

Cobalt 27 Provides Update on Proposed Arrangement with Pala Investments Limited

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- Special meeting of shareholders to approve the Arrangement to be held on September 12, 2019
- Shareholders are encouraged to vote well in advance of the voting deadline of September 10, 2019 at 10:00 a.m. (Toronto time)
- Cobalt 27 Board and Special Committee unanimously recommend that shareholders vote in favour of the Arrangement
- ISS has recommended that shareholders vote in favour of the Arrangement
- Recent third party acquisition proposal withdrawn
- Update on Nickel 28

TORONTO, Sept. 3, 2019 - [Cobalt 27 Capital Corp.](#) (TSXV: KBLT) (OTCQX: CBLLF) (FRA: 270) ("Cobalt 27" or the "Company") today provides an update in connection with the proposed acquisition of Cobalt 27 by Pala Investments Limited ("Pala") by way of a plan of arrangement (the "Arrangement"), pursuant to which Pala will indirectly acquire all of the issued and outstanding shares of the Company, other than the approximately 19% that Pala already owns, by way of statutory plan of arrangement. Under the Arrangement, shareholders of Cobalt 27 will receive consideration of C\$5.75 per common share, comprised of C\$3.57 in cash plus shares of a newly listed company named [Nickel 28 Capital Corp.](#) ("Nickel 28") with an implied value of C\$2.18 per share.

Shareholders Meeting to Approve the Arrangement

Cobalt 27 shareholders will be asked to approve the Arrangement at the annual general and special meeting of shareholders to be held on September 12, 2019, at 10:00 a.m. (Toronto time) at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario. Only Cobalt 27 shareholders of record at the close of business on August 12, 2019 will be entitled to receive notice of and vote at the meeting, or any adjournment or postponement thereof.

The Cobalt 27 Special Committee and Board of Directors reiterate their UNANIMOUS recommendation that you vote FOR the Arrangement. Your vote is IMPORTANT to the success of this transaction.

On August 27, 2019 Institutional Shareholder Services Inc. ("ISS"), a leading independent proxy advisory firm, recommended that the Company's shareholders vote FOR the Arrangement.

Cobalt 27 shareholders are encouraged to review in detail the Management Information Circular dated August 13, 2019 (the "Circular"), which provides details of the Arrangement. An electronic copy of the Circular is available on the Company's website at <https://www.cobalt27.com/investors/financials/> and on SEDAR under Cobalt 27's profile at www.sedar.com.

Cobalt 27 shareholders are encouraged to vote well in advance of the voting deadline of September 10, 2019 at 10:00 a.m. (Toronto time).

Cobalt 27 shareholders who have questions about the Circular, or need assistance with voting their shares, can contact our proxy solicitation agent, Kingsdale Advisors:

Kingsdale Advisors North American Toll-Free Number: +1.888.518.6554
Outside North America, Banks, Brokers and Collect Calls: +1.416.867.2272
Email: contactus@kingsdaleadvisors.com

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Shareholders are encouraged to vote today using the internet, telephone or facsimile. Your vote is important regardless of the number of Cobalt 27 shares you own.

Withdrawn Third Party Acquisition Proposal

On August 12, 2019, Cobalt 27 received an unsolicited, confidential, non-binding offer from a private streaming and royalty company (the "Potential Offeror"), pursuant to which the Potential Offeror had offered to acquire all of the issued and outstanding common shares of the Company by way of plan of arrangement for consideration per share comprised of C\$4.00 in cash plus one share of Nickel 28 (collectively, the "Acquisition Proposal"). The Acquisition Proposal was expressly subject to, among other things, completion of confirmatory due diligence, approval of the board of directors of the Potential Offeror, and negotiation of a definitive arrangement agreement with Cobalt 27.

On August 13, 2019, the board of directors of Cobalt 27 (the "Cobalt 27 Board") and the independent special committee of the Cobalt 27 Board each met and determined, after consultation with their outside financial and legal advisors, that the Acquisition Proposal could reasonably be expected to lead to a Superior Proposal (as this term is defined in the arrangement agreement dated June 17, 2019 between Cobalt 27 and Pala). Subsequently, Cobalt 27 and the Potential Offeror entered into a confidentiality and standstill agreement, following which the Potential Offeror was provided with full access to Cobalt 27's dataroom (including the same information as provided to Pala) as well as the Company's professional advisors for purposes of evaluating and negotiating the terms of a potential alternative transaction.

After the close of trading on August 30, 2019, and after the Potential Offeror had been provided diligence information with respect to Cobalt 27, the Potential Offeror advised Cobalt 27 that its previous non-binding proposal had expired and that it would not be submitting any further proposal to Cobalt 27. The Potential Offeror attributed its decision to refrain from proceeding with a transaction to its own assessment of the risks of a transaction given recent events in Papua New Guinea (see "Update Regarding Nickel 28" below) and the unresolved business issues that the parties had been discussing in relation to a definitive agreement, which issues related to which party would bear the regulatory risks of a transaction (as compared to the terms and conditions of the Arrangement), and the means by which the Potential Offeror would have had to fund the termination fee that would have been payable to Pala in the event that the Potential Offeror had ultimately made a Superior Proposal. The Cobalt 27 Board has not made any change in its recommendation regarding the Arrangement and continues to unanimously recommend that shareholders vote in favour of the Arrangement with Pala.

Update Regarding Nickel 28

The Board of Cobalt 27 continues to believe that Nickel 28 should provide shareholders with attractive exposure to battery metal upside and the electric vehicle revolution. Since the Arrangement with Pala was announced on June 18, 2019 to August 30, 2019, the price of nickel has increased 51% from US\$5.40 per lb to US\$8.17 per lb. The outlook for nickel is also anticipated to be positively impacted by Indonesia's expected ban on exports of nickel ore to come into effect by year end.

Cobalt 27 also notes reports of an accidental waste discharge on August 24, 2019 at the Ramu nickel Basamak plant in Papua New Guinea which is operated by Metallurgical Corp. of China ("MCC"). Cobalt 27's subsidiary Highlands Pacific Limited holds an 8.56% joint venture interest in the Ramu mining and processing operations. Cobalt 27 understands that the discharge has been contained, has had a limited impact and that MCC is working with local authorities on appropriate remedial measures.

About Cobalt 27

[Cobalt 27 Capital Corp.](#) is a leading battery metals streaming company offering exposure to metals integral to key technologies of the electric vehicle and energy storage markets. Cobalt 27 holds an 8.56% joint venture interest in the long-life, world-class Ramu operation which currently delivers near-term attributable nickel and cobalt production. Cobalt 27 also manages a portfolio of 11 royalties. Cobalt 27 also owns

physical cobalt and a cobalt stream on the Voisey's Bay mine.

Cautionary Note Regarding Forward-Looking Statements

This news release contains certain information which constitutes 'forward-looking statements' and 'forward-looking information' within the meaning of applicable Canadian securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to statements with respect to: future prices of and market demand for nickel, the business and assets (including their implied value) of Nickel 28 and its strategy going forward; risks relating to the accidental waste discharge at the Ramu nickel Basamak plant which remain unpredictable and subject to clarification; the consideration to be received by shareholders of Cobalt 27, which may fluctuate in value due to Nickel 28 common shares forming part of the consideration; and the satisfaction of closing conditions to the Arrangement including, without limitation (i) required Cobalt 27 shareholder approvals; (ii) necessary court approval in connection with the plan of arrangement; (iii) no exercise of the termination rights available to the parties in respect of the Arrangement; (iv) Cobalt 27 obtaining the necessary approvals from the TSX Venture Exchange for the listing of the common shares of Nickel 28 in connection with the Arrangement; and (v) other closing conditions, including, without limitation, other regulatory approvals and compliance by Cobalt 27 and Pala with various covenants and representations contained in the arrangement agreement for the Arrangement. In particular, there can be no assurance that the Arrangement will be completed. Readers are cautioned not to place undue reliance on forward-looking statements. 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 management information circular dated August 13, 2019 on file with Canadian securities regulatory authorities on SEDAR at 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.

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 them to reflect new events or circumstances. The forward-looking statements contained in this release are expressly qualified by this cautionary statement.

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