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

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TSX Venture: KBLT
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32.6% Cobalt Stream to deliver approximately 1.9 million pounds of cobalt per year to Cobalt 27, to be settled in physic delivery for the life of the mine

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

The closing of this transaction is in conjunction with Vale completing a separate streaming agreement with Wheaton Pr Metals Corp. ("WPM"). In total, Cobalt 27 and WPM have provided Vale an aggregate of US$690 million in upfront proc 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 milestone achievement in our pursuit of building the world's premier investment vehicle to play the electric vehicle and energy storage revolution. Cobalt 27 is expecting to purchase approximately 1.6 million pounds of cobalt per year durin 2021 to 2024 ramp-up, increasing to approximately 1.9 million pounds of cobalt per year during full-scale production sta 2025. The Cobalt Stream will be settled by Vale delivering to Cobalt 27 cobalt metal stored in warehouse in the form o warehouse certificates. At current cobalt spot prices, the Voisey's Bay Cobalt Stream is expected to add significant cas Cobalt 27, for an initial 14 year mine life, beginning in 2021. We expect a stream on this world-class, low-cost, long-life 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 sche 2021. Total estimated capital expenditures to complete construction and commissioning of the VBME are estimated by be approximately US$1.7 billion and will extend the life of mine to 2034. As previously announced on June 11, 2018, o aggregate of approximately 10.8kt (23.8mmlb) of cobalt has been delivered to Cobalt 27, which would occur once Voise cobalt production after January 1, 2021 reaches approximately 33.1kt (73.0mmlb), the proportion of cobalt production d to Cobalt 27 will reduce to 16.3%. Under the terms of the Cobalt Stream, Vale has agreed that if mill throughput does r 85% of targeted levels by December 31, 2025, some or all of the Advance Amount may be refunded to Cobalt 27 and/o 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 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 bein for processing at Vale's Long Harbour hydrometallurgical refinery in Newfoundland which produces nickel rounds, copp

cathode and cobalt rounds. The Long Harbour refinery began operations in 2014, and has a nameplate capacity of 50, 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 undergr 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 exte beyond the current scheduled reserve base as exploration drilling has shown mineralization continues below the curren resource boundaries.

About Vale S.A.

Vale is one of the largest metals and mining companies in the world with a market capitalization of approximately US$7 Vale operates four principal business segments: Ferrous Minerals, Base Metals, Coal and Logistics Infrastructure. Vale the world's largest producers of iron ore and iron ore pellets and the world's largest producer of nickel. Vale also produc manganese ore, ferroalloys, metallurgical and thermal coal, copper, platinum group metals (PGMs), gold, silver and col operates large logistics systems in Brazil and other regions of the world, including railroads, maritime terminals and por are integrated with its mining operations. Vale has a track record of successfully streaming by-product metals from seve 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 techn the electric vehicle and battery energy storage markets. The Company owns 2,982 Mt of physical cobalt and is acquirin world's first producing cobalt nickel stream on the low-cost, long-life Ramu Nickel-Cobalt Mine and a cobalt stream on V world-class Voisey's Bay mine? beginning in 2021 including the announced underground expansion. The Company als manages a portfolio of eight royalties and intends to continue to invest in a cobalt-focused portfolio of streams, royalties direct interests in mineral properties containing cobalt, while potentially adding to its cobalt physical holdings when oppo arise.

For further information please visit the Company website at 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 inform with respect to Voisey's Bay, has been prepared by Vale in its capacity as 100% owner and operator of Voisey's Bay, a disclosed by Vale and is available on Vale's filings with the U.S. Securities and Exchange Commission at https://www.s well as on Vale's website at http://www.vale.com/canada/. All estimates of mineral reserves and mineral resources in re Voisey's Bay in this news release are based on Vale's Canadian mines operations' use of the NI 43-101 standard of es and reporting.

Disclosures of a scientific or technical nature in this news release have been reviewed on behalf of Cobalt 27 by Mr. Ro Osborne P.Eng., geologist and President of OLGS, an independent consultant to Cobalt 27 and a "Qualified Person" as by Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). A due dili 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 TS Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. No securities regulatory authori either approved or disapproved of the contents of this news release.

Forward-Looking Information: This news release contains certain information which constitutes 'forward-looking statem 'forward-looking information' within the meaning of applicable Canadian securities laws. Forward-looking statements in release include, without limitation: statements pertaining to statements pertaining to the construction and commissionin Voisey's Bay mine expansion; statements pertaining to estimates of mineral resources and mineral reserves at Voisey's statements pertaining to future production and mining costs at Voisey's Bay; statements pertaining to future prices of co

nickel and other commodities; statements pertaining to the adoption of electric vehicles globally; and statements pertain impact of the Cobalt Stream on the future performance of the Company. Forward-looking statements involve known an unknown risks and uncertainties, most of which are beyond the Company's control. For more details on these and othe factors see the Company's most recent Annual Information Form on file with Canadian securities regulatory authorities SEDAR at www.sedar.com under the heading "Risk Factors". Should one or more of the risks or uncertainties underlyi forward-looking statements materialize, or should assumptions underlying the forward-looking statements prove incorre results, performance or achievements could vary materially from those expressed or implied by the forward-looking sta Accordingly, undue reliance should not be placed on these forward-looking statements. This news release also contain references to estimates of mineral resources and mineral reserves. The estimation of mineral resources is inherently u and involves subjective judgments about many relevant factors. Estimates of mineral reserves provide more certainty b involve similar subjective judgments. Mineral resources that are not mineral reserves do not have demonstrated econo viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assu 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 wil realized), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and sta 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 proposed mining operations, including dilution; (v) the evaluation of mine plans subsequent to the date of any estimate changes in mine plans; (vi) the possible failure to receive required permits, approvals and licences; and (vii) changes in 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 stat

[1] 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.

SOURCE Cobalt 27 Capital Corp.

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