



HALLGARTEN + COMPANY

Coverage Update

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Goldsky Resources

(TSX-v: GSKR | OTCQX: GSKRF | FNSE: GSKR SDB)

Strategy: LONG

Key Metrics

Price (CAD)	\$2.71
12-Month Target Price (CAD)	n/a
Upside to Target	0%
12mth low-high	\$0.415 to \$4.64
Market Cap (CAD mn)	\$724.52
Shares Outstanding (mns)	267.4
Fully diluted	284.7

Goldsky Resources

Focus on the Finnish Angle

- + The merger of First Nordic and Mawson Finland created a strong portfolio of exploration targets in Finland and on the appropriately named Gold Line Belt in north central Sweden
- + The company holds a key position on the Oijärvi greenstone belt in Finland with an expandable resource at its Kylväkangas project
- + Agnico Eagle is a substantial shareholder in Goldsky with an approximately 32.5% shareholding.
- + While many European nations have seen their mining sectors wither away in recent decades, both Finland and Sweden have continued being strong mining jurisdictions
- + The gold price has broken out of the range, in which it had seemed trapped, and after soaring above \$4,500 moved back to around the \$4,000 level
- + The target projects are located in the mining friendly northern regions of both countries
- ✗ Nimbyism has a strong presence in urban populations in both Scandinavian nations
- ✗ The environment for funding explorers is tough with investors being willing to fund only projects with a good story and realistic perspectives of production

Strength in Numbers

In tough times for explorers in the financing market the marriage between explorers and developers has become the dream scenario (in the absence of being bought by a producer). The teaming up of the neighbouring Barsele and Gold Line to create First Nordic (TSX-v: FNM | OTC: FNMCF | FSE: HEGO) in 2024 ticked all the boxes on synergistic grounds. Then more recently, in December of 2025, First Nordic merged with Mawson Finland to create Goldsky Resources.

Progress has been dramatic since we launched coverage of Gold Line, in June of 2024, with developments in the corporate structure, on the ground and in the C-Suite.

The successive mergers bring together the advanced-stage Barsele Project (now 100%-owned following the June 2026 transaction with Agnico Eagle Mines) with Gold Line's district-scale exploration portfolio, thereby consolidating a significant license position in the Gold Line Mineral Belt of Sweden. The consolidated gold exploration portfolio covers both Sweden and Finland, with over 123,000 hectares of combined land holdings, including roughly 80,000 hectares along Sweden's Gold Line greenstone belt, as well as the Oijärvi and Rajapalot projects in Finland.

Our analyst, Joshua Blank Hall, attended the recent Nordic Funds & Mines Conference in Stockholm and had a chance to review the company thus presenting us with an opportunity to update our past thoughts on the entities that have come together to create the current Gold Sky structure.

In this coverage update, we shall review the Finnish assets that Gold Sky inherited from First Nordic's portfolio, its exploration strategy and the environment for mine development in Finland.

The Merger with Mawson

First Nordic Metals Corp. and Mawson Finland Limited officially completed their merger on the 16th of December 2025, to create a leading Nordic-focused gold and cobalt development company. The combined company changed its name to Goldsky Resources Corp.

Under the terms of the deal, Mawson shareholders received 1.7884 First Nordic common shares for each Mawson share held (following a 4-to-1 share consolidation by First Nordic). Mawson became a direct, wholly-owned subsidiary of First Nordic.

The transaction was accompanied by a CAD\$80mn financing round through subscription receipts.

The Swedish Assets

With the merger of Barsele and Gold Line Resources in February of 2024, a new entity was created that has become one of the the largest developer/explorers operating in with an exclusive focus on Scandinavia.

The Barsele project is the jewel in the crown of the merged entity and lies in the heart of the district with an open pit and underground Indicated Resource of 320.8k oz gold and an Inferred resource of 1.83mn oz gold. The project is now 100%-owned by Goldsky. In September of 2026 the company commenced a 25,000-metre drill program focused on Skiråsen, Central and Avan to upgrade and extend the resource, while PEA-level metallurgical work returned overall recoveries of 89.6% at Central and 90.8% at Avan.

Gold Line brought to the merged entity its flagship projects, Paubäcken and Storjuktan, which are located to the immediate south and immediate north of the Barsele Project.

The combined exploration portfolio now extends over 123,000 hectares across Sweden and Finland making it one of the largest license packages in Scandinavia. In Sweden, the consolidated Barsele and Gold Line position covers roughly 80,000 hectares and around 80 km of additional strike length along the regional Gold Line structural corridor. This belt is host to the development stage Faboliden deposit with over one million ozs, and the past-producing Svartliden and Blaiken deposits.

Bringing the Barsele Project Fully In-House

In late January of 2026 a deal was announced whereby Goldsky Resources would acquire the remaining 55% interest in the Barsele Gold Project in Sweden from Agnico Eagle Mines, giving the company 100% full ownership of the project. The transaction closed in late June of 2026. The parties to the transaction were Goldsky Resources and Agnico Sweden AB (a subsidiary of Agnico Eagle Mines Limited).

The consideration consisted of US\$20mn in cash plus 75,509,577 common shares of Goldsky, bringing Agnico's pro forma ownership in Goldsky to approximately 32.5%. The effect of this deal was to

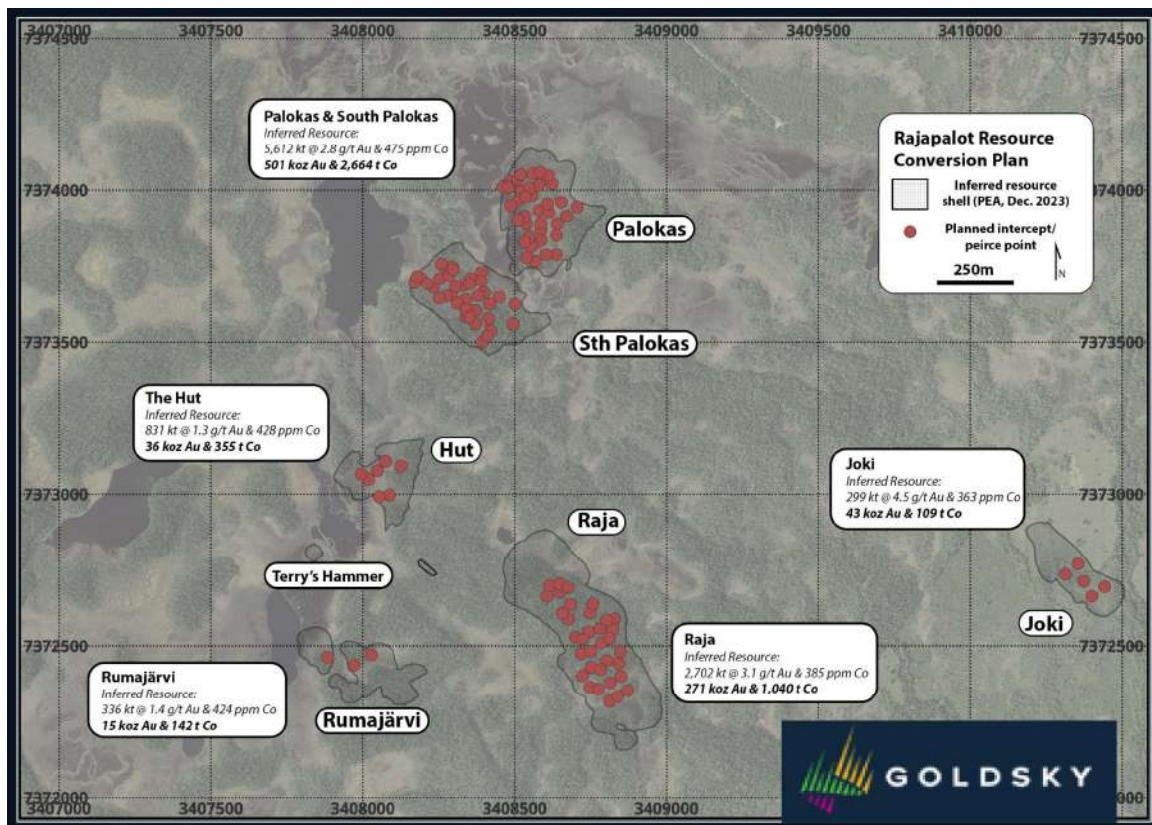
consolidate Barsele with Goldsky's 100% owned exploration licenses to now cover roughly 80,000 hectares along Sweden's Gold Line greenstone belt. Agnico also retained a perpetual 2% NSR royalty on Barsele.

The Finnish Angle

In Finland, the latest merger brought three Finnish assets together and a reordering of priorities. The addition of the Rajapalot project from Mawson Finland pushed the previously held assets, in the Oijärvi Greenstone Belt, down the rankings of importance.

The Rajapalot Asset

This Gold-Cobalt project, located in northern Finland's Lapland region, is the main asset brought to the merger by Mawson Finland. It is located about 35 km west-southwest of Rovaniemi, within the broader Rompas-Rajapalot land package spanning ~11,000 hectares.



This project has an Inferred Resource: 9.8 mn tonnes at 2.8 g/t Au and 441 ppm Co (0.9mn oz Au / 4,311 tonnes of Co).

Gold-cobalt mineralisation occurs in multiple structurally-controlled, sulphide-associated lenses over a 4 km by 4 km area, drilled to depths of at least 540 m and remaining open along strike and at depth.

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2023 PEA outlines an underground-only operation with a 9-year mine life, average annual production of roughly 82 koz Au and 306 t Co, low AISC and robust post-tax NPV and IRR at conservative price assumptions.

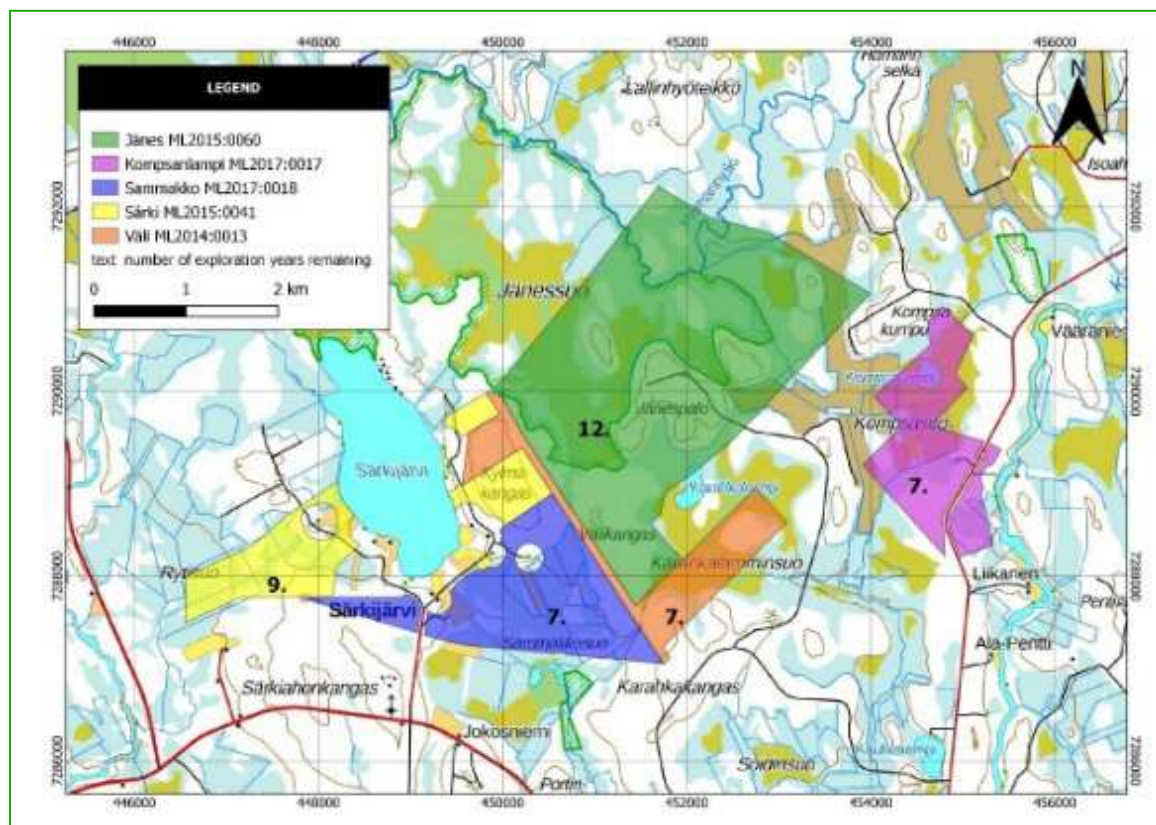
During 1Q26 Goldsky completed 10,429 m of drilling at Rajapalot. By Q2 all gold assays had been returned and the updated resource model had been delivered to SLR Consulting to support a resource update and updated PEA.

Access to existing regional infrastructure and 100% renewable grid power, with a development concept focused on low environmental footprint, conventional processing.

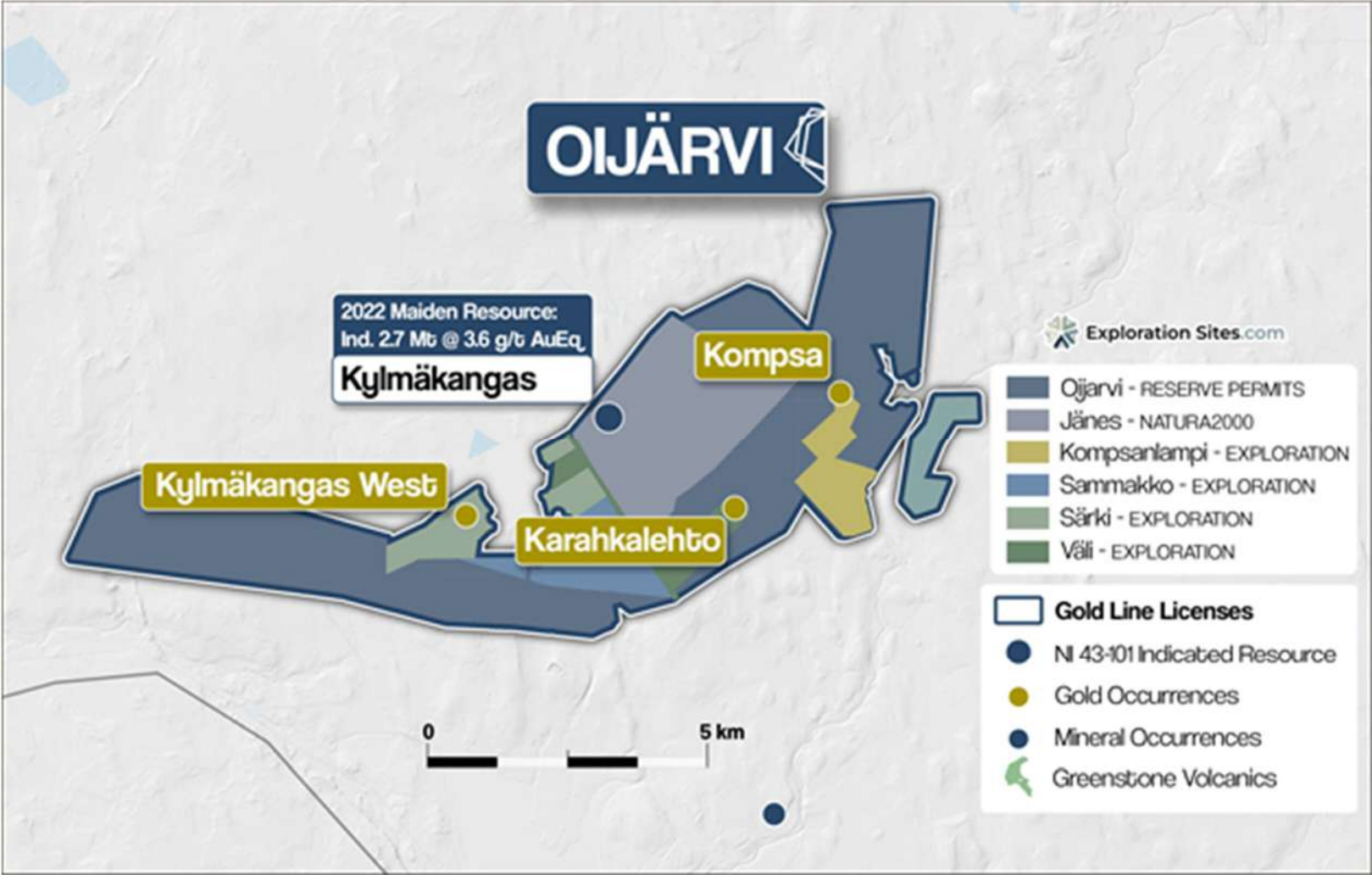
Goldsky is also assessing cobalt recovery and potential concentrate marketing/offtake under a July 2026 MOU with Ocean Partners, while advancing permitting, environmental baseline work and community engagement around the project.

The Oijärvi Greenstone Belt Projects

The Oijärvi Project was originally acquired by Agnico Eagle in 2006, with which Gold Line, in June 2021, entered into a share purchase agreement to gain control of the five exploration permits (shown in the following map) covering the Kylväkangas deposit.



Note the Särkijärvi lake that divides the central part of the concession.



Above: the expanded Kylmakangas exploration concession

The project encompasses 1,641 ha and is located 85 km east of the town of Kemi within the North Ostrobothnia District in the Kuivaniemi Parish in northern Finland. When we spoke to previous management they felt that the property is prospective for gold and silver mineralization within the Oijärvi Greenstone Belt, approximately 10 km north of the Oijärvi village.

The Kylmäkangas Au-Ag occurrence was first discovered in 1999 by the Geological Survey of Finland (GTK) in the central portion of the Oijärvi greenstone belt using regional magnetic geophysics. Initial exploration by the GTK involved mapping, till geochemistry surveys and diamond drilling which led to the discovery of the Kylmäkangas deposit.

Following this, the company applied for and received an Exploration Reserve permit over the rest of the 17,600 ha Oijärvi greenstone belt (the dark grey areas in the map on the preceding page), bringing the entire belt into its portfolio.

Consolidating the Area

In mid-July 2024, First Nordic agreed a deal with Agnico Eagle Mines and EMX Royalty to exchange amounts that remained due under the Oijärvi Gold Project asset purchase agreement. At that time, Agnico Eagle ended up with 13.3% of the issued and outstanding common shares of FNM.

The transaction was effected by way of a subscription agreement between FNM and Agnico Eagle Mines Limited with Agnico Eagle exchanging amounts due under the asset purchase agreement between certain subsidiaries of FNM, certain subsidiaries of Agnico Eagle and EMX Royalty Corporation (dated March 19, 2021, as amended May 1, 2023) for 27,954,872 common shares of First Nordic.

First Nordic issued the 27,954,872 shares to Agnico Eagle at a subscription price of CAD\$0.2925 per share, for gross proceeds of \$8,176,800. These proceeds were used by First Nordic to immediately satisfy the remaining consideration payable to certain subsidiaries of Agnico Eagle under the purchase agreement from 2021. The transaction was treated as a shares-for-debt transaction.

Agnico Eagle and FNM entered into an investor rights agreement that provides Agnico Eagle with, among other things, certain rights in the event it maintains minimum ownership thresholds in First Nordic, including:

- (i) the right to participate in equity financings;
- (ii) a top-up right that would permit Agnico Eagle to increase its holdings in FNM to 19.9%
- (iii) the right (which Agnico Eagle had no intention, at that time, of exercising) to nominate one person to FNM's board of directors

N.B. How these latter terms were altered with the Barsele consolidation is not apparent, but as noted Agnico Eagle has now moved definitively above 20%.

Regional Geology

The Oijärvi greenstone belt is located in northwest Finland, in the Meso- to Neoproterozoic Pudasjärvi complex. Discovered in the early 1990s by the Finland Geological Survey (GTK) using regional magnetic geophysics it is one of the least studied greenstone belts in the region. Initial exploration by the GTK involving mapping, till geochemistry surveys and diamond drilling led to the discovery of the Kylmäkangas Au-Ag deposit.

Geology

The gold mineralization at Kylmäkangas is closely associated with a 1.8 km NE-SW striking sheared fault zone. Massive quartz-veins containing gold, silver, and base metals occur along this shear/fault zone. This zone is termed the Main Mineralized Zone and consists of a dense, white to grey quartz-sericite-breccia and milky to grey-coloured quartz veins, both of which are enveloped by strongly sheared and altered mafic schist.

Higher-grade ore shoots appear to be controlled by primary shear with interpreted transpressive deformation along the structural corridor which displays rheological contrast between lithologies. Intense hydrothermal alteration is closely associated with structural corridors and gold-silver mineralization, extending up to several metres into the hanging wall and foot wall lithologies.

Most of the native gold is fine grained and occurs intergrown or as inclusions in tellurides, sulphides and sulphosalts. Free native gold occurs between quartz grains (7%). Electrum occurs as inclusions in tellurides, galena (3%) and tetrahedrite (3%). The major silver carriers are hessite and petzite.

Exploration

While no mining has been undertaken at Kylmäkangas, exploration efforts by several parties have included several generations of diamond drilling.

During the early 1980s and 1990s, the Geological Survey of Finland (GTK) completed regional geologic mapping, regional till mapping, and airborne geophysical surveys in the Kylmäkangas area. Other non-drilling exploration work between 1996 and 2007 consisted of additional geophysical ground measurements, mapping, and trenching. Between 1998 and 2000, the GTK undertook a reconnaissance drilling program consisting of 24 diamond drillholes totalling 4,726 m, resulting in the discovery of gold-silver mineralization in 1999.

In 2001, Troy Resources NL, in a JV with Riddarhyttan, completed a detailed field geology program which included ground geophysics and bedrock mapping. From 2001 to 2002, Troy Resources completed a reconnaissance drill program of nine diamond drillholes.

Then, between 2006 and 2009, Agnico-Eagle Finland completed an additional 66 diamond drill holes on the deposit totalling 18,069 m and 34 regional diamond drill holes totalling 7,207 m.

In its initial work, Gold Line flew phase 1 of two Unmanned Aerial Vehicle (UAV) magnetic surveys over the two areas of the Oijärvi Greenstone Belt. Work completed by Gold Line on the Kylmäkangas deposit has included re-logging and sampling core that was previously unsampled. The newly sampled material is located adjacent to mineralized intercepts drilled and sampled by Agnico-Eagle.

In total, 75 holes have been drilled to date on the Kylmäkangas Project for a total of 19,580 m. Historical drill intercepts include 22.6 g/t of gold and 126.3 g/t of silver over 11.0 m (estimated true width) at 102 m depth. Across the rest of the belt, 32,274 m in 217 holes have been drilled.

Resource

In July of 2020, a Mineral Resource estimate (compiled in accordance with NI 43-101) was published on the Kylmäkangas project. The report was prepared by the consultants Eemeli Rantala & Ove Klavér.

Gold Line Resources announced their maiden resource estimate (MRE) for the Oijärvi Gold Project on June 10, 2022 and published a NI 43-101 technical report with an effective date July 25, 2022. The resource (shown in the table that follows) was calculated as being, in the Indicated and Inferred categories, some 2.7 million tonnes grading at 3.6 g/t AuEq for a contained total of 311,000 AuEq equivalent ounces.

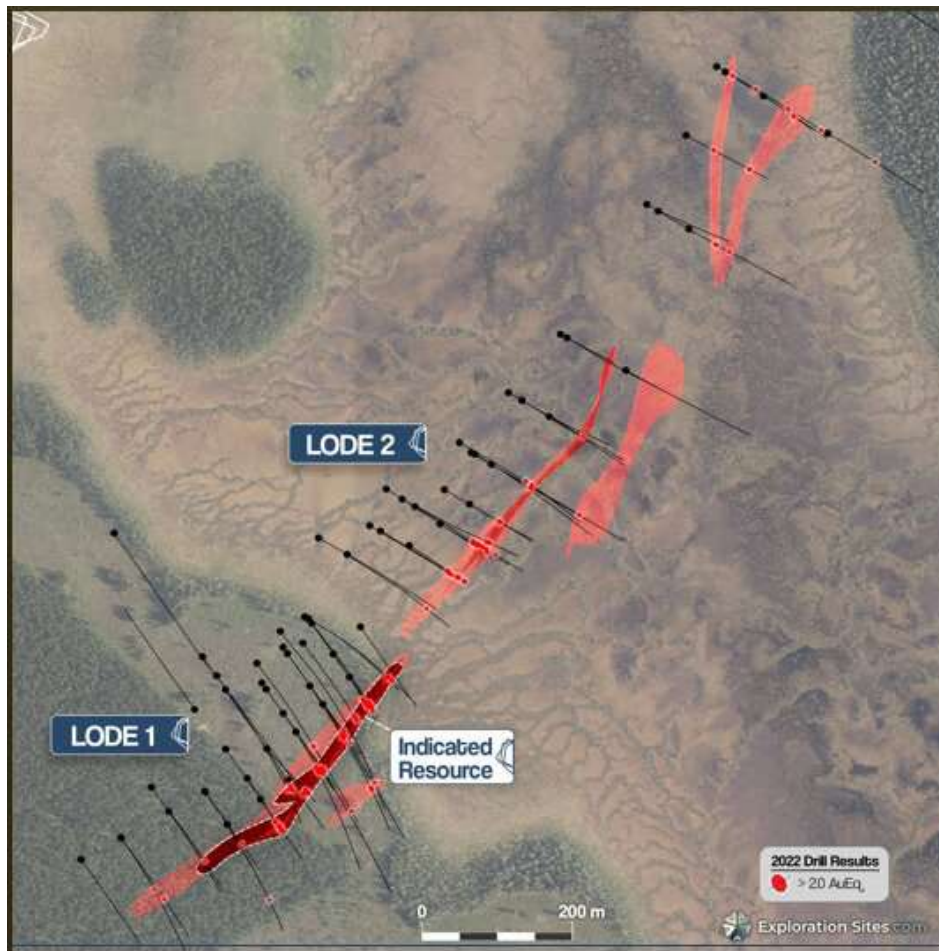
Kylmäkangas Resource Estimate					Contained Metal		
@ 1.5 g/t Au							
Category	Tonnes mns	Au g/t	Ag g/t	AuEq g/t	Au ozs	Ag ozs	AuEq ozs
Indicated	1.07	4.1	35.4	4.6	143,000	1,220,000	159,000
Inferred	1.63	2.7	15.2	2.9	142,000	795,000	152,000

The MRE was reported using a 1.5 g/t cut-off grade for an underground mining scenario. The AuEq cut-off grade was determined using a gold price of USD \$1,657 and silver price of USD \$21.52 based on the May 31, 2022 Long-Term CIBC consensus pricing for precious metals, which is now notably very far away from the current prices for gold/silver. Recoveries for gold were estimated at 85%, and 83% for silver.

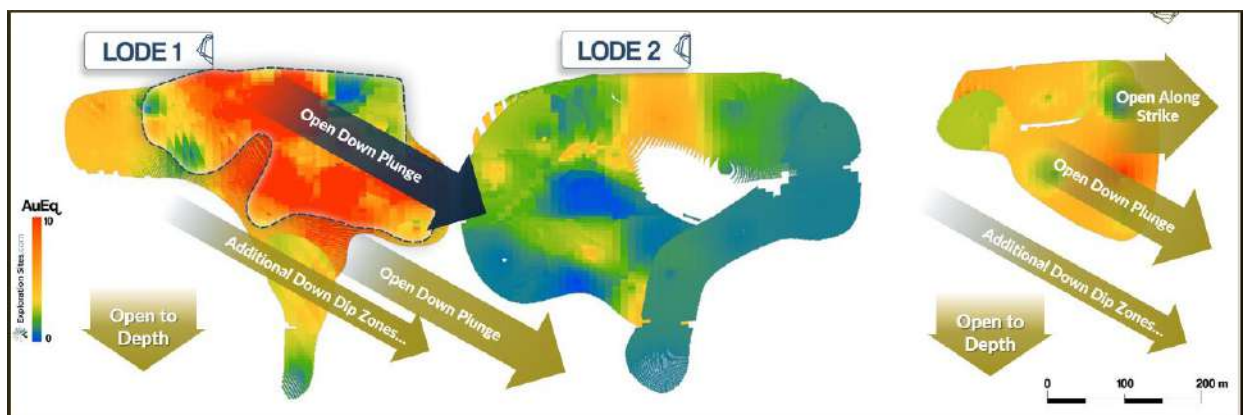
Filling in the Gaps

It is important to note that Lode II is within the Natura 2000 wetlands reserve, which somewhat complicates things. It does not preclude exploration by any means but does require that drilling is undertaken in winter only and that special membranes are put in place for transport and special care taken with drill pads etc.

The first obvious gap to be filled is the 150-metre space between the so-called Lodes I & II as shown on the map that follows:



The graphic below shows the down plunge of the mineralisation from Lode I to areas at depth under Lode II that potentially offer further extension to the resource.



The mineralized vein at Kylmäkangas is around five-metres wide. The eventual logic here would be that a mine would be underground and would consist of a portal to the southwest with the decline working its way to the north-east through Lode I, and then into Lode II, with no surface expression in the wetlands

area.

The second gap opportunity is to the southwest under the Särkijärvi lake as evidenced in the map on page 4. The lake at its deepest is only around three-metres deep and is around one kilometre wide (upon trend). The lake separates the existing resource at Kylmäkangas from the target at Kylmäkangas West (as shown in the map on page 5).

Exploration work is envisioned for Kylmäkangas West and ice platform drilling on the lake to prove up an extension of the resource further to the southwest.

The Relationship with EMX

Mention should be made of the background agreement with EMX Royalty Corporation, when Gold Line Resources acquired Agnico's Oijärvi (and the Solvik Gold Project located in southern Sweden) for an aggregate purchase price of US\$10mn comprised of cash and shares of each of Gold Line and EMX.

Agnico retained a 2% net smelter return (NSR) royalty on the projects, with 1% (or 50%) being purchasable, at any time, by EMX for US\$1mn.

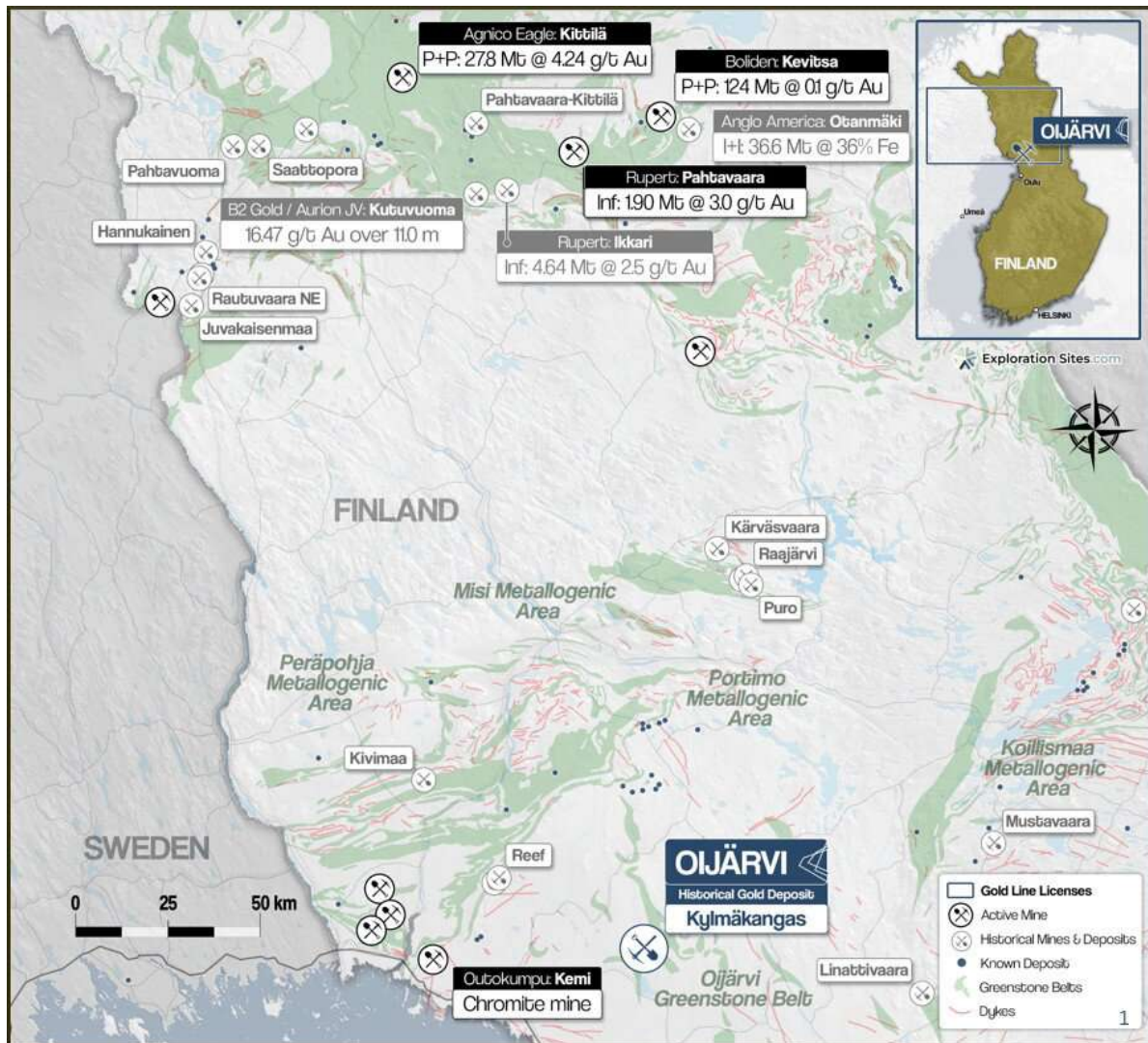
Analogues in Finland

It might be wishful thinking to draw parallels between Goldsky and the former Rupert Resources (TSX:RUP), but the comparison has become more relevant since Agnico Eagle completed its acquisition of Rupert in June of 2026. Rupert's principal asset was the Ikkari Gold Project, not the past-producing Pahtavaara mine. Ikkari hosts Probable Mineral Reserves of 3.5mn oz gold (52.0mn tonnes at 2.10 g/t Au) and formed the centrepiece of Agnico's consolidation of the Central Lapland Greenstone Belt.

The Ikkari project is located within the Central Lapland Greenstone Belt (CLGB), part of the Fennoscandian shield, approximately 50 km from Agnico Eagle's Kittilä mine. A pre-feasibility study completed by Rupert in February of 2025 envisaged an open pit and underground operation with average annual gold production of around 227,000 oz over the first ten years of mine life. Following the 2026 consolidation, Agnico controls a land package of approximately 2,492 km² across the CLGB.

The CLGB is anchored by Agnico Eagle's Kittilä mine (the largest primary gold mine in Europe), which produced 217,379 oz of gold in 2025 and 110,496 oz in the first half of 2026. Agnico's 2026 consolidation also brought Ikkari and a much larger regional exploration package under the same ownership. Boliden's copper-nickel Kevitsa mine and Anglo American's Sakatti project are also located within the broader Central Lapland mining district.

The following map shows Kylmäkangas in relation to the CLGB, that runs east-west to the north of the Oijärvi greenstone belt:



Finland as a Jurisdiction

Finland has over a 100 years of mining heritage as an independent nation (being part of the Russian Empire pre-1917) and a number of large mines, across base metals and precious metals. It has become one of the world's most attractive mining jurisdictions and investment destinations due to its rich, underexplored mineral potential and advanced mining R&D, education, and innovation ecosystem.

The Nordic country is on the Fennoscandian Shield, which hosts world-class deposits of critical and strategic raw materials, including uranium. Alongside its mineral potential, the country hosts leading education and R&D facilities, which are strongly supported by the government in developing green and sustainable mining technologies.

The Fraser Institute has long had Finland near the top of its global ranking of attractiveness for miners. For 2024 year, Finland reclaimed the top spot in the global ranking, which it last held in the early 2010s,

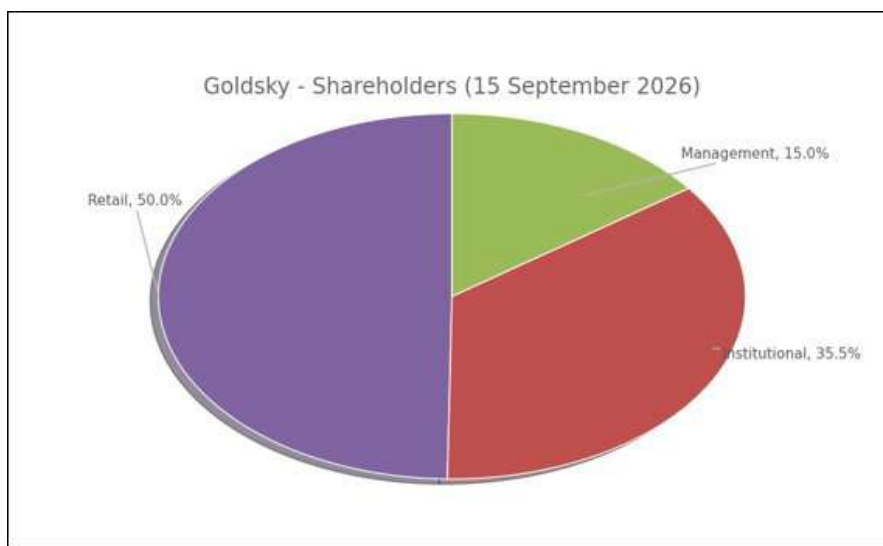
despite operating under some of the world's most stringent environmental directives.

Yet Finland, according to the Fraser Institute, pairs these constraints with a permitting process that is transparent, time-bound, and relatively streamlined.

In 2024, in the overall Investment Attractiveness Index, Finland improved its ranking for the second year in a row and went from the 17th spot (of 86) in 2023 to rank 1st (of 82) in 2024. Investors expressed decreasing concerns over uncertainty concerning the administration, interpretation and enforcement of existing regulations (-16 points), uncertainty concerning environmental regulations, and Finland's taxation regime (-11 points each).

Shareholders

The pie chart which follows shows the breakdown of the current shareholder base.



Following the June 2026 Barsele transaction, Agnico Eagle's ownership increased to approximately 32.5% of Goldsky. Goldsky's October corporate presentation shows the broader shareholder base at approximately 50.0% retail, 35.5% institutional and 15.0% management, based on data as of 15 September 2026.

Swedish Listing et al.

The Swedish listing process was completed on the 21st of March 2025, when First Nordic commenced trading in the form of Swedish Depositary Receipts (SDRs) on Nasdaq First North Growth Market in Sweden.

Following the launch of Goldsky Resources, the short name for the SDRs changed from FNMC SDB to GSKR SDB in December of 2025. Goldsky is now traded on the TSX Venture Exchange, Nasdaq First North and OTCQX under the symbols GSKR, GSKR SDB and GSKRF, respectively.

Goldsky was also added to the VanEck Junior Gold Miners ETF (GDXJ) effective at market close on the 18th of September 2026, broadening its exposure to institutional and passive investment flows.

Financing

The company remains well funded following the merger financing and the Barsele acquisition. At 30 June 2026 Goldsky reported approximately CAD\$56.4mn of cash after paying CAD\$28.5mn in cash for the remaining 55% of Barsele.

Goldsky's October corporate presentation showed a current cash position of approximately CAD\$58mn and nil debt, leaving the company funded for the present Barsele drilling, resource work and development studies.

During 2Q26 the company also received approximately CAD\$4.1mn from the exercise of options, compensatory options and warrants.

In September of 2026 the company announced its intention to issue 1,166,130 common shares to Haywood Securities at a deemed price of CAD\$3.246 per share as partial payment of the financial advisory fee related to the Barsele transaction, subject to TSX Venture Exchange approval.

Board & Management

As this is only an update, we will note that the current team is led by Russell Bradford as CEO & Executive Director, Brent Doster as CFO, Noora Ahola as Executive Director & Managing Director, Nordics, and Neil MacRae as SVP, Corporate Development. Peter Breese is Non-Executive Chairman, with Marc Legault and Jeff Couch as Non-Executive Directors and Darren Morcombe as Special Advisor. Karilyn Farmer resigned as director and SVP, Exploration and Resources in September of 2026. Marc Legault remains a non-executive director and brings over 40 years' experience in the gold and base metals industry, including 34 years working with Agnico Eagle Mines and direct knowledge of both Barsele and Oijärvi.

Risks

The risks for Goldsky might be summarised as:

- ✗ Gold price risk
- ✗ Cobalt price and demand risk
- ✗ The risk of a swing away from a pro-mining policy stance in either Finland or Sweden (or both)
- ✗ Exploration risk is a perennial in mining
- ✗ Financing Risk

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To posit gold price weakness is almost to be branded a heretic in some mining circles. Gold demonstrated again in 2026, however, that even a powerful bull market can correct sharply, having traded above \$4,500 before retreating to around \$4,000 by late October. We do not, however, see a context where there would be a major retreat in gold.

With Gold around \$4,000 per oz those projects that are not viable at these levels (or indeed materially below them) should not even be taken into consideration, as this is an excellent gold price.

The price of Cobalt governs its demand as much as its supply. Cobalt, depending on the application, can be substituted, often with resultant losses 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.

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.

Finland's and Sweden's governments are both pro-mining (with northern regions of both countries being especially & historically mining-oriented).

Proving up a viable project to development stage is the main imponderable for most explorers.

Financing conditions rise and fall with sentiment towards gold... and with other dynamics. The last year has been a quantum better on the financing front for junior explorers. Near-term financing risk is materially lower for Goldsky than it was for the pre-merger entities given the approximately CAD\$58mn treasury and nil debt, although development-stage funding requirements remain.

Conclusion

The gold prospectivity of both Finland and Sweden is now coming into focus and Gold Sky holds sizeable positions in the most promising territory in these jurisdictions. Additionally, being in the most mining friendly parts of these nations, the old shibboleths about Scandi NIMBYism have less traction or even relevance.

If Goldsky can follow in the footsteps of Rupert Resources, whose Ikkari project was acquired by Agnico Eagle in June of 2026 as part of a broader CLGB consolidation, then shareholders will be happy campers indeed.

Gold, in particular, has experienced several years of the highest annual average price in history. And yet looking at the charts of companies such as the constituents of these mergers we can see the reasons that drove their synergistic merger. It certainly helps that the gold price has caught a tailwind from 2024 and then soared to over \$4500 before pulling back. However, as we well know, the swings and roundabouts of precious metals prices are fast and furious and always come back into favour at some point.

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The task now for Gold Sky Resources is twofold. Firstly, it must convert the current Barsele drilling, metallurgy and resource work into an updated resource and a credible PEA while continuing to generate a flow of exploration results from the projects it inherited from Gold Line. Then it must bring the Rajapalot resource update and updated PEA through and project a broader plan for Finland and we suspect that “setting it free” via some sort of demerger, or similar, might be value accretive for Goldsky and its shareholders.

Therefore, we are reiterating Gold Sky with a **LONG** rating, but without a 12-month target price.



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).

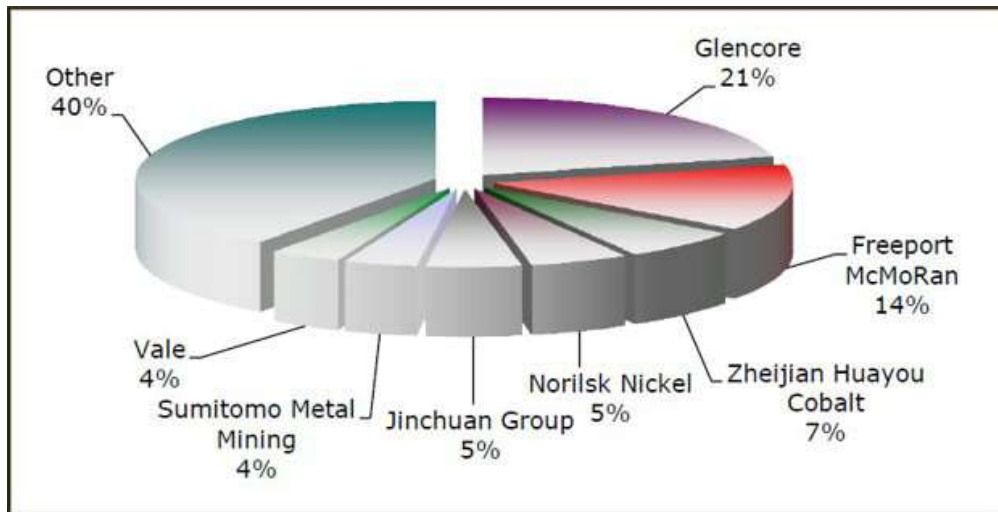
The Copperbelt in the Democratic Republic of the Congo (DRC) and Zambia yields most of the global cobalt production. In 2025, the DRC was the world's leading source of mined cobalt and accounted for an estimated 73% of world total, followed by Indonesia, which accounted for 14%.

	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.

On the following page an interesting pie chart can be seen that we sourced several years ago from the consultants Dorfman/AnzaPlan.



Source: 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.

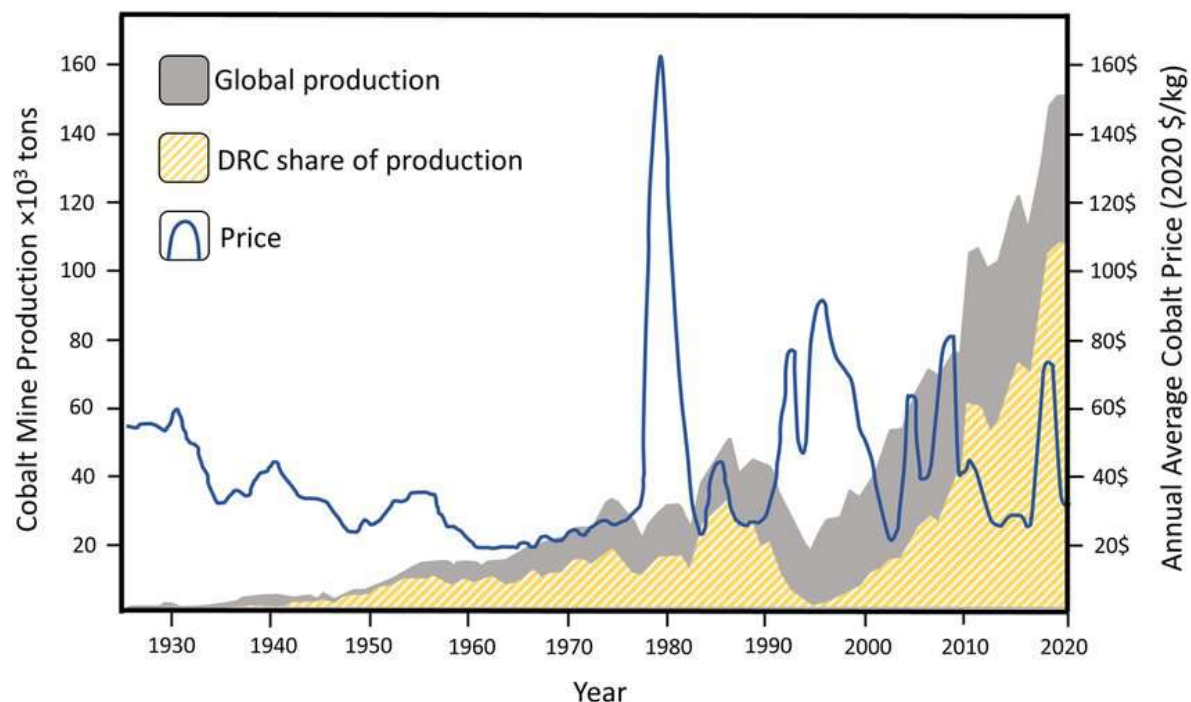
This has been further complicated by the disastrous capex surge in mine building costs for nickel/cobalt mines in particular. Goro and Ambatovy were graveyards for those that dared to build them. Saying "laterite nickel" is an easier way to clear a room than claiming to have leprosy or Ebola.

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

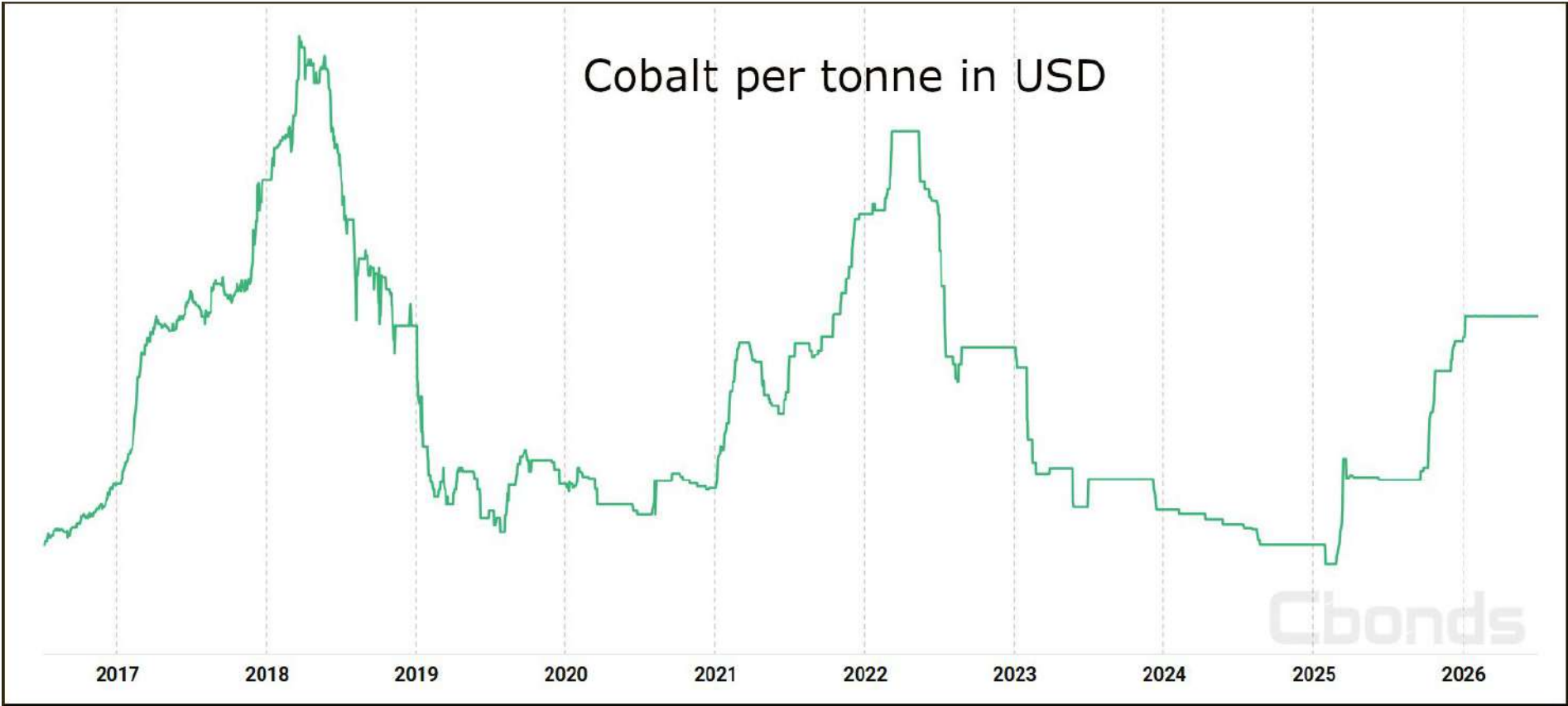
Cobalt has had one of most dramatic price trajectories in the mineral space since the year 2000. That is saying something because many metals have dramatic moves. However, we could bracket it with Vanadium in being truly contrary and indeed counterintuitive. It has hit various new highs since the turn 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 buy-side 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

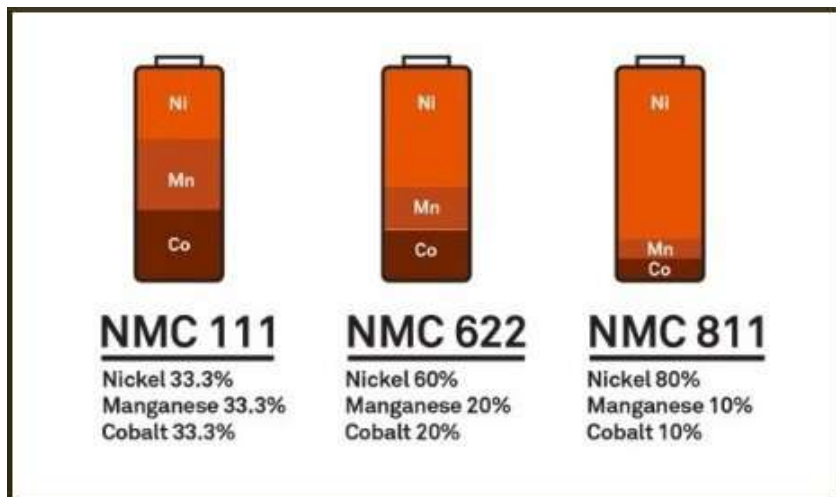
Lithium cobalt oxide (LiCoO₂, aka LCO), first sold commercially in 1991 by Sony, was widely used in lithium-ion battery cathodes until the 2010s. The material is composed of cobalt oxide layers with the lithium intercalated. These LCO batteries continue to dominate the market for consumer electronics. 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.

Important disclosures

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