately following closing of the Offering. The Company believes the acquisition of the royalties under the Royalty Contracts will provide long-term optionality on the price of cobalt. The Company is also actively pursuing streaming and other royalty acquisition opportunities. The focus will be on streaming opportunities that could provide the Company with material near-term cash flow. Details of the Royalty Contracts are disclosed in the Company's preliminary prospectus, as filed on SEDAR. Each Royalty Contract was entered into at arm's length.

## **New Management**

The following summarizes information regarding the Company's directors and executive officers:

### **Anthony Milewski, Chairman, CEO & Director**

Mr. Anthony Milewski joined the Company as Chairman, CEO and a Director on April 20, 2017.

Mr. Milewski has spent his career in various aspects of the mining industry, including as a company director, advisor, founder and investor. In particular, he has been active in the battery metals industry including investing in cobalt and actively trading physical cobalt.

Mr. Milewski has managed numerous mining investments at various stages of development, including exploration, development, production and turnaround situations, and across a broad range of commodities. He has served as a director of both public and private companies and has been seconded as interim CEO on multiple occasions. Mr. Milewski is a member of the investment team at Pala Investments Limited. Prior to joining Pala Investments, he worked at Firebird Management LLC.

Mr. Milewski previously worked at Renaissance Capital and Skadden, Arps, Slate, Meagher & Flom LLP in Moscow, where he focused on advisory and transactional work in metals & mining and oil & gas sectors. He has lived and worked in Africa and Russia, including a year as a Fulbright scholar, and has spent

considerable time in Central Asia.

Mr. Milewski holds a B.A. in Russian history from Brigham Young University, an M.A. in Russian and Central Asian Studies from the University of Washington, and a J.D. from the University of Washington. He holds an LLM from the Russian Academy of Sciences.

### **Justin Cochrane, President & COO**

Mr. Justin Cochrane has been an officer of the Company since March 31, 2017. In conjunction with the Offering, Mr. Cochrane was promoted to the Company's President & COO on April 20, 2017.

Mr. Cochrane has 15 years of royalty and stream financing, M&A and corporate finance experience. He served as Executive Vice President and Head of Corporate Development for Sandstorm Gold Ltd. for five years. At Sandstorm, he was responsible for the structuring, negotiation and execution of over US\$500,000,000 of royalty and stream financing contracts around the world, across dozens of projects. He is currently a board and audit committee member of Chatham Rock Phosphate. Prior to Sandstorm, he spent nine years in investment banking and equity capital markets with National Bank Financial where he covered the resource, clean-tech and energy technology sectors.

Mr. Cochrane is a Chartered Financial Analyst, and a registered and licensed security advisor in Canada.

### **Cindy Davis, CFO**

Ms. Davis joined the Company as the CFO on April 20, 2017.

Since June 2008, Ms. Davis has provided accounting and financial reporting services for publicly listed companies, through Marrelli Support Services Inc. She is currently a director and audit committee chair for Outdoor Partner Media Corporation; and CFO for each of Royal Road Minerals Limited, CHAR Technologies Ltd., and Pasinex Resources Ltd. Ms. Davis is a Canadian Chartered Professional Accountant, and holds a Bachelor of Science degree specializing in Accounting and Economics from the University of West Indies in Jamaica.

### **Frank Estergaard, Director**

Mr. Frank Estergaard joined the Company as a Director and Chair of the Audit Committee on April 20, 2017.

Mr. Estergaard is a CPA, CA and a retired partner of KPMG. As an audit partner with KPMG, he provided audit services to clients in a wide range of industries, including mineral exploration and high technology. He also served on the firm's Management Committee and Partnership Board.

Since retirement from KPMG, Mr. Estergaard has provided financial consulting services through Frannan Enterprises Ltd., and has served as CFO for several companies, including Rackforce Networks Ltd. (a private company), and for Metalex Ventures Ltd., (a public company). Mr. Estergaard has also served as a Director and Chairman of the Audit Committee for QHR Technologies Inc. and Fission Energy Inc. He is currently a Director and Chairman of the Audit Committee for Fission Uranium Corp. and Fission 3.0 Corp. and serves on their Corporate Governance Committees.

### **Nick French, Director**

Mr. Nick French joined the Company as a Director on April 20, 2017.

Mr. French graduated from Cambridge University in 1975 with an M.A. in Geography (Economic) before spending 22 years with London based trader Wogen Resources Ltd. during which time he rose from trainee to Managing Director and was at the trading desk when the price of cobalt rose from US\$5/lb to US\$50/lb during an eight-month period during 1978. During the following years, Mr. French was on the cobalt front line as the market developed new directions based upon the opening up of China as it turned from net exporter to net importer and the collapse of the Iron Curtain including the sell-off of the Soviet stockpiles.

In 1997, he became the CEO of SFP Metals Ltd., a creative cobalt specialist trading house. While at SFP Metals, he structured finance deals with African producers, a joint venture with China's largest producer, and various long term contracts with the world's largest producers and consumers. As such, SFP Metals was well placed when the cobalt price ran up to over US\$50/lb again in 2008. With SFP Metals as one of the most

active global cobalt traders, the "SFP Weekly Cobalt News" publication was for more than a decade distributed to over 350 members of the global cobalt community.

In 2015, Mr. French stepped back to form his own cobalt consultancy, Metal Investment Consultants, and has spent the last two years advising various parties on the structure and potential of the cobalt market with occasional articles published in the industrial press and conference presentations.

### **Jonathan Hykawy, Director**

Dr. Jon Hykawy has been a Director of the Company since March 24, 2017.

Dr. Hykawy was trained as an experimental physicist and worked at some of the most prestigious laboratories in North America, including the Chalk River Laboratories of Atomic Energy of Canada Limited as well as the Sudbury Neutrino Observatory. He, along with the rest of the Sudbury Neutrino Observatory Collaboration, was awarded the 2016 Breakthrough Prize in Fundamental Physics. He also earned a MBA degree from Queen's University, after which he began working in the financial industry in Toronto. Dr. Hykawy has been an equities analyst on Bay Street since 2000, covering technologies such as batteries and fuel cells, and the critical materials used to manufacture these technologies, including lithium, cobalt and the rare earths.

In particular, Dr. Hykawy has made cobalt and other battery materials a key part of his research focus since 2009, when he helped found Byron Capital Markets, a boutique brokerage operation that specialized in researching the industry and companies involved in various critical material sectors. His current business, Stormcrow Capital Limited, consults with various clients, including private equity investors, large multinational corporations and junior mining companies, who are involved in critical materials. Stormcrow's work includes analysis of supply and demand within a commodity sector, as well as future pricing projections.

Dr. Hykawy is widely quoted on battery materials such as cobalt, and is an invited speaker at such conferences as the 1-2-1 Mining Summit series, the Mines and Money series, the Lithium Supply and Markets series, the Roskill Rare Earths Conferences, the Argus Metals Week and Rare Earth Conferences, and various other events held around the world.

### **John Kanellitsas, Director**

Mr. John Kanellitsas joined the Company as a Director on April 20, 2017.

Mr. Kanellitsas has been involved in the battery materials industry since 2009 and is currently the President and Vice Chairman of Lithium Americas Corp. He has over 25 years of corporate finance and investment management experience. He was a co-founder of Geologic Resource Partners, LLC and served as its Chief Operating Officer from 2004 until 2014, and was previously employed by Sun Valley Gold, LLC, Morgan Stanley & Co. in New York and San Francisco, and General Electric. Mr. Kanellitsas has an MBA from the University of California at Los Angeles and a BS degree in Mechanical Engineering from Michigan State University.

### **Advisory Board**

The Company has also formed an advisory board comprised of the following persons to provide specific advice on various aspects of the Company's new business strategy:

#### **Robert Mitchell**

Mr. Mitchell is Managing Member of Portal Capital, Portfolio Manager of Green Energy Metals Fund and Co Portfolio Manager of Odysseus Fund. He has over 30 years of experience in the public securities industry and has served as a Portfolio Manager since 2002. He created and launched Adit Capital Management, L.P. in 2004, acting as its Portfolio Manager and has served as the General Partner for Adit Capital Management II, L.P. and Adit Capital Management III, L.P. He founded Portal Capital in 2006 and prior to that was the Chief Investment Officer for Touchstone Investment Managers, LLC in addition to Portfolio Manager, where he compiled a cumulative equity return of over 50% from January 2003 through December 2005. Since 2004, he has had several articles published in Marc Faber's newsletter, "Gloom, Boom & Doom", was profiled in Forbes in 2005, and has been mentioned in the NY Times and Wall Street Journal for his entry into the uranium markets.

### **Phil Day**

Mr. Day is Vice President, Technical and Operations Team at Pala Investments Limited, which he joined in 2014 and has been directly involved in operations and development with several portfolio companies. He has over 20 years of experience in mining projects globally, focusing on operations, design and consulting. Prior to joining Pala Investment, he worked for AMEC Americas as Vice President for Process Engineering. He has managed a number of major projects, including the expansion of Corrego do Sitio, the \$1 billion Gramalote gold study for Anglo Gold Ashanti and the \$2 billion ammonia leach expansion of Tenke Copper project for Freeport-McMoRan. He has also had operational, managerial and technical roles for BHP Billiton, WMC Resources, Minara Resources and Wiluna Gold, gaining exposure to various commodities.

### **Andrew Ferguson**

Mr. Ferguson is Executive Director and CEO of APAC Resources Limited, a natural resources investment and commodities business company listed on the Hong Kong Stock Exchange. He has 21 years of experience in the finance industry specializing in global natural resource. In 2003, he co-founded New City Investment Managers in the United Kingdom. He has a proven track record in fund management and was the former co-fund manager of City Natural Resources High Yield Trust, which was awarded "Best UK Investment Trust" in 2006. He also managed New City High Yield Trust Ltd. and Geiger Counter Ltd. He worked for New City Investment Managers CQS Hong Kong, a financial institution providing investment management services to a variety of investors. He is currently an alternate director to Mr. Lee Seng Hui of Mount Gibson Iron Limited.

### **Stephen Gill**

Mr. Gill has been at Pala Investments Limited since 2008, during which time he has been involved in structuring many of Pala Investments' principal investments covering a range of commodities, with a particular focus on technology-related metals and non-exchange traded commodities including titanium feedstocks, tin, cobalt and lithium. Key transactions include, Pala Investments' investments in Sierra Rutile Limited, Asian Mineral Resources Ltd. and African Thunder Platinum Ltd. Mr. Gill has also supported many of Pala Investments' investee companies in defining and implementing strategic initiatives, including the expansion of Dumas Mining's business through a series of acquisitions, the turn-around of Asian Mineral Resources' Ban Phuc nickel project, and the evolution of Sierra Rutile's dry mining business model. He is also a director of Nevada Copper Corp. and Kasbah Resources Limited, and was previously a director of Sierra Rutile Limited and Asian Mineral Resources Ltd.

### **Vincent Metcalfe**

Mr. Metcalfe is Vice President, Investor Relations at Osisko Gold Royalties Ltd. and CFO at Falco Resources Ltd. He previously was Director of Project Evaluations at Osisko Gold Royalties Ltd. He specializes in mergers and acquisitions, equity financings, corporate development and streaming transactions. He has nine years of investment banking experience, working at Desjardins Securities (VP and Director) and BMO Capital Markets (Analyst) specializing in metals and mining.

### **Mark Selby**

Mr. Selby is the President and CEO of RNC Minerals (formerly Royal Nickel Corporation) advancing one of the few large nickel projects - Dumont. RNC Minerals has also successfully developed new processing method utilizing roasting to process nickel sulphide concentrates. Prior to joining RNC Minerals in 2010 as Senior Vice President, Business Development, he was Vice President, Business Planning & Market Research at Quadra Mining. He is actively sought out as a speaker on the nickel market and recognized as one of a limited set of global nickel market experts. He was a Director, Market Research at Inco from 2001 to 2004. Inco is recognized as one of first mining companies to understand China's impact on the nickel market. At Inco, he took over as Vice President, Strategy and led the corporate development group in early 2005 through 2007 during the Inco/Falconbridge merger and various corporate combinations thereafter.

### **Neil Warburton**

Mr. Warburton is a Non-Executive Director of Independence Group (IGO), a diversified mining company. He is a qualified mining engineer with 35 years of experience in gold and nickel a development and mining. He

was CEO at Barmenco Limited from 2007 to 2012, where he managed Australian operations and coordinated the international expansion into West Africa and Egypt. He also held a senior executive position at Coolgardie Gold and was a non-executive director of Sirius Resources NL, Peninsular Energy Limited and non-executive chairman of Red Mountain Mining Ltd. He is currently a non-executive director of Australian Mines Limited, Namibian Copper Limited and Flinders Mines Ltd.

### **Resignation of Directors and Officers**

The Company also announces the resignations of Carl von Einsiedel (as Director and CEO), Kathryn Witter (as CFO) and Ray Wladichuk (as Director) effective April 20, 2017. Kathryn Witter will remain with the Company as the Corporate Secretary. Anthony Milewski, the Company's new Chairman and CEO, states "We would like to thank Mr. Einsiedel and Mr. Wladichuk for their contributions to the Company, and we wish both of them well in their future endeavours."

### **Other Matters**

The Company's auditors have been changed from Charlton & Company LLP to Wolrige Mahon LLP.

The Company will be a mineral resource issuer under TSX Venture Exchange ("TSXV") policies upon closing of the above transactions; however the Company intends to make application to list on the Toronto Stock Exchange. The Company does not anticipate seeking shareholders' approval with respect to the above transactions; nor will it be engaging any sponsor with respect to its application for TSXV approval. No new "control person" (as defined in TSXV policies) of the Company will result from the above transactions.

### **Halt Trading and Regulatory Review**

Trading in the Company's Shares was halted at the request of the Company prior to the open on Monday, April 17, 2017 pending the dissemination of this news release and approval to the above proposed transactions by the TSXV. As the transactions amount to a Change of Business under TSXV policies, it is expected that trading in the Shares will remain halted until the Offering is closed and all contracts to acquire physical cobalt and royalties have completed.

ON BEHALF OF COBALT 27 CAPITAL CORP.

Anthony Milewski  
Chairman, CEO & Director

For further information, please visit Cobalt 27's website at [www.co27.com](http://www.co27.com).

Completion of the proposed transactions is subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance. There can be no assurance that the transactions will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the prospectus to be prepared in connection with the Offering, any information released or received with respect to the transactions may not be accurate or complete and should not be relied upon. Trading in the securities of Cobalt 27 Capital Corp. should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transactions and has neither approved nor disapproved the contents of this press release.

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 Offer or Solicitation**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer or sale would be unlawful prior to

registration or qualification under the securities laws of any such jurisdiction.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:**

*This news release includes certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities legislation. These forward-looking statements include, but are not limited to, statements with respect to: (i) expectations regarding whether the proposed transactions, including exercise of the Cobalt Contracts and the related Offering, will be consummated (including whether conditions to the consummation of the proposed transactions will be satisfied, or the timing for completing the proposed transactions); (ii) expectations for the effects of the transactions to successfully achieve business objectives; (iii) the potential benefits of the proposed transactions; and (iv) expectations for other economic, business, and/or competitive factors. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements include the following: (i) the ability to consummate the proposed transactions; (ii) the ability to obtain requisite regulatory approvals and the satisfaction of other conditions to the consummation of the proposed transactions on the proposed terms and schedule; (iii) changes in general economic, business and political conditions, including changes in the financial markets; (iv) changes in applicable laws; (v) competition that the Company may face; (vi) compliance with government regulation; and (vii) and the diversion of management time on the proposed transactions. These forward-looking statements may be affected by risks and uncertainties in the business of the Company and market conditions. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Specifically, there is no assurance the Company will be successful in raising any amount under the Offering, and therefore there is no assurance it will be able to acquire any cobalt under the Cobalt Contracts or acquire any cobalt-related royalties under the Royalty Contracts. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

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(unless otherwise noted, all currency amounts are stated in Canadian dollars)

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