ASX Code: CHK

TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED

DATE: 5 NOVEMBER 2014

NON-RENOUNCEABLE RIGHTS ISSUE
SECTION 708AA NOTICE

Cohiba Minerals Limited (ASX: CHK) ("the Company") has announced a pro-rata non-renounceable rights issue on a 1-for-3 basis of up to 6,995,833 new fully paid ordinary shares ("New Shares") at an issue price of 5 cents ($0.05) cash per share payable in full on application ("Offer" or "Rights Issue").

The Offer will be made to holders of ordinary shares in the Company with a registered address in Australia or New Zealand ("Eligible Shareholders") as at 5:00 pm (Melbourne time) on 3 November 2014 ("Record Date"). Eligible shareholders have the right to take up one new share for every three shares held as at the Record Date ("Entitlement"). No nominee has been approved by ASIC to act as nominee to sell the New Shares that might have otherwise been issued to shareholders outside Australia and New Zealand.

The Offer is not underwritten. In the event that following the close of the Offer a shortfall remains ("Shortfall"), Foxfire Capital Pty Ltd ("Foxfire") will manage the placement of the Shortfall to persons interested in subscribing for shares in the Company. Any such placement will occur within three months of the close of the Offer subject to the *Corporations Act 2001* (Cth) ("the Act") and the ASX Listing Rules.

The Company reserves the right not to proceed with the whole or part of the Offer at any time prior to the issue date specified in the timetable for the Offer which has been released to ASX and is contained in the Offer Document. In that event, application monies will be refunded in full without interest.

The Company provides the following information in accordance with section 708AA(2)(f) of the Act:

(a) the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;

(b) this notice is given under section 708AA(2)(f) of the Act;

(c) as at the date of this notice, the Company has complied with:

(i) the provisions of Chapter 2M of the Act as they apply to the Company; and

(ii) section 674 of the Act;

(d) as at the date of this notice, there is no information that is 'excluded information' (as defined in sections 708AA(8) and 708AA(9) of the Act); and

(e) the potential effect that the issue of the new shares will have on the control of the Company and the consequences of that effect is described below.

Mailing Address Suite 3, 16 Cotham Road, Kew, Victoria 3101
Registered Office Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101
Phone 03 9855 1886 Fax 03 9855 2885 Web www.cohibaminerals.com.au
ACN 149 026 308 ABN 72 149 026 308

Effect of the Offer on control of the Company

If Eligible Shareholders take up their full Entitlement under the Offer they will not be diluted by the Offer. If Eligible Shareholders do not exercise their Entitlement under the Offer, or only exercise part of their Entitlement, they will be diluted. Ineligible Shareholders will have their holdings diluted by the Offer. The extent of any dilution will depend on the level of participation in the Offer.

Although an Eligible Shareholder can avoid dilution of their interest by taking up their full Entitlement, such Shareholders will be diluted by subsequent capital raisings by the Company which are not made on a pro-rata basis including the proposed placement of 5,000,000 Shares at five cents ($0.05) per Share to raise $250,000 which has been announced to the ASX.

The effect of the Offer on control of the Company will depend upon a number of factors including:

- the level of Eligible Shareholder participation in the Offer and the identity of Eligible Shareholders who do participate in the Offer; and

- if applicable, the level of Shortfall remaining following the close of the Offer, the identity of investors who participate in any placement of the Shortfall and the level of such investor participation.

It is not possible for the Directors to predict the final level of participation and Shortfall under the Offer, or the identity of Eligible Shareholders who will subscribe for their Entitlements.

The Directors are also unable to state with certainty the identity of any prospective subscribers under the Shortfall, or the total number of Shortfall Shares which will or can be placed.

Assuming that none of the subscribers for the Shortfall are existing Shareholders, and assuming that 100% of any Shortfall is placed, then the maximum dilutionary effect on existing Shareholders is as follows:

Event	Number of New Shares issued under Entitlements	Number of New Shares issued under Shortfall	Total number of Shares on issue post Offer	Maximum dilution to existing Shareholders
Offer fully subscribed	6,995,833	0	27,983,333	0.00%
Offer 75% subscribed	5,246,875	1,748,958	27,983,333	25.00%
Offer 50% subscribed	3,497,917	3,497,916	27,983,333	25.00%
Offer 25% subscribed	1,748,958	5,246,875	27,983,333	25.00%
No subscriptions	0	6,995,833	27,983,333	25.00%

The above table provides the worst-case scenario regarding dilution. If less than 100% of any Shortfall is placed then the maximum dilution to existing Shareholders is less than 25.00%.

In considering the level of dilution to which they may be subject resulting from the capital raising proposals referred to herein, Eligible Shareholders should note the dilutionary effect on their holdings of the proposed placement of 5,000,000 Shares referred to herein and note that their shareholdings will also be diluted by any further future capital raising not made on a pro-rata basis.

The potential effect of the Offer on the control of the Company is as follows:

1. If all Eligible Shareholders take up their full Entitlements, there would be no significant effect on the control of the Company, as the Offer is made pro-rata and in that case no Entitlements would lapse or revert to the Shortfall.

2. If Eligible Shareholders do not take up their full Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.

3. The proportional interests of Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Offer.

The effect of the Offer, and in particular, the effect of the placement of any Shortfall Shares, on control of the Company are mitigated because any Shortfall Shares are to be placed to a spread of investors if possible and that no Shortfall Shares will be issued or allotted to any person which would result in that person having a voting power in excess of 20% after placement of any Shortfall Shares. Further as also stated no related party of the Company (including Directors and their Associates) may acquire any Shortfall Shares.

Two of the existing substantial shareholders in the Company are related parties of Directors and accordingly will be excluded from acquiring Shortfall Shares.

Substantial Shareholders

As no nominee has been approved by ASIC as nominee for the purposes of section 615 of the Corporations Act, an Eligible Shareholder will only be permitted to acquire New Shares under the Rights Issue to the extent that the acquisition results in the Shareholder holding a relevant interest of up to, but not exceeding 20% of the voting power in the Company on a post Offer basis.

The current substantial shareholders of the Company are:

Name	Number of Shares held as at Record Date	Voting power %
New Hopetoun Pty Ltd and Ezra Silman	3,575,000	17.03%
Vermar Pty Ltd <CAP A/C>, Patrick John Volpe and Maria Catina Volpe	3,520,550	16.77%
Jascot Rise Pty Ltd, Mordechai Benedikt and Rivka Benedikt	1,675,000	7.98%
TOTALS	**8,770,550**	**41.79%**

The following table demonstrates the maximum dilutionary effect the Rights Issue will have on existing Shareholders at the close of the Offer, assuming that the substantial shareholders of the Company subscribe for their full Entitlements under the Rights Issue.

The table below does not take into account any placement of the Shortfall.

% participation by other holders	Number of New Shares issued to other holders	Number of New Shares issued to substantial holders	Total number of New Shares issued	Total number of Shares on issue post Offer	Maximum dilution to other holders that do not participate
100%	4,072,316	2,923,517	6,995,833	27,983,333	0.00%
75%	3,054,237	2,923,517	5,977,754	26,965,254	22.17%
50%	2,036,158	2,923,517	4,959,675	25,947,175	19.11%
25%	1,018,079	2,923,517	3,941,596	24,929,096	15.81%
0%	0	2,923,517	2,923,517	23,911,017	12.23%

However no person can acquire New Shares under the Rights Issue to the extent that such acquisition would result in that person having a voting power in the Company in excess of 20% (on a post Offer basis). In that situation, each substantial shareholder would be unable to increase their voting power beyond 20% unless another exception under the Corporations Act applied to the acquisition by that Shareholder.

Allocation of Shortfall

The Directors are aware that if the Offer is significantly undersubscribed, any placement of the Shortfall may have control effects on the Company. Accordingly the Directors have instructed Foxfire to allocate the Shortfall (if any) in accordance with the policy described below, which is designed to mitigate potential control effects of any placement of the Shortfall.

If there is a Shortfall after the close of the Offer, Foxfire shall place the Shortfall with various sophisticated, professional or exempt investors. To the extent that it is commercially practicable and taking into account the Company's funding requirements, Foxfire will endeavour to place the Shortfall to a spread of such investors, in order to mitigate any control effects which may arise from issuing the Shortfall to a single or small number of investors.

In any event, no subscriber will be permitted to acquire New Shares under the Shortfall to the extent that such acquisition would result in that subscriber having a voting power in the Company in excess of 20% (after the close of the Offer and the placement of the Shortfall).

In determining the allottees under the placement of the Shortfall, Foxfire and the Company will ensure that none of the Shortfall is allotted to related parties of the Company.

Offer Structure

In structuring the Offer, the Directors considered whether there may be any factors that may give rise to unacceptable circumstances. On the basis of the following key considerations, the Directors determined that the structure of the Rights Issue was appropriate and unlikely to give rise to unacceptable circumstances:

- the Company has an apparent need for funds as demonstrated by the Cashflow Budget contained in the Offer Document lodged with the ASX and which will be distributed to Eligible Shareholders;

- funds are required to sustain the operations of the Company and to meet the cost of the proposed acquisition of investments;

- the Offer price is five cents ($0.05) per New Share, which represents a 14% discount to the volume weighted average price of Shares of approximately 5.8 cents ($0.058) per Share calculated over the period from 1 January 2014 to 3 September 2014 (being the day that the Rights Issue was announced). The pricing of the Offer was designed to be at a discount to encourage shareholders to take up their Entitlements so as to reduce the level of Shortfall (and any consequent control effects arising from placement of that Shortfall), whilst eliminating the likelihood of any person acquiring a significant voting power in the Company (through the Shortfall placement) at a substantial discount; and

- the structure of the Offer will enable the Company to achieve a fair outcome for its shareholders as all Eligible Shareholders will have a pro-rata entitlement to subscribe for New Shares. It is the Director's view that any facility for Eligible Shareholders to take up New Shares in excess of their Entitlements may have the likely consequence of distorting the relative shareholdings in the Company (contrary to the principles of a pro-rata offer) and that such a distortion will not be in the best interests of the Company or the Shareholders as a whole. If the Offer is not generally taken up by Shareholders, then those participating in a Shortfall facility may otherwise acquire New Shares not in proportion to their shareholdings; on the contrary if the Offer is restricted to pro rata entitlements (with no Shortfall facility), all Shareholders have a pro-rata opportunity to contribute and participate. In the event that there is a Shortfall, the Directors consider that their allocation policy (as detailed above) will ensure an even spread of Shortfall allocation such that any control effects are, where possible, mitigated.

Foxfire

Mr Pat Volpe, a director and substantial shareholder of the Company, is a shareholder of, and consultant to, Foxfire. Foxfire will manage the placement of any Shortfall on a best endeavours basis and will be paid a fee of 5% (plus GST) of the value of any Shortfall Shares placed.

David Herszberg
Chairman