

# Market Update

04 Dec 2018

## December 2018 – Highlights

### Cobalt Blue Holdings Limited A Green Energy Exploration Company



ASX Code:

**COB**

#### Commodity Exposure:

**Cobalt & Sulphur**

#### Directors & Management:

|                         |                     |
|-------------------------|---------------------|
| <b>Robert Biancardi</b> | Non-Exec Chairman   |
| <b>Hugh Keller</b>      | Non-Exec Director   |
| <b>Joe Kaderavek</b>    | CEO & Exec Director |
| <b>Matt Hill</b>        | Non-Exec Director   |
| <b>Robert Waring</b>    | Company Secretary   |

#### Capital Structure:

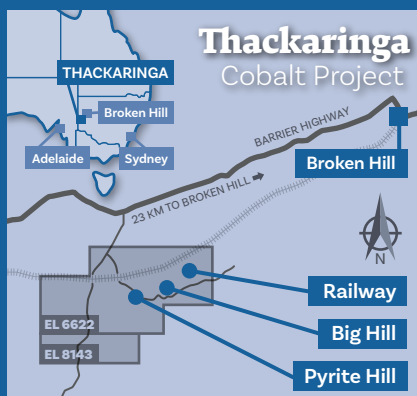
Ordinary Shares at 04/12/2018: **116.2m**

Options (ASX Code: COBO): **24.3m**

Market Cap (undiluted): **\$27.3m**

#### Share Price:

Share Price at 04/12/2018: **\$0.22**



#### Cobalt Blue Holdings Limited

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## Dilution triggered. COB advances to a 93.68% beneficial interest in the Thackaringa Joint Venture.

#### KEY POINTS:

- Cobalt Blue Holdings Limited (COB), as [Interim] Manager of the Thackaringa Joint Venture (TJV) issued a Billing Statement and Called Sum to the Joint Venture partners, COB and Broken Hill Prospecting Limited (ASX: BPL).
- BPL failed to pay the Called Sum as required by the TJV Agreement and then issued an Optional Dilution Notice.
- COB has recalculated BPL's Joint Venture Interest and notified this to BPL as required by the TJV Agreement Dilution Provisions.
- As a result of this recalculation, COB believes it now holds an effective 93.68% beneficial interest in the Thackaringa Cobalt Project and BPL an effective 6.32% beneficial interest.

On 24 October 2018 COB elected out of the Earning Period process of the Exploration Farmin Joint Venture Agreement with BPL (TJV Agreement). COB had concluded that the risk of attempting to fast track Bankable Feasibility Study (BFS) work into a period of only 12 months, to meet the BFS timetable in the TJV Agreement, would significantly impair the project and pose undesirable risk.

Subsequently, a TJV Management Committee meeting was convened (16 November 2018). At that meeting work programmes and budgets were discussed and approved by the TJV Management Committee. COB, as [Interim] JV Manager then issued BPL and COB with a Billing Statement (16 November 2018) specifying a Called Sum for payment within 7 days.

When no monies were received from BPL, the JV Manager issued a Non Payment Notice to BPL (26 November 2018) following which BPL notified COB that it does not wish to contribute to Joint Venture Activities (29 November 2018). As this is an Optional Dilution Notice, the interest of BPL in the Joint Venture must be diluted and the JV Manager is required to recalculate and notify the Joint Venturers of their respective interests.

BPL has been notified that as a result of this recalculation BPL holds a 6.32% beneficial interest in the TJV, with COB holding the balance of 93.68%. COB has also requested BPL to transfer a 23.68% interest in the Joint Venture to COB to give effect to this dilution.

As BPL's Optional Dilution Notice means BPL has elected not to contribute to the current approved work programme and budget, COB believes BPL's Joint Venture Interest will reduce to below 5% once the drilling campaign expenditure for November and December 2018 has been incurred. COB expects this further recalculation to occur in late January 2019.

The TJV Agreement also defines a minimum interest as 5% of the Joint Venture. Below this interest a Joint Venturer is deemed to have withdrawn from the TJV. Amongst other requirements, the withdrawing Joint Venturer, must, within thirty (30) days of withdrawal, execute and deliver all deeds and documents necessary for, and complete, the assignment of its Joint Venture Interest to Non Withdrawing Joint Venturers.

COB has also served notice to BPL that it intends to pursue its rights, and failing appropriate actions, will enforce such rights with an expedited Court determination.

Finally, while TJV Disputes have been initiated by BPL, the TJV Agreement specifies that disputes are not to interrupt JV activities or performance by the parties.

### **Cobalt Blue believes it has the following beneficial interests in the tenements:**

**EL 6622** – 93.68% beneficial interest

**EL 8143** – 93.68% beneficial interest

**ML 86** – 93.68% beneficial interest

**ML 87** – 93.68% beneficial interest

## **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 with Broken Hill Prospecting Limited (ASX:BPL) to develop the Thackaringa Cobalt Project.

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 with 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.



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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>

- 03 December 2018: Thackaringa Joint Venture Agreement
- 22 November 2018: Thackaringa Joint Venture Update
- 16 November 2018: Thackaringa Joint Venture Update
- 13 November 2018: Thackaringa Joint Venture Update
- 06 November 2018: Thackaringa Joint Venture Update
- 01 November 2018: Thackaringa Feasibility Study Drilling Campaign Commences
- 29 October 2018: Cobalt Blue September Quarterly Report
- 26 October 2018: Notice of Annual General Meeting
- 24 October 2018: COB decides not to exercise its rights to proceed further under Thackaringa Joint Venture Farmin Earning Period Provisions