NEWS RELEASE

TSX Venture: KBLT
OTCQX: CBLLF
FRA: 27O

Cobalt 27 Shareholder Letter

Toronto, Ontario - January 11, 2019 - Cobalt 27 Capital Corp. ("Cobalt 27" or the "Company") (TSXV: **KBLT**)(OTCQX: **CBLLF**)(FRA: **27O**), a battery metals streaming and royalty company offering direct exposure to cobalt, nickel and lithium, integral elements in key technologies of electric vehicles and energy storage systems, provides the following update to shareholders from its Chairman and CEO, Mr. Anthony Milewski.

As 2018 is now behind us, I would like to take this time to review and reflect on Cobalt 27's achievements during our first full year of operations and provide some brief comments on the key physical markets that drive our business. While we are unable to control equity market volatility and broader market sentiment, we remain steadfast in our commitment to building a cash flowing dedicated electric vehicle and battery storage proxy.

A little over a year and a half ago, Cobalt 27 came to the market with an idea, we wanted to build a battery metals streaming company. Seismic changes are underway in the energy and automotive industries, electrification in the form of electric vehicles and battery storage systems are transforming our world. The changes we witnessed from the day we went public have not slowed and if anything they are showing signs of acceleration to the point where the market is starting to tip past the point of return. Globally tens of billions of dollars is being spent by investors, countries, and some of the world's most important companies. We don't know which automobile or energy company(s) will succeed in dominating the market, but we stand at the cusp of global electrification adoption and it is our view that battery metals, including nickel, cobalt, and lithium, will act as proxies for the adoption of these new technologies.

The past year has been a time of tremendous growth and transition for Cobalt 27 as we achieved our IPO objective of becoming a leading battery metals streaming and royalty company, giving investors exposure to both cobalt and nickel, as well as recently adding our first lithium royalty. The pace of change since the IPO has been breathtaking, and I wanted to take a moment to walk shareholders through our achievements in 2018 and thank-you for your continued support.

First and foremost, we delivered on our IPO promise to create a battery metals streaming and royalty company. In June 2018, Cobalt 27 acquired a US$300 million cobalt stream on Vale's world-class

Voisey's Bay mine in Canada. Cobalt 27's acquisition of the world's first cobalt stream will result in Cobalt 27 receiving 32.6% of Voisey's Bay's cobalt production starting on January 1st, 2021, expected to result in deliveries of approximately 1.9 million pounds of high grade cobalt metal per year to Cobalt 27, to be settled in physical delivery for the life of the mine.

Cobalt 27 also announced that the Company is working on a friendly deal to acquire Highlands Pacific and its low-cost, long-life Ramu Nickel-Cobalt Mine, located in Papua New Guinea ("PNG"). The Ramu Nickel-Cobalt Mine is majority owned and operated by Metallurgical Corporation of China Ltd. ("MCC"), which has a market capitalization of approximately US$9 billion. The Ramu Mine was financed, constructed and commissioned by MCC in 2012 at a cost of US$2.1 billion which, at the time, was China's largest overseas mining investment. The Ramu Nickel-Cobalt Mine is one of few vertically integrated operations that produce nickel-cobalt hydroxide product which is prized as a raw material for the manufacture of lithium ion batteries.

As we look to 2019, we believe multiple value drivers exist for shareholders as investors recognize the strategic value of the asset portfolio that we have built. All of Cobalt 27's core streams and royalties are on tier one assets with exceptional exploration and production upside and located outside of Africa. In addition, our physical cobalt position of over 2,900 mt is comprised of ethically sourced metal stored in warehouses in North America and Europe. At some point there will be value in owning cobalt unimpaired by perceived and or real issues associated with cobalt of DRC origin.

<u>Royalties:</u>

In 2018 we acquired four royalties, including several over some of the largest development projects in the world. Our 2018 portfolio acquisitions include:

- a nickel-cobalt royalty over the Canadian based Dumont project,
- a nickel-cobalt royalty over the Canadian based Turnagain project,
- a nickel-cobalt-scandium royalty over the Australian based Flemington project; and
- a scandium royalty over the Australian based Nyngan project.

<u>Equity / Debt Financings:</u>

In 2018 we were fortuned to have both the equity and debt capital markets open to Cobalt 27. We closed two large equity financings in the form of a C$200 million private placement and a C$300 million public offering. We also accessed the debt capital markets with an initial US$85 million revolver that was then later upsized to US$200 million.

- C$200 million private placement led by Credit Suisse and TD
- C$300 million public offering led by BMO, Credit Suisse, Scotia, and TD
- US$85 million revolver led by NBF
- US$200 million revolver led by NBF as well as BMO and Scotia

Management Team Enhancements:

At the time of the IPO, Cobalt 27 was run by Justin Cochrane and myself. Over the past year we have been fortunate enough to bring on a world renowned nickel-cobalt expert, Martin Vydra, as Head of Strategy. We have also hired Conor Kearns as our Vice President of Finance and Betty Joy LeBlanc as our Head of Corporate Communications.

Analyst Coverage:

In particular we would like to thank the many banks that provide a variety of advisory, corporate and other services. We are grateful for the support of the top banks and boutiques in Canada and Europe. Cobalt 27 is covered by 10 analysts.

- Andrew Mikitchook at BMO,
- Eric Zaunscherb at Canaccord,
- MacMurray Whale at Cormark,
- David Talbot at Eight Capital,
- Anoop Prihar at GMP Securities,
- Colin Healey at Haywood Securities,
- Rupert Merer at National Bank of Canada,
- Jonathan Guy at Numis Securities Ltd,
- David Davidson at Paradigm Capiatal,
- Michael Doumet at Scotiabank, and
- Craig Hutchinson at TD Securities Inc.

Other

In addition to Cobalt 27's acquisitions and financings, we listed the company on the OTXQX and initiated a share buyback program, which allows us to buy up to 9.9% of the Company's outstanding shares in the open market.

Finally, a comment on the two primary drivers of our NAV – nickel and cobalt. Over the course of 2018, cobalt saw a price of over US$44/lb. which has not been seen since 2008, and a nickel price that showed solid strength peaking at US$7.14/lb. Although cobalt prices retreated later in 2018, they remain above the long term average and, in our view of supply and demand fundamentals for cobalt and our business, remain strong.

The cobalt market remained energized in 2018 with strong demand for metal from the aerospace and alloy sectors coupled with continued demand growth from chemicals, primarily driven by batteries and electrical storage systems. However in 2018, we also witnessed the development of a bifurcated market as cobalt metal supply remained relatively flat in a growing market for these products while cobalt intermediate supply, typically utilized for chemicals and batteries, saw an increase in output from the Democratic Republic of Congo (DRC) driven by artisanal production and the anticipated ramp of up of Glencore's Katanga mine. The Congolese artisanal production is the swing supply that has resulted in a greater price differentiation between metal and intermediate products as cobalt metal prices remain at historically higher levels and cobalt intermediates, which are priced against metal, are seeing increased price pressure with surplus material available in the short term. Additionally, at certain points in 2018, we saw selling pressure on cobalt with the re-tightening of credit among Chinese consumers impacting inventory management strategies. The significant majority of Cobalt 27's value is derived from cobalt metal prices and therefore, we are somewhat insulated from the price differentiation between metal and intermediates, though not immune.

In addition, our research indicates that as auto manufacturers ramp up deliveries and production of EVs, the demand response for batteries will close the current gap that exists between the availability of intermediates and the demand for them, which is currently still playing catch up. However what the supply response from the DRC has highlighted is the precarious nature of the cobalt supply chain with roughly 70% of cobalt now coming from the DRC and numerous reports calling into question both the environmental impact of the non-mechanized mining and whether the material has been ethically sourced. Our view is that in the near future a "Kimberly Style" process for certifying cobalt origins will be necessary if battery makers are to be able to stand behind assertions that their cobalt has been ethically sourced. This is evidenced by the indications from both the Cobalt Institute and London Metals Exchange (LME) that ethical and responsible sourcing is no longer something that will be left to unofficial "self-certification" and more transparent and standardized certification systems are being contemplated. In 2018, we also saw a glimpse of the issues associated with such a concentrated cobalt supply chain when a major mining company with operations in the DRC announced it had to halt sales of cobalt due to uranium in the product. While it would appear the issue will be resolved in the second half of 2019, we are reminded that should any unexpected events take place in the DRC it could have a material impact on the market. Meanwhile, fears persist around what election results and a transition of power may mean for the DRC in 2019.

Like the cobalt market, the nickel market too has seen big price swings in 2018. Demand growth in both its primary market, stainless steel and secondary uses remained strong, while inventory levels on the LME and SHFE continue to drop, being down 46% y/y in October. Nickel has appreciated from historical lows when it averaged less than $4/lb. and reached a peak of US$7.14/lb. in June 2018, only to fall again to its current price of approximately US$ 5.00/lb.

Nickel remains a critical component in the manufacture of stainless and alloy steels as its importance in the battery sector shows signs of rapid growth. While we see the ability of the nickel market to respond to improved demand from the stainless steel and alloy sectors in the form of NPI production, projections of supply response from Class I supply required for applications such as batteries remain optimistic in our view. Unlike the stainless steel or alloy sector, batteries require pure nickel (currently in the form of nickel sulphate) which is only available from a handful of global refineries. The ability of nickel producers to bring this quality of production on stream at costs and schedules initially indicated has historically not been achieved. Our own research indicates that new announced projects targeting significant increases in supply of Class I or chemical grade nickel by 2021 remain extremely optimistic. Despite challenging market conditions during the last half of the year for all commodities including battery metals, we remain excited and confident in the changes underway and our ability to capitalize on these opportunities. We are astonished by the breathtaking speed in the uptake of electric vehicles with recent reports indicating nearly 10% of new car sales in California are EVs and 8% of new car sales in Canada as EVs. As I think about nickel and cobalt this year, I am reminded of a famous quote by Sir Winston Churchill: "*Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.*" And so it is for nickel and cobalt whose markets, by all indications, are set to be transformed in the coming years.

To our shareholders, once again, on behalf of myself, Justin, and the rest of the Cobalt 27 team, we thank you for your support as we continue to strive to create shareholder value as we build and develop the market's only battery metals streaming company.

Sincerely,
Anthony Milewski & the Cobalt 27 Team

Corporate Update:

The Company has granted an aggregate of 1,673,000 incentive stock options and restricted share units ("RSUs") to certain of its directors, officers, advisers and consultants. The incentive stock options granted are exercisable at $4.44 per share for a period of five years expiring January 11, 2024. Following the award of stock options and RSUs, the company currently has an aggregate of 3,160,392 options and RSUs issued and outstanding, representing approximately 3.7 per cent of its issued and outstanding share capital.

About Cobalt 27 Capital Corp.

Cobalt 27 Capital Corp. is a leading battery metals streaming company offering exposure to metals integral to key technologies of the electric vehicle and energy storage markets. The Company owns 2,905.7 Mt of physical cobalt and a 32.6% Cobalt Stream on Vale's world-class Voisey's Bay mine, beginning in 2021. Cobalt 27 is undertaking a friendly acquisition of Highlands Pacific which is expected to add increased attributable nickel and cobalt production from the long-life, world-class Ramu Mine. The Company also manages a portfolio of nine royalties and intends to continue to invest in a cobalt-nickel-lithium-focused portfolio of streams, royalties and direct interests in mineral properties containing battery metals.

For further information please visit the Company website at www.cobalt27.com or contact:

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Forward-Looking Information: This news release contains certain information which constitutes 'forward-looking statements' and 'forward-looking information' within the meaning of applicable Canadian securities laws. Forward-looking statements in this news release include, without limitation: statements pertaining to the timing and completion of the acquisition of the Ramu Cobalt Nickel Stream and the buy-back of shares through the previously announced Norman Course Issuer Bid, and the receipt of any regulatory and stock exchange approvals therefor; statements pertaining to the timing and amounts of cash and proceeds related to the Ramu Cobalt Nickel Stream and Normal Course Issuer Bids; statements pertaining to the use of proceeds from the Ramu Cobalt Nickel Stream andt; statements pertaining to the arrangements with MRDC; and statements pertaining to impact of the Ramu Cobalt Nickel Stream on the future performance of the Company. Forward-looking statements involve known and unknown risks and uncertainties, most of which are beyond the Company's control. For more details on these and other risk factors see the Company's most recent Annual Information Form on file with Canadian securities regulatory authorities on SEDAR at www.sedar.com under the heading "Risk Factors". Should one or more of the risks or uncertainties underlying these forward-looking statements materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements. Accordingly, undue reliance should not be placed on these forward-looking statements.

The forward-looking statements contained herein are made as of the date of this release and, other than as required by applicable securities laws, the Company does not assume any obligation to update or revise it to reflect new events or circumstances. The forward-looking statements contained in this release are expressly qualified by this cautionary statement.