

# Strategic Metals & Rare Earths Letter

## INTERNATIONAL

*the independent information and advisory publication on investing in Strategic Metals & Rare Earths*

**INVESTMENT ALERT – February 27, 2018**

[www.pacificrimcobalt.com](http://www.pacificrimcobalt.com)



### **Pacific Rim Cobalt Corp. (C\$ 0.64)**

CNX : BOLT  
OTCQB : PCRF  
Frankfurt : NXFE

H + L prices (12 months) : C\$ 1.59 - 0.33

Net shares issued : 44.62 million  
Fully diluted shares : 59.38 million

Market Capitalization : C\$ 28.6 million  
(US\$ 22.6 million)

**2018 price target C\$ 1.50**

## **INVESTMENT ALERT**

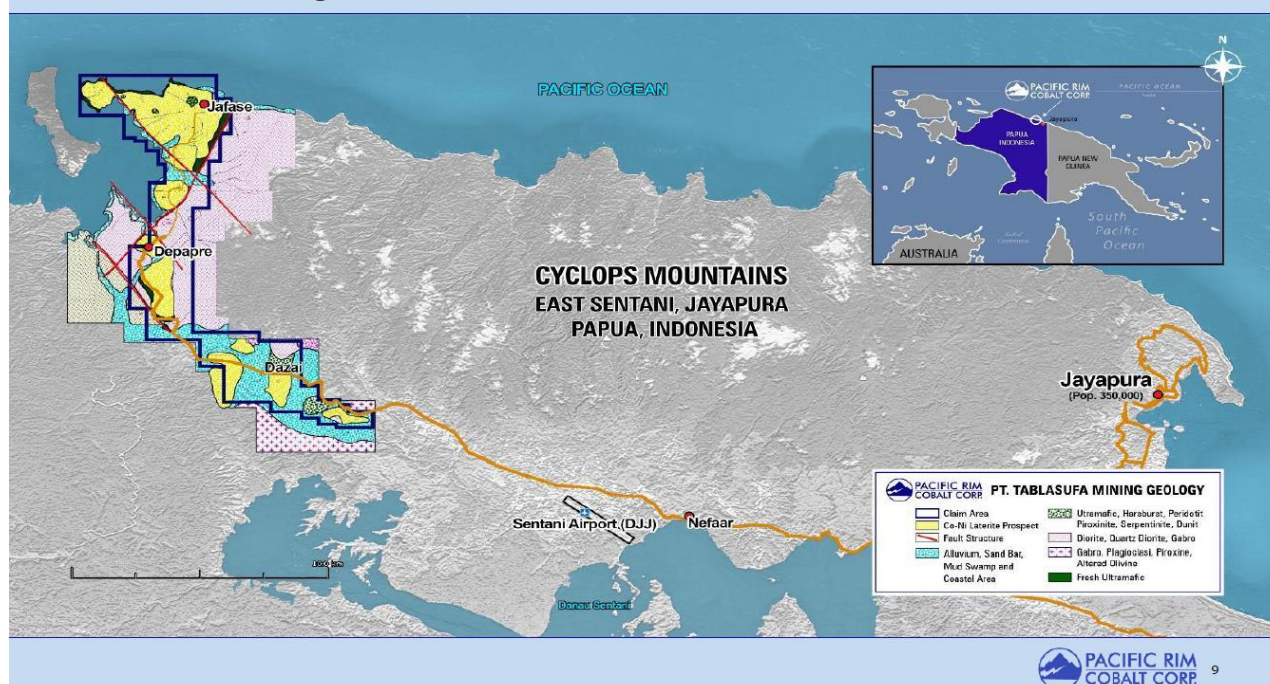
### **Pacific Rim Cobalt embarks on Processing Options Study for its TNM Cobalt Project, Indonesia**

On February 26, 2018, **Pacific Rim Cobalt** announced that it has engaged Moats Scientific and Metallurgical Consulting ("MSA"), considered to be a global leader on extractive metallurgy of copper, cobalt and nickel, to conduct a high level technical review of processing options for the nickel-cobalt bearing material present at the Company's **TNM Cobalt Project**, Papua Province, Indonesia.

The review is expected to be completed by March 31, 2018 and will include:

- Descriptions of previous plants that have treated similar material with specific focus on recovery of nickel and cobalt values
- Descriptions of processes that could be used for the material-type but have not been built at a commercial level
- Identification of pros and cons for each process flowsheet reviewed
- Recommendations for future work to minimize testing and quickly focus on 1 or 2 flowsheet options for further investigation.

## Cobalt Project Area



On January 23, 2018, **Pacific Rim Cobalt** announced that it had completed the second tranche of a non-brokered private placement. In aggregate the first and second tranche of the Offering raised a total gross proceeds of approximately C\$ 3.85 million through the issuance of 5.14 million units at a price of C\$ 0.75 per Unit.

Each unit entitles the holder to receive one common share of the Company, plus one transferrable share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of C\$ 1.00 per share until January 19, 2020.

### Investment comments:

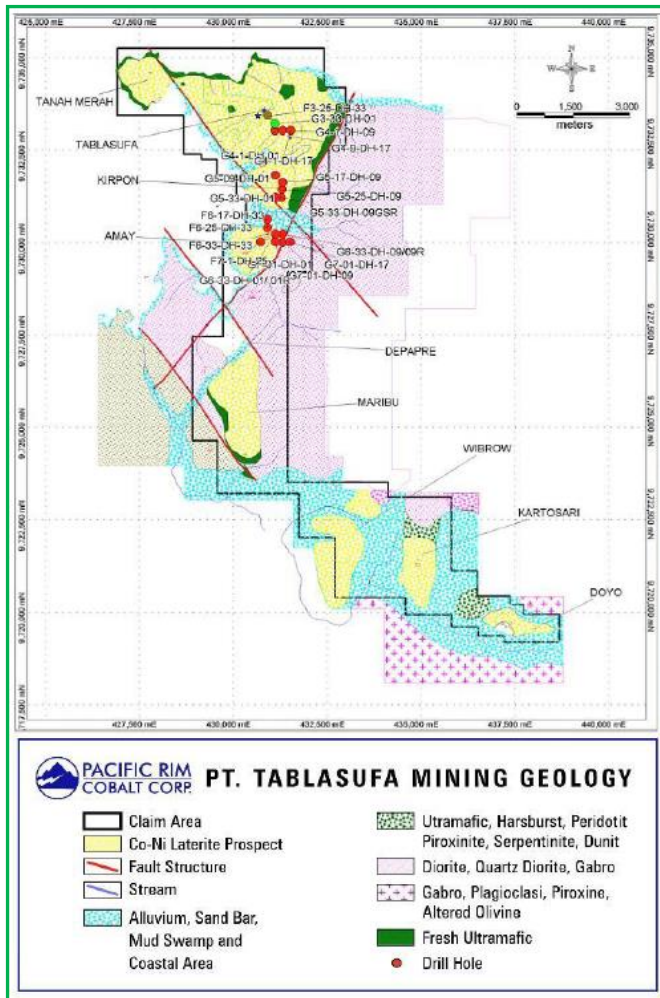
**Pacific Rim's TNM Cobalt Project** has a significant, shallow, historic **estimate of 37 million tonnes grading 0.11% cobalt ad 1.31% nickel at 0.8% cut-off grade** and has the potential for considerable expansion as mineralization is open at and on strike. The historical estimate is non NI 43-201 compliant.

The Company is continuing data compilation and review; commence additional drilling to target expansion of known cobalt mineralization and assist with development planning. In addition, studies and test work on process options, metallurgy and cobalt recovery is undertaken. Development commenced with having **MSM** hired to conduct a high level technical review of processing options for the nickel-cobalt bearing material present at the **TNM Cobalt Project**.

This step is the preliminary stage to start with a JORC/NI 43-101 compliant resource/reserve estimate, enabling **Pacific Rim Cobalt** to determine a viable cobalt production and process route, supported by production flexibility-early cash flow option.

Compared to its pre-production and late-stage exploration peer group, **Pacific Rim Cobalt** is priced at a significant discount. Having four-folded in price since October 2017 after completion of the acquisition of the **TNM Cobalt Project**, but was followed by profit taking. Expecting that on a compliant basis, the valuation would be at least C\$ 100 million. At a current market valuation of just US\$ 22.6 million, the Company, in my view, is strongly undervalued, thereby offering a high investment leverage potential.

**Lowering my 2018 share price target to C\$ 1.50, I maintain a long-term price target of C\$ 3.00.**



### Prospect Blocks:

- Tanahmerah
- Tablasufa
- Kirpon
- Away
- Depapre
- Maribu
- Wibrow
- Kartosari
- Doyo

### Ni-Co Estimate

- Project covers 5000 Ha with 5 known cobalt-nickel prospects
- Total historical estimate<sup>1</sup> of 37mt @ 0.11% Co and 1.31% Ni at 0.8% Ni cut-off grade\*
- Historical estimate<sup>1</sup> based on over 856 shallow drill holes and 26 test pits\*
- The Ni-Co mineralization is from surface to average drilled depth of 11-15 meters\*
- Production Permit Issued
- Environmental Permits Issued (AMDAL)

\*See addendum for results

## Lets Talk Cobalt Demand: It's Battery Powered

