

# Cobalt Blockchain and Traxys Announce Cobalt Hydroxide Plant Joint Venture, Cobalt Off-Take Agreement and US\$30 Million Trade Finance Facility

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TORONTO, Aug. 7, 2018 - [Cobalt Blockchain Inc.](#) ("COBC" or the "Company") (TSXV:COBC) and Traxys Europe S.A. are pleased to announce that they have signed a letter of intent ("LOI") on August 6, 2018 to establish a commercial partnership with respect to the Traxys-owned cobalt hydroxide plant (the "Plant") in Lubumbashi, Democratic Republic of the Congo ("DRC"). Highlights of the LOI include:

- A 10-year joint venture agreement with respect to leasing and operating the Plant (the "JV/Lease Agreement");
- A US\$30 million trade finance facility to be made available by Traxys to COBC (the "Trade Facility") with regard to ethically-sourced cobalt concentrates traded by COBC; and
- A 10-year off-take agreement covering 100% of the cobalt concentrates produced by COBC at the Plant or purchased with proceeds of the Trade Facility (the "Off-Take Agreement").

## JV/Lease Agreement for the Cobalt Hydroxide Plant

The Plant (Figure 1) consists of a process facility for conventional hydrometallurgical cobalt leaching, constructed in 2017 in Lubumbashi, DRC, including an office complex with an assay laboratory and staff housing for up to 20 people. Its produced cobalt hydroxide is used in the preparation of other cobalt compounds, as a catalyst, and in the manufacture of battery electrodes.

The Plant is situated on an approximately 8-hectare parcel of land, located 5 kilometres from the Lubumbashi International Airport and Highway N1. The Plant is connected to the Société Nationale d'Électricité grid, and has a diesel backup generator. The Plant has a design throughput of 50,000 tonnes per annum (tpa) of run of mine feed. Expected output assuming a minimum grade of 3% Co is 3,150 tonnes of cobalt hydroxide, with 1,050 tpa of contained cobalt.

Under the JV/Lease Agreement, COBC will invest up to US\$2,000,000 to commission the Plant towards its full production, anticipated to take between 4 to 6 months. An independent technical engineering report will provide detailed specifications and a timeline for commissioning.

On commissioning, COBC will be responsible for Plant operations, including operating and reasonable maintenance costs, under a 10-year lease from Traxys. With respect to this, the Company will issue to Traxys stock options of COBC equivalent to C\$500,000 annually at an exercise price of C\$0.25 per share.

## US\$30 Million Trade Finance Facility

Traxys will provide the Company with trade financing in the form of a Credit Facility of up to USD \$30,000,000 with an initial drawdown of USD \$5,000,000 to USD \$10,000,000. The first tranche will be collateralised with pledges of COBC common shares and/or cobalt ore and/or concentrates.

All Trade Facility proceeds received by COBC shall be used solely for payment of costs, charges, and general working capital to procure ethically-sourced cobalt ores and concentrates. Additional details will be made available once a definitive agreement has been signed.

## Off-Take Agreement

COBC will sign an exclusive off-take agreement with Traxys for the supply of certified ethically-sourced cobalt hydroxide from the Plant and any cobalt ore and/or cobalt concentrates purchased using the proceeds of the Trade Facility. The term of the Off-Take Agreement will continue until 10 years after the commissioning of the Plant is completed and production commences.

The closing of the JV/Lease Agreement, Off-Take Agreement and initial funding of the Trade Facility are subject to the completion of technical, legal, financial, environmental and other due diligence satisfactory to both Traxys and COBC, the execution of a definitive agreement, and the necessary regulatory approvals.

"We're very excited about our commercial partnership with Traxys," noted Lance Hooper, COBC President and Chief Operating Officer. "This joint venture puts Cobalt Blockchain that much closer to its near-term cash flow goal and the possibility of cash flow-linked dividends to loyal COBC shareholders."

Any cash flow-linked dividend, should one be distributed in the future, will be derived from cash generation from the Company's metal trading business, profitability and balance sheet strength.

"Traxys is pleased to expand its existing footprint in the DRC to include cobalt production that will be sourced, produced and exported in an ethical, traceable and verifiable manner in accordance with all existing Organization for Economic Cooperation and Development (OECD) guidelines," said Steve Walsh, Traxys Director of Asset Operations. "We are looking forward to partnering with COBC to re-commission the plant and build a successful business for all stakeholders."

#### About Traxys Europe S.A.

Traxys is a leader in financial and logistical solutions for the ferroalloy, metal, mineral mining and energy industries. Specifically, its focus is on the marketing and sourcing of base metals and concentrates, minor and alloying metals, industrial minerals and chemicals, and materials for steel mills and foundries. Traxys manages all parts of the supply chain from producer to consumer on a global scale. The company, based in Luxembourg, has over twenty offices worldwide and more than US\$6 billion in annual turnover.

#### About Cobalt Blockchain Inc.

[Cobalt Blockchain Inc.](#) (TSXV:COBC) is a Canadian resource company expanding its exploration and development business to include cobalt assets in the Democratic Republic of the Congo ("DRC"); it holds export trading licenses for 3T, copper and cobalt from the DRC. COBC is the first mining and mineral trade company set up specifically to procure cobalt in compliance with the Organisation for Economic Co-operation and Development ("OECD") due diligence framework. COBC has developed and is implementing a blockchain-based reporting platform to provide greater certainty of provenance and further assurance that all minerals procured are ethically-sourced. Senior management have over twelve years of experience working in the DRC and a proven international track record in exploration success and the trading of certified conflict-free, child-labour-free minerals.

#### Forward-Looking Information

This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the statements. There are certain factors that could cause actual results to differ materially from those in forward-looking statements. These include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. For more information on the Company, investors should review registered filings at [www.sedar.com](http://www.sedar.com).

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