

Offering proof of a definite conflict free cobalt supply chain

Given an end to the US-China trade war appears imminent, and China is considering introducing [stimulus measures](#) to boost conventional and electric car sales, cobalt is looking likely to have a good year in 2019. Any further announcements that help the electric vehicle (EV) boom will be a positive for cobalt stocks.

Cobalt demand vs supply

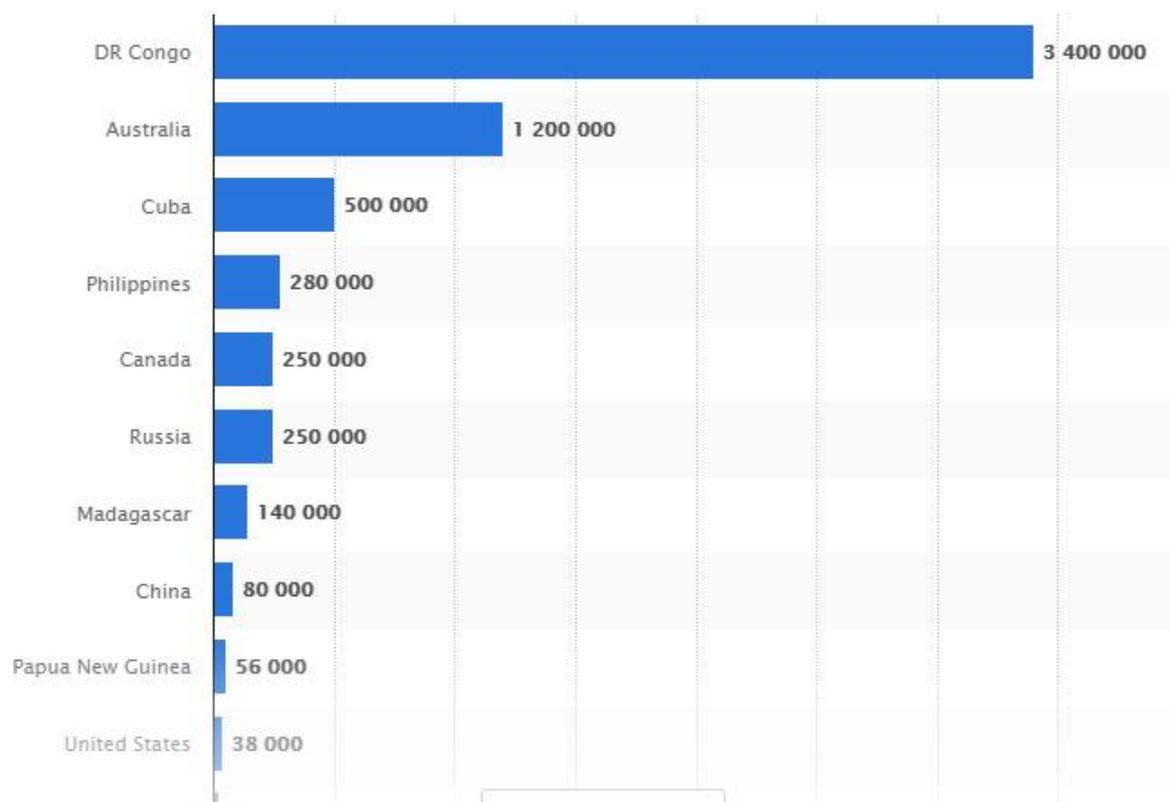
The EV boom continues to grow in strength leading to rapid increase in cobalt demand from a small base. Any device that has a lithium-ion battery in it for rapid charge and discharge needs cobalt. Actually there is more cobalt than lithium in your cell phone battery.

Cobalt supply remains heavily dependent on the Democratic Republic of Congo (DRC). Some DRC cobalt supply has recently been withdrawn by miners such as Glencore, Katanga Mining, and ERG. This shows how vulnerable cobalt is to DRC supply disruptions and lower prices causing supply to be withdrawn. The combination of strong demand and reduced supply should support cobalt prices to rise from their March 2019 lows.

The DRC holds the world's largest reserves of cobalt. It's also the world's top cobalt producer, providing more than 65% of global supply. The DRC is a challenging place for miners to do business and mining in the country has been linked to human rights abuses, including child labor. In 2014, UNICEF estimated that around 40,000 children were involved in artisanal mining in the DRC putting pressure on multinationals to [trace the cobalt](#) they use.

Big companies like Apple are indicating that they will only buy cobalt from ethical sources. This puts a lot of pressure on the unethically sourced cobalt supply chain.

Global cobalt reserves (tonnes)



[Cobalt reserves worldwide as of 2018 in metric tons](#)

Blockchain can be used to trace the source of cobalt

Many companies are now looking to blockchain technology to trace supplies of cobalt from the DRC. Blockchain is the technology behind the cryptocurrency bitcoin. It provides a shared record of data across a network of individual computers rather than a single data base or individual party.

[Cobalt Blockchain Inc.](#) (TSXV: COBC | OTCQB: COBCF) is a Canadian resource company with an exploration and development business including cobalt assets in the DRC. The Company is addressing the need to pursue conflict free cobalt mining by working with partners to develop a blockchain based system that will provide certainty and further assurance that all

minerals they procured have been ethically sourced. Cobalt Blockchain will use this technology where supply chain may be mandated by clients. The Company also has a license and traceability system in place for tin, tantalum, and tungsten.

There already are examples of the use of blockchain in the mining industry such as for diamond and gemstone producers that are tracing the entire chain, from mine to buyer.

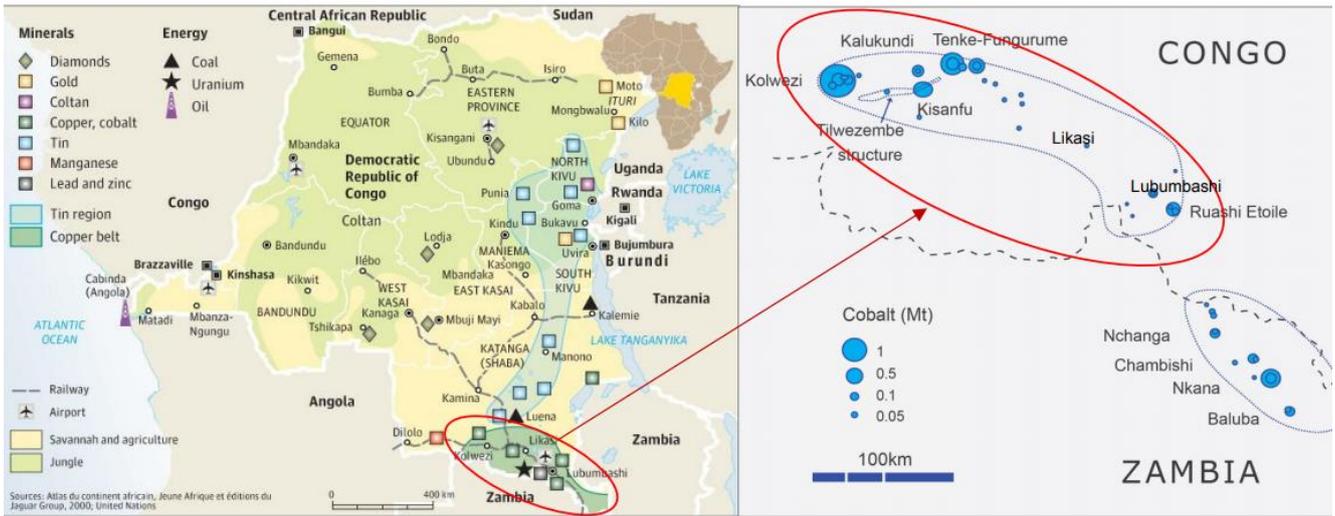
Cobalt Blockchain also has cobalt trading potential from shared concessions in the DRC

Cobalt Blockchain has a definitive supply agreement for the provision of 40,000 tonnes per annum of cobalt concentrate and has begun initial arrangements to set up its cobalt trading facility in the DRC. The facility's 1,000 square metre depot will include storage, assay lab, clinic and office capabilities. The depot site will also incorporate perimeter fencing and security equipment.

Cobalt Blockchain has entered into [two definitive](#) joint venture agreements for cobalt/copper concessions, totaling over 48 square kms. The company owns a 70% interest in Alpha Cobalt SAS, a joint venture between Cobalt Blockchain and a private local partner, and also owns an 80% interest in Cobalt Blockchain SAS, a joint venture between Cobalt Blockchain and also a private local partner in the DRC.



LOCATION & TARGET CONCESSIONS



Cobalt Blockchain's senior management have over twelve years of experience working in the DRC and have a proven international track record in exploration success and the trading of certified conflict free, child labor free minerals. Adding value to their company will be the use of blockchain giving them proof of a definite conflict free cobalt supply chain.