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4 January 2017

ASX Limited
20 Bridge Street
Sydney NSW 2000

ASX Announcement – For immediate release

Cobalt Blue Holdings Limited ACN 614 466 607 (Company) Replacement Prospectus

Following is a Replacement Prospectus dated 3 January 2017 relating to the Offer to apply for ordinary shares in the Company.

The Replacement Prospectus replaces the prospectus dated and lodged with ASIC on 3 November 2016 as supplemented by the Supplementary Prospectus dated 9 November 2016 and the Second Supplementary Prospectus dated 9 December 2016.

The Replacement Prospectus has been issued to, amongst other matters:

1. update the Company's report of its mineral resources and exploration targets in respect of the Thackaringa Cobalt Project from reporting in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) as disclosed in the prospectus dated 3 November 2016 to the 2012 JORC Code; and
2. provide an update in respect of the timetable.

For further information please contact:

Trangie Johnston
Chief Executive Officer
Ian Morgan
Company Secretary

Broken Hill Prospecting Limited
Tel: +61 (2) 9252-5300
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More details are available on BPL's website
http://www.bhpl.biz

CobaltBlue
green energy technology

COBALT BLUE HOLDINGS LIMITED
(ACN 614 466 607)

REPLACEMENT PROSPECTUS

For an offer of up to 50,000,000 Shares at A$0.20 per Share to raise a maximum of A$10,000,000, with 12,500,000 free attaching Loyalty Options on a 1:4 basis and with a minimum subscription of A$8,000,000 for 40,000,000 Shares (with 10,000,000 free attaching Loyalty Options on a 1:4 basis) (**General Offer**).

This Replacement Prospectus also includes a priority offer as part of the General Offer to shareholders of Broken Hill Prospecting Limited (**BPL**) registered at 5:00pm ADST on the record date of 21 November 2016 (**Priority Offer**).

This Replacement Prospectus has also been issued to provide information to shareholders of BPL registered at 5:00pm ADST on the record date of 21 November 2016 in respect of BPL's proposed in specie distribution of 35,000,000 Shares it holds to those shareholders, to provide information to those shareholders in respect of the issue by COB of 8,750,000 free Options to those shareholders (on a 1:4 basis) as part of the in specie distribution, and to facilitate the secondary trading of those Shares and Options.

IMPORTANT NOTICE

This Replacement Prospectus and each of the documents which are incorporated by reference are important documents and must be read in their entirety. If you do not understand their contents or are in doubt as to the course you should follow, you should consult your professional advisor.

Lead Manager

FAR EAST CAPITAL
The Mining Investment Experts

Replacement Prospectus
Important Notice

Offer

The Offer contained in this Replacement Prospectus is an invitation to acquire ordinary shares in Cobalt Blue Holdings Limited ACN 614 466 607 (**Company**).

Replacement Prospectus

This Replacement Prospectus replaces the prospectus dated and lodged with ASIC on 3 November 2016 as supplemented by the Supplementary Prospectus dated 9 November 2016 and the Second Supplementary Prospectus dated 9 December 2016.

For the purposes of this document, this Replacement Prospectus will be referred to as either this **Replacement Prospectus** or this **Prospectus.**

This Replacement Prospectus has been issued to, amongst other matters:

- update the Company's report of its mineral resources and exploration targets in respect of the Thackaringa Cobalt Project from reporting in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) as disclosed in the prospectus dated 3 November 2016 to the 2012 JORC Code; and
- provide an update in respect of the timetable.

Lodgement and listing

This Prospectus is dated 3 January 2017 and a copy of this Prospectus was lodged with ASIC on that date.

The Company will apply to the ASX for admission of the Company to the official list of the ASX and for quotation of the Shares on the ASX within seven days after the date of this Prospectus.

Neither ASIC nor the ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Notice to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

This Prospectus is important and should, along with each of the documents incorporated by reference, be read in its entirety prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Shares. Some of the risks that should be considered are set out in section 8 of this Prospectus. You should carefully consider these risks in light of your personal circumstances including financial and taxation issues. There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional advisor before deciding whether to invest in the Shares.

No person named in this Prospectus guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

No offer where Offer would be illegal

This Offer does not constitute a public offer or invitation in any jurisdiction other than Australia. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and therefore any person who resides outside Australia and who receives this Prospectus should seek advice on and observe any such restrictions. Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that person is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

Notice to United States residents

The securities being offered pursuant to this Prospectus have not been registered under the *United States Securities Act of 1933,* as amended (**US Securities Act**) and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable United States securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

Selling restrictions

Please see section 2.12 for selling restrictions for non-Australian residents.

Financial information and amounts

The historical financial information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**), which include Australian Equivalents to International Financial Reporting Standards (**AIFRS**) and is expressed in A$ except where otherwise stated.

Disclaimer

Australian investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire securities in the Company under the Offer. No person is authorised by the Company to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may

turn out to be inaccurate. Factors that may cause such differences include, but are not limited to, the risks described in section 8 of this Prospectus.

Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements are current only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

This Prospectus contains market data and industry forecasts that were obtained from industry publications, third-party market research and publicly available information. These publications generally state that the information contained in them has been obtained from sources believed to be reliable, but the Company has not independently verified the accuracy and completeness of such information.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

This Prospectus also includes trademarks, trade names and service marks that are the property of other organisations.

Electronic Prospectus

Whilst this Prospectus will also be made available in electronic form on the following website: **www.cobaltblueholdings.com,** the information on **www.cobaltblueholdings.com** does not form part of the Prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

If you are unsure about the completeness of the Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of the Prospectus will be made available for Australian residents free of charge by contacting the Share Registry, on (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia), between 8:30am and 5:00pm ADST.

Applications for Shares under this Prospectus may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to the Company through the Company's service provider, the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The types of agents and service providers (who may be located outside of Australia) that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparing and distributing statements and for handling mail;
- market research companies for the purpose of product development, product planning and analysing the Company's Shareholder base; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by contacting the Share Registry on (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia), between 8:30 am and 5:00 pm ADST.

If any of your information is not correct or has changed, you may require it to be corrected.

Website

Any documents included on the website **www.cobaltblueholdings.com** (and any reference to them) are provided for convenience only and none of the documents or other information on the website are incorporated by reference into this Prospectus with the exception of the policies and procedures relating to corporate governance set out under section 7.4 of this Prospectus.

Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the Glossary in section 15 of this Prospectus.

Time

All references to time in this Prospectus refer to Australian Daylight Saving Time (**ADST**) unless stated otherwise.

Photographs and diagrams

Photographs used in this Prospectus should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 3 January 2017.

Design and Production:
APM Graphics Management
email@apmgraphics.com.au

Photography:
(Pages 9, 38, 70, 72, 73, 78, 158)
Jasmine Tate Photography


TESLA

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The Starry Night, June 1889.

Vincent van Gogh wrote to his brother Theo, “Cobalt [blue] is a divine colour and there is nothing so beautiful for putting atmosphere around things ...”

Key Dates

Event	Date
Prospectus lodged with ASIC	3 January 2017
Opening Date	11 November 2016
Record Date for In Specie Distribution	5:00pm ADST on 21 November 2016
Record Date for the Priority Offer	5:00pm ADST on 21 November 2016
Closing Date for the Priority Offer and the General Offer	18 January 2017
In Specie Distribution completed	25 January 2017
Allotment and issue of Shares under the Priority Offer	25 January 2017
Allotment and issue of Shares under the General Offer	25 January 2017
Expected date for despatch of holding statements	25 January 2017
Shares commence trading on ASX on a normal T+2 basis	31 January 2017

Note: The timetable above is indicative only. All times are ADST. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws. In particular, the Company reserves the right to close the Offer early, extend the Closing Date, accept late Applications or cancel the Offer before settlement without notifying any recipients of this Prospectus or any Applicants. If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

Letter from **the Chairman**

Dear Investor,

This Replacement Prospectus replaces the prospectus dated and lodged with ASIC on 3 November 2016 as supplemented by the Supplementary Prospectus dated 9 November 2016 and the Second Supplementary Prospectus dated 9 December 2016.

This Replacement Prospectus has been issued to, amongst other matters:

- update the Company's report of its mineral resources and exploration targets in respect of the Thackaringa Cobalt Project from reporting in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) as disclosed in the prospectus dated 3 November 2016 to the 2012 JORC Code; and
- provide an update in respect of the timetable.

On behalf of the Directors, I look forward to welcoming you as a shareholder of Cobalt Blue Holdings Limited (Company). The Company is focussed on cobalt technology, with a clear strategy of fast-tracking development of the Thackaringa Cobalt Project in New South Wales to achieve commercial production of cobalt. This strategic metal is in strong demand in new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

The Board believes that cobalt is the commodity of the future. We are confident that we have the asset, the team and the strategic relationships to ensure that we will become a leading cobalt producer.

The Company was incorporated as a wholly-owned subsidiary of Broken Hill Prospecting Limited (**BPL**) in August 2016, with a view to BPL distributing the shares it holds in the Company in specie to eligible share-holders of BPL. BPL proposes to undertake the in specie distribution on 25 January 2017.

BPL has entered into a farm-in joint venture agreement with the Company pursuant to which, amongst other things, the Company will initially acquire a 51% interest in the Thackaringa Cobalt Project. We plan to undertake an exploration and development drilling program on the Thackaringa Cobalt Project. Subject to the achievement of certain exploration milestones, under the terms of the farm-in joint venture agreement, we will acquire 100% of the Thackaringa Cobalt Project over a defined period.

The Company has assembled a qualified and experienced Board of Directors. They have extensive expertise in mineral exploration and mine development, marketing and investment management, corporate law and energy storage. The Board is excited about the potential of the Thackaringa Cobalt Project, not just because of the scale and unique nature of the cobalt resource at Thackaringa, but also because of the future growth in demand for cobalt. Upon listing, implementation of the Company's strategy will be led by our CEO and Director, Josef Kaderavek. He will be supported by the management team that has been responsible for the Thackaringa Cobalt Project's development to date.

The Prospectus contains an offer of up to 50,000,000 Shares to raise up to A$10,000,000, along with 12,500,000 free attaching Loyalty Options on a 1:4 basis (**General Offer**). The minimum subscription under the General Offer is 40,000,000 Shares to raise A$8,000,000, along with 10,000,000 free attaching Loyalty Options

on a 1:4 basis. The General Offer includes a priority offer for eligible shareholders of BPL on a record date of 21 November 2016 (**Priority Offer**). The General Offer and Priority Offer are together referred to as the **Offer** in this Prospectus.

This Prospectus has also been issued to provide information to shareholders of BPL registered at 5:00pm ADST on the record date of 21 November 2016 in respect of BPL's proposed in specie distribution of 35,000,000 Shares it holds to those shareholders, to provide information to those shareholders in respect of the issue by COB of 8,750,000 free Options to those shareholders (on a 1:4 basis) as part of the in specie distribution, and to facilitate the secondary trading of those Shares and Options

The funds raised under the Offer will be applied by the Company to:

- pay the costs associated with the Offer, including the costs associated with obtaining a listing on the ASX;
- fund part of the exploration/drilling program of the Thackaringa Cobalt Project, including technical studies to assess the commercialisation of cobalt; and
- provide general working capital for the Company, including in respect of operational and administration expenditure.

If the maximum subscription is raised under the Offer, the Company will apply part of the funds raised under the Offer towards the acquisition of new exploration initiatives and to set up a technology fund associated with battery technology and energy storage.

The Board is confident that the Company's business model is appropriate to achieve growth in its targeted market.

An investment in the Company is subject to risks, including amongst other things, risks relating to the Company's business and the industry in which the Company operates, such as risks relating to the Company being able to satisfy its future capital requirements, title risk, risks relating to commodity price volatility, metallurgical recoveries and estimation of mineral resources and ore reserves, as well as risks relating to the Offer and investment in the Shares, such as stock market fluctuations and liquidity risk. Detailed information about these risks is set out in section 8, which I encourage you to read carefully. While the objective of this Prospectus is to provide the necessary information to help you make an investment decision, we recommend that you seek independent professional advice.

The Company is committed to listing on the ASX as it offers a sophisticated capital market and an internationally recognised and robust corporate governance environment, which the Directors believe will provide a suitable platform for the Company's growth.

This Prospectus contains detailed information about the Company. I encourage you to read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

To apply for Shares, you will need to fill out the online Application Form accessible via the Company's website or the Application Form attached to, or accompanying, this Prospectus. If you have any questions about how to apply for Shares, please call the Share Registry on (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia), between 8:30 am to 5:00 pm ADST or contact your stockbroker, accountant or other professional financial advisor.

We look forward to welcoming you as a Shareholder should you decide to take up Shares pursuant to the Offer.

Robert Biancardi
Independent Chairman

Claude Monet used several recently invented colours in his *Gare Saint-Lazare* (1877). He used **cobalt blue**, invented in 1807, cerulean blue invented in 1860, and French ultramarine, first made in 1828.

What's in a name? **'Cobalt Blue'**

Cobalt blue is a pigment of cobalt oxide-aluminium oxide, was a favourite of Auguste Renoir and Vincent van Gogh. It was very stable but extremely expensive. Van Gogh wrote to his brother Theo, "Cobalt [blue] is a divine colour and there is nothing so beautiful for putting atmosphere around things ..."

Van Gogh described to his brother Theo how he composed a sky: "The dark blue sky is spotted with clouds of an even darker blue than the fundamental blue of intense cobalt, and others of a lighter blue, like the bluish white of the Milky Way ... the sea was very dark ultramarine, the shore a sort of violet and of light red as I see it, and on the dunes, a few bushes of prussian blue."

The Umbrellas, by Pierre Auguste-Renoir. (1881/1885). Renoir used **cobalt blue** for the right side of the picture, but used the new synthetic ultramarine introduced in the 1870s, when he added two figures to left of the picture a few years later.

Section 1
Investment Overview

1.1 General

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisors.

1.2 Key Offer information and frequently asked questions

Set out below is a summary of the key Offer information and frequently asked questions. This information is intended to be a summary only and should be read in conjunction with the more detailed information contained in the Prospectus and as cross referenced in the third column of the table below.

Topic	Summary	Refer to section
GENERAL		
Who is the issuer of this Prospectus?	Cobalt Blue Holdings Limited, a company incorporated in New South Wales, Australia on 26 August 2016. The Company has no subsidiaries.	3.1
What is the In Specie Distribution and how does it affect the Offer?	At the date of this Prospectus, Broken Hill Prospecting Limited (**BPL**) holds 35,000,000 Shares in the Company, comprising 77.78% of the issued capital of the Company. BPL proposes to distribute all of the Shares it holds in the Company in specie (**In Specie Distribution**) to eligible shareholders of BPL recorded on the register of BPL at 5:00pm ADST on the record date of 21 November 2016 (**BPL Shareholders**). BPL proposes to undertake the In Specie Distribution to the BPL Shareholders on 25 January 2017. As an addition to the In Specie Distribution, the Company proposes to issue 8,750,000 Options to the BPL Shareholders on the basis of 1 Option for every 4 Shares received by the BPL Shareholders under the In Specie Distribution. The Company proposes to issue the Options to the BPL Shareholders on the same date as the In Specie Distribution is undertaken. A summary of the terms of the Options is set out in section 2.2.	2.2

Topic	Summary	Refer to section
GENERAL Continued		
What is the In Specie Distribution and how does it affect the Offer? Continued	This Prospectus has also been issued by the Company to provide information to the BPL Shareholders in respect of the Shares the BPL Shareholders will receive under the terms of the In Specie Distribution, to provide information to the BPL Shareholders in respect of the issue by the Company of 8,750,000 free Options to the BPL Shareholders as part of the In Specie Distribution, and to facilitate the secondary trading of those Shares and Options. Following completion of the In Specie Distribution, the BPL Shareholders will hold 35,000,000 Shares and 8,750,000 Options in the Company in aggregate. The capital structure of the Company at the date of this Prospectus, on completion of the In Specie Distribution and on completion of the Offer are set out in section 2.15.	2.2
THE OFFER		
What is the Offer?	This Prospectus provides investors with the opportunity to participate in the initial public offering of up to 50,000,000 Shares in the Company at an issue price of A$0.20 per Share to raise up to A$10,000,000, along with 12,500,000 free attaching Loyalty Options on a 1:4 basis (**General Offer**). The General Offer incorporates the Priority Offer for the BPL Shareholders. The General Offer and the Priority Offer are together referred to as the **Offer.**	2.1
What is the Priority Offer?	Within the General Offer under this Prospectus, the Company is making a priority offer of Shares to the BPL Shareholders. The BPL Shareholders will be entitled under the Priority Offer to apply for Shares under the Prospectus on a priority basis. The BPL Shareholders who apply for Shares under the Priority Offer within the Offer Period will be guaranteed a minimum allocation of 10,000 COB Shares (A$2,000) under the Priority Offer.	2.1
What is the Offer Price?	A$0.20 per Share.	2.1
What is the Maximum Subscription available under the Offer?	The Company is offering to the public a maximum of 50,000,000 Shares to raise A$10,000,000 along with 12,500,000 free attaching Loyalty Options on the basis of 1 Loyalty Option for every 4 Shares subscribed for under the Offer, before costs of the Offer.	2.4
What is the Minimum Subscription under the Offer?	The Minimum Subscription is 40,000,000 Shares to raise A$8,000,000 along with 10,000,000 free attaching Loyalty Options on the basis of 1 Loyalty Option for every 4 Shares subscribed for under the Offer, before costs of the Offer. If the Minimum Subscription is not raised then the Company will not proceed with the Offer and will repay all Application Monies received (without interest).	2.4
What are the terms of the Loyalty Options?	Each Loyalty Option has an exercise price of A$0.25 and will expire three years from the date of issue of the Loyalty Option. The Loyalty Options will be issued for nil consideration. The Loyalty Options are subject to a vesting condition that the Loyalty Option holder holds Shares on the date that is three months following the commencement of trading of the Company's Shares on the ASX (Vesting Date). Up to the Vesting Date, the Loyalty Options are non-transferable. The Company will seek to have the Loyalty Options quoted on the ASX from the Vesting Date, and they will thereafter be freely tradeable. The number of Loyalty Options to vest will be the lesser of: (a) the number of Loyalty Options held by the Applicant on the Vesting Date; and (b) the number of Shares held by the Applicant on the Vesting Date divided by 4.	2.1, 2.3 and 14.3
Is the Offer underwritten?	No, the Offer is not underwritten.	2.5
Will the Shares be listed?	The Company will apply to ASX for admission to the official list of ASX and quotation of Shares on ASX under the code "COB". Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such an application is made, all Application Monies received will be dealt with	2.9

Topic	Summary	Refer to section
MARKET CAPITALISATION AND USE OF FUNDS		
What will the market capitalisation of the Company be at the Offer price?	The market capitalisation will be A$19 million based on the Offer price and the Maximum Subscription being achieved. The market capitalisation will be A$17 million based on the Offer price and the Minimum Subscription being achieved.	2.15
How does the Company intend to apply the monies raised from the IPO?	The table below sets out the proposed use of funds from the Offer in A$:	2.14

Use of funds from the Offer	Minimum Subscription A$8,000,000		Maximum Subscription A$10,000,000	
	A$	%	A$	%
Expenses of the Offer[1]	854,000	10.67	976,000	9.76
Working capital in Australia[2]	1,700,000	21.25	2,550,000	25.50
Exploration/drilling program expenditure[3]	5,350,000	66.88	5,350,000	53.50
New area acquisition[4]	96,000	1.20	1,124,000	11.24
Total	8,000,000	100.0%	10,000,000	100.0%

Notes

1. Total expenses of the Offer will be funded from the proceeds of the Offer. Refer to section 14.12 for a breakdown of these expenses. They include capital raising costs (A$480,000 (Minimum Subscription) and A$600,000 (Maximum Subscription)), ASX and ASIC fees (A$74,000 (Minimum Subscription) and A$76,000 (Maximum Subscription)), accounting, legal and other professional adviser fees (A$267,000) and prospectus design, printing and related costs (A$33,000).
2. Working capital expenditure is to be applied towards administration costs associated with the Company. These costs include wages and salaries, professional consultant's fees, compliance and reporting costs associated with running an ASX listed company, as well as other typical administration costs.
3. Refer to section 13.1 for a summary of the terms of the Farm In Joint Venture Agreement which sets out the terms of the Company's proposed exploration/drilling program.
4. The Company proposes to examine market opportunities with a view to acquiring suitable exploration or mining leases to complement the Thackaringa Cobalt Project and its potential minerals processing chain and/or investing in potential energy storage technologies including, but not limited to, promoting the use of cobalt. The Company will only pursue such opportunities if it determines that the application of funds in this manner will not jeopardise the development of the Thackaringa Cobalt Project, which is core to the Company's objectives.

The use of funds set out above represents the Company's current intentions based upon its present plans and business conditions. The Thackaringa Cobalt Project is subject to the Farm In Joint Venture Agreement between the Company and BPL, which sets out, amongst other things, the milestones that need to be achieved in order for the Company to obtain 100% beneficial ownership and legal title to the Thackaringa Cobalt Project. Under the minimum and maximum subscription respectively, the Company will be able to undertake Stages 1 and 2 of the work required to achieve 100% beneficial ownership under the Farm In Joint Venture Agreement. Under the terms of the Farm In Joint Venture Agreement, the Company is required to complete Stages 1 and 2 by 30 June 2018. Accordingly, the Company may seek to raise further capital in the future.

The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's exploration efforts.

The Directors are of the opinion that, following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives as set out in the table in section 2.14.

Section 1
Investment Overview

Topic	Summary	Refer to section
BUSINESS MODEL		
What is the business of the Company?	The Company is a cobalt exploration and development company with a focus on developing the Thackaringa Cobalt Project in New South Wales. The Company is committed to achieving commercial production of cobalt and commercialising technical advances in the use of cobalt.	3.1 and 4
How does the Group generate income?	The Company does not expect to generate any revenue in the near future as its focus will primarily be on developing the Thackaringa Cobalt Project. Further details about the Group's revenue are set out in section 9 of this Prospectus.	3.4 and 9
What are the Group's material contracts?	**Farm-In Joint Venture Agreement, Royalty Deed and Management Services Agreement** On 31 October 2016, the Company entered into a farm-in joint venture agreement with BPL pursuant to which, amongst other things, the Company will initially acquire a 51% interest in the Thackaringa Cobalt Project, undertake an exploration and drilling program on the Thackaringa Cobalt Project, with a plan, subject to the achievement of certain exploration milestones, to acquire 100% of the Thackaringa Cobalt Project over a defined period. In addition, on 31 October 2016, the Company entered into a royalty deed with BPL pursuant to which the Company has agreed to pay a 2% net smelter return royalty to BPL in respect of all cobalt mined on the Thackaringa Cobalt Project. The Company also entered into a Management Services Agreement with BPL on 31 October 2016 pursuant to which BPL provides management services, including the services of Anthony (Trangie) Johnston to the Company. A detailed summary of the terms of these material contracts is contained in section 13. **Executive Services Agreement** The Company entered into an executive services agreement with Josef Kaderavek on 24 October 2016 in respect of his appointment as Chief Executive Officer. Under the terms of this agreement, the Company will pay a salary in the amount of A$195,000 to Josef Kaderavek. A detailed summary of the terms of this agreement is contained in section 7.3. **Mandate Letter** The Company entered into a mandate letter with Far East Capital Limited (**Lead Manager**) on 13 October 2016 pursuant to which the Lead Manager was appointed as lead manager to provide services to the Company with respect to the IPO (**Mandate Letter**). Under the terms of the Mandate Letter, the Company will pay to the Lead Manager a management fee of 1% of the funds raised under the Offer and a placement fee of 5% of funds raised from the Lead Manager's clients under the Offer. A detailed summary of the terms of the Mandate Letter is contained in section 13.4. Other than the material contracts set out briefly in this summary, the Company has not entered into any other material contracts.	7.3 and 13
What are the Company's projects?	The Thackaringa Cobalt Project covers an area of 63km^2 and is located in western New South Wales (23km west of Broken Hill). Thackaringa is located approximately 1,000km and 500km from Sydney and Adelaide respectively by road and approximately 400km from the Spencer Gulf (Port Pirie) by rail. The portfolio consists of four mineral licences: Exploration Licence 6622 (1992) (EL 6622), Exploration Licence 8143 (2013) (EL8143), Mining Lease 86 (1973) (ML 86) and Mining Lease 87 (1973) (ML 87). All leases are 100% owned by Broken Hill Prospecting Limited and are subject to the Farm In Joint Venture Agreement with the Company, a summary of which is contained in section 13. At the date of lodgment of this Prospectus, BPL (on behalf of the Company) is undertaking a comprehensive drilling program to upgrade the Thackaringa Cobalt Project in accordance with the terms of the Farm In Joint Venture Agreement.	4

Topic	Summary	Refer to section
BUSINESS MODEL Continued		
Why is the Company seeking admission to the Official List of the ASX?	The Company is seeking admission to the Official List of the ASX: (a) to fund part of the exploration/drilling program of the Thackaringa Cobalt Project; (b) provide general working capital for the Company, including operational and administration expenditure; and (c) to gain liquidity in its Shares and exposure to international equity markets through a respected stock exchange.	2.14
FINANCIAL INFORMATION		
What is the key financial information for the Company?	The Company is an exploration company that was incorporated on 26 August 2016. The Company has not commenced exploration activities and therefore historical statements of financial performance and cash flows are not considered relevant. The pro forma balance sheet information presented in this table is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 9 as well as the Risk factors set out in Section 8.	9
CAPITAL STRUCTURE		
What is the capital structure prior to completion of the Offer?	The issued capital of the Company as at the date of this Prospectus is set out in the table below:	2.15, 7.1, 14.7 and 14.11

	Pro forma Minimum Subscription (A$8 million)	Pro forma Maximum Subscription (A$10 million)
	(A$'000)	(A$'000)
Total assets	7,711	9,589
Total liabilities	–	–
Net assets	7,711	9,589
Total equity	7,711	9,589

Name of Existing Shareholder	Number of securities	Percentage %
BPL	35,000,000	77.78
Seed investors*	10,000,000	22.22
	45,000,000	100

* The seed investors include entities associated with Rob Biancardi, Anthony (Trangie) Johnston, Hugh Keller and Josef Kaderavek, all of whom are Directors of the Company. Refer to section 14.7 for information about the Directors' interests in securities.

The Company also has on issue 7,000,000 Options which are held by Robert Biancardi, Josef Kaderavek, Anthony (Trangie) Johnston and Hugh Keller, each with an exercise price of $0.25 and which expire three years from the date of vesting of the option. The vesting date is the date that is three months following the commencement of trading of the Company's Shares on the ASX. Refer to section 14.7 for information about the Directors' interests in securities.

<table>
<tr><th>Topic</th><th>Summary</th><th>Refer to section</th></tr>
<tr><td colspan="3">CAPITAL STRUCTURE Continued</td></tr>
<tr><td>What is the capital structure prior to completion of the Offer? Continued</td><td>The issued capital of the Company post the In Specie Distribution is set out in the table below:
<table>
<tr><th>Name of Existing Shareholder</th><th>Number of Shares</th><th>Percentage %</th><th>Number of Options</th></tr>
<tr><td>BPL Shareholders</td><td>35,000,000</td><td>77.8</td><td>8,750,000*</td></tr>
<tr><td>Seed investors</td><td>10,000,000</td><td>22.2</td><td>0</td></tr>
<tr><td></td><td>45,000,000</td><td>100</td><td>8,750,000</td></tr>
</table>
* Under the terms of the In Specie Distribution, the Options will be issued to the BPL Shareholders on the basis of 1 Option for every 4 Shares received by the BPL Shareholder. The terms of the Options are set out in section 2.2.

See section 2.15 for more information.</td><td>2.15, 7.1, 14.7 and 14.11</td></tr>
<tr><td>What is the percentage of Shares being offered based on the number of Shares on issue post the In Specie Distribution?</td><td>52.6% in the event the Maximum Subscription is raised, and 47.1% in the event the Minimum Subscription is raised.</td><td>2.15</td></tr>
<tr><td>What is the capital structure after completion of the Offer (i.e. after allotment of the Shares)?</td><td>At the Allotment Date, the issued capital of the Company will be as set out in the table below:
<table>
<tr><th></th><th>Shares</th><th>% Total (undiluted)</th><th>Shares</th><th>% Total (undiluted)</th></tr>
<tr><th>Class of security</th><th colspan="2">(Minimum Subscription raised)</th><th colspan="2">(Maximum Subscription raised)</th></tr>
<tr><td>Shares on issue post the In Specie Distribution</td><td>45,000,000*</td><td>52.94</td><td>45,000,000*</td><td>47.37</td></tr>
<tr><td>Shares under the Offer</td><td>40,000,000</td><td>47.06</td><td>50,000,000</td><td>52.63</td></tr>
<tr><td>Total Shares</td><td>85,000,000</td><td>100.0%</td><td>95,000,000</td><td>100.0%</td></tr>
</table>
* These 45,000,000 Shares include 35,000,000 Shares held by the BPL Shareholders post the In Specie Distribution. On a minimum subscription, the 35,000,000 Shares constitute 41.18% of the entire issued capital of the Company post completion of the Offer and on a maximum subscription, the 35,000,000 Shares constitute 36.84% of the entire issued capital of the Company post completion of the Offer.

At the Allotment Date, the Company will have the following Options on issue:
- 7,000,000 Options held by the Directors in the proportions set out in section 14.7;
- 8,750,000 Options held by the BPL Shareholders in accordance with the terms of the In Specie Distribution set out in section 2.2; and
- up to 12,500,000 Loyalty Options (assuming the maximum subscription is raised under the Offer) in accordance with the terms of the Loyalty Options set out in sections 2.3 and 14.3.</td><td>2.15</td></tr>
<tr><td>What is the proposed ticker code?</td><td>If the Company is successful in its application for admission to the official list of the ASX, the Shares will trade on the ASX under the ticker “COB”.</td><td></td></tr>
</table>

Topic	Summary	Refer to section
CAPITAL STRUCTURE Continued		
Will any Shares be subject to escrow?	Yes. The Company obtained an in-principle waiver from the operation of ASX Listing Rule 9.1.3 from the ASX on 26 October 2016 which confirmed that the ASX would be likely to grant the Company a waiver from listing rule 9.1.3 to the extent necessary to permit the Company not to apply the restrictions in Appendix 9B to Shares held by BPL and distributed in specie to the BPL Shareholders under the In-Specie Distribution who are not related parties or promoters of the Company or BPL (and any associates of such persons), on certain conditions. In addition, the Company notes that Shares held by seed investors, including related parties (ie Directors) and promoters will be subject to ASX imposed escrow for a period of up to 24 months.	14.5
KEY RISKS		
What are the key risks of investing in the Company?	Risks that the Directors believe are key risks are described under the headings "Risks related to the Company's business and risks related to the industry in which the Company operates" (see section 8.2 of this Prospectus) and "Risks related to the Offer and an investment in Shares" (see section 8.3 of this Prospectus). **Future capital requirements** The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Thackaringa Cobalt Project is successfully developed and production commences. Exploration and development costs and pursuit of its business plan will reduce the Company's current cash reserves and the amount raised under the Offer. The Thackaringa Cobalt Project is subject to the terms of the Farm In Joint Venture Agreement between the Company and BPL, which sets out amongst other things, the milestones that need to be achieved in order for the Company to obtain 100% beneficial ownership and legal title to the Thackaringa Cobalt Project. Under the minimum and maximum subscription respectively, the Company will be able to undertake 51.6% and 69.5% of the work required to achieve 100% beneficial ownership of the Thackaringa Cobalt Project under the Farm In Joint Venture Agreement. Accordingly, the Company may seek to raise further capital in the future. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities **Conditionality of the Offer** The obligation of the Company to issue Shares under the Offer is conditional on completion of the In Specie Distribution. If BPL is unable to complete the In Specie Distribution, the Company will not proceed with the Offer. Failure to complete the Offer may have an adverse effect on the Company's financial position. **Newly incorporated** The Company was incorporated on 26 August 2016. Accordingly, it has no operating history and is in the process of establishing processes and procedures required to ensure compliance as a listed public company. An investment in the Company is therefore speculative. **Title risk** Rights in relation to mining rights in New South Wales are governed under The Mining Act 1992 which provides the mechanism for the NSW Government to regulate exploration and mining by granting authorities. The authority gives holders exclusive rights to explore or mine for the mineral group(s) for which the authority is granted. They are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if the licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise or if the relevant authority determines not to renew the licence for any reason.	8

Topic	Summary	Refer to section
KEY RISKS Continued		
What are the key risks of investing in the Company? Continued	**Native title risk** The effect of the Native Title Act 1993 (Cth((NTA) is that existing and new tenements held by the Company may be affected by native title claims and procedures. The Company has not undertaken the historical, legal or anthropological research and investigations at the date of this Prospectus that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement. There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by the company which may affect the operation of the Company's business and exploration activities. **Exploration risk** There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or further, a commercial mining operation. There are risks inherent with the nature of the Company's business, being that of mineral exploration. Mineral exploration is a speculative endeavour and there can be no guarantee that the Company will achieve any of its mineral exploration objectives contained in this Prospectus or otherwise. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company. **Occupier's consent** The title to mineral rights may also be affected by the provisions of law which provide for the protection of lawful occupiers of the area. Where a mineral right granted to an applicant is over an area of land inhabited by lawful occupiers then the Company as a holder of such a mineral right (over the course of time) is required to obtain the lawful occupier's written consent, following necessary consultation, prior to exercising any of the rights conferred under its mineral right. Failure to obtain the lawful occupier's prior written consent would not invalidate the licence holder's mineral right but the lawful occupier may make a claim against the licence holder. **Commodity price volatility and exchange rate risk** If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities and other macro-economic factors. **Metallurgical recoveries** The economic viability of cobalt recovery depends on a number of factors such as the development of an economic process for the treatment of Thackaringa iron pyrite ore. Further, changes in mineralogy may result in inconsistent recovery of cobalt. **Estimation of Mineral Resources and Ore Reserves** There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the grade of Mineral Resources and Ore Reserves may vary depending on, among other things, cobalt and sulphuric acid prices. Any material change in quantity and grades of Mineral Resources, Ore Reserves, or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.	8

Topic	Summary	Refer to section
KEY RISKS Continued		
What are the key risks of investing in the Company? Continued	Fluctuation in the price of cobalt and sulphuric acid, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any mineral resource estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and/or Ore Reserves, could have material adverse effect on the Company's financial condition. **Contractual risk** The Company holds its interest in the Thackaringa Cobalt Project through the Farm In Joint Venture Agreement it has entered into with Broken Hill Prospecting Limited. The Farm In Joint Venture Agreement is capable of being terminated in the event of certain events of default. If such a default occurs, and the Farm In Joint Venture Agreement is terminated in accordance with its terms, the Company may lose some or all of its interest in the Thackaringa Cobalt Project. Such termination will reduce the Company's future revenue and have a material adverse effect on the Company's business and operations. **Actions of competitors** The Company may face competition from other entities in the mineral exploration sector who may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential clients and greater financial, marketing and other resources. **Risk relating to loss of key management** The Company's business and future success heavily depends upon the continued services of management and other key personnel. If one or more of the Company's management or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. The Company's business may be severely disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel. **Payment of dividends** Payment of future dividends will depend on matters such as the future profitability and financial position of the Company, currency exchange rates and the other risk factors set out in Section 8. As the Company is an early stage exploration company, there can be no assurance that the Company will achieve profitability in the future and be able to pay dividends reliably. **Third party risk** The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and clients. In particular, the Company engages a number of external contractors to provide exploration/drilling works in relation to the Thackaringa Cobalt Project. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the operations and performance of the Company. It is not possible for the Company to predict or protect the Company against all such risks. **Insurance risk** The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover and in some circumstances appropriate insurance cover may not be available or financially viable for certain risks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.	8

Topic	Summary	Refer to section
KEY RISKS Continued		
What are the key risks of investing in the Company? Continued	**Operational risk** The operations of the Company may be affected by various factors including failures in internal controls and financial fraud. To the extent that such matters may be in the control of the Company, the Company will mitigate these risks through management and supervision controls. In addition, as the Company is newly formed and was previously the subsidiary of BPL, the procedures and processes specific to the Company are newly implemented or in the process of development. In addition, the investments of the Company may be affected by various factors which are beyond the control of the Company, including adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, plant and equipment, fire, explosions and other incidents beyond the control of the Company.	8
Are there any other risks affecting an investment in the Company?	A number of other more general or less key risk factors are set out in section 8.	8
THE BOARD AND ITS INTERESTS		
Who are the Board of the Company and what experience do they have?	The Board comprises experienced professionals with extensive expertise in exploration and mine development, investment management, corporate law and energy storage. **Robert Biancardi – Chairman and Independent Non-Executive Director** ▪ over 35 years' commercial experience across the finance, IT, healthcare and services sectors ▪ experienced company director having held a number of directorships, including in the not-for-profit space ▪ holds postgraduate qualifications in commerce **Josef Kaderavek – Executive Director and Chief Executive Officer** ▪ over 15 years' experience in equities/investment research with a focus on mining, minerals processing and energy storage technologies ▪ experienced manager of turnaround projects covering global resources and minerals processing ▪ holds postgraduate qualifications in engineering and business administration **Hugh Keller – Independent Non-Executive Director** ▪ over 34 years' experience as a senior lawyer and partner at one of Australia's top tier law firms ▪ experienced company director having held a number of non-executive director positions, including an ASX listed compay ▪ holds qualification in law **Anthony (Trangie) Johnston – Non-Executive Director (Non-Independent)** ▪ 20 years' experience in exploration, project assessment, development and mining activities ▪ Competent Person with detailed JORC 2012 experience ▪ postgraduate qualifications in economic and mining geology	7.2
Who are the management of the Company and what experience do they have?	**Josef Kaderavek – Chief Executive Officer** A summary of relevant experience is set out in section 7.2.	7.2

Topic	Summary	Refer to section
THE BOARD AND ITS INTERESTS Continued		
Are there any benefits payable to Directors, other related parties and promoters?	The Company has agreed to remunerate its Executive and Non-Executive Directors through a combination of an appropriate salary package and market based director fees respectively. The Company has agreed to remunerate its Directors as set out below.	7.3
Do the Directors have any interests in the issued share capital of the Company?	The tables below sets out the interests of the Directors as at the date of this Prospectus and on completion of the Offer. Refer to sections 7.2 and 14.7 of this Prospectus for further details.	7.2 and 14.7
Are the Directors or any Existing Holders selling Shares into this Offer?	No, the Directors and Existing Holders are not selling Shares into the Offer.	

Name	Amount per annum
Robert Biancardi	A$50,000
Josef Kaderavek	A$195,000
Hugh Keller	A$45,000
Anthony (Trangie) Johnston	A$40,000

	Shares at the date of the Prospectus			Shares after the In Specie Distribution and Offer based on the Maximum Subscription		
	Number of Shares held:			Number of Shares held:		
Name	directly	indirectly	%	directly	indirectly	%
Robert Biancardi	Nil	2,000,000	4.44%	Nil	3,228,106	3.40%
Josef Kaderavek	Nil	2,625,000	5.83%	Nil	2,625,000	2.76%
Hugh Keller	425,000	Nil	0.94%	755,000*	Nil	0.79%
Anthony (Trangie) Johnston	187,500	Nil	0.42%	421,460	Nil	0.44%

* Hugh Keller will not receive any Shares under the In Specie Distribution. He proposes to subscribe for 330,000 Shares under the Offer, amounting to an aggregate holding of 755,000 Shares on completion of the Offer.

	Options* at the date of the Prospectus		Options after the In Specie Distribution and Offer based on the Maximum Subscription	
	Number of Options held:		Number of Options held:	
Name	directly	indirectly	directly	indirectly
Robert Biancardi	0	2,000,000	0	2,000,000
Josef Kaderavek	0	2,750,000	0	2,750,000
Hugh Keller	1,500,000	0	1,582,500**	0
Anthony (Trangie) Johnston	750,000	0	750,000	0

* The Options have an exercise price of A$0.25 and expire three years from the date of vesting of the Options. The vesting date is the date that is three months following the commencement of trading of the Company's Shares on the ASX.

** Assuming Hugh Keller subscribes for and is issued with 330,000 Shares and 82,500 Loyalty Options on completion of the Offer.

Topic	Summary	Refer to section
RELATED PARTY TRANSACTIONS		
What are the related party transactions?	The Company has entered into the Farm-In Joint Venture Agreement, Royalty Deed and Management Services Agreement with BPL. At the date of this Prospectus, the Company is controlled by BPL. A summary of the terms of the Farm-In Joint Venture Agreement, Royalty Deed and Management Services Agreement is set out in section 13. Other than the Farm-In Joint Venture Agreement, Royalty Deed and Management Services Agreement, there are no related party transactions in respect of the Company or its business.	13 and 14.9
APPLICATIONS		
Am I eligible to participate in the Offer?	The Offer is open to all investors who are resident in Australia, however any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that shareholder is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer.	2.6
How can I apply?	Instructions on how to complete the Application Form accompanying this Prospectus are set out in section 2.6 and on the Application Form itself. Applications for Shares under the Priority Offer or the General Offer should be made on the Application Form or using the online "General Application". If you are applying for Shares under the Priority Offer, please tick the appropriate box clearly marked on the Application Form. The online Application facility is accessible via the Company's website **www.cobaltblueholdings.com**	2.6
I am a BPL Shareholder. What do I need to do to receive my Shares under the In Specie Distribution?	If you are a BPL Shareholder, ie, an eligible shareholder of BPL recorded on the register of BPL at 5:00pm ADST on the record date of 21 November 2016, you do not need to do anything further. BPL will undertake the In Specie Distribution on 25 January 2017 and you will receive notification of your holdings from the Share Registry.	2.2
What is the minimum application amount under the Offer?	You may apply for a minimum parcel of 10,000 Shares, for a minimum of A$2,000, and thereafter in multiples of 1,000 Shares.	2.6
What is the allocation policy?	BPL Shareholders who apply for shares under the Priority Offer during the Offer Period will be guaranteed a minimum allocation of 10,000 COB shares (A$2,000) under the Priority Offer. Thereafter, the Board will allocate Shares at their discretion based on satisfying the Minimum Subscription of the Offer and to ensure an appropriate shareholder base for the Company.	2.7
When will I receive confirmation that my Application has been successful?	Confirmation of successful Applications in the form of holding statements are expected to be despatched by post on or around 25 January 2017.	2.6
DIVIDENDS		
Will dividends be paid?	Dividends will be paid subject to the financial performance of the Company and in accordance with the Company's dividend policy. The Company has no present intention to pay any dividends in the near term. Instead, the Company proposes to apply any surplus cash towards the exploration and development of the Thackaringa Cobalt Project. No assurances can be given by the Company to the payment of future dividends as this will depend on, amongst other things, the general business environment, the Company's level of profitability, the Company's funding requirements and the Company's financial and taxation position at the time.	3.6

Topic	Summary	Refer to section
TAX AND BROKERAGE		
What are the taxation implications of investing in the Shares?	The taxation implications of investing in the Shares will depend on each investor's individual circumstances. You should seek your own tax advice prior to applying for Shares under the Offer.	14.10
Is there any brokerage commission or stamp duty payable?	You are not required to pay any brokerage commission or stamp duty for the acquisition of Shares under the Offer. The Company will however pay brokerage to stockbrokers or licenced investment advisors.	2.6
FURTHER INFORMATION		
How can I obtain further information?	If you have queries about investing under the Offer, you should contact your stockbroker, financial advisor, accountant or other professional advisor. If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Share Registry between 8:30 am and 5:00 pm ADST on (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia).	2.6
Documents incorporated by reference	If you would like to obtain a copy of any of the documents incorporated by reference into this Prospectus, copies may be obtained from the Company website.	


TESLA

Section 2
Details of the Offer

2.1 The Offer – General Offer and Priority Offer

The Prospectus contains an offer of up to 50,000,000 Shares at an issue price of A$0.20 per Share to raise up to A$10,000,000, along with 12,500,000 free attaching Loyalty Options on a 1:4 basis (**General Offer**). The minimum subscription under the General Offer is 40,000,000 Shares to raise A$8,000,000, along with 10,000,000 free attaching Loyalty Options on a 1:4 basis.

The General Offer includes a priority offer for eligible shareholders of BPL on a record date of 21 November 2016 (**Priority Offer**).

The General Offer and Priority Offer are together referred to as the **Offer** in this Prospectus.

The Shares issued under the Priority Offer and the General Offer are of the same class and will rank equally in all respects with existing Shares on issue.

The Offer under this Prospectus is conditional on completion of the In Specie Distribution by BPL. If BPL is unable to complete the In Specie Distribution, the Company will not proceed with the Offer. The Company reserves the right not to proceed with the Offer at any time before the allotment of Shares under the Offer. If the Offer does not proceed, Application Monies received by the Company will be refunded in full without interest.

The Company also reserves the right to close the Offer early, to accept late Applications or extend the Offer (in certain circumstances) without notifying any recipient of this Prospectus or any Applicant.

2.2 In Specie Distribution

At the date of this Prospectus, Broken Hill Prospecting Limited (**BPL**) holds 35,000,000 Shares in the Company, comprising 77.78% of the issued capital of the Company.

BPL proposes to distribute all of the Shares it holds in the Company in specie (**In Specie Distribution**) to eligible shareholders of BPL recorded on the register of BPL at 5:00pm ADST on the record date of 21 November 2016 (**BPL Shareholders**). BPL proposes to undertake the In Specie Distribution to the BPL Shareholders on 25 January 2017.

BONUS OPTIONS

In addition to the In Specie Distribution, the Company proposes to issue 8,750,000 Options to the BPL Shareholders on the basis of 1 Option for every 4 Shares received by the BPL Shareholders under the In Specie Distribution. The Options will be issued for nil consideration. Each Option has an exercise price of A$0.25 and will expire three years from the date of issue of the Option. Each Option vests on the date of issue of the Option. The Options may not be transferred within the first three months after the date on which the Company is admitted to the official list of the ASX. Thereafter the Options are transferrable.

The Company will apply to the ASX to have the Options quoted on the ASX from the date that is three months after the date on which the Company is admitted to the official list of the ASX.

All Shares issued on exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of all Shares issued upon exercise of the Options.

The Options have no participating rights or entitlements and the holders will not be entitled to participate in new issues, pro rata issues or bonus issues of capital to Shareholders during the term of the Options unless the holder has first exercised the Options

and is registered as a holder of Shares. The rights of the Option holder in respect of any reconstruction of capital of the Company (including consolidation, subdivision, reduction or return of capital) will be adjusted in accordance with requirements of the ASX Listing Rules.

The Company proposes to issue the Options to the BPL Shareholders on the same date as the In Specie Distribution is undertaken.

In addition to providing disclosure in respect of the Offer (General Offer and Priority Offer), this Prospectus has also been issued by the Company to:

(a) provide information to the BPL Shareholders in respect of the Shares the BPL Shareholders will receive under the terms of the In Specie Distribution;

(b) to provide information to the BPL Shareholders in respect of the issue by COB of 8,750,000 free Options to the BPL Shareholders as part of the In Specie Distribution; and

(c) to remove the need for an additional disclosure document to be issued upon the sale of any Shares received by the BPL Shareholders under the In Specie Distribution or issued to the BPL Shareholders upon exercise of the Options – in effect to facilitate the secondary trading of those Shares and Options.

Following completion of the In Specie Distribution, the BPL Shareholders will hold 35,000,000 Shares and 8,750,000 Options in COB in aggregate. The capital structure of the Company at the date of this Prospectus, on completion of the In Specie Distribution and on completion of the Offer are set out in section 2.15.

If you are a BPL Shareholder, ie, an eligible shareholder of BPL recorded on the register of BPL at 5:00pm ADST on the record date of 21 November 2016, you do not need to do anything further. BPL will undertake the In Specie Distribution on 25 January 2017 and you will receive notification of your holdings from the Share Registry.

2.3 Loyalty Options

The Offer includes an issue of up to 12,500,000 free attaching Loyalty Options on the basis of 1 Loyalty Option for every 4 Shares issued under the Offer.

Each Loyalty Option has an exercise price of A$0.25 and will expire three years from the date of vesting of the Loyalty Option. The Loyalty Options will be issued for nil consideration.

The Loyalty Options are subject to a vesting condition that the Loyalty Option holder holds Shares on the date that is three months following the commencement of trading of the Company's Shares on the ASX (**Vesting Date**). Up to the Vesting Date, the Loyalty Options are non-transferable. The Company will seek to have the Loyalty Options quoted on the ASX from the Vesting Date, and they will thereafter be freely tradeable.

The number of Loyalty Options to vest will be the lesser of:

(a) the number of Loyalty Options held by the Applicant on the Vesting Date; and

(b) the number of Shares held by the Applicant on the Vesting Date divided by 4.

The rights and liabilities attaching to the Loyalty Options are set out in section 14.3.

2.4 How much is the Company seeking to raise under the Offer?

The Maximum Subscription under the Offer is A$10,000,000 representing 50,000,000 Shares at A$0.20 per Share.

The Minimum Subscription under the Offer is A$8,000,000 representing 40,000,000 Shares at A$0.20 per Share.

If the Minimum Subscription is not obtained within four months after the date of this Prospectus, the Company will repay all Application Monies in full without interest as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies in full without interest.

2.5 Is the Offer underwritten?

No, the Offer is not underwritten.

2.6 How do I apply under the Offer?

WHO IS ELIGIBLE TO PARTICIPATE IN THE OFFER?

Who can apply for Shares under the Offer?

The Offer is open to all investors who are resident in Australia, however any person who has a registered address in any other country who receives this Prospectus may apply for Shares provided that shareholder is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

COMPLETING AND RETURNING YOUR APPLICATION UNDER THE OFFER

What is the minimum and maximum application under the Offer?

Applications must be for a minimum of 10,000 Shares (A$2,000).

Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares (A$200).

There is no maximum amount that may be applied for under the Offer. The Company reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.

The Company reserves the right to reject any Application or to allocate a lesser number of Shares than that which is applied for.

How do I apply under the Offer?

In order to apply under the Offer, please either:

- complete the online Application Form accessible via the Company's website **www.cobaltblueholdings.com;**
- complete the Application Form that forms part of, is attached to, or accompanies this Prospectus; or
- complete a printed copy of the Application Form attached to the electronic version of the Prospectus.

The online Application and Application Forms must be completed in accordance with the accompanying instructions.

Applications for Shares under the Priority Offer should be made on the Application Form by ticking the box clearly marked on the Application Form.

If paying for an online Application:

Once completed, a BPAY Client Reference Number will be provided on screen to facilitate electronic payment for the Shares. Additionally, a copy of the completed Application, including relevant BPAY details, will be forwarded to the Applicant's nominated email address. Further, an acknowledgement will be forwarded by email once the funds are received and matched to the Application.

If paying by cheque(s) or bank draft(s):

Once completed, please send your Application Form and Application Monies to the Company's Share Registry at the address set out below.

Mailing Address:
Cobalt Blue Holdings Limited
C/- NextRegistries
PO Box H195
AUSTRALIA SQUARE NSW 1215

Delivery Address:
Cobalt Blue Holdings Limited
C/- NextRegistries
Level 16, 1 Market Street
SYDNEY NSW 2000

How to complete and attach your cheque for the Application Monies or pay electronically

The Application Monies must be paid by electronic BPAY, cheque(s) or bank draft(s).

Cheque payments must be:

- in Australian currency;
- drawn at an Australian branch of a financial institution;
- crossed "Not Negotiable"; and
- made payable to "Cobalt Blue Holdings Limited".

If paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

If paying by electronic payment, Applicants will need to use the Company's Application Account BPAY facility and quote their individual BPAY Client Reference Number for identification and reconciliation purposes.

FEES, COSTS AND TIMING FOR APPLICATIONS

When does the Offer open?

The Offer is expected to open for Applications on 11 November 2016. However, this may be delayed if ASIC extend the Exposure Period for the Prospectus.

What is the deadline to submit an Application under the Offer?

It is your responsibility to ensure that your Application Form and Application Monies are submitted before **5:00 pm (ADST)** on the **Closing Date** for the Offer which is 8 January 2017.

The Company and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application.

Is there any brokerage, commission or stamp duty payable by Applicants?

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

Brokerage and/or handling fees on applications for Shares will be payable to member firms of the ASX or licensed investment advisors on such Application Forms bearing their codes and accepted by the Company.

These fees will be paid from the proceeds of the Offer.

What are the costs of the Offer and who is paying them?

The costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the Offer documentation.

At the time of production of this Prospectus, the cash costs were estimated to be A$854,000 (Minimum Subscription) and A$976,000 (Maximum Subscription). Refer to section 2.14 for further information.

The Company intends to pay these costs from the proceeds of the Offer.

CONFIRMATION OF YOUR APPLICATION AND TRADING ON THE ASX

When will I receive confirmation whether my Application has been successful?

Holding statements confirming Applicants' allocations under the Offer are expected to be sent to successful Applicants on or around 25 January 2017.

Applicants under the Offer will be able to call the Share Registry on (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia) between 8:30 am and 5:00 pm ADST, from 25 January 2017 to confirm their allocation.

When will I receive my Shares and when can I trade my Shares?

Subject to ASX granting approval for the Company to be admitted to the official list of ASX, the Company will procure the issue of Shares to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on 25 January 2017.

Trading of Shares on ASX is expected to commence on 31 January 2017 on a normal T + 2 settlement basis.

If you sell Shares before receiving an initial holding statement, you may contravene the Listing Rules and do so at your own risk, even if you have obtained details of your holding from your broker or the Share Registry.

Who do I contact if I have further queries?

If you have queries about investing under the Offer, you should contact your stockbroker, financial advisor, accountant or other professional advisor.

If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Share Registry on (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia) between 8:30 am and 5:00 pm ADST.

2.7 Allocation policy

BPL Shareholders who apply for shares under the Priority Offer during the Offer Period will be guaranteed a minimum allocation of 10,000 Shares (A$2,000) under the Priority Offer.

Thereafter, the Board will allocate Shares at their discretion based on satisfying the Minimum Subscription of the Offer and to ensure an appropriate shareholder base for the Company.

The Company reserves the right in its absolute discretion to issue no Shares to Applicants under the Offer and may reject any Application or allocate a lesser amount of Shares than those applied for at its absolute discretion.

The Company will ensure, at the time of allocation of securities, that its free float at the time of listing will be not less than 20%.

2.8 Application Monies

All Application Monies will be held by the Company's Share Registry in a separate account until Shares are issued to successful Applicants.

Application Monies will be refunded in A$ to the extent that an Application is rejected or scaled back, or the Offer is withdrawn.

No interest will be paid on refunded amounts. The Company will retain any interest earned on Application Monies.

2.9 ASX listing

No later than seven days after the date of this Prospectus, the Company will apply to the ASX for admission to the official list of the ASX and for the Shares to be granted official quotation by the ASX under the code **"COB".**

The admission of the Company to the official list of ASX and official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under the Offer.

The ASX takes no responsibility for the contents of this Prospectus.

Normal settlement trading in Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment may contravene the Listing Rules and do so at their own risk.

If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies will be dealt with in accordance with the Corporations Act.

2.10 Risk factors

You should read this entire Prospectus, including the risk factors set out under section 8, before making any decision to invest. You may wish to consult your professional financial advisors before investing.

The risk factors set out under section 8 and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares offered pursuant to this Prospectus. Accordingly, an investment in the Company should be considered speculative.

2.11 Tax implications of investing in the Company

The taxation consequences of any investment in Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should seek your own professional advice. Refer to section 14.10 for further information.

2.12 Foreign selling restrictions and overseas applicants

This Prospectus does not constitute a public offer or invitation in any jurisdiction other than Australia. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who reside outside Australia and who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that shareholder is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

2.13 Broker applications

All valid applications lodged by stockbrokers or organisations which are member firms of the ASX or licensed investment advisors and which bear a stamp or code may be paid a fee on valid applications that are accepted by the Company. This fee will be paid by the Company.

2.14 Use of proceeds of the Offer

Based on the Maximum Subscription of A$10,000,000, the Company expects to receive approximately A$9,024,000 of net proceeds from the Offer (after the costs of the Offer). The table below sets out the proposed use of funds from the Offer in A$.

	Minimum Subscription A$8,000,000		Maximum Subscription A$10,000,000	
Use of funds from the Offer	A$	%	A$	%
Expenses of the Offer[1]	854,000	10.67	976,000	9.76
Working capital in Australia[2]	1,700,000	21.25	2,550,000	25.50
Exploration/drilling program expenditure[3]	5,350,000	66.88	5,350,000	53.50
New area acquisition/ technology fund[4]	96,000	1.20	1,124,000	11.24
Total	**8,000,000**	**100.0%**	**10,000,000**	**100.0%**

Notes:

1. Total expenses of the Offer will be funded from the proceeds of the Offer. Refer to section 14.12 for a breakdown of these expenses. They include capital raising costs (A$480,000 (Minimum Subscription) and A$600,000 (Maximum Subscription)), ASX and ASIC fees (A$74,000 (Minimum Subscription) and A$76,000 (Maximum Subscription)), accounting, legal and other professional adviser fees (A$267,000) and prospectus design, printing and related costs (A$33,000).
2. Working capital expenditure is to be applied towards administration costs associated with the Company. These costs include wages and salaries, occupancy costs, professional consultant's fees, compliance and reporting costs associated with running an ASX listed company, as well as other typical administration costs.
3. Refer to section 13.1 for a summary of the terms of the Farm In Joint Venture Agreement which sets out the terms of the Company's proposed exploration/drilling program.
4. The Company proposes to examine market opportunities with a view to acquiring suitable exploration or mining leases to complement the Thackaringa Cobalt Project and its potential minerals processing chain and/or investing in potential energy storage technologies including, but not limited to, promoting the use of cobalt. The Company will only pursue such opportunities if it determines that the application of funds in this manner will not jeopardise the development of the Thackaringa Cobalt Project, which is core to the Company's objectives.

The use of funds set out above represents the Company's current intentions based upon its present plans and business conditions. The Thackaringa Cobalt Project is subject to the Farm In Joint Venture Agreement between the Company and BPL, which sets out, amongst other things, the milestones that need to be achieved in order for the Company to obtain 100% beneficial ownership and legal title to the Thackaringa Cobalt Project. Under the minimum and maximum subscription respectively, the Company will be able to undertake Stages 1 and 2 of the work required to achieve 100% beneficial ownership under the Farm In Joint Venture Agreement. Under the terms of the Farm In Joint Venture Agreement, the Company is required to complete Stages 1 and 2 by 30 June 2018. Accordingly, the Company may seek to raise further capital in the future. A summary of the terms of the Farm In Joint Venture Agreement is set out in section 13.

The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's exploration efforts.

The Directors are of the opinion that, following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives as set out in the table in this section 2.14.

2.15 Share capital

DATE OF THIS PROSPECTUS

The issued capital of the Company as at the date of this Prospectus is set out in the table below:

Name of Existing Shareholder	Number of securities	Percentage
BPL	35,000,000	77.78
Seed investors*	10,000,000	22.22
	45,000,000	**100**

* There are 20 seed investors, including entities associated with Rob Biancardi, Anthony (Trangie) Johnston, Hugh Keller and Josef Kaderavek, all of whom are Directors of the Company. Refer to section 14.7 for information about the Directors' interests in securities.

The Company also has on issue 7,000,000 Options, each with an exercise price of $0.25 and which expires three years from the date of vesting of the Options. The Options vest on the date that is three months following the commencement of trading of the Company's Shares on the ASX. The Options are currently held by Robert Biancardi, Josef Kaderavek, Anthony (Trangie) Johnston and Hugh Keller in the proportions set out in section 14.7.

POST IN SPECIE DISTRIBUTION

The issued capital of the Company post the In Specie Distribution is set out in the table below:

Name of Existing Shareholder	Number of Shares	Percentage %	Number of Options
BPL Shareholders	35,000,000	77.8	8,750,000*
Seed investors	10,000,000	22.2	0
	45,000,000	**100**	**8,750,000**

* Under the terms of the In Specie Distribution, the Options will be issued to the BPL Shareholders on the basis of 1 Option for every 4 Shares received by the BPL Shareholder. The terms of the Options are set out in section 2.2.

ALLOTMENT DATE

At the Allotment Date, the issued Share capital of the Company will be as set out in the table below:

	Shares	**% Total (undiluted)**	**Shares**	**% Total (undiluted)**
Class of security	(Minimum Subscription raised)		(Maximum Subscription raised)	
Shares on issue post the In Specie Distribution and conversion of the Convertible Notes	45,000,000*	52.94	45,000,000*	47.37
Shares under the Offer	40,000,000	47.06	50,000,000	52.63
Total Shares following the allotment of Shares under the Offer	**85,000,000**	**100**	**95,000,000**	**100**

* These 45,000,000 Shares include 35,000,000 Shares held by the BPL Shareholders post the In Specie Distribution. On a minimum subscription, the 35,000,000 Shares constitute 41.18% of the entire issued capital of the Company post completion of the Offer and on a maximum subscription, the 35,000,000 Shares constitute 36.84% of the entire issued capital of the Company post completion of the Offer.

At the Allotment Date, the Company will have the following Options on issue:

- 7,000,000 Options held by the Directors in the proportions set out in section 14.7;
- 8,750,000 Options held by the BPL Shareholders in accordance with the terms of the In Specie Distribution set out in section 2.2; and
- up to 12,500,000 Loyalty Options (assuming the maximum subscription is raised under the Offer) in accordance with the terms of the Loyalty Options set out in sections 2.3 and 14.3.

2.16 CHESS and issuer sponsored sub-register

The Company will apply to the ASX to participate in the Securities Clearing House Electronic Sub-register system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ASTC) in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. Under CHESS, the Company will not be issuing certificates to Applicants who elect to hold their Shares on the CHESS sub register. After allotment of Shares, Shareholders will receive a CHESS holding statement.

The CHESS holding statements, which are similar in style to bank account statements, will set out the number of Shares allotted to each Shareholder pursuant to this Prospectus. The CHESS holding statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHESS. Further statements will be provided to holders which reflect any changes in their shareholding in the Company during a particular month.


MTS UKR
18:38
81%
Viber
Skype
Twitter
WhatsApp
Facebook
Swarm
LinkedIn
Instagram
Pinterest
Google+
Foursquare
Vimeo
YouTube
Tumblr
VK
Flickr
Myspace
Phone
Mail
8
Safari
Music

Section 3
Overview of the Company

3.1 Corporate structure

The Company was incorporated on 26 August 2016 as a fully owned subsidiary of Broken Hill Prospecting Limited (**BPL**), and other than as disclosed in this Prospectus, has not undertaken any activities since incorporation.

As at the date of this Prospectus, the Company has 45,000,000 Shares on issue, 77.78% of which are owned by BPL, with the remaining 22.22% held by seed investors, details of which are set out in section 2.15.

On 31 October 2016 the Company entered into the Farm In Joint Venture Agreement with BPL pursuant to which the Company agreed to acquire a 51% beneficial interest in the Thackaringa Cobalt Project. Refer to section 4 for information about the Thackaringa Cobalt Project.

In accordance with the terms of the Farm In Joint Venture Agreement, the Company has agreed to spend A$10.35m in exploration and project development studies (preliminary through to bankable feasibility) and obtain the required regulatory approvals in respect of the Thackaringa Cobalt Project by 30 June 2019. Thereafter, the Company is required to make a decision to mine and secure project financing by 30 June 2020. Successful completion of these milestones by the Company will progressively trigger an increasing beneficial interest in the Thackaringa Cobalt Project (culminating with a final payment of A$7.5 million to BPL in order for the Company to obtain 100% of the beneficial interest and the transfer of legal title to the tenements comprising the Thackaringa Cobalt Project) to the Company.

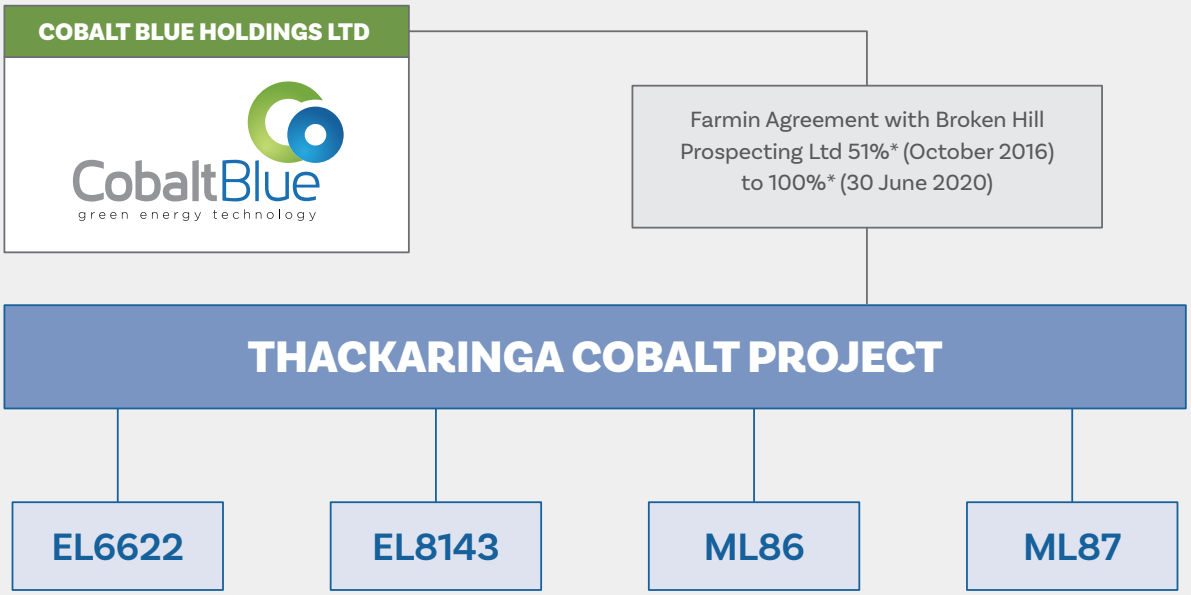
The Board comprises:

- Robert Biancardi, Independent Chairman and Non-Executive Director;
- Josef Kaderavek, Executive Director and Chief Executive Officer;
- Anthony (Trangie) Johnston, Non-Executive Director; and
- Hugh Keller, Non-Executive Director.

A summary of the experience and qualifications of the Board is set out in section 7.

Section 3
Overview of the Company

Figure 1 – **Corporate Structure**



Source: Cobalt Blue Holdings
** % beneficial ownership*

3.2 Business strategy/objectives – cobalt production

The Company's strategy is to advance the development of a cobalt mining operation in New South Wales. The Company's immediate priority is to further advance the Thackaringa Cobalt Project via a structured series of feasibility studies. The steps involved in achieving this strategy include:

- **Stage (1):** Targeting a 100 million tonne (JORC 2012 compliant) Inferred Resource base and completion of a Scoping Study by June 2017. Target beneficial interest at end of Stage (1) is 51%.
- **Stage (2):** Defining Indicated Resource base, metallurgical, geotechnical and base-line environmental studies. Complete a Pre Feasibility Study (JORC 2012 compliant) by June 2018. Target beneficial interest at end of Stage (2) is 70%.
- **Stage (3):** Defining Ore Reserve base, completing a Bankable Feasibility Study satisfying JORC 2012 modifying factors by June 2019. Target beneficial interest at end of Stage (3) is 85%.
- **Stage (4):** Securing project financing and confirming a decision to mine by June 2020. Target beneficial interest at end of Stage (4) is 100% and transfer of full legal title to the Company.

The Company proposes to examine market opportunities with a view to acquiring suitable exploration or mining leases to complement the Thackaringa Cobalt Project and its potential minerals processing chain and/or investing in potential energy storage technologies including, but not limited to, promoting the use of cobalt. The Company will only pursue such opportunities if it determines that the application of funds in this manner will not jeopardise the development of the Thackaringa Cobalt Project, which is core to the Company's objectives.

3.3 Business strategy/objectives – energy storage technologies

The Company is also seeking to invest in energy storage (battery) technologies that may complement the production of cobalt in commercialising battery and associated energy storage technologies. Of particular interest is the life cycle of rechargeable batteries, and as such, this investment may range from "cradle" (for example micro or nano technologies enabling more effective energy densities, depth of discharge characteristics, lowering cost of production) to "grave" (for example recycling of life-expired batteries and reclamation of high value elements). The Company will only pursue such opportunities if it determines that the application of funds in this manner will not jeopardise the development of the Thackaringa Cobalt Project, which is core to the Company's objectives.

3.4 Sources of revenue

The Company does not expect to create any revenue in the near future as its focus will primarily be on developing the Thackaringa Cobalt Project.

Further details about the Group's revenue are set out in section 9 of this Prospectus.

3.5 Financing Arrangements

The Company is presently dependent on equity financing to secure initial capital which will then be used to accomplish the Company's strategy. However, in order to satisfy its obligations under the Farm In Joint Venture Agreement, the Company will be required to raise further capital to allow it to achieve the milestones required in order for it to achieve 100% beneficial ownership of the Thackaringa Cobalt Project.

Further capital requirements may be satisfied by debt or equity financing.

3.6 Dividend policy

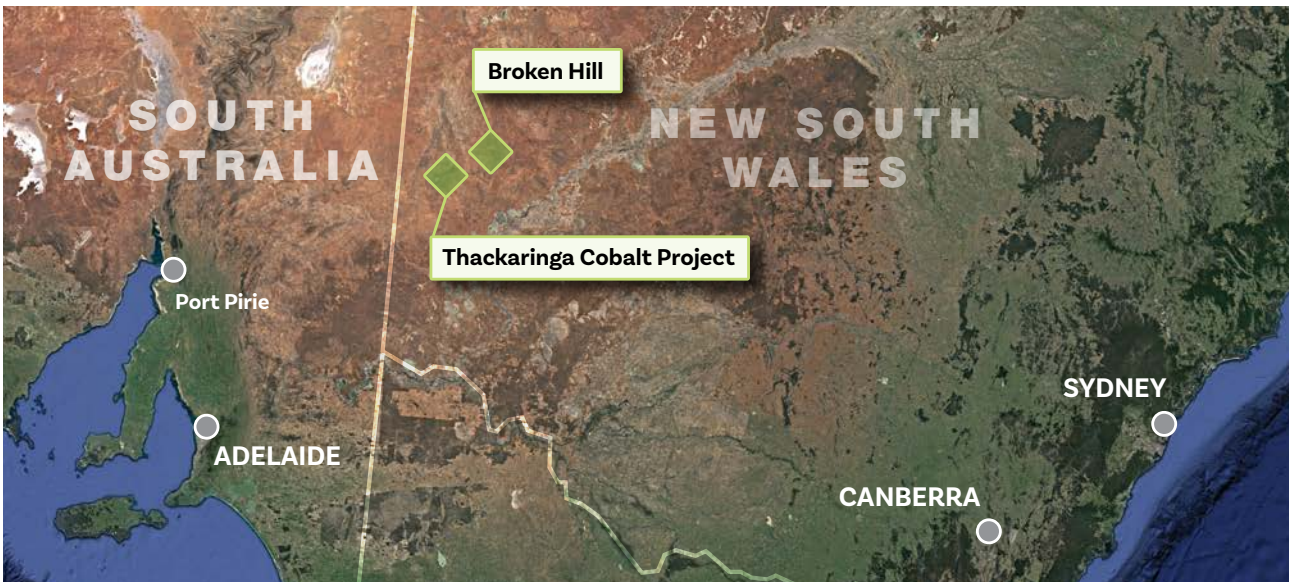
The Company does not expect to pay dividends in the near future as its focus will primarily be on developing the Thackaringa Cobalt Project, and if the Directors determine appropriate, examining market opportunities with a view to acquiring suitable exploration or mining leases to complement the Thackaringa Cobalt Project and/or investing in potential energy storage technologies including, but not limited to, promoting the use of cobalt. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends.

Section 4
Thackaringa Cobalt Project

4.1 Location

The Thackaringa Cobalt Project covers an area of 63km^2 and is located in western New South Wales (23km west of Broken Hill). Thackaringa is located approximately 1,000km and 500km from Sydney and Adelaide respectively by road and approximately 400km from the Spencer Gulf (Port Pirie) by rail. The project location is shown below at Figure 2 Cobalt Blue – Thackaringa Cobalt Project NSW.

Figure 2 – **Cobalt Blue – Thackaringa Cobalt Project NSW**



Source: Google Maps 2016

4.2 Climate and Regional Geology

Broken Hill possesses a hot, dry climate and lies within the New South Wales arid zone. Table 1 shows the monthly temperature and rainfall statistics for Broken Hill.

The Broken Hill region in western New South Wales is also geologically unique. The western half is composed of ancient basement rocks of the Adelaide Fold Belt, and the eastern half is the edge of the much younger rocks of the Tasman Fold Belt.

Section 4
Overview of the Thackaringa Cobalt Project

Table 1 – **Broken Hill Climate**

Temperature	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Mean Max temperature (°C)	32.8	32.2	28.9	23.9	19.2	15.6	15.2	17.4	21.2	25	28.7	31.4	24.3
Mean Min temperature (°C)	18.5	18.3	15.6	11.8	8.6	6.2	5.4	6.4	8.9	11.8	14.8	17.1	12
Rainfall	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Annual**
Mean rainfall (mm)	25.6	25.8	21.6	17.8	22.4	22.3	18.9	18.7	20.2	23.9	21.3	21.8	259.8
Decile 5 (median) rainfall (mm)	10.2	10.8	8.5	7.9	13.4	15.4	16	15.4	12.4	14.7	12	11.4	241.9
Number of days of rain ≥ 1 mm	2.5	2.6	2.3	2.1	3.2	3.4	3.5	3.3	3	3.4	2.8	2.5	34.6

Source: NSW Dept of Office, Environment and Heritage

Many of the rocks and minerals found in the region are of considerable interest and economic importance. The Barrier Ranges, surrounding Broken Hill, are a block of metamorphic and deformed sedimentary rocks forming a series of northeast and northwest trending ridges rising up to 300m above the surrounding plains. Bedrock includes schist and gneiss, intrusive granites, amphibolites and coarse pegmatites. Dominant vegetation includes belah, rosewood (Heterodendrum oleifolium), occasional beefwood (Grevillea striata) and leopardwood (Flindersia maculata). Figure 3 shows a typical landform and vegetation view for the Thackaringa Cobalt Project.

Figure 3 – **Thackaringa Cobalt Project – typical landform and vegetation view**

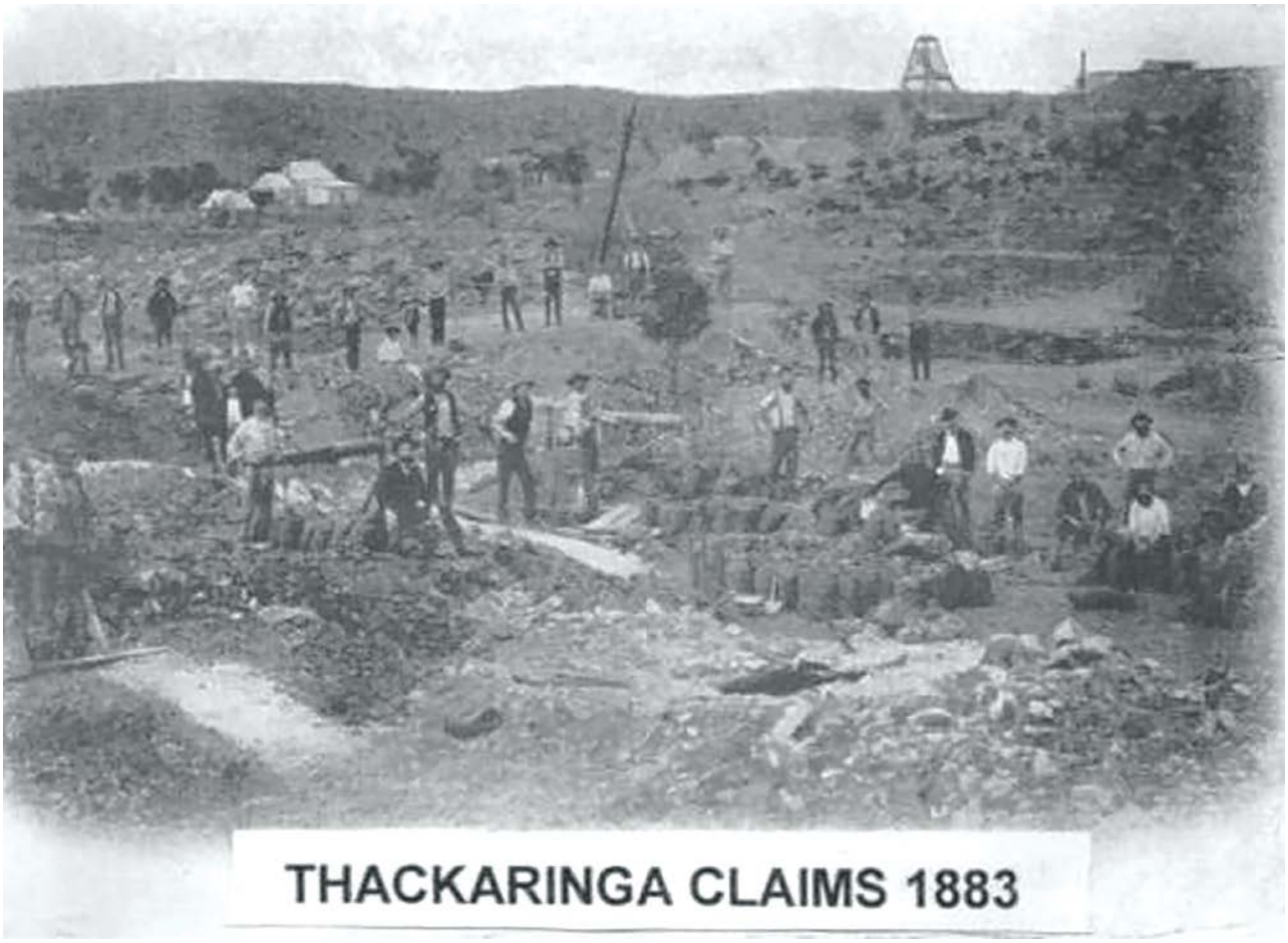
Source: Cobalt Blue Holdings

4.3 Thackaringa – Mining History

Thackaringa was originally mined for rich silver lead zinc ores in the early 1880s, but the lure of the then newly discovered Broken Hill just 23 kilometres away was too strong, so that after the easy ore bodies were mined, the field closed down. In modern times Broken Hill has been downsized to a smaller mining centre with little mining activity taking place beyond the main line of lode of Broken Hill itself. Thackaringa exhibits many of the classical Broken Hill mineralisation styles and is again today, a significant exploration target.

Figure 4 below shows a historical photograph of Thackaringa silver mining – circa 1883.

Figure 4 – **Thackaringa Silver Mining – circa 1883**



Source: Tracing History-28

4.4 The Thackaringa Cobalt Project – recent development work

The portfolio of tenements comprises: Exploration Licence 6622 (1992) (EL 6622), Exploration Licence 8143 (EL8143), Mining Lease 86 (1973) (ML 86) and Mining Lease 87 (1973) (ML 87) are located approximately 23 km west south west of Broken Hill. All leases are 100% owned by Broken Hill Prospecting Ltd (BPL) and are subject to a farm in agreement with Cobalt Blue Holdings Ltd. These granted tenements and the application are shown in Table 2 below.

Table 2 – **Thackaringa Cobalt Project – Exploration and Mining Leases**

Title	Area (km^2)	Grant Date	Expiry Date
EL 8143	12		26-Jul-17
EL 6622	51		29-Aug-17
ML86	2 (205.9 Ha)		4-Nov-17
ML87	1 (101.2Ha)		4-Nov-17

Source: NSW Dept of Industry, Resources & Energy

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Overview of the Thackaringa Cobalt Project

The Thackaringa cobalt deposits are partly within two granted mining leases (ML86 and ML87) enclosed by Exploration Licence EL6622. Since listing on the ASX in February 2011, Broken Hill Prospecting has more than doubled the global Mineral Resource inventory; now comprising a total Inferred estimate of **33.1 million tonnes at 833ppm[1].**

Table 3 – **2011 Thackaringa Mineral Resources**

Note small rounding errors may have occurred in the compilation of mineral resources.

Resource Category	Tonnes (millions)	Grade Co (ppm)	Contained Metal Co (kt)
PYRITE HILL | Cut-off Grade 500ppm Co as released by Broken Hill Prospecting 12 November 2010 under JORC 2004			
Inferred	10.6	998	10.6
BIG HILL | Cut-off Grade 500ppm Co as released by Broken Hill Prospecting 12 November 2010 under JORC 2004			
Inferred	4.4	910	4.1
Total	**15.0**	**972**	**14.7**

Table 4 – **2014 Thackaringa Mineral Resources**

Note small rounding errors may have occurred in the compilation of mineral resources.

Resource Category	Tonnes (millions)	Grade Co (ppm)	Contained Metal Co (kt)
RAILWAY | Cut-off Grade 500ppm Co as released by Broken Hill Prospecting 27 July 2012 under JORC 2004			
Inferred	14.9	831	12.3
PYRITE HILL | Cut-off Grade 500ppm Co as released by Broken Hill Prospecting 14 November 2011 under JORC 2004			
Inferred	16.4	830	13.6
BIG HILL | Cut-off Grade 500ppm Co as released by Broken Hill Prospecting 12 November 2010 under JORC 2004			
Inferred	4.4	910	4.1
Total	**35.7**	**841**	**30**

Table 5 – **2016 Thackaringa Mineral Resources**

The Mineral Resource estimates below supersede all previous estimates reported in Tables 3 and 4.

Note small rounding errors may have occurred in the compilation of mineral resources.

Resource Category	Tonnes (millions)	Grade Co (ppm)	Contained Metal Co (kt)
RAILWAY | Cut-off Grade 500ppm Co as released herein under JORC 2012			
Inferred	14.9	831	12.3
PYRITE HILL | Cut-off Grade 500ppm Co as released herein under JORC 2012			
Inferred	16.4	830	13.6
BIG HILL | Cut-off Grade 500ppm Co as released herein under JORC 2012			
Inferred	1.8	870	1.6
Total	**33.1**	**833**	**27.5**

[1] The global Inferred Resource estimate is as released herein under JORC 2012, comprising the following:

Railway Deposit | 14.9Mt at 831ppm Co at a 500ppm Co cut-off, **Pyrite Hill Deposit | 16.4Mt at 830ppm** Co at a 500ppm Co cut-off and the **Big Hill Deposit | 1.8Mt at 870ppm** Co at a 500ppm Co cut-off. The company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning these mineral resource estimates in the relevant market announcement continue to apply and have not materially changed..

COMPETENT PERSONS STATEMENT

The information in this document that relates to exploration results is based on information compiled by Mr Anthony Johnston, BSc (Hons), who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Broken Hill Prospecting. Mr Johnston has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Johnston consents to the inclusion in this prospectus of the matters based on his information in the form and context that the information appears.

The information in this document that relates to the Big Hill resource has been compiled by Sue Border B.Sc. Sue Border is employed by Geos Mining as an independent geological consultant. Sue Border is a Fellow of the Australian Institute of Mining and Metallurgy as well as the Australian Institute of Geoscientists and has sufficient experience with the style of mineralisation and type of deposit under consideration, and with the activities undertaken, to qualify as competent persons as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Sue Border consents to the inclusion in this report of the contained technical information in the form and context as it appears.

The information in this document that relates to the Railway resource has been compiled by Robert Spiers BSc (Hons). Mr Spiers is an independent geological consultant at Spiers Geological Consultants and a member of the Australian Institute of Geoscientists. Mr Spiers has sufficient experience with the style of mineralisation and type of deposit under consideration, and with the activities undertaken, to qualify as competent persons as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr Spiers consents to the inclusion in this report of the contained technical information in the form and context as it appears.

The information in this document that relates to the Pyrite Hill resource has been compiled by Dr Phillip Hellman BSc (Hons 1), DipEd, PhD, MGSA, MAEG, FAIG. Dr Hellman is employed by H&SC Consultants as an independent resource geologist. Dr Hellman has served on Australia's Joint Ore Reserves Committee (JORC) as an Australian Institute of Geoscientists' representative for 13 years and has sufficient experience with the style of mineralisation and type of deposit under consideration, and with the activities undertaken, to qualify as competent persons as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Dr Hellman consents to the inclusion in this report of the contained technical information in the form and context as it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in this prospectus and, in the case of mineral resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

4.5 Drilling History

The Thackaringa deposits remain under-explored. Detailed geological mapping has delineated more than 10km of mineralised outcrop, of which approximately 75% remains untested. Significant opportunity exists to upgrade and expand the near surface resource base through extensional and infill drilling. Beyond potential strike extensions, mineralisation also remains open at depth with future exploration to test below 250 metres.

A global conceptual exploration target for the Thackaringa project comprises 40.3 – 66Mt at 600-900ppm Co at a 500ppm Co cut-off (Table 6). The potential quantity and grade of these targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in determination of a Mineral Resource.

Table 6 – **Thackaringa Project – Conceptual Exploration Target**

Conceptual Exploration Target	Tonnes (millions)	Grade (Co ppm)
Railway *(at a 500ppm Co cut-off)*	23–35	600–900
Pyrite Hill *(at a 500ppm Co cut-off)*	14–24	700–900
Big Hill *(at a 500ppm Co cut-off)*	3.3–7	600–900
TOTAL	**40.3–66**	**600–900**

The project area has been intermittently explored since discovery in 1885. However, there was no activity from 1889-1950. Since that time, exploration activity has been intermittent with a total of 37 holes for 3,855m drilled at the main prospects, Pyrite Hill and Big Hill, up until 2010. Additional drilling (31 RC holes and 1 diamond drillhole) for approximately 5,000m has been completed by BPL in these prospect areas from 2011 to 2013. Figure 5 below shows the Thackaringa drilling history.

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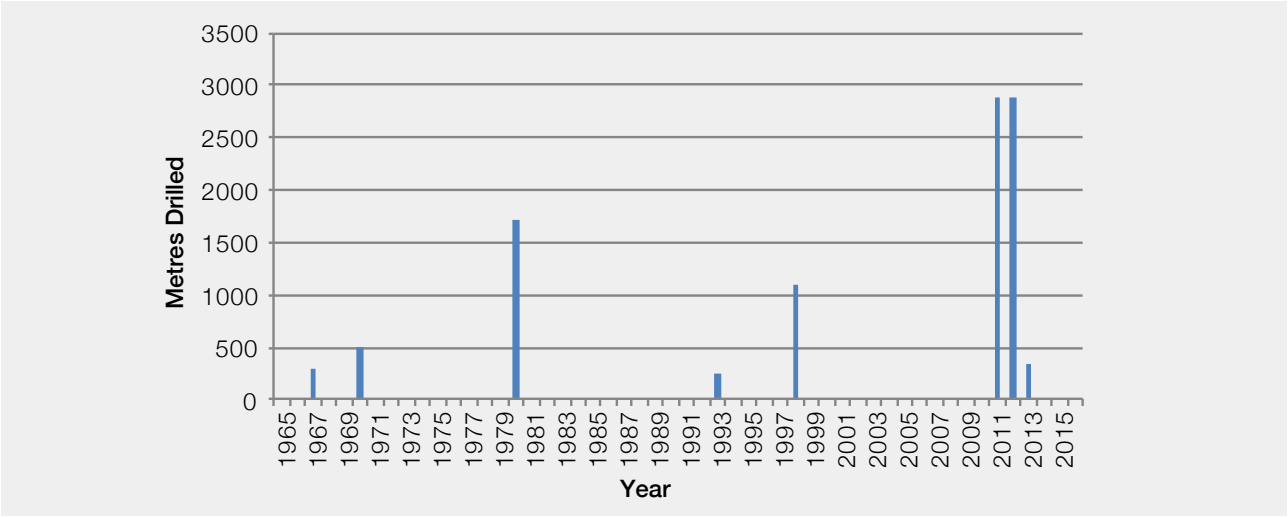
Overview of the Thackaringa Cobalt Project

Figure 5 – **Thackaringa Drilling History**



Source: Cobalt Blue Holdings Ltd

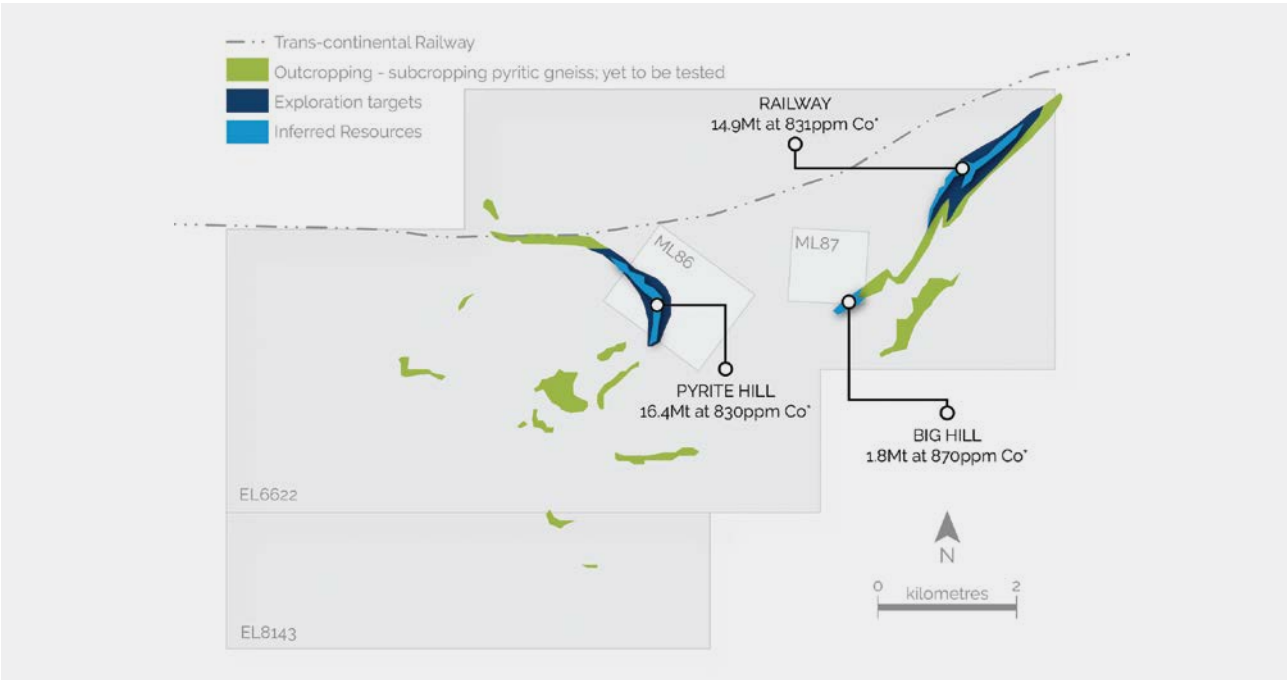
The recent drill testing by BPL and by earlier company work by both BPL and other explorers (shown at Figure 6) defined three outcropping cobalt deposits which remain open at depth and along trend:

(a) The **Pyrite Hill** Cobalt deposit comprising an Inferred Mineral Resource estimate of 16.4 million tonnes at 830ppm Co (at a 500ppm Co cut-off and as released herein under JORC 2012). The Pyrite Hill Mineral Resource occurs from surface and is open at depth and along trend to the northwest of the deposit.

(b) The **Big Hill** Cobalt deposit comprising an Inferred Mineral Resource estimate of 1.8Mt at 870ppm Co (at a 500ppm Co cut-off and as released herein under JORC 2012).

(c) The **Railway** Cobalt deposit comprising an Inferred Mineral Resource estimate of 14.9 million tonnes at 831ppm Co (at a 500ppm Co cut-off and as released herein under JORC 2012). The Railway Inferred Mineral Resource occurs from surface and is open at depth and along trend.

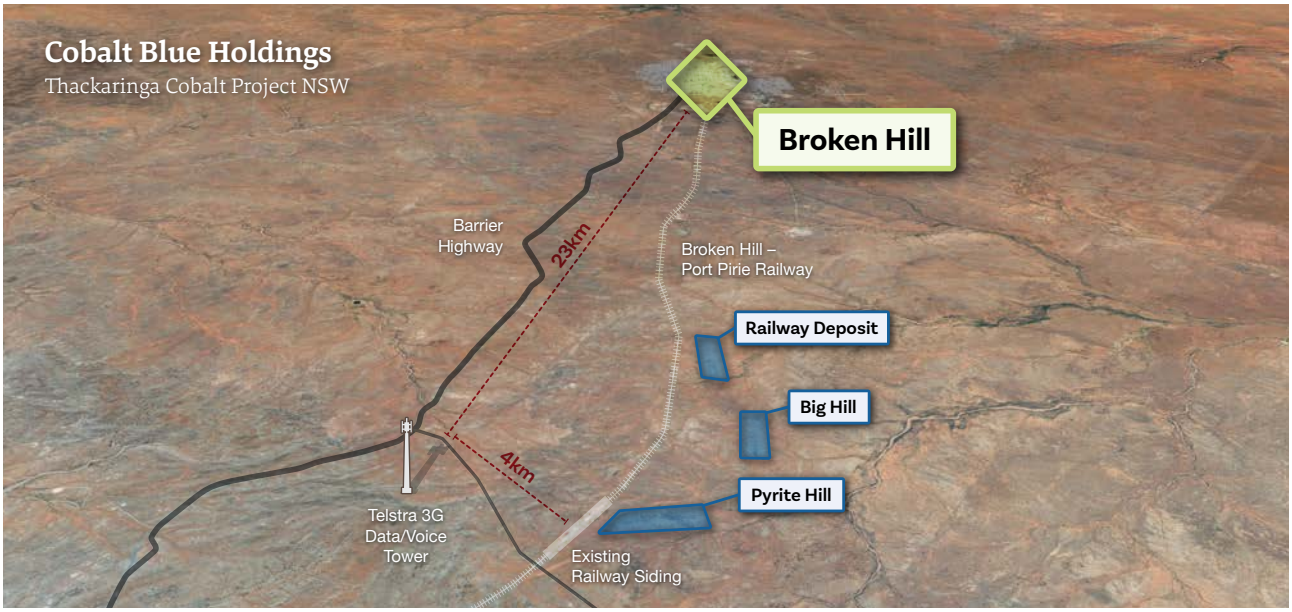
Figure 6 – **Thackaringa Cobalt Project – Schematic plan illustrating the surface expression of cobaltiferous deposits and associated exploration targets. Refer to Table 5 for a complete summary of resource categorisation**



Source: Cobalt Blue Holdings Ltd

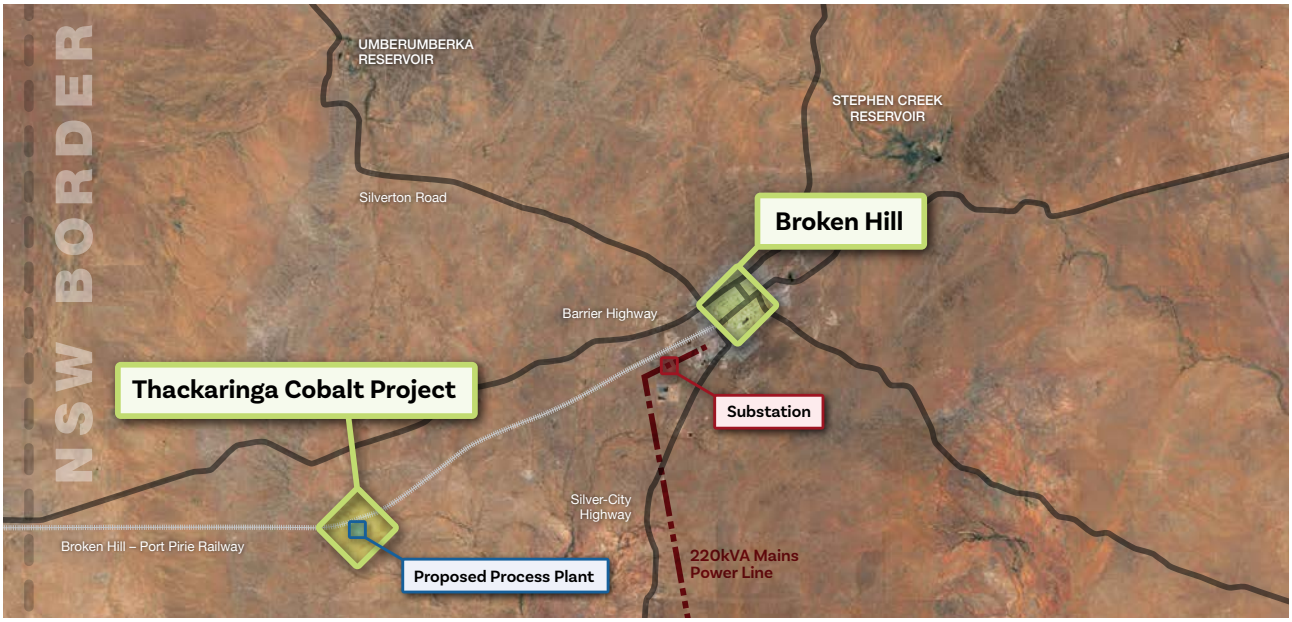
The relative location of the three deposits lies within 5 km of the Broken Hill to Port Pirie rail line, with Pyrite Hill (at the western end) within 1km of an existing railway siding. Figure 7 shows the Thackaringa Cobalt Project as a district view.

Figure 7 – **Thackaringa Cobalt Project – district view**



Source: Cobalt Blue Holdings Ltd & Google Maps

Figure 8 – **Thackaringa Cobalt Project – Broken Hill – High Voltage Map**



Source: Cobalt Blue Holdings Ltd, GHD Engineering & Google Maps

4.6 The Broken Hill to Port Pirie railway

The Broken Hill to Port Pirie train line commenced construction in 1875, to support agricultural exports from rural South Australia, though initially the line terminated at the SA-NSW border. With the discovery of Broken Hill ore (1883) the line was extend primarily to transport the ore from the newly founded mining company's (Broken Hill Proprietary Limited) mine to their smelter in Port Pirie and open up areas in the North East to settlement. The line was recognised as the busiest single track railway in the world between 1911 and 1914. In 1923 it was recorded that 102 trains passed in and out of the Peterborough station during a 24 hour period. Today, the rail gauge has been standardised/upgraded and is 407km in length.

4.7 Broken Hill – Electricity

Broken Hill is located at the edge of the National Electricity Market high voltage grid. Typically, edge of grid townships represent high cost to serve commitments of the networks. However the (December 2015) completion of the (AGL) Broken Hill Solar Farm (53MW), located just 5 km west of Broken Hill, assisted by Federal Government renewable energy funding, has now created a peak excess of power to the town and local environments. Potential development of Silverton Wind Farm (25km NW of Broken Hill) producing 200MW will further amplify this excess. As part of future feasibility studies Cobalt Blue Holdings will determine the optimum configuration of mains (220kV), transmission wiring (approximately 20 kilometres to site) and substations in order to support its objectives. Figure 8 above shows the proximity of the Thackaringa Cobalt Project to 220kV mains power lines (National Electricity Market).

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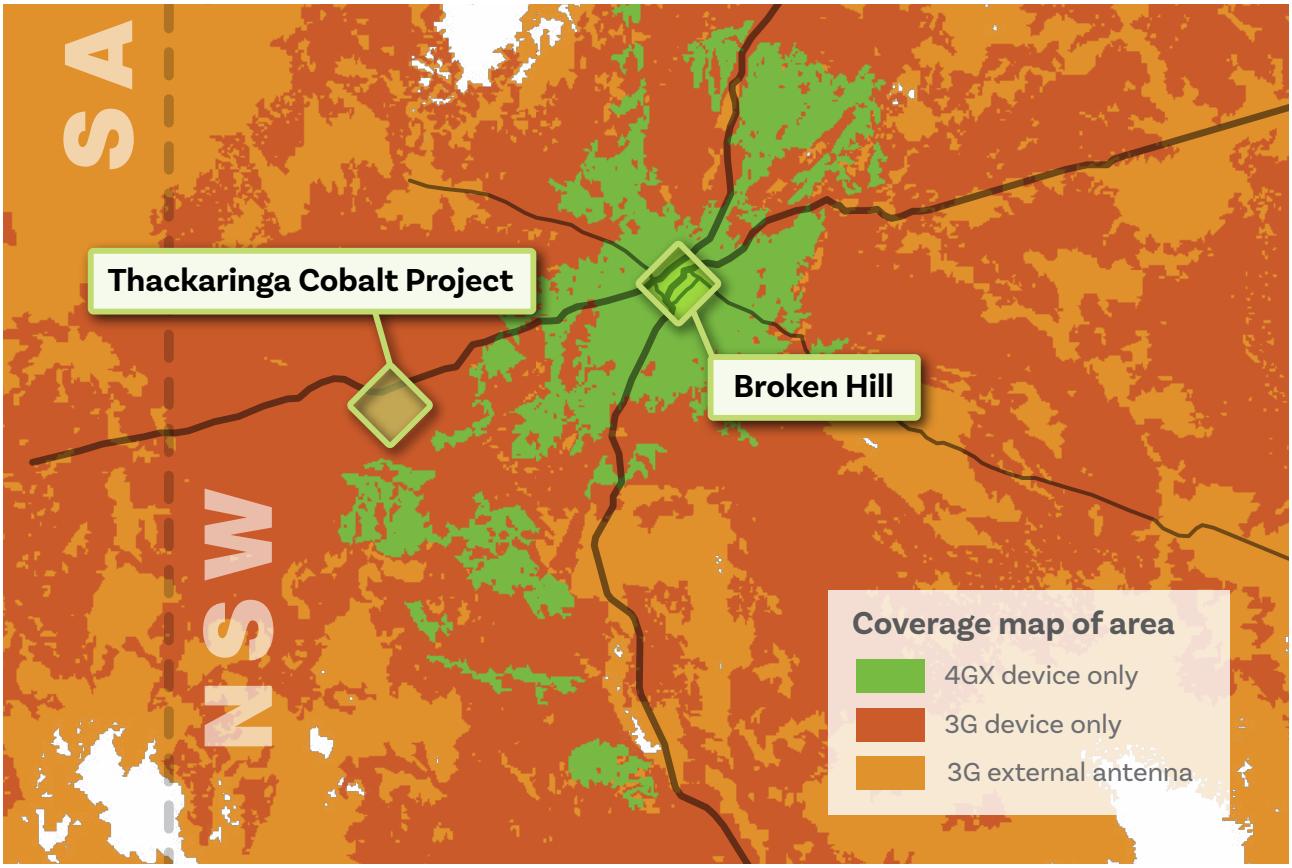
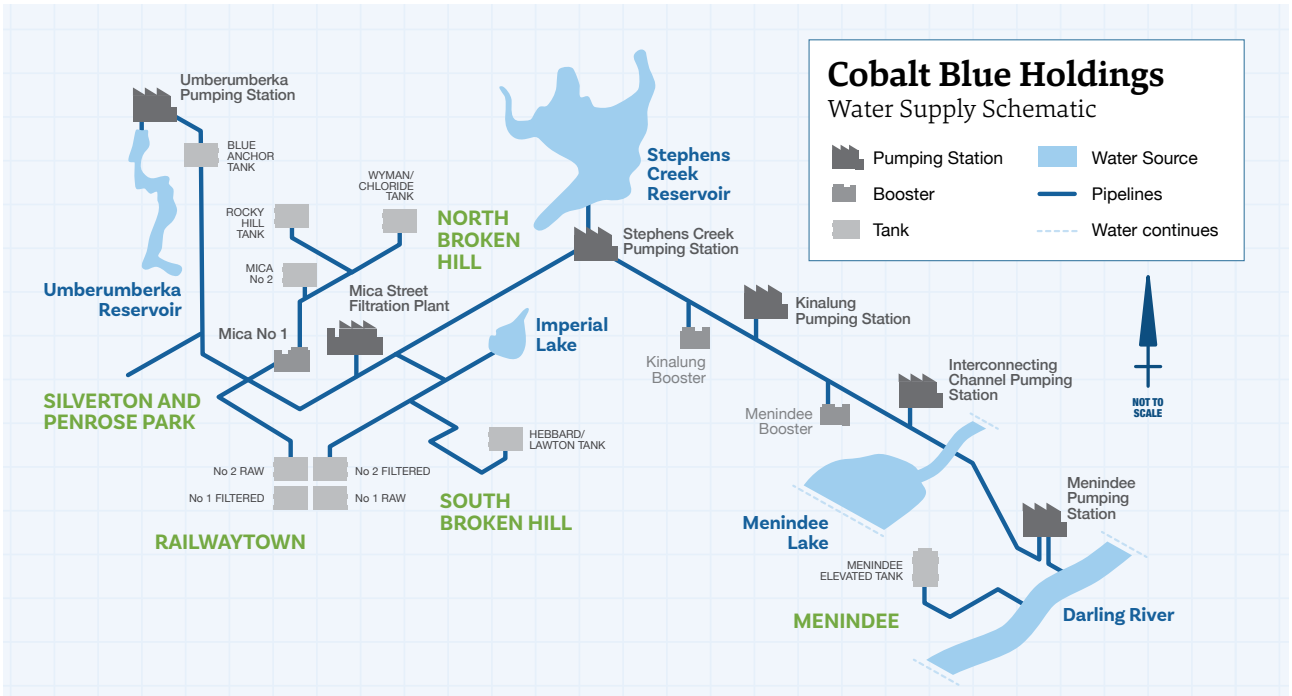
Figure 9 – **Thackaringa Cobalt Project – 3G Voice/Data Coverage**

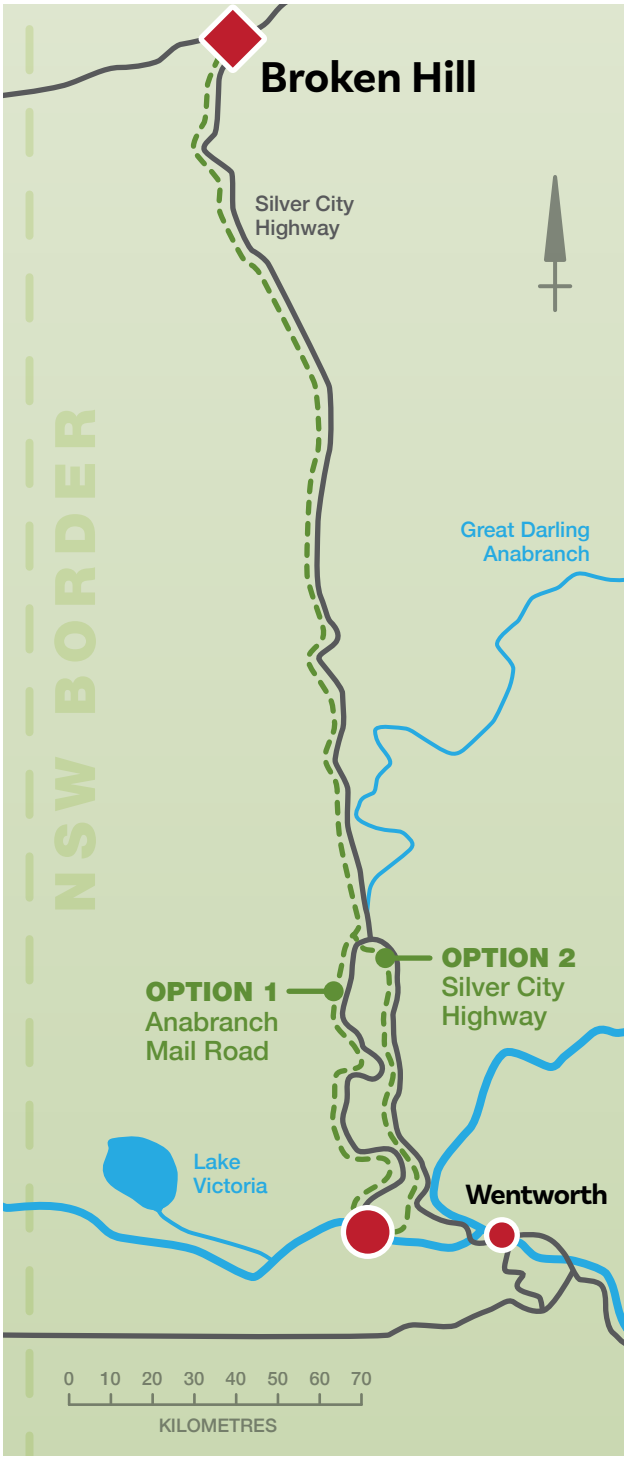


Source: Telstra

Figure 10 – **Thackaringa Cobalt Project – Essential Water Supply Schematic**



Source: Cobalt Blue Holdings Ltd & Essential Water



Source: NSW Department of Primary Industries – Water

Figure 11 – **The Murray River to Broken Hill pipeline project – overview**

4.8 Communications – Digital and Voice

The entirety of the Thackaringa Cobalt Project is covered by Telstra 3G voice and data communications as shown in the Telstra supplied map in Figure 9. The coverage provides full voice, text and data coverage for the site and whilst travelling to/from Broken Hill.

4.9 Broken Hill – Water

The local reticulated water supply is operated by Essential Water and is shown on the previous page in Figure 10 – Thackaringa Cobalt Project – Essential Water Supply Schematic. The reticulated supply consists of both raw water and filtered water. As part of future feasibility studies, Cobalt Blue Holdings will determine the optimum configuration for supply including drawing water straight from Umberumberka Reservoir, a raw water storage tank within Broken Hill or the use of site groundwater. The first two options will require both a pumping station and a water supply pipeline of approximately 20 kilometres to the site.

4.10 NSW Government – Broken Hill Water Infrastructure Upgrade

The NSW Government has announced (16 June 2016) that it will build a new 270km pipeline from the Murray River to secure Broken Hill and surrounding communities long term water supply. The pipeline solution will supply homes and businesses with a reliable, clean and sustainable water source. The pipeline is some 270 kilometres long and will bring water to Broken Hill from the Murray River, near Wentworth, with construction to be completed by end of CY 2018.

Construction of the pipeline is part of a A$500 million investment strategy to secure Broken Hill's water supplies – representing the largest investment into regional water security on record.

Figure 11 shows the Murray River to Broken Hill pipeline project – overview.

Section 5
Independent Consultant's Industry Report
Cobalt

ResearchInChina
www.researchinchina.com

September 2016

This chapter provides an introduction to the global cobalt industry, including a description of the cobalt supply chain, its key incumbents, key applications, processing methods as well as forecast market balances and pricing.

5.1 Metal properties and end uses

Cobalt (chemical symbol Co) is a magnetic and lustrous steel grey metal and possesses similar properties to iron and nickel in terms of hardness, tensile strength, machinability, thermodynamic properties and electrochemistry. Cobalt is one of only three naturally occurring magnetic metals (with iron and nickel). The melting point of cobalt metal is 1,493°C (2,719°F) with the boiling point 3,100°C (5,600°F). The density is 8.9 grams per cubic centimetre.

Cobalt has 12 radioactive isotopes, none of which occur naturally. These radioactive isotopes can be produced by high-energy physical methods (including neutron bombardment) instead of the metallurgical processing required to produce the naturally occurring Co (58). The most widely known is the radioactive Co (60) isotope which is used for specialist control and monitoring of objects (such as equipment inspection), medical treatment (such as cancer chemotherapy) and tracer substances. This chapter will focus on naturally occurring Co (58).

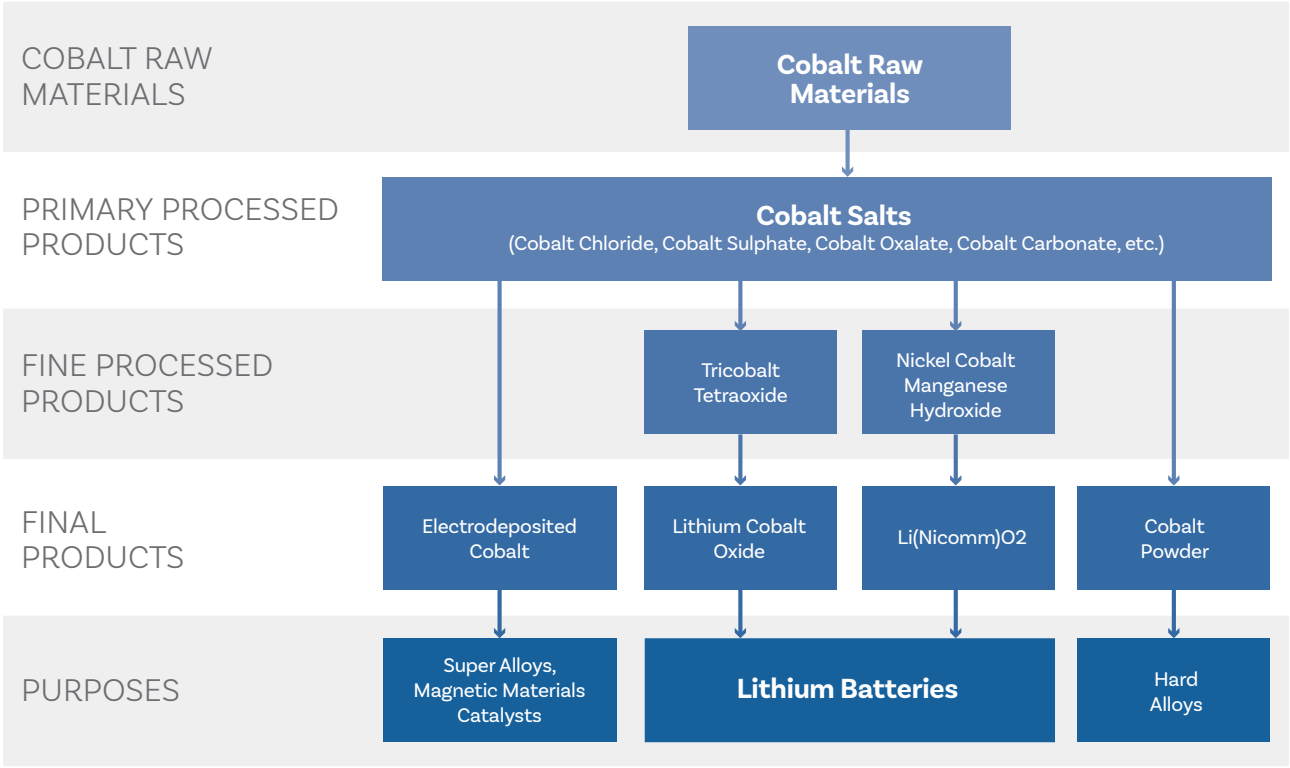
Cobalt is an important raw material for the production of battery materials, high-temperature alloys, cutting tools, magnetic materials, superalloys (defined below), petrochemical catalysts, pharmaceuticals and glaze materials. When used as an alloy, cobalt improves the high temperature strength and corrosion resistance of more common metals, especially nickel and chromium.

Cobalt is essential in defence and aerospace where it is widely used as an alloying element in a range of high temperature applications known as "superalloys". Superalloys are high temperature alloys that exhibit superior characteristics including mechanical strength, resistance to thermal creep deformation, good surface stability and resistance to corrosion or oxidation, used typically in jet engine parts and gas turbines.

5.2 Industry Chain

Cobalt salts, derived from mined raw materials are processed according to commercial use as shown below. These commercial uses fall under three categories, namely (1) Super Alloys, Magnetic Materials and Catalysts created from electro deposited cobalt; (2) Lithium ion batteries created from lithium cobalt oxides and metallic hydroxides; and (3) Hard Alloys created from cobalt powders. Figure 12 below shows the global cobalt industry chain.

Figure 12 – **Global Cobalt Industry Chain**

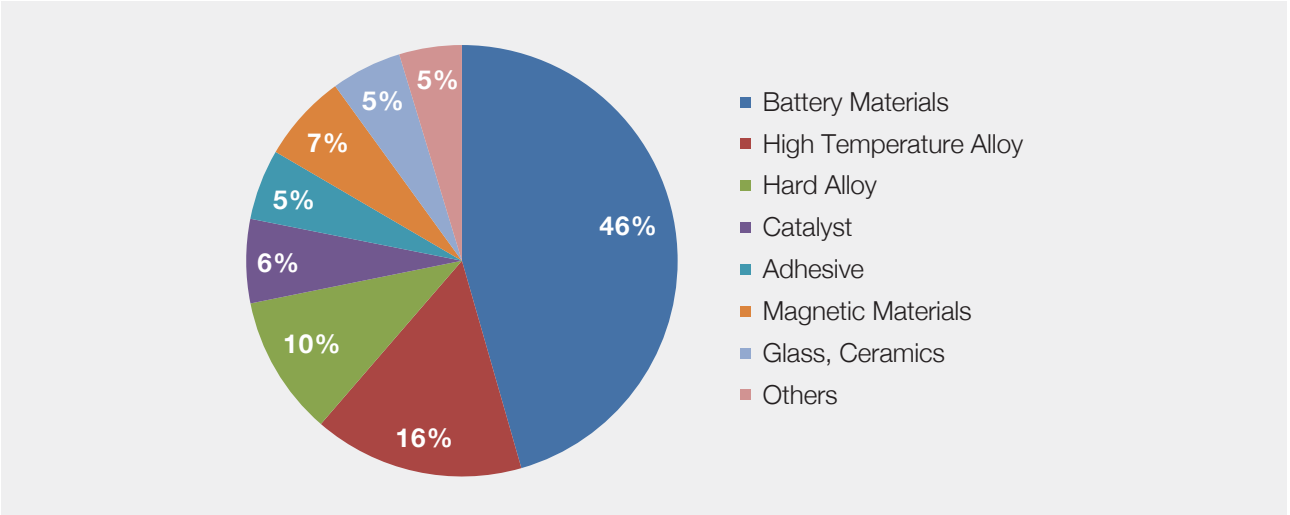


Source: ResearchInChina

5.3 Overview of cobalt demand

Today, most portable applications are powered by cobalt based lithium ion batteries, initially commercialised in the 1990s, which then bifurcated cobalt demand into new and old economy drivers. New economy drivers have two components: (1) Battery materials, as a means of distributed energy storage in an era of high energy prices, decarbonisation of power grids and powering Electric Vehicles (EVs); and (2) Superalloys. Figure 13 below shows the breakdown of global cobalt consumption. The old economy demand drivers can be summarised as industrial/metallurgical and other uses.

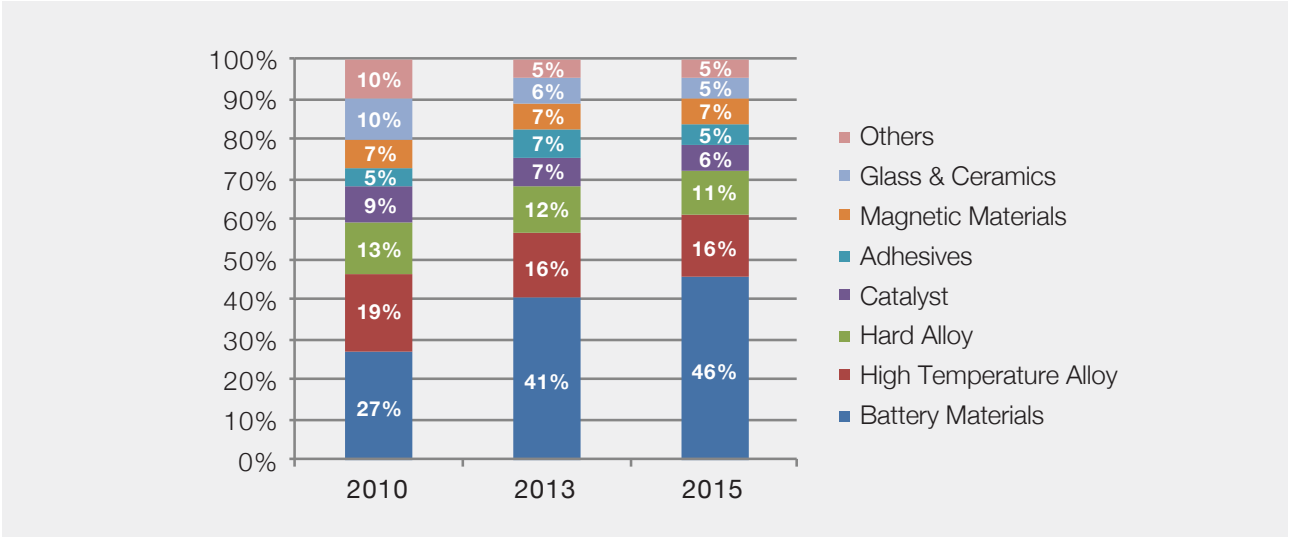
Figure 13 – **Cobalt Consumption – 2015 Estimates**



Source: ResearchInChina, CDI

New economy demand growth continues to outpace overall economic growth rates and will continue to dominate the cobalt demand picture for the foreseeable future. By way of illustration, in the mid 1990s, only 1% of cobalt demand came from lithium ion batteries. Then, driven by successful market penetration of lithium ion technology, global cobalt demand reached 2,900t in 1999 continuing to 40,563t in 2015, representing a Compound Annual Growth Rate (CAGR) of 17.9% in those 16 years.

Figure 14 – **Cobalt Demand Breakdown – By Application 2010–2015**

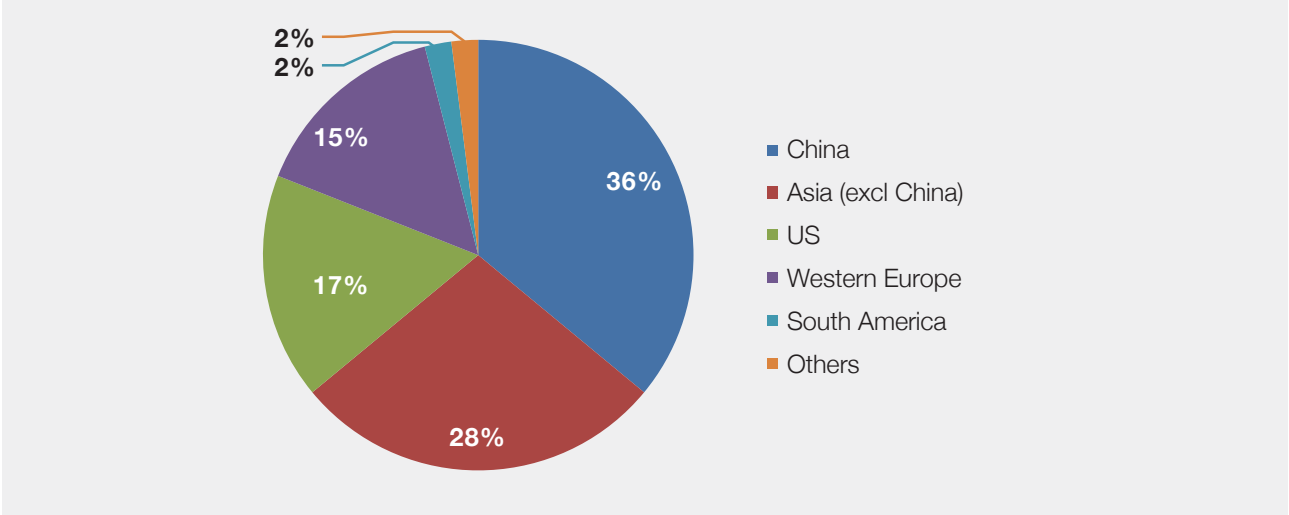


Source: ResearchInChina, Antaike

5.4 Structure of Cobalt Industry + Key Incumbents

Since 2000, parallel to cobalt demand increases driven by battery materials and super alloys, a geographical demand shift away from developed regions such as the US and EU and towards Asia, in particular China, has occurred. Demand in Asia today has far outstripped the ROW with China and Rest of Asia consuming 36% and 28% of the global cobalt market respectively. Figure 15 below shows Global Cobalt Demand by Country / Region.

Figure 15 – **Global Cobalt Demand by Country / Region**



Source: ResearchInChina

5.5 Cobalt Demand for batteries

The cobalt based lithium ion battery was first commercialised by the Sony Corporation of Japan. This technology possesses a number of physical characteristics that represent a significant improvement on the incumbent Nickel Metal Hydride (NiMH) and Nickel Cadmium (NiCd) battery technologies. In particular, lithium ion batteries possess high specific energy (energy/weight), low rates of self discharge (ability to lose charge/energy over time) and are generally maintenance free. Lithium ion batteries may be classified as cobalt versus non cobalt based, with major commercial types shown below:

Cobalt Based Battery Technologies:

Cobalt alloys form part of the lithium ion battery's cathode material. There are three dominant cobalt based cathode materials; namely:

(a) Lithium Cobalt Oxide – ($LiCoO_2$) ~60% Co, commonly called LCO

LCO batteries were developed as an early generation lithium ion battery and have subsequently taken mass market share, particularly for small portable devices. The drawback of LCO is a relatively short life span, low thermal stability and limited load capabilities (specific power). LCO is maturing and newer systems include nickel, manganese and/or aluminium to improve longevity, loading capability and cost. Uses include mobile phones, tablets, laptops and cameras.

(b) Lithium Nickel Manganese Cobalt Oxide: ($LiNiMnCoO_2$) ~15% Co, commonly called NMC

NMC batteries have improved lifespan and specific energy relative to LCO batteries. Uses include electric bikes, medical devices, electric vehicles including the Nissan Leaf, Chevy Volt and BMW i3 and industrial applications.

(c) Lithium Nickel Cobalt Aluminium Oxide ($LiNiCoAlO_2$) ~9% Co, commonly called NCA

NCA batteries are a more recent development and possess even higher energy densities that NMC batteries. However, they have lower life spans. Uses include medical devices, industrial and electric powertrains, specifically for Tesla motor vehicles.

Non-Cobalt Based Battery Technologies:

(d) Lithium Manganese Oxide ($LiMn_2O_4$) (no cobalt), commonly called LMO

LMO batteries possess specific energies that are typically lower than LCO. However, the technology has greater design flexibility that allows for batteries to be optimised for either longevity (life span), power or specific energy. Uses include power tools, medical devices and electric powertrains.

(e) Lithium Iron Phosphate ($LiFePO_4$) (no cobalt), commonly called LFP

LFP batteries possess good power characteristics, high current rating and a long life span. The chemistry also provides thermal stability and enhanced safety for high temperature or demanding conditions. The battery is typically used to replace a lead acid battery requiring strong currents and endurance.

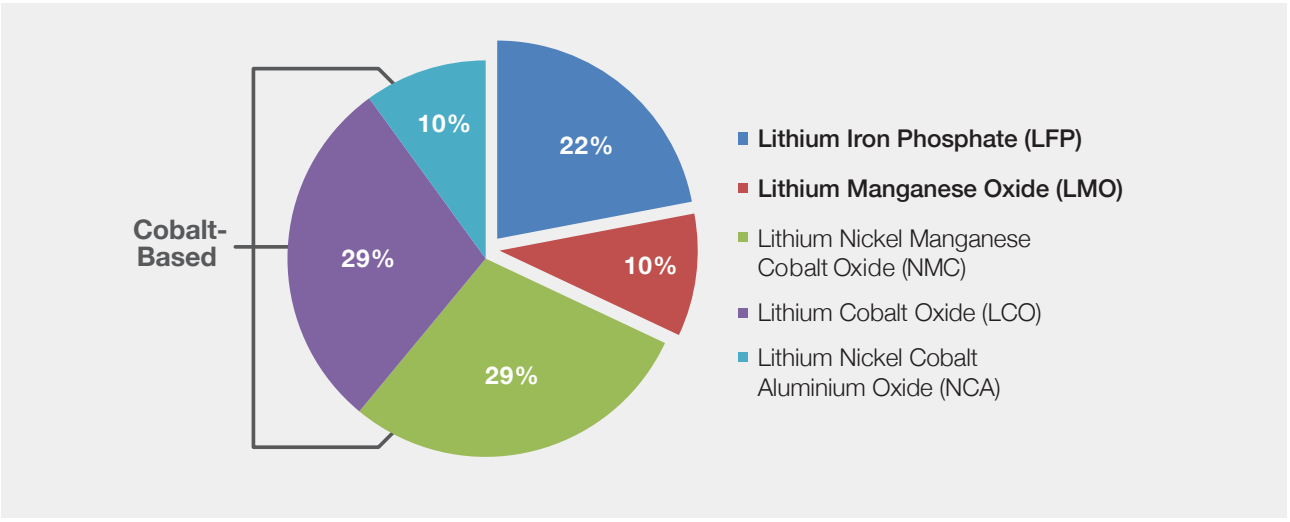
Outside of lithium ion batteries, the other dominant rechargeable chemistries remain NiMH and NiCd. NiMH batteries contain nickel (50%), rare earths (30%) and cobalt (6%-10%) whilst NiCd batteries also include nickel and the use of the toxic heavy metal, cadmium, which remains a potential source of pollution/contamination (and thus the European Union has taken legislative steps to ban these batteries from 2016).

Market Share:

Global shipments of battery cathodes (of which cobalt forms an alloying constituent) reached 223,400t in 2015, surging by 30% yoy. Cobalt based batteries continue to dominate with LCO, NMC and NCA technology supplying 68% of the global lithium ion battery market.

Figure 16 below highlights the Global Demand Breakdown of Lithium Ion Batteries by Type – 2015.

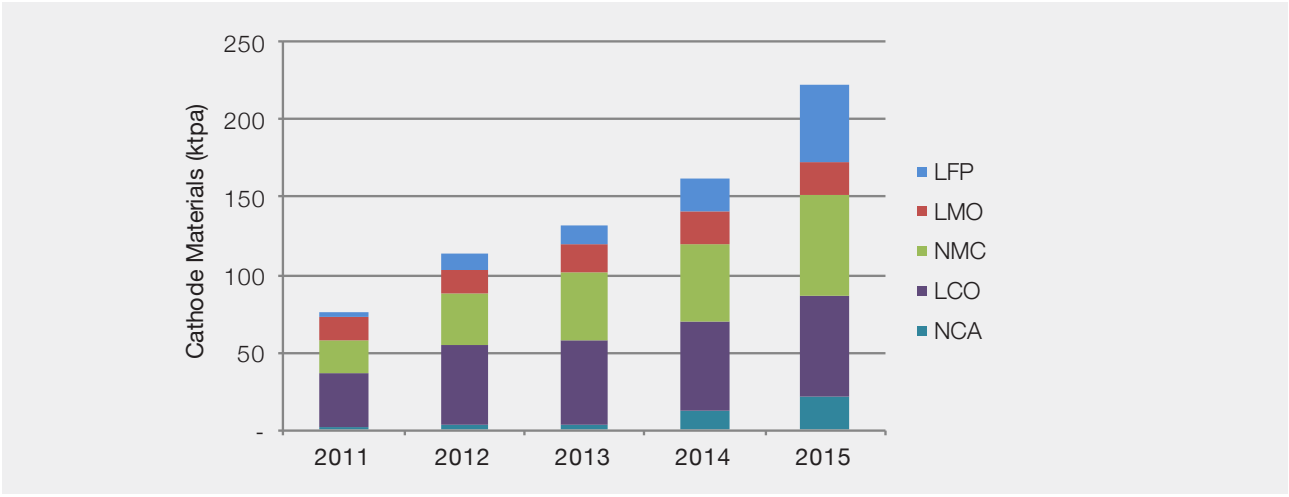
Figure 16 – **Global Demand Breakdown of Lithium Ion Batteries by Type – 2015**



Source: ResearchInChina

Examining the last 5 years (2011–2015) historical data for cathode shipments reveals solid growth across all battery types, with leaders being LFP (non cobalt) and NCA (cobalt) growing by 92% & 83% CAGR respectively (2011–2015), while more mature technologies such as LCO (cobalt) and LMO (non cobalt) grew by 16% and 10% CAGR respectively (2011–2015). Figure 17 below shows the Global Demand for Cathode Materials (ktpa) by technology 2011–2015.

Figure 17 – **Global Demand – Cathode Materials (ktpa) 2011–2015**

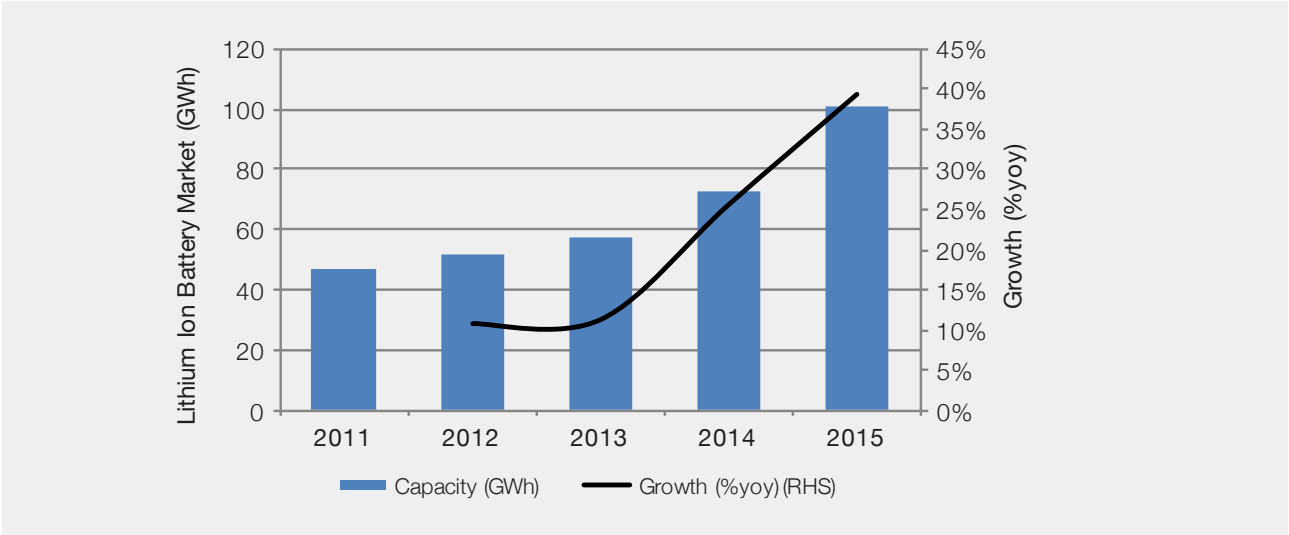


Source: ResearchInChina

5.6 The Lithium Ion Battery Market

Demand for lithium ion batteries to create energy storage solutions is increasing, with global storage (measured as Giga Watt Hours or GWh) expanding from 46 GWh (2011) to over 100 GWh (2015) representing a five year 16.7% CAGR. Figure 18 below shows the Global Lithium Ion Battery Market (GWh) 2011–2015.

Figure 18 – **Global Lithium Ion Battery Market (GWh) 2011–2015**



Source: ResearchInChina, USGS

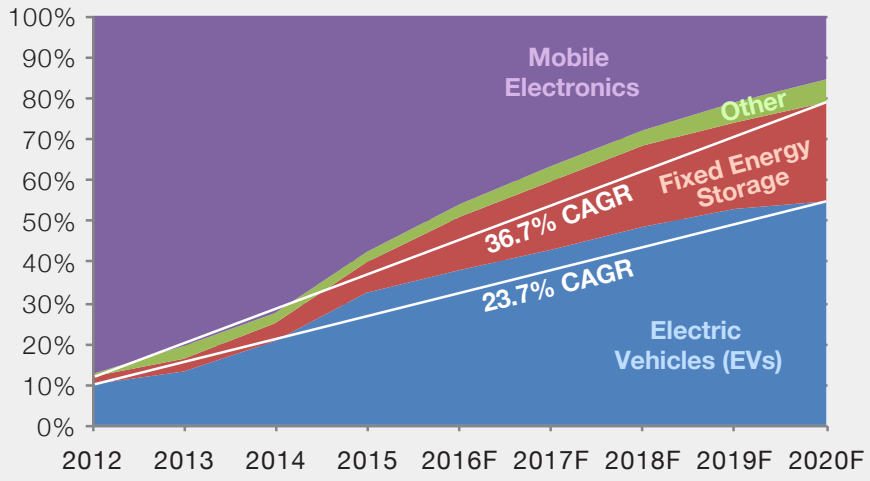
Lithium ion battery demand is driven by three broad categories of end use:

(a) Electric Vehicles – includes Battery Electric Vehicles (BEVs) and Plug in Hybrid Vehicles (PHEVs), Hybrid Electric Vehicles (HEVs), commercial trucks, buses and electric bikes. Globally, EV market growth remains robust, incentivised by significant policy support. EV adoption policies are in effect direct subsidies which are typically designed to deliver energy security, air quality and/or Greenhouse Gas (GHG) emission reductions. Over the last 15 years the EU, US, Japan and China have continuously raised standards for vehicle fuel economy and green house gas emissions, incentivising automotive manufacturers to develop electric alternatives to traditional internal combustion engine designs. EV demand, coupled with increasing battery size as required by the shifting from smaller (~1kWh) HEV batteries (eg: Toyota Prius) to larger EV batteries (~85kWh) (eg: Tesla Model S) is driving significant demand growth – with 2012-2020F 23.7% CAGR.

(b) **Fixed Energy Storage –** includes centralised and decentralised behind/front of meter energy storage. The economics of large scale energy storage, allowing households or entire communities to store electrical energy (when it is inexpensive) and consume it (when it is expensive) generates significant economic benefits for the consumer (bill savings), the network (reduced capital and maintenance costs) as well as environmental goals (decarbonisation of grid). Fixed energy storage is forecast to grow strongly (off a small base five years ago) at 2012–2020F 36.7% CAGR. Battery size in this segment varies greatly from modular domestic units (eg: Enphase Inc modular batteries @ 1.2kWh) to massive commercial scale battery banks totalling GWh.

(c) **Mobile Electronics –** typically small and portable devices such as laptops, tablets and mobile phones. Mobile Electronics represents small battery size combined with longer cycle life and has held the dominant end use share of lithium ion batteries for nearly two decades coming into 2010. The small rate of Mobile Electronics battery growth (representing near fully penetrated markets multiplied by small battery sizing) relative to EVs and fixed energy storage, will see market share compress from 2012 87.5% to 2020F 15.3%. Figure 19 below shows the Lithium Battery Demand By Application (Global) 2012–2020F.

Figure 19 – **Lithium Battery Demand By Application (Global) 2012–2020F**



Source: China Industrial Association of Power Sources, ResearchInChina

Production of lithium ion batteries is dominated by the triumvirate of China, Japan and Korea with 95% of global market share. World class production is predicated upon economies of scale coupled with intensive research and development programs. All three of these Asian production powerhouses have displayed a long term focus on battery technology, design and manufacture. Given its initial research and development, Japan received a head start on early generations of lithium ion design and manufacture, but has steadily been losing share as global economics dictate lower production cost centres (Korea and China) gaining share.

China possesses a capital and labour cost advantage and is now dominating lithium ion battery production for the base customer electronics market. Further, China remains a major processing hub for (lithium, cobalt and graphite) lithium ion raw materials, so domestic battery manufacturers retain a logistical advantage compared to exported intermediate products. Figure 20 below shows the Global Lithium Ion Battery Production by Country 2011–2014.

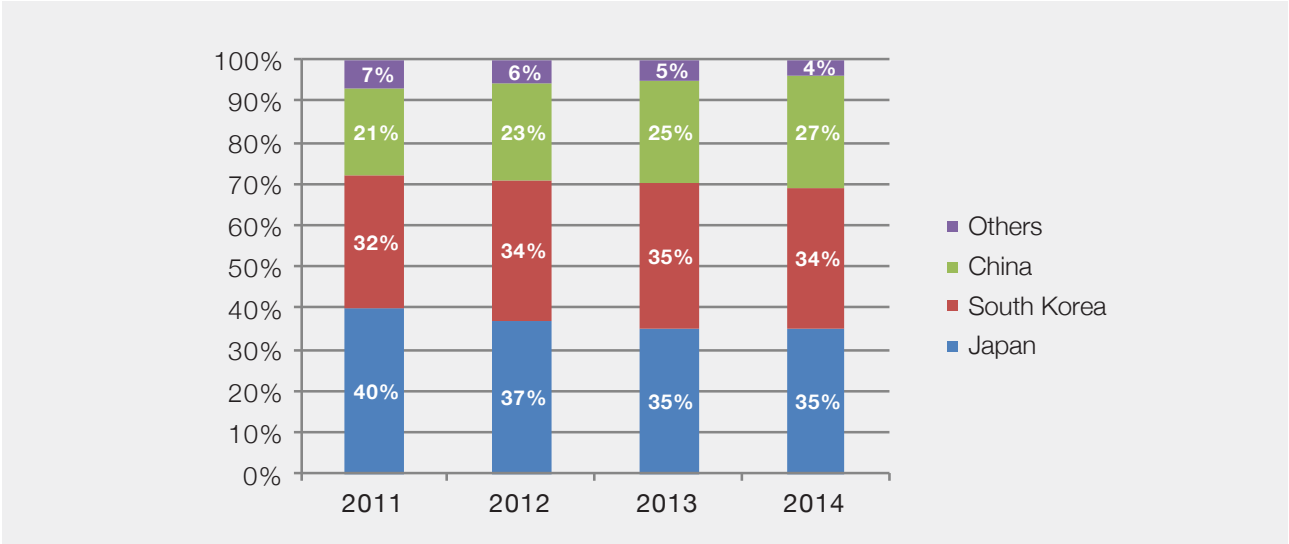
5.7 Cobalt Demand for industrial applications

Cobalt alloys are used for a variety of industrial applications. At a machining level, cobalt is used widely as a simple alloying element creating hardness for cutting tool purposes. Blending cobalt with iron or nickel based metals also creates a higher melting point alloy than its constituents, imparting better strength, toughness and fatigue properties at higher operating temperatures. Cobalt based alloys also typically exhibit superior corrosion resistance, particularly at elevated temperatures, making them ideal for gas turbines/jet engine applications.

5.8 Hard Alloys

Hard alloys are used broadly as tooling materials for cutting cast iron, non-ferrous metal, plastic, glass and stone, or cutting difficult to machine materials like heat resistant steel and tool steel. As a binder metal for hard alloys, cobalt typically makes up 10–15% of the content of the tool. Currently, the global hard alloy market is maturing and displaying increasing cost sensitivity and commoditisation. Global hard alloy producing countries include the U.S., Russia, Sweden, China, Germany, Japan, the UK and France. In more recent years, global hard alloy output has grown steadily, but at a slowing pace. As the largest hard alloy producer worldwide, China's output makes up 38% of the global total, closely followed by Europe with 26%.

Figure 20 – **Global Lithium Ion Battery Production by Country 2011–2014**



Source: ResearchInChina

During 2009–2015 the hard alloy market displayed an overall growth uptrend that hid significant year to year volatility. The entry/exit of smaller, higher cost Chinese enterprises with fractional market share creates this near term volatility. Indeed, Chinese production of hard alloys is characterised as highly fragmented, with production output of the Top 8 producers contributing only 27% of the national total in 2014. At present, there are approximately 600–700 hard alloy producers in the world (excluding such Chinese small and medium enterprises). Larger, western world producers include Sandvik (Sweden), Kennametal (U.S.), Iscar (Israel), Mitsubishi Materials (Japan), Toshiba Tungalloy (Japan) and Ceratizit (Luxembourg). Hard alloys are defined in terms of their raw material composition – Table 7 below classifies cobalt based hard alloys.

Table 7 – **Classification of Cobalt Based Hard Alloys**

Type	Abbreviation	Features and Application
Tungsten Cobalt Alloy	YG	Flexural strength, medium hardness and workable particularly at low cutting speeds. Used for machining cast iron, non ferrous alloys and insulating materials
Tungsten Cobalt Titanium Alloy	YT	High hardness and abrasion resistance, lower toughness, used primarily for machining more plastic materials such as steel
Tungsten Titanium Tantalum (Niobium) Cobalt Alloy	YW	High hardness and good temperature resistance. Used for machining alloy steels, cast iron and carbon steels, often used as a general hard alloy
Titanium Carbide-Based Alloy	YN	Excellent Hardness and high temperature oxidation resistance. Used for high speed cutting tools to finish steel
Coated Alloy	CN	Abrasion and oxidation resistant, high matrix strength. Used for steel, cast iron, non ferrous metals and related alloy machining tools

Source: ResearchInChina

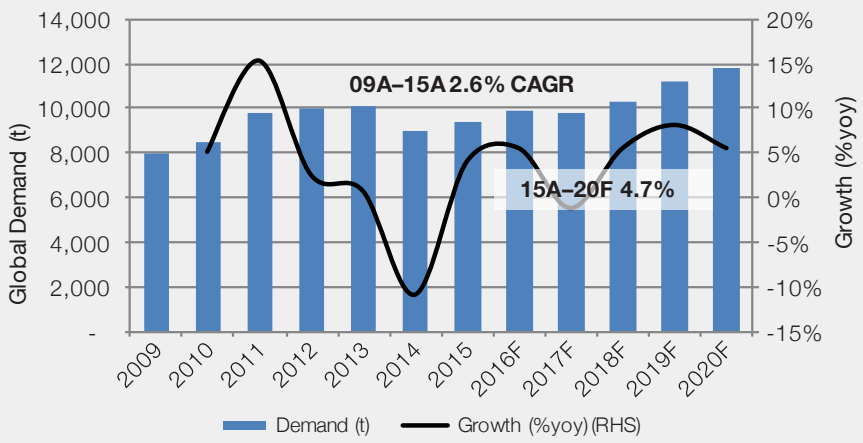
During 2015, the global hard alloy market reached approximately 65,000t, with the underlying demand for cobalt estimated at 9,359t. Figure 21 below shows both historical and forecast Global Demand for Cobalt Based Hard Alloys 2009–2020F.

5.9 Magnetic Materials

Cobalt, nickel and iron are ferromagnetic materials exhibiting unique magnetic behaviours. Traditionally, the use of magnetic materials was aimed at rotating machines (generators and motors) and electrical power transformers. However, the development of specialty magnets in the 1980s, such as neodymium-iron-boron (NdFeB), aluminium-nickel-cobalt (AlNiCo) and samarium-cobalt (SmCo) magnets led to a large increase in available magnetic energy, at the same time as new devices such as computer disk drives, magnetic resonance imaging scanners and high efficiency direct current motors required increasingly powerful magnets.

Breaking down the magnetic materials demand segment, 40% of cobalt is used within AlNiCo permanent magnetic alloys, 30% for SmCo alloys, and 30% for other rare earth permanent magnet materials. Around 2011, the soaring price of rare earths witnessed a

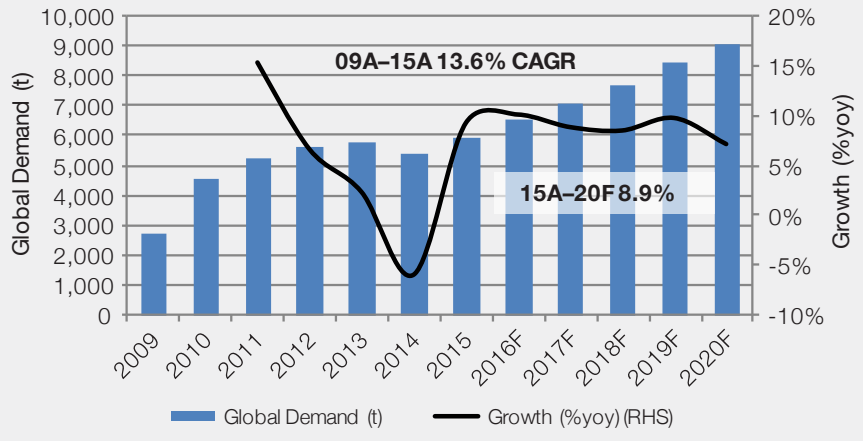
Figure 21 – **Global Demand for Cobalt Based Hard Alloys 2009–2020F**



Source: ResearchInChina

demand shift to the (non rare earth containing magnetic materials such as) AlNiCo permanent magnet alloys; however, the collapse of rare earth pricing since 2013 has helped NdFeB permanent magnets re-enter the market in size. Figure 22 shows Cobalt Based Magnetic Materials – Global Demand (t).

Figure 22 – **Cobalt Based Magnetic Materials – Global Demand (t)**



Source: ResearchInChina

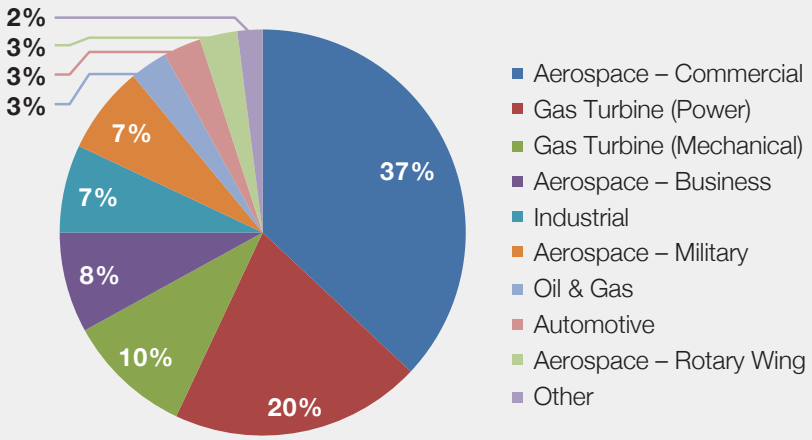
5.10 Superalloys

A superalloy is an alloy capable of withstanding high temperatures (typically >6000°C), high stresses, and often highly oxidizing (rust promoting) atmospheres with cobalt being one of its main alloying elements. Superalloys are used primarily used in aerospace, nuclear power, gas turbines and automobiles. Iron and nickel-based superalloys typically contain 10–20% cobalt.

Globally, superalloy market demand totalled 300,000t in 2015. Chinese trade statistics highlight the widening gap in supply and demand over time, with high end superalloys increasingly being imported. However, energised by a supportive, domestically focussed industrial policy, Chinese superalloy production is expected to grow rapidly over the next decade supporting national aerospace, nuclear power and other downstream industries.

Currently, the largest superalloy application is aerospace, occupying ~50% of total consumption (consisting of commercial, business and rotary wing segments), the power sector 20% and machinery 10%. Figure 23 below shows Cobalt Based Super Alloy Applications.

Figure 23– **Cobalt Based Super Alloy Applications**

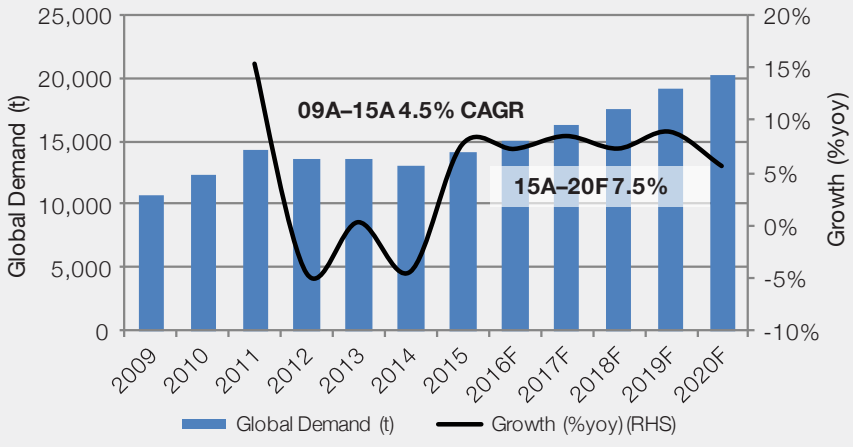


Source: ResearchInChina

Despite a moderation in developed nations demand in the immediate aftermath of the global finance crisis (2012–2014), demand growth is again expected to remain robust overall (2016F–2020F) with total (cobalt based superalloy) global demand expected to reached 7.5% CAGR over that period.

Figure 24 below shows Cobalt Based Super Alloys - Global Demand (t).

Figure 24 – **Cobalt Based Super Alloys – Global Demand (t)**



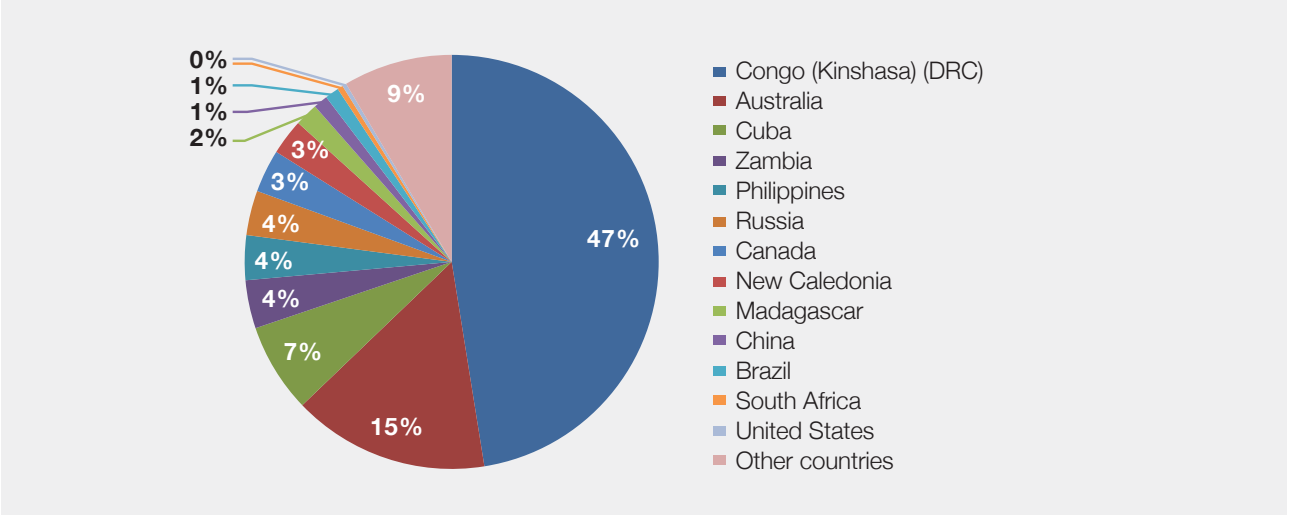
Source: ResearchInChina

5.11 Supply

Sources of cobalt

Cobalt ranks 33rd in abundance of all metals in the earth's crust and is widely scattered, however it appears in economic quantities in less than 20 countries globally. In 2015, global cobalt resources totalled approximately 7.1 mt, concentrated in the Democratic Republic of Congo (the DRC or Congo), Zambia, Cuba, Australia and other countries. The DRC ranked first globally with a cobalt resource of 3.4mt; Australia and Cuba occupying second and third places respectively with 1.1mt and 0.5mt. Figure 25 below shows global cobalt resources – 2015 estimates.

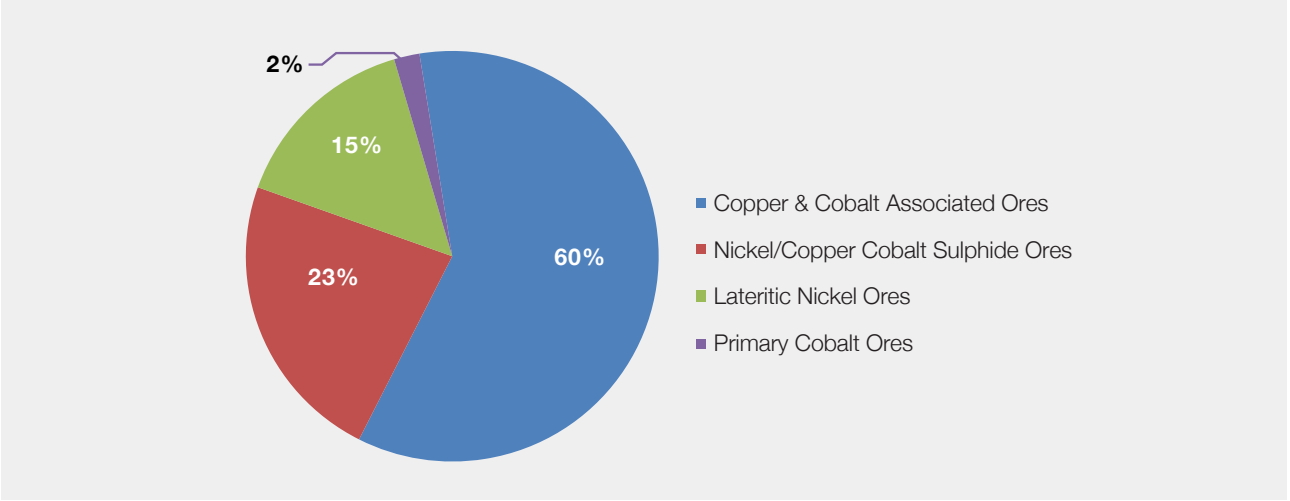
Figure 25 – **Global Cobalt Resources – 2015 Estimates**



Source: ResearchInChina, USGS

Global cobalt production comes mainly from associated ores, of which copper and cobalt-associated ores accounts for 60%, nickel–copper–cobalt sulphide ores 23%, lateritic nickel-cobalt ores 15%, and primary cobalt ores and other only 2%. Thus, cobalt bearing pyrite ores (a subset of primary cobalt ores) contribute only a fraction of global supply. Figure 26 below shows Global Cobalt Production By Resource Type (%).

Figure 26 – **Global Cobalt Production by Resource Type (%)**



Source: ResearchInChina, USGS

5.12 Cobalt production by region

The global cobalt market (2015) is highly concentrated with the top five countries supplying 76% of the global market. The DRC alone supplies 51% of the global market, highlighting the dependence the cobalt market has on one country to supply, and keep on supplying, this strategic metal. Table 8 below shows the Output of Cobalt in Major Countries, 2012–2015.

5.13 Major Cobalt producers

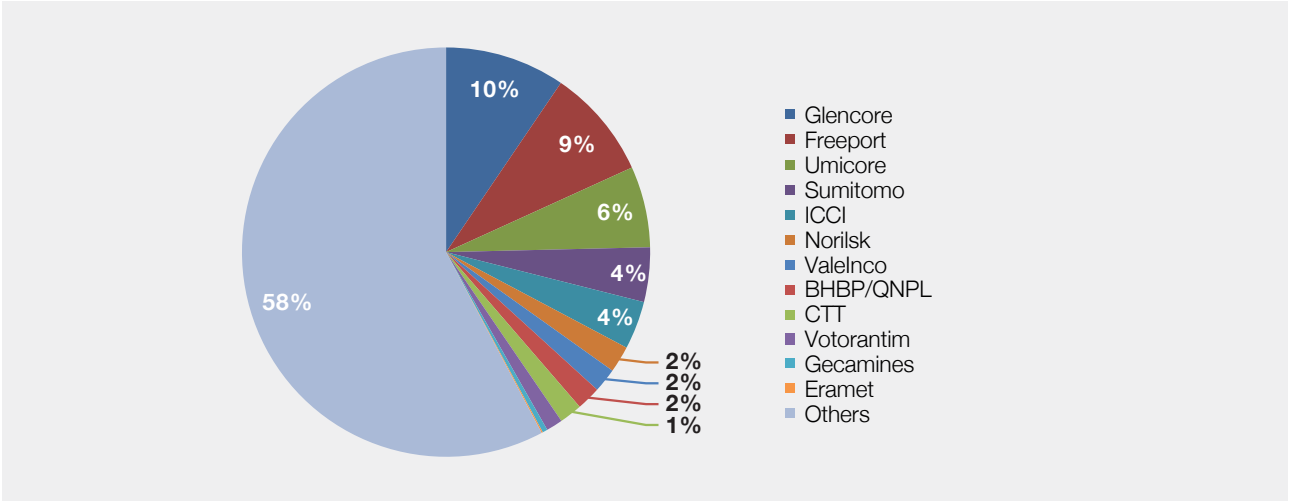
Global cobalt supply by producer (2015) remains highly fragmented as African nations (in particular) typically form joint ventures with global mining and metals processing companies, and sell cobalt through their marketing arms. The top 4 producers are Glencore (10%), Freeport McMoran (9%), Umicore (6%) and Sumitomo (6%) with a significant rump of "others" totalling 58% (of which 86% are Chinese state industries performing refined cobalt processing from raw ores). Figure 27 below shows Global Cobalt Supply by Company (%), focussed on publically listed mining and metals processing businesses.

Table 8 – **Output of Cobalt in Major Countries, 2012–2015**

Country/Region	2012	2013	2014	2015
Congo (DRC)	51,000	54,000	63,000	63,000
China	7,000	7,200	7,200	7,200
Canada	6,625	6,920	6,570	6,300
Russia	6,300	6,300	6,300	6,300
Australia	5,882	6,400	5,980	6,000
Zambia	4,200	5,200	5,500	5,500
Philippines	2,600	3,000	4,600	4,600
Cuba	4,900	4,200	3,700	4,200
Madagascar	–	–	3,100	3,600
New Caledonia	2,620	3,190	4,040	3,300
South Africa	2,500	3,000	3,000	2,800
Brazil	3,900	3,000	2,600	2,600
USA	–	–	120	700
Other	5,473	7,590	7,290	7,900
Global	**103,000**	**110,000**	**123,000**	**124,000**

Source: ResearchInChina, Antaike

Figure 27 – **Global Cobalt Supply by Company (%) 2015**



Source: ResearchInChina, CDI

5.14 Refined Cobalt Market Balance – 2008A–2015A

In the aftermath of the global financial crisis, cobalt prices edge lower. Despite the robust demand growth witnessed in 2015 (where demand picked up by 9.9% yoy to 89,000t), the cumulative market balance was becoming looser with only one year of market deficits recorded over the previous seven. Over 2015 the cobalt spot price averaged US$ 12.51/lb, dropping 15.1% yoy. During Q1 2016, international prices remained stable, but over Q2–Q3 2016 prices have risen to regain 2015 average pricing. Table 9 below shows Historical Cobalt Market Balance (t) and Pricing (US$/lb) including an associated chart.

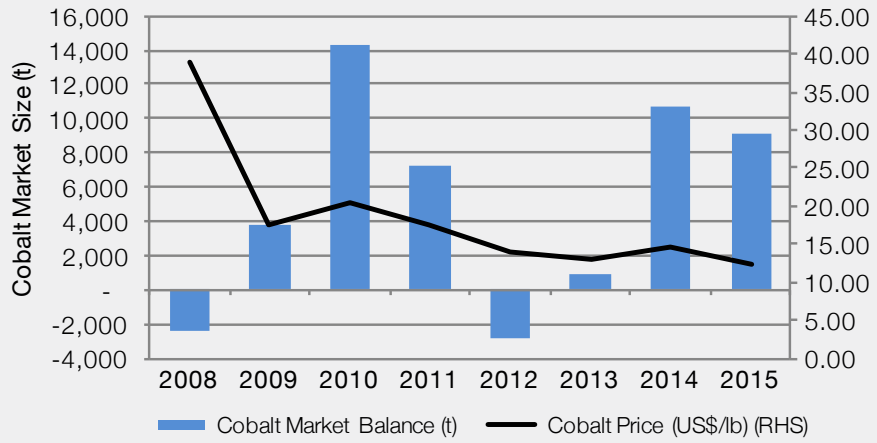
5.15 Potential cobalt projects – impact

Recent (2009–2015) cobalt price weakness has been responsible for the lower level of investment committed to existing or new mines. Examining all potential mine openings/expansions over 2016–2018F (refer Table 9 below), there will be 23,000t gross of potential new supply (representing a 7.6% production growth rate 2016–2018F). Despite the positive numbers, it is considered highly unlikely all of this tonnage will actually be delivered to the market (typically a fraction of new production targets are met).

Table 9 – **Historical Cobalt Market Balance (t) and Pricing (US$/lb)**

	2008	2009	2010	2011	2012	2013	2014	2015
Supply (t)	56,800	59,851	79,262	82,247	77,189	85,904	91,754	98,113
Demand (t)	59,177	56,000	65,000	75,000	80,000	85,000	81,000	89,000
Cobalt Market Balance (t)	–2,377	3,851	14,262	7,247	–2,811	904	10,754	9,113
Cobalt Price (US$/lb)	38.90	17.55	20.41	17.55	13.92	13.00	14.73	12.51

Source: ResearchInChina, CDI



Source: ResearchInChina, CDI

Table 10 – **New Cobalt Projects (2016F–2018F)**

Year	Country	Project	Type	Resource Characteristics	Annual Capacity (t)
2016	Australia	Nova Nickel	New mine	Nickel and cobalt associated ore	850
2016	Congo (Kinshasa) DRC	Etoile Leach SX–EW plant	New Mine + supporting smelting	Copper & cobalt associated ore	4,500
2016	USA	Idaho Cobalt	New Mine + supporting smelting	Layered cobalt	1,525
2016	USA	NorthMet, Phase One	New Mine + supporting smelting	Copper & nickel & cobalt associated ore	360
2017	Canada	NICO	New Mine site relocation	Gold & cobalt & bismuth associated ore	1,615
2017	Congo (Kinshasa) DRC	Luiswishi, Lukuni	–	–	3,100
2017	Zambia	Cobalt converter slag	Mine expansion	Copper & cobalt associated ore	500-700
2018	Australia	Gladstone Nickel, Stage One	New Mine	Nickel and cobalt associated ore	5,000
2018	Congo (Kinshasa) DRC	Project Minier, Stage 2	New Mine	Copper & cobalt associated ore	4,600
2018	Zambia	Muliashi	–	–	959

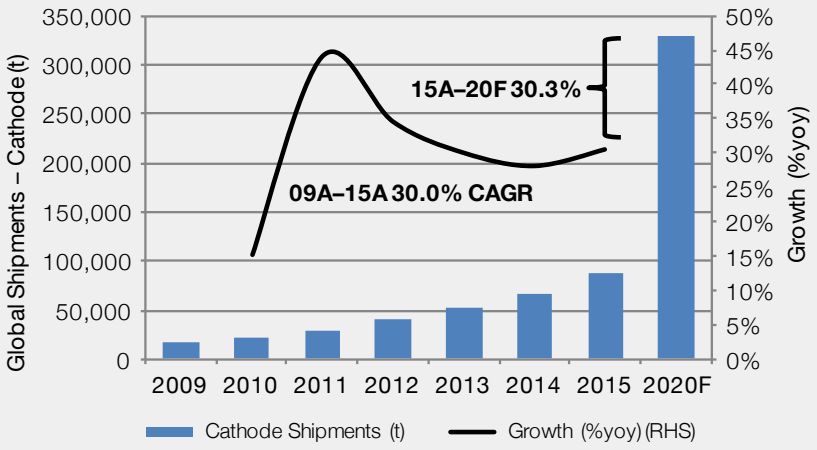
Source: ResearchInChina, USGS

On a net supply basis, (including existing supply curtailments) the cobalt market is forecast to grow (2015-2018F) by only 2.4% CAGR and (2015–2020F) 3.5% CAGR, a more modest supply picture. In 2016, the main projects are Etoile Leach SX–EW plant in Congo (DRC), Nova Nickel in Australia, and Idaho Cobalt (now called e-cobalt) in the US, with a combined capacity of 6,875t. Table 10 on the previous page shows potential cobalt projects (2016F–2018F).

5.16 Cathode Market Forecast

Improvement in EV driving range and ownership economics, with subsequent consumer take up, increased penetration of fixed storage devices (both household and utility scale), combined with increases in stability and safety performance of lithium ion batteries, will become key drivers to battery demand. EV batteries will dominate the 2020F battery market (aggregate 54.7% of all battery materials) and growth (2015–2020F 23.7% CAGR), with Fixed Energy Storage (aggregate 24.4% of all battery materials) and even more impressive growth (2015-2020F 36.7% CAGR). The net effect of this demand will drive strong battery materials demand of (2015–2020F) 30.3% CAGR hitting 320,000t in 2020F. Figure 28 below shows Global Shipments of Battery (Cathode) Material (t).

Figure 28 – **Global Shipments of Battery (Cathode) Material (t)**

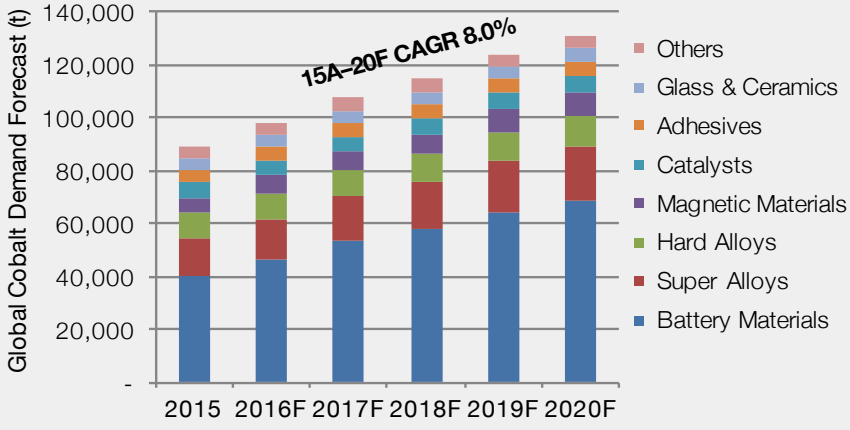


Source: ResearchInChina

5.17 Price Forecast and Conclusion

Despite global cobalt demand reaching 89,000t (+9.9% yoy) in 2015, the industry was still in oversupply. In 2016 the market is finally in balance, and will swing to increasing multiyear deficits as factors determining cobalt demand (articulated in this research as battery materials, superalloys, magnetic alloys and hard alloys) drive a net demand growth of 2015–2020F 8% CAGR against modest net supply growth of 3.5% CAGR. Figure 29 below shows Global Cobalt Demand Forecast by Application (t).

Figure 29 – **Global Cobalt Demand Forecast by Application (t)**

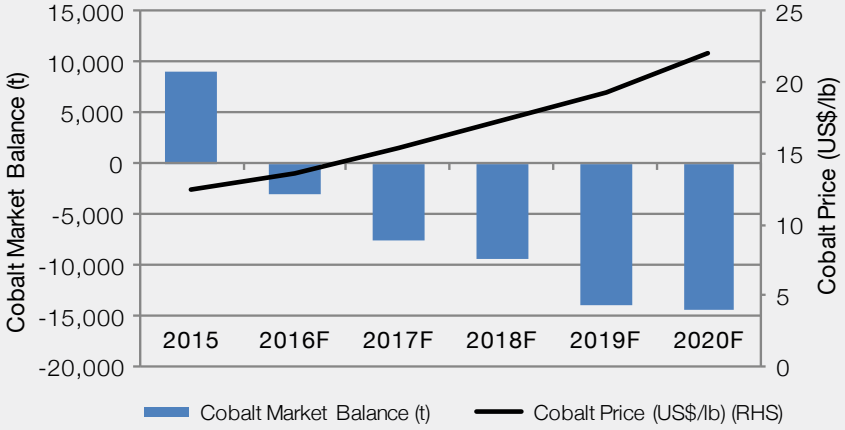


Source: ResearchInChina

Looking over the 2011–2020F decade, the market is forecast to report a cumulative deficit of over 22,000t, creating pricing incentives to deliver semi-finished and previously unreported inventories into the market place. Further, the maturing of the cobalt derivatives market with larger customers increasingly enthusiastic to hedge supply risk over longer time frames, will create positive spot price pressures.

On the supply side, the growing political and economic risks within the DRC, as well as the continuing shocks of copper and nickel mines being shut (in turn caused by well supplied copper and nickel markets) will continue to pressure cobalt supply growth. Against this global backdrop of modest supply and robust demand, the 2016-2020F cobalt price is forecast to achieve US$22/lb. These trends are shown below in Figure 30 – Global Cobalt Market Balance (t) and Pricing Forecasts (US$/lb).

Figure 30 – **Global Cobalt Market Balance (t) and Pricing Forecasts (US$/lb)**



Source: ResearchInChina

Section 6
Independent Consultant's Industry Report
Sulphuric Acid

Friel Consulting Services 2016

September 2016

This section provides an introduction to the sulphuric acid industry with selected focus upon Australia, including a description of the production processes, key applications, pricing and market balance.

6.1 Sulphuric Acid – Industry and Market Overview

Sulphuric acid, once known as Oil of Vitriol, is one of the most important industrial chemicals used today. As a consequence, it is also one of the largest volume chemicals produced globally. Sulphuric acid is produced across a wide range of industries with the majority being used in the production of phosphate fertilisers.

Sulphuric acid is a highly reactive acid and is completely miscible in water. While it tends to be a clear, oily liquid, it can vary in colour from clear to dark brown or black depending on the source of production and its intended use. For stability, plant reliability and transport

Table 11 – **Sulphuric Acid Applications**

Industrial Applications of Sulphuric Acid		
Adhesives & Sealants	Intermediates	Processing Aids – general
Adsorbents & Absorbents	Ion Exchange Agents	Processing Aids – Petroleum Industry
Agricultural Chemicals	Laboratory Chemicals	Propellants and Blowing Agents
Bleaching Agents	Oxidising/reducing agents	Solids Separation Agents
Car Battery Industry	Photosensitive Chemicals	Solvents for Cleaning & Degreasing
Corrosion Inhibitors and Anti-Scaling Agents	Pigments	Solvents (which become part of the formulation or mixture)
Dyes	Plasticisers	Surface Active Agents
Fuels & Fuel Additives	Plating Agents and Surface Treating Agents	
Functional Fluids	Process Regulators	

Source: Friel Consulting Services 2016

efficiency, it is generally produced, shipped and stored at a concentration of 98% w/w (% weight per weight) with a relative density of approximately 1.8 g/ml.

While over 50% of sulphuric acid is used in the manufacture of phosphate fertilisers, the rest of the market (industrial applications) has a vast array of uses across multiple industries which is set to drive ongoing demand. An overview of sulphuric acid industrial applications is shown at Table 11 on the previous page.

6.2 Methods of Production

Driven by demand consistency and broad industrial applications there has been a steady stream of production capacity coming on line. Production methods for sulphuric acid primarily vary by source material, however the vast majority involve sulphur dioxide (SO_2) as the precursor to sulphuric acid production.

The key source (estimated at 60%) of all SO_2 is the direct burning of elemental sulphur,

$$S + O_2 \rightleftarrows SO_2$$

Sulphur inputs may also be sourced by processing off-gases from roasting of iron pyrites (as is anticipated with the Thackaringa cobalt project),

$$4\,FeS_2 + 11\,O_2 \rightleftarrows 2\,Fe_2O_3 + 8\,SO_2$$

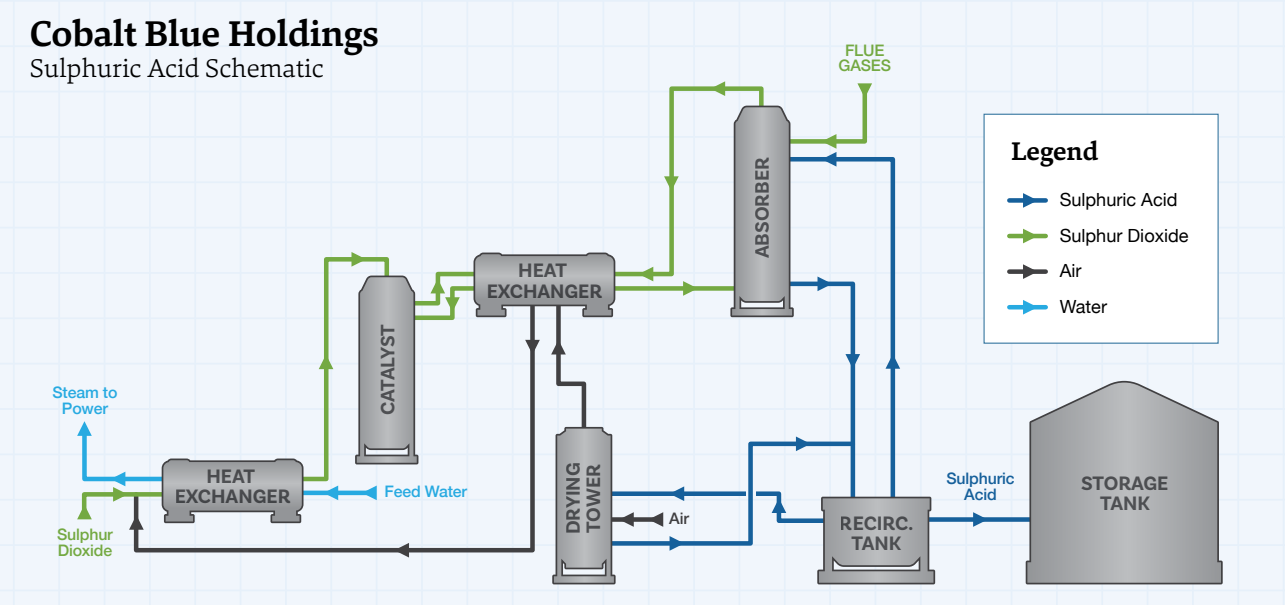
or smelting off gases such as those of lead and copper,

$$2\,PbS + 3\,O_2 \rightleftarrows 2\,PbO + 2\,SO_2$$

$$2\,CuFeS_2 + 5\,O_2 \rightleftarrows 2\,Cu + 2\,FeO + 4\,SO_2$$

From this point the process typically involves the conversion of SO_2 to SO_3 using a catalyst. This is known as the contact process due to the intimate contact of sulphur dioxide and oxygen with the catalyst. The SO_3 produced is then absorbed into sulphuric acid at around a 98% concentration. This is critical for managing corrosion and ensuring the maximum life of the associated assets. The process for producing sulphuric acid is shown in Figure 31 below.

Figure 31 – **Sulphuric Acid Production Process Overview**



Source: Friel Consulting Services 2016

Environmental restrictions on SO_2 emissions continue to tighten, with operational efficiency and cost recovery critical to the competitiveness of manufacturing industries in Australia. The proportion of sulphuric acid generation from recovery processes has steadily increased both locally and globally, forcing the shutdown of some sulphur burning plants. In Australia, these facilities are typically adjacent to smelters. Production is such that large quantities of sulphuric acid are need to be stored and readily transported to a dedicated customer or the market. On an industrial scale, transport is typically by rail and ship, however, some is transported by road where necessary (typically to smaller customers); for example used for industrial cleaning or water treatment, and it is generally restricted to coastal areas.

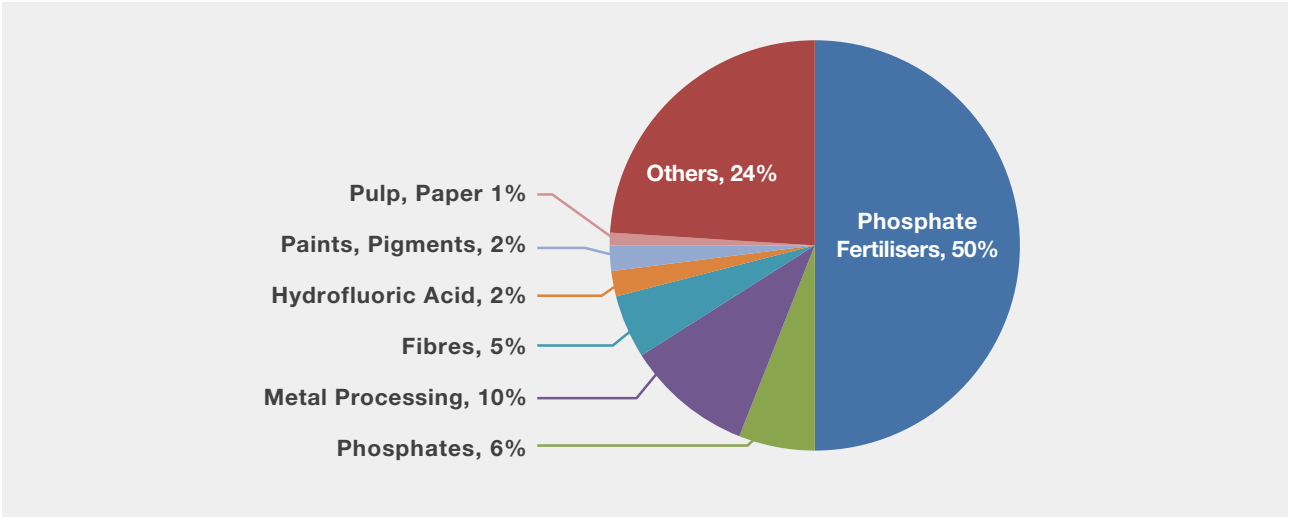
As one would expect, the specialised nature of the process creates a technological high bar for specialist acid plant technology, a segment with few providers. Incumbents include Haldor Topsoe, Outotec and Ausenco, with these services often provided on a "lump sum, turnkey"' basis.

6.3 Demand Overview

Figure 32 below illustrates global consumption by industry with phosphate fertilisers representing the dominant consumer of sulphuric acid. This trend is unlikely to change significantly in the coming years with additional fertiliser production capacity creating a steady demand for sulphuric acid supply. This is driven by the fundamentals of an increasing population, the wealth and associated dietary effect within developing markets and the subsequent demand on agriculture for high volume, quality crops. Due to the sheer volume of sulphuric acid traded every year and the tight market balance, product pricing reflects a commodity whose behaviour is closely related to global phosphate fertiliser prices.

Excess phosphate fertiliser production capacity remains, with consumption forecasts for moderate 2% yoy increases in the near term, which will in turn will require additional sulphuric acid. The overall outlook for sulphuric acid remains positive. Friel Consulting Services is forecasting compound annual demand growth rates to average 2.6% yoy through to 2023F. Further demand from metal ore leaching and chemical synthesis is predicted to contribute to continued growth beyond 2023F.

Figure 32 – **Global Sulphuric Acid Consumption by Industry**



Source: Friel Consulting Services 2016

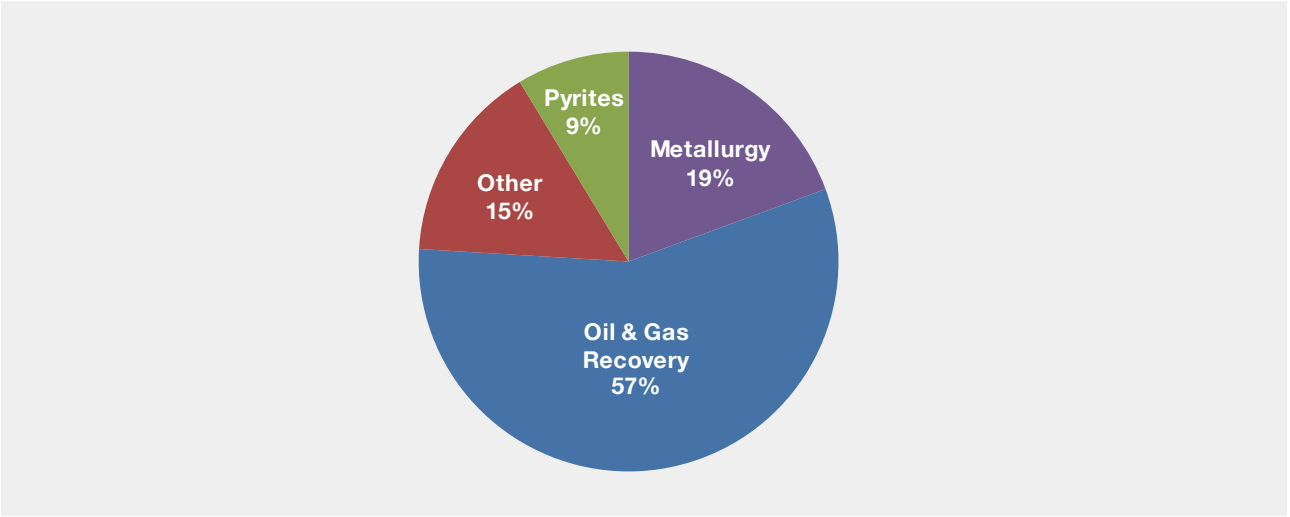
Within Australia, key incumbents in the phosphate fertiliser market include CSBP Fertilisers (part of Wesfarmers Energy, Chemicals and Fertilisers Group) and Incitec Pivot. Sulphuric acid demand for leaching (metallurgical) processes also remains significant, particularly given Australia's large precious and base metals industries. For example, BHP Billiton's Olympic Dam Project at Roxby Downs utilises significant volumes of sulphuric acid and is forecasting future expansion during 2018F–2019F.

Whilst sulphuric acid is generally traded as a domestic company to company commodity, the international market remains a secondary marketplace, typically utilised when the domestic market is temporarily unavailable. This may occur when managing downstream interruptions to demand; for example customer outages (planned & unplanned). Port Pirie (South Australia) has easiest access to international trade, however, there are other facilities located around the coast of Australia. Interacid SA is a key trader with significant storage facilities in Australia. Similarly, Coogee Chemicals stores and distributes sulphuric acid with storage capacity on both coasts of Australia.

6.4 Supply

Global sulphuric acid production capacity is estimated (2012) at approximately 290 mtpa, with over 60% of this supply coming directly from elemental sulphur (in turn accounting for 90% of total sulphur consumption). Most of this elemental sulphur is involuntary production, typically a by-product of oil refining, recovery from natural gas or produced from smelter off-gases as previously mentioned. Figure 31 below shows total sulphur production globally by industry. Key sulphur exporters are the oil/gas producing nations including Canada, the Middle East, Russia and the former Soviet States. Figure 33 shows total sulphur production globally by industry. Key sulphur exporters are the oil/gas producing nations including Canada, the Middle East, Russia and the former Soviet States.

Figure 33 – **Global Sulphur Production (2012)**

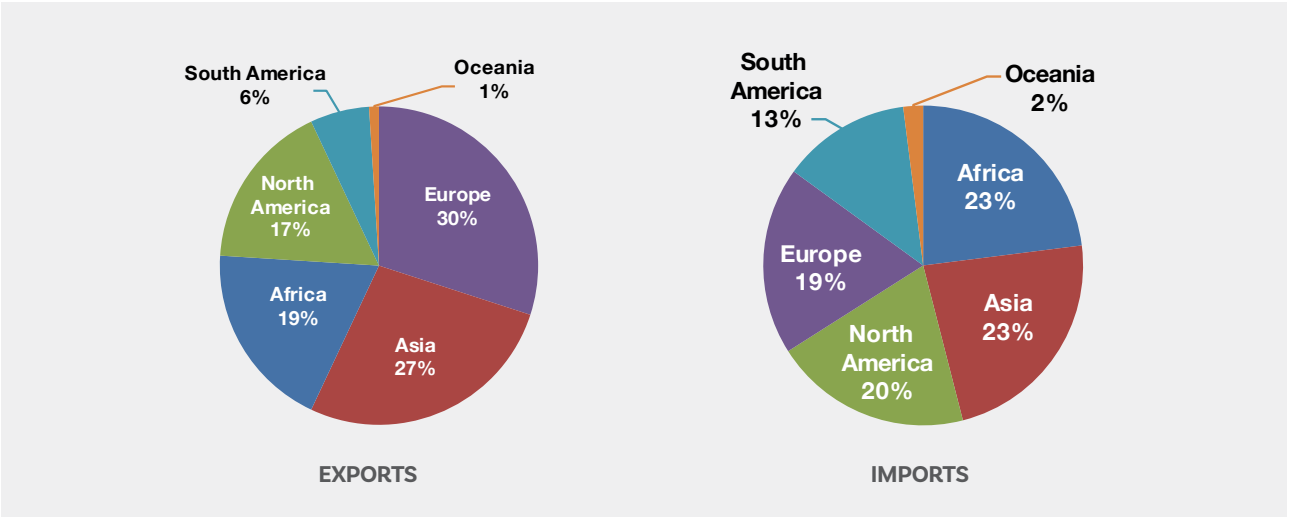


Source: Friel Consulting Services 2016

6.5 Pricing and Market balance

The global sulphuric acid (2014) market in was valued at US$68Bn. Figure 34 shows the breakdown the global market by import/export by continent. On an individual basis, the single largest exporter was Zambia (sulphuric acid produced from copper smelting), representing all exports from Africa. Interestingly, the single biggest importer was the Democratic Republic of Congo (sulphuric acid needed for metallurgical leaching) at 19% of the total import trade globally.

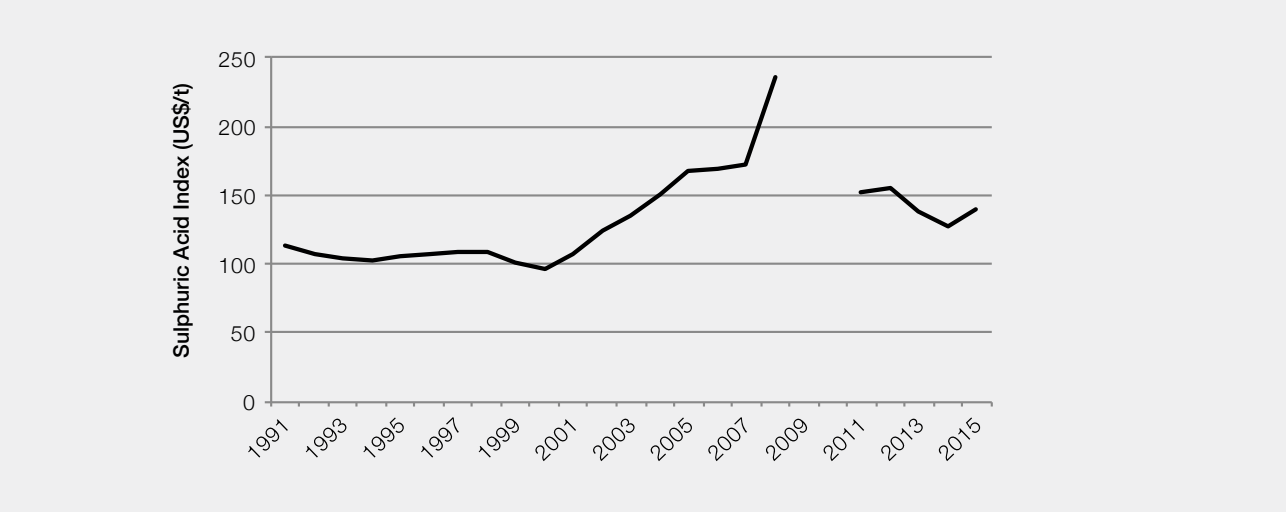
Figure 34 – **Global Sulphuric Acid Trade (2014)**



Source: Friel Consulting Services 2016

With the majority of sulphuric acid is used for the production of phosphate fertilisers, it is not surprising that the spot price of each rise and fall together. Looking back over the last 20 years, a peak in phosphate prices in 2008 in turn drove sulphuric acid prices to over US$300/t from a more typical ~US$100/t coming into 2000. Soon after this peak, an abrupt fertiliser price correction occurred, with sulphuric acid dragged down as low as US$30/t, after which prices normalised soon and were trading in a range above US$100/t (US Gulf benchmark), which is the case today. The US sulphuric acid price index, shown in Figure 35 below, reflects the 2008 anomaly and highlights the typically behaviour and price range of sulphuric acid price.

Figure 35 – **US Sulphuric Acid Price Index**



Source: Friel Consulting Services 2016

6.6 Summary

Sulphuric acid is one of the most widely used chemicals worldwide. A large proportion of the feedstock sulphur is involuntary by way of elemental sulphur from oil and gas or from SO_2 gas generated from smelting and other processes. The market balance is deemed to be stable going forward with both supply and demand steadily increasing through demand in fertiliser and mineral processing, and with additional production capacity coming online.

As a commodity with some transient excess capacity, sulphuric acid pricing can display volatility and any financial modelling should utilise a conservative price forecast over the long term. Consideration should also be given to identifying potential partners/customers where demand ensures continued operations of the primary production process, namely roasting of pyrites. Furthermore, the closer the acid production facility is to the off take facility the better, whether that is a commercial partner or a trade port. The logistics of freight for sulphuric acid also need to be carefully considered and distances/handling minimised.


Joe Kaderavek
Hugh Keller
Robert Biancardi

Section 7
Board, Management and Corporate Governance

7.1 Board of Directors

The Board of the Company has a broad experience base covering mineral exploration, cobalt, financial management and investment in Australia. The Board is well positioned to implement the Company's strategic objectives. The following table provides information regarding the Directors, including their ages and positions.

Name	Age	Position	Independence[1]
Robert Biancardi	54	Independent Chairman	Yes
Josef Kaderavek	49	Chief Executive Officer and Executive Director	No
Hugh Keller	67	Independent Director	Yes
Anthony (Trangie) Johnston	42	Non-Executive Director	No

Note:

1 The Board considers that a Director is an independent director where that Director is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of the Director's judgement. The Board has also assessed the independence of its Directors regarding the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

7.2 Details of Directors

Details of each of the Directors are set out below.

Robert Biancardi

Chairman, Independent, Non-Executive Director (appointed 2 September 2016)

Robert Biancardi is an experienced executive with more than 35 years' commercial experience across the finance, IT, healthcare and services sectors.

Robert has previously held senior roles at IBM, Citibank and Westpac. His recent roles include director of Evolution Healthcare, a leading private hospital operator. He has been a director and chief executive officer of a number of companies, including Rockridge Group (Private Equity) and Hutchisons (Child Care Services) Ltd, an ASX listed services company.

He has served as a director and president of the Restaurant & Catering Association of NSW for 13 years and has been a board member of the Heart Foundation of Australia (FIPOC) for over 7 years. Robert recently joined the Board of the Diabetes ADEA Association and the Board of The Bread & Butter Project, a social enterprise.

Robert holds the following qualifications:

- BCom (Management and Marketing) (Wollongong University); and
- Diploma Corporate Management (AGSM – University of NSW).

Robert has extensive corporate advisory and capital management experience with a specialisation in corporate marketing and substantial public/private board experience.

Independence or affiliations:	Robert Biancardi is independent
Interests and remuneration:	3,228,106 Shares and 2,000,000 Options held indirectly at the date of this Prospectus 3,228,106 Shares and 2,000,000 Options held indirectly on completion of the In Specie Distribution by BPL A$50,000 per annum as Director fees
Legal or disciplinary action:	Nil
Insolvent companies:	Nil

Josef Kaderavek

Chief Executive Officer and Executive Director (appointed 24 October 2016)

Josef Kaderavek commenced his career as an RAAF Engineering Officer before transitioning to PricewaterhouseCoopers, where he was responsible for preparing operational reviews and examining strategic options across mining, processing, railway and port facilities throughout Australia, North America and Europe.

Over the last 15 years he has been involved in equities/investment research (including senior roles with Deutsche Bank and Five Oceans Asset Management) focussed on mining, minerals processing and energy storage technologies.

Most recently, Josef held an international consulting role with a focus on renewable energy and battery storage technologies.

Josef holds the following qualifications:

- BEng (Aeronautical Engineering) (University of Sydney);
- GCertEng (Reliability Engineering) (Monash University); and
- Master of Business Administration (MBA) (Deakin University).

Josef has significant experience in managing investments in the global resources and minerals processing industries, and in managing turnaround projects supporting corporate targets, merger and divestment activities. Josef also has a detailed understanding of the energy storage market and battery technology.

Independence or affiliations:	Josef Kaderavek is not independent.
Interests and remuneration:	2,625,000 Shares and 2,750,000 Options held indirectly at the date of this Prospectus 2,625,000 Shares and 2,750,000 Options held indirectly on completion of the In Specie Distribution by BPL

	A$195,000 per annum in remuneration under the terms of an executive services agreement with the Company – refer to section 7.3.
Legal or disciplinary action:	Nil
Insolvent companies:	Nil

Hugh Keller

Non-Executive Director, Independent (appointed 31 October 2016)

After graduating with a law degree, Hugh Keller had a successful career as a solicitor in Sydney and became a partner at Dawson Waldron (now Ashurst) in 1976 and remained a partner in its successor firms for 34 years until retirement from full time legal practice in 2010. During his time at the firm, Hugh served as joint national managing partner, Sydney office managing partner, chairman of the staff superannuation fund, one of the practice leaders and as a board member.

Hugh was a non-executive director of ASX listed Thakral Holdings Ltd and a member of its Audit Committee until the company was acquired in a public takeover by Brookfield.

Hugh was also as a non-executive director of LJ Hooker Ltd and a member of its audit committee. Hugh has also served as chairman of a large private investment company, several small investment companies and a private small exploration company.

Hugh currently provides consulting services to several companies and is, and has been for over 10 years, a non-executive director of a charity and chairman of its audit committee.

Hugh holds a LLB from the University of Sydney.

Hugh has extensive legal experience and expertise in the review of commercial contracts and arrangements, as well as experience in public company audit committee procedures and requirements and hands on experience in the dynamics of managing people and resources in long term large projects.

Independence or affiliations:	Hugh Keller is independent.
Interests and remuneration:	425,000 Shares and 1,500,000 Options held directly at the date of this Prospectus 755,000 Shares and 1,582,5000 Options held directly on completion of the In Specie Distribution by BPL - assuming Hugh Keller subscribes for and is issued with 330,000 shares and 82,500 Loyalty Options on completion of the Offer A$45,000 per annum as Director fees
Legal or disciplinary action:	Nil
Insolvent companies:	Nil

Anthony (Trangie) Johnston

Non-Executive Director (appointed 31 October 2016)

Anthony (Trangie) Johnston is a geologist with 20 years' experience in exploration, project development and mining activities. His diversified career spans the private, public, consulting and government sectors, with experience extensively throughout Australia and internationally.

Trangie is currently the Chief Executive Officer of Broken Hill Prospecting Limited (BPL), an exploration company focused on the development of strategic technology metals. His previous roles include corporate and senior management positions at KBL Mining Limited, MM Mining Limited, Compass Resources Limited and SRK Consulting Pty Ltd.

Trangie holds the following qualifications:

- BSc Hons 1st Class (Newcastle University) (AusIMM Charles Marshall Thesis Award); and
- MSc (Economic and Mining Geology) (University of Tasmania – CODES).

Trangie is experienced in a diverse range of ore deposit types, commodities and operations and has a sound understanding of geo-scientific, metallurgical and engineering principles. He has previously implemented programs for resource and reserve expansion through maiden discoveries and deposit extensions across the base and precious metals, bulks, energy and rare earth markets.

	Trangie is a Competent Person with detailed knowledge of JORC 2012 compliance and regulatory framework.
Independence or affiliations:	Anthony (Trangie) Johnston is not independent.
Interests and remuneration:	187,500 Shares and 750,000 Options held directly at the date of this Prospectus
	421,460 Shares and 750,000 Options held directly on completion of the In Specie Distribution by BPL
	A$40,000 per annum in Director's fees
	Anthony (Trangie) Johnston's appointment as a technical consultant to the Company is documented in accordance with the terms of the Management Services Agreement, a summary of which is contained in section 13.3.
Legal or disciplinary action:	Nil
Insolvent companies:	Nil

7.3 Services agreement and letters of appointment

Services Agreement – Executive Director

A summary of the key terms of the Services Agreement with the Company's Executive Director and Chief Executive Officer is set out below.

Josef Kaderavek

Chief Executive Officer and Executive Director

Details of the Director's Service Agreement

Josef Kaderavek and the Company entered into an executive services agreement on 24 October 2016 which has the following terms:

- Mr Kaderavek is appointed as Chief Executive Officer and Executive Director on a full-time basis.
- Mr Kaderavek's appointment will continue until terminated in accordance with the executive services agreement.
- The Company may suspend Mr Kaderavek's appointment at any time and for any duration if, for example, the Company suspects he has committed a serious breach of the executive services agreement.
- After the completion of an initial 6 month probation period, either the Company or Mr Kaderavek may terminate the executive services agreement at any time by providing the other party with three months' written notice of termination.
- The Company may terminate Mr Kaderavek's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr Kaderavek commits any an act of fraud, insubordination, gross misconduct, gross negligence, is charged with any offence or is declared bankrupt.
- An annual gross salary of A$195,000 is payable to Mr Kaderavek by the Company.
- For a period of 9 months following the termination of the appointment for any reason, Mr Kaderavek is, amongst others, prohibited from working in any capacity for a competitor of the Company.
- If the position is made redundant, and Mr Kaderavek's employment is terminated, then Mr Kaderavek will receive a severance payment equal to his annual remuneration package.
- Mr Kaderavek is entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company.

Letters of Appointment–Non-Executive Directors

Each of the Company's Non-Executive Directors has entered into Letters of Appointment with the Company to serve as Non-Executive Directors. Each of the Letters of Appointment provide that amongst other things, in consideration for their services, the Company will pay the following fees to the Non-Executive Directors.

Name	Position	Amount per annum
Robert Biancardi	Non-Executive, Independent Chairman	A$50,000
Hugh Keller	Non-Executive, Independent Director	A$45,000
Anthony (Trangie) Johnston	Non-Executive Director	A$40,000

7.4 Corporate governance

The Board is responsible for the overall corporate governance of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company.

The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. In general the Board assumes the following responsibilities:

- providing leadership and setting the strategic objectives of the Company;
- appointing and when necessary, replacing the Executive Directors and Chief Executive Officer;
- approving the appointment and when necessary, replacement of other senior executives;
- undertaking appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, as a director;
- overseeing management's implementation of the Company's strategic objectives and its performance generally, including as manager under the Farm In Joint Venture Agreement;
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- ensuring that the Company has in place an appropriate risk management framework, and setting the risk appetite within which the Board expects management to operate; and
- monitoring the effectiveness of the Company's governance practices.

In conducting business, the Board's objective is to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company's corporate governance principles and policies are structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASX Corporate Governance Principles**), which are as follows:

Recommendation 1:	Lay solid foundations for management and oversight
Recommendation 2:	Structure the board to add value
Recommendation 3:	Act ethically and responsibly
Recommendation 4:	Safeguard integrity in corporate reporting
Recommendation 5:	Make timely and balanced disclosure
Recommendation 6:	Respect the rights of security holders
Recommendation 7:	Recognise and manage risk
Recommendation 8:	Remunerate fairly and responsibly

The following is a summary of policies and procedures that have been adopted by the Company and in accordance with the ASX Corporate Governance Principles and lodged with the ASIC.

Board Charter

The Board Charter sets out the functions and responsibilities of the Board.

Audit and Risk Committee Charter

The Company has established an Audit and Risk Committee which operates under the Audit and Risk Committee Charter. The Audit and Risk Committee Charter sets out the role of the Audit and Risk Committee which oversees the processes for financial reporting, internal control, financial and non-financial risk management, external audit and monitors the Company's compliance with laws, regulations and its own policies and evaluates the adequacy of processes and controls established to identify and manage areas of potential risk. The Audit and Risk Committee is comprised of three Non-Executive Directors, two of whom are independent.

Nomination and Remuneration Committee Charter

The Company has established a Nomination and Remuneration Committee which operates under the Nomination and Remuneration Committee Charter. The Nomination and Remuneration Committee Charter sets out the role of the Nomination and Remuneration Committee, its composition, responsibilities, meeting requirements and reporting procedures. The Nomination and Remuneration Committee is comprised of three Non-Executive Directors, two of whom are independent.

Section 7
Board, management and corporate governance

Code of Conduct

The Code of Conduct provides a set of guiding principles which are to be observed by all employees of the Group and addresses matters that are relevant to the Company's legal and ethical obligations to its Shareholders. The Code of Conduct outlines requirements in respect of the Directors' discharge of their duties, relationships, compliance with laws and ethics, conflicts of interest and confidentiality.

Share Trading Policy

The Share Trading Policy sets out the Company's policy with regard to trading in the Company's securities. The Share Trading Policy applies to all directors, key management personnel and other employees of the Company and their associates. The Share Trading Policy outlines the general prohibition on insider trading, restrictions on trading, how permission to trade must be sought, what are trading windows and closed periods for trading, and how proposed trading in securities must be notified to the Company.

Diversity Policy

The Diversity Policy provides a framework for the Company to set measurable objectives for achieving diversity and sets out the procedures by which the Board can report the progress of these objectives in order to achieve a diverse and skilled workforce.

Continuous Disclosure and Shareholder Communications Policy

The Continuous Disclosure and Shareholder Communications Policy sets out how the Company will comply with the continuous disclosure requirements of the ASX Listing Rules and how Shareholders are to be informed of all material developments in respect of the Company.

Copies of these charters, codes and policies are available in full on the Company's website at **www.cobaltblueholdings.com.** The Company will also send you a free paper copy of its charters and policies should you request a copy during the Offer Period.

ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles.

The Board considers that the while Company largely complies with the ASX Corporate Governance Principles, it has the following departure to report.

Recommendation 2.4: ***A majority of the board of a listed entity should be independent directors.***

Not Compliant

The Board comprises one Executive Director and three Non-executive Directors. Two of the Non-executive Directors are considered independent.

In view of the size of the Company and the nature of its activities, the Board considers that the current mix of skills, qualifications and experience on the Board is consistent with the Company's current circumstances and its long-term interests. The Company considers that the Board possesses the skills and experience suitable for building the Company.

The Board intends to review its composition as the Company's operations evolve.

7.5 Board Skills Matrix

The mix of skills and diversity currently represented on the Board as at 2 November 2016 is as follows:

Category	Skill/Quality	Percentage
Professional Skills	Mineral exploration	25%
	Cobalt Industry	50%
	Financial	75%
	Management and operations	50%
	Investment	75%
	Corporate Governance	50%
	Audit and Risk Management	50%
	Strategy	50%
Gender diversity	Female	0%
	Male	100%

Section 8
Risk Factors

8.1 Overview

An investment in the Company will be exposed to a number of risks.

Risks that the Directors believe are key risks are described under the headings "Risks related to the Company's business and risks related to the industry in which the Company operates" (see section 8.2 of this Prospectus) and "Risks related to the Offer and an investment in Shares" (see section 8.3 of this Prospectus).

The key risks are the risks that senior management and the Directors focus on when managing the business of the Company and have the potential, if they occurred, to result in significant consequences for the Company and an investment in it.

There are also risks that are common to all investments in shares and which are not specific to an investment in the Company; for example, the general volatility of share prices including as a result of general economic conditions (including monetary and fiscal policy settings as well as exchange and interest rates) in Australia and elsewhere and other events outside the usual course of the Company's business such as acts of terrorism or war.

Investors should note that the occurrence or consequences of some of the risks described in this section of the Prospectus are partially or completely outside the control of the Company, its Directors and senior management. Further, investors should note that this description focuses on the risks referred to above and does not purport to list every risk that the Company may have now or in the future. It is also important to note that there can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements or forecasts contained in this Prospectus will be realised or otherwise eventuate.

Investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section of the Prospectus, and have regard to their own investment objectives, financial circumstances and taxation position before investing in the Company. If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in Shares or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional advisor before deciding whether to invest.

8.2 Risks related to the Company's business and risks related to the industry in which the Company operates

The risks related to the Company's business and risks related to the industry in which the Company operates are detailed below.

Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Thackaringa Cobalt Project is successfully developed and production commences. Exploration and development costs and pursuit of its business plan will reduce the Company's current cash reserves and the amount raised under the Offer. The Thackaringa Cobalt Project is subject to the terms of the Farm In Joint Venture Agreement between the Company and BPL, which sets out amongst other things, the milestones that need to be achieved in order for the Company to obtain 100% beneficial ownership and legal title to the Thackaringa Cobalt Project. Under the minimum and maximum subscription respectively, the Company will be able to undertake 51.6% and 69.5% of the work required to achieve 100% beneficial ownership of the Thackaringa Cobalt Project under the Farm In Joint Venture Agreement. Accordingly, the Company may seek to raise further capital in the future.

Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.

Conditionality of the Offer

The obligation of the Company to issue Shares under the Offer is conditional on completion of the In Specie Distribution. If BPL is unable to undertake the In Specie Distribution, the Company will not proceed with the Offer. Failure to complete the Offer may have an adverse effect on the Company's financial position.

Newly incorporated

The Company was incorporated on 26 August 2016. Accordingly, it has no operating history and is in the process of establishing processes and procedures required to ensure compliance as a listed public company.

An investment in the Company is therefore speculative.

Title risk

Rights in relation to mining rights in New South Wales are governed under The Mining Act 1992 which provides the mechanism for the NSW Government to regulate exploration and mining by granting authorities. The authority gives holders exclusive rights to explore or mine for the mineral group(s) for which the authority is granted. They are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if the licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

The Titles Review Committee (TRC) assesses all applications and makes recommendations for the decision maker to consider regarding grant, renewal or refusal. Tenements to be held by the Company or its subsidiaries are subject to periodic renewal. Renewal, although straightforward, is not automatic, and is subject to approval, which approval can be denied where a default notice has been issued. Renewal may include additional or varied expenditure or work commitments or compulsory relinquishment of the areas comprising projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

There are 6 agreements registered on the title of ML86 and ML87. The Company has been unable to obtain copies of these agreements to be able to ascertain their purpose or validity. Although these agreements appear to be historical, the Company is unable to comment upon whether or not they are still on foot or (for example) grant material rights to third parties or impose obligations on the tenement holder. Notwithstanding, BPL has provided a letter of assurance to the Company dated 31 October 2016 wherein it confirmed that it undertook due diligence of the tenements as part of an Independent Tenement Report in respect of its own listing on the ASX in 2010, and that BPL's tenement manager conducted a recent review of the Mining Register details and the status of the registered agreements, including accessing the archives of the Department of Trade and Investment NSW Resources and Energy Division. There is a risk that the counterparties to these agreements could make a claim in respect of the tenements. Refer to section 12 for further information about this assurance.

Native title risk

The effect of the Native Title Act 1993 (Cth) (**NTA**) is that existing and new tenements held by the Company may be affected by native title claims and procedures. The Company has not undertaken the historical, legal or anthropological research and investigations at the date of this Prospectus that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement.

There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by the company which may affect the operation of the Company's business and exploration activities.

Exploration risk

There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or further, a commercial mining operation. There are risks inherent with the nature of the Company's business, being that of mineral exploration. Mineral exploration is a speculative endeavour and there can be no guarantee that the Company will achieve any of its mineral exploration objectives contained in this Prospectus or otherwise.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

Occupier's consent

The title to mineral rights may also be affected by the provisions of law which provide for the protection of lawful occupiers of the area. Where a mineral right granted to an applicant is over an area of land inhabited by lawful occupiers then the Company as a holder of such a mineral right (over the course of time) is required to obtain the lawful occupier's written consent, following necessary consultation, prior to exercising any of the rights conferred under its mineral right. Failure to obtain the lawful occupier's prior written consent would not invalidate the licence holder's mineral right but the lawful occupier may make a claim against the licence holder.

Commodity price volatility and exchange rate risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, prices of various commodities and services may be denominated in United States dollars, whereas the reporting currency of the Company is in Australian dollars, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Metallurgical recoveries

The economic viability of cobalt recovery depends on a number of factors such as the development of an economic process for the treatment of Thackaringa iron pyrite ore. Further, changes in mineralogy may result in inconsistent recovery of cobalt.

Estimation of Mineral Resources and Ore Reserves

There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the grade of Mineral Resources and Ore Reserves may vary depending on, among other things, cobalt and sulphuric acid prices. Any material change in quantity and grades of Mineral Resources, Ore Reserves, or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in the price of cobalt and sulphuric acid, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any mineral resource estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and/or Ore Reserves, could have material adverse effect on the Company's financial condition.

Contractual risk

The Company holds its interest in the Thackaringa Cobalt Project through the Farm In Joint Venture Agreement it has entered into with Broken Hill Prospecting Limited. The Farm In Joint Venture Agreement is capable of being terminated in the event of certain events of default. If such a default occurs, and the Farm In Joint Venture Agreement is terminated in accordance with its terms, the Company may lose some or all of its interest in the Thackaringa Cobalt Project.

Such termination will reduce the Company's future revenue and have a material adverse effect on the Company's business and operations.

Actions of competitors

The Company may face competition from other entities in the mineral exploration sector who may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential clients and greater financial, marketing and other resources.

Larger agencies enjoy wider recognition and superior economies of scale. Any significant competition may adversely affect the Company's ability to meet its objectives

Section 8
Risk Factors

Risk that the Company's management and key personnel may discontinue their services

The Company's business and future success heavily depends upon the continued services of management and other key personnel. If one or more of the Company's management or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. The Company's business may be severely disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel.

Reliance on relationships and alliances

The Company has relationships with government, technical and advisory parties and other stakeholders in the industry. The Company's success, in part, depends upon continued successful relations with these parties.

The loss of one or more of these relationships or a change in the nature or terms of one or more of these relationships may have a material adverse impact on the financial position and prospects of the Company.

Payment of dividends

Payment of future dividends will depend on matters such as the future profitability and financial position of the Company and the other risk factors set out in this section 8. There is no assurance that the Company will be in a position or determine to pay dividends in the near future.

Third party risk

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and clients. In particular, the Company engages a number of external contractors to provide exploration/drilling works in relation to the Thackaringa Cobalt Project.

Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the operations and performance of the Company. It is not possible for the Company to predict or protect the Company against all such risks.

Litigation risk

The Company is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

Insurance risk

The Company insures its operations in accordance with industry practice.

However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover and in some circumstances appropriate insurance cover may not be available or financially viable for certain risks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

The Company's business is subject to a number of risks and hazards generally, including without limitation, adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development, monetary losses and possible legal liability.

The Company will maintain insurance coverage that is substantially consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

Operational risk

The operations of the Company may be affected by various factors including failures in internal controls and financial fraud. To the extent that such matters may be in the control of the Company, the Company will mitigate these risks through management and supervision controls. In addition, as the Company is newly formed and was previously the subsidiary of BPL, the procedures and processes specific to the Company are newly implemented or in the process of development.

In addition, the investments of the Company may be affected by various factors which are beyond the control of the Company, including adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

The operations of the Company may also be affected by natural disasters, epidemics, terrorist attacks and other disasters which may materially and adversely affect the economy in Australia and the Company's business.

Environmental risks

The Company is subject to a number of State and Federal laws and regulations regarding the protection of the environment. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous occupiers or non compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

8.3 Risks relating to the Offer and an investment in Shares

The risks related to the Offer and an investment in Shares are detailed below.

Liquidity and realisation risk

The Shares issued under the Offer will only be listed on ASX and will not be listed for trading on any other securities exchanges in Australia or elsewhere.

In addition, the ASX may impose escrow on Shares held by seed investors, promoters and related parties.

As such, there can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in the Company's securities. When trading volume is low, significant price movement can be caused by trading in a relatively small number of shares.

Stock market fluctuations

There are a number of risks associated with any stock market investment. The price of Shares may rise or fall in relation to the Offer Price and investors who decide to sell their Shares, after listing of the Company on ASX, may not receive the full amount of their original investment.

The value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company and its Directors. These factors include movements in local and international stock exchanges, local interest rates and exchange rates, domestic and international economic and political conditions, government taxation, market supply, competition and demand and other legal, regulatory or policy changes.

Dependence on general economic conditions

The operating and financial performance of the Company will be influenced by a variety of general economic and business conditions. Any protracted down turn in Australia and world economic situation could be expected to have a material adverse effect on the Company's financial performance, financial position and cash flows.

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs and on cobalt and sulphuric acid prices. The Company's future income, asset values and share price can be affected by these factors and, in particular, by the market price for cobalt and sulphuric acid as well as exchange rate movements.

Negative publicity may adversely affect the Share price

Any negative publicity or announcement relating to any of the Company's substantial Shareholders, key personnel or activities may adversely affect the stock performance of the Company, whether or not this is justifiable.

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the Offer Price. General factors that may affect the market price of Shares include without limitation economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

Section 9
Financial Information

9.1 Introduction

The financial information for Cobalt Blue Holdings Limited in this section 9 has been prepared by the Company and includes the pro forma historical balance sheet as at 26 August 2016, the date of incorporation **(the Pro Forma Historical Financial Information**).

The Company was incorporated on 26 August 2016 and is an exploration company that has not had significant operations since incorporation. Therefore no historical financial information is presented in relation to the Company's historical financial performance or cash flows as the Directors do not consider this relevant to an understanding of the financial position or prospects of the Company. The Company has a 30 June financial year and the first financial year will be the period ending 30 June 2017.

Also summarised in this section 9 are:

- the basis of preparation and presentation of the Financial Information (see section 9.2);
- the Company's proposed dividend policy (see section 9.6).

The Pro Forma Historical Financial Information has been reviewed and reported on by Nexia Sydney Corporate Advisory Pty Ltd, a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd (AFSL 247300) whose Investigating Accountant's Report is contained in section 10. Investors should note the scope and limitations of the report.

The information in this section 9 should also be read in conjunction with the risk factors set out in section 8 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $1,000.

9.2 Basis of preparation and presentation of the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Company's key accounting policies are set out in section 9.7.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Historical Financial Information is based on the financial information of the Company on incorporation after adjusting for certain pro forma transactions. The pro forma adjustments have been made to reflect the impact of the funds raised from seed investors, the Offer and the initial payments under the farm-in agreement that will take place at Completion as if they had occurred at 26 August 2016.

The Directors are responsible for the preparation and presentation of the Pro Forma Historical Financial Information.

9.3 Historical and pro forma balance sheet

The table below sets out the reviewed statutory historical balance sheet, and the pro forma historical balance sheet, as at 26 August 2016.

The pro forma historical balance sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

$'000	As at 26 Aug 2016	Adjustments					Pro forma	
	Statutory	Seed Fundraising	Farm–in payment	Directors' options	Minimum Offer	Maximum Offer	Minimum	Maximum
	(note 1)	(note 2)	(note 3)	(note 4)	(note 5)	(note 5)		
Assets								
Current assets								
Cash and cash equivalents	10	555	(775)	–	7,146	9,024	6,937	8,815
Total Current Assets	10	555	(775)	–	7,146	9,024	6,937	8,815
Non–current assets								
Mining assets	–	–	775	–	–	–	775	775
Total non–current assets	–	–	775	–	–	–	775	775
Total Assets	10	555	–	–	7,146	9,024	7,711	9,589
Liabilities								
Total Liabilities	–	–	–	–	–	–	–	–
Net Assets	10	555	–	–	7,146	9,024	7,711	9,589
Equity								
Issued capital	10	555	–	–	6,906	8,673	7,471	9,238
Share option reserve	–	–	–	350	500	625	850	975
Accumulated losses	–	–	–	(350)	(260)	(274)	(610)	(624)
Total equity	10	555	–	–	7,146	9,024	7,711	9,589

Notes:

1. The Company was incorporated on 26 August 2016 with 10,000 shares issued for $1 each. On 2 September 2016 the Company undertook a share split with the initial 10,000 shares split into 35,000,000 ordinary shares. These shares will then distributed to BPL shareholders as an in specie distribution as set out in section 1.2. In addition, as set out in section 2.2, 8,750,000 options will be issued to BPL Shareholders on the basis of 1 Option for every 4 Shares received by BPL Shareholders. The Options will be issued for nil consideration, have an exercise price of $0.25 and will expire three years from the date of issue of the Option. Each Option vests on issue.
2. **Seed Fundraising –** The Company raised $555,000 through the issue of convertible notes. Of the convertible notes $35,000 convert to 3,500,000 ordinary shares, a conversion price of $0.01 a share and $520,000 convert to 6,500,000 ordinary shares a conversion price of $0.08 per share. The notes were converted to shares on 31 October 2016.
3. **Farm-in payment –** As set out in section 13.1 the Company will pay BPL $800,000 (inclusive of $72,727 GST) upon execution of the Farm in Agreement. In return the Company will receive a 51% interest in the Mining Assets detailed in section 4. The Company has also incurred $47,000 of expenses in respect of the preparation of a scoping study to the JORC 2012 standard, which is a requirement of the Stage 1 Earnings Period under the Farm-in Agreement.
4. **Directors' options –** As set out in Section 2.15, the Company has on issue 7,000,000 Options, each with an exercise price of $0.25 and which expire three years from the date of vesting of the Options. The Options vest on the date that is three months following the commencement of trading of the Company's Shares on the ASX. The Directors have valued the options at $0.05 an option.
5. **Offer –** As set out in Section 2.1, under the Offer, a minimum of 40 million and a maximum of 50 million new Shares will be issued at $0.20. Gross proceeds will be a minimum of $8 million and a maximum of $10 million. At the minimum subscription transaction costs of $854,000 are estimated of which $260,000 will be expensed to the income statement and $594,000 capitalised against equity. At the maximum subscription transaction costs of $976,000 are estimated of which $274,000 will be expensed to the income statement and $702,000 capitalised against equity.

   As set out in section 2 under the Offer, Loyalty Options will be issued on the basis of 1 Loyalty Option for every 4 Shares issued, a minimum of 10 million and a maximum of 12.5 million options. The Directors have valued the options at $0.05 an option. The Loyalty Options will be issued for nil consideration. The Loyalty Options vest if the Loyalty Option holder holds Shares three months following the commencement of trading. For the purposes of the pro forma balance sheet all Loyalty Options are assumed to vest. The number of Loyalty Options to vest will be the lesser of the number of Loyalty Options held on the vesting date and the number of Shares held on the vesting date divided by 4.

9.4 Future exploration commitments

The Company has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Company. The commitments are as follows:

Exploration Commitments	
Less than 12 months	$2,000,000
Between 12 months and 5 years	$7,500,000
Exploration Commitments	**$9,500,000**

As set out in section 13.1 the above exploration commitments must be incurred prior to 30 June 2019 and will give the Company an 85% interest in the Mining Tenements. To obtain the remaining 15% interest in the Mining Tenements, the Company is required to make a further payment of $7.5 million.

9.5 Sources of liquidity

The Company's principal source of funds is the cash proceeds from the Offer. Accordingly, the Directors consider that the Company has enough working capital to carry out the entity's stated objectives.

9.6 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on developing the Thackaringa Cobalt Project, and if the Directors determine appropriate, examining market opportunities with a view to acquiring suitable exploration or mining leases to complement the Thackaringa Cobalt Project and/or investing in potential energy storage technologies, including but not limited to, promoting the use of cobalt. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends.

No assurances can be given by the Company as to the payment of future dividends as this will depend on, amongst other things, the general business environment, the Company's level of profitability, the Company's funding requirements and the Company's financial and taxation position at the time.

9.7 Significant accounting policies

The following sets out a summary of the Company's significant applicable accounting policies:

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(b) Exploration and evaluation assets

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(c) Issued capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(d) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Section 10
Investigating Accountant's Report

3 January 2017

The Directors
Cobalt Blue Holdings Limited Level 14
52 Phillip Street
Sydney NSW 2000

Dear Sirs

Investigating Accountant's Report on Cobalt Blue Holdings Limited's pro forma historical financial information

We have been engaged by Cobalt Blue Holdings Limited ("COB" or "the Company") to report on the pro forma historical financial information of the Company for inclusion in the prospectus dated on or about 3 January 2017 relating to the issue of a minimum of 40,000,000 shares and a maximum of 50,000,000 shares at $0.20 a share to raise a minimum of $8,000,000 and maximum of $10,000,000 (the "Prospectus").

Expressions and terms defined in the Prospectus have the same meaning in this report.

Nexia Sydney Corporate Advisory Pty Ltd ("Nexia") is a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd, which holds an Australian Financial Services Licence (AFS Licence Number 247300) issued by Australian Securities and Investments Commission for providing financial product advice, including investigating accountant's reports.

Scope

Pro Forma Historical Financial Information

You have requested that Nexia review the pro forma historical financial information of the Company to be included in the Prospectus, being the pro forma historical balance sheet as at 26 August 2016, the date of COB's incorporation (the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the financial information of the Company on incorporation, being 26 August 2016, after adjusting for the effects of pro forma adjustments described in Section 9.3 of the Prospectus.

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info@nexiasydney.com.au, www.nexia.com.au

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS") and the Company's adopted accounting policies.

The pro forma adjustments described in Section 9.3 of the Prospectus are applied as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Responsibility

The directors of the Company are responsible for the preparation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the statutory historical financial information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 9.3 of the Prospectus, and comprising the pro forma consolidated historical statement of financial position as at incorporation, being 26 August 2016, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9.2 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 9.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

Nexia has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Declaration of Interest

Nexia does not have any interest in the outcome of this offer other than in the advisory services performed in preparing this report for which normal professional fees will be received.

Yours faithfully
Nexia Sydney Corporate Advisory Pty Ltd

Brent Goldman
Director

(Authorised representative of Nexia Sydney Financial Solutions Pty Ltd, AFSL 247300)

FINANCIAL SERVICES GUIDE

Dated: 3 January 2017

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Sydney Corporate Advisory Pty Ltd ABN 68 114 696 945, a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd ("NSFS"), Australian Financial Services Licence Number 247300 ("NSCA").

This FSG includes information about:

- NSCA and how they can be contacted
- the services NSCA is authorised to provide
- how NSCA are paid
- any relevant associations or relationships of NSCA
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NSCA has in place.

Where you have engaged NSCA we act on your behalf when providing financial services. Where you have not engaged NSCA, NSCA acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NSCA.

Financial services that NSCA is authorised to provide

NSCA is a corporate authorised representative of NSFS, which holds an Australian Financial Services Licence authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio serves, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

NSCA's responsibility to you

NSCA has been engaged by the directors of Cobalt Blue Holdings Limited ("COB" or the "Client") to provide general financial product advice in the form of an Investigating Accountant's Report ("Report") to be included in the Prospectus.

You have not engaged NSCA directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. NSCA or the employees of NSCA are not acting for any person other than the Client.

NSCA is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As NSCA has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Scheme.

Fees NSCA may receive

NSCA charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client, Fees are agreed on either a fixed fee or a time cast basis. In this instance, the Client has agreed to pay NSCA $28,000 (excluding GST and out of pocket expenses) for preparing the Report. NSCA and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

NSCA does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures NSCA is controlled by and operates as part of the Nexia Sydney Partnership. NSCA's directors and authorised representative may be partners in the Nexia Sydney Partnership. Mr Brent Goldman, director of NSCA, authorised representative of NSFS and partner in the Nexia Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by NSCA and not by the Nexia Sydney Partnership.

From time to time NSCA, the Nexia Sydney Partnership and related entities (Nexia entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years no professional fees have been received from the Client.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints resolution

If you have a complaint, please let either NSFS know. Formal complaints should be sent in writing to: Nexia Sydney Financial Solutions Pty Ltd

Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing,

External complaints resolution process

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 56 55 62
Facsimile: (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

NSCA has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NSCA at:

Nexia Sydney Corporate Advisory Pty Ltd
PO Box H195
Australia Square NSW 1215


Broken Hill
Cobalt Blue Holdings

Section 11
Independent Geologist Report

GEOS MINING
MINERALS CONSULTANTS

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EXPLORATION & MINING SERVICES | VALUATIONS | INDEPENDENT REPORTS
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Technical Assessment Report

Thackaringa Cobalt-Pyrite Project

Broken Hill Prospecting Limited

Job No. 2660-04 **08 December 2016**

Prepared for:

Anthony Johnston
Chief Executive Officer

Broken Hill Prospecting Limited

Prepared by:

Sue Border
BSc Hons, FAIMM, FAIG
Principal Advisor

Jeff Randell
BSc. Hons MAIG
Senior Consultant

Reviewed by:

Murray Hutton
BA (Hons, Geology), MAIG
Principal Consultant

GM Minerals Consultants Pty Ltd (ABN 44 608 768 083) trading as Geos Mining

Section 11
Independent Geologist Report

Executive Summary

Geos Mining was commissioned on 12 September 2016 to provide an update on a 2010 Independent Geological Report (IGR) that assessed the Thackaringa Project owned by Broken Hill Prospecting Limited (BHPL). BHPL is preparing for an 'in specie' distribution of assets prior to preparing a prospectus for an IPO.

The Thackaringa Project consists of four granted tenements (EL6622, EL8143, ML86, ML87) that are in good standing. The project area has been intermittently explored since discovery in 1885. However, there was no activity from 1889-1950. Since that time, exploration activity has been intermittent with a total of 35 drillholes completed at the main prospects, Pyrite Hill and Big Hill, up until 2010. Additional drilling (31 RC drillholes and 1 diamond drillhole) has been completed in these prospect areas in 2011-2012. The main target for exploration has historically been for large-tonnage cobaltiferous pyrite deposits, but, more recently, BHPL has explored prospects that demonstrate the potential for stratiform Broken Hill Type (BHT) Zn-Pb-Ag-Cu deposits, copper rich BHT deposits, stratiform to stratabound Cu-Co-Au deposits and epigenetic gold and base metal deposits. The project area is under-explored, with the vast majority of historical exploration directed at or around the outcropping pyritic cobalt deposits at Pyrite Hill and Big Hill.

In November 2011, after eight additional RC drillholes were completed, BHPL announced that the Pyrite Hill Mineral Resource was estimated and quoted as an Inferred Resource of 16.4Mt @ 830ppm Co, with an additional Exploration Target of 14Mt - 24Mt @ 700ppm -900ppm Co. This Exploration Target is an estimate of the potential quantity and grade of associated mineralisation where there is insufficient exploration completed to estimate a Mineral Resource. It is uncertain if future exploration will result in the estimation of any additional Mineral Resource.

In July 2012, BHPL announced a maiden Inferred Resource of 14.9Mt @ 830ppm Co at the Railway prospect with an additional Exploration Target of 23Mt - 35Mt @ 600ppm -900ppm Co. This estimate was based on the results of 20 RC drillholes and one historic diamond drillhole. The Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource.

Geos Mining has reviewed, but not re-estimated, the resources at Pyrite Hill and Railway. Geos Mining has also modelled an Inferred Resource at Big Hill of 1.8Mt @ 870ppm Co and 6% sulphur, with an additional Exploration Target of 2.3 -7Mt @ 600 -900ppm Co along strike from the modelled resource. This Exploration Target is an estimate of the potential quantity and grade of associated mineralisation where there is insufficient exploration completed to estimate a Mineral Resource. It is uncertain if future exploration will result in the estimation of any additional Mineral Resource.

Additional diamond drilling has now commenced and is designed to twin previous holes and provide samples for metalurgical testwork. A reverse circulation drilling program in early 2017 is designed to upgrade and confirm the three resources. Based on the exploration target tonnage at each prospect, the drilling has been prioritised towards Railway, then Pyrite Hill and then Big Hill, and we endorse that ranking. We consider the planned drill programs have good potential to increase the known resources and defined conceptual exploration targets.

Studies have been completed on the potential for development of the cobalt resource. Sulphur could provide an additional income stream for the project. Preliminary metallurgical testing has shown a potential recovery route for the pyrite, which can then be roasted to release the contained sulpur and cobalt. Water for the plant could potentially be provided by the NSW government's planned Murray River

to Broken Hill pipeline. Historic economic scoping studies need to be updated once this phase of drilling and metallurgical studies have been completed.

Exploration potential at Pyrite Hill, Big Hill, Railway and the other prospects is considered good given the number of mineralisation styles that are recognised. Prospects such as Pyramid Hill, Himalaya North, Camels Hump, Alders Tank and Old Coolgardie West and North are early stage and under explored, but show good potential for stratabound Cu, Co, W, Au and stratiform Broken Hill type (BHT) deposits. The remainder of the exploration licence represents an under-explored part of the Broken Hill Block and holds potential to contain a number of BHT exploration targets.

Declarations

Principles

The Independent Geological Report (IGR) has been prepared in accordance with the principles and requirements of the VALMIN Code 2015. No opinion has been expressed on matters that require legal or other specialized expertise or knowledge. The conclusions assume continuation of prudent management over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Limitations, Indemnities & Consent

The opinions expressed herein are given in good faith and Geos Mining believes that any assumptions or interpretations are reasonable. The opinion expressed in the IGR is based on information provided to Geos Mining by BHPL throughout the course of the investigations that reflect the various technical and economic conditions as at the time of writing.

As far as can be determined, Geos Mining believes that the information provided by BHPL is complete and not incorrect, misleading or irrelevant in any material aspect. While every effort has been made to ensure the accuracy of this IGR, we take no responsibility if the conclusions of this IGR are based on incomplete or misleading data provided by BHPL, subject to applicable law and the VALMIN Code 2015.

With respect to this report and its use by BHPL, BHPL agrees to indemnify and hold harmless Geos Mining, its shareholders, directors, officers and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law, except in respect to fraudulent conduct, negligence or wilful misconduct, and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions, except where they or any of them are found liable for, or guilty of fraudulent conduct, negligence or wilful misconduct.

This report is provided to BHPL solely for the purpose of inclusion in a prospectus or supplementary prospectus dated December 2016. The prospectus relates to an in specie distribution to BHPL shareholders plus a share offer to investors.

Section 11
Independent Geologist Report

This report does not constitute a full technical audit, but rather it seeks to provide an independent overview and technical appreciation of the BHPL Thackaringa Project. This report may be reproduced only in its entirety and then only with Geos Mining's prior written consent. Draft reports must not be released to the general public without the prior written consent of Geos Mining.

Statement of Competence

This report has been prepared by Geos Mining, a Sydney-based geological consultancy that has been operating since 1998, and has been compiled and edited by:

- Sue Border, BSc (Hons), FAIG, FAIMM – Principal Advisor
- Jeff Randell, BSc (Hons), MAIG, RPGeo - Senior Consultant
- Murray Hutton, BA (Hons Geology), MAIG – Principal Consultant

Each author has the requisite experience and expertise to be considered a Specialist under the VALMIN Code 2015 for the respective sections that they have compiled.

Jeff Randell is a Specialist, as defined by the VALMIN Code 2015, and is responsible for the preparation and contents of this report. Murray Hutton is a Specialist, as defined by the VALMIN Code 2015, and is responsible for the peer review of this report.

Sue Border:

- Graduated from Imperial College, London (Royal School of Mines) with BSc Hons in Mining Geology in 1976.
- Has over 40 years experience in the mineral industry in mining, exploration, resource estimation, technical assessment and valuations.
- Has worked in mining of copper and cobalt, and has worked in the Thackaringa district in the vicinity of this project
- has had at least ten years of relevant and recent experience in Technical Assessment and at least an additional five years of recent and relevant experience in the valuation of Mineral Assets
- is a Fellow of Australian Institute of Geoscientists (AIG) and of the Australasian Institute of Mining and Metallurgy (AusIMM).

Jeff Randell:

- graduated from Flinders University in 1974 with Bachelor of Science Degree with Honours;
- has 41 years' experience in exploration, mining and evaluation of nickel, gold, copper, lead, zinc, and bauxite projects
- has had at least ten years of relevant and recent experience in Technical Assessment and at least an additional five years of recent and relevant experience in the valuation of Mineral Assets
- is a Member of Australian Institute of Geoscientists (AIG) (membership number 3944) and is a Registered Professional Geoscientist (membership number 10113).

Murray Hutton:

- graduated from Macquarie University in 1976 with Bachelor of Arts Degree in Geology with Honours,

- has 39 years' experience in exploration, mining and evaluation of gold, copper, lead, zinc and tin projects
- has had at least five years of relevant and recent experience in the assessment and valuation of Mineral Assets;
- is a Member of Australian Institute of Geoscientists (AIG) (membership number 3732).

Responsibilities:

Jeff Randell conducted the site visit and wrote an earlier version of this report. Sue Border has updated the report and supervised the resource estimation at Big Hill, and takes responsibility as Valmin representative specialist for signing this report, and as competent person for the JORC 2012 sign off for the Big Hill resource and exploration target. Alison Cole assisted with reporting and David Biggs carried out the modelling of Big Hill. Murray Hutton reviewed this report.

The resources and exploration targets at Pyrite Hill were modelled by Dr Phillip Hellman of H and S Consultants (H&SC) and Railway by Mr Rob Spiers, formerly of H&SC, now of Spiers Geological Consultants and those individuals act as competent persons for JORC 2012 sign off of these resources. Neither Geos Mining nor any of its consultants are acting as competent person under JORC 2012 for the resources modelled by Dr Hellman or Mr Spiers.

Statement of Independence

Geos Mining and its Directors, the author and immediate families are independent of Broken Hill Prospecting Limited and have no financial interests in:

- Broken Hill Prospecting Limited,
- any associated companies,
- any joint venture partners involved in the mineral assets
- any of the mineral assets that are the subject of the IGR.

Signature:

Name:	Sue Border	Position:	Principal Advisor
Qualifications:	BSc (Hons), FAusIMM, FAIG.	Date:	8/12/2016

Signature:

Name:	Murray Hutton	Position:	Principal Consultant
Qualifications:	BA (Hons, Geology), MAIG	Date:	8/12/2016

Costs

Geos Mining is being remunerated for this report on a standard fee for time basis, with no remuneration or provision of further work dependent on the outcome of the valuation or the success or failure of the transaction for which the Independent Expert Report was required. The cost of the report is approximately $15,000.

Reasonableness Statement

In undertaking this valuation, Geos Mining has assessed the technical inputs pertaining to the BHPL Thackaringa Project in an impartial, rational, realistic and logical manner. We believe that the inputs, assumptions and overall Technical Assessment are in line with industry standards and meet the Reasonable Grounds Requirement of the VALMIN Code 2015.

Contents

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Section 11
Independent Geologist Report

1. Introduction

1.1. Commissioning Entity

This Independent Geological Report (IGR) was commissioned by Broken Hill Prospecting Pty Ltd ("BHPL").

1.2. Date of IGR

The IGR Date is 08 December 2016

1.3. Scope & Purpose of Report

Geos Mining was commissioned on 12 September 2016 to provide an update on a 2010 Independent Geological Report (IGR) that assessed the Thackaringa Project owned by Broken Hill Prospecting Limited (BHPL). BHPL was preparing for an 'in specie' distribution of assets prior to preparing a prospectus for an IPO. In December 2016 Geos Mining was commissioned to update the original IGR and to provide a resource estimate for the Big Hill prospect, compliant with JORC 2012, and Sue Border is the competent person accepting responsibility for this resource estimate.

This report also includes reporting of resources at Pyrite Hill and Railway Prospects, in compliance with JORC 2012. The competent person for the Pyrite Hill resource is Dr Phillip Hellman, and for the Railway Prospect the competent person is Mr Rob Spiers. Neither Dr Hellman nor Mr Spiers are associates of Geos Mining, and while Geos Mining has reviewed these resources and believes they are reported in compliance with the JORC 2012 code, Geos Mining and the authors of this report do not take responsibility for their estimations.

The sole purpose of this report is to provide an independent assessment of the geological issues as well as the potential geological risks associated with BHPL's proposed exploration and development of these properties.

The report necessarily relies on data provided by BHPL but also includes some independent checks on, for example, tenement status.

The report does not include any formal title search or formal assessment of environmental, native title or other factors affecting exploration and development of these projects, but does include comments on any relevant non-geological factors that became apparent during the course of the work.

Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without our written consent to the form and context in which it appears.

1.4. PRINCIPLES

The appropriate professional standards for the preparation of valuation and independent expert reports relating to mineral assets are encompassed in the provisions of the VALMIN Code 2015[1]. This report[2] has been prepared in accordance with the principles and relevant sections of that Code. Mineral Resources quoted in this report are reported in accordance with the JORC Code 2012[3]. Where tonnage/ grade estimates are not considered to meet the requirements of the JORC Code 2012, then they are not referred to as Mineral Resources.

A draft of this report has been presented to the management of BHPL for comment and correction of any errors of fact. Geos Mining has no reason to believe that any information provided by BHPL is misleading or that any material facts have been withheld.

Geos Mining's assessment of the projects and proposed exploration programs and budgets is based on technical reviews of relevant data, including data provided by the company. Geos Mining has accepted this data as being provided in good faith and we have no reason to believe that any technical information obtained or provided is erroneous or misleading.

Geos Mining has conducted limited checks on the status of the various tenements concerned, but we have not undertaken a full legal due diligence of the tenements.

1.5. DISCLOSURE BY GEOS MINING

Geos Mining previously completed an IGR and an Independent tenement Report (ITR) for the Thackaringa Project in August 2010. Geos Mining has also carried out mineral resource estimation work for BHPL on other projects held by the company.

Geos Mining was recompensed for this work on an hourly rate basis with no success fee, with fees for this report being approximately $15,000.

1.6. ASSESSMENT METHODOLOGY

The appropriate professional standards for the preparation of independent expert reports are encompassed in the provisions of the VALMIN Code 2015. This report has been prepared in accordance with the principles and relevant sections of that Code. Measured, Indicated and Inferred Resources, Exploration Targets and exploration results quoted in this report are reported in accordance with the JORC Code 2012.

This report has been based on data, reports and other information made available by BHPL, or otherwise obtained through publicly available sources.

The historical geological investigations generally appear to have been undertaken to Australian standards.

[1] Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports, 2015 (the "VALMIN Code 2015") published by AusIMM (http://www.ausimm.com/codes/valmin.asp)

[2] For the purposes of the VALMIN Code 2015, the present report is a Valuation Report, which deals with the Valuation of Mineral Assets

[3] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 published by the Joint Ore Reserves Committee

The ability of Geos Mining to validate and comment on the quality of the previous exploration is limited by the amount of detail in the reports available for review.

1.7. Data Sources

The only formal reports of prior geological investigations reviewed are those listed in Section 6. Unpublished company data files and notes relating to resource estimates were also reviewed, and discussions have been held with geologists currently and formerly involved in the project.

1.8. Site Inspection

A site visit was carried out by Mr Randell on all tenements on 10 August 2010 with specific prospects visited including Pyrite Hill, Big Hill, Pyrite Hill South, Himalaya North and Pyramid Hill. At the time there was no drill core or RC chip samples available for inspection.

A site visit has not been included as part of this current review, for the following reasons:

- While the last site visit was 6 years ago, Mr Randell has professionally inspected several projects in the Broken Hill region for other clients since that time.
- Ground disturbing activities since that time have comprised Reverse Circulation (RC) and diamond (DD) drilling but no other site disturbances have been reported.
- Drill core has since been examined by a highly experience geologist from Eaglehawk Geological Consulting; similarly, RC drilling has been supervised by an independent geologist. Geos Mining has viewed reports by both of these geologists and has no reason to doubt their observations.
- Geos Mining has been advised by BHPL that independent resource estimators, Hellman & Schofield Pty Limited (now known as H&SC), inspected the Pyrite Hill site as part of their brief in May 2011.

2. BHPL Corporate Structure, Project Tenure and Business Strategy

2.1. Corporate Structure

BHPL is a company incorporated in New Zealand. The Company was incorporated in 1988 and has previously operated as Broken Hill Cobalt Limited and Thackaringa Mining Company Limited. An unlisted company, SoCo Limited (of which BHPL was previously a subsidiary) held a 57% interest in BHPL and Heritage Gold NZ Limited (Heritage Gold) held a 28% interest. Cobalt Blue Holdings Limited has a farm in agreement over BHPL's Thackaringa tenements, as described in the Prospectus.

2.2. Project Tenure

Geos Mining previously conducted an audit of the status of the various tenements and all material factors affecting the tenements in an accompanying tenement report (Randell 2010). We have not updated this audit but have made comments on the current tenement status (Table 1).

It is noted that the Transcontinental Railway transects EL6622 while the Barrier Highway is located to the north of the licence area.

2.3. Business Strategy

Broken Hill Prospecting has raised private funds to continue exploration on the Thackaringa Project prior to listing on the ASX. The company's stated aim is to develop a viable mining operation based on the identified cobalt resources on ML86 and ML87 and EL6622, in the longer term, a base metal operation resulting from successful exploration within EL6622.

3. Thackaringa Project

3.1. Introduction

The project is located 25km west-southwest of Broken Hill and consists of four tenements, as shown in Figure 1 and Table 1.

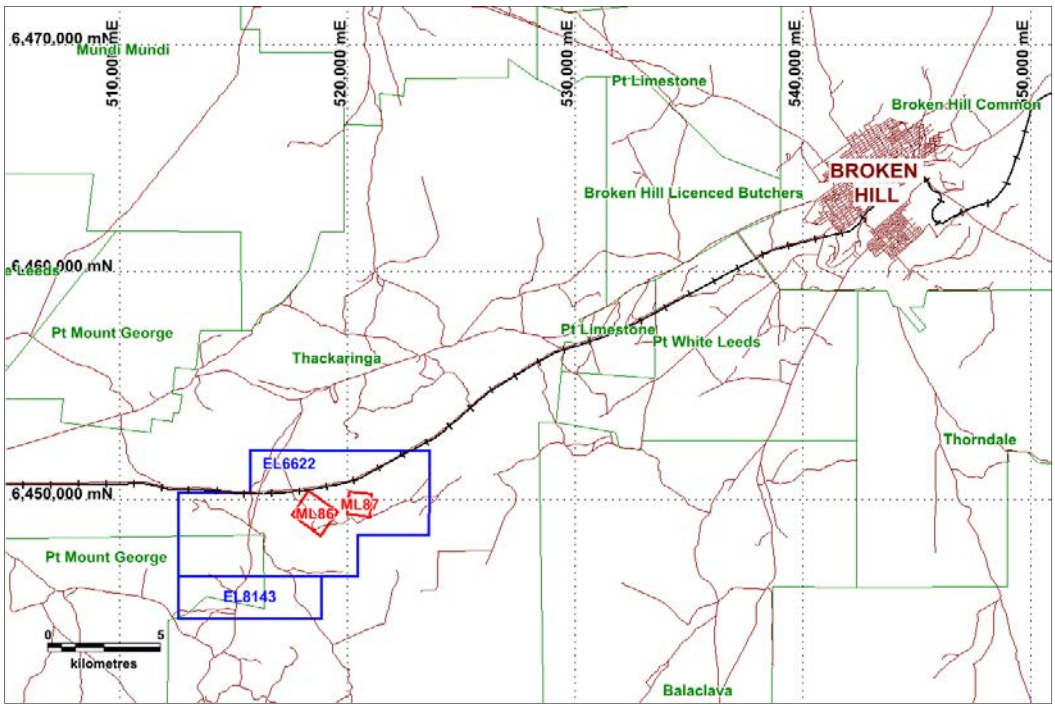

Figure 1: Location of Thackaringa Project, showing pastoral stations (GDA94 Z54)

3.2. BHPL Mineral Assets (Thackaringa Project)

The project comprises two granted exploration licences (EL6622 Pine Ridge, EL8143 Feldspar Ridge) and two granted mining leases (ML86 Pyrite Hill, ML87 Big Hill), details of which are shown in Table 1. Geos Mining has sighted the EL licence documents and notes the following compliance requirements:

- Annual technical reporting
- Annual environmental reporting
- Preparation of Community and Landholder Liaison Program

BHPL has advised that the annual technical reports for the ELs have been lodged (Geos Mining has sighted these) but the environmental reports and community liaison program are being attended to currently and are expected to be completed in early 2017.

We also note that EL6622 was transferred from Heritage Gold NZ Ltd to BHPL on 27 March 2012.

Geos Mining has sighted the ML licence documents and notes the following compliance requirements:

- Preparation and approval of a mining operations plan
- Annual technical reporting
- Rehabilitation conditions

BHPL has advised that there is in place Group Reporting for EL6622, ML86 and ML87 and that all exploration is detailed in one annual technical report. BHPL have also advised that all rehabilitation requirements have been met except where further drilling is expected to be carried out.

Geos Mining notes that the Mining Operations Plan expired in 2013 and, as far as we are aware, has not been updated. We have noted also that the mining lease licence documents do not authorise the extraction of gold or silver and that only open cut mining is permitted.

Tenement	Registered and Beneficial Holder	Minerals	Area ([units[4]], ha)	Grant Date	Expiry Date	Annual Expend Commit	Expend to October 2016
EL6622 Pine Ridge	Broken Hill Prospecting Limited (BHPL)	Group 1	[17]	30/08/2006	29/08/2017	$47,000	$1,815,234
EL 8143 Feldspar Ridge	BHPL	Group 1	[4]	26/07/2013	26/07/2017	$14,000	$36,373
ML86 Pyrite Hill	BHPL	Cobalt, iron, nickel, platinum, sulphur	205.9	05/11/1975	04/11/2017	$75,000	$518,444
ML87 Big Hill	BHPL	Cobalt, iron, nickel, platinum, sulphur	101.2	05/11/1975	04/11/2017	$75,000	$82,947

Table 1: Thackaringa Project Tenements

[4] 1 unit is approximately 2.9 km^2

3.3. Land Ownership

The project is located on Western Lands Lease pastoral holdings. A Land Access and Compensation Agreement between former holder Heritage Gold NZ Limited and the landowner of Thackaringa Station is current from 25 July 2007 for the life of the tenement EL6622. The tenement was transferred to BHPL on 27 March 2012. Geos Mining has been advised that the Company anticipates that updated access agreements will be finalised and executed shortly and that this process will not prevent the Company from meeting its expenditure commitments.

The majority of the licence area is covered by Western Lands Lease, which is considered to extinguish native title. However, Native Title Determination NC97/32 (Barkandji Traditional Owners 8) is current over the area and may be relevant to Crown Land parcels (e.g. public roads) within the project area.

There are no access and compensation agreements in place for (Figure 2):

- Lot 1/ DP 533252 owned by Australian Rail Track Corporation Limited
- Lot 3669/ DP 766060 (partly covers EL6622 and EL 8143)
- Lot 3680/ DP 766060 (partly covers EL 8143)

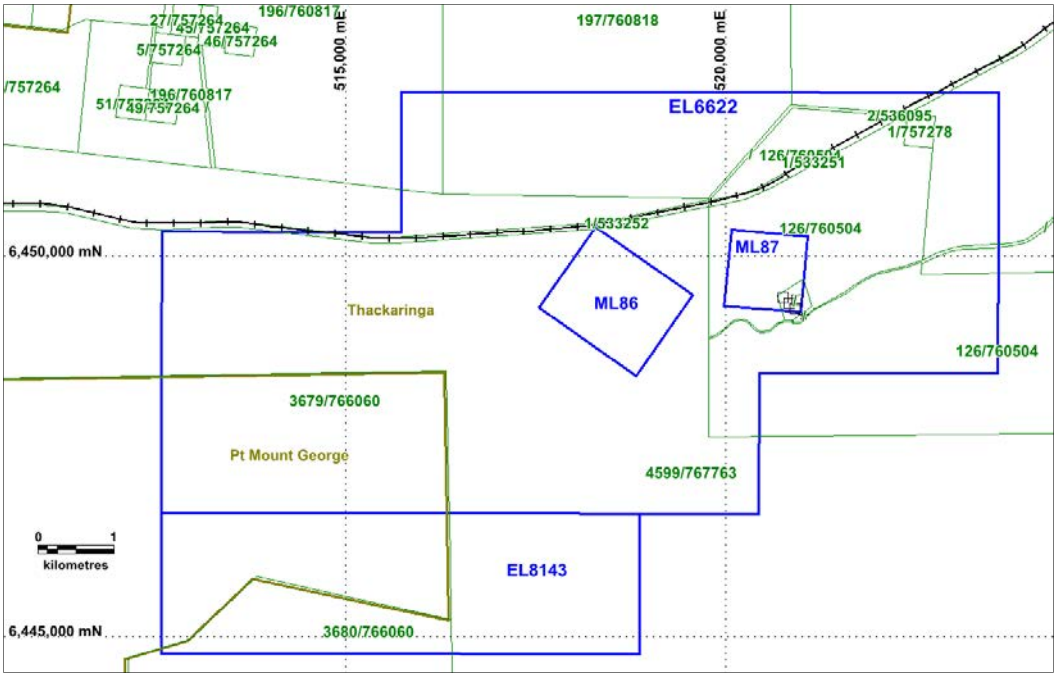

Figure 2: Cadastral Parcels and Property Ownership (GDA94 Z54)

3.4. Existing Environment

The project is located in semi-arid pastoral land in an area known as the Thackaringa Hills in far western New South Wales. Elevations range from approximately 290m to 330m above sea level. Vegetation is

dominantly saltbush with limited stands of mulga (Figure 3). Average rainfall is low (220mm) and mainly falls in the form of storms in winter. Winter temperatures are low (4°C to 8°C) but most of the year is hot (28°C to 33°C), so annual evaporation rates are high (2.8m-3.2m). The nearest residence (Thackaringa Station) is located a few kilometres west of EL6622. EL6622 is transected by the Transcontinental Railway, while the Barrier Highway is located to the north of the licence boundaries (Figure 3).

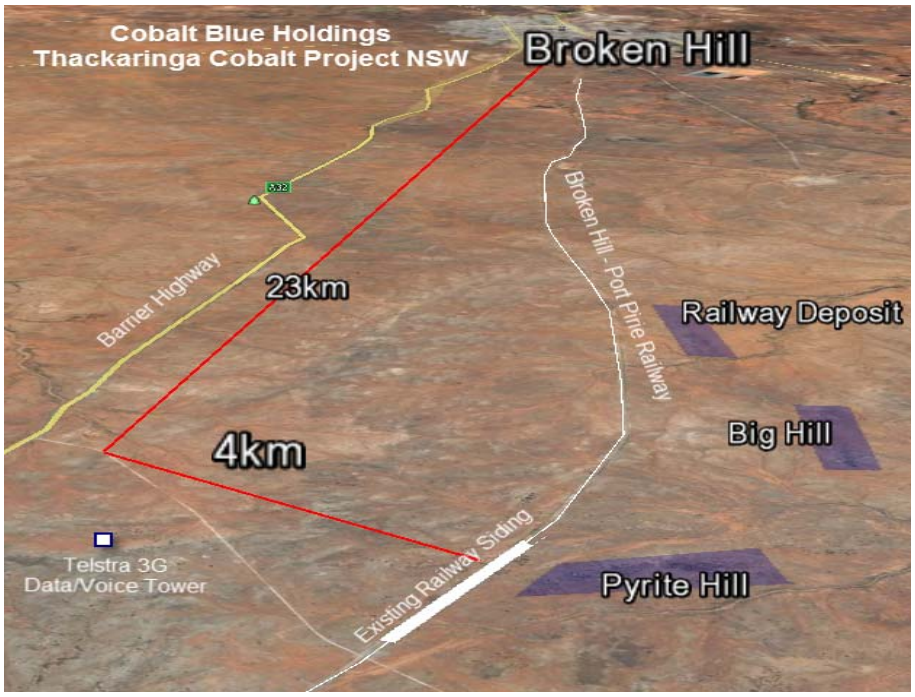

Figure 3: Google Earth image showing major prospects and proximity of Transcontinental Railway

3.5. Access and Infrastructure

Access to the project is from the Barrier Highway and then by an unsealed road and farm tracks to the mining leases. The city of Broken Hill is located 25km to the east-northeast of the project area and the Transcontinental Railway transects the property (Figure 1, Figure 3).

3.6. Geological Setting

The project is located within the Broken Hill Block of the Curnamona Province and is composed of Willyama Supergroup high grade regional metamorphic gneisses, schists and amphibolite, which have been subjected to at least three phases of folding, and intersected by large northeast and north-northwest trending shear zones. The region is host to the world-class Broken Hill lead-zinc-silver deposit, in addition to hosting potential for Broken Hill-type deposits the area is also prospective for a variety of other deposit types

including silver, gold, beryllium, cobalt, copper, lithium, nickel, lead, tin, tantalum, tungsten, zinc, platinum group elements ("PGEs") and uranium.

The broad regional geological setting, including local stratigraphic sub-divisions of the Willyama Supergroup in the project area (Figure 4), is adequately described by Willis (1980). The stratigraphic sub-divisions, based on persistently occurring, recognisable, sequentially younging and recently dateable, interpreted metamorphic rock suite sequences, are defined by the NSW Geological Survey, (Willis, Brown, et al. 1983).

3.7. Previous Exploration

The 2010 IGR (Randell 2010) includes a detailed discussion of previous work and the interested reader is referred to this report. We have summarised that discussion below and have included a review of exploration carried out since that report date (October 2010).

3.7.1. Pyrite Hill/ Big Hill

The Pine Ridge project area (mainly Pyrite Hill-Big Hill) has been intermittently explored since discovery in 1885. However, there was a major hiatus from 1889-1950 when no activity ensued. Exploration commenced in earnest from the late 1960s and continued through a number of joint ventures and options until around 2000 when BHPL gained ownership. Up until 2010, a total of 34 holes were drilled at both Pyrite Hill and Big Hill prospects but, unfortunately, core from only 12 diamond drill holes remains at the Core Library in Broken Hill (Table 2). Additional drilling was completed in these areas in 2011-2012 by BHPL.

Hole No.	Prospect	Operator	Date Drilled
DD80PYH4	Pyrite Hill	CRA Exploration Pty Ltd	1980
DD80BGH5	Big Hill	CRA Exploration Pty Ltd	1980
DD80PYH6	Pyrite Hill	CRA Exploration Pty Ltd	1980
DD80PYH13	Pyrite Hill	CRA Exploration Pty Ltd	1980
DD80PYH1	Pyrite Hill	CRA Exploration Pty Ltd	1980
DD80PYH2	Pyrite Hill	CRA Exploration Pty Ltd	1980
DD80PYH8	Pyrite Hill	CRA Exploration Pty Ltd	1980
DD80BGH6	Big Hill	CRA Exploration Pty Ltd	1980
BGH1	Big Hill	Broken Hill South Ltd	1965
DD80BGH8	Big Hill	CRA Exploration Pty Ltd	1980
HA2	Himalaya		1970
DD80PYH5	Pyrite Hill	CRA Exploration Pty Ltd	1980

Table 2: Historical Drill Core Retained

The location of these prospects and other exploration targets is shown in Figure 5. The richest mineralisation intersected during this previous exploration was reported as grades ranging generally between 0.2% Co and 0.3% Co.

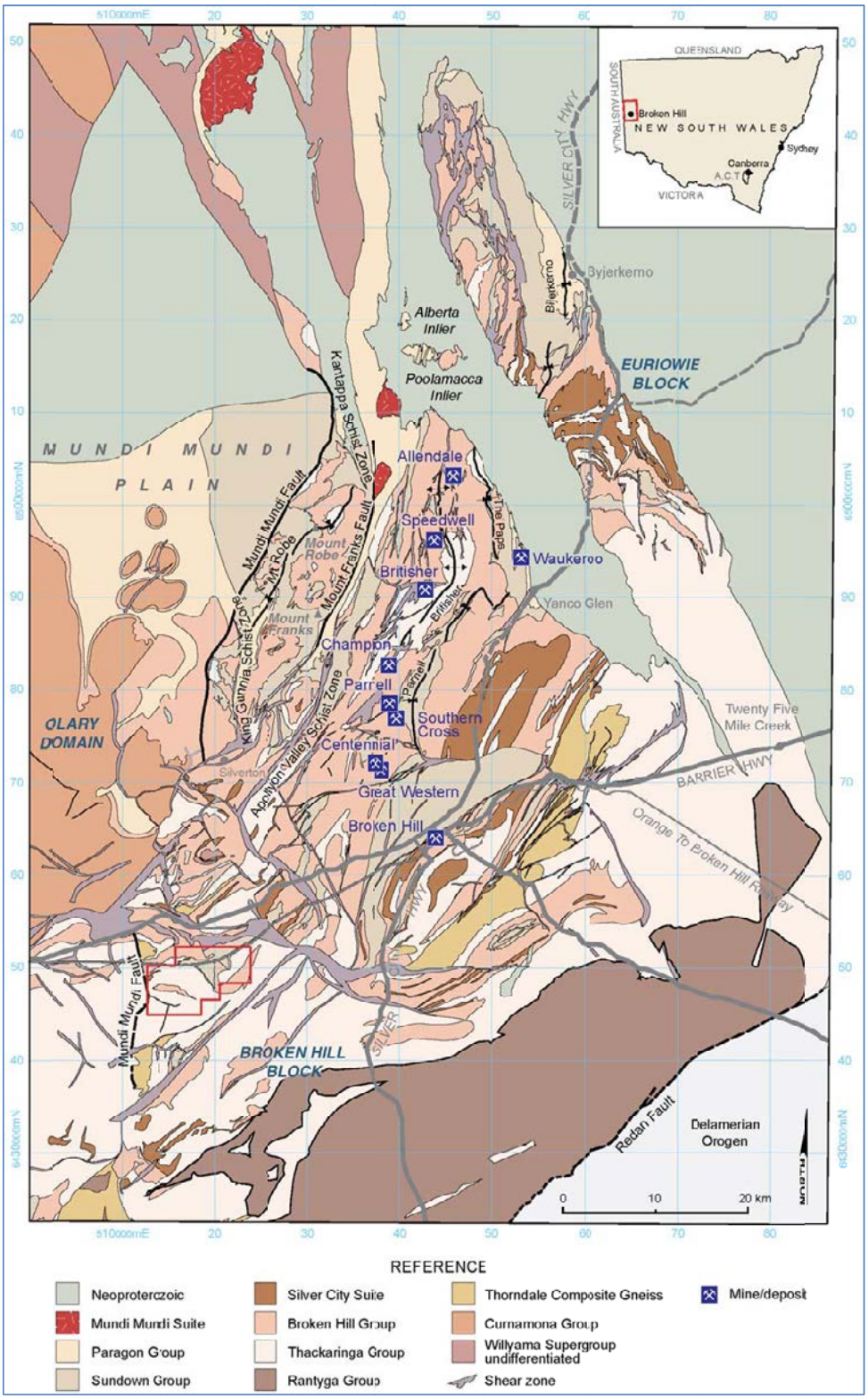

Figure 4: Map of the Broken Hill and Euriowie blocks showing group-level Palaeoproterozoic stratigraphy of the Willyama Supergroup (Fitzherbert and Downes 2015). Thackaringa Project tenements are highlighted in red.

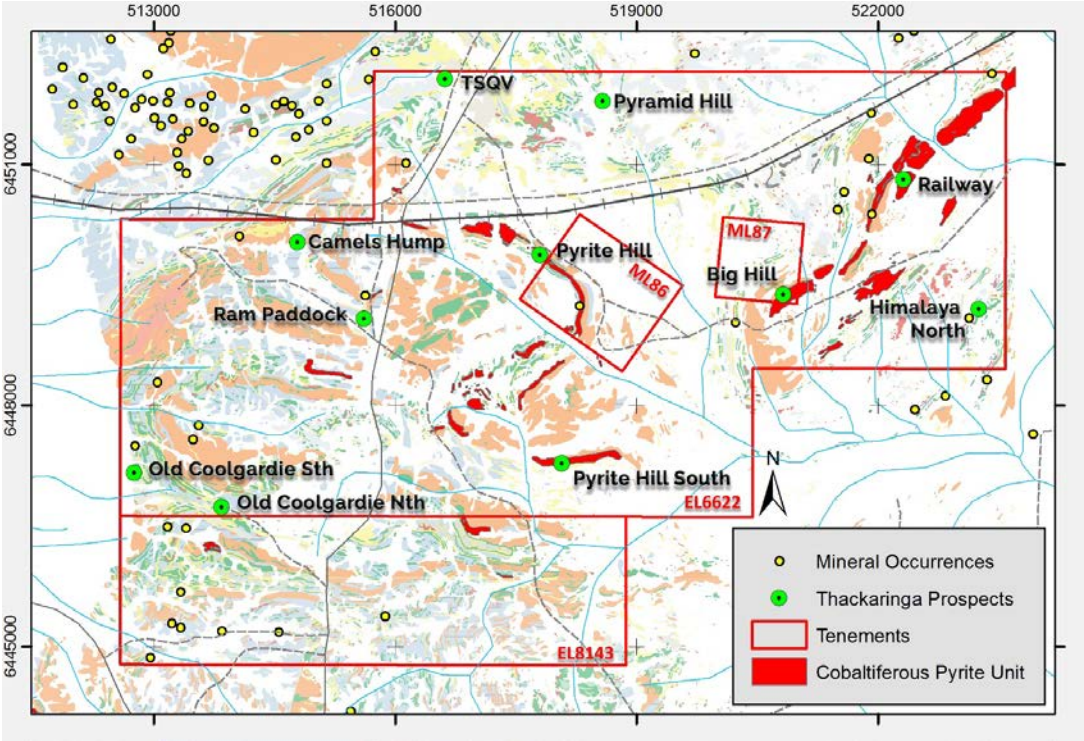

Figure 5 Thackaringa Project displaying outcropping mineralised cobalt rich pyrite (red unit), prospects (green dots) and mineral occurrences (yellow dots) (GDA94 Z54)

3.7.2. Other Prospects

A total of 20 historic exploration licences have covered parts of EL6622, but only six have recorded exploration work outside of Pyrite Hill/ Big Hill. Outside the MLs, but within EL6622, there have been a number of phases of historic exploration. This work has focused on Broken Hill style Pb-Zn-Ag mineralisation with some more recent work on iron oxide (Cu-Au) associated mineralisation. In 1976, CRAE work covered the Himalaya prospects, a series of stratiform mineralised base metal occurrences (Broken Hill style) with strike continuity extending into the current EL6622. CRAE concluded that mineralisation is weak and patchy but did note the better development of mineralisation "in a 3km northeast trending zone" from Big Hill.

Metals Exploration (1980-1981), in joint venture with Robe River Ltd, explored the area, south of Big Hill and Pyrite Hill with rock chip sampling and a follow up program of soil sampling and shallow rotary air blast (RAB) drilling. Although anomalous geochemistry was obtained from gossanous outcrops in the Himalaya extended stratigraphy, detailed work was confined to areas covered by alluvium.

CRAE (1984) targeted Broken Hill style mineralisation and its exploration program included airborne magnetics, ground transient EM, ground magnetics, gravity, IP and reconnaissance RAB drilling. Relatively high but scattered values for copper, lead and zinc were reported from various rock chip samples located approximately 2km east of Big Hill.

Pasminco Limited in joint venture with Western Metals defined a well-developed lode system extending 2km southwest of the Himalaya Mine. This lode system continues northeast into BHPL's EL6622, where the development of garnet quartzite and garnet sandstone rocks are not only indicators for base metal mineralisation but are considered highly prospective for gold mineralisation.

During 2007-2010, BHPL focussed on prospects outside of Pyrite Hill and Big Hill, utilising RAB drilling to obtain bedrock samples beneath the shallow alluvial cover. The results of the drilling combined with detailed litho-structural geological mapping and surface gossan sampling has allowed the definition of strong mineralised trends at Himalaya North and Pyramid Hill. Results at both of these prospects are interpreted to represent complexly deformed multi-lode stacked Broken Hill Style analogues. Drilling of the Pyrite Hill South and Big Hill North prospects has also revealed encouraging geochemical results and host-rock associations.

3.7.3. Exploration by BHPL since 2010

Exploration completed within EL6622, ML86 and ML87 has been reported in the annual technical reports supplied by BHPL and can be summarised as:

2010-2011

- Geological mapping, sampling
- RC drilling 6 holes (RCPM001-006) at Pyramid Hill for 489m (Figure 6)
- RC drilling 6 holes (RCHN001-006) at Himalaya North for 575m

At Pyramid Hill, the RC drilling has confirmed the presence of relatively continuous zones, up to 40 metres thick, of copper, zinc and gold-bearing pyrite-rich lodes at shallow depths.

The six-hole hole RC drilling program at Himalaya North returned anomalous zinc-rich Broken Hill-type mineralisation, confirming anomalous rock chip samples from this area.

2011-2012

- RC drilling 11 holes (11PHR001-008, 11PSR001-003) at Pyrite Hill and Pyrite Hill South for a total of 1811m
- IP survey at Pyrite Hill and to the north-east
- RC drilling 20 holes (12BER001-020) at Big Hill Extended and Railway
- A resource estimate was completed at Pyrite Hill

Detailed mapping, sampling and previous RAB drilling south east of Pyrite Hill defined a new zone of cobalt mineralisation at Pyrite Hill South. Follow up IP surveying identified the cobaltiferous pyritic zones at Pyrite Hill indicating this would be useful in delineating pyritic zones at Big Hill Extended and Railway Prospects. Drilling returned encouraging cobalt assays and suggested that the mineralised zone may extend a further 3kms to the north-east.

2012-2013

- Detailed rock chip sampling
- One diamond drillhole (13BED01) was drilled at the Railway prospect to test the cobalt mineralisation at depth
- A resource estimate was completed at Railway prospect
- Old drill core held in storage was located and logged
- Scoping studies commenced in regard to the economics of development of the project.

Cored hole 13BED01 (TD 349.2m) at the Railway Prospect intersected high-grade cobalt mineralisation at a vertical depth greater than 270 metres from surface. This has confirmed that cobalt-pyrite mineralisation extends below the previous RC drilling. Results of the best intersection included:

- 44.5m @ 672 ppm Co from 247m, including 19.5m @ 1026 ppm Co from 272m (all downhole lengths).

A scoping study for processing the cobalt ore and producing sulphuric acid was commenced. Five fast-track, low cost development options were identified.

2013-2014

- A contoured topographic map was created using the DTM
- The quality control and sampling methods used during previous drilling were examined
- Two students assisted with geochemical studies dealing with the cobalt mineralisation
- The economics of producing sulphuric acid from the pyrite-cobalt mineralisation was studied
- The possibility of sampling ant nests as a geochemical sampling tool was investigated

2014-2015

- completion of Honours thesis

2015-2016

- no field work was completed in the last year

2016-2017

- A diamond program has commenced in November 2016, and RC drilling is planned early in 2017: 11 DDH and 22 RC at Railway, 6 DDH and 16 RC infill holes at Pyrite Hill, 4 DDH and 6 RC at Big Hill. The diamond program will twin previous RC holes and provide representative samples for metallurgical testwork. The RC program will infill and expand current resources.

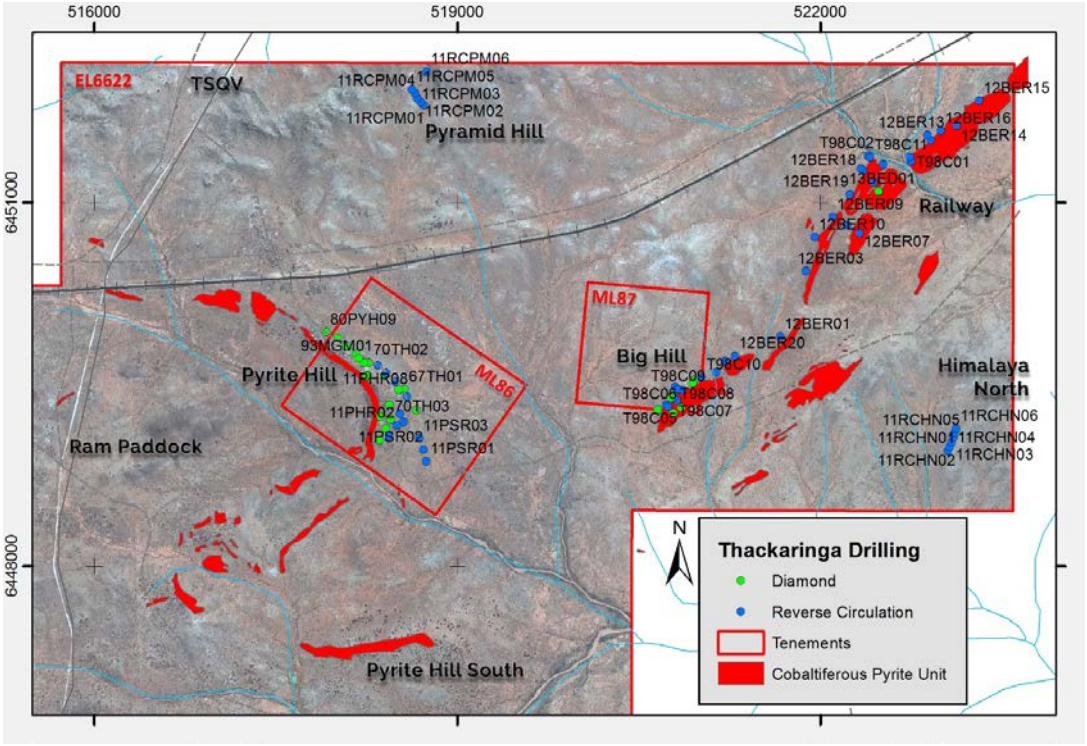

Figure 6 Location of all drilling on the key prospects within the Thackaringa Project (GDA94 Z54)

Exploration completed within EL8143 has comprised preliminary desktop studies, reconnaissance mapping and portable XRF analyser sampling.

3.8. Mineralisation

3.8.1. Deposit Types

Despite its proximity to Broken Hill, there has not been any mineral production of any significance from BHPL's tenements. The mix of Broken Hill Group sequences and presence of numerous historical workings give rise to a number of mineralisation targets that may be summarised below (Atkinson 2007):

- stratiform Broken Hill Type (BHT) Zn-Pb-Ag-Cu-(W-Au) deposits within strike extensive complexly folded lode zones associated with garnetites and blue quartz +/- gahnite lode rocks in the Broken Hill Group. Examples are noted at Himalaya North, Tower Hill, Old Coolgardie North and Camels Hump prospects.
- Copper-rich BHT deposits in Freyers Metasediments at Pyramid Hill.
- stratiform to stratabound Cu-Co-Au (Zn-Ni-W) deposits in complexly folded zones in Cues Formation and locally in Himalaya Formation. Examples are Ram Paddock, Alders Tank and Old Coolgardie West prospects.

- large tonnage cobaltiferous pyrite deposits hosted by siliceous albitic gneisses in Himalaya Formation. Examples are Pyrite Hill and Big Hill prospects.
- epigenetic gold and base metal deposits within retrograde quartz vein systems. Examples are TSQV and Big Hill North prospects.

3.8.2. Mineralisation Types

The **Pyrite Hill** deposit is hosted within a plagioclase-quartz-pyrite gneissic unit interpreted to form part of the Himalaya Formation (Thackaringa Group). The deposit has an unfolded strike length of 1200m and dips moderately to the east. There is considerable thickening along the hinge of the antiform. Mineralogical studies have failed to identify any primary cobalt minerals, with almost all (~85%) of the cobalt found to be in solid solution with primary pyrite (Henley 1998). A secondary coarse pyrite phase exists and was found to be depleted in cobalt.

A well-developed gossan outcrops (Photo 1), and previous exploration has shown these rocks are oxidised to a depth of approximately 30m and that cobalt may be depleted in the oxidised zone. However, oxidation is variable and fresh sulphides have been observed at surface. Drilling has found no evidence for secondary enrichment of cobalt and, indeed, drilling in 2012 confirmed cobalt depletion in some holes.

Photo 1: Highly gossanous (60% pyritic boxworks) band in quartz albite rock

Pyrite-rich host rocks outcrop for about 1,500m along the northwestern limb of the antiform. On the southern fold limb, the thickness and pyrite content of the host unit decreases significantly but is complexly folded and presents a new exploration target as **Pyrite Hill South**.

An open-ended gossanous cobalt rich zone was recognised at **Pyrite Hill South** over a strike length of 180m and width of at least 15m. The sulphide content in the gossan ranges from 20-80%. The target zone

appears dislocated by an inferred shear zone and is displaced to the south-east. RAB drilling confirms the continuity of the zone.

The **Big Hill** deposit is located at the southwestern end of the interpreted Big Hill Synform. The northern limb generally dips to the north at about 65°. The plagioclase-quartz-pyrite unit appears to terminate abruptly in the southwest in what is interpreted by BHPL to be a synformal fold closure. The host unit was originally interpreted to be stratigraphically and mineralogically equivalent to the Pyrite Hill host unit but geological mapping by (W. Leyh 2011) suggests that Big Hill is higher in the stratigraphic sequence. As at Pyrite Hill, oxidation appears to have resulted in depleted cobalt values with no evidence of secondary enrichment. The depth of oxidation is reported to be highly variable.

The **Railway** deposit is considered to represent the northeastern continuation of the albite-quartz-pyrite unit which hosts cobaltiferous pyrite mineralisation at Big Hill. These host rocks trend in outcrop for some 3,000 metres along strike from Big Hill and mapping, sampling and drilling completed to date indicate the presence of pyrite-rich host rocks at Railway with similar cobalt grades to those at Big Hill and Pyrite Hill.

Further potential also exists for additional cobalt mineralisation in the folded equivalents of the Pyrite Hill albite-quartz-pyrite rocks, which have been mapped within the tenement (Elliot 2013).

The **Pyramid Hill** prospect shows shallow workings dug on lode units within psammitic calc-silicate bearing psammitic metasediments. Gossan rock chip samples (Photo 2) returned maximum assays of 7.6% Cu, 40 g/t Ag and 0.95 g/t Au with anomalous values of Co Ni and As (Leyh 2007). This is considered by Leyh to be an example of a BHT style copper deposit. In the northwest sector, exploration potential exists for BHT Pb-Ag-Zn +/- W mineralisation within Parnell Formation garnetiferous amphibolites, Potosi Gneiss and garnet quartzite +/- quartz gahnite lode units. A gossanous quartz-gahnite rock chip sample from this area returned strongly anomalous lead and zinc. RAB drilling (W. Leyh 2009) has indicated moderate copper anomalism over a 200m strike length correlated with a sheared fold limb.

At the **Himalaya North** prospect, a highly prospective, strike extensive mineralised lode zone, together with an associated wide geochemically anomalous host rock sequence, has been mapped and recognised as a favourable environment for stratiform to stratabound mineralization. The interpreted exploration target zone contains up to ten stacked lodes (100m-400m wide and 500m-1500m long) with maximum reported rock chip analyses of 5.9% Pb, 62g/t Ag, 0.83% Zn, 2.6% Cu, 9.4% Mn and 180ppm Co and RAB drilling gave anomalous results. The lode zones occur within the interpreted lower-middle Broken Hill Group, recognised as being favourable for BHT mineralisation.

Camels Hump is a BHT type prospect that is poorly exposed over a strike length of 700m with rock chip sampling reported to be anomalous in zinc and copper. It is located in a structurally complex area with some blue quartz gahnite lodes.

The poorly outcropping **Ram Paddock** prospect consists of several repeated siliceous lodes with rock chips reported as anomalous in copper and cobalt. A stratabound Co-Cu Exploration Target is envisaged for this prospect.

The **Alders Tank** prospect is considered (W. Leyh 2007) to show potential for 'Big Hill' type Co mineralisation. Prospective stratigraphy is outlined over 700m strike and reported anomalous cobalt values from rock chip samples justify further exploration here.

At **Old Coolgardie West and North**, stratabound mineralisation occurs over a strike length of 1.5km within lower and mid Broken Hill Group stratigraphy. Gossanous lode rocks crop out and anomalous copper and gold has been reported from rock chip sampling.

Photo 2: Malachite-azurite veinlets in gossanous quartzitic psammite, Pyramid Hill

3.9. Mineral Resources – Pyrite Hill, Railway, Big Hill

3.9.1. Historic Tonnage/ Grade Estimates

There have been two previous tonnage/ grade estimates completed in 1981 and 1998, according to previous exploration reports, and both were completed prior to the introduction of the JORC Code 2004 (JORC 2004). An update of the Pyrite Hill and Railway Mineral Resources were completed by H&SC in 2011-12 and Big Hill Mineral Resource estimation has been undertaken by Geos Mining in December 2016 and these estimates are reported here in accordance with the JORC Code 2012.

Reported historic estimates are:

- 1981 CRAE estimate for Pyrite Hill utilised a polygonal longitudinal section method to 100m RL (surface is at ~300m RL)
- 1998 Hunter estimate for Pyrite Hill utilised a polygonal cross section method from ~270m RL to 200m RL
- 1998 Hunter estimate for Big Hill utilised a polygonal cross section method to 100m RL

In 2010, Geos Mining noted some potential deficiencies with the historic estimations (Randell 2010).

3.9.2. Recent Resource Estimates

Mineral Resource estimates for Pyrite Hill, Railway and Big Hill have been updated:

- Pyrite Hill Inferred Mineral Resource by H&SC in 2011 of 16.4Mt @ 830ppm Co
- Railway Inferred Mineral Resource by H&SC, 2012, of 14.9Mt @ 830ppm Co
- Big Hill Inferred Mineral Resource by Geos Mining 2016 of 1.8Mt at 870ppm Co and 6% sulphur

The recent resource estimates use a database compiled from the historic pre-1990 records and post 1990 drilling digital data. Between 1967 and 1980 23 diamond holes were completed. The post 1970 diamond drilling (a total of 26 holes) was either HQ or NQ size core and the RC drilling (a total of 43 holes) was either 4.8" or 5.5" diameter hammer bits. Forty-two of the RC drillholes were completed between 1998 and 2013.

Sampling of the RC drilling was at one metre intervals, using a riffle splitter, and sub-sampled / composited in intervals ranging from 1m to 4m.

The pre-1990 diamond core was sawn or hand split, and subsampled at irregular intervals based on visual estimation of mineralisation. The post 1990 diamond core was sawn.

All samples were submitted to commercial laboratories (AMDEL, ALS, Analabs and Genalysis) where the samples were crushed and underwent an acid digestion. The pre 1990 samples were analysed by AAS and the post 1990 samples analysed by ICP-OES. QAQC of the pre 1990 samples consisted of submission of 20 samples to another laboratory to be tested by a similar method and two alternative methods. Post 1990 samples had a more comprehensive QAQC process, involving duplicate samples, and post 2010 analytical programs included blanks, duplicates and international standards.

The drilling was planned to provide at least one drillhole per drill line, targeting a drill line spacing of at a maximum of 100m. Drill lines spacing at Pyrite Hill average 50 -100m and 75 -100m at Big Hill.

An audit of the database was completed late in 2016. Data reviewed included drillhole collars, sample assay data and survey data.

Previous studies have indicated potential technically feasible routes to develop the Thackaringa cobalt resources (see section 3.11 and 3.12 below). Mining is anticipated to be by open pit. The cobalt grades are moderate, but the exothermic roasting of pyrite to sulphuric acid provides potential additional income. Updated economic studies are required to clearly demonstrate the economics of any development, and optimize the cut-off grade.

Pyrite Hill Deposit

In November 2011, BHPL announced that the **Pyrite Hill** mineral resource had been increased to an Inferred Resource of 16.4Mt @ 830ppm Co, with an additional Exploration Target of 14Mt-24Mt at 700 -900ppm Co. This followed the completion of an additional 8 RC drillholes in 2011 (Figure 8). The Exploration Target is an estimate of the potential quantity and grade of associated mineralisation where there is insufficient exploration completed to estimate a Mineral Resource. It is uncertain if future exploration will result in the estimation of any additional Mineral Resource at Pyrite Hill. See the attached JORC 2012 Table 1 for details

of the resource estimation work carried out by H&SC. Geos Mining has viewed support files of the estimator, Dr Hellman of H&SC, and we make the following comments:

- H&SC reportedly used the drill database as supplied by BHPL (see above). We note that sample intervals are irregular in the pre-1990 drillholes, and vary up to 3.05m. The modelling was based on 2 metre composites.
- The validity of using the historic drillholes requires investigation. Limited checks of historic analyses at Pyrite Hill did not totally satisfy concerns over the reliability of older analytical methods (Snowden 2005). We consider that this does not prevent these resources being classed as Inferred.
- Validation of data resulted in two drillholes not being used due to missing or incomplete assayed intervals (see Table 1 Section 3 for details)
- Variography was carried out on the 2 metre composite data.
- Water inflows have been logged in the Railway prospect drilling, but we have not sighted similar recordings in the Pyrite Hill drilling. This should be investigated as 'wet' samples commonly lead to downhole contamination.
- H&SC used the Ordinary Kriging method of interpolation in two geostatistical packages (Techbase and Micromine), but there is no commentary on preferred mineralisation directions. H&SC used a 75m x 75m x 15m search ellipse.
- The dry bulk density used is uniformly 2.8, as supplied by BHPL and derived from some limited testwork and theoretical calculations. Resources were reported at a cut-off grade of 500ppm Co.
- The base of complete oxidation (BOCO) appears to be drawn at 15m-20m and no resource blocks have been reported above this surface. We note the work of (Cohen 2013) that emphasises the almost complete depletion of cobalt from the oxide horizon at Thackaringa.
- Geological interpretation was based on 1:2,500 scale mapping and checked by cross sections along strike of the model.
- Exclusion of two old holes due to missing or incomplete analyses is reasonable but may have affected the modelling.
- Two sections have two drillholes (80PYH10/11PHR07 and 80PYH11/11PHR05) on each section. The former intersections are 50m apart but show good continuity of mineralisation (89m @ 830ppm Co vs 51m @ 941ppm Co). However, the latter section shows holes ~160m apart with evidence of mineralisation narrowing at depth. Geos Mining considers that, in the absence of a complete audit, the following issues are material in respect of the confidence in this Mineral Resource, and concurs with the classification of the resource as Inferred.
- Limited QAQC for some of the historic drilling raised some questions in regard to assay reproducibility, as noted in the Appendix, Section 1 (and see section 3.9.3 below for QAQC on recent drilling).
- The down dip search distance of 75m has led to extrapolation of the resource to 75m below the drilling.

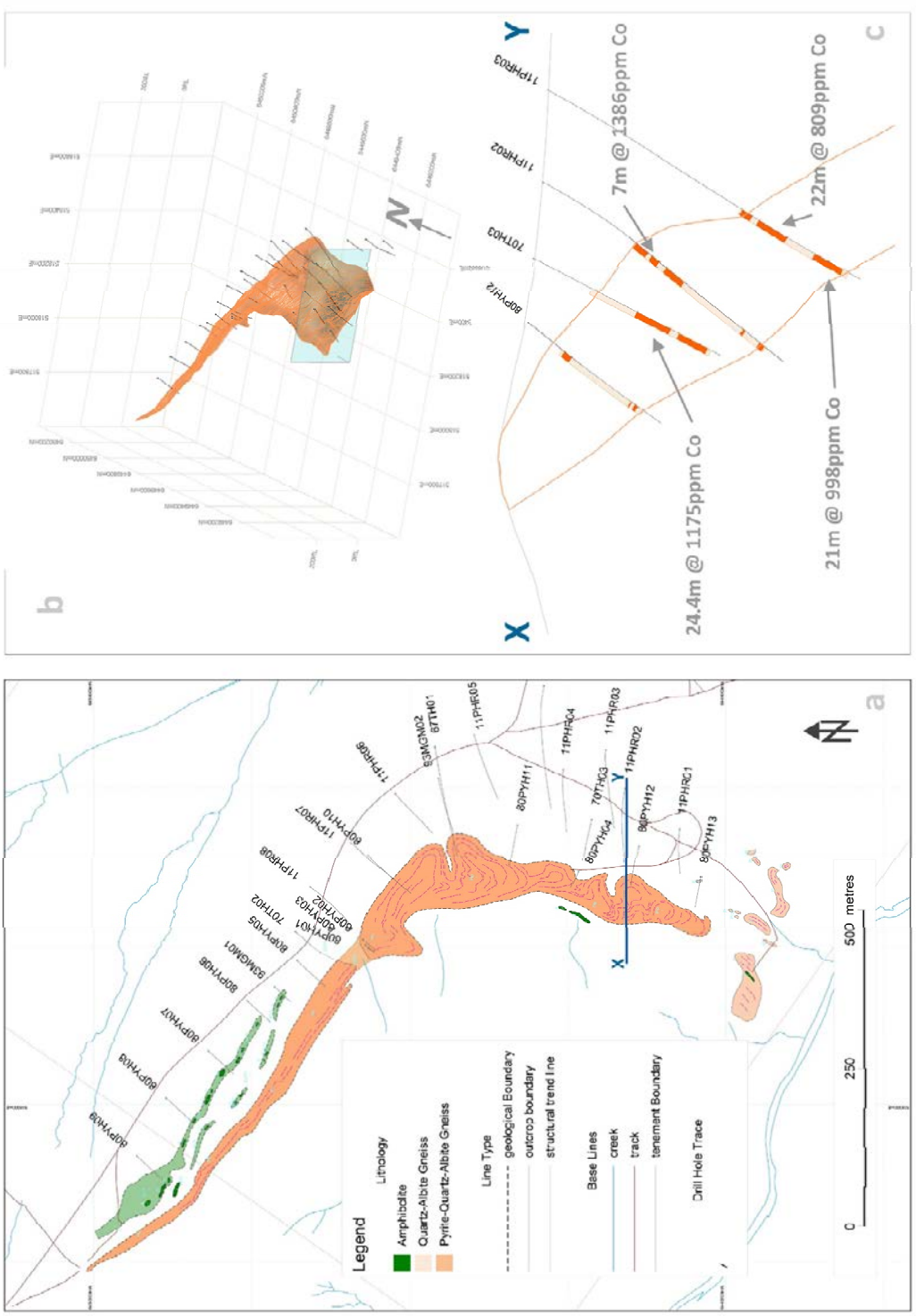

Figure 7 Pyrite Hill Geology

A. geological map of Pyrite Hill highlighting mineralisation with all drill holes labelled. B. Oblique view looking NW of the Pyrite Hill 3D geological model. C. Cross section X-Y through the Pyrite Hill deposit.

Railway Deposit

In July 2012, BHPL announced an Inferred Resource of 14.9Mt @ 830ppm Co) at the **Railway** prospect with an additional Exploration Target of 23Mt-35Mt @ 600ppm -900ppm Co. This estimate was based on the results of 20 RC drillholes and one historic drillhole (Figure 8). This Exploration Target is an estimate of the potential quantity and grade of associated mineralisation where there is insufficient exploration completed to estimate a Mineral Resource. It is uncertain if future exploration will result in the estimation of a Mineral Resource. There is no comprehensive resource report to accompany this estimate, but Geos Mining has viewed support files of the estimator, Mr Rob Spiers, formerly of H&SC, and we make the following comments:

- Parameters used are similar to those used for Pyrite Hill, except that modelling was based on 1 metre composites.
- While there has been QAQC review carried out (see below Section 3.9.3), this has identified some laboratory issues (see Appendix Section 1 for details). Validation of the drillhole data has included spot checks on internal consistency and missing data.
- Resource blocks have not been extended above BOCO
- Resource blocks have been extended usually ~100m down dip of intersections. Mineralisation at the Railway prospect appears to be more consistent in width and grade compared to Pyrite Hill and at least one section supports this extrapolation down dip.
- Some mineralised samples (e.g. drillhole 12BER04) have been reported as 'Wet' and assays from these samples should be treated with caution. Sample contamination is very likely in these cases.

Geos Mining considers that, in the absence of a complete audit, the there is no reason to question material issues in respect of the current JORC Code 2012 or the classification of the resource at Railway as Inferred. It is our understanding that BHPL did not request a comprehensive report from H&SC, and a full report should include discussion of the issues we raise above, and is considered best practice.

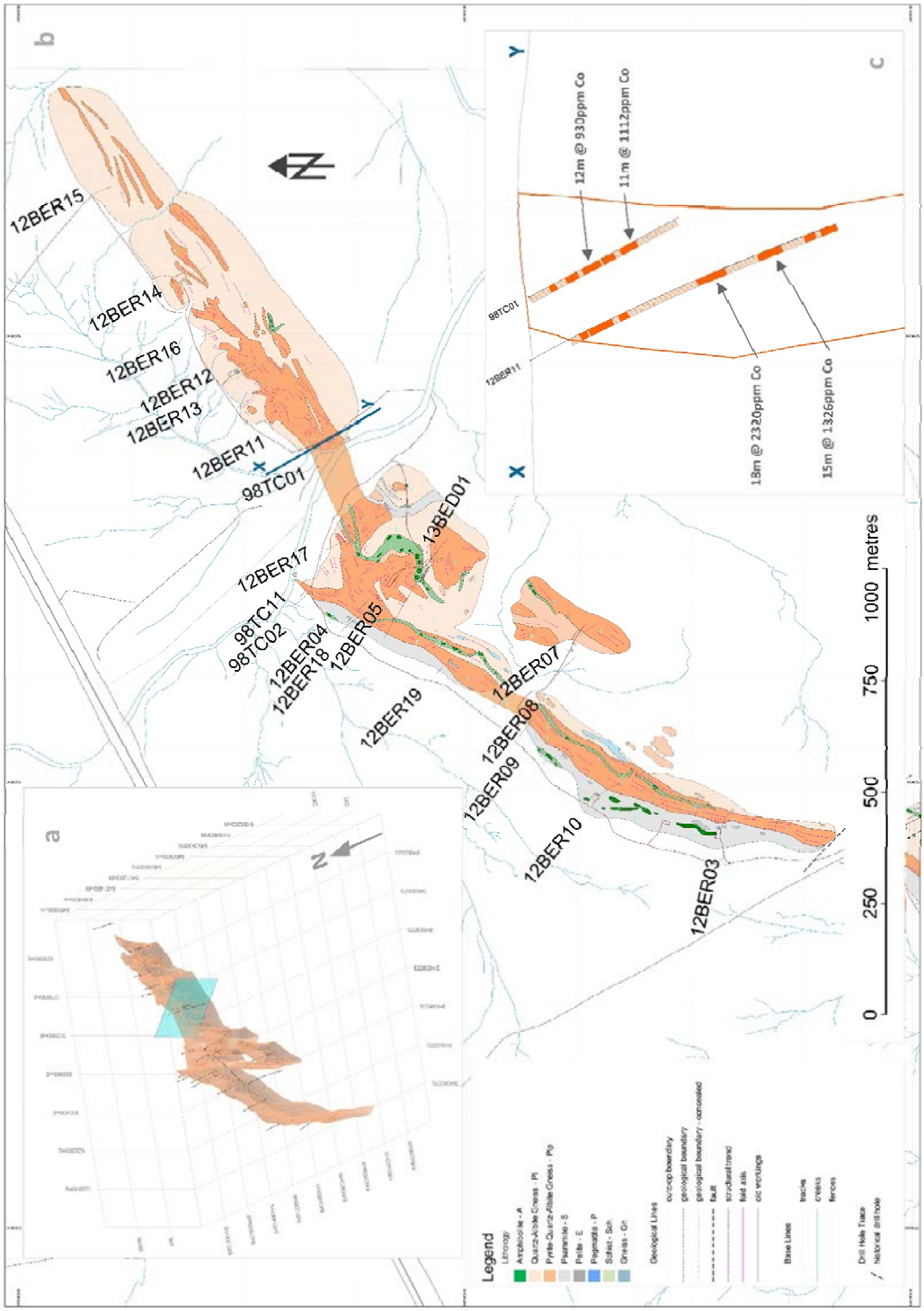

Figure 8 Railway Deposit Geology

A. Geological map of Railway deposit highlighting mineralisation with all drill holes labelled. B. Oblique view looking NW of the Railway 3D geological model. C. Cross section X-Y through the Railway deposit.

Big Hill Deposit

Geos Mining has modelled the Big Hill mineralisation, restricting the model within lithologies mapped or logged downhole as pyritic quartz plagioclase rock (Figure 9).

Only the southwest portion of the Big Hill mineralisation has been drilled sufficiently (10 drillholes over 270m strike length) to permit modelling and classification as an Inferred Mineral Resource. The resource is limited to the east by a shear zone. The central section of the mineralisation, with five holes over 500m of strike, was modelled on a probability basis to derive potential exploration target tonnages. The northeast extension of the body, which is offset by a shear, and is narrower than the main body, has only been intersected by one drillhole and an exploration target for this section was derived by simple calculation based on outcrop mapping and the drillhole.

Modelling was carried out in Micromine using ordinary kriging, with a check by inverse distance. The limit of oxidation was mapped and blocks were excluded from the near surface depleted zone. The base of the model was at 150m RL. The bulk density used was 2.8, based on testwork and theoretical calculation. A variable bulk density based on sulphide content could have been used but is not expected to make a significant difference to the result at this stage of exploration, but should be considered for any resource upgrade. Model parameters are:

- Block size: 5m by 10m by 5m vertical
- Search ellipse: 70m by 50m by 30m
- Maximum samples per hole used to model a single block: 10 (based on downhole variography)
- Minimum samples per block: 1, but only 41 blocks had only one sample.
- Bulk density: 2.8

As for the other resources, while there has been QAQC review carried out (see below Section 3.9.3), this has identified some laboratory issues (see Appendix Section 1 for details).

Using a 500 ppm cobalt cut-off, the modelling produced an inferred resource of **1.8Mt @ 870 ppm cobalt and 6% sulphur**. As some holes were not analysed for sulphur, the sulphur grade must be regarded as indicative.

The exploration target for the central zone is 2.3 – 4.6Mt and the northeast zone is 1 – 2.5Mt, making a total exploration target tonnage of 3.3 – 7Mt, at a potential grade of 600 – 900 pm cobalt and 5 – 6.5% Sulphur. Note that this is a target only, which the company plans to test by drilling, but there is no guarantee that further drilling will convert this target into a resource.

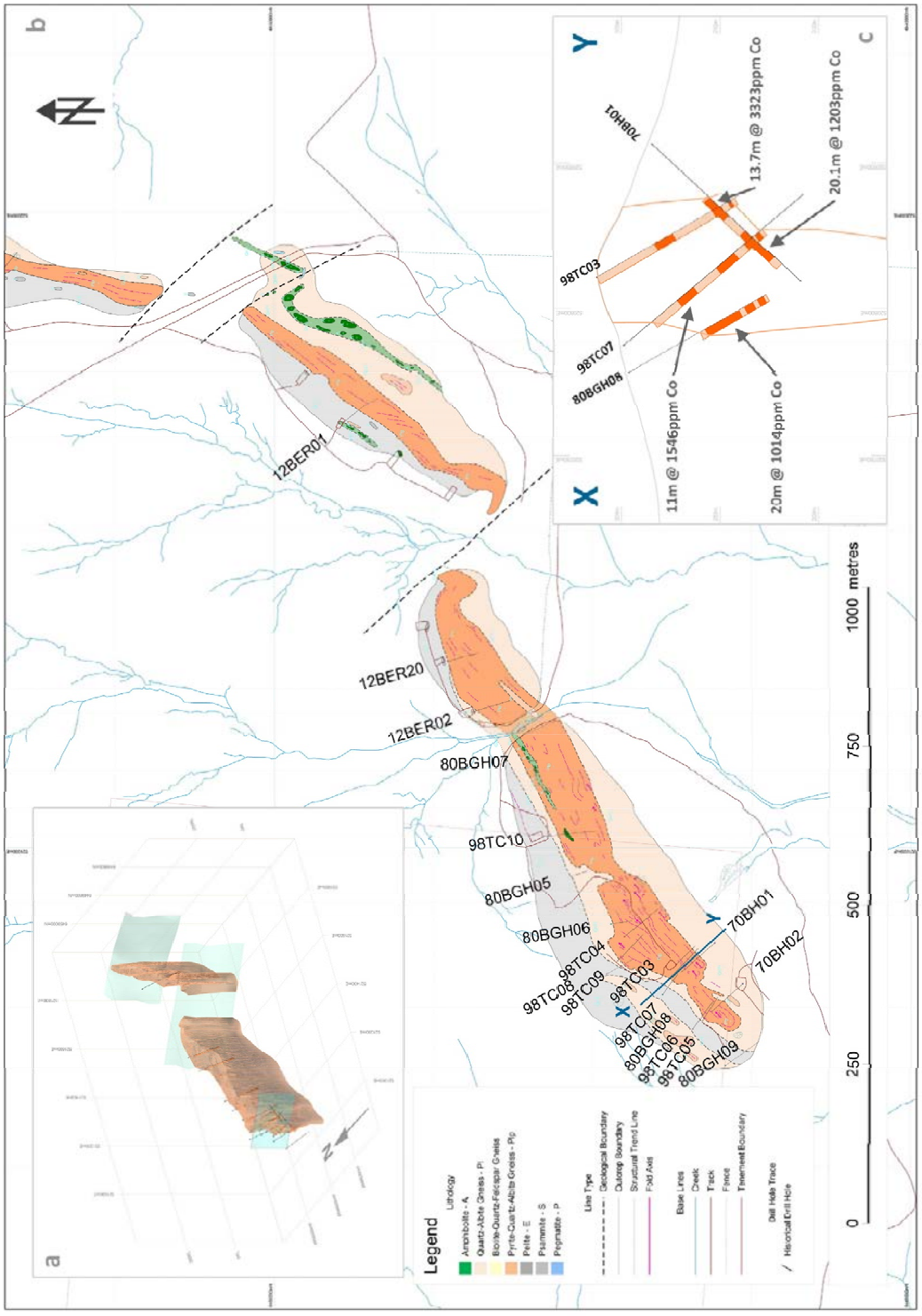

Figure 9 Big Hill Geology

A. Geological map of Big Hill highlighting mineralisation with all drill holes labelled. B. Oblique view looking NE of the Big Hill 3D geological model. C. Cross section X-Y through the Big Hill deposit.

3.9.3. Quality Assurance/ Quality Control

In March 2014, BHPL commissioned Anzeco Pty Ltd to complete a QAQC report on procedures and analytical methods used during the 2011 and 2012 drilling programs (Elliot 2014). A total of 156 OREAS and blank quartz standards were used and 119 duplicate samples were collected. In summary, this report concluded that:

- Duplicates are representative of the original samples, in regards to Co analyses
- A total of 65% of the OREAS standards are reporting lower than the 95% confidence limit; Elliot considered that the reported cobalt values are conservative and the actual values may be from 5% to 10% higher than reported by ALS-Chemex.
- Of the 75 blank quartz samples assayed, a total of 8 cobalt assays and 9 nickel assays are greater than the upper 95% confidence limits. Elliot suggested that some contamination may have occurred during the processing of the samples in the laboratory.

Elliot concluded that:

- The laboratory should be queried on the apparent under-reporting of the OREAS standards
- Blank samples should be assayed to establish a 'baseline'

Geos Mining agrees with these recommendations and further recommends that:

- Selected samples should be sent to another laboratory to check reproducibility and variability
- Samples from historic holes, where available, should be re-assayed in the mineralised zones to verify values, and provide sulphur analyses where these are missing.
- Selected samples should be tested by an alternative method to the ALS ME-ICP61 to verify that all solid solution cobalt is dissolved from within the pyrite

3.10. Exploration Potential

3.10.1. Pyrite Hill- Railway-Big Hill

Historical exploration has been focussed on Pyrite Hill and Big Hill, but, up until 2010, not a lot of on-ground exploration had been completed since the early 1980s to 1990s campaigns. While this work did establish generally cohesive deposits at both prospects, there had been insufficient drilling completed to identify local controls to mineralisation and, consequently, opportunities for structural upgrading were not well known. In addition, there had been insufficient drilling at depth and along strike to be able to verify a coherent resource that can be confidently categorised.

Recent exploration has comprised detailed geological mapping and sampling, shallow RAB drilling, IP surveying and RC drilling. This work has noted the complex structural environment, but also indicated a strong stratabound component of the cobalt mineralisation.

IP surveying has been shown to be an effective regional exploration tool and, in conjunction with RC drilling, would be expected to continue to locate additional mineralisation. Geos Mining previously recommended diamond drilling within the currently identified mineral resources to provide:

- Structural orientation data by way of oriented core
- Samples for determination of dry bulk density at various levels within the weathered profile
- Twinned samples to give confidence in RC sample collection, especially in areas at or below the water table

The current diamond drilling program will achieve most or all of these objectives, and will provide samples to enable more metallurgical testwork to be carried out.

We consider the BHPL budget allocation is prudent and reasonable. The company plans to concentrate drilling on the identified mineral resource and exploration target areas, and spend the majority of the budget at Railway and Pyrite Hill, where the exploration targets are significantly larger than the target at Big Hill.

3.10.2. Other Prospects

Prospects outside of Pyrite Hill and Big Hill have had very little previous exploration, but recent work (W. Leyh 2009) and (W. Leyh 2011) has demonstrated that much can be gained by careful geological mapping and shallow RAB drilling. Each of the prospects are marked by subdued topography with at best 30% subcrop, but nevertheless there seems to be a number of quartz gahnite or quartz garnet lode rocks (rock types recognised as being associated with BHT mineralisation) identified within the stratigraphy. These are often marked by small pits and are generally geochemically anomalous.

Geos Mining considers that there is good potential to locate significant mineralisation within any of these prospects through systematic exploration as has already been carried out by BHPL. There are a number of mineralisation styles that have already been noted and this diversity gives weight to the expectation that additional mineralisation may be discovered. The lack of outcrop is a significant feature of the terrain and necessitates the use of geochemical RAB drilling to 'map' stratigraphy and proven geophysical techniques to determine areas of interest.

3.10.3 Exploration Program 2016 - 2017

On 10 November 2016 BHPL announced the commencement of a drilling program designed to allow a JORC 2012 resource upgrade and expansion of the three main prospects at Pyrite Hill, Big Hill and Railway. Initially 8 diamond drill holes (2 each at Pyrite Hill and Big Hill and 4 at Railway) are to twin historic drill holes and provide samples for metallurgical testwork. Planned drilling for 2017 includes an additional 21 diamond and 44 RC holes with the focus on Railway (11 DDH and 22 RC holes) and Pyrite Hill (6 DDH and 16 RC holes) followed by Big Hill (4 DDH and 6 RC holes). The drill program will increase drilling density on 100m sections and significantly increase the number of sections with multiple drill holes.

Geos Mining considers this exploration program should substantially advance this project.

3.11. Mineralogy And Metallurgy

Geos Mining has not sighted any additional metallurgical testwork studies to those previously discussed in the 2010 Independent Geological Report (Randell 2010) and we have reproduced that discussion below. In regard to mineralogical studies we note the work by (Li 2013).

3.11.1. Mineralogy

Geochemical and mineralogical studies have been done on the cobalt deposit. These studies have examined both the weathering processes and the nature of the mineralisation. While there are indications of some supergene enrichment of As and Mo, the extensive gossans and adjacent saprolite have been largely stripped of Co, Ni and Na.

The mineralisation at Pyrite Hill and Big Hill consists of fine to very coarse grained disseminated cobaltiferous pyrite in a structurally massive albitic quartzose gneiss. Other sulphide species present are pyrrhotite, chalcopyrite and sphalerite. The hangingwall and footwall host more ferro-magnesian silicate minerals (mainly biotite) and schistose non-pyritic gneisses. Pyrite content varies from 10% to 90%, with a mean pyrite content of 15% to 20%. Mineralogical analysis has shown the presence of primary and secondary pyrite. Secondary pyrite displays very fine, porous colloform texture, while primary pyrite is developed as its characteristic cubic habit. Cobalt is preferentially associated with the primary pyrite and, of interest, is the anomalous levels of gold reported from ICP-OES analysis of sulphide samples. Work to date has shown that almost all of the cobalt is contained in solid solution within the pyrite crystal lattice with a mean content of 0.5% cobalt (Goodman 2004). There is very little cobalt within pyrrhotite species, at least at Railway prospect (Li 2013). Cobaltiferous pyrite typically has an iron to cobalt ratio of 100:1 and there is negligible cobalt in the ferro-magnesian silicates (i.e. biotite). Destruction of the pyrite matrix is required in order to release the cobalt for recovery by subsequent leaching.

3.11.2. Metallurgical Commentary

Various metallurgical trials have shown that the cobaltiferous pyrite can be readily concentrated and the cobalt contained in the pyrite is recoverable by recognised processes. Opportunities have been identified for the application of emerging technologies and the recovery and sale of by-products and co-products including feldspar, sulphuric acid, elemental sulphur, hematite and rutile.

Previous test work has included the following (Gunn Metallurgy 2010), (Goodman 2004):

- Flotation tests to produce a cobaltiferous pyrite concentrate (1970)
- Calcining to produce a soluble cobalt sulphate through roasting (1980)
- Autoclave leaching of finely ground ore (1980)
- Bacterial leaching of -15mm drill chips and cobaltiferous pyrite concentrate (1994)
- Gravity and magnetic separation (1998)
- Bacterial oxidation test-work on +6mm pieces of mineralised rock (Miller 2000)
- Microwave oxidation of sulphide concentrate (2000)

- Column and tray leaching of crushed drill chips simulating heap leaching (Ilich 2004).

Gunn Metallurgy and Goodman further note that two potential process options emerged, being:

- On site concentrate production followed by concentrate oxidation, leaching and solution purification.
- On site whole of ore heap bio-oxidation and leaching followed by solution purification.

Gunn Metallurgy also considered a third option, being on site concentrate production followed by roasting, leaching and acid recovery. Their overall conclusion is that whole ore bio-oxidation is possibly the preferred route after considering capital costs, complexity and risk.

All these potential process routes will require significant volumes of water, which may not be readily obtainable in the Thackaringa area. Groundwater supplies are believed to be limited, although there may be some potential in shear zones and along major faults, or from sediments to the west of the Mundi Fault zone. Surface water impoundments suffer from very high net evaporation rates. Some waste water may be available from mining and from waste water treatment at Broken Hill, but this is 25 km east of these deposits. The NSW government has now announced its intention to build a pipeline from the River Murray near Wentworth to Broken Hill to provide water security to Broken Hill, and it may be possible to acquire water from this pipeline.

3.12. Project Development - Pyrite Hill, Railway and Big Hill

Previous work has been limited to scoping, conceptual or valuation studies, with no formal, comprehensive assessment completed at a pre-feasibility or feasibility study level. Willsteed (2009) considered that sales of by-products (feldspar, sulphuric acid, iron, rutile) would "increase cash flow and project profitability" and "provides up to 50% of revenue".

In 2012, a scoping study was commenced for processing the cobalt ore and producing sulphuric acid (GHD 2012). BHPL reported that five fast-track, low cost development options were identified. Concentration of pyrite by conventional flotation methods was envisaged. The increased usage of sulphuric acid, both in Australia and world-wide, for fertiliser manufacture and mineral processing industries was studied and it was shown how a chemical industry based on sulphuric acid production could add considerable value to the project. Project value could also be increased by generating electricity using the considerable heat generated during the processes of pyrite roasting to recover cobalt and sulphur gases from pyrite concentrate and during subsequent sulphuric acid production. The excess heat generated during such processing could be used to produce zero-carbon electricity for ore processing and any surplus electric power could be sold.

In Geos Mining's opinion, from a geological perspective, the project requires considerable resource definition drilling prior to any comprehensive prefeasibility studies to advance the mineral resource inventory to at least Indicated status. We previously recommended that this should be carried out prior to further scoping studies with an emphasis on locating higher grade areas within structurally prepared sites. The Company's planned program is in line with our recommendations, and concentrates drilling on Railway and Pyrite Hill, as the Big Hill deposit is smaller and has limited tonnage potential.

The availability of process water is considered to be an important factor for consideration by BHPL. The cost of water provided by pipeline and the potential to acquire a water licence for River Murray water must be assessed. Low rainfall and high evaporation rates are typical for the region and while Geos Mining has not conducted a formal review of groundwater potential, knowledge of the local conditions would suggest that only minor supplementary water is likely from groundwater. These issues should be considered during the planned scoping and prefeasibility studies.

3.13. Thackaringa Exploration Program And Budget

Geos Mining has examined the proposed program and budget as provided by BHPL and considers that it is appropriate for the style of the mineralisation being explored and to advance the project. The program and budget is summarised in Table 3.

The planned program allocates less than 5% of the budget for general exploration outside the three deposits with known resources, and over 50% of the budget on drilling of the known resources and exploration targets. The Company has allocated most of the drilling budget to the Railway and Pyrite Hill deposits, which have the larger exploration targets, and we consider this is an efficient and sensible use of shareholders funds.

Prospect	Program	Budget	Comment
Year 1			
Thackaringa Project: Pyrite Hill/ Big Hill/ Railway Deposits	Database management, data compilation, 3D geological mapping, geophysical surveys (IP), and resource estimation.	$250,000	Has the potential to define new targets for drilling.
	Drilling program (Diamond & RC) to target 100Mt Inferred Resource, compliant with the JORC Code 2012. Total 9,500m.	$1,250,000	Program has commenced Railway (50%: $625,000) Pyrite Hill (40%: $500,000) Big Hill (10%: $125,000)
	Complete a Scoping Study which provides an economic analysis of the potential viability of mineral resources.	$500,000	
Year 2			
Thackaringa Project: Pyrite Hill/ Big Hill/ Railway Deposits	Infill drilling program to define Indicated Resources (JORC 2012) identified with the greatest economic potential from the Scoping Study. Include drilling for resource upgrade, metallurgical and geotechnical studies. Mineral Resource estimate update. Baseline environmental monitoring.	$1,250,000	Railway (50%: $625,000) Pyrite Hill (40%: $500,000) Big Hill (10%: $125,000)
	Complete a Pre-feasibility Study (JORC 2012) of the technical, commercial and economic feasibility of the development and mining of cobalt and associated products.	$1,250,000	Budget assumes positive results from Year 1 resource drilling & Scoping Studies
	TOTAL	**$4,500,000**	

Table 3: Proposed Two Year Program and Budget

4. Risk Assessment

Geos Mining has limited the scope of this risk assessment to major factors relevant to this valuation. There has been no consideration of political stability, or of the financial risk arising from any lack of liquidity. We make no guarantee that all material risks have been included in this assessment.

Risk is based on the product of two factors: probability and consequence. For the purposes of this risk assessment Geos Mining has adopted the matrix below as a measure of project risk (Table 4).

CONSEQUENCE	PROBABILITY						RISK	Probability		Consequence	
		A	B	C	D	E		A	Common	1	Catastrophic loss, over 40% of project value
	1	1	2	4	7	11	HIGH 1-6	B	Has happened	2	Major disruption/ impediment, 10% - 40% of project value
	2	3	5	8	12	16	MEDIUM 7-15	C	Could happen	3	Moderate disruption/ impediment, over $5m value
	3	6	9	13	17	20	LOW 16-25	D	Not likely	4	Minor disruption/ impediment, less than $5m
	4	10	14	18	21	23		E	Practically impossible	5	No lasting effect
	5	15	19	22	24	25					

Table 4: Risk rating table

Environmental Approvals and Permitting

We anticipate that there would be significant scrutiny placed upon the project in terms of environmental impact due to the potential for acid mine drainage and the containment of acidic water. This issue could be triggered upon application for a new mining lease.

Moderate consequence, could happen C3-13 - Medium risk

Infill drilling

The complexity of the geological setting at Broken Hill is well known and it is unlikely that the simple interpretation currently in place, due to limited drilling data, will stand up under additional infill drilling. Cautious and diligent interpretation of the geology is required.

Moderate consequence, has happened B3-9 - Medium risk

Upgrading of mineral resources

Increased confidence in mineral resource estimation often leads to a reduction in resource tonnage and/or grade. In this structurally complex environment it is not unreasonable to expect this as a consequence of infill drilling.

Moderate consequence, could happen C3-13 - Medium risk

Metallurgical testwork

Initial testwork has provided some confidence in the extraction of cobalt from the pyrite concentrate. However, this work has been minimal and further testwork should consider the influence of the weathering

profile and water table on recoveries. The refractory nature of the cobalt also requires adequate testwork to determine an acceptable recovery.

Moderate consequence, could happen C2-8 - Medium risk

WATER RESTRICTIONS

This is an ongoing risk for any new development in the region and therefore options that utilise minimal water usage may be considered more favourable. The NSW announcement of a pipeline provides a potential water source, but does not eliminate this risk.

Moderate consequence, could happen C3-13 - Medium risk

5. Conclusions

The Thackaringa Project consists of four current mineral tenements. Geos Mining conducted an informal audit of the status of the tenements in 2010 and has briefly checked current status. We note also that a new access agreement over several land parcels is in progress and the mining leases are not authorised for gold extraction and only open cut mining is permitted.

Mineral Resources have been recently updated at three prospects and they are all classified as JORC 2012 Inferred Resources. Significant exploration targets also exist and drilling has commenced to test these targets.

The project area is under-explored with the vast majority of historical exploration directed at or around the outcropping pyritic cobalt deposits at Pyrite Hill and Big Hill. There is, however, an abundance of prospects identified, all of which require further exploration and ranking.

There has been insufficient metallurgical testwork to characterise the mineralisation, although early work suggests that the cobalt contained in the pyrite is recoverable by conventional flotation processes. Supplies of water for processing may be a constraint for project development.

The planned exploration program allocates less than 5% of the budget for general exploration outside the three deposits with known resources, and over 50% of the budget on drilling of the known resources and exploration targets. The Company has allocated most of the drilling budget to the Railway and Pyrite Hill deposits, which have the larger exploration targets, and we consider this is an efficient and sensible use of shareholders funds.

We consider the current drilling program will assist to move this project forward, and has good potential to increase the known resources and defined exploration targets.

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7. Glossary

Terms not included in this glossary are used in accordance with their definitions in the Australian Concise English Dictionary.

Ag: Chemical symbol for element silver

Albitic: Of or related to albite feldspar.

Alluvial/Alluvium: Sediment deposited by a stream or river.

Amphibolite: A metamorphic rock composed mostly of amphibole and plagioclase.

Anticline: Aeromagnetic survey Geophysical data indicating the variation in magnetic intensity captured from an aircraft.

Aplite: Light coloured fine grained rocks with granitic affinities

As: Chemical symbol for element arsenic

ASX: acronym for Australian Stock Exchange

Au: Chemical symbol for element gold

Autoclave leaching: Simultaneous sorption of the leached component on resins (so-called diffusion leaching), the introduction of bacteria (bacterial lixiviation), and the application of high temperatures (up to 300° C) and pressures (up to 5 meganewtons per sq m [MN/m^2]).

B: Chemical symbol for element boron

Bacterial/ bio leaching: The extraction of specific metals from their ores through the use of bacteria. This is much cleaner than the traditional heap leaching using cyanide.[1] Bioleaching is one of several applications within biohydrometallurgy and several methods are used to recover copper, zinc, lead, arsenic, antimony, nickel, molybdenum, gold, and cobalt.

Baseline: A line or standard by which things are measured or compared.

Base Metals: term used informally to refer to a metal that oxidizes or corrodes relatively easily, and reacts variably with diluted hydrochloric acid (HCl) to form hydrogen. Examples include iron, nickel, lead and zinc

Basic: Igneous rock with low silica content, usually 45 – 50%.

Bedrock: The solid rock that exists at some depth below the ground surface beneath a superficial cover of soils and sediments.

Beryl: Beryl is a beryllium aluminium cyclosilicate, a dull blue colour.

Beryllium: The chemical element with the symbol Be and atomic number 4.

BHS: acronym for Broken Hill South Company

BHT: acronym for Broken Hill Type lead-zinc deposit

Bio-oxidation: Bio-oxidation is a pre-treatment process, which oxidizes and removes sulphides that have encapsulated gold. The exposed gold is then leached using traditional methods, such as cyanide. This pre-treatment has improved gold recovery and has allows the development of previously uneconomical zones.

Biotite: A common rock forming silicate mineral of the mica group, containing varying proportions of potassium, iron, magnesium and aluminium.

Calc-silicate rocks: Pertaining to a rock or mineral that is predominantly composed of calcium, silicon, and oxygen.

Calcining: A thermal treatment process applied to ores and other solid materials in order to bring about a thermal decomposition, phase transition, or removal of a volatile fraction.

Co: Chemical symbol for element cobalt

Cobalt: Cobalt is a hard, lustrous, grey metal, a chemical element with symbol Co and atomic number 27.

Cobaltiferous: Containing or yielding cobalt

Cross cuts: Cross Cuts are made across a trench, slab section or wall section to help expedite the removal of the material for various reasons. Generally, these cuts are made and are part of the demolition portion

Crown Land: Land which may not have official tenure under land legislation and which is held and managed by the Government. The Government may licence the use of such land for specific purposes or may alienate the land by selling or leasing.

Cu: Chemical symbol for element copper

Development footprint: The area taken up by the development.

Diamond drilling: Achieved by an annular diamond-impregnated drill bit attached to the end of hollow drill rods to cut a cylindrical core of solid rock.

Dip: The angle at which rock strata are inclined from the horizontal.

Disseminated: Said of a mineral deposit in which the desired minerals occur as scattered particles in the rock.

Drill core: A solid, cylindrical sample of rock extracted from beneath the Earth's surface by drilling.

Dyke: A tabular igneous intrusion cutting across the bedding or other planar structures.

EL: acronym for Exploration Licence

EM: acronym for Electromagnetic

Electromagnetic (EM) Survey: A geophysical survey method which measures the electromagnetic properties of rocks.

Epigenetic: Formed later than the surrounding or underlying rock formation

Exploration Target: Information relating to exploration targets must be expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. The terms Resource(s) or Reserve(s) must not be used in this context. Any statement referring to potential quantity

and grade of the target must be expressed as ranges and must include (1) a detailed explanation of the basis for the statement, and (2) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

F: Chemical symbol for element fluorine

Fault: A geological fracture along which rocks on one side of the fault are dislocated relative to those on the other side.

Fe: Chemical symbol for element iron

Feldspar: A group of silicate minerals containing varying amounts of aluminium, sodium, potassium and other elements.

Flotation test: A method of separating ore mineral grains from other materials using surfactant chemicals to entice them to adhere to bubbles in an aerated mixture of crushed ore in water, allowing them to be skimmed from the surface of the mixture.

Fluorite: A halide mineral composed of calcium fluoride, CaF2. A soft mineral (calcium fluoride) that is fluorescent in ultraviolet light; chief source of fluorine.

Fold: When one or a stack of originally flat and planar surfaces, such as sedimentary strata, are bent or curved as a result of plastic deformation.

Footwall: The section of rock that extends below a diagonal fault line (the corresponding upper section being the hanging wall).

Gahnite: Gahnite, ZnAl2O4, is a rare mineral belonging to the spinel group. It forms octahedral crystals which may be green, blue, yellow, brown or grey. It occurs in Falun, Sweden where it is found in pegmatites and skarns, contact metamorphic rocks.

Gneiss: A foliated rock formed by regional metamorphism, in which bands of granular minerals alternate with bands of minerals with a flaky or elongate prismatic habit.

Gossan: An iron rich, often spongy rock found at or near the surface, produced by the weathering and oxidation of sulphide minerals and the leaching out of the sulphur and often some of the metals.

GPS: acronym for Global Positioning System

Grade: Average quantity of ore or metal in a specified quantity of rock.

Granulites: Medium to coarse–grained metamorphic rocks that have experienced high temperature metamorphism, composed mainly of feldspars sometimes associated with quartz and anhydrous ferromagnesian minerals, with granoblastic texture and gneissose to massive structure.

Grassroots exploration: Exploration carried out in an area where there has been no previously identified geological resource.

Gravity survey: The measurement of gravity at regularly spaced grid points with repetitions to control instrument drift.

g/t: abbreviation for grams per tonne

Hanging wall: The upper wall of an inclined fault.

Host rock: A body of rock serving as a host for other rocks or for mineral deposits; e.g. A pluton containing xenoliths, or any rock in which ore deposits occur.

IGR: acronym for Independent Geological Report

Indicated Resource: That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Induced Polarisation (IP): A geophysical imaging technique used to identify subsurface mineralisation whereby an electric current is induced into the subsurface through two electrodes, and voltage is monitored through two other electrodes. Time domain IP methods measure the voltage decay or chargeability over a specified time interval after the induced voltage is removed. The integrated voltage is used as the measurement.

Inferred Resource: That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.

Intrusion/intrusive: An igneous rock which has been intruded into pre-existing rocks.

IP: acronym for Induced Polarisation

IPO: acronym for Initial Public Offering

JORC Code: A code prepared by the Joint Ore Reserves Committee which sets out minimum standards, recommendations and guidelines for public reporting in Australasia of exploration results, mineral resources and ore reserves.

km: abbreviation for kilometre

lb: abbreviation for pound

lb/t: abbreviation for pounds per tonne (roughly equivalent to 0.045% or 454 ppm)

Lode: A deposit of valuable ore occurring within definite boundaries separating it from surrounding rocks.

m: abbreviation for metre

Magnetics survey: A survey carried out using a magnetometer either on an aircraft or carried along by hand. The magnetometer records tiny variations in the intensity of the ambient magnetic field due to the local effect of magnetic minerals in the Earth's crust.

Magnetite: An iron magnesium oxide that is a principal ore of iron, often contains some titanium

Massive sulphides: Rock containing abundant sulphides that can form close to 100% of the mass.

Metamorphosed/metamorphic: Alteration of rocks by heat and pressure.

Metasediments: Sediments or sedimentary rocks which show evidence of being exposed to metamorphism.

Mg: Chemical symbol for element magnesium

Mica: Any of various minerals consisting of hydrous silicates of aluminium or potassium etc. that crystallize in forms that allow perfect cleavage into very thin leaves.

Migmatite: A highly metamorphosed rock that was formed by being subjected to sufficiently elevated heat and pressure that the original rock is nearly or partly melted.

mm: abbreviation for millimetre

Mineralisation: Term describing the hydrothermal deposition of economically important minerals in the formation of ore bodies.

ML: acronym for Mining Lease

Mn: Chemical symbol for element manganese

Mo: Chemical symbol for element molybdenum

Mt: abbreviation for million tonnes

Native title: Native title is "the recognition by Australian law that some Indigenous people have rights and interests to their land that come from their traditional laws and customs".

Ni: Chemical symbol for element nickel

Outcrop: An exposure of rock or mineral deposit that can be seen on surface that is not covered by soil or water.

Oxidation: The process of oxidizing; the addition of oxygen to a compound with a loss of electrons; always occurs accompanied by reduction.

Pb: Chemical symbol for element lead

Pegmatites: Very coarse grained igneous rock with a grain size of 3cm or more, formed from a magma that contains a high proportion of water.

PGE: acronym for platinum group elements including platinum, palladium, iridium

Platinum group elements (PGE): Collectively refers to six metallic elements clustered together in the periodic table. These elements are all transition metals, lying in the d-block (groups 8, 9, and 10, periods 5 and 6). The six platinum group metals are ruthenium, rhodium, palladium, osmium, iridium, and platinum. They have similar physical and chemical properties, and tend to occur together in the same mineral deposits.

Po: Abbreviation for mineral pyrrhotite

Ppm: abbreviation for parts per million

Psammitic: Term used to describe metamorphosed sandstones and quartzites

Pt: Chemical symbol for element platinum

Py: Abbreviation for mineral pyrite

Pyrite: Yellow lustrous iron sulphide mineral (CuS_2).

Pyritization: The hydrothermal process whereby a rock is transformed into a pyrite.

Pyrrhotite: A magnetic iron sulphide [Fe1-xS].

Quartz: Second most abundant mineral in the Earth's continental crust, after feldspar. It is made up of a continuous framework of SiO4 silicon–oxygen tetrahedra, with each oxygen being shared between two tetrahedra, giving an overall formula SiO2.

Quartzite: Hard metamorphic rock consisting essentially of interlocking quartz crystals.

RAB: acronym for Rotary Air Blast

RC chip: The ideally dry rock sample which is brought up by compressed air from reverse circulation (RC) drilling.

RC Drilling: Reverse circulation drilling, a form of percussion drilling where the sample is returned through the centre of the drill string so minimising contamination of the sample

Reserves: The economically mineable part of a measured or indicated resource at the time of reporting, as defined in the JORC Code.

Resistivity Survey: Geophysics technique that measures soil conductivity.

Resources: The part of a deposit for which there is a reasonable prospect for eventual economic extraction, as defined in the JORC Code. Not all of a resource may be economically minable.

RL: The height of a point above the Datum Surface.

Rotary airblast (RAB) drilling: The drill uses a pneumatic reciprocating piston-driven "hammer" to drive a heavy drill bit into the rock. The drill bit is hollow, solid steel and has ~20 mm thick tungsten ‘buttons’ protruding from the steel matrix which are the cutting face of the bit. The rock chips are blown up the outside of the rods and collected at surface. Air or a combination of air and foam lift the chips.

Rutile: is a mineral composed primarily of titanium dioxide, TiO_2.

Sb: Chemical symbol for element antimony

Schist: A regionally metamorphosed rock that is characterised by a parallel alignment of the bulk of the constituent minerals.

Sediment: Material such as mud and sand that has been moved and deposited by water, ice or wind.

Shear zones: A zone where rock has been stressed or deformed, often host ore bodies as they focus hydrothermal flows

Siderite: Siderite is a mineral composed of iron carbonate $FeCO_3$.

Silicate: A silicate is a compound containing an ion in which one or more central silicon atoms are surrounded by electronegative ligands.

Siliceous: Name used to describe silicon dioxide compounds.

Sn: Chemical symbol for element tin

Sodic: Having more than 15 percent exchangeable sodium or more than 50 percent exchangeable sodium plus magnesium on the exchange complex within 50 cm from the soil surface.

Solid solution: Any homogenous crystalline solid, consisting of more than one type of molecule or atom randomly dispersed, in which the structure is independent of its composition.

Strata: Layers of sedimentary rock, visually separable from other layers above and below.

Stratiform: Occurring in layers.

Stratigraphic unit: A body of adjacent rock strata recognised as a unit for description, mapping or correlation.

Stratigraphy: The science of rock strata, concerned with all characteristics and attributes of rocks as strata, and their interpretation in terms of mode of origin and geologic history.

Strike: Direction of a line created by intersection of a rock surface with a horizontal plane.

Sulphide: A chemical compound or mineral containing sulphur in its lowest oxidation state.

Synform: Downward-curving fold, with layers that dip toward the centre of the structure.

Tantalum: A chemical element with the symbol Ta and atomic number 73. A rare, hard, blue-grey, lustrous transition metal, tantalum is highly corrosion resistant and occurs naturally in the mineral tantalite, always together with the chemically similar niobium.

Tenement: An area granted for exploration or mining purposes.

Tourmaline: A complex silicate mineral composed of aluminium and boron with sodium, calcium, iron, magnesium, lithium and other elements.

Tungsten: A chemical element with the chemical symbol W and atomic number 74. A heavy grey white metallic element.

U: Chemical symbol for element uranium

VALMIN Code: A code prepared to assist those involved in the preparation of public Independent Expert Reports that are required for the assessment and/or valuation of mineral and petroleum assets and securities so that the resulting reports will be reliable, thorough, understandable and include all the material information required by investors and their advisers when making investment decisions.

Vein: A fracture in rock which has been filled with mineral, often quartz.

W: Chemical symbol for element tungsten

Workings: The entire system of openings in a mine for the purpose of operation.

Younging: The direction in which stratigraphy becomes younger, for a particular formation.

Zn: Chemical symbol for element zinc

Appendix – JORC Table 1

JORC Code, 2012 Edition – Table 1 | Thackaringa Cobalt Project

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections.)

SAMPLING TECHNIQUES

- ***Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.***
- ***Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.***
- ***Aspects of the determination of mineralisation that are Material to the Public Report.***
- ***In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.***

- **Diamond Drilling**
  - Pre-1990
    - Diamond drilling was used to obtain core from which irregular intervals, reflecting visual mineralisation and geological logging were hand-split or sawn with samples submitted for analysis using a mixed acid digestion and AAS methodology
  - Post-1990
    - Diamond drilling (one drill hole) was used to obtain core from which irregular intervals, reflecting visual mineralisation and geological logging were sawn (quarter core for HQ) with samples submitted for analysis using a mixed acid digestion and ICP-OES methodology
- **Reverse Circulation Drilling**
  - RC drilling was used to obtain a representative sample by means of riffle splitting with samples submitted for analysis using the above-mentioned methodologies
- Pre-2000 drill samples were only assayed for a relatively small suite of elements (sometimes only cobalt) and the available assay suite varied. The post-2000 drill samples (5,095 samples) are all assayed by ICP for a suite of 33 elements.
- **Rock Chip Sampling**
  - Reconnaissance geochemical sampling was undertaken in parallel with detailed geological mapping to obtain samples of a variable nature (gossan, sub-crop, out-crop) submitted for analysis using mixed acid digestion and ICP-OES methodology. Fire assay techniques were used for gold analysis.
  - Rock ship samples are selective in nature and therefore not wholly representative of the underlying geology
- These sampling techniques are considered 'industry standard' for the respective periods.

DRILLING TECHNIQUES

- ***Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).***

- The Thackaringa drilling database comprises a total of twenty-six (26) diamond drill holes and forty-three reverse (43) circulation (RC) drill holes. Diamond drilling was predominantly completed with standard diameter, conventional HQ and NQ utilising RC and percussion pre-collars to an average 25 metres (see **Drill hole Information** for further details). Early (1960-1970) drill holes utilised HX – AX diameters dependent on drilling depth. Reverse circulation drilling utilised standard hole diameters (4.8”-5.5”) with a face sampling hammer
- During 2013, a single diamond drill hole (13BED01) was completed at the Railway deposit using a triple tube system with a HQ^3 diameter
- The Railway Mineral Resource estimate considers a total of twenty (20) RC drill holes
- The Pyrite Hill Mineral Resource estimate considers a total of seventeen (17) diamond drill holes and eight (8) RC drill holes. Data from diamond drill holes, MGM1 and TH2, were excluded from the Mineral Resource estimation due to missing and or incomplete assayed intervals. Drill holes 11PSR01-03 are not part of the resource.

The Big Hill Mineral Resource estimate considers a total of two (2) diamond drill holes and twelve (12) RC drill holes and four (4) RC drill holes with diamond tails.

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Year	Drilling	Metres
1967	1 diamond drill hole	304.2
1970	4 diamond drill holes	496.6
1980	18 diamond and 1 RC drill hole	1711.23
1993	2 diamond drill holes	250
1998	11 RC drill holes	1093.25
2011	11 RC drill holes	1811
2012	20 RC drill holes	2871.25
2013	1 diamond drill hole	349.2
Total	**26 diamond and 43 RC drill holes**	**8886.73**

DRILL SAMPLE RECOVERY

- **Method of recording and assessing core and chip sample recoveries and results assessed.**
- **Measures taken to maximise sample recovery and ensure representative nature of the samples.**
- **Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.**

- **Diamond Drilling**
    - Historical core recoveries were accurately quantified through measurement of actual core recovered versus drilled intervals
    - Historical diamond drilling employed conventional drilling techniques while diamond drilling completed by Broken Hill Prospecting (one drill hole, 13BED01) utilised a triple-tube system to maximise sample recovery
        - Core recovery of 99.7% was achieved during completion of drill hole 13BED01
    - No relationship between sample recovery and grade has been observed
- **Reverse Circulation Drilling**
    - Reverse circulation sample recoveries were visually estimated during drilling programs. Where the estimated sample recovery was below 100% this was recorded in field logs by means of qualitative observation
    - Reverse circulation drilling employed adequate air (using a compressor and booster) to maximise sample recovery
    - No relationship between sample recovery and grade has been observed

LOGGING

- ***Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.***
- ***Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.***
- ***The total length and percentage of the relevant intersections logged.***

- **Drilling**
    - A qualified geoscientist has logged all reported drill holes in their entirety. This logging has been completed to a level of detail considered to accurately support Mineral Resource estimation and metallurgical studies. The parameters logged include lithology, alteration, mineralisation and oxidation. These parameters are both qualitative and quantitative in nature.
    - During 2013, a single diamond drill hole (13BED01) was completed at the Railway deposit and subject to geotechnical logging with parameters recorded including rock-quality designation (RQD), fracture frequency and hardness
    - During 2013, a considerable amount of historical drilling was re-logged through review of available core stored at Broken Hill as well the re-interpretation of historical reports where core or percussion samples no longer exist. A total of eight (8) diamond drill holes and sixteen (16) diamond drill holes with pre-collars were re-logged as detailed below:

Hole ID	Deposit	Max Depth	Hole Type	Pre-Collar Depth (m)
67TH01	Pyrite Hill	304.2	DDH[1]	
70TH02	Pyrite Hill	148.6	DDH[1]	

70TH03	Pyrite Hill	141.4	DDH[1]	
70BH01	Big Hill	102.7	DDH[1]	
70BH02	Big Hill	103.9	DDH[1]	
80PYH13	Pyrite Hill	77	DDH[1]	
80PYH14	Pyrite Hill	300.3	DDH[1]	
80BGH09	Big Hill	100.5	DDH[1]	
80PYH01	Pyrite Hill	24.53	PDDH[2]	6
80PYH02	Pyrite Hill	51.3	PDDH[2]	33.58
80PYH04	Pyrite Hill	55	PDDH[2]	38.7
80PYH05	Pyrite Hill	93.6	PDDH[2]	18
80PYH06	Pyrite Hill	85.5	PDDH[2]	18
80PYH07	Pyrite Hill	94.5	PDDH[2]	12
80PYH08	Pyrite Hill	110	PDDH[2]	8
80PYH09	Pyrite Hill	100.5	PDDH[2]	8
80PYH10	Pyrite Hill	145.3	PDDH[2]	25.5
80PYH11	Pyrite Hill	103.1	PDDH[2]	18
80PYH12	Pyrite Hill	109.5	PDDH[2]	4.2
80BGH05	Big Hill	54.86	RCDDH[3]	45.5
80BGH06	Big Hill	68.04	RCDDH[3]	58
80BGH08	Big Hill	79.7	RCDDH[3]	69.9
93MGM01	Pyrite Hill	70	RDDH[4]	24
93MGM02	Pyrite Hill	180	RDDH[4]	48

[1]Diamond drill hole
[2]Diamond drill hole with percussion pre-collar
[3]Diamond drill hole with reverse circulation pre-collar
[4]Diamond drill hole with rotary air blast pre-collar

  - Litho-geochemistry has been used to verify geological logging where available for drilling completed by Broken Hill Prospecting post 2010
  - Representative reference trays of reverse circulation drilling completed post 2010 have been retained by Broken Hill Prospecting
- **Rock Chip Sampling**
  - A qualified geoscientist has reviewed all reported rock chip samples during collection. Geological observations are general in nature and considered appropriate for the sample type. Typically, geological parameters recorded include lithology, alteration, mineralisation and oxidation
  - Rock chip samples are **NOT** included or considered during Mineral Resource estimation

- *If core, whether cut or sawn and whether quarter, half or all core taken.*
- *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*
- *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*
- *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*
- *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*
- *Whether sample sizes are appropriate to the grain size of the material being sampled.*

- **Diamond Drilling**
  - Pre-1990
    - Core samples were hand-split or sawn with re-logging of available historical core (see **Logging**) indicating a 70:30 (retained:assayed) split was typical. Variation of sample ratios noted within this review are considered consistent with the sub-sampling technique (hand-splitting)
    - No second half samples were submitted for analysis
    - It is considered water used for core cutting is unprocessed and unlikely to have introduced sample contamination
    - Procedures relating to the definition of the line of cutting or splitting are not available. It is expected that 'standard industry practice' for the period was applied to maximize sample representivity
  - Post-1990
    - NQ drilling core was sawn with half core submitted for assay
    - HQ drilling core was sawn with quarter core submitted for assay
    - No second half samples were submitted for analysis
    - It is considered water used for core cutting is unprocessed and unlikely to have introduced sample contamination
    - Procedures relating to the definition of the line of cutting or splitting are not available. It is expected that 'standard industry practice' for the period was applied to maximise sample representivity
- **Reverse Circulation Drilling**
  - Sub-sampling of reverse circulation/percussion chips was achieved using a cyclone with cone or riffle splitter
  - During drilling operations, the sample cyclone and splitter were regularly cleaned to prevent down hole sample contamination
  - Dry sampling was achieved with the use of adequate air, using a compressor and booster, where groundwater was encountered
  - During reverse circulation drilling completed by Broken Hill Prospecting, duplicate samples were collected at the time of drilling. These were obtained by spearing the bulk material held in the PVC sacks using a spear made of 40mm diameter PVC pipe; three samples were speared through the full depth of the bulk material and these were combined to form one sample
  - The Thackaringa drilling database includes a total of 139 field duplicates collected during reverse circulation drilling. This reflects a ratio of approximately one field duplicate in every

32 samples (3.1%) for drill holes where duplicates were collected (31 drill holes for 4469 metres) and an overall ratio of one field duplicate in every 42 samples (2.4%) for all reverse circulation drill holes (43 drill holes for 5801.5 metres).

- Statistical analysis of field duplicates collected during drilling completed by Broken Hill Prospecting (119 duplicates representing 86% of all field duplicates) considered 18 elements of which only chromium, lanthanum and titanium show some bias in the duplicate samples. For cobalt, the confidence limits were evenly placed either side of zero and the duplicates are deemed to be representative of the original samples.

- **Rock Chip Sampling**
  - No sub-sampling techniques are implemented in the field during preparation of rock chip samples
  - The nature of rock chip sampling does not support field duplicates and no second half samples were submitted for analysis
- Sample sizes for the above-mentioned techniques are considered appropriate for the targeted mineralisation and intended data application.

QUALITY OF ASSAY DATA AND LABORATORY TESTS

- ***The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.***
- ***For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.***
- ***Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.***

- The nature and quality of all assaying and laboratory procedures employed for samples obtained through both drilling (diamond and reverse circulation) and rock chip sampling are considered 'industry standard' for the respective periods.
- The assay techniques employed for drilling (diamond and reverse circulation) and rock chip sampling include mixed acid digestion with ICP-OES and AAS finishes. These methods are considered appropriate for the targeted mineralisation and regarded as a 'near total' digestion technique with resistive phases not expected to affect cobalt analyses.
- All samples have been processed at independent commercial laboratories including AMDEL, Australian Laboratory Services (ALS), Analabs and Genalysis.
- All samples from recent drilling (2011-2012) completed by Broken Hill Prospecting were assayed at ALS in Orange, New South Wales. ALS is a NATA Accredited Laboratory and qualifies for JAS/ANZ ISO9001:2008 quality systems. ALS maintains robust internal QAQC procedures (including analysis of standards, repeats and blanks).
- The Thackaringa drilling database includes a total of 156 standards and blanks inserted into the sample stream during reverse circulation drilling completed by Broken Hill Prospecting (2011-2012). This reflects a ratio of approximately one standard in every 30 samples (3.3%) for the 2011-2012 programs (31 drill holes for 4685.25 metres)
- Five differing sample standards (76a, 162, 163, 165, and 166) were sourced from Ore Research & Exploration Pty Ltd (OREAS). Four of these standards (162, 163, 165, and 166) are characterised for Cu, Fe, S, CaO, MgO, Al2O3, SiO2, Ag, Pb, Zn and Co using sodium peroxide fusion ICP and 4-acid ICP methods. It is noted all certified values for cobalt were derived using a four-acid digestion

considered equivalent to the method of analysis used by Broken Hill Prospecting (ME-ICP61). These standards comprised certified cobalt values ranging from 230ppm to 2445ppm.
    - Statistical analysis of standard performance indicated that 35.1% returned assays within the 95% confidence limits for the certified cobalt value
    - Of the 64.9% standards reporting outside the 95% confidence limits for the certified cobalt value, 94% were below the range, suggesting the returned cobalt assays were conservative
- Blank standards were prepared by Broken Hill Prospecting in the field and comprised clean white quartz
    - Statistical analysis of blank standard performance indicated that 89.3% returned assays within the 95% confidence limits for cobalt
- The Thackaringa drilling database includes a total of 126 triplicate samples (42 original samples) collected for check assaying of results from diamond drilling completed at Pyrite Hill (ten drill holes for 1219.3 metres). These check assays were completed by recognised analytical laboratories ALS and Analabs.
    - Check assays completed by Analabs demonstrated a significant bias that increased with grade
    - Check assays completed by ALS demonstrated a good correlation with the original results
    - It was therefore concluded the Analabs results were in error due to calibration issues and the original assays were retained in the database
- Based on historical results of standard analysis and conclusions derived from related reviews, additional to the internal QAQC procedures implemented by the various laboratories, it is considered an acceptable level of accuracy and precision of assay results has been maintained.

VERIFICATION OF SAMPLING AND ASSAYING

- ***The verification of significant intersections by either independent or alternative company personnel.***
- ***The use of twinned holes.***
- ***Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.***
- ***Discuss any adjustment to assay data.***

- Historical drilling intersections were internally verified by personnel employed by previous explorers including CRAE Pty Limited, Central Austin Pty Limited and Hunter Resources. Broken Hill Prospecting has completed a systematic review of the related data
- The Thackaringa drilling database exists in electronic form as a Microsoft Access database. Information related to individual drill holes is stored in digital files as extracted from historical reports (typically including location plan, section, logs, photos, surveys, assays and petrology)
- Historical drilling data available in electronic form has been re-formatted and imported into the drilling database
- Quantitative historical drilling data, including assays, have been captured electronically during systematic data compilation and validation completed by Broken Hill Prospecting
- Samples returning assays below detection limits are assigned half detection limit values in the database

LOCATION OF DATA POINTS

- ***Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.***
- ***Specification of the grid system used.***
- ***Quality and adequacy of topographic control.***

- Historical drill collars have been relocated and surveyed using a differential GPS (DGPS). In the instances where no collar could be located the position has been derived from georeferenced historical plans.
- During systematic data validation completed in 2016, three drill holes at Big Hill were found to be incorrectly located. One collar was located and surveyed by GPS and two were digitised from georeferenced historical plans (reported to the nearest metre) as the collars had been destroyed. These corrections were captured in the Big Hill Mineral Resource estimate
- Down hole surveys using digital cameras were completed on all post 2000 drilling. Down hole surveys for some earlier drilling were estimated from hole trace and section data where raw survey data was not reported
- All data is recorded in MGA94 UTM Zone 54.
- 3D validation of drilling data has been completed by independent geological consultants to support detailed geological modelling in Micromine™ software
- The quality of topographic control is deemed adequate in consideration of the respective Mineral Resource classification

DATA SPACING AND DISTRIBUTION

- ***Data spacing for reporting of Exploration Results.***
- ***Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.***
- ***Whether sample compositing has been applied.***

- Data density varies across the three deposits with drilling orientations also adjusted along strike to accommodate folded geological sequences
    - Drill lines at Pyrite Hill average 50 - 100 metres with drill spacing averaging 30-50 metres where multiple drill holes occur at the same section
    - Drill lines at Railway average 75 – 225 metres with drill spacing averaging 30-50 metres where multiple drill holes occur at the same section
    - Drill lines at Big Hill average 75 - 100 metres with drill spacing averaging 25-40 metres where multiple drill holes occur at the same section
- Detailed geological mapping supported by drill hole data of sufficient spacing and distribution to establish a 3D geological model.
- The level of geological and grade continuity is appropriate for the Mineral resource estimation methodologies used and the classifications applied (being wholly **Inferred** Mineral Resources)
- No sample compositing has been applied to reported intersections

ORIENTATION OF DATA IN RELATION TO GEOLOGICAL STRUCTURE

- ***Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.***
- ***If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.***

- Drill holes at the Thackaringa project are typically angled at 50^0 or 60^0 and drilled perpendicular to the mineralised trend with drilling orientations adjusted along strike to accommodate folded geological sequences
- Mineralisation at the Big Hill and Railway prospects is steeply dipping and consequently mineralised intersections will be greater than true width. At Pyrite Hill mineralisation is gently dipping and mineralised intersections will be close to true width.
- The drilling orientation is not considered to have introduced a sampling bias on assessment of the current geological interpretation

SAMPLE SECURITY

- ***The measures taken to ensure sample security.***

- Sample security procedures are considered to be 'industry standard' for the respective periods
- Recent drilling completed by Broken Hill Prospecting (2011-2012), samples were trucked by an independent courier directly from Broken Hill to ALS, Orange.
- Broken Hill Prospecting consider that risks associated with sample security are limited given the nature of the targeted mineralisation

AUDITS OR REVIEWS

- ***The results of any audits or reviews of sampling techniques and data.***

- In late 2016 an independent validation of the Thackaringa drilling database was completed:
    - The data validation process consisted of systematic review of drilling data (collars, assays and surveys) for identification of transcription errors
    - Following review, historical drill hole locations were also validated against georeferenced historical maps to confirm their location
    - Three (3) drill holes at Big Hill were found to be incorrectly located. One collar was located and surveyed by GPS and two were digitised from georeferenced historical plans (reported to the nearest metre) as the collars had been destroyed. These corrections were captured in the Big Hill Mineral Resource estimate
    - Total depths for all holes were checked against original reports
    - Final 3D validation of drilling data has been completed by independent geological consultants to support detailed geological modelling in Micromine™ software
- Audits and reviews of QAQC results and procedures are further described in preceding sections of this table including **Quality of assay data and laboratory tests, Sub-sampling techniques and sample preparation** and **Logging**

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

MINERAL TENEMENT AND LAND TENURE STATUS

- ***Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.***
- ***The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.***

- The Thackaringa Cobalt project is located approximately 25 kilometres west-southwest of Broken Hill and consists of four tenements wholly owned (100%) by Broken Hill Prospecting Limited:

Tenement	Registered and Beneficial Holder	Minerals	Grant Date	Expiry Date	Annual Expenditure Commitment
EL6622	Broken Hill Prospecting Limited (BPL)	Group 1	30/08/2006	29/08/2017	$47,000
EL 8143	BPL	Group 1	26/07/2013	26/07/2017	$14,000
ML86	BPL	Cobalt, iron, nickel, platinum, sulphur	05/11/1975	04/11/2017	$75,000
ML87	BPL	Cobalt, iron, nickel, platinum, sulphur	05/11/1975	04/11/2017	$75,000

- The project tenure is subject to a Farm-In agreement with Cobalt Blue Holdings Limited (**COB**). The nature of this agreement is detailed within the accompanying prospectus.
- The nearest residence (Thackaringa Station) is located approximately three kilometres west of EL6622.
- EL6622 is transected by the Transcontinental Railway while the Barrier Highway is located to the north of the licence boundaries.
- The majority of the project tenure is covered by Western Lands Lease which is considered to extinguish native title interest. However, Native Title Determination NC97/32 (Barkandji Traditional Owners 8) is current over the area and may be relevant to Crown Land parcels (e.g. public roads) within the project area.
- The project tenure is more than 90 kilometres from the nearest National Park and or Wilderness Area (Kinchega National Park) and approximately 20 kilometres south of the nearest Water Supply Reserve (Umberumberka Reservoir Water Supply Reserve)
- The Company is not aware of any impediments to obtaining a licence to operate in the area

EXPLORATION DONE BY OTHER PARTIES

- ***Acknowledgment and appraisal of exploration by other parties.***

EL0738

- Exploration activities commenced with Broken Hill South Limited and were completed by CRA

Exploration Pty Limited. The company primarily targeted stratiform Broken Hill Type (BHT) Copper-Lead-Zinc-Silver deposits. The cobaltiferous pyritic deposits, which remain the principal focus for Broken Hill Prospecting Limited, were subject to little assessment noting Pyrite Hill was held under separate tile by Central Austin Pty Limited (McConachy, 1976).

- Exploration activities included:
    - Regional IP followed up with detailed IP over the Himalaya 'lode'
    - Airborne EM
    - Geochemical sampling
    - Geological mapping
    - Diamond drilling (three drill holes) targeting coincident geochemical and IP anomalism
- Detailed mapping of aplitic feldspar rich sequences known to host the cobaltiferous pyritic mineralisation of the Big Hill, Railway and Pyrite Hill deposits was undertaken. Lenticular pods of pyritic gossan were well developed at both Big Hill and Pyrite Hill and it was noted a major north-south trending shear may structurally separate the deposits where mapping suggests they are hosted by discordant horizons (McConachy, 1976).

EL1286

- EL1286 was held in joint venture between Metals Exploration Limited (managers) and Rope River
- Limited with activities targeting stratiform Broken Hill Type (BHT) Copper-Lead-Zinc-Silver deposits. Exploration activities included:
    - Geological mapping
    - Geochemical sampling
    - RAB drilling (five drillholes) (Metals Exploration Limited, 1983)

EL1621

- Initial exploration activities under the management of Anglo American focussed on cobaltiferous pyrite mineralisation characteristic of the Ophara Tank prospects.
- Exploration activities included:
    - Geological mapping
    - Ground magnetics
    - Rock chip and soil sampling
    - Diamond drilling (two drill holes, OT1 and OT2, targeting magnetic anomalies)
    - Stream sediment sampling (Leishman, 1985)
- Following this program Anglo American withdrew from the joint venture, retuning management of the tenure to Esso whom resumed exploration for Broken Hill type mineralisation.
- Exploration activities included:
    - Ground EM
    - Percussion drilling (two drill holes)
    - Diamond drilling (four drill holes)
    - Geological mapping
    - IP
    - DHEM
    - Ground magnetics
    - Rock chip sampling (Leishman, 1985)

EL2237

- EL2237 was granted to CRA Exploration Pty Limited with exploration initially focussed on Broken Hill type mineralisation and to a lesser extent stratiform to stratabound Copper-Cobalt-Gold

mineralisation (Lindsay-Park, 1987).

- Exploration activities included:
  - Literature research and review
  - Data compilation
  - Airborne geophysics
  - TEM survey (eight loop, 21.5-line kilometres)
  - Ground magnetics (32-line kilometres)
  - Lithogeochemical sampling (69 samples)
  - Gravity survey (9-line kilometres)
  - RAB drilling
  - IP (Lindsay-Park, 1987)

EL2757

- EL2757 was granted to CRA Exploration Pty Limited with exploration also focussed on large tonnage, low to medium grade gold and base metal targets.
  - Exploration activities included:
  - Stream sediment sampling (24 samples)
  - Rock chip sampling (51 samples)
  - RAB drilling (1442 metres)
  - Percussion drilling (18 holes for 2160 metres) (Scott, 1987)

EL2918

- Exploration under this tenure was limited with the operating company experiencing financial difficulty owing to poor performance of the Triple Chance mill in Broken Hill (Goldman, 1990).

EL3091

- Limited exploration was completed with some hand and mechanical auger drilling reported though no significant results were returned.

EL3659

- Targeting Broken Hill Type polymetallic mineralisation, BHP Minerals Pty Limited completed a significant airborne EM survey comprising 480 line kilometres at 300 metre line spacing. The survey delineated six anomalies which were followed up with ground EM though failed to indicate the presence of a bedrock conductor (Raetz & Irvine, 1992).

EL4521

- Exploration activities under EL4521 also targeted Broken Hill Type polymetallic and stratiform copper- gold mineralisation exploiting historical geophysical data to assist in the delineation of targets beneath shallow cover sequences reported to affect some 90% of the tenement.
- Exploration activities included:
  - RAB drilling
  - Diamond drilling (one hole) (Hespe, 2000)

EL6978

- Limited field work was undertaken with activities restricted to desktop geological review and data compilation.

EL7476

- Limited field work was undertaken with activities restricted to reinterpretation of historical airborne EM and data review. Ten rock chip samples were submitted for multi-element

analysis.

EL6622

2007-2008

- During the reporting period work focussed on preliminary field reconnaissance supporting broad firstpass geological mapping followed by detailed 1:1000 scale grid mapping of priority areas and related geochemical sampling (Heritage Gold NZ Ltd, 2008).
- A total of 148 rock chip samples were submitted for assay.

2008-2009

- During the reporting period a total of 239 RAB drill holes for 672 metres were drilled as follows (Heritage Gold NZ Ltd, 2009):
  - Himalaya North
    - 141 drill holes for 303 metres
  - Pyramid Hill
    - 69 drill holes for 253 metres
  - Pyrite Hill South
    - 29 drill holes for 116 metres
  - Big Hill North
    - 25 drill holes for 60 metres

2009-2010

- During the reporting period an extensional and infill RAB drilling program was executed over two primary prospects (Randell, 2010):
  - Himalaya North
    - 505 drill holes
  - Pyramid Hill
    - 449 drill holes

2010-2011

- During the reporting period reverse circulation drilling was completed at the Pyramid Hill, Himalaya North and Pyrite Hill South prospects comprising (Pringle, 2011):
  - Pyramid Hill
    - 6 drill holes for 489 metres
  - Himalaya North
    - 6 drill holes for 575 metres
  - Pyrite Hill South
    - 3 drill holes for 269 metres

GEOLOGY

- ***Deposit type, geological setting and style of mineralisation.***

- **Regional Geological Setting**
  - The Thackaringa project is located in a deformed and metamorphosed Proterozoic supracrustal succession named the Willyama Supergroup, which crops out as several inliers in western New South Wales, including the Broken Hill Block (Willis, et al., 1982).
  - Exploration by Broken Hill Prospecting Limited has been focused on the discovery of

cobaltiferous pyrite deposits and Broken Hill type base-metal mineralisation both of which are known from historical exploration in the district.

- The project area covers portions of the Broken Hill and Thackaringa group successions which host the majority of mineralisation in the region, including the Broken Hill base-metal deposit. The Sundown Group suite is also present. The extensive sequence of quartz-albite-plagioclase rock that hosts the cobaltiferous pyrite mineralisation is interpreted as belonging to the Himalaya Formation, which is stratigraphically at the top of the Thackaringa Group.

- **Local Geological Setting**
  - The oldest rocks in the region belong to the Curnamona Craton which outcrop on the Broken Hill and Euriowie blocks.
  - The overlying Proterozoic rocks have been broadly subdivided into three major groupings, of which the oldest groups are the highly deformed metasediments and igneous derived rocks of the Thackaringa and Broken Hill groups. They comprise a major part of the Willyama Supergroup and host the giant Broken Hill massive Pb-Zn-Ag sulphide ore body. EL6622 is within the Broken Hill block of the Curnamona Craton.
- **Mineralisation Style**
  - The Thackaringa Mineral deposits (Pyrite Hill, Big Hill and Railway) are characterised by large tonnage cobaltiferous-pyrite mineralisation hosted within siliceous albitic gneisses and schists of the Himalaya Formation
  - Cobalt mineralisation exists within stratabound pyritic horizons where cobalt is present within the pyrite lattice. Mineralogical studies have indicated the majority of cobalt (~85%) is found in solid solution with primary pyrite (Henley 1998)).
  - A strong correlation between pyrite content and cobalt grade is observed
  - The regional geological setting indicates additional mineralisation targets including:
    - Stratiform Broken Hill Type (BHT) Copper-Lead-Zinc-Silver deposits
    - Copper-rich BHT deposits
    - Stratiform to stratabound Copper-Cobalt-Gold deposits
    - Epigenetic Gold and Base metal deposits

DRILL HOLE INFORMATION

- ***A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:***
  - ***easting and northing of the drill hole collar***
  - ***elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar***
  - ***dip and azimuth of the hole***
  - ***down hole length and interception depth***

Hole ID	Deposit	Max Depth (m)	NAT Grid ID	Easting	Northing	RL	Dip	Azimuth	Hole Type	Pre-Collar Depth
67TH01	Pyrite Hill	304.2	MGA94_54	518564.805	6449460.03	280.643	-55	260.6	DDH[1]	
70TH02	Pyrite Hill	148.6	MGA94_54	518272.42	6449680.54	284.08	-61	218.6	DDH[1]	
70TH03	Pyrite Hill	141.4	MGA94_54	518449.85	6449211.88	289.81	-62	283.6	DDH[1]	

Hole ID	Deposit	Max Depth (m)	NAT Grid ID	Easting	Northing	RL	Dip	Azimuth	Hole Type	Pre-Collar Depth
70BH01	Big Hill	102.7	MGA94_54	520850.56	6449308.5	284.56	-47	318.6	DDH[1]	
70BH02	Big Hill	103.9	MGA94_54	520786.12	6449264.4	280.1	-50	318.6	DDH[1]	
80PYH13	Pyrite Hill	77	MGA94_54	518358.2	6449037.7	290.35	-50	280.7	DDH[1]	
80PYH14	Pyrite Hill	300.3	MGA94_54	518661.18	6449287.62	277.96	-60	280.7	DDH[1]	
80PYH03	Pyrite Hill	35	MGA94_54	518251.5	6449569.9	299.4	-60	220.7	PDDH[2]	22
80BGH09	Big Hill	100.5	MGA94_54	520657.43	6449292.52	272.80	-50	144.7	DDH[1]	
80PYH01	Pyrite Hill	24.53	MGA94_54	518246.2	6449565.7	301.1	-60	202.7	PDDH[2]	6
80PYH02	Pyrite Hill	51.3	MGA94_54	518260.7	6449574.2	297.6	-60	220.7	PDDH[2]	33.58
80PYH04	Pyrite Hill	55	MGA94_54	518366.55	6449231.74	308.34	-60	295.7	PDDH[2]	38.7
80PYH05	Pyrite Hill	93.6	MGA94_54	518226.97	6449678.19	285.18	-49	222.7	PDDH[2]	18
80PYH06	Pyrite Hill	85.5	MGA94_54	518163.48	6449757.3	283.73	-54.4	222.7	PDDH[2]	18
80PYH07	Pyrite Hill	94.5	MGA94_54	518084.06	6449818.36	285.16	-55	222.7	PDDH[2]	12
80PYH08	Pyrite Hill	110	MGA94_54	518009.54	6449885.43	286.14	-60	222.7	PDDH[2]	8
80PYH09	Pyrite Hill	100.5	MGA94_54	517917.4	6449931.76	286.55	-48.5	222.7	PDDH[2]	8
80PYH10	Pyrite Hill	145.3	MGA94_54	518392.96	6449565.96	285.53	-50	222.7	PDDH[2]	25.5
80PYH11	Pyrite Hill	103.1	MGA94_54	518440.96	6449329.52	297.25	-50	280.7	PDDH[2]	18
80PYH12	Pyrite Hill	109.5	MGA94_54	518407.28	6449137.31	292.63	-50	280.7	PDDH[2]	4.2
80BGH05	Big Hill	54.86	MGA94_54	520955.35	6449534.41	288.93	-60	163.7	RCDDH[3]	45.5
98TC01	Railway	100	MGA94_54	522750.06	6451339.73	267.27	-60	158.9	RC[5]	
98TC02	Railway	100	MGA94_54	522392.41	6451386.83	266.78	-60	140.9	RC[5]	
98TC03	Big Hill	84	MGA94_54	520816.45	6449369.39	313.05	-60	135.9	RC[5]	
98TC04	Big Hill	138.25	MGA94_54	520860.05	6449450.85	304.09	-60	140.9	RC[5]	
98TC05	Big Hill	70	MGA94_54	520728	6449328.07	288.63	-50	122.9	RC[5]	
98TC06	Big Hill	108	MGA94_54	520715	6449343	285.13	-60	125.9	RC[5]	
98TC07	Big Hill	120	MGA94_54	520785.97	6449388.21	299.22	-50	133.9	RC[5]	
98TC08	Big Hill	90	MGA94_54	520801.95	6449477.81	291.01	-60	150.9	RC[5]	
98TC09	Big Hill	114	MGA94_54	520822.21	6449460.79	296.25	-60	133.9	RC[5]	
98TC10	Big Hill	134	MGA94_54	521018	6449576	281.5	-50	172.9	RC[5]	
98TC11	Railway	35	MGA94_54	522411.2	6451373.96	267.01	-60	132.9	RC[5]	
80BGH06	Big Hill	68.04	MGA94_54	520880	6449472	299	-60	170.7	RCDDH[3]	58
80BGH08	Big Hill	79.7	MGA94_54	520768.79	6449390.93	296.29	-60	126.7	RCDDH[3]	69.9
80BGH07	Big Hill	23	MGA94_54	521136.56	6449599	274.11	-60	177.7	RC[5]	
93MGM01	Pyrite Hill	70	MGA94_54	518185.44	6449713.77	286.28	-60	222.8	RDDH[4]	24
93MGM02	Pyrite Hill	180	MGA94_54	518515.45	6449454.67	284.79	-60	258.8	RDDH[4]	48

Hole ID	Deposit	Max Depth (m)	NAT Grid ID	Easting	Northing	RL	Dip	Azimuth	Hole Type	Pre-Collar Depth
11PHR01	Pyrite Hill	150	MGA94_54	518435.47	6449072.76	285.34	-60	279.06	RC[5]	
11PHR02	Pyrite Hill	198	MGA94_54	518499.92	6449159.31	283.79	-60	279.06	RC[5]	
11PHR03	Pyrite Hill	240	MGA94_54	518560.3	6449189.61	280.26	-60	279.06	RC[5]	
11PHR04	Pyrite Hill	186	MGA94_54	518528.63	6449257	284.03	-60	279.06	RC[5]	
11PHR05	Pyrite Hill	234	MGA94_54	518584.25	6449397.62	280.22	-60	259.06	RC[5]	
11PHR06	Pyrite Hill	180	MGA94_54	518490.9	6449522.59	284.02	-60	234.06	RC[5]	
11PHR07	Pyrite Hill	174	MGA94_54	518413.47	6449592.9	282.86	-60	219.06	RC[5]	
11PHR08	Pyrite Hill	180	MGA94_54	518342.74	6449655.85	282.88	-60	218.06	RC[5]	
11PSR01	Pyrite Hill	59	MGA94_54	518742.73	6448864	268.38	-60	258.06	RC[5]	
11PSR02	Pyrite Hill	132	MGA94_54	518719.38	6448960.01	270.41	-60	255.06	RC[5]	
11PSR03	Pyrite Hill	78	MGA94_54	518686.99	6449055.35	272.79	-60	255.06	RC[5]	
12BER01	Railway	157	MGA94_54	521667.31	6449893.23	277.69	-60	141	RC[5]	
12BER02	Railway	132	MGA94_54	521212.67	6449690.67	273.53	-60	162	RC[5]	
12BER03	Railway	151	MGA94_54	521879.01	6450435.47	288.59	-60	102	RC[5]	
12BER04	Railway	148	MGA94_54	522353.92	6451268.35	274.35	-60	131	RC[5]	
12BER05	Railway	145	MGA94_54	522439.47	6451167.84	299.73	-60	124	RC[5]	
12BER06	Railway	169	MGA94_54	522481.37	6451091.35	295.95	-60	118	RC[5]	
12BER07	Railway	115	MGA94_54	522323.72	6450748.75	277.91	-60	144	RC[5]	
12BER08	Railway	193	MGA94_54	522220.79	6450811.8	273.16	-60	129	RC[5]	
12BER09	Railway	139.75	MGA94_54	522101.25	6450881.44	275.91	-60	129	RC[5]	
12BER10	Railway	151	MGA94_54	521953.45	6450716.18	284.49	-60	129	RC[5]	
12BER11	Railway	193	MGA94_54	522737.22	6451376.61	265.83	-60	153	RC[5]	
12BER12	Railway	111	MGA94_54	522909.73	6451516.76	277.36	-60	153	RC[5]	
12BER13	Railway	205	MGA94_54	522883.81	6451557.54	271.03	-60	156	RC[5]	
12BER14	Railway	151	MGA94_54	523124.83	6451637.07	288.36	-60	152	RC[5]	
12BER15	Railway	109	MGA94_54	523311.3	6451841.7	283.95	-60	154	RC[5]	
12BER16	Railway	115	MGA94_54	522994.08	6451591.99	275.95	-60	156	RC[5]	
12BER17	Railway	115.5	MGA94_54	522516.5	6451314.94	269.1	-60	153	RC[5]	
12BER18	Railway	157	MGA94_54	522332.75	6451281.31	272.29	-60	129	RC[5]	
12BER19	Railway	97	MGA94_54	522240.55	6451067.15	276.16	-60	135	RC[5]	
12BER20	Railway	120	MGA94_54	521291.69	6449733.63	276.95	-60	165	RC[5]	
13BED01	Railway	349.2	MGA94_54	522480.21	6451092.43	296.01	-60	300.7	DDH[1]	

[1]Diamond drill hole

[2]Diamond drill hole with percussion pre-collar

[3]Diamond drill hole with reverse circulation pre-collar

[4]Diamond drill hole with rotary air blast pre-collar

[5]Reverse Circulation drill hole

DATA AGGREGATION METHODS

- ***In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.***
- ***Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.***
- ***The assumptions used for any reporting of metal equivalent values should be clearly stated.***

- Drilling
  - Drill hole intercept grades are typically reported as down-hole length-weighted averages with any non-recovered sample within the reported intervals treated as no grade. The cut-off used for selecting significant intersections is selected to reflect the overall tenor of mineralisation, in most cases 500ppm cobalt
  - No top cuts have been applied when calculating average grades for reported significant intersections
  - No metal equivalent values are reported
- Rock Chip Sampling
  - Where sample results have been reported as 'returning maxima' or 'maximum values', results may be aggregated from multiple samples and reflect the maximum assay for each reported element within the context of the sampling programs (i.e. per individual prospect)
  - Example*: 'Camels Hump is a BHT type prospect which is poorly exposed over a strike length of 700m with rock chip sampling returning maxima of* ***0.8% Zn, 0.21% Cu****'*. These 'maxima' results have been aggregated from two individual samples:
    - R052: **0.21% Cu**, 0.002% Pb & 0.009% Zn *and*
    - R054: 0.03% Cu, 0.003% Pb & **0.8% Zn**

RELATIONSHIP BETWEEN MINERALISATION WIDTHS AND INTERCEPT LENGTHS

- ***These relationships are particularly important in the reporting of Exploration Results.***
- ***If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.***
- ***If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').***

- Drill holes at the Thackaringa project are typically angled at 50° or 60° and drilled perpendicular to the mineralised trend with drilling orientations adjusted along strike to accommodate folded geological sequences
- Mineralisation at the Big Hill and Railway prospects is steeply dipping and consequently mineralised intersections will be greater than true width. At Pyrite Hill mineralisation is gently dipping and mineralised intersections will be close to true width.
- There is insufficient geological knowledge to accurately estimate true widths and as such all drill intersections are reported as down hole lengths

DIAGRAMS

- ***Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views***

- Appropriate maps and sections are presented in the accompanying prospectus.

BALANCED REPORTING

- ***Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.***

- Only mineralised drill hole intersections regarded as highly anomalous and of economic interest are reported. The proportion of each hole represented by the reported intervals can be ascertained from the sum of the reported intervals divided by the total drill hole depth.
- All assay results for drill holes included in the various Mineral Resource estimates have been considered and comprise results not necessarily regarded as anomalous
- Only rock chip sample results regarded as anomalous and indicating potential prospectivity are reported. These results are NOT considered during Mineral Resource estimation

OTHER SUBSTANTIVE EXPLORATION DATA

- ***Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.***

- The Thackaringa drilling database comprises a total of 121 bulk density measurements;

- A down-hole geophysical density probe was used on holes drilled in 1980 and 1981 for the determination of bulk densities to support historical Mineral Resource estimation. The accuracy of the density probe determinations were validated by measuring 24 samples from five drill holes (80PHY06, 80PHY07, 80PHY08, 80PHY10, 80PHY12) using the water immersion technique
- Subsequently, following the completion of a single diamond drill hole (13BED001) at the Railway deposit, BPL completed a further 97 density measurements using the water immersion technique
- Analysis of these results, considering samples with corresponding assays above 100ppm cobalt support the use of the default 2.8 SG applied for the estimation of reported Inferred Mineral Resources

FURTHER WORK

- ***The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).***
- ***Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.***

- **Diamond Drilling**
  - This is currently planned as 8 DDHs with 2 at Pyrite Hill, 2 at Big Hill and 4 at Railway. The drilling is designed to twin existing RC drill holes to provide both a comprehensive set of metallurgical samples for future test work and as a QAQC check on the RC drilling.
  - Holes twinned include 11PHR04, 11PHR07, 98TC09, 98TC10, 12BER04, 12BER09, 12BER12 and 12BER16.
  - The holes at Pyrite Hill have also been subject to detailed geotechnical logging.
- **Reverse Circulation Drilling**
  - The recent detailed mapping of the 3 prospects (at 1:2,500 scale) has clearly defined the distribution of pyritic mineralisation. Based on this mapping a 42 hole RC drilling program has been designed to infill and expand currently known mineralisation. This includes 13 RC holes to infill drilling at Pyrite Hill, 7 RC drill holes at Big Hill to increase drilling density on 100m sections and a further 21 RC drill holes at Railway to bring drill section spacing down to 100m and to significantly increase the number of sections with multiple drill holes.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Database Integrity

- ***Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.***
- ***Data validation procedures used.***

- The Thackaringa drilling database exists in electronic form as a Microsoft Access database. Information related to individual drill holes is stored in digital files as extracted from historical reports (typically including location plan, section, logs, photos, surveys, assays and petrology)
- Historical drilling data available in electronic form has been re-formatted and imported into the drilling database
- Quantitative historical drilling data, including assays, have been captured electronically during systematic data compilation and validation completed by Broken Hill Prospecting
- In late 2016 an independent validation of the Thackaringa drilling database was completed:
    - The data validation process consisted of systematic review of drilling data (collars, assays and surveys) for identification of transcription errors
    - Following review, historical drill hole locations were also validated against georeferenced historical maps to confirm their location
    - Total depths for all holes were checked against original reports
    - Final 3D validation of drilling data has been completed by independent geological consultants to support detailed geological modelling in Micromine™ software
    - The independent validation confirmed the database integrity for the two Mineral Resource Estimates, Pyrite Hill and Railway, completed prior to the audit
    - Further, the validation identified incorrect collar location for three (3) drill holes at Big Hill which were rectified prior to the Mineral Resource estimate complete by GEOS Mining for Big Hill[1]
- For the purposes of the Mineral Resource Estimates reported (Pyrite Hill, Railway & Big Hill):
    - Data was provided to H&SC and GEOS Mining as Excel files that contained worksheets for drill-hole logs and assays; down hole surveys; collars; standards; sample repeats and summary intervals.
    - H&SC and GEOS Mining are not aware of the detailed procedures taken by BPL to ensure that data has not been corrupted though understands that an independent group (“Anzeco”) specialising in geological databases was responsible for database assembly, QA/QC and data integrity. H&SC’s work was on the basis that BPL took responsibility for all provided data and that the data was accurate and representative.
- Information related to Database integrity for the individual Mineral Resource estimates is summarised below:
    - Pyrite Hill
        - Limited independent validation was conducted by H&SC to ensure drill-hole database was internally consistent. Validation included checking that for straddled, duplicated or missing intervals, missing collars or surveys. The minimum and maximum values of assays were checked to ensure values are within expected ranges.
        - Data for holes MGM1 and TH2 were excluded for the estimation of the Pyrite Hill resource due to missing and/or incomplete assayed intervals.
    - Railway
        - Limited independent validation was conducted by H&SC to ensure drill-hole database was internally consistent. Validation included checking that for straddled, duplicated or missing intervals, missing collars or surveys. The minimum and maximum values of assays were checked to ensure values are within expected ranges.
    - Big Hill
        - GEOS Mining carried out spot checking of Big Hill data against original reports, and compared statistics on data from different drill programs before accepting the data.
        - During a systematic database validation completed in late 2016, three (3) drill

holes at Big Hill were found to be incorrectly located. One collar was located and surveyed by GPS and two were digitised from georeferenced historical plans (reported to the nearest metre) as the collars had been destroyed. These corrections were captured in the Big Hill Mineral Resource estimate completed by GEOS Mining

- Assessment of the data confirms that it is suitable for resource estimation and appropriate for the reporting of Resource Estimates at the Inferred level of confidence.

SITE VISITS

- ***Comment on any site visits undertaken by the Competent Person and the outcome of those visits.***
- ***If no site visits have been undertaken indicate why this is the case.***

- A representative of H&SC completed a site visit in May 2011. Visual inspection of outcropping areas of the Pyrite Hill deposit were observed prior to the completion of the reported Mineral Resource estimates
- A site visit to the tenement was undertaken by Jeff Randell of GEOS Mining on the 10 August 2010. The specific prospects visited included Pyrite Hill, Big Hill, Himalaya North and Pyramid Hill. No core or rock chip samples were available at the time for inspection. Observations were consistent with the reported exploration activity.
- Sue Border of GEOS Mining has not visited the specific tenements but has worked in Thackaringa and is familiar with the local geology.

GEOLOGICAL INTERPRETATION

- ***Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.***
- ***Nature of the data used and of any assumptions made.***
- ***The effect, if any, of alternative interpretations on Mineral Resource estimation.***
- ***The use of geology in guiding and controlling Mineral Resource estimation.***
- ***The factors affecting continuity both of grade and geology***

- Pyrite Hill
  - Cross sections were constructed along the strike of the mineralisation and a model developed that defines the hanging wall and footwall surfaces. Estimates were completed on blocks within the overall envelope using data from that volume. The cobalt mineralisation is clearly defined and occurs continuously over a 1.2km strike. Estimates were completed on blocks within the overall envelope using data from that volume. The upper and lower contacts are easily identifiable from Co grades with the mineralisation generally corresponding to a sharp transition from low grade intervals to those above 500 ppm. A surface representing the base of depletion was used to restrict the reporting of estimates where weathering is interpreted to have depleted the Co concentrations
  - The Pyrite Hill deposit is characterised by a well-defined mineralised envelope with variable disruption resulting from complex ductile deformation. Internal folding is evident and is considered to influence inferred thickening/thinning of the mineralised body in some areas. It is considered that this structural complexity will affect continuity of grade and geology

however the current drilling density is insufficient to completely resolve these factors
    - The classification of the Inferred Mineral Resource estimate is considered an appropriate reflection of the degree of certainty associated with the geological interpretation
    - Alternative interpretations of this volume are possible but are unlikely to significantly change the resource estimate due to the enhanced Co grades within the main body of mineralisation compared with the foot-wall and hanging-wall rocks.
- Railway
    - Cross sections were constructed along the strike of the mineralisation and a model was developed to define the hanging wall and footwall surfaces. Estimates were completed on blocks within the overall envelope using data from that volume. The cobalt mineralisation is clearly defined and occurs continuously over a 1.5km strike. The upper and lower contacts are easily identifiable from Co grades with the mineralisation generally corresponding to a sharp transition from low grade intervals to those above 500 ppm. Dykes were modelled in the Railway deposit and excluded from the Mineral Resource estimate. A surface representing the base of depletion was used to restrict the reporting of estimates where weathering is interpreted to have depleted the Co concentrations.
    - The Railway deposit is defined by a broadly linear mineralised envelope with variable disruption resulting from complex ductile deformation. Internal folding is evident and is considered to influence inferred thickening/thinning of the mineralised body in some areas. It is considered that this structural complexity will affect continuity of grade and geology however the current drilling density is insufficient to completely resolve these factors
    - The classification of the Inferred Mineral Resource estimate is considered an appropriate reflection of the degree of certainty associated with the geological interpretation
    - Alternative interpretations of this volume are possible but are unlikely to significantly change the resource estimate due to the enhanced Co grades within the main body of mineralisation compared with the foot-wall and hanging-wall rocks.
- Big Hill
    - For the estimation of the Big Hill Mineral Resource, the pyritic quartz plagioclase host unit was modelled in consideration of surface mapping and logged drill hole intercepts. Estimates were performed only with samples within this modelled domain. A base of oxidation surface was modelled from drilling.
    - Continuity of mineralisation at Big Hill is affected by irregular weathering and distribution of the host unit resulting from complex ductile deformation as observed elsewhere at the Pyrite Hill and Railway deposits.
    - The classification of the Inferred Mineral Resource estimate is considered an appropriate reflection of the degree of certainty associated with the geological interpretation

DIMENSIONS

- ***The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.***

- Pyrite Hill
    - The Pyrite Hill mineralised envelope extends over 1.2km and varies in thickness from approximately 40 – 100 metres. A base of oxidation is modelled at 15 metres below surface

and is excluded from the Mineral Resource estimate. The Inferred Mineral Resource estimate extends to between 100mRL - 50mRL (approximately 200 -250 metres below surface) with the potential extension comprising a conceptual exploration target

- Railway
  - The Railway mineralised envelope extends over 1.5km and varies in thickness from approximately 40 – 150 metres. A base of oxidation is modelled between approximately 5 - 30m below surface and is excluded from the Mineral Resource estimate. The Inferred Mineral Resource estimate extends to approximately 250 metres below surface.
- Big Hill
  - At Big Hill, the main body outcrops over 800m with an extension beyond a fault; only the southwest 270m has been modelled as a resource, with the remainder being considered exploration target, due to limited data. The main Big Hill mineralisation is 80 – 120 metres wide. The base of the model was 150m RL and the oxidised depleted zone was excluded.

ESTIMATION AND MODELLING TECHNIQUES

- ***The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.***
- ***The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.***
- ***The assumptions made regarding recovery of by-products.***
- ***Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).***
- ***In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.***
- ***Any assumptions behind modelling of selective mining units.***
- ***Any assumptions about correlation between variables.***
- ***Description of how the geological interpretation was used to control the resource estimates.***
- ***Discussion of basis for using or not using grade cutting or capping.***
- ***The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.***

- Pyrite Hill
  - H&SC estimated cobalt concentrations using Ordinary Kriging using two geostatistical packages. Model validation and resource reporting was carried out using the Mining Software package Techbase™ and Micromine™. H&SC considers Ordinary Kriging to be an appropriate estimation technique for the type of mineralisation.
  - The relatively low coefficient variance and absence of extreme values precluded the need for top-cutting of any of the estimated concentrations.
  - Two metre composites were created and Inferred Resource estimates completed using the 575 data points occurring inside the Pyrite Hill mineralised envelope.
  - H&SC used a 75 x 75 x 15 meter search with 10 to 32 two metre composites to estimate Inferred Resources. A block size of 20 x 20 x 5 meters was used. Potential size is based on a search of 150 x 150 x 30 meter designed to largely fill the modelled mineralised volume with Co estimates. Ordinary kriging based on two different resource estimation software packages was used. Results closely agree. The search strategy for Inferred Resources for Pyrite Hill was based on a consideration of

Variography, drill hole distribution and continuity of mineralisation. The average distance from block centroids to data points is 44.5 metres with 60% of the resource having blocks within 50 metres of data points and averaging 38 metres, 40% of the resource is based on a data-block distance of 57 metres. 59% of the Inferred Resource (>500ppm Co) is based on more than one drill hole and 41% on one hole. Above a 500 ppm Co cut-off there are no blocks estimated by extrapolation to the north-west beyond drill-hole PYH8 or to the south beyond hole PHR001. Extrapolation down and up-dip occurs and is limited by the search criteria.

- Cross sections were constructed along the strike of the mineralisation and a model constructed that defines the hanging wall and footwall surfaces. Estimates were completed on blocks within the overall envelope using data from that volume.
- There has been no historical production at the Pyrite Hill deposit and as such is not considered by the Mineral Resource estimate
- The final H&SC block model was reviewed visually by H&SC and it was concluded that the block model fairly represents the grades observed in the drill holes. H&SC also validated the block model statistically using a variety of statistical plots and summary statistics.
- Previous metallurgical test work has indicated the mineralisation may be amendable to gravity and or flotation processing to produce a pyrite concentrate containing the bulk of the cobalt. Further there are a variety of pyrometallurgical and hydrometallurgical processes of treating such a concentrate for the potential recovery of cobalt, sulphuric acid and high iron residue. Despite this, the Mineral Resource estimate does not consider the recovery of any potential by-products.
- The Mineral Resource estimate does not include any assumptions regarding the correlation of variables
- Previous estimates are summarised:
    - CRA Exploration Pty Ltd (CRAE) completed a grade tonnage estimate for the Pyrite Hill deposit in 1981, prior to the enactment of the JORC code. CRAE employed a polygonal longitudinal section methodology which considered a mineralised envelope extending from surface to approximately 200 metres depth. This estimate comprised 10.6Mt at 998ppm (2.2lb/t) Co at a 500ppm Co cut-off. In 2010, this estimate was reviewed by an independent Competent Person whom considered the estimate adequately satisfied requirements under the JORC2004 code for Inferred classification[1]
    - Hunter Exploration NL completed a grade tonnage estimate using a cross sectional polygonal methodology restricted using a simple conceptual pit shell assuming 50° pit walls and 100 metre total depth. The estimate allowed for near surface depletion and comprised 7.7Mt at 1089ppm (2.4lb/t) at a 500ppm Co cut-off. This estimate did not use categories defined under the current JORC code (2012)[1]
        - [1]These estimates completed by CRAE and Hunter Exploration *(10.6Mt at 998ppm (2.2lb/t) Co at a 500ppm Co cut-off & 7.7Mt at 1089ppm (2.4lb/t) at a 500ppm Co cut-off)* are historical estimates and are not reported in accordance with the JORC code. A competent person has not done sufficient work to classify the historical estimates in accordance with JORC 2012.
        - [1]These historical estimates are superseded by the Inferred Mineral Resource estimate completed by H&SC comprising **16.4Mt at 830ppm Co (at a 500ppm Co cut-off)** and as such bear no materiality and or relevance to the reporting entity

- Railway
    - H&SC estimated cobalt concentrations using Ordinary Kriging using two geostatistical packages. Model validation and resource reporting was carried out using the Mining Software package Techbase™ and Micromine™. H&SC considers Ordinary Kriging to be an appropriate estimation technique for the type of mineralisation.
    - The relatively low coefficient variance and absence of extreme values precluded the need for top-cutting of any of the estimated concentrations.
    - 2,874 one metre composites from 20 Reverse Circulation drill holes were used to estimate Inferred Resources for the Railway deposit.
    - H&SC used a 75 x 75 x 15 meter search with 10 to 32 one metre composites to estimate Inferred Resources. A block size of 25 x 25 x 5 meters was used. Potential size is based on a search of 150 x 150 x 30 meter designed to largely fill the modelled mineralised volume with Co estimates. Extrapolation in all directions is limited by the search areas.
    - Cross sections were constructed along the strike of the mineralisation and a model was developed to define the hanging wall and footwall surfaces. Estimates were completed on blocks within the overall envelope using data from that volume. The upper and lower contacts are easily identifiable from Co grades with the mineralisation generally corresponding to a sharp transition from low grade intervals to those above 500 ppm. Dykes were modelled in the Railway deposit and excluded from the Mineral Resource estimate.
    - A surface representing the base of depletion was used to restrict the reporting of estimates as weathering is interpreted to have depleted the Co concentrations.
    - The final H&SC block model was reviewed visually by H&SC and it was concluded that the block model fairly represents the grades observed in the drill holes. H&SC also validated the block model statistically using a variety of statistical plots and summary statistics.
    - There has been no historical production at the Railway deposit and as such is not considered by the Mineral Resource estimate
    - Previous metallurgical test work has indicated the mineralisation may be amendable to gravity and or flotation processing to produce a pyrite concentrate containing the bulk of the cobalt. Further there are a variety of pyrometallurgical and hydrometallurgical processes of treating such a concentrate for the potential recovery of cobalt, sulphuric acid and high iron residue. Despite this, the Mineral Resource estimate does not consider the recovery of any potential by-products.
    - The Mineral Resource estimate does not include any assumptions regarding the correlation of variables
- Big Hill
    - GEOS Mining estimated cobalt and sulphur concentrations in Micromine™ using Ordinary Kriging with a check by Inverse Distance Weighted. GEOS Mining considers Ordinary Kriging to be an appropriate estimation technique for the type of mineralisation. The model was lithologically constrained. The search was 70 x 50 x 30 metres. The base of the model was 150m RL and the oxidised depleted zone was excluded. A block size of 5 x 10 x 5 metres was used. The maximum extrapolation of estimates is 70m. Extrapolation in all directions is limited by the search areas.
    - Variography was performed on one metre composites at Big Hill
    - Drill holes are irregularly sited and approximately 100 metres apart.
    - There has been no historical production at the Big Hill deposit and as such is not

considered by the Mineral Resource estimate

- Previous metallurgical test work has indicated the mineralisation may be amendable to gravity and or flotation processing to produce a pyrite concentrate containing the bulk of the cobalt. Further there are a variety of pyrometallurgical and hydrometallurgical processes of treating such a concentrate for the potential recovery of cobalt, sulphuric acid and high iron residue. Despite this, the Mineral Resource estimate does not consider the recovery of any potential by-products.
- Previous estimates are summarised:
  - Hunter Exploration NL completed a grade tonnage estimate using a cross sectional polygonal methodology restricted using a simple conceptual pit shell assuming 50° pit walls and 100 metre total depth. The estimate comprised 4.4Mt at 910ppm (2.2lb/t) at a 500ppm Co cut-off. This estimate did not use categories defined under the current JORC code (2012)[2]
    - [2]The estimate completed by Hunter Exploration *(4.4Mt at 910ppm (2.2lb/t) at a 500ppm Co cut-off)* is an historical estimate and is not reported in accordance with the JORC code. A competent person has not done sufficient work to classify the historical estimates in accordance with JORC 2012.
    - [1]This historical estimate is superseded by the Inferred Mineral Resource estimate completed by GM comprising **1.8Mt at 870ppm cobalt and 6% Sulphur (at a 500ppm Co cut-off)** and as such bear no materiality and or relevance to the reporting entity

MOISTURE

- ***Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content***

- Tonnages are estimated on a dry weight basis; moisture contents are not known to have been determined, but are not expected to be significant for this primary ore type.

CUT-OFF PARAMETERS

- ***The basis of the adopted cut-off grade(s) or quality parameters applied.***

- A 500ppm cobalt cut-off has been adopted for the reporting of the Mineral Resource estimates whereby this conforms with historical reports. Previous studies support this as a reasonable figure though future economic studies may determine a more appropriate cut-off grade as further information related to material assumptions affecting the Mineral Resources are determined

MINING FACTORS OR ASSUMPTIONS

- ***Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.***

- The shallow nature of mineralisation at the Pyrite Hill, Railway and Big Hill deposits is considered to make these resources amenable to an open pit mining method. All deposits form ridge lines that are topographically higher than the surrounding landscape.
- In the case of the Pyrite Hill and Railway Mineral Resource estimates, the parent block size is larger than that achievable in a selective mining operation. However, it is not considered that this will significantly affect grades achieved in a mining operation.
- Barren dykes as excluded from the Railway block model vary in dimension whereby a detailed assessment of minimum selective mining units has not been completed to accurately quantify potential internal dilution
- Further work is expected to comprise preliminary pit optimisation to enable reporting of resource blocks within a conceptual open pit

METALLURGICAL FACTORS OR ASSUMPTIONS

- ***The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.***

  - Previous metallurgical test work has indicated the mineralisation may be amenable to gravity and or flotation processing to produce a pyrite concentrate containing the bulk of the cobalt. Further there are a variety of pyrometallurgical and hydrometallurgical processes of treating such a concentrate for the potential recovery of cobalt, sulphuric acid and high iron residue.
  - The results of preliminary metallurgical test work were not provided to H&SC or GEOS Mining during Mineral Resource estimation.
  - The Mineral Resource estimates do not consider the recovery of any potential by-products.
  - It is considered water required for processing could potentially be provided by the NSW government's planned Murray River to Broken Hill pipeline.

ENVIRONMENTAL FACTORS OR ASSUMPTIONS

- ***Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.***

- The potential environmental impacts of the project are not well advanced with preliminary considerations noting:
    - The project is approximately 25 kilometres west-southwest of Broken Hill and more than 90 kilometres from the nearest National Park and or Wilderness Area (Kinchega National Park) and approximately 20 kilometres south of the nearest Water Supply Reserve (Umberumberka Reservoir Water Supply Reserve)
    - Detailed cultural heritage, flora and fauna surveys are yet to be completed
    - It is considered that climatic conditions will assist in the management of wet residues whereby evaporation rates are expected to exceed precipitation
    - Studies related to the mine waste characterisation and appropriate storage have not yet been completed.
    - The construction of a suitable tailings facility is assumed for processing waste. It is considered a portion of water from such a facility could be recovered for re-use as process water

BULK DENSITY

- ***Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.***
- ***The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vughs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.***
- ***Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.***

- A constant density of 2.8 was used for the Pyrite Hill, Railway and Big Hill Mineral Resource estimates;
    - The Thackaringa drilling database comprises a total of 121 bulk density measurements;
        - A down-hole geophysical density probe was used on holes drilled in 1980 and 1981 for the determination of bulk densities to support historical Mineral Resource estimation. The accuracy of the density probe determinations were validated by measuring 24 samples from five drill holes (80PHY06, 80PHY07, 80PHY08, 80PHY10, 80PHY12) using the water immersion technique
        - Subsequently, following the completion of a single diamond drill hole (13BED001) at the Railway deposit, BPL completed a further 97 density measurements using the water immersion technique
        - Analysis of these results, considering samples with corresponding assays above 100ppm cobalt support the use of the default 2.8 SG applied for the estimation of reported Inferred Mineral Resources
    - Consequently, a constant density of 2.8 was used by H&SC on the advice of BHPL
- H&SC and Geos Mining consider the density appropriate in their experience

CLASSIFICATION

- ***The basis for the classification of the Mineral Resources into varying confidence categories.***
- ***Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).***
- ***Whether the result appropriately reflects the Competent Person's view of the deposit.***

- All Mineral Resources reported are wholly classified as Inferred and include:
  - Pyrite Hill
  - Railway
  - Big Hill
- This classification considers all relevant factors including relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data
- The classification appropriately reflects the respective Competent Persons' view of the deposit

AUDITS OR REVIEWS

- ***The results of any audits or reviews of Mineral Resource estimates***

- No formal audits or check estimates of the Mineral Resources have been completed, Pyrite Hill estimates were completed with two different mining software products with close agreement, and Big Hill used two different estimation methods in the same software package with close agreement.
- GEOS Mining has reviewed, but not re-estimated, the resources at Pyrite Hill and Railway and makes the following comments:
  - Pyrite Hill
    - H&SC reportedly used the drill database as supplied by BPL. We note that sample intervals are irregular in the pre-1990 drill holes, and vary up to 3.05m. The modelling was based on 2 meter composites.
    - The validity of using the historic drill holes requires investigation. Limited checks of historic analyses at Pyrite Hill did not totally satisfy concerns over the reliability of older analytical methods (Snowden 2005). GEOS Mining considers that this does not prevent these resources being classed as Inferred.
    - Validation of data resulted in two drill holes not being used due to missing or incomplete assayed intervals (see Table 1 Section 3 for details)
    - Variography was carried out on the 2 meter composite data.
    - Water inflows have been logged in the Railway prospect drilling, but we have not sighted similar recordings in the Pyrite Hill drilling. This should be investigated as 'wet' samples commonly lead to downhole contamination.
    - H&SC used the Ordinary Kriging method of interpolation in two geostatistical packages (Techbase and Micromine), but there is no commentary on preferred mineralisation directions. H&SC used a 75m x 75m x 15m search ellipse.
    - The dry bulk density used is uniformly 2.8, as supplied by BHPL and derived from some limited testwork and theoretical calculations. Resources were reported at a cut-off grade of 500ppm Co.

- The base of complete oxidation (BOCO) was drawn at 15m-20m and no resource blocks have been reported above this surface. GEOS Mining note the work of (Cohen 2013) that emphasises the almost complete depletion of cobalt from the oxide horizon at Thackaringa.
- Geological interpretation was based on 1:2,500 scale mapping and checked by cross sections along strike of the model.
- Exclusion of two old holes due to missing or incomplete analyses may have affected the modelling.
- Two sections have two drill holes (80PYH10/11PHR07 and 80PYH11/11PHR05) on each section. The former intersections are 50m apart but show good continuity of mineralisation (89m @ 830ppm Co vs 51m @ 941ppm Co). However, the latter section shows holes ~160m apart with evidence of mineralisation pinching out (1.9m @ 916ppm Co and 37m @ 1173ppm Co (separated by 7.8m) to 29m @ 489ppm Co).
- GEOS Mining considers that, in the absence of a complete audit, the following issues are material in respect of the confidence in this Mineral Resource, and concurs with the classification of the resource as Inferred.
    - Limited QAQC procedures for some of the historic drilling raised some questions in regard to assay reproducibility.
    - The down dip search distance of 75m has led to extrapolation of the resource to 75m below the drilling.
    - GEOS Mining understands that BPL did not request a comprehensive report from H&SC.

o Railway

- Parameters used are similar to those used for Pyrite Hill, except that modelling was based on 1 meter composites.
- While there has been QAQC review carried out, this has identified some laboratory issues. Validation of the drill hole data has included spot checks on internal consistency and missing data.
- Resource blocks have not been extended above BOCO
- Resource blocks have been extended usually ~100m down dip of intersections. Mineralisation at the Railway prospect appears to be more consistent in width and grade compared to Pyrite Hill and at least one section supports this extrapolation down dip.
- Some mineralised samples (e.g. drill hole 12BER04) have been reported as 'Wet' and assays from these samples should be treated with caution due to the potential for sample contamination.
- Geos Mining considers that, in the absence of a complete audit, the there is no reason to question material issues in respect of the current JORC Code 2012 or the classification of the resource at Railway as Inferred. GEOS Mining understands that BPL did not request a comprehensive report from H&SC, and a full report should include discussion of the issues we raise above, and is considered best practice.

DISCUSSION OF RELATIVE ACCURACY/ CONFIDENCE

- ***Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.***
- ***The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.***
- ***These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.***

- The relative accuracy and confidence level in the Inferred Mineral Resource estimates presented here are considered to be in line with the generally accepted accuracy and confidence of Inferred Mineral Resources of similar types of deposits and data quality. This has been determined on a qualitative, rather than quantitative, basis, and is based on the Competent Person's experience with similar data and mineralisation.
- Previous work by H&SC was confined to resource estimation with BPL taking responsibility for drilling, sampling, data quality, QAQC, density values and choice of cut-off grades.
- The geological nature of the deposit, composite/block grade comparison and the low coefficients of variation lend themselves to reasonable level of confidence in the resource estimates.
- No mining of the deposit has taken place so no production data is available for comparison.

Section 12
Solicitor's Report on Tenements

HWL EBSWORTH LAWYERS

Mining Tenement Report (Thackaringa) 16 December 2016

1. Set out below are the details recorded in the Mining Register of the NSW Department of Industry (the **Department**) for each of the Tenements which are relevant to the Proposed Transaction and which are subject of the Exploration Farmin Joint Venture Agreement and the Royalty Deed between Broken Hill Prospecting Limited (**BHPL**) and Cobalt Blue Holdings Limited (**COB**).
2. Based on the results of our searches and enquiries, each of the Tenements, as at 16 December 2016; Mining Lease 86 (**ML 86**), Mining Lease 87 (**ML 87**), Exploration Licence 8143 (**EL 8143**) and Exploration Licence 6622 (**EL 6622**) appear to have been validly granted and are in good standing, subject to the Qualifications and Exclusions set out below. (A previously lodged application for Exploration Licence 5319 (**ELA 5319**) has been withdrawn).

	ML 86	ML 87	EL 8143	EL 6622
Holder	Broken Hill Prospecting Limited	Broken Hill Prospecting Limited	Broken Hill Prospecting Limited	Broken Hill Prospecting Limited
Type of Interest	Mining Lease	Mining Lease	Exploration Licence	Exploration Licence
Grant Date	5/11/1975	5/11/1975	26/07/2013	30/08/2006
Expiry Date	4/11/2017	4/11/2017	26/07/2017	29/09/2017
Status	Current	Current	Current	Current
Total Area (Ha)	205.9	101.2	4 Units	17 Units
Location	28km WSW of Broken Hill	26km SW of Broken Hill	32km WSW of Broken Hill	28.06km WSW of Broken Hill
Applicable Minerals	Cobalt Iron minerals Platinum Iron Nickel Sulphur	Cobalt Iron minerals Platinum Iron Nickel Sulphur	Group 1[7]	Group 1[7]

Section 12
Solicitor's Report on Tenements

	ML 86	ML 87	EL 8143	EL 6622
Security	$5,000 (currently held)	$5,000 (currently held)	$10,000 (currently held)	$10,000 (currently held)
Dealing Affecting Title	Aggregation (Approved) Agreements (Approved) Miscellaneous Remarks (Approved)	Aggregation (Approved) Agreements (Approved) Miscellaneous Remarks (Approved)	N/A	Miscellaneous Remarks (Approved)
Registered Agreements	1. Terminated Agreement (19/11/1986) between John Clema and Thackeringa Mining Company Limited.[1] 2. Terminated Agreement (06/10/1983) between Australian Mining & Smelting Ltd, Broken Hill South Ltd, Cra Exploration Pty Limited, Cra Services Limited, Electrolytic Zinc Company Of Australasia Limited, Metals Investigation Pty Ltd, North Broken Hill Limited and Western Mining Corporation Limited.[1] 3. Terminated Agreement (09/03/1990) between Australian Mining & Smelting Ltd, Cra Exploration Pty Limited, Cra Services Limited, Metals Investigation Pty Ltd and Pasminco Australia Limited.[1] 4. Terminated Agreement (09/03/1990) between Cra Exploration Pty Limited, Cra Services Limited, Metals Investigation Pty Ltd, Pasminco Australia Limited and Zc Mines Pty Limited.[1] 5. Terminated Agreement (11/05/1992) between John Clema, Pasminco Australia Limited and Thackeringa Mining Company Limited.[1] 6. Terminated Agreement (24/07/1993) between John Clema, Macedon Gold Mines Bv and Thackeringa Mining Company Limited.[1]	1. Terminated Agreement (19/11/1986) between John Clema and Thackeringa Mining Company Limited.[1] 2. Terminated Agreement (06/10/1983) between Australian Mining & Smelting Ltd, Broken Hill South Ltd, Cra Exploration Pty Limited, Cra Services Limited, Electrolytic Zinc Company Of Australasia Limited, Metals Investigation Pty Ltd, North Broken Hill Limited and Western Mining Corporation Limited.[1] 3. Terminated Agreement (09/03/1990) between Australian Mining & Smelting Ltd, Cra Exploration Pty Limited, Cra Services Limited, Metals Investigation Pty Ltd and Pasminco Australia Limited.[1] 4. Terminated Agreement (09/03/1990) between Cra Exploration Pty Limited, Cra Services Limited, Metals Investigation Pty Ltd, Pasminco Australia Limited and Zc Mines Pty Limited.[1] 5. Terminated Agreement (11/05/1992) between John Clema, Pasminco Australia Limited and Thackeringa Mining Company Limited.[1] 6. Terminated Agreement (24/07/1993) between John Clema, Macedon Gold Mines Bv and Thackeringa Mining Company Limited.[1]	N/A	N/A
Minimum Expenditure Requirements	Four persons employed on the land on each week day; or $75,000.00 per annum[4]	Four persons employed on the land on each week day; or $75,000.00 per annum[4]	$14,0000.00 per annum[4]	$47,000.00 per annum[4]
Special Conditions	N/A[2]	N/A[2]	N/A[2]	Minimum 10 meter horizontal powerline clearance for protection of Essential Energy Water Division[2]

Qualifications and Exclusions

1. Terminated Agreements: By way of letter dated 3 November 2016 the NSW Department of Industry Resources & Energy confirmed that in accordance with the application of BHPL, each of the Registered Agreements (now terminated) referred to in the table above had been noted on the Register as "terminated". This was confirmed by our searches undertaken in respect of ML 86 and ML 87 on 16 December 2016.

Our searches will not disclose the existence of any unregistered or other equitable interests held by third parties which may affect the Tenements and this Tenement report is qualified to that extent. Notwithstanding this, BHPL has provided a letter of assurance to COB dated on or about 31 October 2016 wherein it confirmed that it undertook due diligence of the Tenements as part of an Independent Tenement Report in respect of its own listing on the ASX in 2010, and that BHPL's tenement manager conducted a recent review of the Mining Register details and the status of the now Terminated Agreements including accessing the archives of the Department of Trade and Investment NSW Resources and Energy Division. The letter of assurance provides the following assurances to COB in respect of the now Terminated Agreements:

(a) On the basis of:

(i) BHPL's own enquiries and investigations;

(ii) the significant period of time that has elapsed since the Registered Agreements were originally entered upon the Mining Register; and

(iii) the history of transfer of interests in the Tenements subsequent to the entry of the Registered Agreements on the Mining Register,

BHPL considers, to the best of its information and belief, that it has a reasonable basis for concluding that the Registered Agreements are either no longer valid and/or do not create or give rise to any continuing legal, contractual or equitable right in favour of a third party that would:

(iv) affect, or be likely to affect, COB's rights under the Exploration Farmin Joint Venture Agreement; or

(v) prevent or otherwise adversely affect or impede COB's ability to effectively and economically undertake exploration or subsequent mining activities on the Tenements in the manner contemplated under the Exploration Farmin Joint Venture Agreement.

(b) BHPL undertakes to take all necessary steps, at BHPL's cost, to promptly arrange for the removal of the Registered Agreements as dealings from the Mining Register, to inform COB promptly of any significant adverse matters and to do all other things necessary to ensure that the title of the Tenements is free from all encumbrances and claims of any nature whatsoever by third parties.

Our search results confirm that the Registered Agreements referred to in the letter of assurance are now Terminated Agreements in the Department's Register (as at 16 December 2016).

2. **Conditions of Grant:** Other than as set out in the table above, the instruments of grant for the MLs and ELs do not contain any unusual or materially adverse conditions which we consider would impact upon planned mining or exploration activities.

3. **Working Requirements:** The instruments of lease for ML 86 and ML 87 provide for mining activities to be undertaken in accordance with a Plan of Management. The Plan of Management must be approved by the Director-General and be reviewed every 12 months from the date on which the Plan was last approved. Our search results have not provided any documents in relation to the current Plan of Management, nor have they confirmed whether BHPL has appropriately undertaken activities on the land in accordance with the Plan of Management. The instruments granting EL 6622 and EL 8143 provide that the Licence holder must complete the work program as nominated in the application for the exploration licence or renewal application. Our search results have not disclosed copies of the applications for renewal of exploration licences. As we have been unable to review these documents we cannot comment upon the nominated work program at the time of renewal nor comment on whether BHPL has carried out exploration activities in accordance with the nominated work program for both ELs. Notwithstanding this, BHPL have confirmed that exploration activities on the ELs have taken place in accordance with the nominated work program. With respect to the MLs, BHPL have indicated that no mining activities have taken place.

4. **Minimum Expenditure:** The instruments of lease for ML 86 and ML 87 provide that the lease holder must ensure that 4 competent people are efficiently employed on the subject area on each weekday or, expend on operations carried out in the course of prospecting or mining an amount not less than $75,000.00 per annum. Our search results have not confirmed whether this work requirement has been fulfilled as set out in the instrument of lease. The instruments granting EL 6622 and EL 8143 are conditional on a minimum yearly expenditure of $47,000.00 and $14,000.00 respectively. Our searches have not disclosed any information as to BHPL's compliance with these conditions of grant. BHPL have confirmed that all minimum spend obligations have been complied with for both the MLs and ELs.

5. **Rents:** Our search results have not disclosed any information which confirms whether all rents for the Tenements have been paid when due and payable. However, BHPL have confirmed that all rents are paid and that the Tenements are in good standing.

The Mining Act 1992 (NSW) (the ***Act***) provides for a fee of $6.50 per Ha, per annum for an ML, therefore we have calculated that the following rents will currently apply to each of ML 86 and ML 87:

a. **ML 86** (205.9 x $6.50) = $1,338.35

b. **ML 87** (101.2 x $6.50) = $657.80

The Act provides for a fee of $60.00 per unit, per annum for an EL, therefore we have calculated that the following rents will currently apply to each of EL 8143 and EL 6622:

c. **EL 8143** (4 x $60.00) = $240.00

d. **EL 6622** (17 x $60.00) = $1020.00

6. **Environmental:** We have not undertaken searches of any applicable environmental registers or otherwise made enquiries with the NSW Office of Environment and Heritage to confirm whether there are any outstanding environmental breaches or other non-compliances relating to the Tenements. BHPL have confirmed that they are not aware of any breaches with respect to the Tenements.

7. Set out below is a list of the Group 1 and Group 2 minerals which correspond with each of the Tenements listed in the above table.

Group 1 Minerals (metallic minerals)		**Group 2 Minerals** (non-metallic minerals)	
antimony	molybdenite	apatite	magnesium salts
arsenic	nickel	asbestos	marble
bismuth	niobium	barite	mica
cadmium	platinum	bauxite	mineral pigments
caesium	platinum group minerals	beryllium minerals	olivine
chromite	rare earth minerals	borates	ores of silicon peat
cobalt	rubidium	calcite	perlite
copper	scandium and its ores	chert	phosphates
galena	selenium	chlorite	potassium minerals
germanium	silver	cryolite	potassium salts
gold	sulphur	diatomite	pyrophyllite
indium	tantalum	dimension stone	quartzite
iron minerals	tin	dolomite	reef quartz
lead	tungsten and its ores	emerald	serpentine
lithium	vanadium	emery	sillimanite-group minerals
manganese	zinc	feldspathic materials	sodium salts
mercury	zirconia	fluorite	staurolite
		garnet	strontium minerals
		graphite	talc
		gypsum	topaz
		halite (including solar salt)	vermiculite
		limestone	wollastonite
		magnesite	zeolite

Section 13
Material Contracts

13.1 Exploration Farmin Joint Venture Agreement (JVA)

Parties

Summary: Broken Hill Prospecting Limited ARBN 003 453 503 (**BPL**) and Cobalt Blue Holdings Limited ACN 614 466 607 (**COB**)

Purpose

Summary: The establishment of an unincorporated joint venture for the exploration of Minerals within ML86, ML87, EL6622 and EL8143 (the **Tenements**) and the acquisition by COB of up to a 100% legal and beneficial interest in the Tenements by way of a staged farmin.

Execution Payment

Summary: COB will pay BHPL the sum of AUD 800,000 on execution of the JVA. In consideration for that payment, a Joint Venture will be constituted and COB will hold a 51% beneficial interest in the Joint Venture Property (**Stage 1 Percentage Share**), subject to meeting certain obligations during the Stage 1 Earning Period outlined in 2 below.

Stage 1 Earning Period

Summary: Between the period from the date of execution of the JVA to 30 June 2017 (**Stage 1 Earning Period**) COB must:

(a) complete an approved exploration program of works with a minimum 'in-ground' expenditure of AUD 2 million (GST inclusive); and

(b) complete a Scoping Study (to JORC 2012 standard),

(**Stage 1 Earning Obligations**)

If COB elects not to complete these Stage 1 Earning Obligations within the Stage 1 Earning Period, then COB may withdraw from the Joint Venture and COB will be deemed to have transferred the Stage 1 Percentage Share back to BPL for a total consideration of AUD 1.00.

Stage 2 Earning Period

Summary: If the Stage 1 Percentage Share has been earned by COB, then in order to earn an additional 19% beneficial interest in the Joint Venture (**Stage 2 Percentage Share**), COB must, by no later than 30 June 2018 (**Stage 2 Earning Period**):

(a) complete a further approved exploration program or works with a minimum Expenditure of AUD 2.5 million (GST inclusive) which is sufficient to define an Indicated Mineral Resource to a target level identified in and supported by the Scoping Study (to JORC 2012 standard); and

complete a Pre-feasibility Study of the technical, commercial and economic feasibility of development and mining within the area of the tenements for the production of cobalt in sufficient detail to enable options for development, mining and treatment to be identified (**Stage 2 Earning Obligations**).

Stage 3 Earning Period

Summary: If the Stage 2 Percentage Share has been earned by COB, then in order to earn an additional 15% beneficial interest in the Joint Venture (**Stage 3 Percentage Share**), COB must, by no later than 30 June 2019 (**Stage 3 Earning Period**):

(a) complete a further approved exploration program or works with a minimum Expenditure of AUD 5 million (GST inclusive) which is sufficient to define a Measured Mineral Resource and Ore Reserve to a target level identified in and supported by the Pre-feasibility Study (to JORC 2012 standard); and

(b) complete a Bankable Feasibility Study to JORC 2102 standard),

(Stage 3 Earning Obligations)

Stage 4 Earning Period

Summary: If the Stage 3 Percentage Share has been earned by COB, then in order to earn the final 15% beneficial interest in the Joint Venture (**Stage 4 Percentage Share**), COB must, by no later than 30 June 2020 (**Stage 4 Earning Period**):

(a) make a Decision to Mine; and

(b) procure all necessary project approvals,

(c) procure approval for project financing (which form of approval must be acceptable to BPL), for the development of a mine capable of producing a quantity per annum of cobalt to a target level identified in and supported by the Bankable Feasibility Study, and achieve financial close of the same; and

(d) pay to BPL the sum of AUD 7.5 million (inclusive of GST) which may be satisfied either as a direct cash payment prior to financial close or simultaneously at financial close as part of the project financing arrangements.

(**Stage 4 Earning Obligations**)

Following the earning of a 100% beneficial interest in the Joint Venture Property, BPL will transfer a 100% legal interest in the Tenements to COB.

Simultaneously with the occurrence of financial close, BPL will promptly lodge (or facilitate the lodgement of) an application for the transfer of a 100% legal and beneficial interest in the Tenements to COB pursuant to section 121 of the Mining Act 1992 (NSW).

In the event of any dispute between the Joint Venturers relating to the satisfaction of any of the Stage 4 Earning Obligations, then COB may elect, by notice in writing to BPL, to pay BPL the sum of AUD 7,500,000 in full and final satisfaction of all of the requirements for earning the Stage 4 Percentage Share.

General provisions relating to Earning Periods

Summary: BPL's retained Percentage Share in the Joint Venture during the Earning Period will be free-carried, such that BPL will not be obligated to contribute to the costs associated with any of the Earning Obligations under any applicable Approved Programme and Budget.

Appointment of Manager

Summary: COB will be appointed as Manager of the Joint Venture up to the end of the Stage 4 Earning Period.

The Manager will be paid a management fee to bet determined by COB on arms length commercial terms that will not exceed actual costs plus 10% on an agreed schedule of rates basis which are reasonably comparable to market.

BPL and COB will execute a separate Management Services Agreement for the supply of technical consulting services to COB pursuant to which the Managing Director or CEO of BPL will supply these services.

Withdrawal of Joint Venture

Summary: Provided that the Tenements have been kept in good standing by COB, COB may withdraw from the Joint Venture at any time prior to COB completing the Stage 4 Earning Period and acquiring the Stage 4 Percentage Share by providing a written notice of intention to withdraw to BPL.

BPL will have a pre-emptive right (ie., a first of refusal) to re-acquire COB's accrued percentage beneficial interest in the Joint Venture at the date of notification of withdrawal for an amount equal to the total aggregate expenditure incurred by COB during the Stage 1, Stage 2, Stage 3 and Stage 4 Earning Periods (excluding the initial Execution Payment). The effective date of COB's withdrawal from the Joint Venture will be the earlier to occur of:

(a) the date on which BPL exercises it's pre-emptive right; or

(b) if BPL does not exercise its pre-emptive right, the date upon which a third party purchaser acquires COB's entire accrued Percentage Share; or

(c) (at COB's election) the date upon which COB notifies BPL that it otherwise forfeits its accrued Percentage Share to BPL.

On and from the effective date of the withdrawal, COB will be released from all obligations and liabilities arising under the JVA.

Assignment

Summary: The JVA is subject to a restriction on assignment mechanism which includes a pre-emptive rights process on relatively standard terms requiring that a Joint Venturer who intends to offer to purchase or to farm-in or to sell or farm-out its Percentage Share to a third party, then it must first offer the other Joint Venturer an opportunity to acquire the Percentage Share on the same terms and conditions as the third party offer.

Tag Along Right

Summary: BPL has a right to participate in any proposed divestment by COB of its entire Joint Venture Interest to a third party, by requiring COB to ensure that the sale of its Joint Venture Interest to a third party is subject to a condition requiring the third party to acquire BPL's entire Joint Venture Interest on the same terms as COB is selling its relevant interest (provided that BPL issues a Tag-Along Notice indicating that it intends to participate in the proposed sale).

Mineral Reservation Principles

Summary: The Joint Venture relates to the mining of cobalt within the area of the Tenements. However, the rights to mine for this mineral is subject to certain principles set out in the JVA:

1. BPL retains the rights to all lead, zinc, copper, silver and gold contained within the area of the Tenements, to the extent that such base and precious metals are not contained within and do not otherwise intersect with economically mineable cobalt mineralisations within the Tenements (**BPL Base and Precious Metals**).
2. COB retains the rights to:
   (a) all cobalt; and
   (b) all other co-products contained within host rock for all cobalt mineralisations within the area of the Tenements that are not BPL Base and Precious Metals, including but not limited to pegmatite and feldspar ores (**COB Mineralisations**).
3. If BPL wishes to explore for or mine BPL Base and Precious Metals that intersect with or which are otherwise contained within COB Mineralisations (**Overlapping Products**), then it may do so on the following conditions:
   (a) BPL will only be entitled to access, explore for and mine Overlapping Products:
      (i) with the prior written agreement of COB (not to be unreasonably withheld); and
      (i) provided that the mining of the Overlapping Products:
         A. is determined to be economic (acting reasonably); and
         B. does not have any adverse logistical, cost or timing impacts on COB's right to explore and mine the COB Mineralisations.
   (b) BPL will be entitled to receive either:
      (i) the net proceeds from the sale of the Overlapping Products; or
      (ii) the Overlapping Products actually recovered from the Tenements,

   but only after accounting for and meeting the full upfront capital and operating costs associated with their extraction, as agreed with COB or, in default of agreement, as determined by an independent Expert in accordance with the process set out in the JVA.

13.2 Royalty Deed (Deed)

Parties

Summary: Broken Hill Prospecting Limited ARBN 003 453 503 (**BPL**) and Cobalt Blue Holdings Limited ACN 614 466 607 (**COB**)

Purpose

Summary: The grant of a 2% Net Smelter Return Royalty (NSR) by COB to BPL in respect of all cobalt mined on the Tenements.

Royalty

Summary: COB grants BPL a 2% NSR (**NSR Rate**) on all cobalt produced from the Tenements for the life of the Project on and from the date on which commercial production first commences (**Commercial Production Commencement Date**).

COB has a first right of refusal to purchase the NSR from BPL at any time for a total consideration (which may be in the form of cash or shares or both) to be determined by an appropriately qualified independent expert valuer on a net present value basis, and incorporating an adjustment to take account of reasonable future commodity price forecasts, exchange rate risks and expected production profiles over the remaining life of the Project.

COB's obligation to pay the NSR to BPL will be calculated to commence on the later to occur of the following:

(a) The date on which COB notifies BPL that ROM operations have achieved production which is at a rate greater than one (1) Mtpa for a continuous period of twelve (12) months; and

(b) The fourth (4th) anniversary of the Commercial Production Commencement Date.

However, in the year in which payment of the NSR commences (**NSR Commencement Year**), the NSR Rate is to be adjusted to provide an accelerated repayment of the amount of NSR which would have been payable to BPL on production entitlements during the period between the Commercial Production Commencement Date and the NSR Commencement Date.

If COB sells its participating interest in the Joint Venture to a third party prior to a Decision to Mine, which it can only do with BPL's prior written consent (not to be unreasonably withheld), then the NSR Commencement Date will be deemed to be the Commercial Production Commencement Date.

COB's First Right of Refusal to Purchase NSR

Summary: BPL has the right to dispose of its NSR to any third party, for a cash or cash equivalent consideration, but must before doing so offer same to COB which will have the right to match any price offered for a period of thirty (30) days.

COB has a first right of refusal to purchase the NSR from BPL at any time for a total consideration (which may be in the form of cash or shares or both) to be determined by an appropriately qualified independent expert valuer on a net present value basis, and incorporating an adjustment to take account of reasonable future commodity price forecasts, exchange rate risks and expected production profiles over the remaining life of the Project.

Security

Summary: COB will grant a mortgage in favour of BPL in respect of COB's right title and interest in the Tenements for the purpose of securing COB's obligation to pay the royalty to BPL under the Deed.

BPL may register the Deed against the Tenements in order to record its interest under the Deed.

At any time after the transfer of the Stage 4 Interest by BHPL to COB under the JVA, BPL may also lodge a caveat over the Tenements.

13.3 Management Services Agreement

A summary of the key terms of the management services agreement with Broken Hill Prospecting Limited (ARBN 003 453 503) and Anthony (Trangie) Johnston for the provision of geological consulting services is set out below.

Broken Hill Prospecting Limited (ARBN 003 453 503) and Anthony (Trangie) Johnston

Broken Hill Prospecting Limited (ARBN 003 453 503) (**BHPL**) and Anthony (Trangie) Johnston and the Company entered into a management services agreement on 31 October 2016. The management services agreement has the following terms:

- BHPL, through Mr Johnston, or other contractor personnel authorised by the Company, is to supply technical consulting services to the Company pursuant to the management services agreement.
- BHPL's and Mr Johnston's appointment will continue until terminated in accordance with the management services agreement upon the provision of 90 days notice.
- BHPL and Mr Johnston are not prohibited from supplying management services to other persons or entities provided that, amongst others, such an engagement does not conflict with the supply of the management services under the management services agreement and the supply of such services does not conflict with the best interests of the Company.
- The Company is to pay the contractor a fee of $1,980.00 (+ GST) per day.
- BHPL and Mr Johnston are prohibited from using confidential information for purposes other than the provision of the management services.
- All intellectual property rights developed or created by BHPL and/or Mr Johnston using the resources of the Company or in the course of the providing the management services will vest equally in the Company (and its related entities) in one part and in BHPL the other part on creation.
- The Company may terminate BHPL's and Mr Johnston's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if BHPL and/or Mr Johnston materially breach any provision of the management services agreement or has or have an external administrator appointed or is declared bankrupt.

13.4 Mandate Letter

The Company entered into a mandate letter with Far East Capital Limited (**Lead Manager**) on 13 October 2016 pursuant to which the Lead Manager was appointed as lead manager to provide services to the Company with respect to the IPO (**Mandate Letter**).

Under the terms of the Mandate Letter, the Company will pay to the Lead Manager a management fee of 1% of the funds raised under the Offer and a placement fee of 5% of funds raised from the Lead Manager's clients under the Offer. The fees are exclusive of GST.

The Lead Manager is entitled to be reimbursed for its reasonable costs and expenses associated with the performance of its services under the Mandate Letter.

13.5 No other material contracts

Other than as disclosed in this section and elsewhere in this Prospectus, there are no other material contracts relating to the Company or its business.


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Section 14
Additional Information

14.1 Incorporation

The Company was incorporated in New South Wales as a public company limited by shares on 26 August 2016.

14.2 Rights attaching to shares

The shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary shares in the Company.

The rights attaching to Shares are:

(a) set out in the Constitution; and

(b) in certain circumstances, regulated by the Corporations Act, Listing Rules, ASX Settlement Operating Rules and the general law.

A summary of the significant rights attaching to the Shares on Offer pursuant to the Prospectus and a description of other material provisions of the Constitution is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

Voting at a general meeting

Subject to any rights or restrictions for the time being attached to any class or classes of shares in the Company (at present, there is only one class of shares), whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

Meetings of members

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act or the Listing Rules.

Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

Transfer of Shares

Subject to the Constitution and to any restrictions attached to a member's Shares, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, Listing Rules or ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares:

(a) only if that refusal would not contravene the Listing Rules or the ASX Operating Rules;

(b) subject to the Corporations Act, the Listing Rules and the ASX Operating Rules, if the registration of the transfer would create a new holding of an unmarketable parcel of Shares;

(c) subject to section 259C of the Corporations Act, to a subsidiary of the Company; and

(d) if the Corporations Act, the Listing Rules or the ASX Operating Rules forbid registration.

If the Board refuses to register a transfer, the Company must, within five Business Days after the date on which the transfer was delivered to it, give the lodging party notice of the refusal and the reasons for the refusal.

Issue of further Shares

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides.

Winding up

If the Company is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus assets of the Company remaining after payments of debts must be divided amongst Shareholders in proportion to the number of Shares held by them.

Unmarketable parcels

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

Share buy-backs

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may buy back Shares in itself.

Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

(a) with the written consent of the holders of 75% of the issued shares of the affected class; or

(b) by a special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three.

Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding any managing Director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. Alternatively, if the Board appoint a casual vacancy, that Director may not hold office without re-election beyond the next general meeting.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors entitled to vote on the resolution. In the case of an equality of votes on a resolution, the chairman of the meeting does not have a second or casting vote and the matter is decided in the negative.

Directors – remuneration

The Constitution provides that Non-Executive Directors are entitled to such remuneration as determined by the Directors but which must not exceed in aggregate the maximum amount determined by Shareholders at a general meeting. The maximum amount determined by Shareholders at a general meeting is A$220,000.

Variation of the Constitution

The Constitution can only be amended by special resolution passed by at least 75% of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company. The Company must give at least 28 days' written notice of a general meeting of the Company's members.

14.3 Rights attaching to the Loyalty Options

The terms of issue of the Loyalty Options are:

(a) the Loyalty Options are issued for nil consideration;

(b) upon vesting and subject to the terms of exercise of the Loyalty Options, each Loyalty Option entitles the holder to be issued one Share for each Loyalty Option;

(c) each Loyalty Option has an exercise price of A$0.25;

(d) the Loyalty Options are subject to a vesting condition that the Loyalty Option holder holds Shares on the date that is three months following the commencement of trading of the Company's Shares on the ASX (**Vesting Date**);

(e) up to the Vesting Date, the Loyalty Options are non-transferable. The Company will seek to have the Loyalty Options quoted on the ASX from the Vesting Date, and they will be thereafter be freely tradeable;

(f) the number of Loyalty Options to vest will be the lesser of:

  (i) the number of Loyalty Options held by the holder on the Vesting Date; and

  (ii) the number of Shares held by the holder on the Vesting Date divided by 4;

(g) each Loyalty Option expires three years from the Vesting Date (**Expiry Date**). The Loyalty Options may be exercised at any time after the Vesting Date and prior to the Expiry Date, in whole or part, upon payment of the exercise price per Loyalty Option;

(h) the Company will provide to each Loyalty Option holder a notice that is to be completed and delivered to the Company on exercise of the Loyalty Options. Loyalty Options may be exercised by the Loyalty Option holder in whole or in part by completing and delivering the notice of exercise to the Company prior to the Expiry Date. The notice of exercise must be accompanied by payment in full for the relevant number of Shares being subscribed for on exercise of the Loyalty Options;

(i) all Shares issued on exercise of the Loyalty Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of all Shares issued upon exercise of the Loyalty Options;

(j) the Loyalty Options have no participating rights or entitlements and the holders will not be entitled to participate in new issues, pro rata issues or bonus issues of capital to Shareholders during the term of the Loyalty Options unless the holder has first exercised the Loyalty Options and is registered as a holder of Shares; and

(k) the rights of the Loyalty Option holder in respect of any reconstruction of capital of the Company (including consolidation, subdivision, reduction or return of capital) will be adjusted in accordance with requirements of the ASX Listing Rules.

14.4 Litigation

The Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

14.5 Escrow arrangements

The Company obtained an in-principle waiver from the operation of ASX Listing Rule 9.1.3 from the ASX on 26 October 2016 which confirmed that the ASX would be likely to grant the Company a waiver from listing rule 9.1.3 to the extent necessary to permit the Company not to apply the restrictions in Appendix 9B to Shares held by BPL (In Specie Shares) and distributed in specie to the BPL Shareholders under the In-Specie Distribution who are not related parties or promoters of the Company or BPL (and any associates of such persons), on the following conditions:

(a) the In Specie Shares distributed to related parties or promoters of the Company or BPL, or any of their respective associates, are classified as restricted securities and held in escrow for a period of 24 months from the date of official quotation of the Company's securities; and

(b) the In Specie Distribution is completed prior to the Company's admission to the official list of ASX.

This waiver applies until 24 January 2017.

In addition, the Company notes that Shares held by seed investors, including related parties (ie Directors) and promoters will be subject to ASX imposed escrow for a period of up to 24 months.

14.6 Interests of directors

Other than as set out below or elsewhere in the Prospectus, no Director:

(a) has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or in the Offer; and

(b) has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either

to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Executive Directors' fees and remuneration

Refer to section 7.3 of this Prospectus for a summary of the fees and remuneration which are paid by the Company to certain of its Executive Directors and officers.

Each Executive Director is also entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and any committee on which he serves.

Non-Executive Director compensation

Refer to section 7.3 of this Prospectus for a summary of the fees which are paid by the Company to its Non-Executive Directors and each Non-Executive Director who serves as the chairman of the Audit and Risk Management Committee and Remuneration and Nomination Committee. The fees and remuneration paid by the Company to its Non-Executive Directors is in accordance with the Non-Executive Director compensation package adopted by the Board.

14.7 Directors' interests in securities

The tables below set out the interests of the Directors as at the date of this Prospectus and on completion of the Offer. Refer to section 6 of this Prospectus for further details.

SHARES	Shares at the date of the Prospectus			Shares after the In Specie Distribution and Offer based on the Maximum Subscription		
Director	Number of Shares held directly	Number of Shares held indirectly	%	Number of Shares held directly	Number of Shares held indirectly	%
Robert Biancardi	Nil	2,000,000	4.44%	Nil	3,228,106	3.40%
Josef Kaderavek	Nil	2,625,000	5.83%	Nil	2,625,000	2.76%
Hugh Keller	425,000	Nil	0.94%	755,000	Nil	0.79%
Anthony (Trangie) Johnston	187,500	Nil	0.42%	421,460	Nil	0.44%

* Hugh Keller will not receive any Shares under the In Specie Distribution. He proposes to subscribe for 330,000 Shares under the Offer, amounting to an aggregate holding of 755,000 Shares on completion of the Offer.

Options

OPTIONS	Options* at the date of the Prospectus		Options after the In Specie Distribution and Offer based on the Maximum Subscription	
Director	Number of Options held directly	Number of Options held indirectly	Number of Options held directly	Number of Options held indirectly
Robert Biancardi	0	2,000,000	0	2,000,000
Josef Kaderavek	0	2,750,000	0	2,750,000
Hugh Keller	1,500,000	0	1,582,500**	0
Anthony (Trangie) Johnston	750,000	0	750,000	0

* The Options have an exercise price of A$0.25 and expire three years from the date of vesting of the Options. The Options vest on the date that is three months following the commencement of trading of the Company's Shares on the ASX.

** Assuming Hugh Keller subscribes for and is issued with 330,000 Shares and 82,500 Loyalty Options on completion of the Offer.

Each Option has an exercise price of $0.25 and expires three years from the date of vesting of the Options. The Options vest on the date that is three months following the commencement of trading of the Company's Shares on the ASX. They will otherwise be on the same terms as the Loyalty Options.

14.8 Indemnification of Directors and officers

The Company, to the extent permitted by the Corporations Act, indemnifies each Director against any liability incurred by that person as an officer of the Company or its Related Bodies Corporate including as a liability incurred as a result of appointment or nomination by the Company or subsidiary as trustee or as an officer of another corporation, unless the liability arises out of conduct involving a lack of good faith.

The Company, subject to the Corporations Act, may enter into, and pay premiums on, a contract insuring a Director against any liability incurred by that person as an officer of the Company or its Related Bodies Corporate.

14.9 Related party interests

The Company has entered into the Farm-In Joint Venture Agreement, Royalty Deed and Management Services Agreement with BPL. At the date of this Prospectus, the Company is controlled by BPL. A summary of the terms of the Farm-In Joint Venture Agreement, Royalty Deed and Management Services Agreement is set out in section 13.

Other than the Farm-In Joint Venture Agreement, Royalty Deed and Management Services Agreement, there are no related party transactions in respect of the Company or its business.

14.10 Taxation implications of investing under the Offer

The taxation consequences of any investment in shares in the Company will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should seek your own professional advice. This overview is based on Australian taxation legislation as currently enacted. The following is general in nature and should not be relied upon or used as advice.

The Company intends to apply to the Australian Commissioner of Taxation for a class ruling confirming certain tax implications arising on the demerger transaction from BPL.

Australian tax implications

(a) For the Company

The Company was incorporated in Australia and is a resident of Australia for taxation purposes.

Unless specifically exempted under the tax legislation, the worldwide income of the Company is subject to Australian income tax

There are no Australian income tax implications for the Company arising from the IPO of shares and listing on the ASX, as well as the associated Loyalty Options.

The demerger from BPL will have no direct tax implications for the Company. As a member of the tax consolidated group, BPL will be primarily liable for any income tax liability arising to the Company while it is a member of the BPL group. Also, any tax losses incurred by the Company prior to it leaving the group will remain with BPL.

We understand that the Company is not a party to a tax sharing agreement with BPL. On this basis, the Company will be jointly and severally liable for any income tax debts of the BPL tax consolidated group which arose while the Company was a member of the group.

As it was a member of the BPL tax consolidated group it will be required to lodge an income tax return covering the period from when it leaves the group to the next 30 June, and then for financial years ending 30 June thereafter.

(b) For the shareholder

The following summary provides an overview of the Australian tax implications of the Offer for investors who are residents of Australia for tax purposes and who hold their Securities as capital assets. This summary is based on the Australian law in effect as at the date of this Prospectus, is general in nature and should not be relied on by potential investors as tax advice. Potential investors should seek specific advice applicable to their own particular circumstances from their own tax advisers.

This section does not consider the Australian tax consequences for particular types of investors, including those:

- whose Shares or options are held as trading stock or otherwise on revenue account;
- that may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organizations, trusts (except where expressly stated), superannuation funds (except where expressly stated), or temporary residents;
- who are tax resident of any jurisdiction other than Australia (except where expressly stated); or
- who are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the *Income Tax Assessment Act 1997* (Cth).

For those Shareholders who originally received their Shares and Options in the Company from the demerger by BPL, as this transaction occurred by way of a reduction in BPL's share capital it should be treated as a return of capital. On this basis it would not be assessable income to participating Australian tax resident Shareholders as a dividend, nor is it subject to Australian dividend withholding tax when the participating Shareholders are non-Australian tax residents.

Any subsequent dividends from the Company received by Australian tax resident individuals must be included in their assessable income in the year the dividend is paid. To the extent that franking credits are attached to the dividend, Australian resident Shareholders should also include the franking credits in their assessable income. Where Shareholders include franking credits in their assessable income, Shareholders should be entitled to a corresponding tax offset against their tax payable for the relevant income year.

In order for Shareholders to qualify for franking credits and the corresponding tax offset, Shareholders must satisfy the 'holding period' rules which require Shareholders to hold their Shares 'at risk' for a period of not less than 45 days, not counting the day of acquisition or disposal. The 'holding period' rules do not apply to Shareholders who are individuals who are entitled to tax offsets (for all franked distributions received by the particular Shareholder in the relevant income year) of not greater than $5,000 for the relevant income year.

Where the holding period rule is satisfied:

- Shareholders that are individuals or complying superannuation funds should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Where these Shareholders have franking credits in excess of their income tax liability they may be entitled to a refund equal to the excess;
- Shareholders that are companies should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Accordingly, these Shareholders should not pay any additional tax on the dividend to the extent that it is franked. Any excess tax offset may be able to be converted to a carry forward tax loss. A credit should arise in the franking account of these Shareholders equal to the amount of the franking credits attached to the dividend;
- Where Shares are held by Australian resident trusts or partnerships, and the dividend is passed through to Australian resident beneficiaries or partners, the benefit of the franking credit attached to the dividend may also pass through to those Australian resident beneficiaries or partners. The income tax treatment of the dividends including any franking credits in the hands of those beneficiaries or partners should depend upon the tax status of the beneficiaries or partners.

Where the holding period rule is not satisfied, the franking credits are not available to Shareholders.

There will be no Australian income tax implications for non-Australian tax resident individuals receiving dividends if the dividend is either:

- Fully franked, or
- Paid as a distribution from income derived by the Company from foreign sources (e.g dividends from foreign subsidiaries), provided the Company has maintained a Conduit Foreign Income Account and the dividend is allocated as being paid from that account.

Where a non-resident receives an unfranked dividend, the Company will be liable to deduct dividend withholding tax of 30%. The applicable withholding tax rate may be reduced or eliminated where the shareholder is a tax resident of a country which has a Double Tax Agreement with Australia.

Capital gains tax (CGT) from Disposal of Shares

The disposal of Shares will give rise to a CGT event for Australian resident Shareholders. Shareholders will:

- make a capital gain if the capital proceeds received on the disposal of their Shares are greater than the cost base of those Shares; or
- make a capital loss if the capital proceeds received on the disposal of their Shares are less than the reduced cost base of those Shares.

The capital proceeds received on disposal of Shares should generally be equal to the money received in respect of the disposal.

The cost base of Shares subscribed for under the Offer should generally be equal to the Issue Price plus any incidental costs. The reduced cost base should be the same as the cost base, subject to some modifications.

For those Australian tax resident Shareholders who received their Shares from the demerger by BPL, their cost base and reduced cost base will be a proportionate allocation of the cost base of their BPL shares. This is calculated by:

- taking the cost base of their BPL share just before the demerger; and
- apportioning this cost on a reasonable basis between the shares held in BPL and the Shares and Options held in the Company.

This allocation, usually expressed on a percentage basis, will be one of the items that will be confirmed from the class ruling. This information will be made available to Shareholders to when available.

CGT Event G1 may arise where the capital reduction amount associated with the demerger exceeds the cost base of the BPL shares. No loss can arise from event G1.

A non-Australian tax resident can ignore any gain on the BPL shares from CGT Event G1 where the shares:

- are not classified as taxable Australian property;
- were not used in carrying on a business through a permanent establishment in Australia;
- and no election had been made to treat the shares to remain as taxable Australian property on cessation of Australian tax residency.

To the extent Australian resident Shareholders derive a capital gain on disposal of the Shares in the Company, Shareholders that are individuals, trusts or complying superannuation funds that have held their Shares for more than 12 months should be eligible for a CGT discount in respect of the capital gain of 50% for individuals and trusts and 331⁄3% for complying superannuation funds. Prior to applying the CGT discount, Shareholders must offset their capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. The net capital gain (after applying any losses and the CGT discount) should be included in their assessable income in the relevant income year.

To the extent Shareholders incur a capital loss on disposal of the Shares in the Company, Shareholders may offset their capital loss against any capital gains derived in the relevant income year. Where the capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, Shareholders may be entitled to carry forward the excess (referred to as a 'net capital loss') to future income years subject to the application of the loss recoupment rules in certain cases. Shareholders cannot offset their net capital losses against their ordinary income.

If a return of capital is made by the Company, the cost base and reduced cost base of a Shareholder's Shares for CGT purposes should be reduced by the amount of the return of capital, with any excess over the cost base resulting in a capital gain.

A non-Australian tax resident will be subject to capital gains tax in Australia on disposal of Shares where the interest sold is an indirect interest in Australian real property. This requires the non-Australian resident and any associates of that Shareholder hold 10% or more of the Shares in the Company and the value of the Company is principally attributable to Australian real property.

Options Granted to Existing BPL Shareholders

For those shareholders in BPL who received Options from the demerger, their CGT cost base in the Options will be a proportionate allocation of their cost base in BPL before the demerger as described above. Any disposal of the Options will give rise to either a capital gain or loss equal to the amount of the proceeds received on sale less the cost base or reduced cost base and any costs of sale.

For any Options which are not exercised and lapse after the Expiry date, a capital loss would arise for the amount of the apportioned cost base.

If the Options are exercised, the cost base of the Shares would be calculated by adding the cost base of the Options to the amount paid on exercise of the Options. Any subsequent disposal of the Shares received would result in a capital gain or loss being the difference between the capital proceeds for disposal and the cost base or reduced cost base.

Options Granted Under the IPO

The initial allotment of the Loyalty Options will not give rise to assessable income to Shareholders and will have a nil cost base for CGT purposes.

Any disposal of the Options will give rise to a capital gain equal to the amount of the proceeds received on sale less any costs of sale.

For any Options which are not exercised and lapse after the Expiry date, neither a capital gain or loss should arise.

If the Options are exercised, the exercise price of A$0.25/option will become the cost base of the Shares in the Company, with the date of acquisition for the Shares being the date the exercise amount was paid.

Any subsequent disposal of the Shares received would result in a capital gain or loss in a similar manner to that described above.

Other Australian tax implications

(c) Goods and Services Tax

No GST is payable in respect of the acquisition of Shares, nor should there be any GST liability arising from the receipt of dividends in respect of the Shares. An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

(d) Stamp Duty

No stamp duty should be payable on the issue, transfer or redemption of a Share.

(e) Quotation of Tax File Number ("TFN") or Australian Business Number ("ABN")

Shareholders are not required to quote their TFN to the Company. If Shareholders do not quote their TFN or other relevant exemption details, tax may be required to be withheld by the Company from certain distributions at the top marginal rate plus the Medicare and Budget Repair levies.

14.11 Interests of experts and advisors

Other than as set out below, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

(a) has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or

(b) has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Far East Capital Limited has acted as the Lead Manager to the Company in respect of the Offer. The Company has paid or agreed to pay to the Lead Manager a management fee of 1% of the funds raised under the Offer and a placement fee of 5% of the funds raised from the Lead Manager's clients under the Offer.

Nexia Sydney Corporate Advisory Pty Ltd has acted as the Investigating Accountant to the Company and provided the Investigating Accountant's Report under the heading "Investigating Accountant's Report" in section 10 of this Prospectus. The Company has paid or agreed to pay an amount of approximately A$31,000 in respect of these services.

Fordham Business Advisors Pty Ltd has acted as the tax advisor to the Company. The Company has paid or agreed to pay an amount of approximately A$25,000 in respect of these services.

GM Minerals Consultants Pty Ltd has acted as the independent geologist to the Company and provided the Independent Geologist Report in section 11 of the Prospectus. The Company has paid or agreed to pay an amount of approximately A$12,100 in respect of these services.

HWL Ebsworth Lawyers has acted as the Australian legal advisor to the Offer, has provided the Solicitor's Report on Tenements in section 12 and performed work in relation to due diligence enquiries on Australian legal matters. The Company has paid or agreed to pay an amount of A$139,000 (plus disbursements) in respect of these services. Further amounts may be paid to HWL Ebsworth Lawyers in accordance with time-based charges.

NextRegistries, a division of Nexia Sydney Pty Ltd, has acted as share registry to the Company and performed work in relation to share registry services. The Company has paid or agreed to pay registry fees charged at NextRegistries commercial rates (plus GST and disbursements) in respect of these services.

ResearchinChina Inc. has acted as an independent consultant to the Company and has provided the research report in section 4. The Company has paid or agreed to pay an amount of approximately US$6,000 in respect of these services.

Friel Consulting Services Ltd has acted as an independent consultant to the Company and has provided the research report in section 6. The Company has paid or agreed to pay an amount of approximately A$2,000 in respect of these services.

14.12 Offer expenses

The Company will pay all of the costs associated with the Offer.

The table below outlines the expenses of the Offer.

Estimated cost (exclusive of GST)	Minimum Subscription A$8,000,000	Maximum Subscription A$10,000,000
Capital raising costs[1]	480,000	600,000
ASX and ASIC Fees[2]	74,000	76,000
Accounting, legal and other advisor fees	267,000	267,000
Printing, design and miscellaneous	33,000	33,000
Total	854,000	976,000

Notes:

1. Capital raising fees are payable to the Lead Manager and calculated by reference to the amount of capital raised under the IPO.
2. ASX fees are based on the issue price of the shares and the anticipated issued share capital of the Company after allotment of the Shares.

14.13 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Each of the parties referred to below has not caused the issue of this Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:

Name of entity	Named as	Reports or statements
Far East Capital Limited	Lead Manager	No
Nexia Sydney Corporate Advisory Pty Ltd	Investigating Accountant	Investigating Accountant's Report on Historical and Pro Forma Financial Information in section 10
Nexia Sydney Audit Pty Ltd	Auditor of the Company	No
HWL Ebsworth Lawyers	Australian legal advisor to the Offer	Solicitor's Report on Tenements in section 12
GM Minerals Consultants Pty Ltd	Independent Geologist	Independent Geologist Report in section 11
Fordham Business Advisors Pty Ltd	Taxation advisor	Tax implications of investing under the Offer in section 14.10
NextRegistries	Share Registry for the Company	No
ResearchinChina Inc.	Independent Consultant	Independent Consultant Research Report in section 4
Friel Consulting Services	Independent Consultant	Independent Consultant Research Report in section 6
Broken Hill Prospecting Limited	BPL	Information in the prospectus in respect of the In Specie Distribution

14.14 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Share Registry on (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia) between 8:30am and 5:00pm ADST and the Share Registry will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

14.15 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

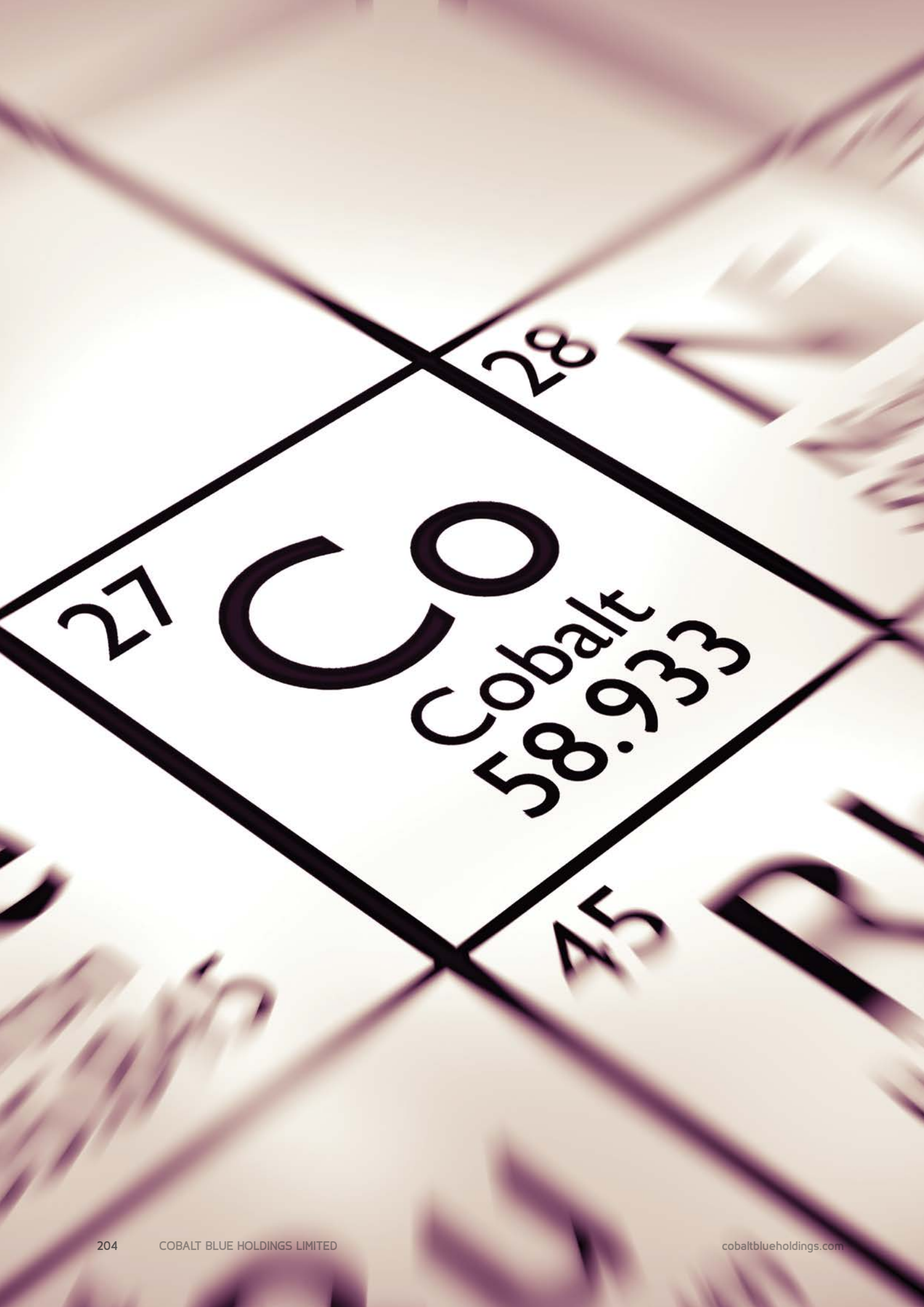
14.16 Statement of directors

The Directors report that after due enquiries by them, in their opinion, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company by:

Robert Biancardi
Chairman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Section 15
Glossary

In this Prospectus, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

A$ or AUD	The lawful currency of Australia.
ADST	Australian Daylight Savings Time in Sydney.
Allotment Date	The date on which Shares are allotted under the Offer.
Applicant	Person who submits a valid Application Form pursuant to this Prospectus.
Application	A valid application to subscribe for Shares under the Offer pursuant to this Prospectus.
Application Form	The application form attached to or accompanying this Prospectus for investors.
Application Monies	Money submitted by applicants under the Offer in respect of their applications for Shares.
ASIC	The Australian Securities and Investments Commission.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	The settlement rules of the settlement facility provided by ASX Settlement.
ASX	ASX Limited (ABN 98 008 624 691) or the securities market it operates, as the context requires.
ASX Corporate Governance Principles	The ASX Corporate Governance Principles and Recommendations (3rd Edition) of the ASX Corporate Governance Council as at the date of this Prospectus.
Board	The board of Directors of the Company.
BPL	Broken Hill Prospecting Limited ARBN 003 453 503.
BPL Shareholders	Eligible shareholders of BPL on the Record Date.
Chairman	The chairman of the Board, Robert Biancardi.
CHESS	The Clearing House Electronic Sub-Register System of share transfers operated by ASX Settlement.
Closing Date	The date the Offer closes.
Company	Cobalt Blue Holdings Limited ACN 614 466 607.
Corporations Act	The *Corporations Act 2001* (Cth).
Directors	Directors of the Company as at the date of this Prospectus.

Section 15
Glossary

Executive Director	A Director appointed as an executive director of the Company.
Exposure Period	The seven day period after the date of lodgement of the Prospectus with ASIC. This period may be extended by ASIC for a further period of up to seven days.
General Offer	The invitation in this Prospectus to subscribe for up to 50,000,000 Shares at A$0.20 per Share to raise up to A$10,000,000, along with 12,500,000 free attaching Loyalty Options on a 1:4 basis.
GST	Goods and services tax, being a tax charged on the sale of most goods and services in Australia.
IAR	Investigating Accountant's Report.
IGT	Independent Geologist Report.
In Specie Distribution	the in specie distribution by BPL of all of the Shares it holds in the Company to the BPL Shareholders.
IPO	the Company's initial public offering of its Shares.
Letters of Appointment	The letter of appointment entered into by each of the Non-Executive Directors.
Listing Rules	The official Listing Rules of the ASX as amended from time to time.
Loyalty Option	means an Option issued in accordance with the terms set out in section 14.3.
Maximum Subscription	The maximum subscription amount being sought by the Company under the Offer, being A$10,000,000.
Minimum Subscription	The minimum subscription amount being sought by the Company under the Offer, being A$8,000,000.
Non-Executive Director	A Director appointed as a non-executive director of the Company.
Offer	The General Offer and the Priority Offer.
Offer Information Line	The offer information line operated by the Share Registry being (02) 9276 1700 (from within Australia) or +61 2 9276 1700 (from outside Australia).
Offer Period	The period during which investors may subscribe for Shares under the Offer.
Offer Price	A$0.20 per Share.
Opening Date	The date the Offer opens.
Option	An option to acquire a Share.
Priority Offer	The priority offer of Shares under this Prospectus to the BPL Shareholders.
Prospectus	This document which replaces the prospectus dated 3 November 2016 as supplemented by the Supplementary Prospectus dated 9 November 2016 and the Second Supplementary Prospectus dated 9 December 2016.
Record Date	5:00pm ADST on 21 November 2016.
Related Body Corporate	Has the meaning ascribed to that term in the Corporations Act.
Shareholder	A holder of Shares.
Shares	Shares of fully paid common stock in the capital of the Company.
Share Registry	NextRegistries of Level 16, 1 Market Street, Sydney NSW 2000 Australia.
Solicitor's Report on Tenements	The report set out in section 12.

Cobalt Blue Holdings Limited

ABN 90 614 466 607

Offer Application Form

Broker Reference Stamp

Broker Code | Advisor Code

Fill out this form if you want to apply for shares (and loyalty options on a 1:4 basis) in Cobalt Blue Holdings Limited under either the Priority Offer or the General Offer.

- Please refer to the prospectus dated 3 January 2017.
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

If you are applying under the Priority Offer, please tick this box ☐ and enter the Shareholder Reference Number (SRN) or Holder Identification Number (HIN) of your existing holding in Broken Hill Prospecting Limited at item E below.

A: Number of shares you are applying for

@ A$0.20 per share =

B Total amount payable

$

Please note there is a minimum of 10,000 shares to be applied for then in multiples of 1,000 shares.

C Write the name(s) you wish to register the shares in *(see reverse for instructions)*

Name of Applicant 1

Name of Applicant 2

Name of Applicant 3 or Account Designation in angle brackets "< >"

D Write your postal address here

Number and Street

Suburb/ Town | State | Postcode

E Holder number

If applying under the Priority Offer, please insert the Shareholder Reference Number (SRN) or Holder Identification Number (HIN) of your holding in Broken Hill Prospecting Limited.

If applying under the General Offer and you wish your holding to be CHESS sponsored, please insert your Holder Identification Number (HIN) beginning with "X".

Important: If the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any shares issued as a result of this application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN or exemption category

Applicant 1 | Applicant 2 | Applicant 3

G Cheque payment details (payable to "Cobalt Blue Holdings Limited")

Please enter details of the cheque(s) accompanying this application.

Name of drawer	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H Contact details

Home phone | Mobile phone

Work phone | Email address

GUIDE TO THE OFFER APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

How to complete this form

A. Shares applied for.
Insert the number of shares you wish to apply for at item A (not less than 10,000 shares).

B. Application monies.
Multiply the number of shares by the issue price of $0.20. Minimum application is $2,000 and applications for less than this amount may be rejected.

C. Application names
Enter the full name to appear in the share register. This must be either your own name or the name of a company. Refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. CHESS participants should complete their names as registered in the CHESS system.

D. Postal address
All communications to you from the share registry will be mailed to the person(s) and address on the form.

E. CHESS participant HIN
If applying under the Priority Offer, please insert the Shareholder Reference Number (SRN) or Holder Identification Number (HIN) of your holding in Broken Hill Prospecting Limited.
If applying under the General Offer and you wish your holding to be CHESS sponsored, please insert your Holder Identification Number (HIN) beginning with "X". **The registration details provided must match your CHESS account exactly.**

F. Tax file number or ABN
Enter your TFN or ABN or exemption category, if you are an Australian resident. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory.

G. Cheque payment details.
Make yours cheque(s) payable to Cobalt Blue Holdings Limited.
Cheques must be in Australian currency and drawn on an Australian bank or credit union.
Complete cheque details in the boxes provided.
Cheques will be processed on the day of receipt, and so sufficient cleared funds must be held in your account as cheques returned may not be re-presented and may result in your application being rejected.

H. Contact details
Enter your phone numbers and email address.

Lodgement
Mail or personally deliver your completed application form with cheque(s) attached to the following address so that it is received no later than 5.00pm (Sydney time) on 9 December 2016:

Mailing address:
Cobalt Blue Holdings Limited
C/- Next Registries
PO Box H195
Australia Square NSW 1215

Delivery address:
Cobalt Blue Holdings Limited
C/- Next Registries
Level 16, 1 Market Street
Sydney NSW 2000 Australia

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Next Registries at:

Phone: +61 2 9276 1700 Fax: + 61 2 9251 7138 Email: mail@nextregistries.com.au

Correct forms of registrable title
Only legal entities are allowed to hold shares. Application forms must be in the name(s) of a natural person(s), company or other legal entity acceptable to the Company. Natural persons should be registered under their full names. Applications cannot be completed by persons less than 18 years of age. The table below shows examples of the correct form of registrable title.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use full names	Mr John David Smith	J A Smith
Trusts: use trustees' names	Mr John David Smith <Smith Family A/c>	Smith Family Trust
Deceased estates: use executors' names	Mr Michael Peter Smith <Est Late John Smith A/c>	John Smith (deceased)
Partnerships: use partners' names	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Unincorporated bodies: use officebearers' names	Mr John David Smith <ABC Tennis Association A/c>	ABC Tennis Association
Superannuation funds: use trustees' names	Mr John Smith & Mrs Mary Smith <Smith Super Fund A/c>	Smith Super Fund
Person under 18: use the name of a responsible adult	Mr John Alfred Smith <Peter Smith A/c>	Master Peter Smith

By submitting this application form:
- you declare that this application is complete and lodged according to the Prospectus dated 3 January 2017, and the declarations/statements on this form:
- you declare that all the details and statements made by you are complete and accurate, and
- you agree to be bound by the Constitution of Cobalt Blue Holdings Limited.

Privacy Statement
Next Registries advises that Chapter 2C of the Corporations Act 2001 requires information about you as a shareholder (including name, address and details of shares held) to be included in a public register of the Company. Information is collected to administer your shareholding and if some of the information is not collected it might not be possible to administer your shareholding. Your personal information may be disclosed to the Company. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Offer Application Form. Our privacy policy is available at **http://www.nexia.com.au/privacy**

Cobalt Blue Holdings Limited

ABN 90 614 466 607

Offer Application Form

Broker Reference Stamp

Broker Code | Advisor Code

Fill out this form if you want to apply for shares (and loyalty options on a 1:4 basis) in Cobalt Blue Holdings Limited under either the Priority Offer or the General Offer.

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@ A$0.20 per share =

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Applicant 1 | Applicant 2 | Applicant 3

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Cheques must be in Australian currency and drawn on an Australian bank or credit union.
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Australia Square NSW 1215

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C/- Next Registries
Level 16, 1 Market Street
Sydney NSW 2000 Australia

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Phone: +61 2 9276 1700 Fax: + 61 2 9251 7138 Email: mail@nextregistries.com.au

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Partnerships: use partners' names	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Unincorporated bodies: use officebearers' names	Mr John David Smith <ABC Tennis Association A/c>	ABC Tennis Association
Superannuation funds: use trustees' names	Mr John Smith & Mrs Mary Smith <Smith Super Fund A/c>	Smith Super Fund
Person under 18: use the name of a responsible adult	Mr John Alfred Smith <Peter Smith A/c>	Master Peter Smith

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- you declare that this application is complete and lodged according to the Prospectus dated 3 January 2017, and the declarations/statements on this form:
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Next Registries advises that Chapter 2C of the Corporations Act 2001 requires information about you as a shareholder (including name, address and details of shares held) to be included in a public register of the Company. Information is collected to administer your shareholding and if some of the information is not collected it might not be possible to administer your shareholding. Your personal information may be disclosed to the Company. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Offer Application Form. Our privacy policy is available at **http://www.nexia.com.au/privacy**

Corporate Directory

COMPANY

Cobalt Blue Holdings Limited
ACN 614 466 607

Level 2, 66 Hunter Street
Sydney NSW 2000 Australia

BOARD OF DIRECTORS

Name	*Position*
Robert Biancardi	Chairman, Independent
Josef Kaderavek	Chief Executive Officer
Hugh Keller	Non-Executive Director, Independent
Anthony (Trangie) Johnston	Non-Executive Director

COMPANY SECRETARY

Ian Morgan

PO Box 816
Epping NSW 2121 Australia

PROPOSED ASX CODE

COB

LEAD MANAGER

Far East Capital Limited

Suite 24, Level 6, 259 Clarence Street
Sydney NSW 2000 Australia

INVESTIGATING ACCOUNTANT

Nexia Sydney Corporate Advisory Pty Ltd

Level 16, 1 Market Street
Sydney NSW 2000 Australia

AUDITOR

Nexia Sydney Audit Pty Ltd

Level 16, 1 Market Street
Sydney NSW 2000 Australia

LAWYER TO THE OFFER

HWL Ebsworth Lawyers
Australia Square, Level 14
264–278 George Street
Sydney NSW 2000 Australia

TAXATION ADVISOR

Fordham Business Advisors Pty Ltd

Level 18, 123 Pitt Street
Sydney NSW 2000 Australia

SHARE REGISTRY

NextRegistries

Level 16, 1 Market Street
Sydney NSW 2000 Australia

INDEPENDENT CONSULTANTS

ResearchInChina
www.researchinchina.com

Friel Consulting Services Ltd

WEBSITE

www.cobaltblueholdings.com

Cobalt Blue Holdings Limited
(ACN 614 466 607)