

Merger and acquisition on First Cobalt's playlist

22 h by: Northern Ontario Business Staff



CobalTech's Duncan Kerr property, south of the town of Cobalt (2012 photo)

Toronto-based [First Cobalt](#) wants “to create one of the largest cobalt exploration companies in the world,” starting in northeastern Ontario.

First Cobalt is proposing a merger with Australia's [Cobalt One](#) (formerly Equator Resources) to consolidate the two largest land packages in the historic Cobalt camp into one entity with more than 10,000 hectares.

Under the proposed agreement, Cobalt One shareholders would own 60 per cent of this entity with First Cobalt shareholders owning the remaining 40 per cent.

First Cobalt would become the sole owner of the Yukon Refinery in North Cobalt. Previously the two companies had signed an option agreement on June 1 to become 50/50 joint venture partners in the mill.

In a June 21 news release, First Cobalt president-CEO Trent Mell said both exploration outfits share the same vision and a merger speeds up permitting, production and “facilitate new discoveries in this camp.”

“Both companies believe that a rebirth of this historic mining district will occur through the application of modern geoscience, a better understanding of disseminated cobalt mineralization and ultimately, bulk mining methods. A consolidation of properties, the refinery and the permitted property upon which the refinery is situated offer the potential to significantly shorten the pathway to production.”

First Cobalt has the 2,100-hectare Keeley-Frontier Mine property south of the town of Cobalt and a number of exploration claims 25 kilometres further south at Silver Centre.

Cobalt One has a slew of claims strung out in a linear-fashion just south of the town of Cobalt and further south in Silver Centre-Lorrain Valley area.

The proposed new board of directors would consist of Cobalt One chairman Paul Matysesk, Cobalt One CEO Jason Bontempo and some of the current First Cobalt board members.

It's a non-binding agreement and is subject to a number of conditions, including regulatory and shareholder approval.

The entity would be based in Toronto. First Cobalt would maintain its TSX Venture listing and seeking to obtain a secondary ASX listing.

In a surprising move, First Cobalt appears to have quelled a simmering dispute among junior miners in the camp.

First Cobalt announced it has signed a non-binding letter of intent (LOI) to acquire all of the issued and outstanding shares of [CobalTech](#).

Only weeks ago, CobalTech had threatened to sue Cobalt One over the failed sale of the Yukon Refinery to CobalTech.

CobalTech has 11 former mines near the town of Cobalt, including its flagship Duncan Kerr project, eight properties in Quebec and its Werner Lake East Cobalt property near Kenora in northwestern Ontario. The company also owns a 100-tonne per day mill in town.

CobalTech inherited almost 6,600 tonnes of silver and cobalt-rich crushed material left behind on surface when it acquired the former Kerr and Lawson silver mines last fall.

In a statement, Mell said CobalTech's property and mill assets complement his company and should provide value to shareholders of both companies.

"The future potential from 11 additional past producing mines, as well as a milling facility could provide the pathway to early production in this region. This potential transaction is a credit to the quality assets the team at CobalTech have built."

CobalTech CEO Bruce Bragagnolo is looking forward to finalizing the transaction.

"First Cobalt has a strong vision for the future of this region and this transaction will be beneficial to both to CobalTech shareholders and the community."

This agreement also requires shareholder and TSX Venture Exchange approval, among other conditions being met.

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