Can Chile's cobalt power the energy transition? We sit down with

Duncan Blount,

CEO, Chilean Cobalt Corp (C3) to find out...

LATAM INVESTOR: ***Please give us a profile of C3.***

Duncan Blount: Chilean Cobalt Corp (OTCQB: COBA) is a US-based and US-listed developer of critical mineral resources in Chile. Our flagship project is La Cobaltera, a primary cobalt-copper district that produced cobalt between the mid-1800s and mid-1900s but has not been mined for cobalt during the last 70 years or so. Copper oxide resources have been mined by small-scale miners up until 2016, when we took over the projects, and visible mineralization still occurs across the project area. As a result, there are brownfield mines to redevelop plus greenfield exploration prospects across the entire project area. At the moment, our main shareholders are largely the principles, partners, and directors of US-based investment funds, but we are looking to expand our shareholder base now that we are a public company with increasing visibility and market liquidity. In addition to institutional investors, we are bringing in strategic partners, such as planned US-based cobalt refineries, EV battery and automobile manufacturers, and superalloy fabricators.

Duncan Blount (centre-right) on site with some of the C3 team

We decided to list in the US because our Management Team and most of our investors are based here in the US, and anticipate that most of our future production will end up at US-based gigafactories. That said, we did consider listing in Canada – indeed I previously ran two TSX-V listed companies – and even Australia, as both countries have a deep pool of mining investors interested in Chile. But ultimately, we decided to list in the US because we believe that when we develop the mine, we will receive a scarcity premium because there are very few listed options for US investors that want exposure to cobalt, particularly in a great jurisdiction like Chile. That is the key aspect about C3 – we intend to develop and operate this project, and are building a team to do exactly that. We aren't speculators or promotors who are simply looking to sell it on.

> ***Our project presents a unique opportunity for Chile to also become a cobalt producer, at a time when the market is dominated by the Democratic Republic of the Congo and Indonesia.***

LAI: ***What are Chile's strengths as a mining jurisdiction?***

DB: Chile is one of the best mining jurisdictions in the world. Chile has close political and economic ties with the US, including a Free Trade Agreement, which makes our future production eligible for various US Inflation Reduction Act incentives, and a recently-negotiated tax treaty. In addition, there are direct flights, cultural and linguistic similarities because there are plenty of Spanish speakers in the US and English speakers in Chile and, most important of all, excellent geology with a very capable domestic workforce. Chile's mining sector has proven to be very attractive to international investors over the last decades, and the country is clearly open to foreign capital and technology, having attracted many of the world's largest mining companies. The Chileans support mining – as long as it is conducted responsibly – because it has brought great wealth to their country, which has the highest GDP per capita on the South American continent.

There has been some negative noise about the political situation in Chile, but when you look at the reality, you see a pragmatic government that is willing to change course. The proposed change to the constitution was rejected by voters, and President Gabriel Boric listened to the people and adjusted accordingly. Recently, lithium in Chile has been a large focus of the Boric administration and a recent source of anxiety for international investors. This is a sensitive area because it's a strategic asset, as Chile has the world's largest resources, and wants to ensure that deposits are mined responsibly – and that Chile benefits from this strategic development. That said, the recent ev-

idence of Codelco looking to acquire lithium assets, instead of expropriating them, is a vote of confidence for investors. For cobalt projects like ours, we are able to operate independently – just like copper, gold, silver, and essentially every other mineral.

Another recent focus is on water supplies, as some projects in Chile have struggled with water issues. Most of the mineralisation occurs in the Atacama Desert, which is the one of the driest places on earth. If your project competes for scarce water supplies with a local community, particularly at high altitude, then you will face increased risk of local opposition. Fortunately, that is not the case at our site, which is about 10km from the coast, at low altitude of around 800 meters, and without any local communities on site that would be competing for resources or would need to be relocated into full project development. For many processes, we will be able to use raw sea water, as well as desalinated water, and even water from local aquifers if needed. Further, the Atacama was once an energy-starved region, but now with the advancement of solar power, there are numerous large-scale projects built and being developed – and this is an energy source that we are evaluating for our own operations as well.

LAI: *Why is la Cobaltera an exciting asset?*

DB: When C3 was formed in 2017 we consolidated the original land package, which is now about 2,600 hectares of 100%-owned mineral rights – with additional adjacent consolidation opportunities of interest. The area contains a couple dozen abandoned open pit operations, a handful of underground mines, and literally hundreds of exploratory tunnels. It's a fascinating story because it was mined in the 100 years leading up to World War 2. During the war, cobalt was then used as a hardening alloy for jet engine turbine blades.

But when the war ended, demand fell along with prices, and the mine was abandoned and reverted back to local private ownership. There is a lot of mineralisation left because many of these deposits were not mined to exhaustion. With today's modern technology - such as drone magnetic surveys, satellite imagery, geochemical analysis, deeper drilling, and more – you can piece together the mineralisation and identify areas with high potential.

We have a significant amount of historical information on mineralisation at the site, but obviously none of it was modern, and certainly not NI 43-101 compliant. To validate that information using modern techniques, we hired SRK Consulting to be our independent technical advisors, and with them, designed an exploration campaign. In 2018-19 we drilled about 22,000 metres of core in addition to significant other exploration work to define an initial deposit – and thus proved the concept that we could modernize the historical data with an advanced exploration campaign. The data revealed that as a minimum, there is the mineralisation from several brownfield sites, but we also have numerous areas of high-impact greenfield exploration. As the saying goes, the best place to find a new mine is next to an old mine.

We have a high-grade cobalt vein system that extends for about 12km by about 1-2km wide, and a three-phase copper-cobalt system that extends for about 20km by about 1-2km wide.

There is the oxide section of the deposit, which was the target of the existing open pits. That level is from the surface to about 50 metres deep. We believe we can develop these oxide resources and commence production within three years from receiving the required funding of roughly $250million. Base case anticipated production would be about 3,000 to 5,000 of contained tonnes of cobalt per year and about 20,000 to 25,000 tonnes of contained copper. The grades are around 0.2 to 1% of cobalt and 0.5% to 1% of copper, so we would need to process 10,000 tonnes of ore per day. These figures will be firmed-up as we progress into Scoping-level and Pre-Feasibility Study level of development. Beneath the oxide zone, there is a transition layer that is also about 50 meters, and beneath that, there is then a deeper layer of sulphides that extends for at least 200 meters, and based on our drilling, this includes some areas of high-grade copper with associated cobalt and evidence of gold mineralization in a quartz matrix.

LAI: *Why should LatAm INVESTOR readers invest in C3?*

DB: We have exposure to the commodities that the world needs. This project is relatively straightforward to develop given its location and high-grade nature, combined with the multiple types of deposits that we can progress. We are already seeing interest from future offtakers and we are already in several advanced discussions regarding their interest and support. We anticipate securing pre-production financing from a strategic investor for much of the oxide development – and potentially also for some in-country vertical integration.

We also think there are areas of the project that can be eligible for separate low-cost financing solutions, such as power, water, and more. Additionally, given we are a US-based company operating in a US Free Trade Agreement country, we are actively engaged with the US government and are working to take advantage of the many critical metal funding programmes.