

# Quarterly Report



29 Oct 2018

July to September 2018 – Highlights

**Cobalt Blue Holdings Ltd**  
A Green Energy  
Exploration  
Company



ASX Code:

**COB**

#### Commodity Exposure:

**Cobalt & Sulphur**

#### Directors & Management:

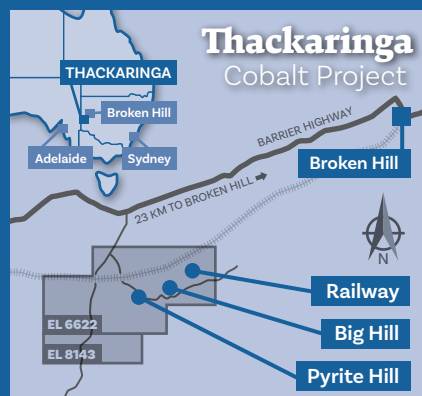
**Robert Biancardi** Non-Exec Chairman  
**Hugh Keller** Non-Exec Director  
**Joe Kaderavek** CEO & Exec Director  
**Matt Hill** Non-Exec Director  
**Robert Waring** Company Secretary

#### Capital Structure:

Ordinary Shares at 29/10/2018: **116.2m**  
Options (ASX Code: COBO): **24.4m**  
Market Cap (undiluted): **\$24.4m**

#### Share Price:

Share Price at 29/10/2018: **\$0.21**



#### Cobalt Blue Holdings Limited

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Social: [f](#) Cobalt.Blue.Energy  
[in](#) cobalt-blue-holdings

## Cobalt Blue September Quarterly Report

#### THACKARINGA PROJECT:

- Thackaringa Pre Feasibility Study delivered.
- Project strategic rationale.
- Drilling campaign announced.

#### COBALT TRENDS:

- Update on thrifting.
- Near term market balance vs strategic demand.

#### CORPORATE:

- COB withdraws from Earning Period
- Stage Two Achieved – Cobalt Blue has achieved 70% of the beneficial interest of the Thackaringa Project.
- Global marketing/commercial visits.
- CuDeco MOU announced.

### Projects – Thackaringa Cobalt – Broken Hill NSW

#### Pre Feasibility Study successfully delivered (Announced 4 July 2018\*)

Cobalt Blue Holdings (COB) has now delivered a PFS study for the Thackaringa Cobalt Project. Results justify proceeding further towards commercial development of the Thackaringa Cobalt Project.

A maiden Ore Reserve has been declared for the Thackaringa Cobalt Project – Probable Ore Reserve of 46.3M tonnes @ 819 ppm cobalt.\*\*

A Production Target (Potential Upside Mining Case) was modelled consisting of 58.7M tonnes @ 802ppm cobalt included the Probable Ore Reserve and a partial component of the Inferred Resource. Production Target outcomes are set out in the table below.

#### Notes

\* These estimates were first announced by Cobalt Blue Holdings Limited in *Thackaringa Cobalt Project Pre-Feasibility Study* ASX announcement on 4 July 2018.

\*\* These estimates of mineral resources were first announced by Cobalt Blue Holdings Limited in *Thackaringa – Significant Mineral Resource upgrade – 19 March 2018*. A maiden Ore Reserve was announced on 4 July 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement, and all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Table 1. **Summary of Product Target Financial Model**

Throughput, CAPEX, Costs	Input	Comments
Plant Capex (±25%)	A\$550m	Incl A\$66m in contingency, excl \$23m pre-strip
Plant throughput	5.25 Mtpa	Following commissioning period
Cobalt production (metal in sulphate)	3,558 tpa	Average over first 10 years post ramp-up
Cobalt production (metal in sulphate)	40,331 tonnes	LOM Total
C1 Cash Cost (incl sulphur credit)	US\$12.76/lb	Average based on Production Target
Initial mine life (Production Target)	12.8 years	Production Target 58.7mt @ 802ppm cobalt
Macro Assumptions	Input	Comments
A\$/US\$ Exchange Rate	Fwd curve	2018 \$0.75, 2019 \$0.73, 2020 \$0.71, 2021 \$0.71 then \$0.70 onwards
Avg LOM Cobalt Sulphate Price	US\$33.80/lb	Independent expert – CRU International
Avg LOM Sulphur Price (landed in Aus)	US\$145/t	Independent expert – CRU International
Financial Metrics	Input	Comments
Pre Tax NPV (8%)	A\$792m	Based on Production Target
Pre Tax IRR (%)	27.0%	
Post Tax (7.5%)	A\$544m	
Post Tax IRR (%)	22.0%	
Project Payback (simple)	4 years	

Source: Cobalt Blue

## Thackaringa Project Optimisation Studies

COB is progressing several option studies identified in the PFS. These opportunities are explained below:

### Target Revenue Increases:

- Life of Mine:** The production target identified in the PFS provided an initial mine life of 12.8 years at a steady-state throughput of 5.25 million tonnes per annum ore. This mine life is limited largely by current available geological information, rather than economic factors. In other words, the mineral resource of 72 million tonnes limited the production target and remains the most significant upside factor in our focus. Given that the development capital is largely expended in the early years of the project, increasing mine life will drive significant free cash flow generation for the project. Our aspirational target is a 20+ year project and for shareholders this is a substantially different investment. The market can expect a mineral resource update due end Q1 2019.
- Cobalt and Sulphur Recoveries:** The PFS assumed a conservative 85.5% cobalt recovery (in ground to payable metal), including (negative) allowances for scale-up from the existing laboratory testwork results of 88.5% metal recovery. Our long-term target is to achieve a 90% recovery for cobalt. A bulk test work program is being commissioned that will enable COB to undertake more detailed marketing studies and build confidence with potential commercial partners. The market can expect an update on recoveries by the end of Q2 2019.

### Target Cost Reductions:

- Power:** The PFS identified that approximately 22% of operational cash costs were related to grid power consumption. COB expects to perform the following power related studies:
  - Optimising waste heat capture and re-use – how much energy can be recycled?
  - Optimising the daily load profile – how much peak energy can be avoided?
  - Distributed energy generation and storage – how much energy can be generated on-site? Can energy storage (e.g. Li-ion batteries) be used effectively to shift demand away from peak time-of-day prices?

The market can expect an update on recoveries by the end of Q2 2019.

- Process Plant Tailings:** Tailings and associated handling represented approximately 10% of operational cash costs in the PFS.

## Project Strategic Rationale

The strategic rationale for the Thackaringa Cobalt Project is founded upon four tenets.

### ■ Cobalt – the window of opportunity

Cobalt is a key metal required for both metallurgical and chemical industries. Cobalt demand is split into new and old economy drivers. New economy drivers include 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. Today, most portable applications are powered by cobalt based lithium ion batteries, initially commercialised in the 1990s. Battery materials will continue to dominate global consumption and drive demand over the next 10 years+.

Cobalt supply remains tightly held by a minority of commercial interests and is largely sourced geographically from Africa (66% of 2018 global supply is from the Democratic Republic of the Congo). Uncertainty of supply remains a key risk for global consumers and will add to the price premium commanded by cobalt over the next 10+ years.

### ■ Elemental Sulphur vs Sulphuric Acid

The Thackaringa Cobalt Project mineral resource is composed of pyrite and silica/feldspars. Cobalt is substituted inside the pyrite mineral lattice and is not present as a discrete mineral. Minerals processing options are centred on recovering pyrite from the ore, and subsequent downstream treatment of the pyrite concentrate.

Historically, commercial operations have roasted pyrite, generating sulphuric acid. However, there is limited demand for sulphuric acid at/near Broken Hill, and any sales would compete against low-cost sulphuric acid generated at base metal refineries.

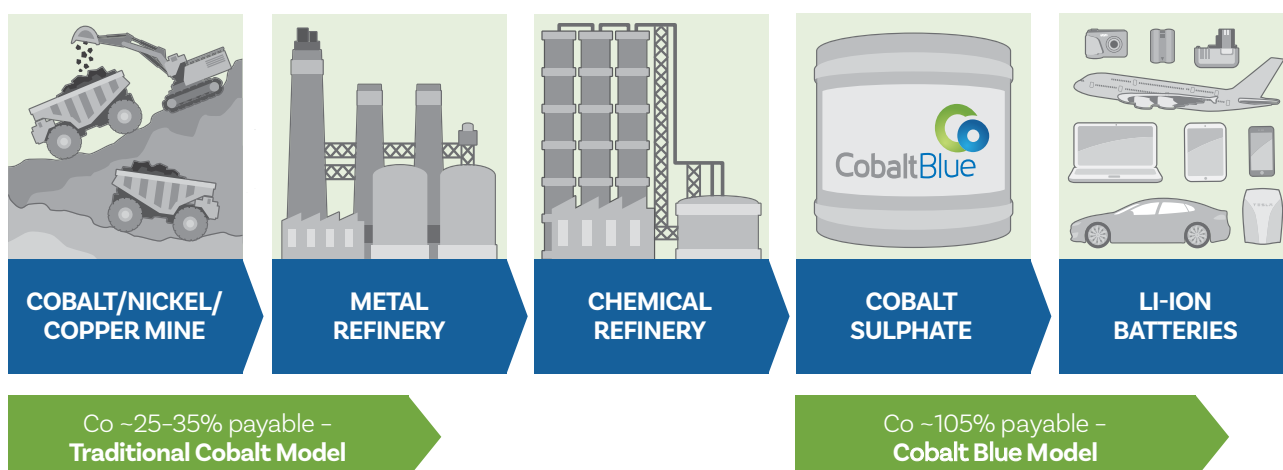
An alternative to production of sulphuric acid, is the production of elemental sulphur. Elemental sulphur is mainly sourced from treatment of sour-gas from the oil and gas industry. There is no local producer in Australia, and hence this presents an opportunity for Cobalt Blue. Further, there is a growing Australian demand for elemental sulphur for production of fertilisers, and on-mine-site generation of sulphuric acid for metallurgical consumption.

### ■ Primary producer of cobalt

Typically, cobalt is recovered as a by-product from copper or nickel operations. In contrast, the Thackaringa Cobalt Project is aiming to be a primary producer of cobalt, as there are only minor amounts of base metals in the ore. This means that Cobalt Blue is not beholden to copper or nickel pricing for project decision-making. The Mineral Resource has identified ~61,500 t of cobalt (ASX release “Thackaringa – Significant Mineral Resource upgrade” – 19 March 2018), and this provides Cobalt Blue with a significant resource base for developing the project.

### ■ Battery ready cobalt product – maximum margin over the project life cycle

The Thackaringa Cobalt Project strategy is to examine an integrated mine/refinery concept. Traditionally, cobalt mines have sold cobalt as a byproduct of either copper or nickel and received a fraction of the value of the contained cobalt. Cobalt Blue’s strategic focus is upon the battery industry and producing a battery ready cobalt product (cobalt sulphate) at sufficient purity to enter the production chain directly. This allows Cobalt Blue to sell directly into the battery industry (specifically to cathode precursor manufacturers representing the front end of the industry).



Source: Cobalt Blue

## Drilling Campaign Announced (13 September 2018)

COB is commencing the largest single drilling campaign at Thackaringa - more than 15,000 m will be drilled over the coming six months. Previously, between 2H 2016 and 1H 2018, COB has drilled a total of 20,445 metres (38 diamond drill holes, 93 RC drill holes, and 3 RC drill holes with diamond tails) over three campaigns. We expected an updated Resource Model due end Q1 2019.

The drilling campaign has five broad aims:

1. **Improved Mineral Resource classification** – defining Measured Resources. Based on the results of the PFS, COB is aiming to define a component of Measured Mineral Resources. This will require in-fill drilling at approximately 40 m spacing to improve geological confidence and data density. During the Mining Study, COB is seeking to evaluate Measured Mineral Resources for conversion to Proven Ore Reserves. Typically, the target quantity for Proven Ore Reserves would be sufficient to fulfil the initial 3 to 5 year period of the proposed project production, as defined in the Feasibility Study. Additional in-fill drilling will target improved classification of Inferred to Indicated Mineral Resources. Indicated Mineral Resources will be evaluated for conversion into Probable Ore Reserves during the Mining Study.
2. **Growth of Mineral Resources** – exploration along margins of existing mineralised bodies. In the upcoming campaign, COB is aiming to increase the Inferred Mineral Resources by targeting down-dip extensions at the Pyrite Hill deposit and shallow strike extensions at the Big Hill and Railway deposits. COB is targeting a 20+ year mine life with growth of the overall Mineral Resource a key component of achieving this target. For clarity, future additional drilling campaigns are expected to be undertaken following completion of the 2H 2018 to 1H 2019 program which is described in this announcement.
3. **Confirmation of the location of infrastructure and site layout** – geotechnical and hydrogeological drilling for project infrastructure and process plant civil works.
4. **Overburden definition** – identification of oxide and/or transition layer(s).
5. **Blue-sky exploration** – follow up previously identified geophysical anomalies that may contribute to resource growth.

We look forward to keeping the market informed as the campaign results become available during Q4 2018 and Q1 2019. An updated Mineral Resource statement is due by the end of Q1 CY2019.

## Cobalt Trends

### Cobalt – Update on Thrifting

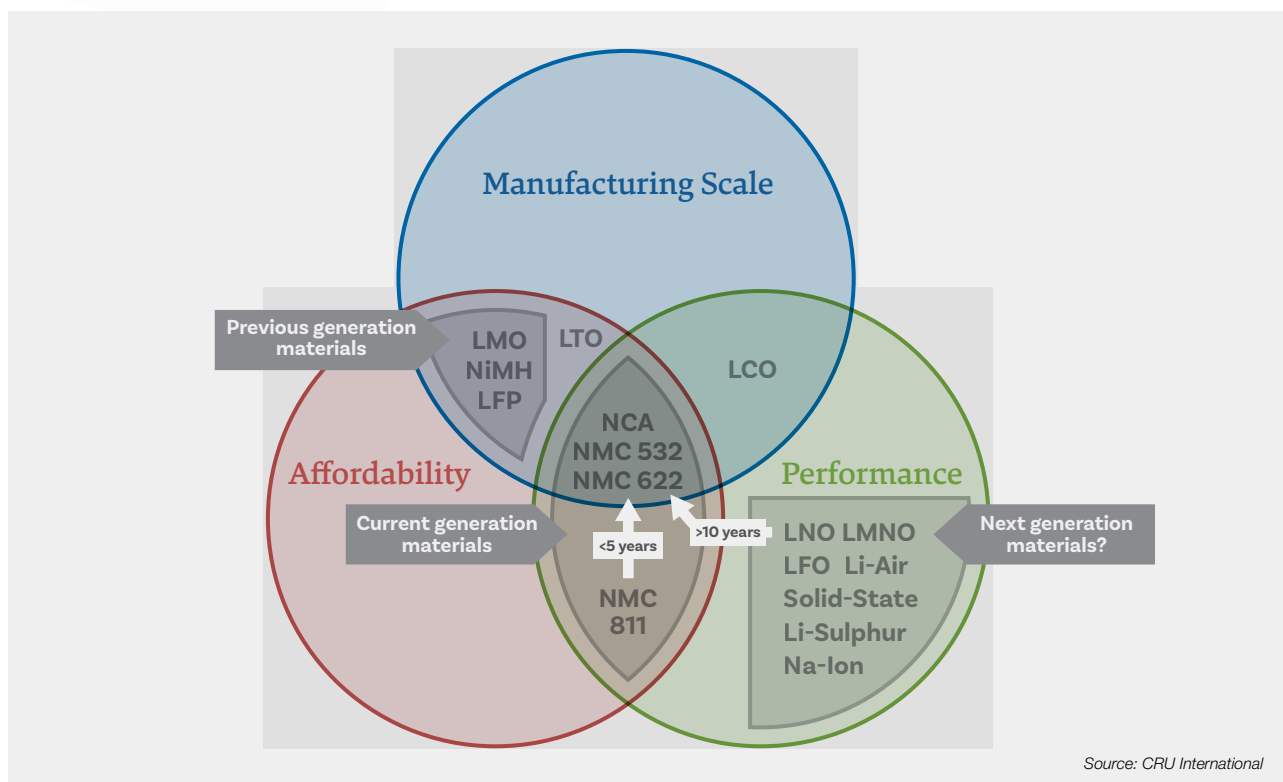
The lowering of cobalt content in the battery otherwise known as “cobalt thrifting” is a widely understood phenomenon, but less well known is that thrifting has practical limits which are being approached as technology transitions to the target NMC (Nickel Manganese Cobalt) 811 cathode over the next 4 years. Cobalt is a key stabilising element for the cathode, without it the cathode would succumb to the strong physical forces present during battery charging and discharging. Electric Vehicle (EV) batteries, both large and hardworking, need cobalt for stability. Several well-known battery failures over the last five years have resulted from cathodes deteriorating during use.

A simple cobalt analogy is cement. Cement is the adhesive that keeps concrete together. Cement is expensive, and it would be tempting to remove more and more cement to save money. The resulting concrete will then exhibit consistent strength up until the point that too much cement is removed, at which point the concrete fails.

Today, only three battery chemistries (NMC 532, NMC 622 and NCA) have the combination of performance, affordability and scalability that are required of EV batteries. The NCA (Nickel Cobalt Aluminium Oxide) battery is the proprietary technology licensed by Panasonic and its industry partner Tesla for its EV fleet. The NMC chemistry is the broader industry standard.

Our industry partners believe that the transition to the NMC 811 cathode is not simple. NMC 811 manufacturing requires facilities delivering world class performance specifications for purity/atomic structure of the cathode. These facilities need to be designed from scratch and cannot simply be added onto existing operations. Secondly, with lower cobalt content these batteries risk becoming unstable in high temperature and demanding conditions. They will thus require special software to act as a circuit breaker should conditions become too onerous for the battery. Therefore, looking forward to 2022, your battery will tell your EV to “take it easy”.





## Cobalt – near term market balance vs strategic demand

In the near term, cobalt supply from the Democratic Republic of Congo has caused the spot price to ease to US\$28/lb versus its near term high US\$43/lb. This cobalt supply comes from the three largest cobalt projects; namely Glencore's Katanga Project, Eurasian Resources Group RTR project and Shalina's Mutoshi project constitute the key supply overhang until 2022.

EV demand for cobalt continues to grow rapidly, with cobalt equivalent demand increasing by >50% yoy to 16.5kt in 2018. Forecast 2018-2023 demand CAGR 22% to 45.1kt by 2023 will continue to tension the overall market. This demand growth will then continue well beyond the ramp period of the three cobalt supply projects above.

Investors tend to focus upon EV growth in known western firms such as Volkswagen, Ford, Nissan and Tesla. However, most current EV sales and future growth is expected to remain in China, where substantial public policy drives demand. On current (2018) global estimates of 1.6M Battery Electric Vehicles sold, 61% of these are in China. EV production remains extensively subsidised in China. The current credit quota system requires a minimum EV sale share for domestic production (10% 2019, 12% 2020). Other countries have also announced deadlines after which they will make illegal the sale of traditional ICEs (Internal Combustion Engine vehicles) including the UK (2040), France (2040), Norway (2026), the Netherlands (2026) and India (2030).

## Corporate News

### Cobalt Blue withdraws from Thackaringa Joint Venture Earning Period Provisions (24 October 2018)

Following completion of a Pre-Feasibility Study (PFS), the Thackaringa Joint Venture commissioned Wood PLC, a globally renowned engineering firm, to perform a PFS gap analysis review. Wood subsequently recommended up to a 24 month period for further Bankable Feasibility Study (BFS) work.

COB has concluded that the risk of attempting to fast track such studies into a period of only 12 months, to meet the BFS timetable in the Exploration Farmin Joint Venture Agreement (Farmin Agreement) with Broken Hill Prospecting Limited (ASX: BPL), would significantly impair the project and pose undesirable risk. Subsequently, after a period of negotiations leading to no acceptable commercial outcomes, COB has now withdrawn from the Earning Period process of the Farmin Agreement.

\* COB acknowledges that the data in the previous two paragraphs above is sourced from CRU Cobalt Market Outlook – August 2018.

Notwithstanding COB's decision, it will continue to hold its recently upgraded and announced 70% beneficial interest in the project.

COB will remain in the Thackaringa Cobalt Project as a Joint Venture partner with BPL (30% beneficial interest). COB will now work with our JV partner, BPL to progress the Thackaringa Cobalt Project through feasibility studies, development and, assuming positive results, into the construction and ultimately production phases.

COB will remain Manager of the Joint Venture.

### **Thackaringa Joint Venture (TJV) – Completion of Stage 2 Earning Obligations (5 September 2018)**

COB advises that it has received notice from Broken Hill Prospecting Limited (ASX:BPL) that BPL has accepted to its satisfaction the completion of the Stage Two earning obligations under the Joint Venture Agreement on the Thackaringa Cobalt Project in Broken Hill NSW. BPL advised that it completed a review of the TJV Stage Two deliverables. Accordingly COB now formally announces the following beneficial ownership over the Thackaringa tenements:

- EL 6622 70% beneficial ownership.
- EL 8143 70% beneficial ownership.
- ML 86 70% beneficial ownership.
- ML 87 70% beneficial ownership.

### **Global Commercial (16-20 July 2018) / Marketing Visits (20-24 July and 3-7 September 2018)**

COB (CEO Joe Kaderavek and Executive Manager Dr Andrew Tong) visited Korea and Japan, representing the fourth round of commercial visits since listing in February 2017. These visits included detailed discussions and exchanges of views. Robust commercial interest continues to be expressed in the project across the Asian countries visited.

COB then undertook marketing visits to Asia and UK/US to introduce the project to over 50 global fund managers and potential debt providers. From an equity perspective, the global "risk off" environment continues, with Asia investors particularly sitting on the sidelines. Strong fundamental demand across UK/US was noted and COB expects to follow up with these relationships. Management has also begun discussions with potential project debt facility providers, to better understand how banks and other debt facilitators will interact with the project as we progress through feasibility studies.

### **Cobalt Blue to investigate cobalt recovery potential at the CuDeco Rocklands Project (11 September 2018)**

COB and CuDeco Limited (ASX:CDU) announced that they have entered into a Memorandum of Understanding (MOU), an important stepping stone to determine if the cobalt-pyrite at the Rocklands project can produce cobalt products and create additional revenue for both companies.

Key points:

- CDU would like to explore opportunities to monetise the cobalt-pyrite concentrate produced from the flotation concentrator circuit at the Rocklands project and will provide COB a representative 5–15 kg cobalt-pyrite sample.
- COB will perform laboratory test-work using the proprietary technology it has developed with results due within 12 weeks of receiving the sample.
- After reviewing the test results, COB and CDU will discuss what further cooperation involving marketing/processing contracts or joint venture development of cobalt products both locally and overseas may be possible.

COB's agreement with CDU, and ongoing discussions with other parties, provides considerable confidence in the COB Board's strategy to deliver a highly efficient metallurgical route for specific types of cobalt orebodies, following the development of its proprietary process.

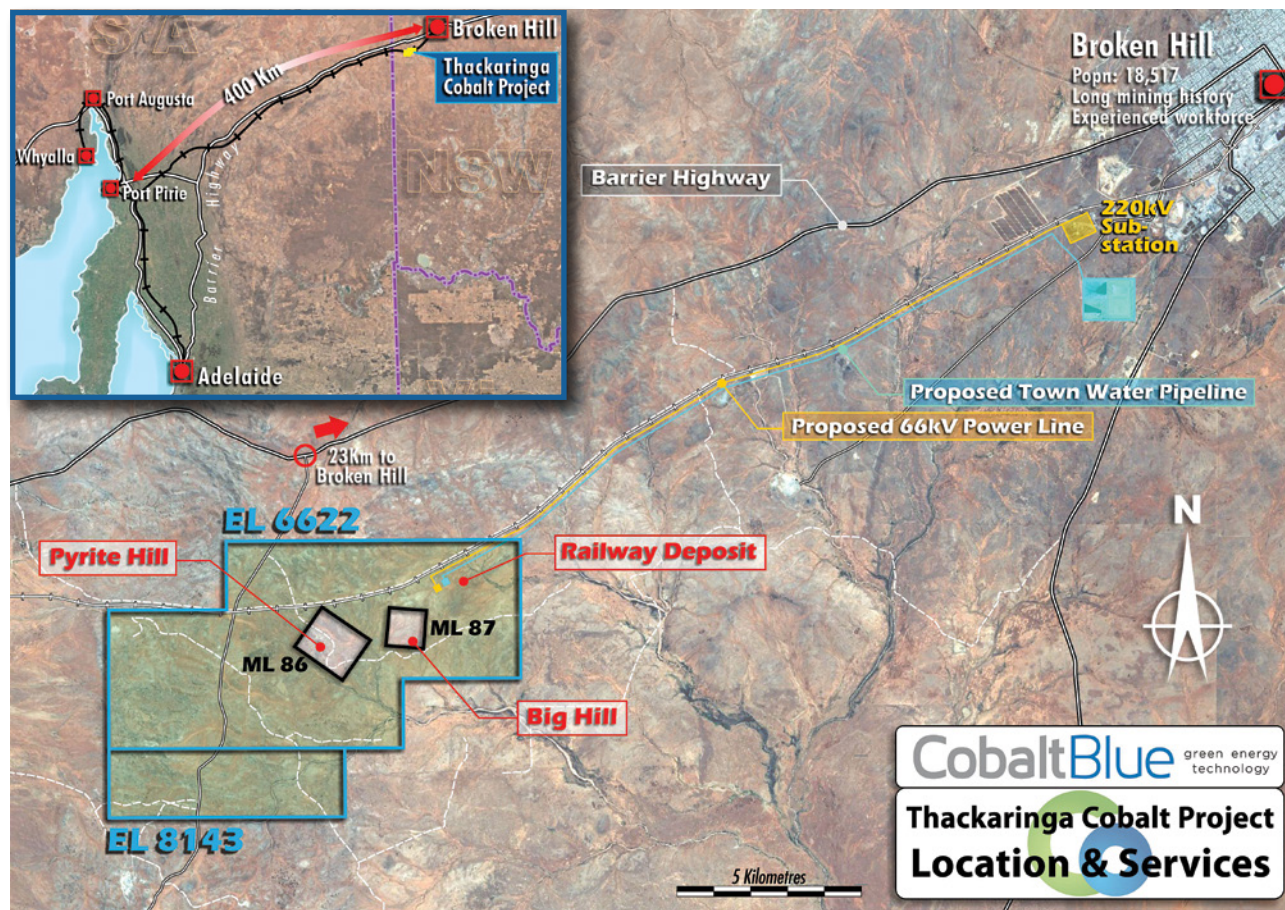
The 5–15 kg of sample material from Rocklands, will provide a simple proof of the COB process for CDU. The aim is to demonstrate the ability of the process to perform the following key steps:

1. Pyrolysis, including production of elemental sulphur; and
2. Leaching of the calcine, to extract cobalt into solution.

The initial test work will not optimise recoveries, as this will be the subject of further studies, if the preliminary work is successful.

## The Thackaringa Cobalt project

The Thackaringa district map below shows the proximity to Broken Hill, the supporting rail and road network, as well as the availability of both power and water utilities to support future production.



COB's activities relate to exploration, there were no activities relating to production or development. Following is a summary of the expenditure incurred on exploration activities during the quarter:

Breakdown of Exploration Cost	\$'000
Technical services & consumables	610
PFS	73
Environmental	56
Geology	19
Tenure maintenance	2
General and administration	75
<b>Total</b>	<b>835</b>



## Cobalt Blue Background

Cobalt Blue Holdings Limited (ASX:COB) is an exploration and project development company focussed on green energy technology and strategic development to upgrade its mineral resource at the Thackaringa Cobalt Project in New South Wales from Inferred to Indicated status. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

COB is in a Joint Venture (70% interest) with Broken Hill Prospecting Limited (ASX:BPL) (30% interest) to develop the Thackaringa Cobalt Project.

The Thackaringa Project, 23 km west of Broken Hill, with railway line passing through the project area, consists of four granted tenements (EL6622, EL8143, ML86 and ML87) with total area of 63km<sup>2</sup>. The main targets for exploration are well known and document large-tonnage cobalt-bearing pyrite 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.

Potential to extend the Mineral Resource at Pyrite Hill, Big Hill, Railway and the other prospects is high. Numerous other prospects within COB's tenement package are at an early stage and under-explored.

Looking forward, we would like our shareholders to keep in touch with COB updates and related news items, which we will post on our website, the ASX announcements platform, as well as social media such as Facebook (f) and LinkedIn (in). Please do not hesitate to join the 'COB friends' on social media and also to join our newsletter mailing list at our website.



**Joe Kaderavek**  
Chief Executive Officer  
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## Previously Released Information

This ASX announcement refers to information extracted from the following reports, which are available for viewing on COB's website <http://www.cobaltblueholdings.com>

- 24 October 2018: COB Decides not to exercise its rights to proceed further under Thackaringa Joint Venture Farmin Earning Period Provisions
- 18 September 2018: CEO's Letter to Shareholders
- 13 September 2018: Bankable Feasibility Study Commences with Drilling Campaign and Project Optimisation Studies
- 05 September 2018: Thackaringa TJV – Completion of Stage 2 Earning Obligations
- 04 July 2018: Thackaringa Pre Feasibility Study Announced
- 20 April 2018: Thackaringa JV – Stage One Completed
- 19 March 2018: Thackaringa – Significant Mineral Resource Upgrade
- 05 March 2018: PFS – Calcine and Leach Testwork Complete – Strong Results
- 24 January 2018: Significant Thackaringa Drilling Program complete – Resource Upgrade pending
- 27 December 2017: PFS – Bulk Metallurgical Testwork – Progress Update
- 04 December 2017: Railway Drilling Program confirms grade continuity at depth and strike
- 26 October 2017: Bulk Metallurgical Testwork – Strong Concentration Results
- 27 September 2017: CEO's Letter to Shareholders – September 2017
- 12 July 2017: Scoping Study update – Strong Potential for Commercialisation after Processing Testwork

COB confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcement.

COB confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. COB confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcement.



## Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Peter Buckley, a Competent Person who is a Member of The Australian Institute of Geoscientists (MAIG). Mr Buckley is employed by Left Field Geoscience Services and engaged by Cobalt Blue Holdings on a consulting basis. Mr Buckley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Buckley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Metallurgical Testwork Results or Engineering Design Studies is based on information compiled by Dr Andrew Tong, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Andrew Tong is engaged by Cobalt Blue Holdings as Executive Manager. Dr Andrew Tong has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Dr Andrew Tong consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

## Mineral Resource Estimate Overview

The revised Mineral Resource was independently prepared by SRK Consulting using a Co-Kriging ('CK') method of estimation, suitable for the style of mineralisation. Mr Danny Kentwell, Principal Consultant (Resource Evaluation) at SRK Consulting, was engaged to estimate the Mineral Resource as the independent Competent Person. The Mineral Resource has been estimated and reported in accordance with the guidelines of the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves ('2012 JORC Code').

## Tenement Holding

The beneficial interests in tenements held by Cobalt Blue Limited at the end of the quarter and the related percentage of ownership:

### Thackaringa Cobalt Project

**EL 6622** 70% Cobalt Blue Holdings Ltd

**EL 8143** 70% Cobalt Blue Holdings Ltd

**ML 86** 70% Cobalt Blue Holdings Ltd

**ML 87** 70% Cobalt Blue Holdings Ltd

COB is in a Joint Venture (70% interest) with Broken Hill Prospecting Limited (ASX:BPL) (30% interest) to develop the Thackaringa Cobalt Project.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin Appendix 8, Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity:** Cobalt Blue Holdings Limited

**ABN:** 90 614 466 607

**Quarter ended ("current quarter"):** 30 September 2018

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
<b>Consolidated statement of cash flows</b>		
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	–	–
1.2 Payments for		
(a) exploration & evaluation	–	–
(b) development	–	–
(c) production	–	–
(d) staff costs	(229)	(229)
(e) administration and corporate costs	(380)	(380)
1.3 Dividends received (see note 3)	–	–
1.4 Interest received	43	43
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid	–	–
1.7 Research and development refunds	–	–
1.8 Other (provide details if material)	–	–
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(577)</b>	<b>(577)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(13)
(b) tenements (see item 10)	–	–
(c) investments	–	–
(d) other non-current assets	(1,082)	(1,082)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	–	–
(b) tenements (see item 10)	–	–
(c) investments	–	–
(d) other non-current assets	–	–
2.3 Cash flows from loans to other entities	–	–
2.4 Dividends received (see note 3)	–	–
2.5 Other (provide details if material)	–	–
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,095)</b>	<b>(1,095)</b>

<b>Consolidated statement of cash flows (continued)</b>		<b>Current quarter</b> \$A'000	<b>Year to date (3 months)</b> \$A'000
<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	25	25
3.2	Proceeds from issue of convertible notes		–
3.3	Proceeds from exercise of share options		–
3.4	Transaction costs related to issues of shares, convertible notes or options		–
3.5	Proceeds from borrowings	–	–
3.6	Repayment of borrowings	–	–
3.7	Transaction costs related to loans and borrowings	–	–
3.8	Dividends paid	–	–
3.9	Other (lease asset repayments)	(33)	(33)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(8)</b>	<b>(8)</b>
<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,799	9,799
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(577)	(577)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,095)	(1,095)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8)	(8)
4.5	Effect of movement in exchange rates on cash held	–	–
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,119</b>	<b>8,119</b>
		<b>Current quarter</b> \$A'000	<b>Previous quarter</b> \$A'000
<b>5</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>		
5.1	Bank balances	119	999
5.2	Call deposits	8,000	8,800
5.3	Bank overdrafts	–	–
5.4	Other (provide details)	–	–
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,119</b>	<b>9,799</b>
			<b>Current quarter</b> \$A'000
<b>6</b>	<b>Payments to directors of the entity and their associates</b>		
6.1	Aggregate amount of payments to these parties included in item 1.2		131
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		–
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		–
<b>6.4</b>	<b>Directors' salary/fees</b>		<b>131</b>
<b>7</b>	<b>Payments to related entities of the entity and their associates</b>		
7.1	Aggregate amount of payments to these parties included in item 1.2		–
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		–
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2		–

<b>Consolidated statement of cash flows (continued)</b>		<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
		\$A'000	\$A'000
<b>8</b>	<b>Financing facilities available</b>		
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	–	–
8.2	Credit standby arrangements	–	–
8.3	Other (please specify)	–	–
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
			\$A'000
<b>9</b>	<b>Estimated cash outflows for next quarter</b>		
9.1	Thackaringa Cobalt Project		3,650
9.2	Development		–
9.3	Production		–
9.4	Staff costs		250
9.5	Administration and corporate costs		500
9.6	Other (provide details if material)		–
<b>9.7</b>	<b>Total estimated cash outflows</b>		<b>4,400</b>

**10. Changes in tenements (items 2.1(b) and 2.2(b) above)**

There was no change in tenements during the period. The Company has earned a 51% beneficial interest in the joint venture assets.

## Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



**Robert Waring**  
Company Secretary  
29 October 2018

**Notes:**

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.