

Market Update

16 January 2019

January 2019 – Highlights

Cobalt Blue Holdings Limited
A Green Energy
Exploration
Company



ASX Code:

COB

Commodity Exposure:

Cobalt & Sulphur

Directors & Management:

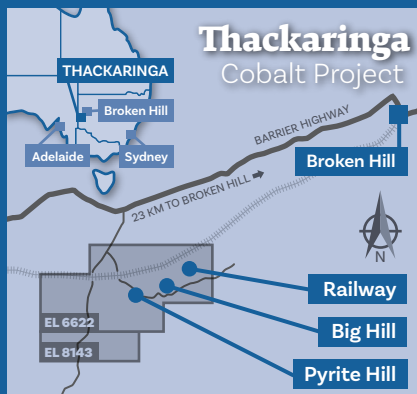
Robert Biancardi Non-Exec Chairman
Hugh Keller Non-Exec Director
Joe Kaderavek CEO & Exec Director
Rob McDonald Non-Exec Director
Robert Waring Company Secretary

Capital Structure:

Ordinary Shares at 16/01/2019: **124.6m**
Options (ASX Code: COBO): **25.4m**
Market Cap (undiluted): **\$22.4m**

Share Price:

Share Price at 16/01/2019: **\$0.18**



Cobalt Blue Holdings Limited

ACN: 614 466 607
Address: Suite 1703, 100 Miller Street
North Sydney NSW 2060
Ph: (02) 8287 0660
Website: www.cobaltblueholdings.com
Email: info@cobaltblueholdings.com
Social: [f](#) Cobalt.Blue.Energy
[in](#) cobalt-blue-holdings

Drilling Campaign Paused. Technical Work Programs Continue.

KEY POINTS:

- Cobalt Blue Holdings Limited (ASX:COB), as the Thackaringa Joint Venture Manager, has completed 9,561 metres of a campaign originally planned to exceed 15,000 metres. Results received to date continue to improve geological confidence with substantial increases in drilling density. Previously, between 2H 2016 and 1H 2018, COB 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.
- COB had previously announced commencement of the drilling campaign (13 September 2018) along with preliminary assay results (5 December 2018).
- Due to an inability to secure a land access agreement extension, COB has paused drilling operations at the Thackaringa Project. Upon work recommencement, the focus will be largely upon finalising extensional work to the resource. Further assays are to be expected in January – February, with an updated Mineral Resource estimate due end Q1 2019.
- While exploration activities have been paused, further work programs continue including bulk test work, mining, environmental and engineering studies.

Thackaringa Cobalt Project Drilling

COB has been unable to secure an extension to the land access agreement (expiry 13 January 2019) for the Thackaringa project. COB had previously requested Broken Hill Prospecting (ASX:BPL), as the legal title holder, to execute a simple extension on behalf of the Thackaringa Joint Venture. BPL has subsequently indicated it was unwilling to cooperate. In any case, due to extreme drought conditions locally, including restrictions on water cartage, COB has determined to pause field activities to farming properties until local conditions improve and a suitable land access agreement extension can be negotiated. Current rainfall conditions reinforce the significance of water security for future mine-processing requirements¹.

Further work programs continue, including near term delivery of further bulk test work, optimisation of power studies, tailings studies, project mining, environmental and engineering studies.

¹ During December 2018, Essential Water confirmed 1.5 GL per annum was available to COB for commercial process plant operations with this water to be supplied from the reliable Wentworth - Broken Hill Pipeline that is being commissioned over Q1 2019. The Process Plant Water Balance developed in the Pre-Feasibility Study identified a water supply requirement of 1.22 GL per annum, which included a 5% allowance for evaporation. With a 20% contingency, the processing water supply requirement is 1.5 GL per annum. ASX Release 5 December 2018 'Thackaringa Cobalt Project Drilling and Water Supply Update'.

Drilling Campaign Update

As at the pause of the current drilling campaign, a total of 9,561 metres have been completed, as itemised below:

Deposit	Reverse Circulation Drilling		Diamond Drilling	
	No. Drill Holes	No. Metres	No. Drill Holes	No. Metres
Pyrite Hill	42	6,350	22	2,337
Railway	6	874	–	–
Total	48	7,224	22	2,337

The drilling completed as part of the 13 September 2018 campaign predominantly targeted material to support an upgrading of the Mineral Resource classification to support future estimations of Proven Ore Reserves. The existing Probable Ore Reserve estimate comprises 46.3Mt at 819ppm cobalt was estimated by Mining One as part of the Pre-Feasibility Study and was released to the ASX on 4 July 2018.

At Pyrite Hill, the drilling fleet facilitated greater definition of the oxidation profile. Drilling intersections comprised variable zones of sulphide mineralisation intercalated with localised oxidation characterised by partial sulphide/cobalt depletion. This material was excluded from the March 2018 Mineral Resource estimate, with results to date supporting potential availability for classification during the pending Mineral Resource update.

The campaign also included a minor component of exploration drilling targeting depth extension of mineralisation below 50mRL at Pyrite Hill. These exploration holes are the initial steps being undertaken to grow the Mineral Resource towards our pre-production target of +20 years mine life.

Figure 1. **Drilling operations at Pyrite Hill.**



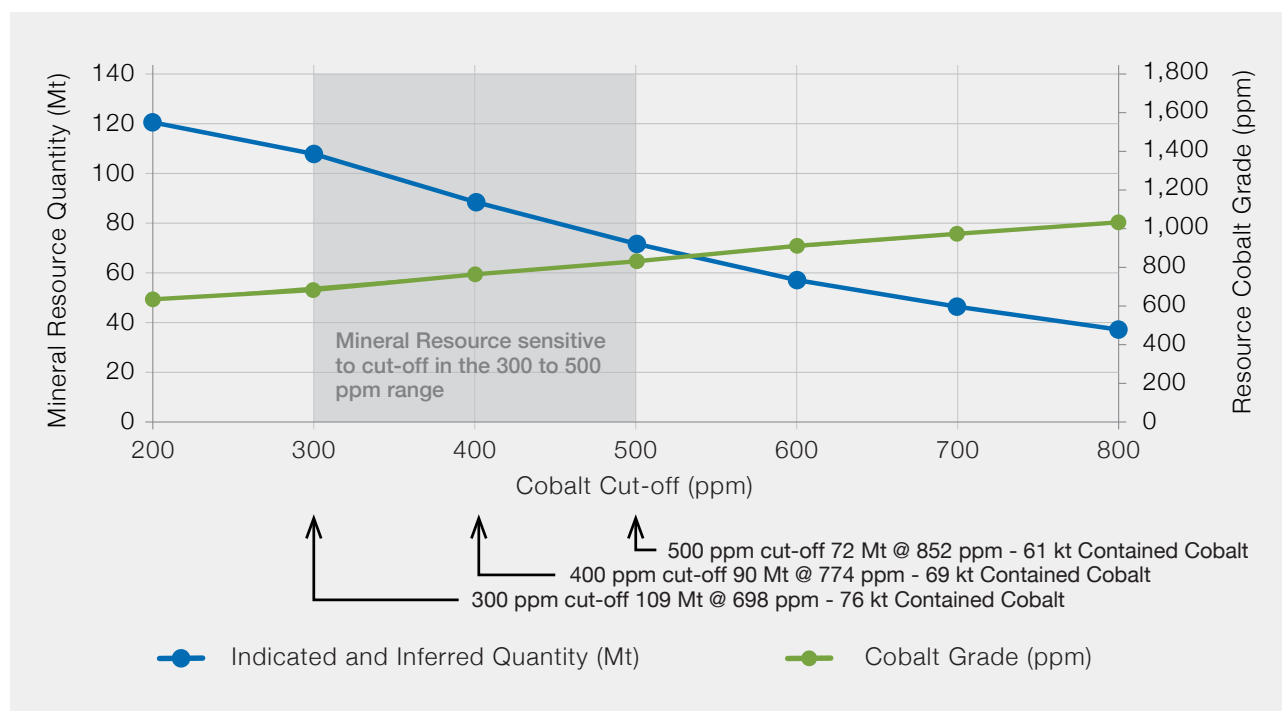
Mineral Resource Upgrade Pending

With the temporary suspension of drilling, COB has commenced updating the Mineral Resource estimate. The update is due by the end of Q1 2019 and is anticipated to consider a revised cut-off grade incorporating revenue streams from elemental sulphur; an economic by-product of the processing pathway defined in the Pre-Feasibility Study. Sulphur revenues were not considered when reporting the March 2018 Mineral Resource estimate.

A revised cobalt equivalent cut-off grade has the potential to increase the reportable Mineral Resource where sulphur revenues are included. Mineral Resource quantities at selected lower cobalt cut-off grades include:

- 400 ppm Co cut-off: Potential for a Mineral Resource increase to 90 Mt with 69 kt contained cobalt (+13%).
- 300 ppm Co cut-off: Potential for a Mineral Resource increase to 109 Mt with 76 kt contained cobalt (+25%).

Figure 2. **Thackaringa Mineral Resource grade tonnage curve.**



Development of the revised cobalt equivalency cut-off grade is advancing in parallel with the Mineral Resource estimate.

Currently Cobalt Blue has the following beneficial interests in the tenements:

- EL 6622 – 93.68%* beneficial interest Cobalt Blue Holdings Limited
- EL 8143 – 93.68%* beneficial interest Cobalt Blue Holdings Limited
- ML 86 – 93.68%* beneficial interest Cobalt Blue Holdings Limited
- ML 87 – 93.68%* beneficial interest Cobalt Blue Holdings Limited

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 Indicated to Measured status. Cobalt is a strategic metal in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

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.

COB is in a Joint Venture with BPL to develop the Thackaringa Cobalt Project.

* Refer COB’s and BPL’s ASX announcements dated 4 December 2018 for COB’s explanation of the dilution of BPL’s interest in the Joint Venture to 6.32% and for the steps BPL is taking to dispute this.

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 to join our newsletter mailing list at our website.



Joe Kaderavek
Chief Executive Officer
info@cobaltblueholdings.com
P: (02) 8287 0660

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>

- 22 December 2018: Appointment of Director
- 13 December: Change of Board
- 07 December 2018: Capital Raising
- 05 December 2018: Thackaringa Cobalt Project Drilling and Water Supply Update
- 04 December 2018: Thackaringa JV dilution triggered
- 01 November 2018: Thackaringa Feasibility Study Drilling Campaign Commences
- 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

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.