Cobalt Blockchain announces private placement and debt settlement

written by Raj Shah | January 31, 2019

January 31, 2019 (Source) – Cobalt Blockchain Inc. ("COBC" or the "Company") (TSX-V: COBC; OTCQB: COBCF) is pleased to announce that it has engaged IBK Capital Corp. ("IBK" or the "Agent"), to sell, by way of a private placement on a best efforts basis, units (the "Units") of the Company at a price of $0.15 per Unit (the "Issue Price") for gross proceeds of $1,500,000 (the "Offering").

Each Unit issued pursuant to the Offering will consist of one common share in the capital of the Company (a "Common Share") and one half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of $0.20 for a period of five years.

The Company intends to use the net proceeds of the Offering to fund i) exploration work on its joint venture properties, ii) establishment of assay lab facilities and regional offices, and iii) for working capital and general corporate purposes.

The Offering may be completed in multiple closings, with the final closing expected to occur on February 11, 2019, subject to the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange. All securities issued pursuant to the Offering will be subject to a four month hold

period in accordance with applicable Canadian securities laws.

The Company will, upon the closing of the Offering: 1) pay the Agent a cash commission equal to 8% of the gross proceeds of the Offering, except in respect of any subscriptions by purchasers on the President's List; and 2) issue to the Agent compensation warrants equal to 10% of the Common Shares sold to purchasers not listed on the President's List, subject to compliance with all required regulatory approvals. Each broker warrant entitles the holder to purchase one Unit at the Offering price for a period of five years.

Four Insiders of the Company, Peter Hooper (CEO of COBC), Lance Hooper (President of COBC), Yves T. Kabongo (Vice President of COBC), and William F. White (Chairman of IBK), and another non-related creditor have agreed to convert outstanding debt totalling $462,000 in exchange for 3,080,000 Common Shares at a price of $0.15 per share. No Warrants will be issued in connection with the debt settlement for Insiders while the non-related party will receive 133,333 Warrants. Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of $0.20 for a period of five years. The settlement price of $0.15 per share is above the prevailing market price for the Common Shares of COBC and there is no material undisclosed information relating to the Company. The debt settlement is related to the repayment of promissory notes ($392,000), management fees ($30,000), and legal fees ($40,000).

The debt settlement transaction is subject to the approval of the TSX Venture Exchange and all Shares issued pursuant to the debt settlements will be subject to a four-month statutory hold period. The debt settlement will not create a new Insider nor a new Control Person. The Company believes it is in the best interest of its shareholders to reduce the amount of accrued

indebtedness to improve its financial position.

The issuance of a portion of the Common Shares in the debt settlement transaction constitutes a Related Party Transaction within the meaning of Multilateral Instrument 61-101, as directors, officers and Insiders of the Company will receive an aggregate of 2,813,333 Common Shares. All the directors of the company without a material interest in the debt settlement, acting in good faith, considered the debt settlement and have determined that the value of the consideration to be received by COBC for the Common Shares is fair and reasonable. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 as the fair market value of the debt settlement insofar as it involves Related Parties, does not exceed 25 per cent of the market capitalization of COBC. Additionally, no new Insider nor new Control Person will be created as a result of either the debt conversion transaction or the private placement Offering.

Conferences and Events

COBC management will be attending upcoming conferences including:

- Investing in Africa Mining Indaba (Cape Town, Feb 4 – 7).
- Prospectors & Developers Association of Canada (PDAC) 2019 (Toronto, Mar 3 – 6)

This press release does not constitute an offer to sell or solicitation of an offer to sell any of the securities. The securities 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.

About Cobalt Blockchain Inc.

Cobalt Blockchain Inc. (TSX-V: COBC; OTCQB: COBCF) is a Canadian resource company expanding its exploration and development business to include cobalt assets in the Democratic Republic of the Congo ("DRC"). Through its wholly owned DRC subsidiary it holds processing and export licenses for tin, tantalum, tungsten, copper and cobalt. 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 and its partners have developed and are implementing a blockchain-based traceability and 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.