

# Cobalt Blockchain Completes \$1 Million First Tranche of Private Placement and Announces Debt Settlement

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Toronto, August 26, 2020 - [Cobalt Blockchain Inc.](#) (TSXV: COBC) (OTC Pink: COBCF) ("COBC" or the "Company") announced today that it has completed a first tranche of its previously announced private placement of up to \$4.5 million of units ("Units"), raising gross proceeds of \$1,000,000 (the "First Tranche"). The First Tranche was completed on a brokered basis with IBK Capital Corp. acting as Agent (the "Agent"). In the First Tranche, the Company issued and sold 20,000,000 Units at a price of \$0.05 per Unit, with each Unit consisting of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.20 until August 25, 2022. The Company is pursuing completion of the balance of the financing, which may be completed on a brokered or non-brokered basis and in one or more tranches. Insiders of the Company may participate in some or all of the further tranches.

In consideration for its services in connection with the First Tranche, the Company paid the Agent a cash fee of \$70,000, reimbursed it for certain expenses and issued to the Agent 2,000,000 non-transferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to acquire one Unit of the Company (having the same terms as those issued in the First Tranche) at a price of \$0.05 until August 25, 2022. The Agent is a "connected issuer" and "related issuer" of the Company, as defined in Canadian securities legislation, by virtue of the ownership of securities of the Company by its directors and officers. The Company may pay similar fees to brokers and/or finders, including the Agent, in connection with further tranches of the private placement.

Net proceeds from the First Tranche will be used for working capital, other general corporate purposes and to fund the debt settlement referred to below. All securities issued in the First Tranche are subject to a 4-month hold period in Canada and such longer periods as may be required under other applicable securities laws.

A greater than 10% shareholder of the Company acquired 3,000,000 Units, or approximately 15% of the number sold in the First Tranche. As a result of the participation in the First Tranche by the insider, the First Tranche was considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101") and TSX Venture Exchange policy 5.9 ("Policy 5.9"). The transaction was however exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 and Policy 5.9, as neither the fair market value of the securities issued to insiders nor the cash consideration paid for such securities exceeded 25% of the Company's market capitalization at the relevant time. The participation of the insider in the First Tranche and the extent of such participation was not finalized until shortly prior to the completion of the First Tranche. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the First Tranche at least 21 days prior to the completion date.

## Debt Settlement

In connection with the Company's recent restructuring of its board and management team announced on August 17, 2020, it has also entered into debt settlement agreements with certain directors and officers and entities related to them for the settlement of accrued and unpaid fees owing to them in the aggregate amount of \$1,480,983.64, by cash payments totalling \$144,128. The debt settlements are conditional upon the reimbursement in full of amounts owed for loans, advances or payments made to or on behalf of the Company by such parties totalling \$279,024. Completion of the the debt settlements, in conjunction with the completion of the First Tranche of the private placement, will allow the Company to significantly improve its balance sheet and working capital position.

The securities referred to in this press release have not been and will not be registered under the United

States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, sale or solicitation would be unlawful.

About Cobalt Blockchain Inc.

[Cobalt Blockchain Inc.](#) (TSXV: COBC) (OTC Pink: COBCF) 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. The Company believes that 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 fifteen 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.

For more information on the Company, investors should review the Company's filings at [www.sedar.com](http://www.sedar.com).

For additional information, please contact:

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#### Forward-Looking Statements

This news release includes statements containing certain "forward-looking information" within the meaning of applicable securities law ("forward-looking statements"). Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur and include, but are not limited to, statements regarding the possible completion of further tranches of the private placement. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including but not limited to, uncertainty with respect to the completion of any future tranches, including timing and amounts raised; market conditions; and the ability to obtain applicable regulatory approvals. The Company is under no obligation, and expressly 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 expressly required by applicable law.

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