CBLT signals an exciting new cobalt sign for Green Swan

Cobalt is indisputably one of the commodities of the future. It is widely used in Smartphone technology and other Smart devices, and therefore has a firm place within the cadre of important metals in modern life.

When I get the opportunity to look at a cobalt player that has developing interests outside of Africa, I get excited. Green Swan Capital Corp. (TSXV: GSW) ("Green Swan") is a good example of a solid cobalt player with exploration properties in Ontario, Canada.

This past week the firm confirmed the acquisition of 2,800 hectares of cobalt property in the Gowganda region that has historically yielded significant cobalt and silver from mines in the area.

The area that Green Swan is buying does not cover past production, but it is highly prospective for cobalt, silver and copper, according to the company's management. The geology from historic exploration conducted looks impressive.

This purchase demonstrates the focus of Green Swan's management. The company is in the business of targeting cobalt in reliable mining jurisdictions, thereby delivering value to its shareholders. For this reason, it makes a great share to buy. The properties it owns are in mining-friendly jurisdictions in Canada, and show great promise of mineable cobalt.

The company's management under leadership of CEO Peter M Clausi quickly turned Green Swan into an owner of multiple sizeable cobalt properties. One year ago, Green Swan owned one property in the Sudbury basin, the Copper Prince, where Green Swan has been doing extensive exploration. During the course of the past three months, the company's property portfolio has expanded significantly, acquiring four more properties within Canada, with the latest one being the Gowganda asset. The other three are: the Otto Township; Chilton Cobalt; and Dryden Cobalt.

The company's stockholders certainly agree with management's strategy. Since the start of the year, the stock price has spiked by 140% from a low on 1 February of C$0.05 to C$0.12 on 1 March after the company announced the acquisitions of Otto, Chilton and Dryden. The stock price has settled around C$0.10 at the end of March, 43% up from the share price on 3 January.

Cobalt's fundamentals are great. Worldwide consumption is increasing, while production simply doesn't keep up with the demand. I believe Green Swan is well placed to bank in on the strong fundamentals of this market.

The company announced plans earlier in March that it wants to change its name to CBLT Inc. to better reflect what the company does. The name change is set to be approved at the shareholder meeting towards the end of April.

According to CEO, Peter Clausi

> *"The name change and symbol change are about better reflecting the company's focus over the next several years on the global shortage of cobalt. It will be hard for any investor, investment banker or media member to look at the company name and not know we're in cobalt. "Green Swan", while a good name with a great logo, just didn't tell a good enough story on its own."*

I think the proposed new name would better serve the company and what it stands for. Shareholders can only benefit from such a positive change. Indeed, the change can potentially attract new interested investors who might previously have overlooked Green Swan purely because it wasn't clear what the company did. With a name like CBLT, there simply can be no doubt that the company’s business is that of cobalt.

I personally love the name Green Swan, but the name change gives management an opportunity to discuss the company’s vision with its shareholders. CBLT signals a new chapter of Green Swan’s evolution into a serious cobalt player!

Cobalt Crisis: A Green Swan Love Song

Cobalt is a key-ingredient in modern battery technology. Its high specific energy makes Li-cobalt the popular choice for smart phones, laptops and digital cameras, ongoing ethical issues raised over the supply chain have caused a supply drop in cobalt that many expect to manifest as a shortage later this year. Green Swan Capital Corp. (TSXV: GSW) (“Green Swan”) are ensuring they are prepared to deliver product from a safe and politically stable region at a time which is seen by many as a revival of North-American mining industries, as demand for ethically sourced tech-metals continue to surge.

Green Swan recently announced that it has received final assays from the 300-meter diamond drill program on its 100% owned cobalt-gold property located in Sudbury, Ontario. With this phase of exploration complete, Green Swan will submit its final documentation to receive its previously-approved Junior Exploration Assistance Program (JEAP) grant and return to advancing their promising asset.

JEAP provides grants to qualified companies and individuals of up to 33.3% of approved eligible expenses. Maximum assistance for the grassroots component is C$100,000 per project, two projects per applicant. To qualify, applicants must receive approval prior to the commencement of work. Payment is only released upon the completion of the necessary project and final approval of expenditures, reports, and maps.

The drill program was completed on schedule and on budget in the area known as Ed’s Watering Hole, where previous surface grab sampling returned up to 4.5% cobalt and 44 g/t gold. Management is no doubt pleased with the progress and have stated that they intend to return for further exploration as soon as possible.

Said Green Swan’s CEO Peter Clausi,

> *“Historic testing by third parties for gold, copper and nickel have been successfully carried out on other parts of this 260 hectare Property, but this is the first drill program ever conducted on this part of the Property. Our goal was to test at depth the quartz veining visible at surface for continuity of gold and cobalt throughout the system. With gold and cobalt values in every sample, the drill program achieved that goal and was a success.”*

Copper Prince represents a block of 16 contiguous patented mining claims in the Sudbury Basin; well known for its sulphide ore deposits and owned 100% by Green Swan since June 2016. The property is 260 hectares, and benefits from the fact that permitting is much simpler on patented lands. The company has staked other claims that all lie within the Huronian Gold Belt, a historic gold producing area that extends roughly 120 kilometres.

Green Swan carried out a successful drill program in November 2016, proving continuity of gold and cobalt mineralisation at the south end of the property near Ed’s Watering Hole. The results also demonstrated elevated cobalt values above the Sudbury average; the most recent assays confirm the Company’s *a priori* suspicions that cobalt and gold were present throughout the quartz vein system.

In the present program, five holes were drilled at Ed’s Watering Hole, aligned to intersect a visible quartz vein. The quartz structure visible at surface appears to extend almost vertically down and was intersected at a deepest point of roughly 30 metres below ground. The structure currently extends at least 35 meters along the surface, but the next round of drilling is expected to expand these dimensions.

Your Chocolate is in my Peanut Butter

Remember the Reese’s Peanut Butter Cups commercials with the tag line “your chocolate is in my peanut butter”? The marketing theme was you take two products that are great on their own and accidentally mix them together, then the result is an example of 1 + 1 = 4. Outstanding!

That’s what we thought when we read Green Swan Capital Corp.‘s (TSXV: GSW) Dec 14/16 press release on its Sudbury gold and cobalt asset. Their gold is in their cobalt!

This was hole 1 of a 300 metre 5-hole program, completed in mid November. The company is proud of the fact it completed the program on budget, on schedule. They said last June they’d be drilling in November, and they delivered operationally.

They also delivered some great results. In preparation for drilling they did the usual surface sample programs, providing results like > 44 g/t gold and 4.5% cobalt, and clearing the minimal overburden to trace the contact zones. But, as they say, surface samples are selective by nature – the truth is in the core.

The truth here is there is really is gold in their cobalt. It is the only property in the world where we have seen gold and cobalt in this quantity together. Usually you find cobalt as a trace element in nickel or copper mining, like in the Congo or the Philippines, or with silver in northern Ontario (heavy with arsenics), but here, gold and cobalt were found in every sample taken from Hole 1.

There are parts of this release we find quite exciting. First, this is the first hole of the diamond drill program ever run on this part of the property, so the blue sky potential is huge. The results from the other four holes should be out in early to mid January.

Second, they found a 4 metre quartz vein structure, under the area from where the strong surface samples come, at roughly 13 metres along the core. The hole was drilled at a 45 degree angle. Simple math tells us that vein structure is only 10 metres under the surface. That’s exciting. Even better, they found additional vein structures throughout the rest of the core.

Then they said the other four holes also encountered that same quartz vein. Hole 2 was drilled 30 metres to the north, so they seem to have a quartz vein laden with gold and cobalt running at least 30 metres long and 4 metres wide. Again we find that very exciting.

Last, this isn’t trace cobalt. Three of the samples returned better than the Sudbury average as reported by Glencore plc.

Speaking of Sudbury, the fact the property is in Sudbury also makes it unusual. It’s rare to find a strong cobalt property in a stable jurisidiction – most of the world’s production comes from the war-torn Congo.

Overall, we’re looking forward to the results from holes 2, 3, 4 and 5. We’ll see how much chocolate continues to be in their peanut butter.

Green Swan strikes cobalt (and gold!)

Green Swan Capital Corp.(TSXV: GSW) is a Canadian mining company operating in the world-renowned Sudbury Basin in Ontario. Green Swan is well-poised to deliver real value to shareholders as it completes its first exploration program involving surface samples, clearing and a 300 metre diamond drill program where it observed visible gold. Management has been here before.

The Sudbury Basin is the second oldest known impact craters on Earth, containing resulting metal deposits that made the Sudbury area one of the world’s largest suppliers of nickel and copper, alongside which cobalt is commonly produced. Roughly 53% of the world’s supply of cobalt comes from nickel and copper mining in Africa, an area of rapidly decreasing appeal over stability concerns arising from conflict and child labour issues.

The cobalt market entered a period of oversupply in late 2009 which has continued to keep prices low; however, the cobalt supply/demand balance is expected to move into deficit territory in 2016. 49% of demand is driven by rechargeable batteries, used primarily in electric vehicles, portable tools, and portable electronic devices, and growing 11.7% y.o.y. Developments in Africa are likely leading to a decreased production from DRC as Amnesty International leads a global campaign for an ethical and regulated supply chain on cobalt. The exploration of Green Swan's flagship primary cobalt mining project shows astounding cobalt numbers with strong gold & nickel presence in politically stable northern Ontario. Green Swan is well-placed to take advantage of the growing demand for ethically-sourced North-American cobalt; The Tesla Model 3 is set to require roughly 7.5 million kilograms of cobalt alone for the Nevada gigafactory site.

Focusing in the south end around the area known as Ed's Watering Hole, Green Swan just completed a five-hole diamond drill project, assay results are expected mid-December, after which the company expects to receive a grant under the JEAP program, in an amount to be determined. Green Swan announced strong assay results on September 26, revealing new mineralised quartz veins, of which two had visible cobaltite and up to 0.183% cobalt along with up to 25.5 g/t gold. The November results published on the 7th, included a sample of over 44g/t gold. Green Swan expanded the known area of mineralisation, and undertook that summer work program to gather data and prepare for November's drilling project, which was completed on schedule and on budget.

Green Swan management theorises that mineralised quartz veins up to 1.2 metres in width occur over a ten to twenty-meter-wide pinch and swell zone extending discontinuously up to fifty metres from Ed's Watering Hole northward. The diamond drill program was designed to further test this theory and visible gold was reported from hole one at 48.2m within a 4cm quartz-carbonate vein on November 28th. Ed's Watering Hole features in the south zone of Green Swan's wider Copper Prince site, a block of sixteen contiguous mining claims over two hundred and sixty hectares and its primary asset and focus.

Map of Green Swan's claims
contiguous to Glencore

According to Green Swan's CEO, Peter Clausi, "*The high consistent surface cobalt levels are one thing that make the property special. The other, is that the gold and cobalt are on patented lands, immediately next door to Glencore's Sudbury smelter operations. While the usual path is to complete a NI 43-101 report and then a Feasibility Study, Green Swan's results are strong enough it may go directly to a simple bulk sample to be processed immediately next door Glencore. There is no need for a smelter, concentrator, tailing pond, or any of the other multimillion dollars capital projects. All Green Swan might need is an improved road, some dynamite, a backhoe and a dumptruck!*"

The United Nations projects that Earth will have over eight-billion human residents by 2030, about five-billion of which will live in urban areas. With the great consequences of petrol-based vehicles already visible in our most dense cities, it is imperative that we transition to a cleaner engine solution swiftly. Cobalt, and companies like Green Swan along with it, are essential to a seemingly inevitable future in which urbanisation and lithium-ion battery requirements continue to grow.

Green Swan Capital to complete private placement and flow through financing

Green Swan Capital Corp. (TSXV: GSW) is a resource exploration company, with assets located in Ontario and British Columbia. The company's key focus is to target cobalt in Ontario through its recent acquisition of Copper Prince.

Copper Prince is a block comprising of sixteen contiguous mining claims. Exploration has been carried out on the deposit since the late 1880's and prior to Green Swan acquiring the asset, two NI 43-101 reports were filed by third parties.

Green Swan's subsequently produced its own assays on the deposit based on rock grab samples from the 1950's, confirming that the deposit contained 4.5% cobalt and 15g/t gold.

Based on the quality of cobalt, the company is intent on pursuing development of the property as cobalt demand in lithium batteries is due to expand. Furthermore, regulations surrounding the cobalt supply chain with respect to blood minerals is becoming increasingly onerous and end users are therefore seeking cobalt supply outside of the Democratic Republic of Congo (See article on cobalt in North America).

Following the positive feedback from the assay results, received in June this year, the Company carried out further exploration at Copper Prince with specific focus on the cobalt indicators. In addition, Green Swan has four additional claims in the area, totaling 176 hectares, three of which are contiguous to Copper Prince. The drill programme is due to commence in mid November.

On the 2nd of November, the Company successfully completed a non-brokered private placement of 3.3m common units and up to 416,667 flow through units at $0.09/common unit and $0.12/flow through unit, for gross proceeds of $350,000.

In addition, Green Swan announced that, subject to regulatory approval, two arm's length creditors agreed to convert $30,473.25 of debt into common units resulting in the issuance of 338,592 common units.

The net proceeds from the equity financing will be used for working capital and exploration activities on Green Swan's cobalt/gold property.

The company’s share price closed at C$0.08 on the 8th of November. This compares to C$0.065 on the 7th of October.

Green Swan CEO Peter Clausi on a global shortage of cobalt at a time when demand is skyrocketing

September 9, 2016 — Peter M. Clausi, President, CEO and Director of Green Swan Capital Corp. (TSXV: GSW), in an interview with InvestorIntel Sr. Editor Fred Cowans, discusses cobalt, its use in lithium-ion batteries and supply issues currently facing the metal. Peter explains that a 10-15% drop in global cobalt production is expected at a time when demand is skyrocketing. They also talk about the cobalt, gold, copper and nickel mineralization at Green Swan’s “Copper Prince” property in the Sudbury Basin.

Fred Cowans: Cobalt. Let’s talk about cobalt. What are its uses and what are the issues with cobalt currently?

Peter Clausi: The experts are calling for a global shortage of cobalt beginning this year. Cobalt is a by-product mainly of nickel and copper mines. With the price of those commodities so low many nickel and copper mines are shutting in, decreasing the supply of cobalt. Amnesty International is also involved in imposing an ethical supply chain out of some production from Africa. Experts in the field are expecting a 10% to 15% drop in global production at a time when demand is skyrocketing.

Fred Cowans: The demand is primarily from batteries for EVs (electric vehicles)?

Peter Clausi: That’s true, but 50% of the usage of cobalt is medical, industrial, super alloys, batteries, ceramics and paint, and 50% is electric batteries in what we call lithium-ion batteries. The periodic table is unforgiving. If you’re going to have a rapid charge/discharge lithium-ion battery, you must have cobalt in it. For example, just the Tesla Model 3 will consume roughly 7.5 million kilograms of cobalt just for that one model, that one run of vehicles.

Fred Cowans: Well, if there are ethical issues in parts of the world where most of the cobalt historically has been coming from, if there are questions about demand increases and lack of supply, being in the Sudbury Basin is pretty exciting. What have you found up there?

Peter Clausi: Well, Sudbury is a bizarre place geologically. There’s nowhere else in the world like it. There was an asteroid impact roughly 1.8 billion years ago, which makes Sudbury a unique stew of polymetallic deposits. If you look at this map you will see that in the middle are the sediments and metasediments, basically your waste host rock, and all of the producing mines in the Sudbury region are along the edges of the basin, along the fault lines, along the offsets.

Fred Cowans: Those companies historically include Glencore and its predecessors INCO.

Peter Clausi: INCO, Stelco, Wallbridge Mining. All your Sudbury mines are on the edge or on the cracks or on the offsets. There’s nothing in the middle of the Basin. Green Swan has found a cobalt-gold-nickel-copper property towards the southeast edge of the basin right beside the Glencore property near the Manchester Offset.

Fred Cowans: Before we get into exactly what you found, the area is just brimming with the expertise and the infrastructure. You've got great relationships with the local personnel.

Peter Clausi: We do. Green Swan takes its relationships with communities very seriously. We're very active in CSR. Right now, if you look at this map you can see the location of our main body of claims and immediately to the west and slightly to the north is the Glencore property, the famous Sudbury smokestack. We are easily accessible for infrastructure, mining knowledge, mining wisdom, supplies, road access, water access, whatever we need will be taken care of given our proximity to Glencore…. to access the complete interview, click here

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Marijuana Field of Dreams: The Do's and Don'ts for investing in Pot.com

- Making money off the pot.com rush is going to be extremely difficult for the average investor.

Here in Part 3 of this series we look at practical ways to balance your risk and potential return (Part 2) when investing in the inevitable wave of decriminalized cannabis (Part 1).

I've read approximately 60 business plans in the hemp and marijuana space over the past 9 months or so, and met with numerous management teams / promoters. Here is my evolving basic list to ask the cannabis companies:

1. **Do you have the licences necessary to legally grow / transport / sell / process cannabis?**If the answer is no, then generally the company isn't worth very much. Yes, there is a chance that the company will eventually get a licence, but that's a huge risk to take with your money. It will take months if not years for overwhelmed bureaucracies to create processes, review the applications, write back to point out deficiencies, follow up on the deficiencies and eventually get around to issuing licences. Not every company that applies will get a licence. Not every company that applies *deserves* a licence. The risk that the average investor must take is immense, compared to the possible return.When the answer to this question is no, the follow-up position from the company often is, "We don't have a licence, but we're pre-licensed". *Pre-licensed*? Is that like being "pre-pregnant"? This hollow term means they submitted their application and are waiting to see what happens. Just giving it a name doesn't decrease the risk or increase your potential return.
2. **What is your prefinancing valuation?**Another way of putting this is, what's the company worth, as is, where is, today. Most of the prefinancing valuations are indefensible. Here's an example. I met with a private group (let's call them WannaWeed) looking to get a medical marijuana licence in one of the states. WannaWeed had a lot of no, as in no cash, no land, no building, no expertise, no medical experience, no regulatory affairs experience, no security plan, no star power on the board. The balance sheet was all liabilities and a deficit, with no assets. And yet, management valued the "opportunity" at around $8M, prefinancing. I couldn't help myself – I had to ask how they got that number. The answer back was based on the

size of the US market ("It's worth billions!!!"), their expected market share ("We expect to sell to over 5% of that market!") and an expected price per gram ("We'll sell quality strains so we'll sell around $8 a gram!!!"). You could hear the exclamation marks when they talked. So another no for WannaWeed was that they made no sense. That company is worth, well, no. To date they haven't raised any capital and aren't listed anywhere.

3. **Marketing**Think of how much advertising you see for the "sins". Alcohol, Las Vegas as a whole, the casinos individually, tobacco … all driven by massive marketing budgets. The cost of customer acquisition is huge, and that's a question you need an answer to. What's your marketing plan and budget?The cannabis companies will have to raise mammoth amounts of capital to drive their marketing efforts. How much will it cost for Nabisco (the official cookie sponsor of Nascar) to see its new 'brownie' advertised on a car roof?
   Raising that capital will greatly dilute the shareholders, and their financial fate then rests in the hands of the marketing team. Marketing is a gamble at the best of times. An early failure to attract users will mean no revenue against large expenses, which means the company will die. Goodbye, investment.

   This is the part of their business plans that the weedco's seem to want to discuss the least, probably because it's the hardest to nail down. The legislation governing advertising is still evolving and will change over time. One weedco told me (and actually seemed to believe) that their strains will be superior to every other medical strain available, so they will be able to charge a premium, limit their supply, and not have to spend marketing dollars. Again, this reminds me of the failed high tech companies that had a doomed, "if we build it they will come" mindset.

4. **Management**Who is involved in the company? Does the CEO have any experience as a CEO? What's the track record of creating shareholder value? What is the executive compensation? Who is responsible for raising capital? Who is head of marketing? How deep and varied are the board's skill sets? Is this a family business looking to use public money to advance the family, or is there a real board of directors with real independence?Even armed with good answers to those questions, I don't think any investor, whether professional or a do-it-yourselfer, has any chance today of picking tomorrow's winners. Without a doubt, there is a Mark Cuban and Broadcast.com hiding in the weeds out there, but I have no idea which of the thousands of start-ups it's going to be. *Someone* will be a winner, and it's easy to eliminate the obvious losers, but after that it's a crapshoot.

So, if you're convinced you need some investment exposure to this market, understand this is very high risk investment in a newborn industry. Use the same approach as you would in other high risk industries:

- **DON'T invest without a knowledge of the field.** *DO educate yourself* as to cannabinoids generally and CBD in particular, THC, oil, different government regulations, licence terms, milestones and the industry participants. Knowledge is power.
- **DON'T invest in only one company**. DO invest in a portfolio of companies. Spread the risk.
- **DON'T invest in only the growers and wannabe growers.** DO divest into the infrastructure companies such as security, fertilizer, distribution, food, services, third party testing and medical buildings. Again, spread the risk.
- **DON'T ignore the audited financial statements.** For example, Supreme Pharmaceuticals (a wannabe grower)

shows about $8.4 M of very soft assets on its balance sheet for something called “Licence Acquisition Cost”. Note 3 to the financials shows this is just the net cost of buying a licence, but I can’t find an explanation of what that licence is for! I assume it was the net purchase price to buy the company that has applied for a grower’s licence, so that just represents someone else’s sunk costs that have not yet resulted in a licence from the government. Remember, don’t go broke, go public! But, at the same time, Supreme does own real assets on its balance sheet, being about $4.7M of land and buildings. There is some downside protection in those hard assets. If Supreme fails to get whatever licence it applied for, at least it still owns that real estate and can do something else with it for the shareholders.

- **DON’T be the first outside investor.** Cash is king, and most of the companies I’ve seen don’t have anywhere near enough cash. That’s why they’re making the rounds. DO wait until the balance sheet has some strength and management has finalized its compensation package.
- **DON’T take management’s story at face value.** Driven by hype and hope, and given the early stage of the industry, it won’t be possible for even credible management to have all the answers. DO ask a lot of questions and be prepared to walk if you don’t like what you hear. Trust your judgment – if it sounds dumb, it probably is. Talk to the suppliers, employees, independent directors. Realize that there will be very good promoters with very bad deals.
- **If it’s a private investment, DON’T just accept management’s initial valuation of their dream.** That first valuation offered to you will be excessive. DO be prepared to walk away from the deal. Remember deals are like streetcars and another will be here in 10 minutes.
- **If you’re buying shares on a stock market, DON’T be rushed into buying today.** Look at the number of shares outstanding and figure out the market cap. If it’s too

high, wait. Like all markets, prices will go up and prices will come down. If you really like the company and you understand the answers to your questions, wait until the potential return on your investment matches up with the risk you're taking. In mining, success is just one drill hole away – the problem is, you don't know whether it this hole or the next one or the hundredth one. The same theory applies here. *Take your time.*

- **When the inevitable happens and some of your portfolio holdings fall, DON'T be afraid to sell.** DO be willing to sell and walk away, and roll over into a better opportunity. Taking a small loss today is far better than taking a massive loss a year from now. Having invested in a portfolio of companies gives you that ability.

Good luck!