

# Canada Cobalt Signs Binding LOI to Acquire Strategic Assets

written by Igor Makarov | October 11, 2019



**TSXV: CCW**  
**OTCQB: CCWOF**

October 10, 2019 ([Source](#)) – Canada Cobalt Works Inc. (TSXV: [CCW](#)) (OTC: CCWOF) (Frankfurt: 4T9B) (the “Company” or “Canada Cobalt”) is pleased to announce that the Company has signed a binding Letter of Intent (the “Transaction”) to acquire the

assets of PolyMet Resources Inc. (“PolyMet”), owner of PolyMet Labs (ISO certified) and the Northern Ontario Silver-Cobalt Camp’s only permitted and operating mineral and precious metal processing facility.

The Transaction, consummated at a strategic time in the precious metals cycle, provides Canada Cobalt with multiple immediate and long-term advantages including a high capacity bullion melting furnace to pour payable silver and gold dore bars. The 23,400 sq. foot facility with district leading sampling and analytical capabilities can also host the Company’s proprietary Re-20X Process for environmentally friendly extraction of cobalt, precious and base metals.

## Highlights:

- The lab and mineral processing facility will become the new headquarters of Canada Cobalt and is located in the town of Cobalt, immediately adjacent to a rail line and just a short distance from the Company’s Castle mine and Beaver Property;

- This well-established sampling and analytical facility, specializing in high-grade mineralization, provides commercial assaying, crushing, screening, grinding, bulk sampling, upgrading and smelting services all in one location, driving multiple revenue streams at a time when gold prices in Canadian dollars have hit new record highs. PolyMet has demonstrated that in an 8-hour shift it can pour up to 10 dore silver bars of 1,000 ounces each (90% to 95% fine);
- PolyMet is currently making inroads into the potentially lucrative e-waste business that can be leveraged through Canada Cobalt, its extensive relationships and its Re-20X Process. Material from mixed computer boards is being processed through the facility's shredder and ball mill to recover precious and base metals.

Mr. Frank Basa, President and CEO of Canada Cobalt, stated: "This deal builds dramatically on Canada Cobalt's current competitive advantages and opportunities – technological, on the ground and underground – in a rejuvenated silver-cobalt district recognized as the birthplace of Canadian hard rock mining. With such a unique and fully operational facility in the town of Cobalt, so close to the Castle mine and other properties, Canada Cobalt achieves a key goal of becoming a vertically integrated leader in Canada's silver-cobalt heartland while it also exploits a powerful new cycle in precious metals."

Mr. Gino Chitaroni, majority owner of PolyMet Resources Inc., commented: "We see some really exciting synergies here. Canada Cobalt's track record of success in this district made them the perfect fit to take the PolyMet Lab and facility to the next level while I remain involved to assist Canada Cobalt from an operational standpoint."

"We appear to have entered a dynamic new cycle for silver and

gold, which could really help to ignite this business in terms of its traditional drivers, while we're seeing exciting new opportunities in the e-waste sector that can be more fully exploited through this Transaction," Chitaroni continued. "Bullion pouring, bulk sampling, commercial assaying and e-waste are PolyMet's four key immediate profit centers that merge with Canada Cobalt, creating powerful new synergies. Hosting Re-20X and accelerating the development of such a unique and environmentally friendly process at this facility is a major coup for the town of Cobalt and the broader district."

### **Terms of the Transaction**

Canada Cobalt and PolyMet have executed a binding Letter of Intent whereby PolyMet has agreed to sell 100% of its assets, including but not limited to the property, the plant and the equipment, all located at 1 Presley Street in Cobalt, Ontario, for total consideration of \$650,000 (cash and shares of Canada Cobalt). Also included in the assets are all of the issued and outstanding shares of PolyMet.

The cash portion of the Transaction is \$333,000 while Canada Cobalt will issue to PolyMet 932,353 shares at 34 cents per share for the remaining \$317,000, payable upon completion of a due diligence review period not to exceed 90 days. During this due diligence review, PolyMet will make available to Canada Cobalt all environmental and title documents, maps, logs, books, papers, technical data and other pertinent documents related to the assets.

Current PolyMet personnel, including Mr. Chitaroni, will be retained on contracts with share-based incentive clauses related to certain business milestones over the next 12 months. Facility upgrades combined with an aggressive sales strategy are expected to help achieve a significant ramp-up in growth and

profitability. These initiatives will be funded by revenues and an approximate \$250,000 investment by Canada Cobalt over the next six months.

The Canada Cobalt-PolyMet Transaction is subject to TSX Venture Exchange approval.

### **Qualified Person**

The technical information in this news release was prepared under the supervision of Frank J. Basa, P.Eng., Canada Cobalt's President and Chief Executive Officer, who is a member of Professional Engineers Ontario and a qualified person in accordance with National Instrument 43-101.

### **About Canada Cobalt Works Inc.**

Canada Cobalt has 100% ownership of the Castle mine and the 78 sq. km Castle Property with strong exploration upside in the prolific past producing Gowganda high-grade Silver Camp of Northern Ontario. With underground access at Castle, a pilot plant to produce cobalt-rich gravity concentrates on site, and a proprietary hydrometallurgical process known as Re-20X for the creation of technical grade cobalt sulphate as well as nickel-manganese-cobalt (NMC) formulations, Canada Cobalt is strategically positioned to become a vertically integrated North American leader in cobalt extraction and recovery while it also exploits a powerful new silver-gold market cycle.

"Frank J. Basa"

Frank J. Basa, P. Eng.

*President and Chief Executive Officer*

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accuracy of this release. This news release may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, etc. Forward-looking statements address future events and conditions and therefore, involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.