Tuesday, September 22, 2026

HALLGARTEN + COMPANY

Initiation of Coverage

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Chilean Cobalt

(OTCQB:COBA)

Strategy: LONG

Key Metrics	
Price (USD)	$2.48
12-Month Target Price (USD)	$6.25
Upside to Target	152%
12mth hi-low	$0.19-$4.30
Market Cap (USD mn)	$143.65
Shares Outstanding (mns)	57.97
Options (millions)	7.43
(Fully Diluted)	65.40

Chilean Cobalt

Piling Up Realizable Critical Minerals

- + **Cobalt is experiencing a sea change moving from being seen (mistakenly) as "just a battery metal" to being rightly seen for its military and strategic properties**
- + **While La Cobaltera mine is a significant past producer of Cobalt, with high copper prices the red metal may be the driver rather than just a by-product**
- + **The copper component protects against the almost inevitable fluctuations of Co price**
- + **The US (and many other Western economies and groupings) have made securing Cobalt supplies (free from Chinese intermediation) as a major priority**
- + **The US listing and domicile of COBA give it the potential to be seen as the home-grown champion in the Cobalt space, much like Almonty has achieved in Tungsten**
- + **Chile is regarded as a top-grade investment destination for mining projects/reboots**
- + **A recently refreshed EXIM LOI covers the issue of up to $375mn in potential credits**
- + **The self-destructive actions of the US regarding Moa Bay works out for prospective producers like COBA, but for few others**
- + **The more recently added ionic adsorption clays REE project in southern Chile is a company-maker in its own right and looks a perfect candidate for a SpinCo action**
- + **Due to prior work done by the REE project´s owners (now shareholders of COBA) the project is significantly ahead of Aclara´s nearby Penco Module project**
- × **The Cobalt price has confounded pundits for decades and has been highly susceptible to manipulation to the upside & downside by the Chinese and a certain trading house**
- × **The DRC is like a drunken 800-lb gorilla in the Cobalt market with wild oscillations on policies and which buyers/producers/investors it favours**
- × **The judges are out still on Cobalt's long-term future in battery formulations. Only time will tell**

Three Horses in the Critical Metals Stakes Enhances the Odds

Chilean Cobalt Corp. is, at first glance, a US-based critical minerals exploration and development company focused on the La Cobaltera and El Cofre projects in northern Chile, one of the world's few primary cobalt districts.

Despite its name, this company actually has three quite diverse horses in the race to supply the West with

the critical minerals that China is currently in denial mode. In the case of Rare Earths, China is explicitly denying the West access through its dual-use export bans and indirectly denying, in the case of Cobalt by exercising direct, and indirect, control via its “relationship” with the DRC.

We have often used horse-racing analogies when referring to critical metals/minerals, particularly Rare Earths, with the fate for race´s underperformance being a one-way trip to the glue factory.

In this Initiation of Coverage, we look at the expanding package of Cobalt/Copper or Copper/Cobalt assets that the company has in central Chile, a country renowned for copper but not for cobalt, but therein also lies an interesting tale. Then we look at the second major play that COBA has, its NeoRe ionic adsorption clays (IAC) target in the south of Chile. This looks like a company-maker in itself, and we muse upon its potential as a SpinCo. We also look more generally at the current Cobalt scene and at the rise of IACs as the solution to the Heavy Rare Earth supply crisis.

Cobalt – Tale of a Crisis Delayed

The “Blue Metal” is sometimes the term used to describe cobalt. While Cobalt has had the blues in the recent past its worst days seem behind it. Like many other specialty metals it has a poor supply prognosis as its tailwind at the current time and for the foreseeable future. Supply is linked to two base metals, one of which (nickel) has been underinvested for quite a while and still has a relatively depressed price (despite the bulls of that metal) while copper is satisfactorily priced at the moment but the bulk of the cobalt by-product rich mines are in Central Africa NOT in Latin America (Chilean mines have hitherto been known more for Moly as the by-product stream).

To say the supply outlook for cobalt is complicated is an understatement, while there are few clouds on the usage side, though battery formulation switching is a real issue.

The number of players threatening to bring new production to the market is very few indeed. The most advanced of these, Jervois Global, almost had a whole vertically-integrated operation in sight and then imploded. The rest of the pack are almost all by-product (potentially) producers of Cobalt.

The prospect thus is for investors to wake up one day that cobalt is a specialty metal, that at least due to the sheer size of its market, its niche but a very big niche.

Some Corporate History

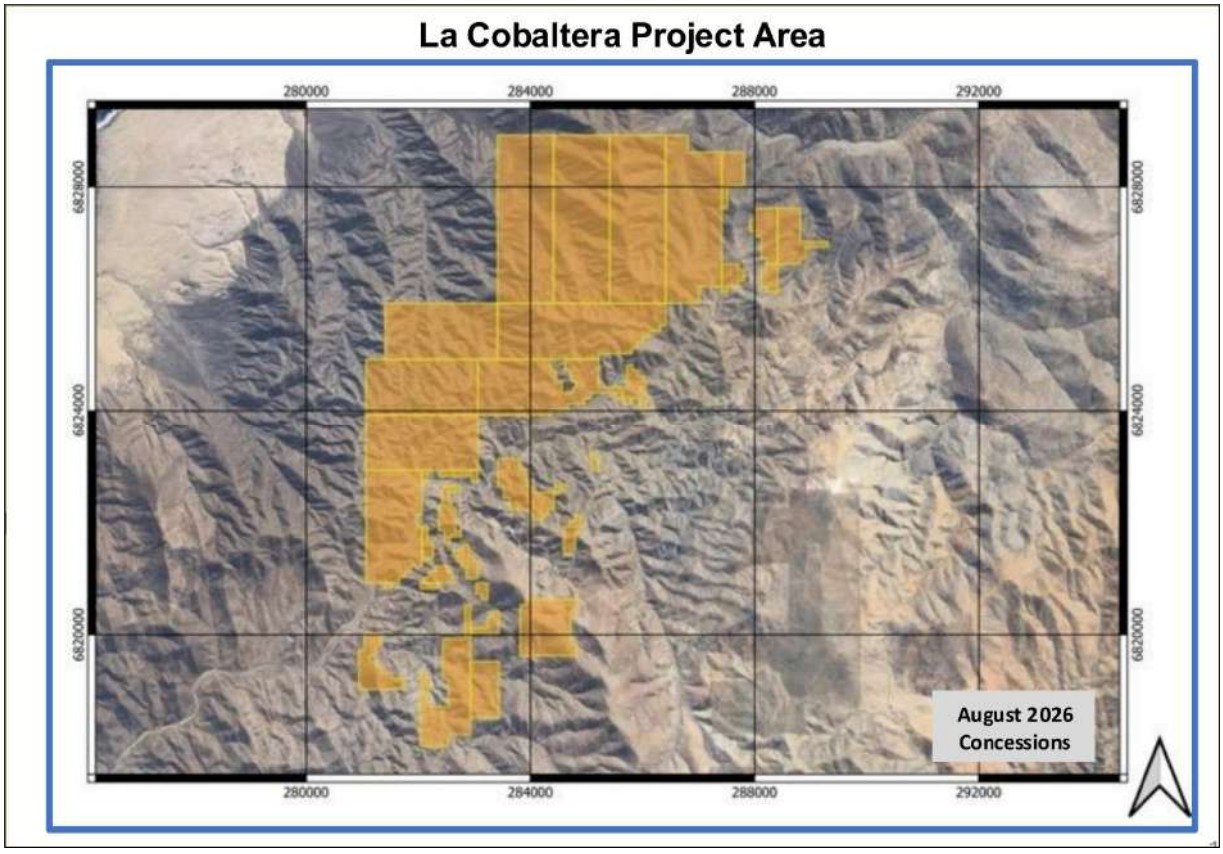
Chilean Cobalt's history was that it was a wholly-owned subsidiary of Genlith Inc, the founding group. Baltum Mineria was the Chilean corporate vehicle to hold the Co-Cu assets of Genlith, with Genlith being a Pennsylvania-based holding company incorporated in 2008, with a focus on energy storage, infrastructure investments, and critical battery materials. Genlith previously held major ownership interests in Chilean Cobalt Corp. before distributing shares to individual shareholders in 2022.

Genlith no longer has any direct ownership in COBA.

La Cobaltera

Circling back to Chilean Cobalt, we find a company that fits the classic Copper-Cobalt mix but that is not the norm with the mega copper mines in the country´s north which have little, to no, Cobalt component in their mineralisation. The company's chief project is La Cobaltera, within the historic San Juan Mining District, is more unique than one might imagine.

The property is located in the Atacama Region of northern Chile at an elevation varying between 700 and 1,100 metres above sea level (masl). It is sited approximately 700 km north of Santiago. The nearest town, at some 48 kms (~30 miles) to the north, is Huasco (population 10,149).



The access to this district is through the road (C-462) that connects the city of Vallenar with Huasco detouring south from Freirina on road C-494 that connects the localities of Freirina and Quebradita, crossing through the Totora and Arco Mollea slopes.

The La Cobaltera mining district is comprised of cobalt and copper vein systems along multiple exploration trends and is one of the few primary Co districts known globally (amongst others being Idaho, Morocco and Uganda). Some might mention the potential of undersea polymetallic nodules.

Significant small-scale historical production occurred in the district with artisanal mining activity from the

1840s to mid-1900s. Records indicate that grades averaged >6% Co and >2% Cu. After locating and deciphering a 'treasure trove' of historical documents, including geological records, tattered maps, and past mining production accounts, fieldwork began in 2018 and included geochemical surface sampling, airborne geophysical survey, mineralogical studies, and geological mapping.

Baltum Mineria, the company that is now owned by COBA, initially targeted the Co-rich vein systems near the historical Rosa Amelia Mine with 96 drillholes totaling over 22,000 metres.

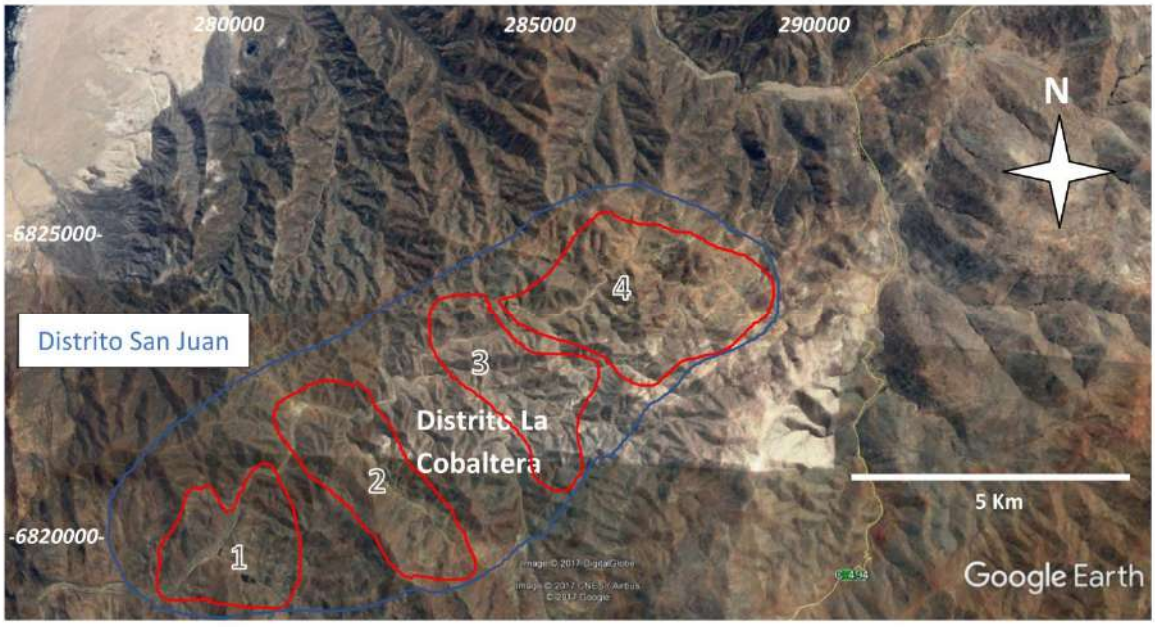
There is an extant Mineral Resource Estimate which had been prepared by SRK for Genlith Inc. (their private equity client). The Mineral Resource Estimation is calculated upon the cobalt-copper mesothermal vein systems at the Rosa Amelia Mine Area within the La Cobaltera District.

However, this resource cannot (currently) be used as it straddles concessions held by Chilean Cobalt and a neighbour. There is also a SRK NI 43-101 report on the district's oxide and sulphide exploration potential.

Cobalt in Chile

Historically, the exploitation of cobalt in Chile was developed intermittently between 1844 and 1944. The exploited zones include the Tambillos district of the Coquimbo region, the Río Maipo valleys and the El Volcán river of the Metropolitan region, the San Juan district to the south of Freirina, and the Sierra Ladrillos and Los Loros districts in Copiapó (D'Aubarede, 1969; Cruzat, 1968).

The districts that have become the most developed are the San Juan and Tambillos districts.



The main sub-districts of San Juan are shown on the aerial view above: Mineras Labrar (1), Quebradita (2), El Romero (3), Fraguita, and the La Cobaltera (4).

Additionally, there exists a series of deposits widely distributed in environments associated with the metallogenic province of the Coastal Mountain Range in the Atacama and Coquimbo regions that have values for cobalt content similar to those reported in the hypogene zones in the deposits of the San Juan district south of Freirina (Lacassie et al., 2016).

Historic Production

Cobalt production in Chile commenced in the mid-1800s and records indicate that the San Juan Mining District was one of the first producing areas. As a historical aside one may wander about copper producing areas in far north Chile, however these were part of Bolivia until 1879, so if any Cobalt was produced there it was NOT Chilean production.

The 20th century history of La Cobaltera, located within the aforementioned San Juan Mining District, is even more intriguing due to its role in contributing material to the German war machine in the depths of World War II.

Historical reports show a history of high-grade mining with reported cobalt grades in the La Cobaltera region ranging from 1% to over 15%, as recorded by D'Aubarede (1969).

A brief history of cobalt mining in the San Juan Mining District is summarized below:

- Pre-1920s: Between 1844 to 1902, there are no records of exports or grades validating historical production tonnages. Historical mining was artisanal in nature and actual production is not

verified.

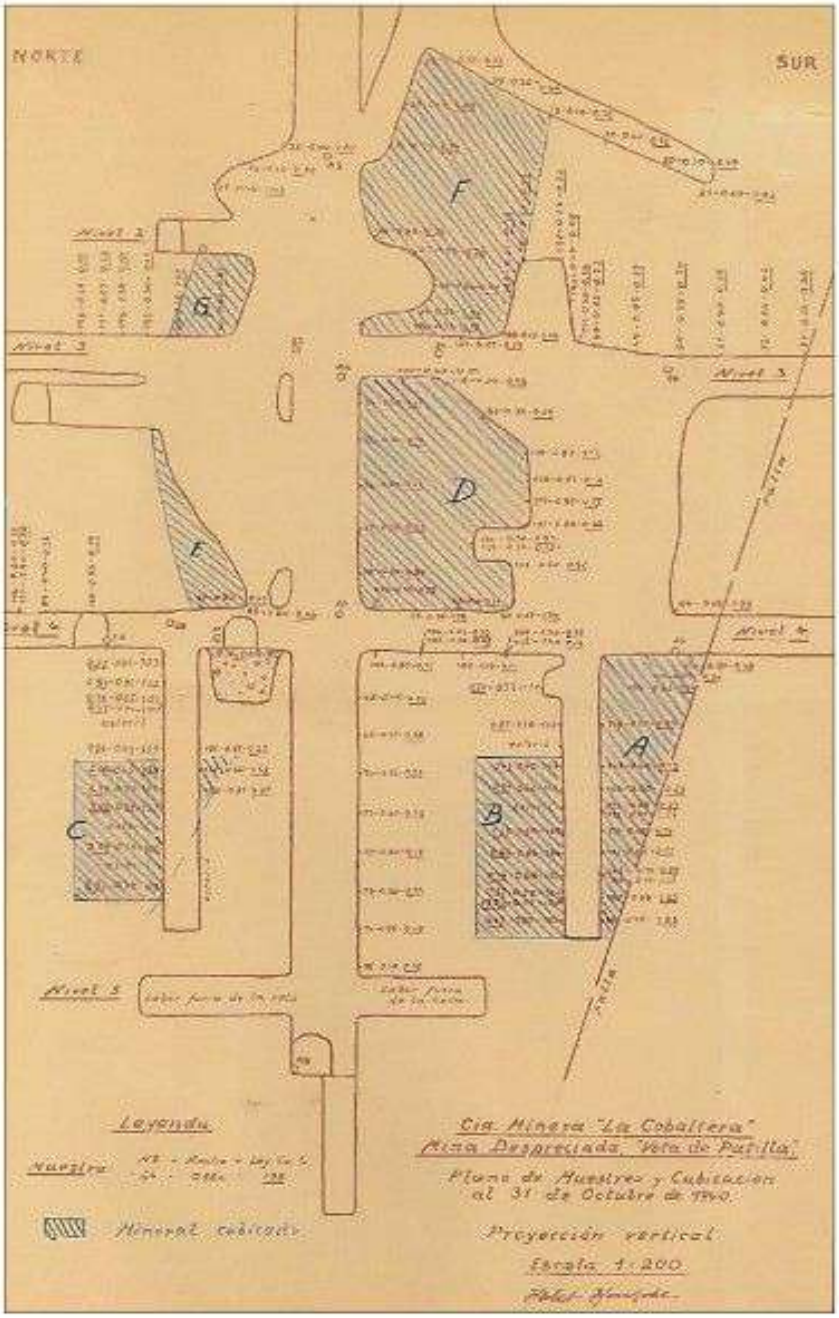
- 1920-1940s: From 1924 to 1941, intermittent cobalt operations occurred in Sierra Totorita and San Juan mining districts, both located in the current Freirina municipality.
- Beginning in 1937, in the San Juan Mining District, Compañía Minera La Cobaltera initiated systematic exploration and mining, built a processing plant and shipped high-grade product overseas. In 1941, during the Second World War, production records report shipment of 1.35% Co ore to Germany (Hornkohl, 1944).
- While Chile remained officially neutral during the early years of the war, German U-boats sank the Chilean merchant ship Toltén in March 1942. This provoked outrage, leading Chile to sever diplomatic ties with the Axis powers in 1943, halting Axis-affiliated operations, and ultimately entering the war on the side of the Allies.
- 1950-1970s: Studies by the USGS and others noted that cobalt mineralization at depth was comprised of mainly cobaltite, a cobalt sulfide, at La Cobaltera (USGS, 2019). At the surface, secondary oxidized cobalt mineralization (erythrite) was found in veins with some areas averaging 1.6 to 6.4% cobalt (D'Aubarede, 1969).
- Valdebenito (1972) conducted an evaluation of the Rosa Amelia and La Negra mines, both located in the La Cobaltera mining concessions. A zone of oxidized mineralization (erythrite, spherocobaltite and asbolane) with up to 0.5% cobalt grade was identified 30-40 m below the surface above deeper cobalt sulfide mineralization.
- 1980-Present: Minor small-scale copper mines operated in the region. Artisanal miners exploited copper, gold and silver ore obtained from adits and mine waste rock piles, but no significant cobalt production is known to have occurred since the mid-1940s.

The statistics for historical production are impressive indeed and are shown in the table at the right:

Production at Cobaltera et al.

Period	Kgs	Co Grade %
1844-1902	5,491,384	
1903	284,990	7.15%
1904	124,990	6.00%
1905	28,589	6.83%
1906	3,150	6.00%
1907-1918		
1919-1923		
1924	34,588	6.00%
1925		
1926	6,400	15.00%
1927	2,991	15.75%
1928	10,543	15.81%
1929-1937		
1938	7,998	9.05%
1939	27,949	11.10%
1940		
1941	555,522	1.35%
Total	7,029,094	

Below can be seen a schematic of the underground workings at La Cobaltera.



Regional Geology

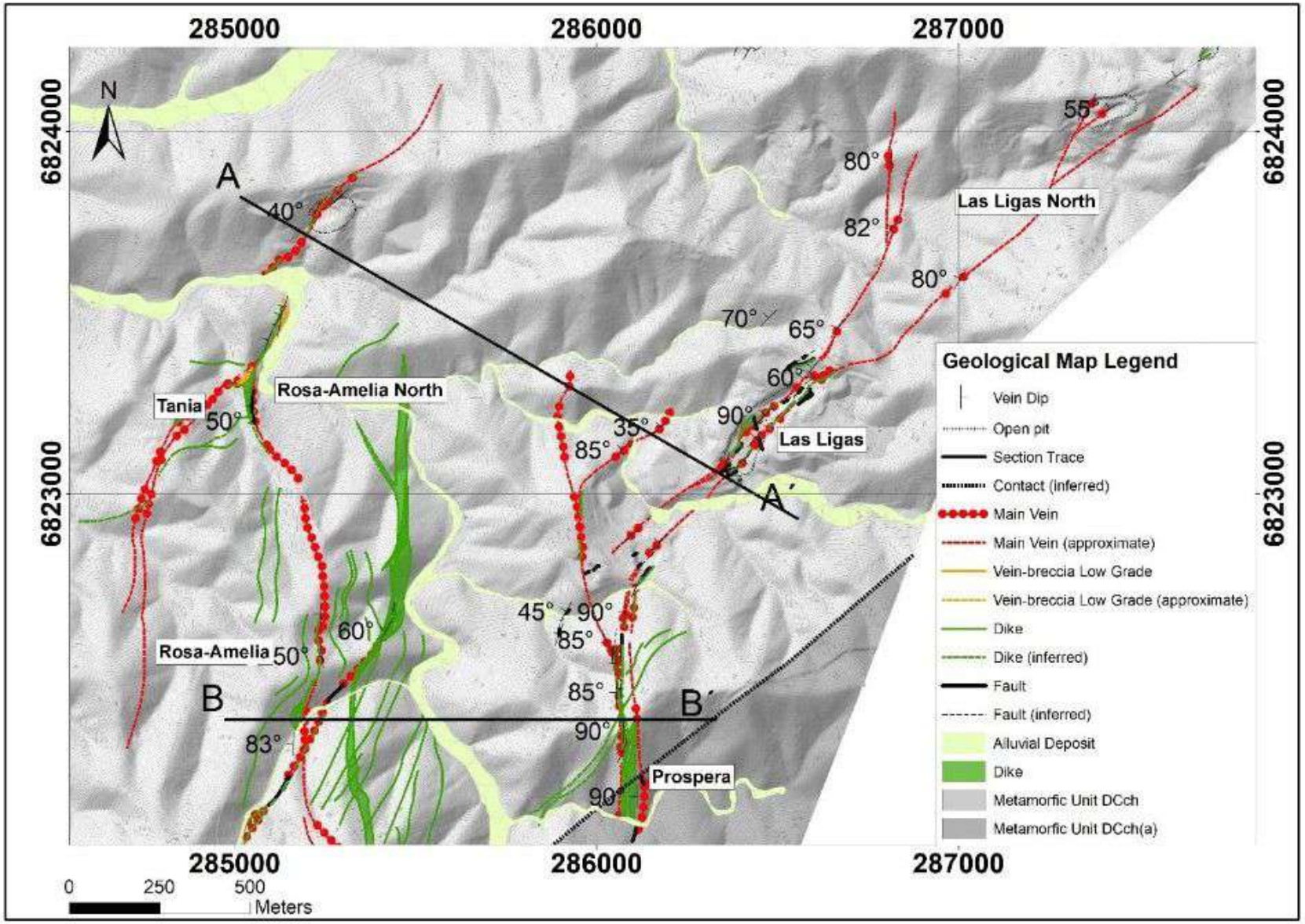
As noted, the La Cobaltera is situated in the San Juan mining district. According to reports by Geoexploraciones (1983), the district of San Juan covers an elongated area oriented in northeasterly direction, over an area measuring 5x10km, and contains 118 vein-body deposits grouped as Minerals Fraguita, El Romero, Cobaltera, Quebradita, and Labrar.

The veins in this district are located both in Paleozoic basement rocks and in intrusive rocks that cut the basement. The basement consists principally of quarziferous metasandstones, metapelites, quartz and micaceous schists, and metabasalts; the intrusive bodies include quarziferous amphibole and biotite diorites that change into quarziferous amphibole and biotite monzodiorites confirmed to exist within the San Juan quarziferous diorite unit.

Veins dip in orientations oscillating from subvertical to 50°W; they vary from 0.7 to 4m wide and extend over distances of 80 m to 1000 m. The mineralogical composition of the primary ore rock consists of pyrite, cobaltite, pyrrhotite and chalcopyrite, while the oxidized zone measuring approximately 30 m deep, presents chrysocolla, malachite, azurite, antlerite, erythrite and black cobalt oxides.

Project Geology

The La Cobaltera deposit is comprised of cobalt-copper vein systems along multiple exploration trends that are hosted in a Paleozoic metamorphic sequence. The mineralization occurs preferentially within the metamorphic host rocks near the contact with syn- to post-mineralization Cretaceous dioritic and andesitic dikes. The deposit morphology shows a strong regional structural control, also consistent with dike formation, with two primary orientations: north-south and northeast-southwest.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Geological Map Legend
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Contact (inferred)
Main Vein
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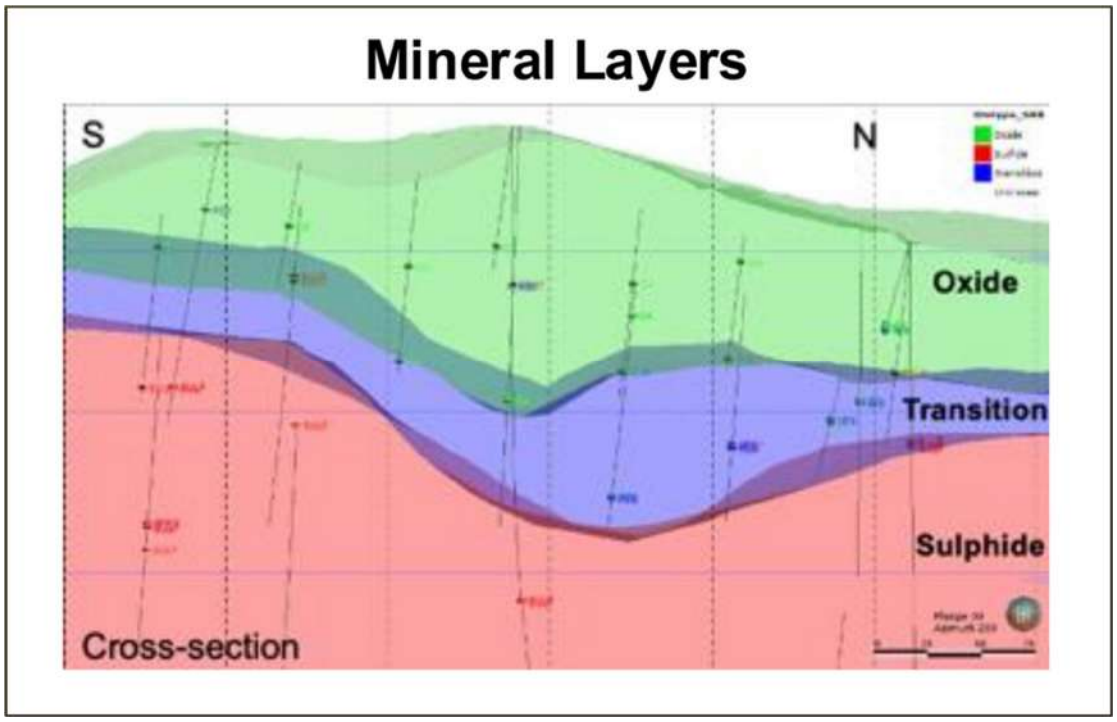
Two main exploration trends have been distinguished primarily by mineralization abundance: cobalt-rich (± Cu) vein systems and copper-rich (± Co) vein systems. Overall, mineralization observed within the two primary exploration trends is similar, as the vein systems formed simultaneously by the same geological processes.

The deposit is hypothesized to be hydrothermal in origin, likely mesothermal or hypothermal due to the sinuous morphology of veinlets and the presence of mineral associations which range from medium to high temperatures of formation. These hydrothermal vein deposits are of primary origin and correspond to formation temperatures between 300 to 500°C. Subsequent to deposition, *in-situ* oxidation of primary sulfides altered the mineralization to oxide minerals that outcrop at surface throughout the project.



Within the hydrothermal/volcanogenic group of cobalt deposit types, La Cobaltera vein systems are comparable to the style of Epigenetic Co-Cu-Au deposits in metasedimentary rocks that are typical of the Idaho Cobalt Belt in the United States. It is notable that the mineralisation of Jervois's Idaho Cobalt Operations (ICO) is primarily cobaltite (CoAsS), which is also found at La Cobaltera, especially in the sulphides.

Thus, the Idaho-style of cobalt deposit is analogous to La Cobaltera regarding location within siliciclastic metamorphic rocks, deformation of host rocks and close relationship to major regional structures like the Atacama Fault Zone (AFZ), high-temperature alteration and foliated textures of veins, and evidence of ductile to brittle transition zone deformation.

The current working model of geological origin is considered sufficient for exploration targeting and

geological modeling of the La Cobaltera deposits.

Exploration

Historical data from governmental archives indicates cobalt and copper production at La Cobaltera, located within the historic San Juan Mining District, and surrounding mining districts dates back to the 1840s. The average grades and total volumes of past production from mines within La Cobaltera are unknown, as most of the mines were small-scale artisanal operations (Figure 1-2). No historical drilling is known to have occurred during previous artisanal mining operations.

In the 1980s, a study was commissioned by Geoexploraciones that outlines district-scale copper and cobalt potential at La Cobaltera. Data and geological maps from this study have been validated by exploration fieldwork completed by Baltum in 2018 and 2019.

Baltum has focused on exploration work at La Cobaltera since February 2018. Baltum began with review of historical documents, including geological records and past production accounts. Then, fieldwork was conducted that included geochemical sampling, geophysical surveys, mineralogical studies, and geological observations and mapping before starting the initial 2018 drilling campaign.

Baltum completed core drilling campaigns in 2018 and 2019. In total, 96 holes totaling 21,943.25 metres were drilled during the two Baltum drilling campaigns, as of October 2, 2019. Drilling in 68 drillholes totaling 14,022.05 m initially targeted the cobalt-rich vein systems of the Rosa Amelia Mine area, which became the focus of a separate MRE. Additionally, Baltum drilled 7,921.20m in 28 drillholes targeting additional copper-cobalt vein systems at La Cobaltera.

No historical drilling is known to have occurred during previous artisanal mining operations.

On CORFO

It is important to mention the role of CORFO (*Corporación de Fomento de la Producción de Chile* or the Chilean Economic Development Agency) as it is important to the development of most mining in Chile below the very biggest of projects. It is a public agency responsible for promoting, innovation, entrepreneurship, and sustainable economic growth in Chile, with a strategic focus on high-impact sectors such as mining, energy, and advanced technologies.

CORFO was founded in 1939 to promote economic growth in Chile and was responsible for the creation of basic industries during the Presidential Republic Era, namely oil, power, steel, sugar, transportation amongst others.

In 2017, the CORFO released a study describing the potential cobalt mineral resources existing in Chile. The report emphasized the La Cobaltera district as one of the top cobalt prospects and was instrumental in assisting Baltum in identifying the potential of the project.

CORFO is proving instrumental in funding part of the research towards the realization of COBA´s tailings

reworking project.

The CORFO Report

In 2017, the Chilean Production Development Corporation (*Corporación de Fomento de la Producción de Chile,* known as CORFO) released a study describing the potential cobalt mineral resources existing in Chile. It's worth noting that although copper and cobalt are popularly regarded as being produced together out of the same deposits, the mega copper mines of Chile are known for their Molybdenum by-product, NOT for Cobalt (whereas the DRC & Zambia are the opposite, with Cobalt as the by-product).

The report emphasized the La Cobaltera district as one of the top cobalt prospects and was instrumental in assisting Baltum in identifying the potential of the Project.

It is useful to separate here the comments from CORFO about the main targets on the blocks held by COBA. Specifically, CORFO commented on:

The **Despreciada or Cobaltera Mine**: The mine is hosted along a 100 m long structure with a N20°E strike and a dip of 70°W, having an average thickness of about 2 m. In the mine stripping area, there are rock piles of silicified schists with cobaltite and erythrite without copper oxides. Eight different samples collected at the stripping areas, and at the mine, showed ranges from 0.28% to 1.81% Cu and 0.004% to 0.006% Co. Access inside the mine was not possible due to safety reasons.

The **Rosa Amelia Mine** (Marengo Mine, Samples: Las Marengo 1 and 2 in this study). Vein that runs along strike for 500 metres, oriented N5°E, N10°E, N15°E, with dips of 55°W – 40°W – 30°W. To the south average thickness is close to 1 m and to the north 2 m. The mineralization occurs within a tourmaline – quartz vein. The surface shows azurite, malachite and black oxides. It is hosted in schists and was exploited for copper. The results of this study, with values of Cu between 1% and 1.3% and Co between 0.05% and 0.278% match the concentration levels indicated by Geoexplorations (1983) and confirmed this sector to be one of top priority interest.

The Tailings Project

Ahead of the actual revival of mining at the part of the San Juan mining district held by COBA there is the opportunity of reworking tailings/low-grade stockpiles left over from the last period of mining at the likes of La Cobaltera.

The volume of this material, along with other potential tailings piles on the properties, has been estimated at 2-10 mn tonnes with grades varying of around 1% Cu and 0.1% Co. There is a wrinkle in this in that while the tailings are on COBA´s territory, the origin (in whole or part) comes from a mine off-concession.

Some are shown below:

Under Chilean Law the mineral concession owners beneath the surface tailings have claim only if they can prove that the tailings came from mined material from properties in their concessions. In the case of tailings piles from a smelter (such as some of the slag piles), the understanding is that they are the property of the company that owns the smelters, but if the smelters no longer exist, then the concession holders have potential to claim the slag piles. This is clearly a matter that the company is actively working on at the moment.

In late January of this year the company announced that funding had been awarded, by CORFO, to a consortium (that includes Chilean Cobalt) for a research and development project to sustainably recover cobalt from tailings and mining waste. CORFO's contribution to the project totals approximately US$3mn, complemented by nearly $1mn in counterpart funding from the participating entities.

The project forms part of CORFO's program, "*R&D Challenges for Sustainable Productive Development*," a national initiative designed to accelerate the adoption of advanced technologies that improve environmental performance while generating new opportunities and strengthening the country´s position in strategic/critical minerals supply chains.

Chilean Cobalt is a member of the consortium selected to develop the cobalt-focused initiative, alongside Universidad Andrés Bello (UNAB), Universidad de Chile (through UNTEC), Pucobre (SSE: PUCOBRE), and Empresa Nacional de Minería (ENAMI).

The project is extravagantly titled "*Sustainable Cobalt: a semi-industrial validation of the green cobalt biotechnological process integrated into an extractive metallurgical strategy with a focus on tailings and circular mining*".

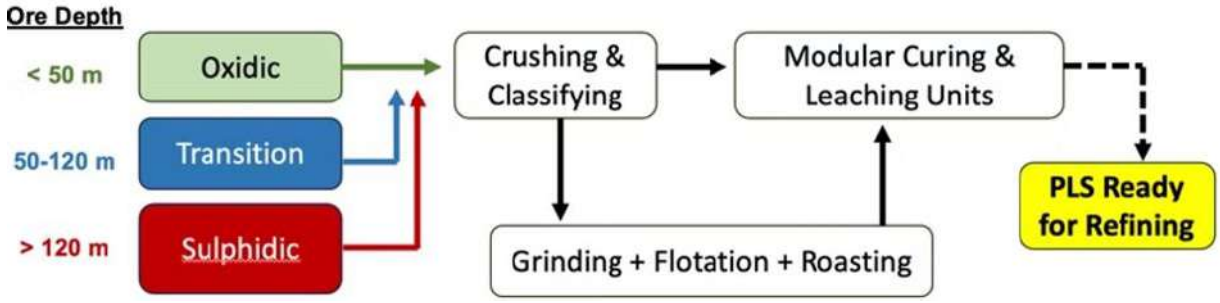
The main goal of the project is the validation of the Green Cobalt bioleach technology at Pucobre's Biocobre plant at Copiapó in the Atacama Region. The "Green Cobalt" process, based on optimized bacterial bioleaching technology to extract cobalt from residual materials.

The project will allow for testing and optimization under real industrial operating conditions. Over a three-year execution period, the initiative aims to define technically and economically viable recovery processes for cobalt recovery, assess competitiveness relative to conventional extraction methods, and evaluate environmental feasibility through comprehensive remediation and monitoring protocols.

The Road to Production

All licenses are producing licenses. It is important to record that all of COBA's concessions are exploitation claims, which allows the company to process up to now 10,000 tonnes per month of material mined/extracted (prior to August 2026, this figure was 5,000 tonnes per month).

The flowchart below shows the potential path from mine to PLS for dispatch to the refinery.



The El Cofre Project

El Cofre is located to the northeast of La Cobaltera and covers some 3,370 hectares of exploitation level concessions in an extension of the San Juan district with past production of copper, cobalt, gold, and silver from high-grade vein systems.

The additional claims near the La Cobaltera area include several historic mine sites along with multiple well-documented cobalt and copper-bearing veins ranging in width from 0.5 to 20 meters, visible from the surface down to at least 50 meters. These claims further consolidate Chilean Cobalt's presence in the brownfield segment of the district.

Like, La Cobaltera, the El Cofre target is readily accessible from the principal highway connecting Vallenar with the Port of Huasco, along with an extensive network of existing gravel roads providing access throughout the property.

The Deal

This asset was added to the COBA portfolio in mid-September of 2025 when it entered into a definitive agreement with Fuerte Metals (now Talamore Mining - TSX: TALA) to acquire its 100%-owned El Cofre project. Under the terms of the agreement, Baltum Minería SpA (a wholly-owned subsidiary of Chilean Cobalt) paid 4.5 million common shares of Chilean Cobalt, for total consideration of US$1,890,000, as well as reimbursement for the most recent concession payments.

Geology

The El Cofre project, located along a 25 km strike of the Atacama Fault Zone, is a potential extension or geologic analogue to the broader San Juan district. Historical work on the property includes airborne geophysics, geochemical surveys, an induced polarization (IP) survey, and trenching, which have collectively identified three drill-ready targets along with several additional zones of interest.

The concessions are regarded as having near-term production potential. The surface-exposed targets and the proximity to existing infrastructure support a scenario of low-capex, rapid development opportunities.

The targets which are viewed as having the most upside are the Viña and Gloria structures (~15km long and 50-200m wide), plus Futura and additional targets provide strong near- and mid-term exploration potential.

Exploration at El Cofre

The exploration groundwork completed prior to COBA´s acquisition of the concessions included airborne geophysics, geochemistry, IP survey, and trenching to define the Viña, Gloria, and Futura priority zones.

At the time of the deal COBA said it would incorporate the newly acquired claims into its next phase of exploration. Some light field work started in 2025, but more substantial work has ramped up in the second half of 2026. The current program focuses on advancing the copper-rich areas of the broader La Cobaltera/El Cofre project and refining priority targets for future drilling. Recent work has included resampling historical trenches, geological mapping and surface sampling, evaluation of historical geophysics targets, and sampling of material from historical mine workings and waste dumps. Samples from the latest trench program have been submitted for laboratory analysis, with results expected imminently.

Limited channel sampling by Chilean Cobalt at Trench 24, located approximately nine meters east of historical high-grade copper mine workings within the same mineralized zone, returned copper values ranging from approximately 0.2% to 2.4% Cu over a 10-meter interval. This initial work formed part of a limited trench channel sampling program designed to evaluate historical data provided to Chilean Cobalt by the previous owner of the El Cofre concessions. A total of 60 channel samples were collected from three historical trenches. Based on the results of this initial program, the Company plans to undertake a more comprehensive channel sampling program across all three trenches to better define the extent, continuity, and grade of the copper mineralization.

Recent work, together with its review of historical exploration data, indicates that the northeastern portion of El Cofre is notably copper-rich and characterized by structurally controlled copper-bearing vein systems. Historic induced polarization (IP) surveys identified several significant anomalies and prospective targets in this area. The current program is intended to refine these targets and determine their suitability for future drilling.

Field work has also extended to southwest El Cofre, where structurally controlled copper- and cobalt-bearing vein systems occur in association with regional faulting. Samples were collected from these targets and from waste dumps associated with past mining activity for analytical and metallurgical evaluation. Certain samples have also been provided to prospective processing partners in the US for further analysis.

Infrastructure

The infrastructure situation of the company´s main project area is excellent. Ports, roads and electricity are all in close proximity as shown on the map below:

The driving time from Huasco to La Cobaltera is approximately 45 minutes. Accessibility within the La Cobaltera site is sufficient and an extensive network of graded dirt roads provide four-wheeled drive vehicle access to most of the project area.

Electricity for the pre-pandemic exploration operation was provided by two 150 KVA power generators for the camp facilities. Fuel is provided by COPEC, a local company in Huasco. For future power needs, The map above shows the main electric lines around the project. Potential access exists for a tie-in to the Central Interconnected System (*Sistema Interconectado Central; SIC*) power line on the San Pedro route to Domeyko, about 15 km east from the project. A connection to the grid in Huasco is also a possible alternative. Additionally, there is an energy plant operated by ENEL (main household electric provider) in Huasco that could source the capacity required to operate initial stages of the project.

Multi-national mining companies have been investing in non-conventional renewable energy projects in the region (e.g. the Punta Colorada Wind Farm) to take advantage of the wind potential of the area.

Water

The supply of water is always a challenge in the northern half of Chile. Due to the arid climate of the Atacama region, the majority of drainages and stream valleys at the project are ephemeral and rarely contain water in the wetter season. Water supply at La Cobaltera is currently provided by on-site wells and the usage of this resource is under “Miner’s Right” established by Chilean Law (Law 18.248, 1983).In June, COBA signed an MOU with Gold Express Mines SpA, a subsidiary of Key Mining Corp., a US-based critical minerals company active in Chile for the sourcing desalinated water. The contemplated water supply would be sourced from the proposed Cerro Blanco Water seawater reverse osmosis (SWRO) desalination project located in the Huasco coastal area, approximately 30 kilometers from COBA’s projects.

This project has advanced several early development milestones, including an approved Environmental Impact Statement (EIS), and progress on easements, pipeline permitting, and mining concessions supporting project development. Maritime concession applications have been declared admissible, with regulatory approval is anticipated before the end of 2026.

The non-binding agreement is structured to provide a framework for long-term supply security.

Royalties

On the La Cobaltera and associated concession there are no extant royalties. On El Cofre there is a 2% NSR.

The Glencore Relationship

In mid-November of 2025, the company entered into an offtake arrangement, pursuant to a Deed of Undertaking, with a wholly-owned subsidiary of Glencore plc (LSE: GLEN), Under the terms, COBA will provide Glencore with an irrevocable and exclusive right to purchase up to 100% of cobalt and/or copper

containing products at and/or derived from the La Cobaltera and El Cofre projects, as well as any other materials, metals and/or byproducts produced and/or derived from the La Cobaltera and El Cofre projects, for the life of mine.

Both parties anticipate that of any materials sold to Glencore in the future, the majority of the cobalt and copper intermediate product stream will be shipped into the US for processing and refining. This is particularly important in relation to the EXIM LOI and the potential to seek funding under the SCRI. If COBA sends 100% of material to the US for processing and offtaking, then the company can get 100% financing. If it sends 90%, then the company can get 90% financing, therefore the funding is proportional to the amount of product ending up in the US.

In addition, Glencore is expected to provide strategic support for development of Chilean Cobalt's La Cobaltera Phase 1 cobalt-copper project, and to collaborate on new initiatives aimed at developing US-based processing and refining capabilities for metal products and/or battery materials.

The relationship was then further cemented in the second half of May of 2026 when COBA closed a highly-focused private placement financing with a wholly-owned subsidiary of Glencore plc and Madesal SpA (the majority owners of NeoRe, the REE project in southern Chile). More recently, in September, Madesal SpA made a follow-on strategic investment into COBA in parallel with the announced completion of Phase 2 of the earn-in and option agreement between COBA and NeoRe.

Following completion of these financing, Glencore and Madesal beneficially own approximately 5.6% and 8.6% of the outstanding common shares, respectively, further strengthening their position as strategic shareholders.

The net proceeds from the placement were to be dedicated to the pursuit of additional district consolidation opportunities (and exploration), supporting early ESG-related work, and for general corporate and working capital purposes.

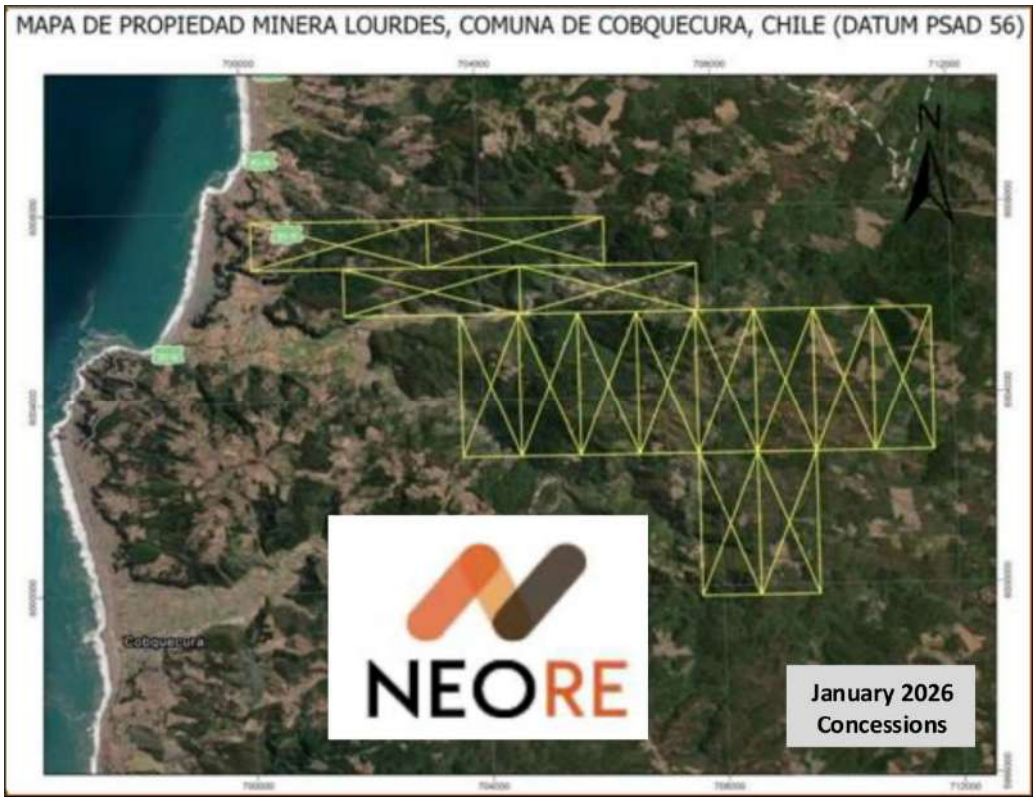
Clearly COBA hopes to leverage Glencore's expertise and extensive network as one of the world's leading producers and marketers of cobalt, with established extraction and processing operations worldwide.

The Rare Earths Push - NeoRe SPA

The move by Chilean Cobalt into Rare Earths, most specifically ionic adsorption clays, dates back only to the start of this year. At that time the company signed a binding earn-in and option agreement for potential 100% acquisition of the NeoRe rare earth project in southern Chile.

The project was originally comprised of ~4,250 hectares (but was subsequently augmented to over 20,000 hectares across the district) within the coastal belt region near the city of Concepción. The project hosts an ionic adsorption clay-style REE system enriched with Yttrium, Neodymium, Dysprosium and Terbium. These are the elements receiving a lot of focus lately as critical to defense and advanced manufacturing supply chains.

Below can be seen a map of the original land package comprised of approximately 4,250 hectares.



The project is headed up by Arturo Albornoz, Chief Executive Officer of NeoRe.

Historical work completed prior to the agreement includes: regional soil sampling programs, analytical studies, and pilot-scale downstream processing that successfully produced a REE oxide concentrate.

Chilean Cobalt and NeoRe intend to pursue a phased development strategy, designed to limit environmental footprint and upfront capital intensity, while targeting the potential for near-term commissioning and production scale-up within approximately 12 to 24 months, subject to technical, regulatory, and market conditions.

The project is considered well-suited to a low-complexity mining and processing approach, based on geological characteristics, infrastructure access, and prior technical work completed by NeoRe.

The Terms of the REE Deal

In mid-January of 2026, the company entered into a binding earn-in and option agreement with NeoRe SpA, a privately-held Chilean company.

This agreement defines a phased pathway under which Chilean Cobalt may advance technical work, de-risk the project and, subject to achieving specific milestones, acquire up to 100% ownership of NeoRe and

its rare earth element (NeoRE) project located in southern Chile.

The earn-in work program focussed on drilling and resource definition. In September of 2026, COBA announced completion of Phase 2 of this earn-in program.

Work Requirement

Under the agreement, Chilean Cobalt will collaborate with NeoRe's in-country technical team to execute a staged exploration and evaluation plan.

Planned work includes:

- Additional exploration drilling
- Metallurgical optimization and bulk sample testing
- Preparation and publication of an independent Mineral Resource Estimate
- Completion of a scoping-level technical, economic, and ESG assessment

Under NeoRe's conditional filing strategy, surface samples reporting attractive grades of Total Rare Earth Oxides (TREOs) have been used to identify the most attractive targets for

Expansion of the Land Package

Exploration activities identified more than 20 additional prospective targets (shown at right) within the broader mineral district.

concession filings.

As a result, NeoRe expanded the project's land position through the filing of seven new concessions, adding approximately 16,000 hectares across multiple new concessions.

Geology

The rocks in the region that have generated the ionic adsorption clay deposits were affected by humid temperate climatic conditions that led to the development of an extensive and deeply weathered regoliths (+/- 40 m). These regoliths contain abundant clay minerals that were locally enriched with REE in the favorable horizons.

Exploration

It should be noted that the main target has seen 3+ years of regional surface work completed.

During January and February 2026, NeoRe SpA, the Chilean project owner and operator, initiated on-site exploration activities and mobilized its core geology and exploration team. Since beginning exploration, NeoRe has completed 250 drill holes totaling ~2,500 metres with average grades of around 300 ppm. Exploration and drilling activities have now advanced across 14 of 35 identified targets, including 12 targets drilled to date. Preliminary intercepts returned REE concentrations of up to 1,060 ppm TREO, with several surface samples exceeding 800 ppm.

Rare Earth projects are frequently spoken of in terms of their “basket” of elements. In the case of NeoRe, so far, the mix is ~25% Yttrium (Y), ~25% Neodymium/Praseodymium (NdPr), ~6%, Samarium (Sm), 5% Gadolinium (Gd), 4% Dysprosium (Dy), 2% Erbium (Er) and 1% Terbium (Tb). We have often written of the oft-overlooked importance of Erbium in the likes of 5G networks.

Surface exploration is on-going, with recent sampling identifying REE anomalies across several target areas, supporting continued drilling and evaluation across the district.

Chilean Cobalt and NeoRe have also initiated an accelerated work program designed to bring forward key activities across exploration, technical validation, and project definition. The accelerated structure was aimed at completion of Tranche 1 activities by July 2026 (which was achieved), with Tranche 2 completed in September of 2026.

NeoRe has expanded its drilling campaign through the deployment of two parallel drilling crews, operating under a technical & operating team with skillsets across exploration and geology, metallurgy, project management and sustainability, and governance areas. The goal now is resource validation, definition of higher-grade zones, and the evaluation of multiple potential mineralized areas suitable for future modular development.

Fulfillment

The deal with NeoRe involved the successful completion of agreed technical and evaluation milestones,

in which case, Chilean Cobalt will have the option to acquire 100% of NeoRe in exchange for 6,000,000 common shares of Chilean Cobalt, including related intellectual property and data.

On the 9th of September the company confirmed that it had completed of Phase 1, resulting in Chilean Cobalt earning an irrevocable option to receive a 1% net smelter royalty (NSR) on future project production. It had also completed Phase 2, and thus earned an additional 1% NSR royalty, bringing its total NSR royalty interest to 2%. If Chilean Cobalt elects to proceed with the acquisition and the transaction closes, the 2% NSR royalties will be extinguished and will not be registered, leaving the Project unencumbered by NSRs.

Chilean Cobalt has now elected to proceed to Phase 3 during which the parties intend to negotiate, finalize, and execute a definitive agreement governing the proposed acquisition of 100% of NeoRe for the aforementioned consideration of 6,000,000 Chilean Cobalt common shares.

Partnerships

Beyond the exploration work, Chilean Cobalt and NeoRe have begun talks with potential processing groups, offtake partners, and other strategic counterparties, with a focus on establishing downstream processing and customer relationships in the United States.

Processing

Historical work completed prior to the earn-in agreement included a pilot-scale downstream processing that successfully produced a MREC concentrate.

NeoRe has initiated conceptual engineering for its proposed modular processing strategy, including the design of a crushing and milling circuit, intended to standardize mineral feed and support metallurgical testing and permitting preparation.

An analytical campaign involving more than 1500 samples was undertaken, under an active partnership with the University of Concepción to refine the project's grade model and metallurgical baseline. This work is also supported by NeoRe's recent award by CORFO, Chile's Economic Development Agency.

Engineering activities continue to advance, with Basic Engineering led by Equalitas Ingeniería Ltda reaching nearly 50% completion. Recent pilot-scale downstream processing work has demonstrated encouraging REE recovery results, across multiple layers of mineralization.

The company is utilising advanced geoscientific technologies with the NeoRe project. Following a successful pilot program previously conducted on the La Cobaltera cobalt-copper project, NeoRe resolved to work with Mineral Forecast SpA, a Chile-based geosciences AI company on this project also. The work program will support NeoRe's accelerated exploration strategy by enhancing target generation, prioritize exploration activities, and optimize the identification of areas with higher mineral potential across the district.

- The Modular Extraction Plant (MEP-1) has advanced from conceptual design to detailed engineering, including early OPEX estimates, equipment engagement, and ongoing process and infrastructure studies
- REES technology platform formation: REES platform established with the University of Concepción, supported by ~US$4mn in CORFO funding, focused on developing and piloting sustainable REE extraction and separation technologies
- The test work for the development of the metallurgical flowsheet is progressing across multiple flowsheets, including pilot plant design and initiation of patent filings for proprietary ionic clay beneficiation process
- Fast Track 2027 production pathway: Integrated development strategy targeting first production in early 2027, supported by parallel execution of drilling, engineering, permitting, procurement, and active engagement with US-focused offtake and processing partners

There exist in-house scoping-level MRE and PEA reports, which are quite substantial, and which will serve as drafts for the formal independent reports.

Team

NeoRe's technical team brings substantial experience in the evaluation and development of ionic adsorption clay deposits. NeoRe is strengthening its operational capabilities through the recruitment of several key personnel across supply chain management and data sciences. We would note that Arturo Albornoz, Chief Executive Officer of NeoRe, was originally involved in advancing the Penco Module of Aclara.

Production Strategy

The partners in NeoRe are focused on high-grade zones near existing infrastructure. This is seen as being easier to permit because the sites will be under the small-scale licensing regime. The new legislative regime allows for ore processing of 10k mt per month up from the prior maximum limit of 5k mt/mo.

Pilot plant operations at NeoRe have processed approximately 500 kilograms of ionic clays cumulatively through its pilot program, with the current Batch 9 campaign completing two 30-kilogram desorption stages and impurity removal and advancing through REE carbonate precipitation.

NeoRe hopes to start production in a modular mode from early 2027. Each module will produce 40-50 tonnes per annum of TREO. To this end, engineering and development activities for MEP-1 are progressing in parallel. NeoRe has progressed technical specifications for critical equipment, supplier engagement, logistics planning, and operational readiness activities. Permitting work remains focused on critical-path approvals required for MEP-1 construction.

NeoRe is currently targeting early 2027 for first mixed rare earth carbonate (MREC) production from MEP-

1, subject to permitting, construction, financing, commissioning, and other development requirements.

The current planning anticipates reaching an annualized production run-rate of approximately 50 tonnes of MREC during 2027, followed by an increase to an annualized run-rate of approximately 300 tonnes during 2028, and ultimately 500 to 1,000 tonnes annually through the deployment of additional modular capacity. This approach is intended to provide a scalable pathway from initial production to larger operations, while incorporating operating and metallurgical data generated during each phase to inform ongoing expansion.

This cautious approach contrasts with others in the REE space that are over-dimensioning their plants and output to pander to the desire for "bigness" amongst some investors that lack a sufficient grasp of the nuances of the Rare Earth markets and demand. Doability AND salability are the watchwords at COBA/NeoRe.

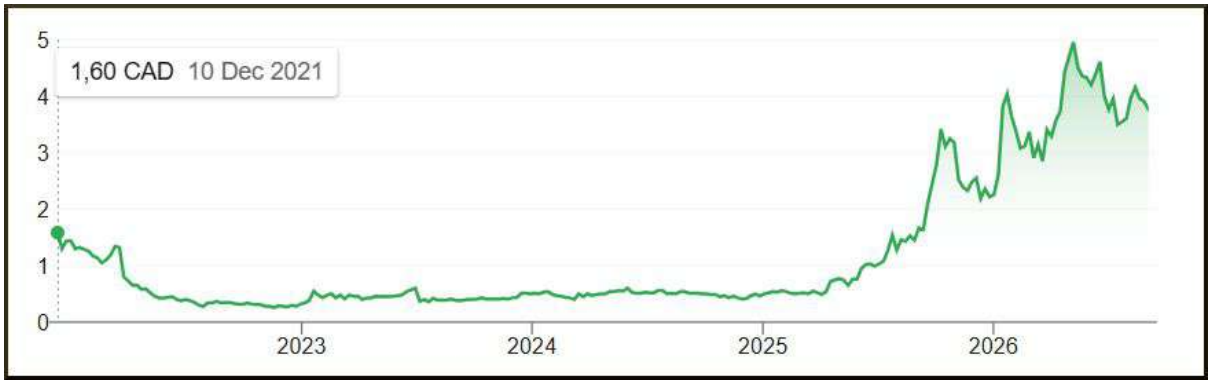
Pulling Ahead of Aclara

The upshot of this will be that the partners in NeoRE will be in production well before Aclara, because of this modular strategy with:

- An integrated processing advantage: Advancing a closed-loop leaching process, supported by a Chilean government (CORFO) grant for sustainable REE processing
- A clear commercialization path: Phase 1 production potential within 12-24 months; strong local partnerships and support; ESG diligence underway

Up Close with the Penco Project of Aclara (TSX: ARA | OTCXC: ARAAF)

This ionic adsorption clays target for REE is sometimes known as the Penco Module project. Quite a few years ago we had a **LONG** position in Aclara in the Model Resources Portfolio. It was originally spun out of the silver giant Hochschild (LSE: HOC) and had a good initial market debut before running into headwinds in the form of local opposition to its poorly articulated plans.



The stock lost three quarters of its debut market cap and then spent over two years in the doldrums.

When it appeared that the company was out of its depth in southern Chile, we cut loose the position. The company also realised its *faux pax* and pivoted to Brazil as an easier fallback position.

It has since started to rewarm efforts in its Chilean project, but has fallen behind NeoRe, which has modular, smaller and generally more light-touch approach to that of Aclara.

NeoRe as a SpinCo - Do as They Do?

Before its fall from grace, Aclara was briefly a go-go stock in the Rare Earth space being one of the only IAC stories in the public markets (Serra Verde being in the hands of a private equity firm). A number of Australian listed entities claiming to have IAC deposits in Australia have appeared, but we treat them with scepticism.

In any case, the strategy of Hochschild in spinning out Aclara cannot be faulted as we are highly disposed towards demergers as a way of focusing strategy and realizing value of assets that are hidden within some other sort of mining construct. One or another of the disparate elements ends up being the one which investors fixate on and the other becomes unvalued, unnoticed and unloved.

We see the NeoRe division of COBA inevitably following this path, splitting the company, amoeba-like, to create two functioning and focused entities. This almost always implies a bonus payday for investors, depending on the execution and structure.

The Uplisting

Originally it had appeared as if COBA was headed towards a NYSE-American listing, as more suitable for a mining-focused listing. To achieve this goal the company has a number of hurdles to traverse. Important amongst these is the minimum price per share being above $4.00.

We note in the documentation that the company has filed one can encounter reference to a stock rollback to expedite the uplisting to one of the US exchanges where tolerance for low denomination stock prices is scant. Of course, rollbacks spook Canadian investors, but one only has to look at the experience of Almonty's migration from the TSX to the US markets, to see that a rollback is like water off a duck´s back to US investors and opens the door for companies to be significantly uprated from "penny dreadful" status.

While COBA is not trapped in a Canadian exchange currently, it´s market profile is not maximised (and it seemingly also lacks a German ticker). As Almonty´s shift to the US showed a quantum leap can be achieved by redomiciling and uplisting to expand dramatically the potential investor audience.

With three major critical elements being pursuing the company´s name is somewhat of a misnomer, so we would not be surprised to see it changed to something more all-encompassing.

Financings & Shareholders

In early December of 2025 the company announced that it had closed a brokered private placement with

a wholly-owned subsidiary of Glencore plc (LSE:GLEN) and Madesal SpA, raising gross proceeds of USD$3mn issuing 6,000,000 common shares at a price of $0.50 per share.

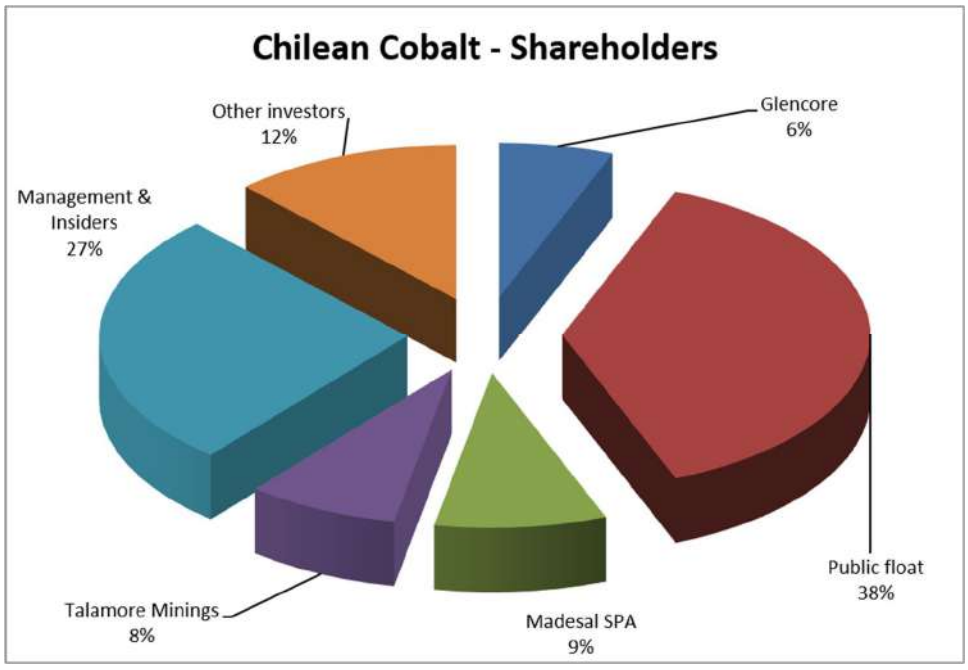
At that time, it was said that the net proceeds would be used for exploration fieldwork at La Cobaltera and El Cofre, to pursue additional district consolidation opportunities, advance ESG diligence and continuous improvement, and for general corporate and working capital purposes.

Then in late May of 2026, the company announced that it had closed another private placement financing with, yet again, a wholly-owned subsidiary of Glencore plc and Madesal SpA. It is notable that this round was at $1.60 per share, compared to 50cts per share in the December 2025 round.

In early September, in parallel with the completion of Phase 2 and continuation into Phase 3, Madesal SpA made a follow-on strategic investment of US$1.5mn into COBA. This round was at $2 per share showing the strong uplift to valuation from the work done in recent times.

Following completion of this further offering, Glencore and Madesal beneficially own approximately 5.6% and 8.6% of the issued and outstanding common shares, respectively, further strengthening their position as strategic shareholders.

Then we would note that six million shares will potentially be issued to NeoRe in relation to the purchase of NeoRe. This implies a further dilution of around 10% of the pre-existing holders.



EXIM Bank

The recent prospectus filing included the details that the company had made a new application for an EXIM Bank LOI, that was approved for potential debt-related financing of up to US$375mn on August 4,

2026 and an expiration date of August 14, 2027.

This new LOI replaced the originally approved LOI of up to US$317.4mn pursuant to June 4, 2024, further extended LOI with EXIM Bank that was recently not renewed. Under EXIM Bank's published guidelines, LOI's are limited to a single twelve-month extension for a maximum of two years.

Board & Management

Duncan Blount, non-executive director, is a seasoned natural resources executive with nearly 20 years of global experience spanning investment management, mining, and energy. He currently serves as Chairman, President & CEO of Chilean Cobalt Corp., where he leads corporate strategy and development across the company's critical minerals portfolio.

Previously, he was the CEO and director of Asian Mineral Resources Ltd, a TSX-V listed mining company with a nickel-copper-cobalt mine in Vietnam and the CEO and director of Decklar Resources Inc., a TSX-V listed oil and gas company with operations in Nigeria, and earlier held senior roles at RWC Partners and Everest Capital, where he focused on frontier-market commodities investing.

He holds an MBA from the Thunderbird School of Global Management and a bachelor's degree from Samford University.

Andy Sloop, CSO/Director, has served as an Independent Director, ESG Committee Chair, and Audit Committee Member at Chilean Cobalt since October 2021.

He is responsible for driving sustainability strategies and systems that support the mission to responsibly supply cobalt and other critical minerals for a sustainable future.

From 2016 to 2024, he served as the Global Director of Zero Waste & Circularity at Nike, where he drove strategic improvements in Nike's manufacturing supply chain sustainability practices. Additionally, he is a Strategic Advisor to Airbuild, a pioneering cleantech company that has developed a multi-functional bio-panel that sequesters carbon, generates renewable energy, filters water, and produces a value-added biomass material. He holds a BA in Philosophy, Politics, and Economics from Pomona College and an MBA from Atkinson Graduate School of Management at Willamette University. He is also ASQ Six Sigma Green certified in Quality Management and continuous improvement.

Ash Lazenby, non-executive director, is an experienced critical minerals trader, battery supply chain investor, and strategic advisor. For the past eight years he was at Glencore, initially in Switzerland across finance and global cobalt trading functions, and then in New York as a senior critical minerals trader running the North American cobalt business and expanding the lithium portfolio. His role spanned spot trading, long term structured contracts and strategic investments into key battery supply chain players. He originated, executed and maintained various key Glencore trading partnerships including Tesla and General Motors. He was previously a natural resources sector sell side analyst (at HSBC amongst others), covering small caps through to the major diversified miners. Prior to this he was an investment banker, raising capital and executing M&A for resources companies. He holds a Master of Physics from Oxford

University.

Fiona Clouder, non-executive director, has wide experience of Latin America, both as a diplomat and now through her work in the private sector. Fiona was the UK´s Ambassador to Chile from 2014 to 2018; and then Regional Ambassador, Latin America and Caribbean, COP26, from 2020-2022, driving diplomatic engagement, at the top of governments and business, for a Net Zero world. She is also a Distinguished Fellow of RUSI (Royal United Services Institute). She previously led the FCO (Foreign & Commonwealth Office, now FCDO) strategy on Latin America (the Canning Agenda). She joined the FCO in 2001, from the Research Councils (now UKRI) to build and lead the global Science and Innovation Network (UKSIN). Now working in the private sector, including with The Ambassador Partnership, she continues to focus on Latin America, business links and government relations. She is particularly interested in the interface of mining, energy and environment issues.

Tom Diffely, non-executive director, has more than 25 years of finance and equity capital markets experience. He spent the past 16 years at D.A. Davidson & Co., a full-service investment bank, where he held several roles including senior research analyst covering multiple technology sectors and most recently Director of Institutional Research. Prior to D.A. Davidson, he spent 10 years in equity research at Merrill Lynch covering the semiconductor sector. Earlier in his career, he held positions in engineering and general management before transitioning to Wall Street.

He holds a Bachelor of Science in Engineering from Harvey Mudd College and an MBA from the Haas School of Business at the University of California, Berkeley, with a focus on finance and the management of technology. He is also a CFA Charterholder and previously held a Professional Engineer (PE) license during his time as a consulting engineer.

Michael Caperonis, director, has more than 25 years of finance and capital markets experience. Over the course of his career, he has held senior leadership positions at several major global financial institutions. He previously served as Americas Head of Equities Trading and Global Head of Convertible Bonds at Citi, as well as Head of Credit and Equities Trading at Nomura. In these roles, he was responsible for overseeing large trading operations and played a key role in the pricing and syndication of numerous capital raises for major corporations across global capital markets.

Following his executive roles in banking, he became a Partner at Apollo Global Management and is currently a Portfolio Manager for a large family office, where he continues to focus on investment strategy and capital markets opportunities. He holds a Bachelor of Arts degree from Yale University

Risks

The risks for the Cobalt & Rare Earth spaces in general are (or might be):

- A reduction in global geopolitical instability (e.g. Ukraine)
- Substitution by other metals/minerals

- ✕ Weakened global industrial demand (particularly in tools) that would soften price & volumes
- ✕ China manipulating the market in some way to again create distortions in price and trade patterns
- ✕ A return to tough financing market for junior explorer/developers

Most of these risks are different sides of the same price prism, with the exception of the market's perception.

Cobalt, depending on the application, can be substituted with resultant loss in product performance or increased cost. The biggest risk to the metal´s upside in recent years has been the threat that the cobalt content of lithium-ion batteries, the leading global use for cobalt, could be decreased. In particular cobalt-free substitutes such as LFP formats, that use iron and phosphorus have gained significant market share in China.

Potential substitutes in other applications include barium or strontium ferrites, neodymium-iron-boron alloys, or nickel-iron alloys in magnets. In paints, Cerium, Iron, Lead, Manganese, or Vanadium resent as substitutes. One can muse upon another number of other switch outs for Cobalt, though some present their own supply issues, or provide lesser performance or durability. Some of these are cobalt-iron-copper or iron-copper in diamond tools; copper iron-manganese for curing unsaturated polyester resins; iron, iron-cobalt-nickel, nickel, ceramic-metallic composites (cermets), or ceramics in cutting and wear-resistant materials; nickel-base alloys or ceramics in jet engines; nickel in petroleum catalysts; rhodium in hydroformylation catalysts; and titanium-based alloys in prosthetics.

China has whiplashed the West (and players in critical metals spaces) since 2008 with its on-again and off-again price squeezes and then releases (combined with dual use export bans) seemingly with a goal of sowing confusion and making an uneven playing field for evolving projects that might challenge Chinese hegemony. This is more the case with REE than Cobalt. However, even in Cobalt, while China (ostensibly) does not control the main source of production (the DRC) and the major nickel mines, it as the largest consumer has been able to use suasion and other techniques to skew pricing up or down depending on what strategy it wishes to execute on any given day.

This dilemma is being challenged by the West (or mainly the US) by anointing "most favoured suppliers" that enjoy some degree of price continuity. This is not enough to guarantee major mine projects with a long-term stable price outlook it can be a key determinant in enabling smaller and medium-size projects with an offtaker (e.g. the Department of War or its suppliers) that derisks the advancement of projects such as La Cobaltera or NeoRe.

Financing remains difficult and dilutive when it takes place. The only way to harvest the most attractive price on a financing is to be in production and the only way to do that is to finance mine-builds/reactivations. It is useful to contrast Cobalt with the ease with which those in the Tungsten space

have been able to raise funds in the past two years shows the market´s receptiveness to production stories.

Investment Theses

At current spot prices, Copper should be a larger percentage contributor to COBA's revenues than Cobalt. At the moment, Copper has stellar fundamentals and prices are testing historic highs. Cobalt, however, notwithstanding its desirability (and perceived scarcity value) is a challenging metal. As a by-product in most scenarios, it is dependent upon the viability of its primary metal. As nickel has shown in recent times, this is a most fickle dependency as a weak nickel price damages cobalt production viability while restricting cobalt production by reducing nickel volumes produced.

COBA, in contrast, has properties in Chile with a copper-cobalt twinning that is more reminiscent of the DRC than of Chile. For the foreseeable future COBA should be firing on both cylinders (Co-Cu). This is a most felicitous conjunction of pricing and demand, and hopefully production. The military-industrial complex(es) around the world need(s) and can pay up for cobalt even while the EV battery sector is more a prisoner of market dynamics and cost pressures.

The timeline to production could be as short as reactivating the tailings reprocessing followed up with the revival of underground mining. The supposed decade-long odyssey to production of new copper projects is more likely to be less than two years in the COBA context.

Then there is the NeoRe project where the company has secured what looks like a swathe of the most attractive form of REE prospects across ~20,000 hectares of concessions hosting ionic adsorption clay rare earth mineralization, located just ~80km north of Concepción with strong infrastructure. Again, the "smaller" mine legislative advantage in Chile can be combined with a modular approach to processing to lower capex and speed arrival at a date of first dispatch of product to the markets.

Rating & Target

While it might appear that one hears the word "cobalt" frequently bandied about there are, since the demise of Jervois Global, few actual plays that can tick the boxes of accessibility, scalability and low capex (and Jervois only ticked the first of those three). If a cobalt target requires a nickel mine to be built to make it "happen", then it isn't going to happen. Copper, though, is an entirely different equation with few doubting this metal's centrality to the so-called energy transition, while in the midst of a secular rundown of the giant mines that have fed the world with Cu for the last 100 years. We are entering a sort of Age of the Mammals in copper, now that the dinosaur mines are shuffling off the mortal coil, and La Cobaltera/El Cofre fall into this category and, ergo, copper production should be a huge positive and driving force of revenues.

Chilean Cobalt is blessed with "doability" on access, jurisdiction, timeline, potential capex and being paired with copper, instead of nickel.

The rapidly evolving Rare Earth operation in southern Chile is almost a *freebie* in the current valuation and any SpinCo at a slightly more advanced stage would provide a significant payday for shareholders.

Harvesting the *Zeitgeist* depends upon getting one´s project across the finish line during *Die Zeit*, not in ten or twelve years from now, when anything could have happened. COBA is in the here & now.

We give the caveat here that the stock will most likely be consolidated to a higher denomination prior to its uplisting but, we are initiating Chilean Cobalt with a **LONG** rating and a 12-month target price of **US$6.25** though this is subject to upward revision dependent on the progress towards production and the actions/support of the US government towards the project.

APPENDIX I:
On Cobalt

A Metal of Substance

Cobalt is one of the largest volume specialty metals. Its global volumes are sizeable at over 400,000 tpa, and to put that in context, global tin production is around 340,000 tonnes and Antimony consumption is 170,000 tonnes per annum.

The complication is that it is almost exclusively a by-product of some other mining activity with very few primary mines of consequence. Cobalt is almost always a by-product of nickel or copper mining. As a result those metals have to be viable to mine before the cobalt can be justified. In periods of bad prices for those metals (with mine closures) production of cobalt drops in tandem (as can be seen in the 1990s).

What is It?

Cobalt is a chemical element; it has symbol Co and atomic number 27. As with nickel, cobalt is found in the Earth's crust only in a chemically combined form, save for small deposits found in alloys of natural meteoric iron. The free element, produced by reductive smelting, is a hard, lustrous, somewhat brittle, gray metal.

The name *cobalt* has one of the more bizarre histories in the Periodic Table. It was a type of ore that was considered a nuisance by 16th-century German silver miners. Thus, it was named *kobold* (meaning a household spirit) though in this case a mine spirit (or goblin) held superstitiously responsible for it.

Cobalt-based blue pigments (cobalt blue) have been used since antiquity for jewelry and paints, and to impart a distinctive blue tint to glass. The color was long thought to be due to the metal bismuth.

Mineralogy

Identified world terrestrial cobalt resources are about 25 million tons, the vast majority of which are in sediment-hosted stratiform copper deposits in the DRC and Zambia; nickel-bearing laterite deposits in Australia and nearby island countries and Cuba; and magmatic nickel-copper sulfide deposits of mafic and ultramafic rocks in Australia, Canada, Russia, and the United States.

Sources

As noted, cobalt is usually produced currently as a by-product of copper and nickel mining, but sometimes also from one of a number of metallic-lustred ores such as cobaltite (CoAsS).

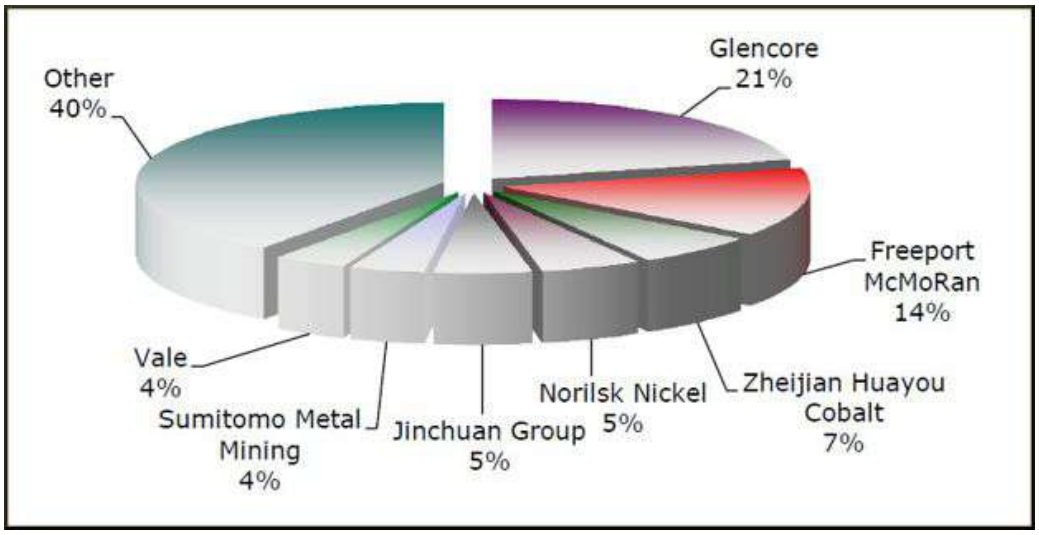
The Copperbelt in the Democratic Republic of the Congo (DRC) and Zambia yields most of the global cobalt production. In 2025, the DRC was the world's leading source of mined cobalt and accounted for an estimated 73% of world total, followed by Indonesia, which accounted for 14%.

	Mine Production		Reserves	Notes
	2024	2025		
United States	200	300	70,000	
Australia	4,780	3,700	1,700,000	
Canada	3,350	3,500	220,000	Voiseys Bay/Sudbury
China	2,000	2,000	160,000	
DRC	226,000	230,000	6,000,000	
Cuba	3,450	2,000	500,000	Moa Bay
Indonesia	35,000	44,000	760,000	
Madagascar	3,100	3,900	100,000	Ambartovy
Papua New Guinea	2,630	2,800	84,000	Ramu
Philippines	3,100	3,700	2,600,000	
Russia	8,000	7,700	800,000	
Turkey	2,200	1,900	91,000	Gördes Meta
Others	7,780	9,100	780,000	
Total	301,590	314,600	13,865,000	

Source: USGS

In a throwaway comment to warm the hearts of the undersea mining crowd, the USGS noted that an estimated 5 billion tons of cobalt is contained globally in sea floor polymetallic nodules.

Below is an interesting pie chart that we sourced several years ago from the consultants Dorfman/AnzaPlan.



Looking at it, we wondered, is it too old? And then we wondered why it shouldn't still be the case? Any estimation of Cobalt production at the global level has the large X-Factor of the amount of material smuggled out of the DRC (and headed to China). No-one wants to confess to knowing or even guessing what this amount might be.

The lack of addition of extra production is the shocking feature over the last ten years with most efforts at augmented production (outside of the DRC) having failed miserably, especially those efforts in the US (we would refer to the sad fate of Jervois).

To Ban or Not To Ban?

In February of 2026, the DRC temporarily banned cobalt exports to address market oversupply and low prices. In October, the temporary ban was replaced with export quotas of 18,125 tons of contained cobalt for the remainder of 2025, and up to 96,600 tons contained cobalt per year in 2026 and 2027, inclusive of 9,600 tons for national strategic reserves.

Uncertainty in supply availability following the announcement of the DRC´s export ban likely contributed to the sharp increase in estimated United States imports and industry stocks during the year. China remained the world leading producer of refined cobalt and the world leading consumer, primarily for the lithium-ion battery industry. In 2025, the United States published a solicitation to procure 7,480 tons of cobalt over a period of five years for the National Defense Stockpile. The solicitation was cancelled before the end of the year.

Policy-driven tightening: The DRC's shift from a 2025 export ban to a (supposedly) strict quota system caps exports at ~45% of 2024 levels to support prices and curb oversupply. Meanwhile Indonesia's ore production curbs and new cobalt royalties further restrict global supply.

Usage

Cobalt is primarily used in lithium-ion batteries, and in the manufacture of magnetic, wear-resistant and high-strength alloys.

The compounds cobalt silicate and cobalt(II) aluminate ($CoAl_2O_4$, cobalt blue) give a distinctive deep blue color to glass, ceramics, inks, paints and varnishes. Cobalt occurs naturally as only one stable isotope, cobalt-59. Cobalt-60 is a commercially important radioisotope, used as a radioactive tracer and for the production of high-energy gamma rays. Cobalt is also used in the petroleum industry as a catalyst when refining crude oil. This is to purge it of sulfur, which is very polluting when burned and causes acid rain.

Cobalt is the active center of a group of coenzymes called cobalamins, also known as Vitamin B12, which is an essential vitamin for all animals. Cobalt in inorganic form is also a micronutrient for bacteria, algae, and fungi.

Background

Cobalt has been used to colour glass since the Bronze Age and cobalt compounds went on to be used for millennia to impart a rich blue color to glass, glazes, and ceramics.

Blue glass from Egypt was either colored with copper, iron, or cobalt. The oldest cobalt-colored glass is from the eighteenth dynasty of Egypt (1550–1292 BC). The Egyptians sourced this cobalt from cobaltiferous alums found in Egypt's Western Oases. The excavation of the Uluburun shipwreck yielded an ingot of blue glass, cast during the 14th century BC.

Cobalt has been detected in Chinese artistic outputs, dating from the Tang dynasty (618–907 AD) and the Ming dynasty (1368–1644 AD).

Dynamics

Cobalt is largely a prisoner of two base metals, copper and nickel. With ratios of 10 to 1 or 5 to 1 between the base metal and the byproduct, the cobalt price is never enough to justify or not the mining (or not) of the primary metal. Even worse the dramatic oscillations of cobalt's price since 2000 mean that very few are prepared to bet on a mine build on an elevated cobalt price, because it has frequently proven to be so fleeting.

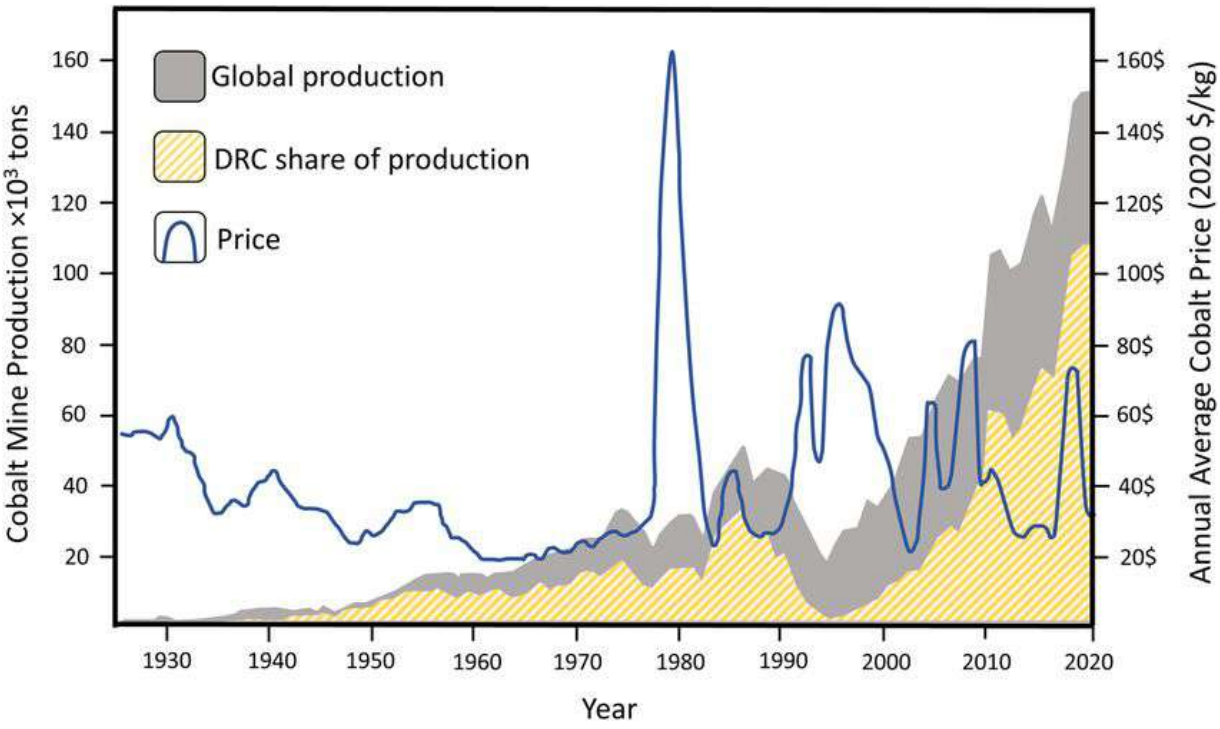
This has been further complicated by the disastrous capex surge in mine building costs for nickel/cobalt mines in particular. Goro and Amabatovy were graveyards for those that dared to build them. Saying "laterite nickel" is an easier way to clear a room that claiming to have leprosy or Ebola.

The mega copper mines of Chile do nothing to help the situation with their tendency towards moly as the secondary metal.

The push/putsch towards supporting cobalt production for military purposes thus must be more niche and that implies promoting smaller copper mines with cobalt credits. Simply put the DRC cannot be relied upon to deliver in a crunch.

Price & Volumes

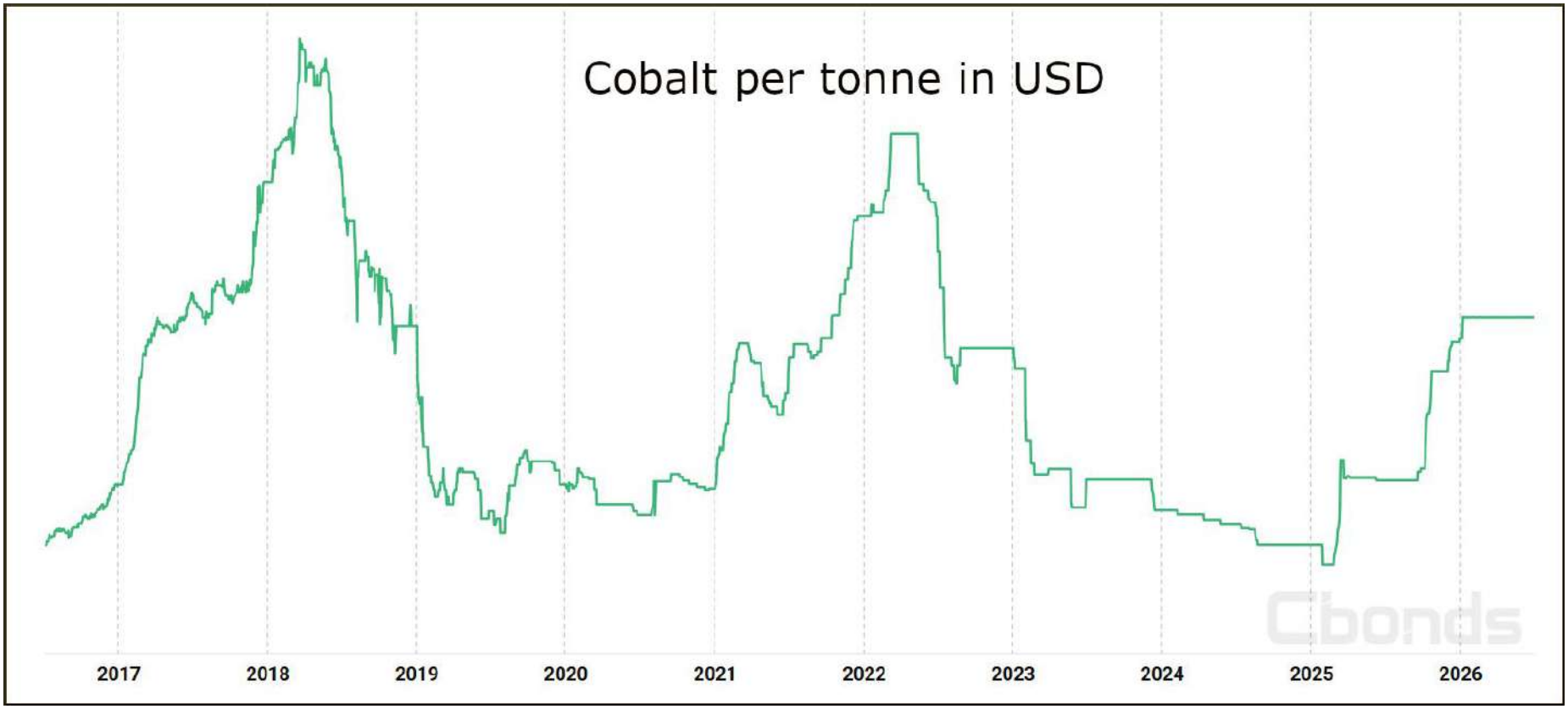
Cobalt has had one of most dramatic price trajectories in the mineral space since the year 2000. That is saying something because many metals have dramatic moves. However, we could bracket it with Vanadium in being truly contrary and indeed counterintuitive. It has hit various new highs since the turn of the century and then soon after plumbed the depths, if not new lows.



Source: Advanced Engineering Materials

The preceding chart shows global cobalt mine production in metric tons (grey line), and the share of the DRC (the yellow dashed line). The blue line shows the inflation adjusted prices (in 2020 US Dollars) from 1925 to 2020.

This reinforces our point on pricing being contrary. There is no relationship between volumes produced, volumes consumed and the highly erratic surges and slumps. It is this "nervous" energy in the metal's pricing that keeps both the sellside and buyside of Cobalt in a state bordering upon nervous exhaustion.



Source: CBonds.com

As for models that might justify (or not) a project the market's signals are as "clear as mud".

Essentially, "you gets what you pays for" and the market is not prepared to guarantee a long-term price or even a trend so the valiant souls that have tried to harvest the Zeitgeist with integrated development plans (e.g. Jervois) have found themselves one day a rooster, the next day a feather duster!

Deficit & price leverage: Low inventories and parallel policy constraints have already pushed the cobalt market into a material supply deficit as of 2025, when a copper deficit is also expected, creating asymmetric upside for prices and producers

Alloys

In recent decades, Cobalt-based superalloys have consumed most of the cobalt produced. The temperature stability of these alloys makes them suitable for turbine blades for gas turbines and aircraft jet engines, although nickel-based single-crystal alloys surpass them in performance. Cobalt-based alloys are also corrosion- and wear-resistant, making them, like titanium, useful for making orthopedic implants that do not wear down over time. The development of wear-resistant cobalt alloys started in the first decade of the 20th century with the stellite alloys, containing chromium with varying quantities of tungsten and carbon. Alloys with chromium and tungsten carbides are very hard and wear-resistant. Special cobalt-chromium-molybdenum alloys like Vitallium are used for prosthetic parts (hip and knee replacements). Cobalt alloys are also used for dental prosthetics as a useful substitute for nickel, which may be allergenic.

Some high-speed steels also contain cobalt for increased heat and wear resistance. The special alloys of aluminium, nickel, cobalt and iron, known as Alnico, and of samarium and cobalt (samarium–cobalt magnet) are used in permanent magnets. It is also alloyed with 95% platinum for jewelry, yielding an alloy suitable for fine casting, which is also slightly magnetic. In addition to structural and magnetic roles, cobalt alloys are critical in aerospace-grade electrical components. They are used in connectors, thermal switches, and microsensors that must endure extreme temperatures, vibration, and radiation—conditions typical in satellites, fighter aircraft, and hypersonic systems. These alloys maintain conductivity and mechanical integrity even under fluctuating mission-critical loads.

Batteries

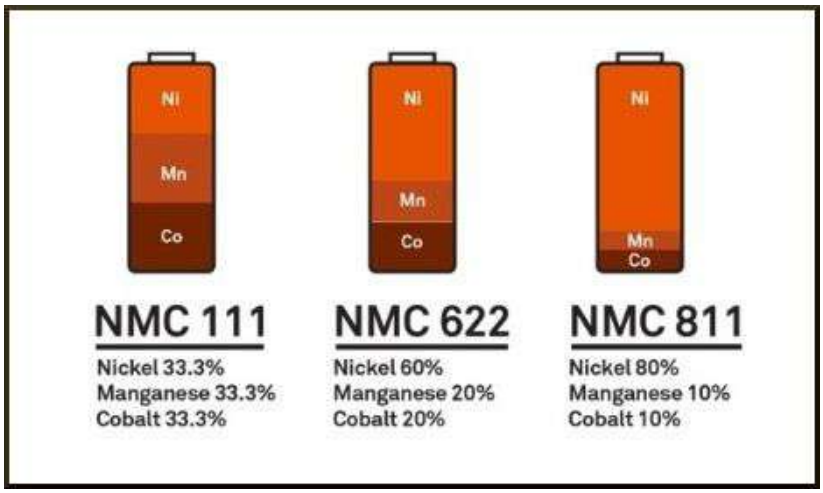
Lithium cobalt oxide ($LiCoO_2$, aka LCO), first sold commercially in 1991 by Sony, was widely used in lithium-ion battery cathodes until the 2010s. The material is composed of cobalt oxide layers with the lithium intercalated. These LCO batteries continue to dominate the market for consumer electronics. Batteries for electric cars, however, have shifted to lower cobalt technologies.

In 2018, most cobalt in batteries was used in a mobile device, in contrast to the massive surge since as the

application in rechargeable batteries for electric cars. This industry increased five-fold in its demand for cobalt from 2016 to 2020, which made it urgent to find new raw materials in more stable areas of the world.

Demand is expected to continue or increase as the prevalence of electric vehicles increases. Exploration in 2016–2017 included the area around Cobalt, Ontario, an area where many silver mines ceased operation decades ago. Cobalt for electric vehicles increased 81% from the first half of 2018 to 7,200 tonnes in the first half of 2019, for a battery capacity of 46.3 GWh.

As of August 2020, battery makers have gradually reduced the cathode cobalt content from 1/3 (NMC 111) to 1/5 (NMC 442) to currently 1/10 (NMC 811) and have also introduced the cobalt free lithium iron phosphate cathode into the battery packs of electric cars such as the Tesla Model 3.



Research was also conducted by the European Union into the possibility of eliminating cobalt requirements in lithium-ion battery production. In September 2020, Tesla outlined their plans to make their own, cobalt-free battery cells.

Nickel–cadmium (NiCd) and nickel metal hydride (NiMH) batteries also included cobalt to improve the oxidation of nickel in the battery. Lithium iron phosphate batteries officially surpassed ternary cobalt batteries in 2021 with 52% of installed capacity.

Summation

Primary cobalt deposits are few and far between. Copper as the primary metals works, because then one is firing on both cylinders, nickel as the primary metal once worked, but no longer, as the primary metal in that combo is the weakest link in the economic equation.

Cobalt has risked having itself factored out (rather than priced out) of battery formulations due to the DRC-China nexus. That nexus has weakened somewhat in recent times as the US has started love-bombing the DRC (as much as the US love-bombs any country). Still the DRC is a fickle beast and the Chinese have a unique ability to wire funds to numbered Swiss accounts that the US is yet to wrap its brain around (the Foreign Corrupt Practices Act of 1972, notwithstanding).

Beyond that there is the massive own-goal of the US´s repeated crazed attacks on Sherritt´s ownership of Moa Bay that has now alienated the closest large source of cobalt to the US, all to pander to the Cuban émigré community in Florida.

The very reason that Moa Bay was developed by the US during WW2 was due to the US's extraordinary under-endowment in Cobalt as we related in this note.

The US has recently been trying to love-bomb the DRC into being a prime source of Cobalt for US strategic needs, but this campaign has met with only mixed success so far.

This leaves Canada, and soon Chile, as the main accessible sources of Cobalt for US consumption in the Americas. The less said of relations with Canada the better, so by a process of attrition, COBA could be said to be "sitting pretty" as a source of this metal to the US.

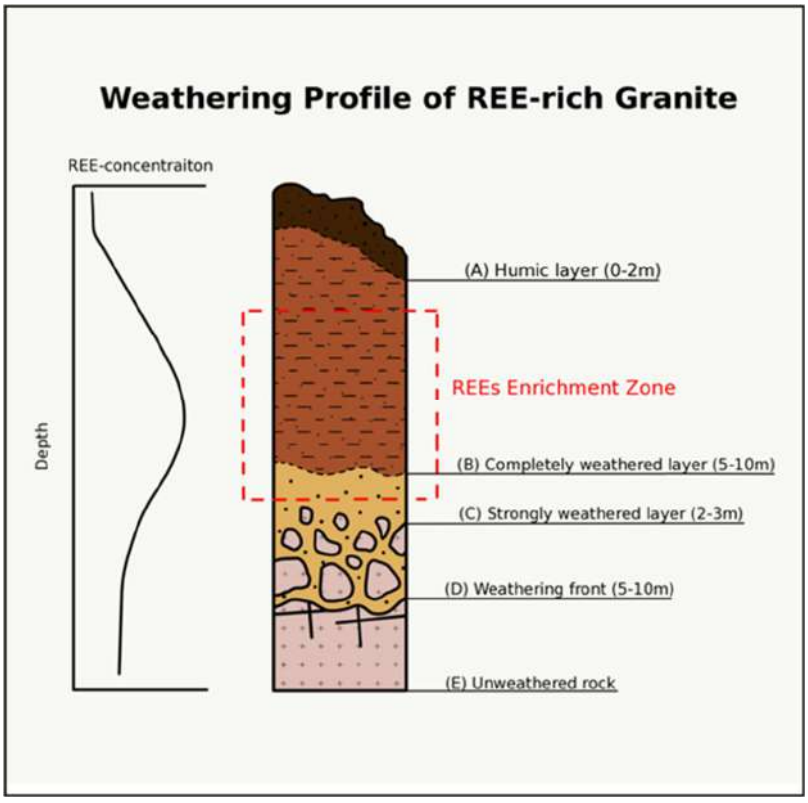
APPENDIX II:

On Ionic Adsorption Clays

Ion-Adsorption Clays – Rare Indeed

To put this type of Rare Earth mineralisation into a context that is familiar to the more generalist mining investor, the ion-adsorption clay deposits are essentially lateritic, i.e. weathered by climatic conditions. They were formed by chemical weathering decomposition and dissolution of granite and granite porphyry (containing a relatively high abundance of REEs) and subsequent adsorption and enrichment on clay minerals during the migration and penetration process of Rare Earth mineral solutions. The minerals are therefore also called weathering crust elution-deposited Rare Earths.

This process of the enrichment by natural forces produces deposits preponderant in some of the most desirable Rare Earths. It is for this reason that we have described these clays in the past as the Holy Grail of the Rare Earths space.



The ion-adsorption clays are a process-enabling geology. They are massive chromatographic formations. If and when they lie below rocks that contain Rare Earth minerals that are then dissolved in the “pure” rainwater and then “separated” by passage through the clays where the most soluble go on through the fastest and the least soluble stay behind they become Heavy Rare Earth laden, relatively Thorium-free, ion-adsorption clays.

Over the millennia, prodigious flushing of the mineralisation by water flows carries the Rare Earths through the clay. As a result, the Light Rare Earths, Thorium, and Uranium have now mostly passed through these clays, but the higher atomic numbered Rare Earths, the “heavier ones,” have been slower to follow, so we have now “deposits” trending sharply towards the Heavy Rare Earths in concentrations of 50-500 ppm in southern China and in other places along the rainforest arc of the southeast Asia – Indonesian Archipelago area.

REE Clays & China

Ion-adsorption deposits were first discovered in Ganzhou, China, in 1970. Initially, it was not considered as a mineral phase because it did not behave like any of the known phases of Rare Earth minerals. These particular types of deposits are sparsely distributed throughout seven adjacent provinces of southern China (Jiangxi, Guangdong, Fujian, Zhejiang, Hunan, Guangxi and Yunnan).

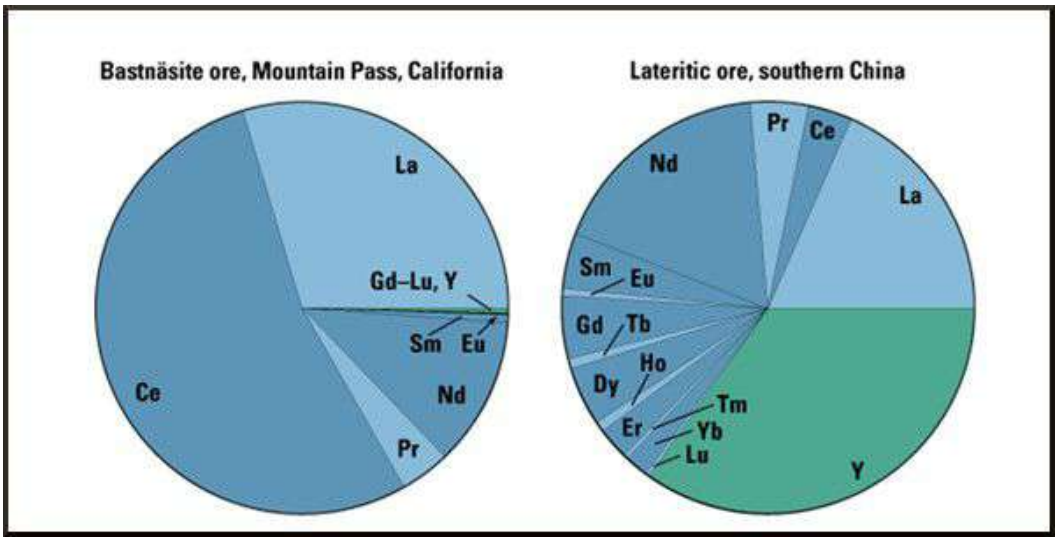
In China these deposits are generally found in small mountains (as pictured below) with a humus topsoil layer of 0.3–1 m, a full- regolith layer of 5–30m (the main ore body, containing 0.03–0.15% REE in general), a semi-regolith layer of 2–3m and a bedrock layer.

As ion-adsorption Rare Earth minerals occur at a simple trivalent cationic state, which is simply adsorbed onto clays, they can be readily extracted by a simple leaching technique with an aqueous electrolyte solution (sodium chloride or ammonium sulfate) via an ion-exchange process.

Therefore, the extraction of ion-adsorption Rare Earths is carried out by open-cut mining followed by tank or heap leaching with sodium chloride or ammonium sulphate solution. Using traditional surface/ mountain top mining and heap-leaching techniques it is estimated that for the production of one tonne of Rare Earth oxide from ion-adsorption Rare Earth ores, 300m^2 of vegetation and topsoil are removed, 2000 tonnes of tailings are disposed into adjacent valleys and streams, and 1000 tonnes of wastewater, containing high concentrations of ammonium sulphate and heavy metals, is produced.

In spite of an extremely low ratio of ion-adsorption Rare Earth reserves (only 2.9% of China's total REE reserves), this mineralisation used to account for as much as 26% of China's total REE production between 1988 and 2007 and reached 35% after 2009, before declining due to tightened environmental laws and over-exploitation.

So why should ion-adsorption clays be a Holy Grail of Rare Earths? The main reason is that the dynamic forces of the leaching and enrichment have ridded the average IAC deposit from much or its Cerium, a significant portion of Lanthanum and usually, much or all of the Thorium or Uranium (see below for a comparison between Mountain Pass and a southern Chinese IAC deposit). In the place of the unwanted Light Rare Earths there is exceptional concentration on the Mid- & Heavy Rare Earths. Over and beyond this the fact that a miner is dealing with clays, rather than hard rock, reduces the grinding component in process flowcharts involving clay deposits.



The pie charts above are poignantly illustrative as they show the proportions of individual Rare Earths in two representative ores, bastnäsite (dominated by La, Ce and Nd, with Eu through Lu, & Y making up only a feeble 0.4%). When looking at the Chinese lateritic ion-adsorption ores, one notes that they are dominated by Yttrium, with a dramatic reduction in the throwaway Cerium. Dark blue and light blue segments represent Lanthanides of even or odd atomic numbers with Yttrium indicated in green.

Important disclosures

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