

Minjng Journal

First Cobalt to acquire US Cobalt

First Cobalt (CN:FCC) is carrying out more M&A, this time agreeing to acquire US Cobalt (CN:USCO) and its Idaho project for around C\$149.9 million (US\$115.7 million).

Staff Reporter



First Cobalt will add to its Cobalt Camp assets with the US Cobalt acquisition

• 14 MARCH 2018

Under the agreement, US Cobalt investors will exchange one of its shares for 1.5 First Cobalt shares.

Once the transaction is completed and all options and warrants are exercised, this will give existing First Cobalt shareholders 62.5% of the combined company, with US Cobalt shareholders holding the remaining 37.5%.

First Cobalt said the exchange ratio represented a 61.8% premium to US Cobalt's closing price on March 13 and a 58.5% premium based on both companies' five-day volume-weighted average trading price on the same day.

The acquisition gives First Cobalt North America projects closely located to infrastructure, as well as Michigan and California, which are both electric vehicle and technology hubs.

The combined companies' assets include 50 historic mines across Ontario, Canada's Cobalt Camp, the Iron Creek cobalt project in Idaho with a historic mineral resource estimate of 1.3 million tonnes grading 0.59% Co, and the only permitted cobalt refinery on the continent capable of producing battery materials, according to Cobalt 27.

It is not the first time First Cobalt has looked to bolster its North American cobalt holdings.

Last year, it completed a three-way corporate consolidation with Cobalt One and CobaltTech Mining. It also backed out of a deal to acquire seven copper-cobalt assets in the Democratic Republic of Congo as the investment climate in the Central African country deteriorated.

First Cobalt CEO Trent Mell said the deal would create a larger platform to discover and develop cobalt projects for the growing EV market.

"US Cobalt's Idaho project complements our Canadian Cobalt Camp properties, offering upside potential for shareholders of both companies," he said.

US Cobalt CEO Wayne Tisdale said the transaction was valuable to the company's shareholders, providing them the opportunity to benefit from a larger North American cobalt company with a portfolio of high quality assets and a strong balance sheet.

"US Cobalt shareholders will have meaningful ownership in a vertically integrated pure-play cobalt company with a proven and experienced management team that shares our commitment to creating long-term sustainable value," he said.