

Quarterly Report

31 July 2017

June 2017 – Highlights

Cobalt Blue Holdings Ltd
A Green Energy
Exploration
Company



ASX Code:

COB

Commodity Exposure:

Cobalt & Sulphur

Directors & Management:

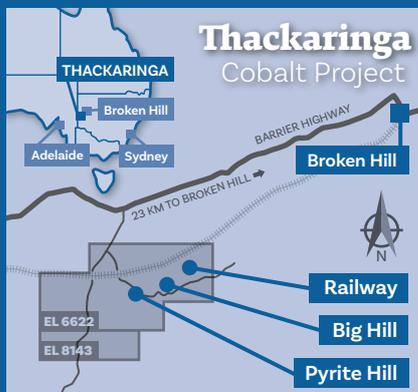
Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Trangie Johnston	Non-Exec Director
Matt Hill	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Ian Morgan	Company Secretary

Capital Structure:

Ordinary Shares at 31/07/2017:	95m
Options (ASX Code: COBO):	21.2m
Market Cap (undiluted):	\$19m

Share Price:

Share Price at 31/07/2017:	\$0.20
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Cobalt Blue Holdings Limited

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Thackaringa Project

- FY17 (8,000m) Drilling Campaign Concluded – a globally significant cobalt program – continues into FY18.
- Thackaringa Resource Upgrade – 54.9Mt at 910ppm cobalt, new estimate reflects a 66% increase in overall tonnes and a 9% increase in cobalt grade.
- Scoping Study Delivered – Results supportive of Cobalt Blue’s aspirational target of becoming “a long-life top 10 cobalt miner”. Outstanding metallurgical results.
- 40 Mt Indicated Resource target and major geophysical survey announced – exciting option to uncover further cobalt anomalies.
- Cobalt sulphate commands a market premium driven by the evolving battery market.

Corporate

- Appointment of new Board member (Matthew Hill) adding significant financial/mining development skills
- CGT Cost Base Observations – Cobalt Blue demerger from Broken Hill Prospecting (BPL)
- Joint Venture Agreement with BPL amended for 40Mt Indicated Resource target and geophysical survey.



Thackaringa – Logging Diamond Drilling Cores

Thackaringa Cobalt – Broken Hill NSW

The Thackaringa project is located within the Broken Hill Block of the Curnamona Province and is composed of Willyama Super-group high grade regional metamorphic gneisses, schists and amphibolites. The local geology is dominated within the project area by quartz-albite-biotite gneiss, quartz-albite gneiss, and amphibolite dykes. The extensive stratabound cobalt-pyrite mineralisation at each deposit (Pyrite Hill, Big Hill and Railway) is hosted by quartz-albite gneiss.

Cobalt Blue Holdings Limited (ASX: COB) concluded its successful FY17 drilling campaign at the Thackaringa project near Broken Hill, NSW. The final results were reported on 25 May, with a summary of best intercepts reported below:

At Railway Trend best mineralised intercepts include:

- Drillhole 17THD08 – 84m @ 1,013ppm Co, 15.6% Fe & 12.8% S from 19m;
- Drillhole 17THD09 – 46m @ 1,234ppm Co, 13.8% Fe & 14.8% S from 19m; and
- Drillhole 17THR034 – 56m @ 1,036ppm Co, 10.6% Fe & 10.2% S from 38m
Including – 36m @ 1,217ppm Co, 11.5% Fe & 12.1% S from 38m.

At Pyrite Hill best mineralised intercepts include:

- Drillhole 17THR024 – 14m @ 1,436ppm Co, 12.3% Fe & 12.1% S from 68m;
- Drillhole 17THR024 – 43m @ 1,082ppm Co, 9.2% Fe & 9% S from 96m
Including – 29m @ 1,363ppm Co, 10.5% Fe & 10.5% S from 110m; and
- Drillhole 17THD14 – 23m @ 929ppm Co, 11.9% Fe & 10.9% S from 54m
Including – 11m @ 1,398ppm Co, 13.6% Fe & 13.7% S from 54m.

A major resource upgrade was subsequently announced on 5 June. The upgrade is the result of a substantial drilling campaign, including a total 7,957m of diamond drilling (DD) and reverse circulation (RC) drilling completed during FY17.

The global Mineral Resource estimate at Thackaringa now comprises 54.9Mt at 910ppm cobalt, 9.56% sulphur & 10.19% iron for 50Kt contained cobalt (at a 500ppm cobalt cut-off).

Compared to the January 2017 Mineral Resource estimate (ASX release on 31 January), the new estimate reflects a 66% increase in overall tonnes and a 9% increase in cobalt grade. Increased geological confidence supports the classification of approximately 12% of the Mineral Resource as Indicated.

The updated Total Mineral Resource estimate at Thackaringa is apportioned to the three main deposits as follows (minor rounding errors may have occurred in the compilation of this table):

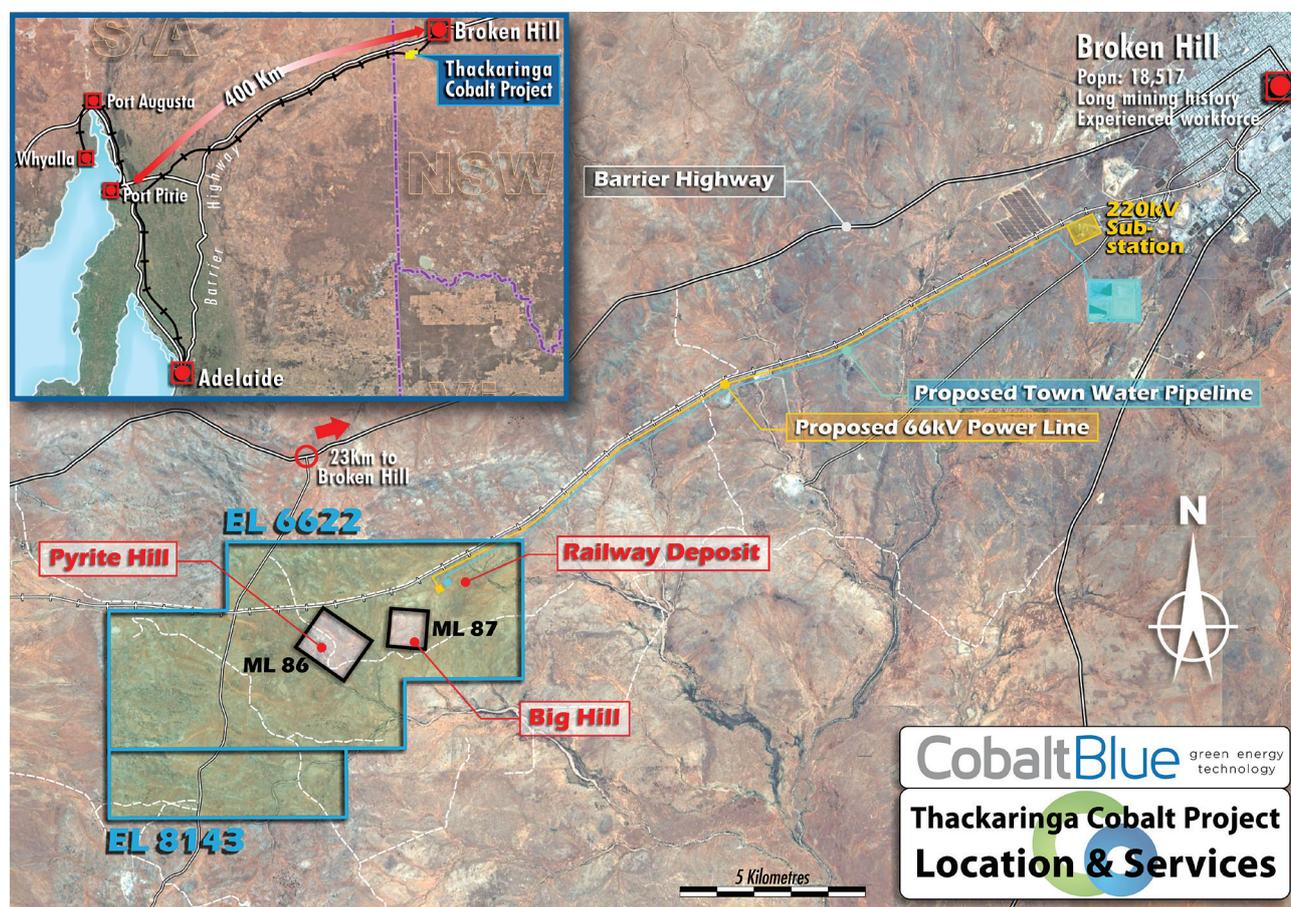
Category	Mt	Co ppm	Fe %	S %	Pyrite %	Co Tonnes	Py Mt	Density
Pyrite Hill (at a 500ppm Co cut-off)								
Indicated	2.8	1001	10.99	10.42	19.54	2,758	0.54	2.87
Inferred	20.8	948	11.03	10.22	19.16	19,710	3.98	2.87
Total	23.5	954	11.02	10.24	19.21	22,468	4.52	2.87
Big Hill (at a 500ppm Co cut-off)								
Indicated	0.8	787	7.41	6.77	12.7	596	0.1	2.76
Inferred	7.4	760	7.42	7.19	13.49	5,638	1	2.78
Total	8.2	763	7.42	7.15	13.41	6,234	1.1	2.78
Railway (at a 500ppm Co cut-off)								
Indicated	3	947	10.93	10.29	19.29	2,828	0.58	2.87
Inferred	20.2	913	10.23	9.63	18.05	18,456	3.65	2.85
Total	23.2	917	10.32	9.71	18.21	21,284	4.22	2.85
Total (at a 500ppm Co cut-off)								
Indicated	6.5	951	10.54	9.93	18.63	6,182	1.21	2.86
Inferred	48.4	905	10.14	9.51	17.83	43,804	8.63	2.85
Total	54.9	910	10.19	9.56	17.92	49,986	9.84	2.85

(Pyrite grade generated stoichiometrically from sulphur assay using formula Pyrite = (sulphur/53.333) * 100)

In addition, a global exploration target comprising 18–26Mt at 800–1000ppm cobalt, 8.5–10.5% sulphur and 8–12% iron is defined. The potential quantity and grade of this target is conceptual in nature. There is insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in determination of a Mineral Resource.

The figure below shows the Thackaringa Cobalt Project district map:

Figure One – Thackaringa Cobalt Project district map



Following robust FY17 results, the Thackaringa Joint Venture partners, encouraged by the total potential resource, examined and approved the use of aerial geophysical survey techniques to determine additional exploration targets. The geophysical program is an exciting addition and will considerably expand the exploration focus (covering the entire Thackaringa tenure area of 63km² comprising ELs 6622 & 8143). Building the program into Stage One allows delineation of additional targets for exploration, as the project matures.

Further, the Joint Venture partners agree a targeted resource upgrade aimed at defining a 40Mt Indicated Resource, as a stepping stone for further development.

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:

Activity	\$'000
JV exploration	35
Drilling	760
Assaying	320
Technical services & consumables	666
Concept study	337
General and admin	112
Total	2,230

Global Cobalt – Opportunity for Cobalt Blue

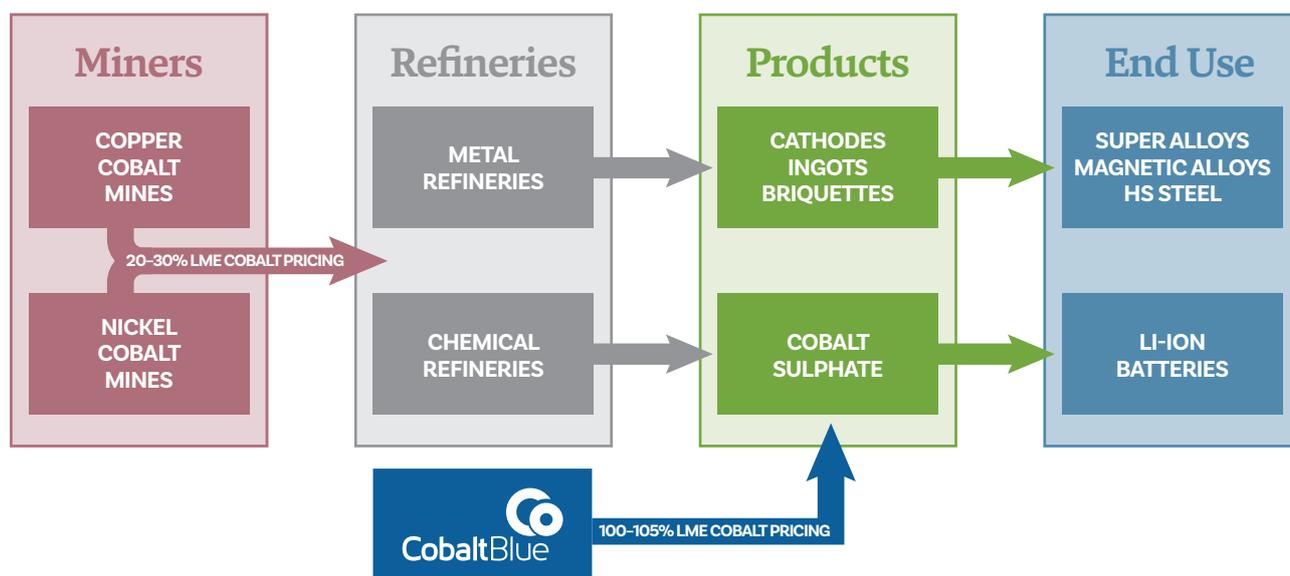
Cobalt demand is evolving rapidly. In the mid-1990s, energy storage (lithium ion batteries) represented less than 1% of total demand. Today, the combination of strong battery demand and large unit sizing has bifurcated market share into batteries (52%) versus alloys (48%). Looking forward to 2025, >20% p.a. battery demand growth rates will ensure that lithium ion batteries continue to dominate cobalt demand.

Examining the energy storage market more closely reveals that ~75% is supplied by lithium ion batteries, with the balance being technologies such as flow batteries. Interestingly ~75% of lithium ion batteries contain cobalt. By using cobalt in the cathode, the battery has superior energy density (i.e.: holds more energy per unit weight; ideal for electric vehicles) and transmits more power (charge and discharge more rapidly).

Cobalt has an entrenched share in a rapidly growing battery market. Traditionally, the cobalt refining industry enjoyed a larger share of industry profits, paying miners 20–30% of the metal value in their concentrates. Today, the higher value battery market “precursor” (such as cobalt sulphate or CoSO_4) receives a significant premium – earning 100–105% of the metal value.

This splitting of the cobalt market into more traditional alloy versus battery market feedstocks (precursors) is profound. It is a strong opportunity for an incoming producer with cobalt/sulphur mineralisation to customise a metallurgical process and bypass the traditional front end of the cobalt refining industry. Figure Two below highlights this processing niche. Cobalt Blue is focussed on this opportunity.

Figure Two – Cobalt Market Supply Chain



Corporate News

Appointment of new Board member (Matthew Hill) adding financial/mining development skills.

Appointment of new Board member adds strong skills. COB is also delighted to announce the appointment of Matthew Hill to its Board. Matthew is an experienced mining executive and merchant banker, previously at Potter Warburg (now UBS); Eventures; Pitt Capital and Souls Private Equity Limited. His experience will assist COB in growing and financing its needs as it progresses towards operations. Matthew is currently CEO of New Talisman Gold Ltd (ASX: NTL) and has been responsible for leading the company into the development phase at the Talisman mine.

CGT Cost Base Observations – Cobalt Blue demerger from Broken Hill Prospecting (BPL).

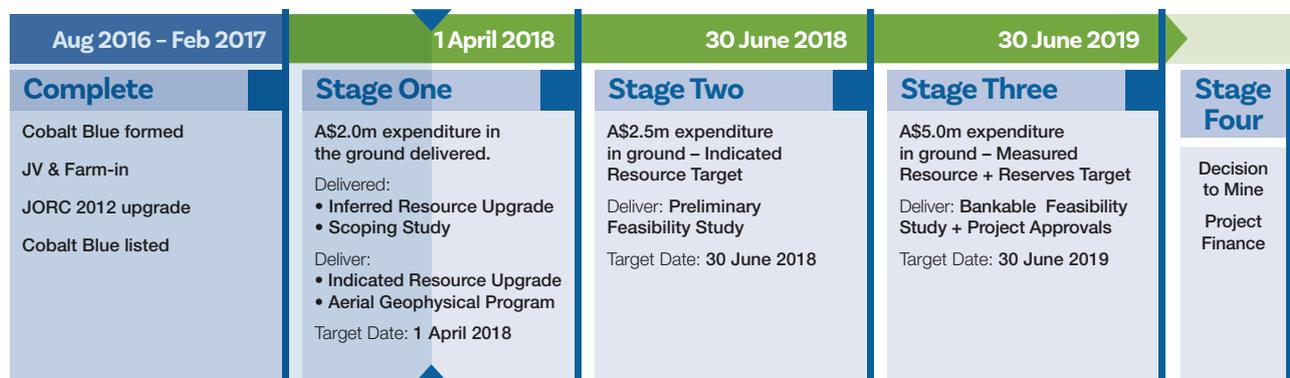
As announced 22 May, relative market values of COB (73.61%) and BPL (26.39%) shares are reported to assist COB shareholders. All Cobalt Blue shareholders should seek specific advice applicable to their own particular circumstances from their own tax advisers.

Joint Venture Agreement with BPL amended for 40Mt Indicated Resource target and geophysical survey.

COB remains on track to complete Stage One. With the inclusion of the 40Mt Indicated Resource and the aerial geophysical program, the JV agreement between COB and Broken Hill Prospecting Limited (ASX: BPL) has been amended to reflect these targets. Stage One is due for completion by 1 April 2018 (with the deadline adjusted for these additional programs).

Our schedule of work is shown below. Looking forward, we expect to deliver a Preliminary Feasibility Study by mid-2018 and a full Bankable Feasibility Study by mid-2019.

Figure Three – COB developmental timeline for the Thackaringa Cobalt Project



Cobalt Blue Background

Cobalt Blue (“COB”) is an exploration 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 undertaking exploration and development programs on the Thackaringa Cobalt Project pursuant to a farm-in joint venture agreement entered into with Broken Hill Prospecting Limited (“BPL”). Subject to the achievement of milestones, COB will be entitled to acquire 100% of the Thackaringa Cobalt Project.

The Thackaringa Project, 23 km west of Broken Hill and 400km by rail from Port Pirie consists of four granted tenements (EL6622, EL8143, ML86 and ML87) with total area of 63km². 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 don’t 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 report, which is available for viewing on COB's website <http://www.cobaltblueholdings.com>

- 11 July 2017: Scoping Study update – Strong Potential for Commercialisation after Processing Testwork
- 3 July 2017: Thackaringa Cobalt Project – Major Geophysical Survey – Positive news
- 5 June 2017: Significant resource upgrade for the Thackaringa Cobalt Project
- 25 May 2017: Stage One Drilling Program delivers robust results – resource upgrade to follow
- 4 May 2017: 2017 Update – Strong Drilling Results Continue

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 results, Mineral Resources and Targets is based on information compiled by Mr Anthony Johnston, BSc (Hons), who is a Member of the Australian Institute of Mining and Metallurgy and who is a non-executive director of Cobalt Blue Holdings Limited, the Chief Executive Officer of Broken Hill Prospecting Limited and the Technical Manager of the Joint Venture. 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 2004 & 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Johnston consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

About Cobalt Blue Limited

Cobalt Blue ("COB") is an exploration company focussed on green energy technology and a 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 for new generation batteries, particularly lithium-ion batteries now widely used in clean energy systems.

COB has entered into a farm-in joint venture agreement with Broken Hill Prospecting Limited ("BPL") in which COB has acquired an initial 51% interest in the Thackaringa Cobalt Project. COB will undertake exploration and development programs on the Thackaringa Cobalt Project and, subject to the achievement of milestones, will acquire 100% of the Thackaringa Cobalt Project.

Thackaringa Cobalt Project

The Thackaringa Cobalt Project is strategically located 23km South West of Broken Hill, New South Wales, adjacent to the main transcontinental railway line. Mineralised outcrop extends for over 10km, with less than a quarter of this trend having been drill tested. The large, near surface deposits at Thackaringa make the project suitable for large-scale, open cut mining methods.

Cobalt is a necessary metal for the production of the latest generation, high energy density lithium-ion batteries used for energy storage. Cobalt demand is rising materially as energy storage applications such as electric vehicles and solar storage batteries penetrate the global economy.

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	51% Cobalt Blue Ltd
EL 8143	51% Cobalt Blue Ltd
ML 86	51% Cobalt Blue Ltd
ML 87	51% Cobalt Blue Ltd

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 June 2017**

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	–	–
1.2	Payments for:		
	(a) exploration and evaluation	(2,230)	(2,751)
	(b) development	–	–
	(c) production	–	–
	(d) staff costs	(84)	(331)
	(e) administration and corporate costs	(188)	(601)
1.3	Dividends received (see note 3)	–	–
1.4	Interest received	17	19
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Research and development funds	0	0
1.8	Other (share issue costs)	–	–
1.9	Net cash from / (used in) operating activities	(2,485)	(3,664)
<i>*This includes \$206k of 1-off costs in relation to the IPO and prospectus.</i>			
2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(32)	(32)
	(b) tenements (see item 10)	0	(500)
	(c) investments	–	–
	(d) other non-current assets	–	–
2.2	Proceeds from 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)	–	–
2.6	Net cash from / (used in) investing activities	(32)	(532)

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
3	Cash flows from financing activities	2	10,557
3.1	Proceeds from issues of shares	–	–
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	0	(643)
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 (provide details if material)	–	–
3.1	Net cash from / (used in) financing activities	2	9,914
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	8,233	0
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,485)	(3,664)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(32)	(532)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	9,914
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of quarter	5,719	5,719
5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	<i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	\$A'000	\$A'000
5.1	Bank balances	1,419	8,233
5.2	Call deposits	4,300	–
5.3	Bank overdrafts	–	–
5.4	Other (provide details)	–	–
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,719	8,233
6.	Payments to directors of the entity and their associates		Current quarter
			\$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2		(84)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		0
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		
6.1	Directors' salary / fees		(84)
7.	Payments to related entities of the entity and their associates		Current quarter
			\$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2		0
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		0
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2		
	n/a		

8. Financing facilities available	Total facility amount at quarter end	Amount drawn at quarter end
	\$A'000	\$A'000
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.		
n/a		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	746
9.2 Development	–
9.3 Production	–
9.4 Staff costs	95
9.5 Administration and corporate costs	186
9.6 Other (remaining listing costs)	18
9.7 Total estimated cash outflows	1,045

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.



Ian Morgan
Company Secretary
31 July 2017

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.