

# CobaltOne

Limited

ACN: 127 411 796

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## OPTION TERM SHEET WITH FIRST COBALT

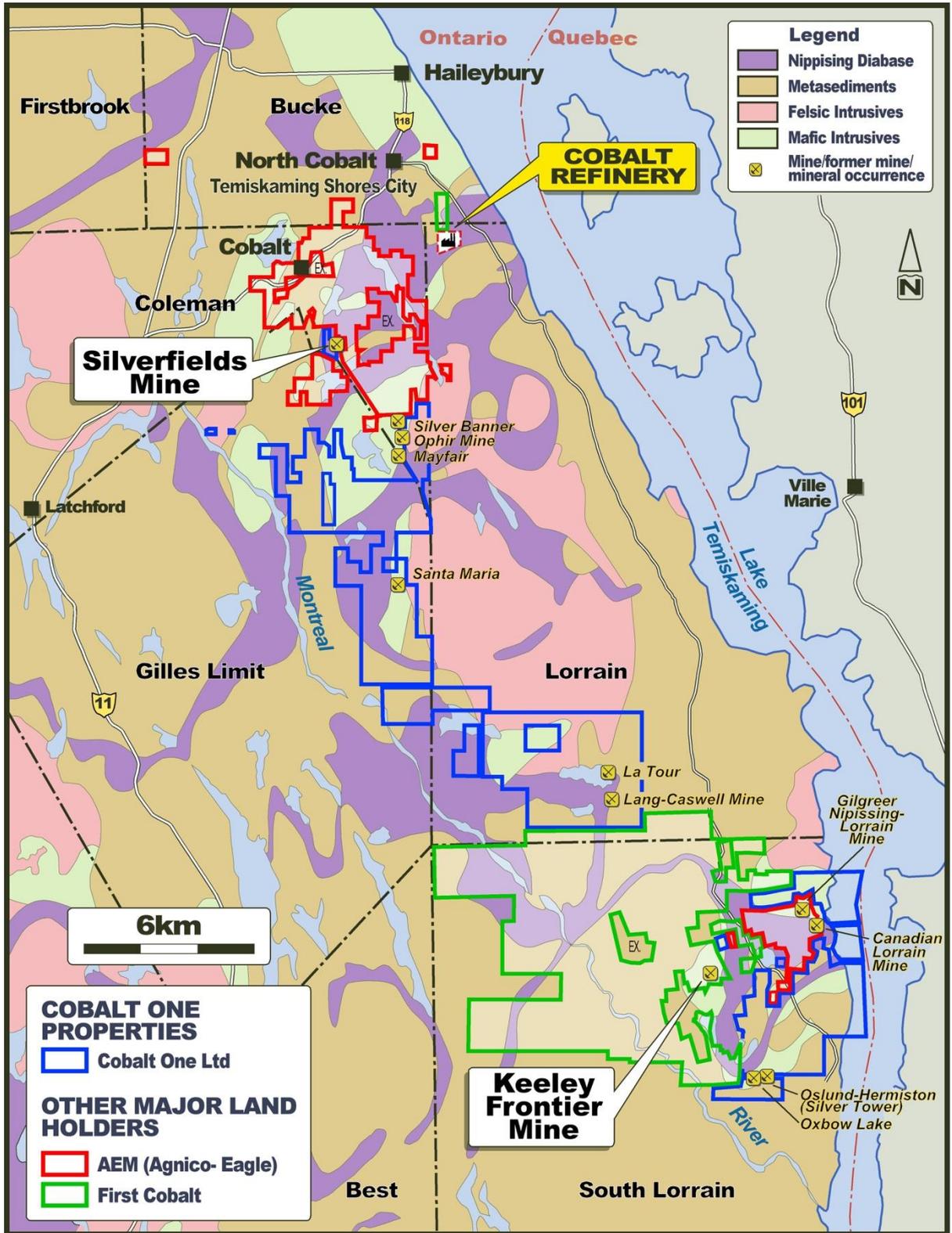
- **COBALT ONE ENTERS INTO BINDING OPTION TERM SHEET WITH TSXV LISTED FIRST COBALT CORP**
- **FIRST COBALT CORP HAS PAID A \$750,000 NON-REFUNDABLE FEE GRANTING IT THE OPTION TO ACQUIRE 50% OF COBALT CAMP REFINERY LTD, A WHOLLY OWNED SUBSIDIARY OF COBALT ONE**
- **COBALT CAMP REFINERY LTD WILL HOLD THE REFINERY ASSETS LOCATED IN COBALT, ONTARIO, CANADA (“COBALT MINING CAMP”) ON COMPLETION OF THE PREVIOUSLY ANNOUNCED ASSET PURCHASE AGREEMENT WITH 36569 YUKON**
- **DUE DILIGENCE ON THE COBALT MINING CAMP ASSETS IS PROCEEDING WELL**

**Cobalt One Limited (ASX: CO1) (the “Company” or “Cobalt One”)** is pleased to announce that the Company has entered into a Binding Term Sheet with First Cobalt Corp. (FCC.V) (OTC: FTSSF) (“**First Cobalt**”) (“**Option Term Sheet**”) under which the Company has granted First Cobalt an option to purchase 50% of the share capital of Cobalt Camp Refinery Ltd (“**Camp**”), a wholly owned subsidiary of the Company currently being incorporated in Canada (“**Option**”), subject to the satisfaction of conditions precedent.

First Cobalt is focused on building a diversified global portfolio of assets that are highly leveraged to the cobalt market. Its flagship cobalt project is its interest in the former producing Keeley-Frontier mine, a high-grade silver-cobalt mine, located in the Cobalt Mining Camp Ontario Canada which borders Cobalt One’s landholdings. First Cobalt’s asset portfolio also includes interests proximate to several major copper-cobalt operations in the Central African Copperbelt in the Democratic Republic of Congo.

The Company believes that First Cobalt shares the same vision for the advancement and development of Cobalt Mining Camp to become a high-grade Cobalt producing region once again. Both companies are looking for opportunities to exploit synergies and resources across contiguous land holdings in the Camp. Further, First Cobalt boasts an established and well credentialed Canadian based management team covering corporate, development and exploration expertise.

First Cobalt has provided a non-refundable payment of CAD\$750,000 (“**Option Fee**”) on execution of the Option Term Sheet. The Option provides First Cobalt with the right to purchase half of Camp’s issued shares. The exercise price of the Option reflects the value of half of the consideration required for completion under the asset purchase agreement with 36569 Yukon Inc (“**Yukon**”) (“**Asset Purchase Agreement**”) pursuant to which Cobalt One will buy properties, permits, assets and rights, including intellectual property and goodwill, from Yukon relating to or held for use in connection with the operation of the cobalt concentrates refinery located in North Cobalt, Ontario, Canada, (“**Refinery Assets**”) (refer to the ASX Announcement of Cobalt One dated 26 April 2017 for further details).



MAJOR LANDHOLDINGS IN THE COBALT MINING CAMP AREA

As such, the exercise price will be calculated as follows:

- CAD\$3 million in cash less the Option Fee of \$750,000.
- Plus, a balance payment equal to half the share consideration issued by Cobalt One under the Asset Purchase Agreement calculated as 50 million multiplied by the volume weighted average price of Cobalt One's shares sold on ASX over the 5 days prior to the date the Asset Purchase Agreement is completed ("**Balance Payment**").
- The Balance Payment can be made in cash in Canadian dollars, or by the issue of First Cobalt shares based on the volume weighted average price of First Cobalt shares sold on TSX Venture Exchange over the 30 days prior to exercise of the Option ("**Share Payment**") on the condition that First Cobalt's market capitalisation is above CAD\$100,000,000; and the Share Payment to the Company will not breach any Canadian regulation or laws or require any approvals. Otherwise, the Balance Payment must be made in cash in Canadian dollars.
- The Option will expire 31 December 2017.

Exercise of the Option is subject to any required Company shareholder approval, completion under the Asset Purchase Agreement, negotiation and execution of a Camp shareholders' agreement (which will reflect the Company's position as operator of the Refinery Assets), due diligence by First Cobalt on the Refinery Assets and First Cobalt obtaining any required approvals, consents or acceptance of the TSX Venture Exchange or any other regulatory body having jurisdiction in connection with the Option Term Sheet.

#### *Due Diligence Progress*

Due diligence over the Refinery Assets under the asset purchase agreement with Yukon is continuing and progressing well. Due diligence is not yet complete and there is no guarantee that it or the other conditions to completion of the purchase will be satisfied or waived. The Company will provide an update to shareholders in the coming weeks.

**ENDS**

For more information, please contact:

Corporate

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