

Cobalt Blue Holdings Limited

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16 February 2017

CEO's Letter to Shareholders

“...2017 is shaping up to be a big year for Cobalt Blue...”

2017 is shaping up to be a big year for us, and we are proud of bringing Cobalt Blue to the ASX. In this letter, I would like to provide an update on our recent activities and what to expect going forward.

Over the last three months we have completed 1,483 metres of diamond drilling. Our aspiration remains, that within six months, we will triple the current size of the Thackaringa cobalt deposit, capable of supporting a significant, long life mining operation. Our schedule of work is as follows:

30 June 2017	30 June 2018	30 June 2019	30 June 2020
Stage One	Stage Two	Stage Three	Stage Four
A\$2m expenditure in the ground – Inferred Resource Target Deliver: Scoping Study Target Date: 30 June 2017	A\$2.5m expenditure in ground – Indicated Resource Target Deliver: Preliminary Feasibility Study Target Date: 30 June 2018	A\$5.0m expenditure in ground – Measured Resource + Reserves Target Deliver: Bankable Feasibility Study + Project Approvals Target Date: 30 June 2019	Decision to Mine Project Financing Approved Target Date: 30 June 2020

We have commenced a significant infill and extensional drilling program designed to support a resource estimate upgrade due for completion over Q2 2017. This work is proceeding to schedule with three drill rigs expected to be in operation by the end of February. Photos of recent drilling and core samples are shown on the next page:

Thackaringa Cobalt Deposit



Diamond drilling in progress



Cobalt bearing pyrite – sample core

In conjunction with this field work we are commissioning a series of metallurgical and engineering studies as part of a Scoping Study, to assist in determining future project economics. It remains our aim to have Stage One work completed mid-year. Further, to assist the market in gauging our progress, we aim to release progress reports regularly during all stages of our process.

Shareholders are aware that Thackaringa represents the only non-polymetallic (“pure play”) cobalt deposit listed on the ASX, indeed one of very few globally, as 98% of cobalt is produced as a byproduct of either copper or nickel. Our focus therefore remains on cobalt and associated sulphur (used predominantly to produce sulphuric acid). Australia imports over four million tonnes of sulphuric acid (equivalent) per annum, largely for fertiliser production, with consumers eager to source local production to guarantee supply.

For those interested in further detail, potential processing pathways for pyrite ores can be found on our website, with the pyrite floatation circuit recently celebrating 100 years as a proven commercial technology. The origins of this technology date back to the early Broken Hill mines. The potential to utilise them locally, and provide economic benefits to the region, remains a source of pride to our company.

Cobalt Blue is an environmentally focussed and cost conscious business, and as such, we do not intend to send future printed investor updates via regular mail. To ensure all shareholders receive regular updates, can you please take a moment to read the letter (attached) and complete your contact details. Looking forward, we encourage 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 (see links in the letterhead) such as Facebook and LinkedIn. Please don’t hesitate to join the “COB friends” on social media.

Regards



Joe Kaderavek

Chief Executive Officer

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