

Cobalt Blue Holdings Limited

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07 June 2021

CEO's Letter to Shareholders

I am delighted to write to shareholders and inform you of significant progress with our Pilot Plant operation.

Over the last five months we have made substantial advances in applying our proprietary processing technology to an increasing scale of testwork whilst achieving a product standard that materially exceeds a marketable quality cobalt product.

The Pilot Plant is now in steady state, running unit operations and we are producing sample scale (Mixed Hydroxide Product) MHP product. MHP is a key feedstock supplying the global lithium-ion battery industry. This product is similar to that declared last year in our Project Update 2020 study.¹

Figure 1 – MHP Assay – as reported 16 July 2020

Ca	Co	Cl	Cu	Fe	Mn	Ni	Zn
2.5 %	37 %	7 %	0.01 %	0.07 %	0.85 %	7 %	0.1 %

Fastmarkets quote prices for 30% minimum content cobalt intermediate hydroxides, with typical cobalt content of hydroxides from the Democratic Republic of the Congo (DRC) is 25–40%. Excess cobalt above the benchmark commands a further premium due to lower logistics costs per unit of cobalt. Strong nickel credits will likely command a further payable metal. The low level of these impurities in the COB product are attractive.

We are also achieving target rates of product conversion from one process step to another at this continuous rate of throughput. As previously guided, we anticipate converting 85–90% of the cobalt in ground into a paid cobalt product. This speaks to the efficiency of the process.

Looking forward, you may hear me speaking of “1% gains”, by which I am referring to driving the process efficiencies at a larger scale in order to deliver a more robust Feasibility Study and better long term outcomes for shareholders. I have included a photo of Pilot Plant MHP (right), ready for despatch.

This work has built strong confidence that the plant can transition to a Demonstration Plant scale whilst achieving a similar product specification. The Demonstration Plant is largely the same equipment, but operated on a continuous 24 hour, 7 days/week basis. The Demonstration Plant will nominally treat 3,000 tonnes of ore, with a focus on representing ore from the first 10 years of the mining operations. The Pilot Plant has provided a strong platform for development of standard operating procedures, which will limit the ramp up time for the Demonstration Plant operations.

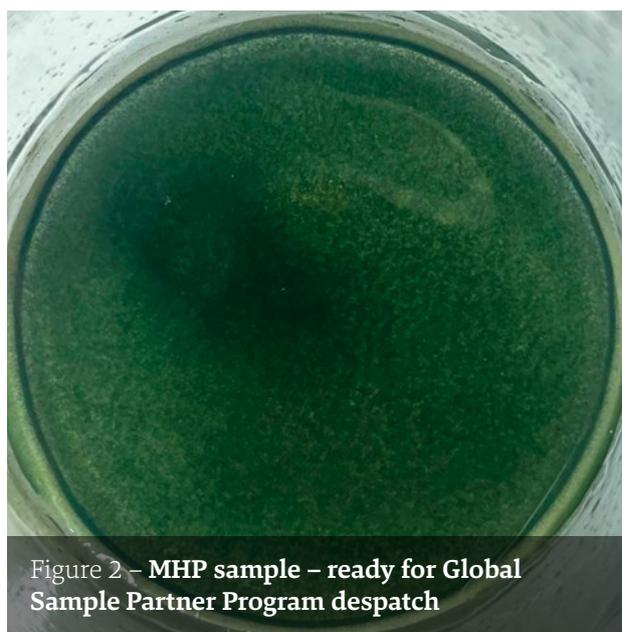


Figure 2 – MHP sample – ready for Global Sample Partner Program despatch

¹ See ASX Announcement 16 July 2020: Broken Hill Cobalt Project Update 2020 (available for viewing on the Company's website). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which any Competent Person's findings presented have not been materially modified from the original market announcement.

Our staff have worked tirelessly to deliver this result, with the business learning major lessons in process parameters, equipment and vendor selection. We now have proof that our proprietary technology works to a Pilot Plant scale of throughput (up to our target of 90 tonnes of ore to be treated) and looking forward to moving to a Demonstration Plant scale by year end.

The larger scale Demonstration Plant is important for both testwork and commercial reasons. The larger sample sets will allow COB to pre-qualify as a supplier to global industry partners, with key cathode, integrated battery makers and electric vehicle manufacturers already included in our current program. Qualifying as a supplier can take 12 months or so but is an essential step to a long-term project/offtake partnership.

From an equipment processing point of view the manufacture of cobalt sulphate from this point is not considered demanding, however purity remains paramount, and we will be despatching our cobalt sulphate at the end of the BHCP Global Sample Partner Program. As a reminder over 90% of samples requested by our >30 sample partners were for MHP.

Our achievements have not gone unnoticed, with further sample arrangements struck, and discussions now increasingly tilting towards Demonstration Plant scale samples that will follow. At our recent open day, we were delighted to host the first representatives from commercial partners and we expect such visits to scale up as COVID restrictions allow.

In line with earlier guidance, we expect to finish the entire sample program over the next weeks and we will report a program summary upon completion and the overall specifications of each of the two categories of product despatched.

In concluding I would like to thank the people of Broken Hill for their support of our project to date. The talent and eagerness of the local BHCP team is plain to see and indicative of a strong pool of talent that the project will draw upon in years to come.

COB has a promising future with significant milestones expected to be achieved over the next couple of years. We look forward to keeping investors updated over this time.

A handwritten signature in black ink, appearing to read "Joe Kaderavek".

Joe Kaderavek
Chief Executive Officer

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This announcement was approved by the Board of Directors