



ASX CODE: CHK

TO: COMPANY ANNOUNCEMENTS OFFICE ASX LIMITED

DATE: 20 February 2017

PROPOSED ACQUISITION OF COBALT X AND COMPLETION OF HEAVILY OVERSUBSCRIBED CAPITAL RAISING

Highlights

- Execution of a Binding Term Sheet to acquire 100% of the issued capital of Cobalt X Pty Ltd.
- Cobalt X controls Mining Licence Application (ML 100115) over ground containing stockpiled material from the historic Mt Cobalt mine with additional strong exploration upside from in-situ material beneath the existing stockpile.
- Heavily oversubscribed private placement to raise \$1,443,000 before costs.
- Proposed Rights Issue on a 1 for 6 basis seeking to raise up to approximately \$515,000.

Cohiba Minerals Limited (ASX: CHK) ('Cohiba' or 'the Company') is pleased to announce that it has received commitments from professional and sophisticated investors for a placement of 111,000,000 fully paid ordinary shares at an issue price of \$0.013 (1.3 cents) per share, to raise \$1,443,000 before costs (**Placement**). Each placement share is proposed to be issued together with a free-attaching option, the issue of which is subject to shareholder approval (**Placement Option**). The Placement Options will be exercisable at \$0.018 and expire three years from their issue date.

The Company is also pleased to announce that it has executed a Binding Terms Sheet (**Term Sheet**) to acquire 100% of the issued capital of Cobalt X Pty Ltd (**Cobalt X**) subject to satisfaction of conditions which include successful due diligence and relevant shareholder and regulatory approvals (**Proposed Transaction**).

The Company is also proposing to undertake a pro-rata rights issue to existing shareholders. It is currently proposed that the rights issue would involve the offer of 1 new share for every 6 shares held at an issue price of \$0.013 per share. Each new share subscribed under the rights issue would be issued together with a free-attaching option (having the same terms as the Placement Options) (**Proposed Rights Issue**).

Further details regarding the Placement, the Proposed Transaction and the Proposed Rights Issue are set out below.

ISSUED CAPITAL

206,812,207

DIRECTORS

Mr Mordechai Benedikt (Chairman)
Mr David Herszberg (Director)
Mr Nachum Labkowski (Director)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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About Cobalt X Pty Ltd

Cobalt X is an Australian proprietary company involved in the business of minerals exploration which has made applications for the following mining licence and mineral exploration licences pursuant to the Mineral Resources Act 1989 (QLD):

- mining licence application ML 100115 (**Mt Cobalt Stockpile Project**);
- exploration licence application EPM26377 (**Mt Gordon Mine Area 1**);
- exploration licence application EPM26376 (**Mt Gordon Mine Area 2**);
- exploration licence application EPM26380 (**Success Mine Area 1**); and
- exploration licence applications EPM26379 (**Mt Cobalt Mine Area**).

The above are collectively referred to as the **Licence Applications**.

Cobalt X has also represented to the Company that it holds various contractual rights with third parties to facilitate the acquisition by it of additional mining and exploration projects and related plant and equipment (**Project Rights**) including rights to a vat leech processing plant in the Mt Isa region (referred to as the Lady Jenny processing plant). The nature and status of these contractual Project Rights will form part of the Company's due diligence enquiries.



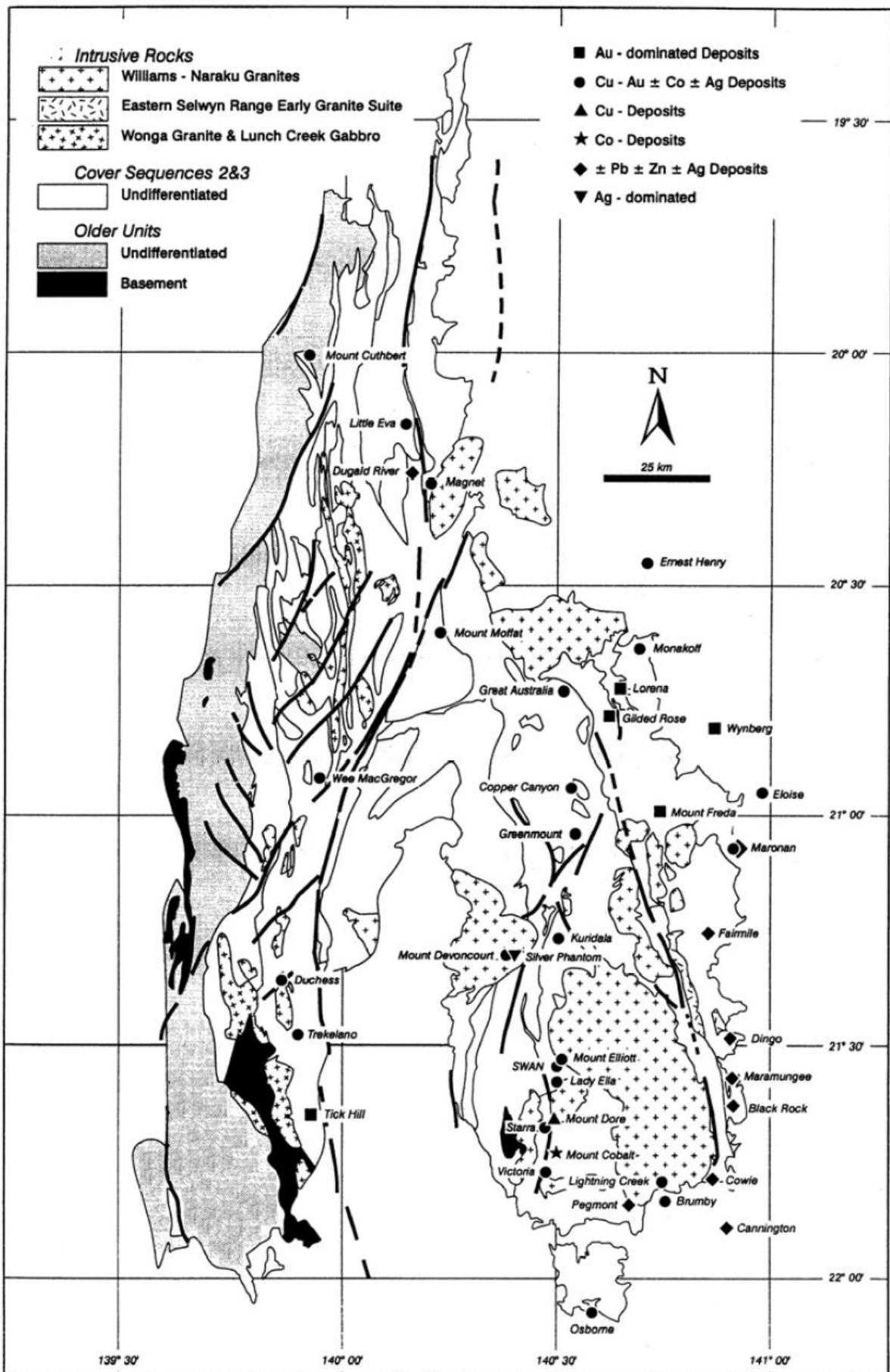
(Figure 1: Map of Cobalt X Project Locations)

Cobalt X Project portfolio

The Mt Cobalt Stockpile Project contains process fines from the historic Mt Cobalt mine which operated from the 1920's to mid-1930's. The Mt Cobalt deposit contained very high cobalt grades in the form of what is believed to be erythrite (cobalt arsenate) contained within a schist host rock bounded by an ultramafic hanging wall. During operation, the mine reportedly "produced 3225 tons of hand-picked ore and concentrates, giving a net yield 226.4 tons of cobalt. Much of the ore was low grade and, as a consequence, the higher grade material was hand-picked up to a standard giving 16 – 18% cobalt. This higher grade ore was shipped direct for export. The mine plant operated on the lower grade ore which averaged less than 3%". Total production from the Mt Cobalt mine was 775 tons of cobalt metal and it was lack of water occasioned by successive droughts that hampered production such that the mine was eventually closed.

(Reference: Searching For Australian Minerals; by Keith Lancaster ISBN 1 876261 12 Page 134 Publication Date: 01/08/2000)

The area which is East of the Mt Cobalt tenement is dominated by granite and sandstone units but also contains the same schistose metasediment known to host the cobalt in the Mt Cobalt deposit itself, some 16 km to the west. This unit abuts a metamorphosed sandstone that has been crosscut by numerous ultramafic dykes, both of which contain zones of brecciation providing strong exploration targets.



(Figure 2: Map showing the location of granites in relation to known mineral deposits (including Mt Cobalt) Eastern Fold Belt, Mt Isa Inliner.)

The Mt Gordon exploration applications are located in the Western Succession of the Mount Isa inlier, host to copper and cobalt projects such as Mount Gordan and Mount Oxide, Lady Annie and others. The tenements are along strike and north of the Mount Gordan Esperanza and Mammoth deposits and straddle the Mount Gordan North anomalies and the Mount Oxide mine. Mineralisation in both the Mount Gordan and Mount Oxide mines is found in brecciated carbonaceous shale, chert, quartzite and sandstone commonly associated with faulting and/or conversion of faults in the fractured host rock. The Cobalt X tenement applications share the same host sediments of both of those deposits but more importantly are within the same intensely folded and faulted district providing strong exploration upside. The southern tenement contains an exact mirror of the sedimentary sequence that hosts the Mount Oxide mine.

Historic cobalt intersections in the Mt Gordan mine reach as high as 0.36% Co at depth with similar grades reported at Mt Oxide in 2008 demonstrating the strong presence of cobalt mineralisation in the area. (Refer to Perilya Limited ASX Release dated 19 August 2008 *Excellent New Copper and Cobalt Intercepts and Metallurgical Testwork Results at Mount Oxide*).

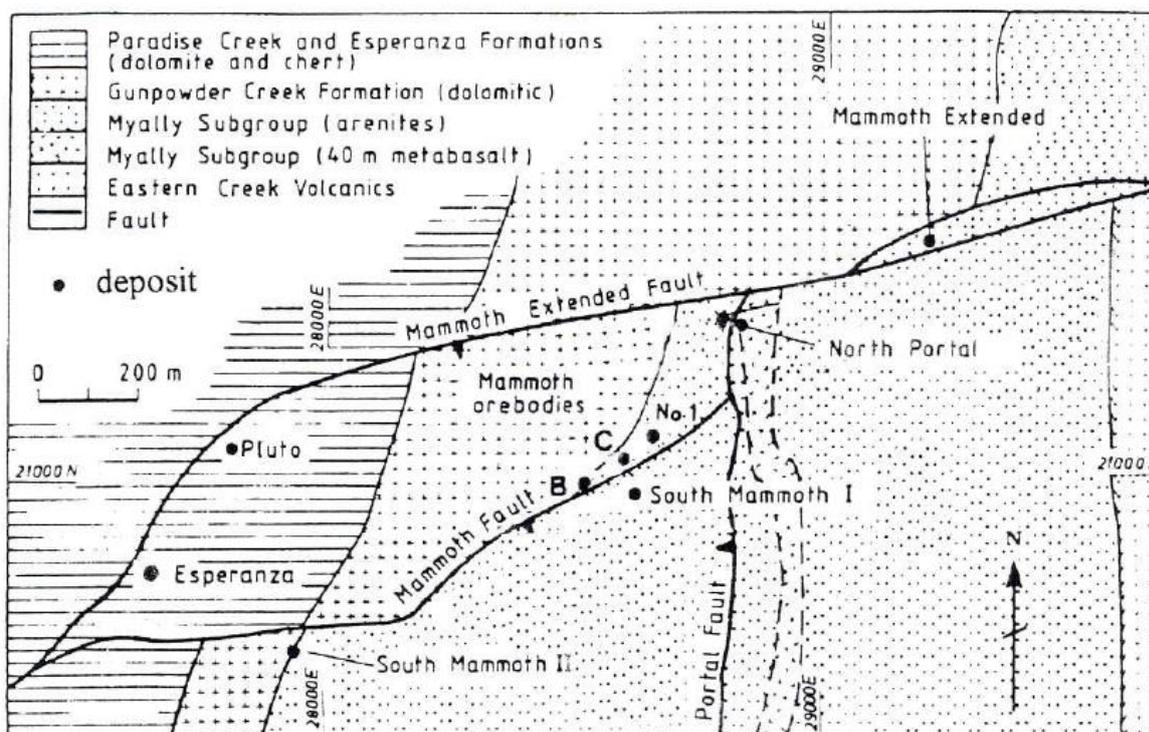


Figure 2.1.1 Map of Mt Gordon Operations showing other deposits including the Pluto prospect (modified after Scott, 1986).

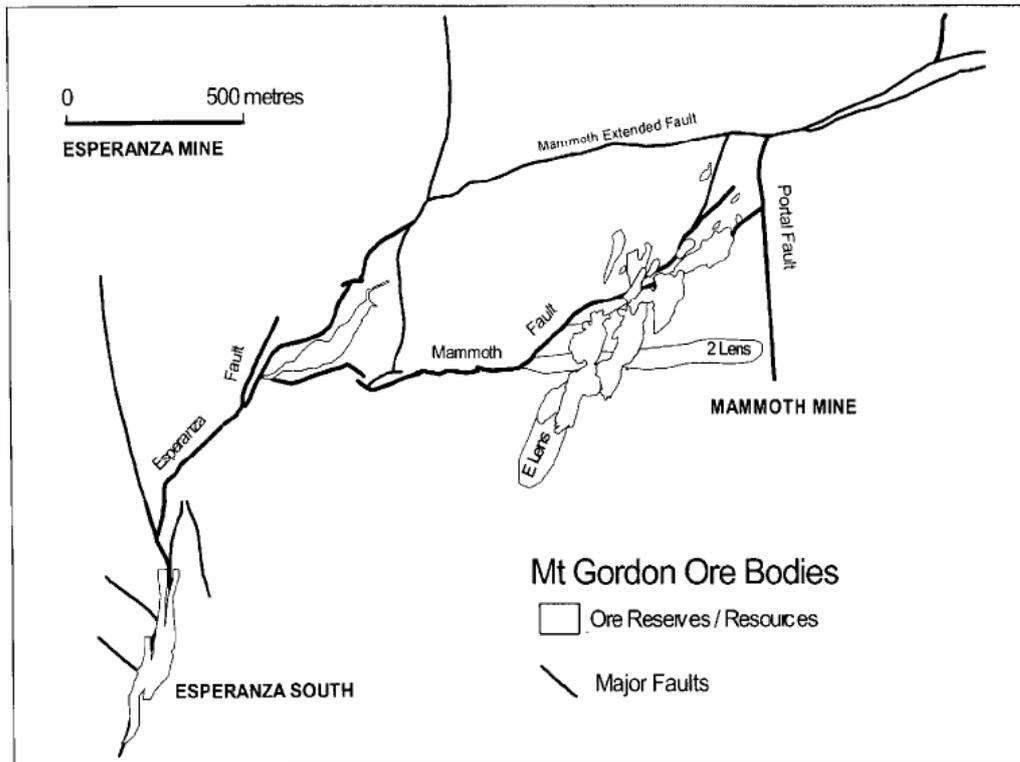


Figure 2.1.2 Location of the Esperanza, Esperanza South and the Mammoth deposits, Mt Gordon Operations (modified after Hespe, 2001).

ADDITIONAL SOURCES

DEPARTMENT OF NATIONAL DEVELOPMENT BUREAU OF MINERAL RESOURCES GEOLOGY AND GEOPHYSICS - SURVEY OF MINERAL RESOURCES IN QUEENSLAND TAILINGS DUMPS By R.W.L. King

COBALT MINERALISATION IN SELECTED AUSTRALIAN DEPOSITS Vera Munro-Smith B.App.Sc (App.Chem.) MSc (Hons)

Aditya Birla DIGGERS AND DEALERS 2008 presentation (4 August 2008) Aditya Birla annual report 2006/7; ASX announcements

Increasing Demand for Cobalt

Cobalt is a key component of the battery chemistry for lithium ion batteries. There is more cobalt by dollar value and weight being used in the main lithium-ion battery types than lithium. Cobalt has a diverse range of metallurgical and chemical uses ranging from aircraft engines to rechargeable batteries. The demand for cobalt is expected to grow over the next decade. Cobalt is a LME traded commodity and the price of Cobalt has increased over 60% during 2016 (currently US\$42,000/ tonne). As demand increases, investors and traders continue to position themselves to source cobalt for the numerous large scale lithium-ion battery factories that are under construction and expected to be completed from 2016 to 2020 such as the Gigafactory in the US.

Cobalt Supply Chain Issues:

Cobalt is typically mined as a low-grade by-product of copper or nickel, This by product is an uncertain and reduced source of supply. In addition, over 55% of the cobalt produced comes from the Democratic Republic of Congo (DRC) (of which 94% makes its way to China) which has a history of supply side disruptions and significant sovereign risk. In 2016, Amnesty International released a report highlighting human rights and child labour abuses at its cobalt mines. Clean supply chain sourcing for battery materials and associated branding issues/customer expectations are expected to become an increasingly important issues for multinationals that source cobalt for their lithium-ion batteries from the DRC.

With the spot cobalt price having steadily risen by around 60% since the start of 2016, Cobalt X is now well positioned to deliver on its vision of becoming a secure independent source of cobalt.



(Figure 3: Historical Cobalt price)

Battery Metals Strategy

The Proposed Acquisition will increase the Company's exposure to other areas of interest with new exploration fields which have previous known Cobalt exploration in surrounding projects. It represents a rare opportunity for the Company to capitalise on high quality development and exploration assets with excellent exposure to the surging cobalt market.

Key Terms of Proposed Transaction

In accordance with the Term Sheet, the Company proposes to issue up to 150,000,000 fully paid ordinary shares to the Cobalt X vendors (**Consideration**) as follows:

- 75,000,000 fully paid ordinary Cohiba shares issued at completion of the Proposed Transaction at a deemed issue price of \$0.013 (1.3 cents) per share of which 37,500,000 will be subject to voluntary escrow period of 12 months from date of issue;
- up to a further 75,000,000 fully paid ordinary Cohiba shares at a deemed issue price of \$0.013 (1.3 cents) per share (**Milestone Shares**) issued within 10 business days of satisfaction of the following conditions:
 - 37,500,000 Cohiba shares issued following announcement to the ASX an Inferred Mineral Resource in accordance with Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (**JORC Code**) (including cumulative production) of not less than 6,000 tonnes of material at a minimum grade of 0.6% Cobalt on the Mt Cobalt Stockpile Project prior to the date which is 12 months from grant of the mining licence; and

- 37,500,000 Cohiba shares following Cohiba announcing to ASX that the first ore has been processed at the Lady Jenny processing plant (which milestone shall necessarily require that Cobalt X has entered into a binding formal agreement to acquire the rights to the Lady Jenny processing plant) provided that announcement must be made prior to the date which is 36 months from the date of the Terms Sheet.

The conditions to the Proposed Transaction include:

- Cohiba and Cobalt X each satisfactorily completing due diligence.
- The execution of formal sale documentation with the Cobalt X vendors.
- None of the Cobalt X tenement applications being withdrawn or refused and none of the Project Rights of Cobalt X being challenged on the basis of validity or unenforceability.
- Cohiba obtaining all necessary shareholder, third-party and regulatory approvals and Cobalt X obtaining any consents or approvals required in connection with the change in ownership of its shares.
- Completion by Cohiba of capital raisings which aggregate not less than \$1 million (which condition is expected to be satisfied by completion of tranche 2 of the Placement).

The Company has also agreed to issue 80,000,000 options (having the same terms as the Placement Options) to advisors in connection with the facilitation and implementation of the Proposed Transaction, the issue of which is subject to shareholder approval and conditional upon successful completion of the Proposed Transaction.

In recognition of costs and fees incurred (or to be incurred) by Cobalt X in prosecuting the License Applications and the Proposed Transaction, Cohiba has agreed to pay Cobalt X the sum of \$50,000 (**Payment**) on execution of this Terms Sheet. The Payment will be non-refundable except where this Terms Sheet (or the formal documentation) is terminated by Cohiba in connection with a breach by either Cobalt X or the Cobalt X vendors.

As noted above, completion of the transaction is subject to CHK obtaining all required third party, regulatory, shareholder approvals, and ASX waivers necessary to effect the Proposed Transaction.

Following initial consultation with the ASX, the Company understands that the Proposed Transaction will require shareholder approval under ASX Listing Rule 11.1.2, but that ASX Listing Rule 11.1.3 will not apply therefore re-compliance with Chapters 1 and Chapters 2 of the ASX Listing Rules will not be required.

Further details regarding Cobalt X, the Proposed Transaction and the approvals sought from shareholders to implement the Proposed Transaction will be set out in a notice of general meeting expected to be dispatched in accordance with the timetable set out below.

Capital Raisings

As noted above, the Company has received binding commitments from professional and sophisticated investors for a Placement of 111,000,000 fully paid ordinary shares at an issue price of \$0.013 (1.3 cents) per share, to raise \$1,443,000 before costs.

The Placement will be completed in two tranches with 31,000,000 fully paid ordinary shares being issued in accordance with the Company's placement capacity with ASX Listing Rule 7.1 (**Tranche 1**) and is expected to be completed in the coming days. The remaining 80,000,000 fully paid ordinary Placement shares (**Tranche 2**) to be issued following, and subject to, shareholder approval.

The Company also intends to conduct the Proposed Rights Issue (on the terms described on page 1 of this announcement) pursuant to an offer made under a prospectus proposed to be lodged in the coming weeks. The indicative record date for the Proposed Rights Issue is set out in the timetable on the following page of this announcement but will be dependent on the actual date of lodgement of the offer document.

The funds raised from the Placements will be used for the following activities:

- Exploration activities on the Company's current Charge Lithium projects, located in Western Australia.
- Conduct due diligence activities in relation to the Proposed Transaction of Cobalt X and analysis of the stock piles on site. Assuming the Proposed Transaction is completed, funds will also be used to progress exploration activities on the Cobalt X projects.
- Working capital requirements of the Company (including general administration costs).

The Placement and Proposed Rights Issue are not conditional on the Company's acquisition of Cobalt X and will proceed regardless of whether the Company pursues or completes the Proposed Transaction.

Indicative Capital Structure

Below is a summary of the indicative proposed capital structure of the Company assuming completion of the Placement and Proposed Rights Issue (in full) and assuming completion of the acquisition of Cobalt X and conversion of the Milestone Shares:

SHARES	
Current shares on issue	206,812,207
Tranche 1 Placement Share	31,000,000
Rights Issue	39,635,367
Tranche 2 Placement Shares	80,000,000
Vendor Shares	75,000,000
Total Shares	432,447,574*

* This number of shares above does not include any potential impact from the issue of milestone shares.

Details of the impact on total assets and total equity interests in the Company as a result of the Proposed Transaction will be included in the Notice of meeting to be despatched to shareholders.

Indicative Timetable

Tranche One Placement Completed	23 February 2017
Formal Documentation with Cobalt X Vendors Executed	31 March 2017
Notice of Meeting Issued (Tranche 2 Placement Approvals)	3 March 2017
Rights Issue Record Date	10 March 2017
Target date for completion of Due Diligence (last date for completion of Due Diligence is 21 April 2017, unless extended by agreement)	31 March 2017
Notice of Meeting Issued (Proposed Transaction Approvals)	31 March 2017
Rights Issue Completed	3 April 2017
General Meeting Held (Tranche 2 Placement Approvals)	7 April 2017
Tranche 2 Placement Completed	14 April 2017
General Meeting Held (Proposed Transaction Approvals)	5 May 2017
Acquisition of Cobalt X Completed	12 May 2017

*The above timetable is indicative only and subject to change.

The Company will provide further updates on the Placement, Proposed Transaction and Proposed Rights Issue in due course.

For Further information, please contact:

Mr Mordechai Benedikt
Executive Chairman