



ASX CODE: CHK

TO: COMPANY ANNOUNCEMENTS OFFICE ASX LIMITED

DATE: 24 January 2018

PROPOSED FARM IN JV TO IOCG AND BASE METALS EXPLORATION PROJECTS IN SOUTH AUSTRALIA AND CAPITAL RAISING

Highlights

- Terms Sheet entered for proposed farm-in to a joint venture agreement with Olympic Domain Pty Ltd, a private company which holds South Australian exploration projects
- Prominent geological address – Olympic Domain tenements are located within approximately 50km of Olympic Dam or Carrapateena IOCG discovery
- Potentially significant gravity anomalies identified – opportunities to progress to drilling
- Historical drilling at 'Pernatty' C Drill hole PY 8 intersected zone of 2m @ 8.23% Cu
- This drill hole PY8 also intersected cobalt mineralisation with a correlation between Cu and Co with Cobalt values to 0.36% and 0.25%.
- Confirmed Iron Oxide Copper-Gold (IOCG) systems from historical drilling
- Tenements neighboring ASX Listed Argonaut Resources NL (ASX: ARE) with anomaly continuous with Torrens C tenements (*See below Map*)
- Commitments to oversubscribed placement to sophisticated investors amounting to \$1.46 million
- Olympic Domain to nominate a director to the CHK board with anticipated additional board changes once technical team engaged to accelerate the company's projects

Cohiba Minerals Limited (ASX: CHK) ('Cohiba' or 'the Company') is pleased to announce that it has entered into a binding Terms Sheet (**Terms Sheet**) in relation to a proposed farm-in to a joint venture in respect of seven distinct exploration tenements located in South Australia, with a total portfolio licence area of 1094km² with Olympic Domain Pty Ltd (**ODPL** or **Olympic Domain**), an Australian proprietary company. The Terms Sheet is conditional upon, among other things, completion of due diligence by the Company and the execution of formal agreements.

ISSUED CAPITAL

435,947,574 fully paid shares
230,635,367 CHKO listed options

DIRECTORS

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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The ODPL tenements are located within the Stuart Shelf which is host to major Iron Oxide Copper Gold (IOCG) deposits containing large quantities of iron oxides (hematite and magnetite), significant copper, gold, uranium, rare earth elements, and silver.

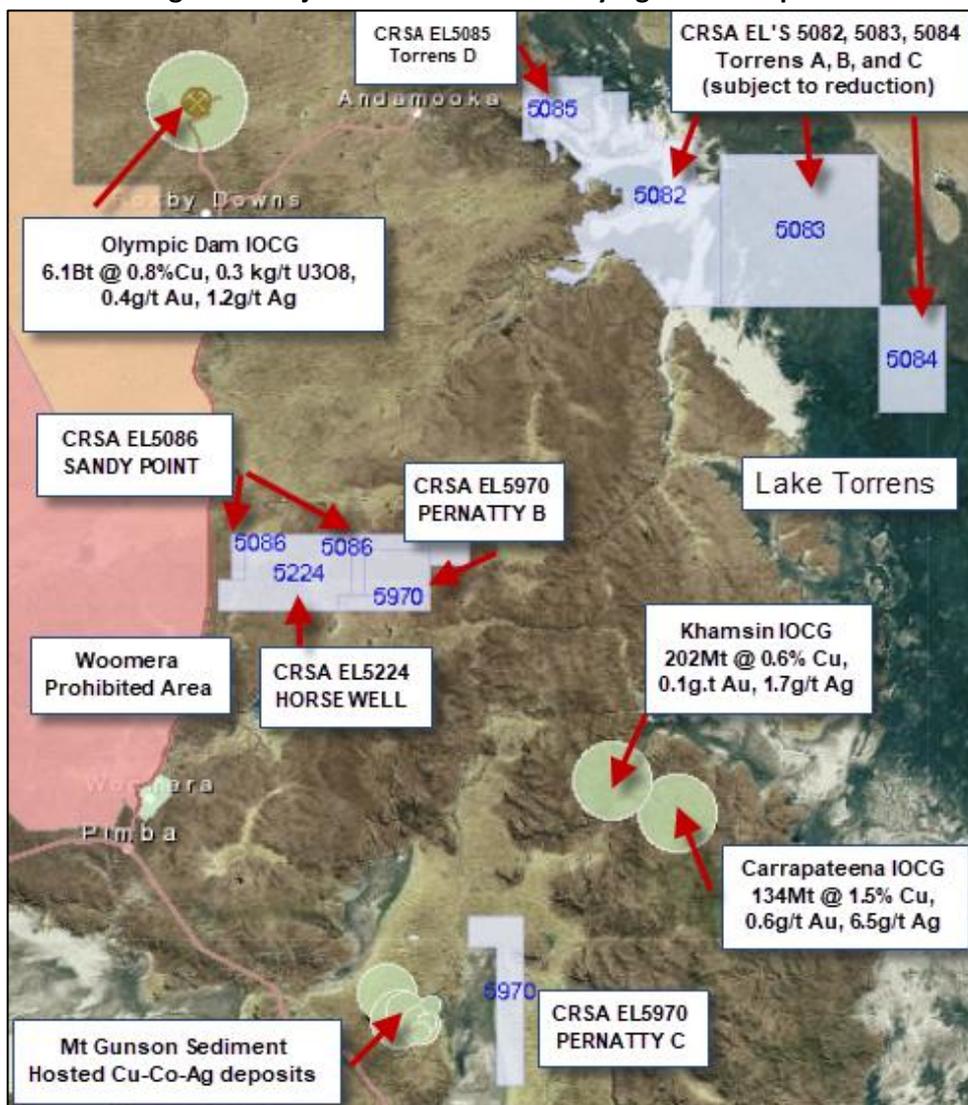
The region contains (refer Figure 1):

- The Olympic Dam copper -gold -uranium mine;
- The Carrapateena copper -gold prospect; and
- The Mount Gunson copper -silver -cobalt deposits; and
- Prominent Hill copper-gold-silver deposit;
- Several other known IOCG prospects.

All of the tenements are located within either ~50km of:

BHP's Olympic Dam mine or Oz Minerals' Carrapateena project (JORC resource of 134Mt @ 1.5 % cu, 0.6g/t Au and 6.5g/t Ag¹)

Figure 1: Project locations and nearby significant deposits



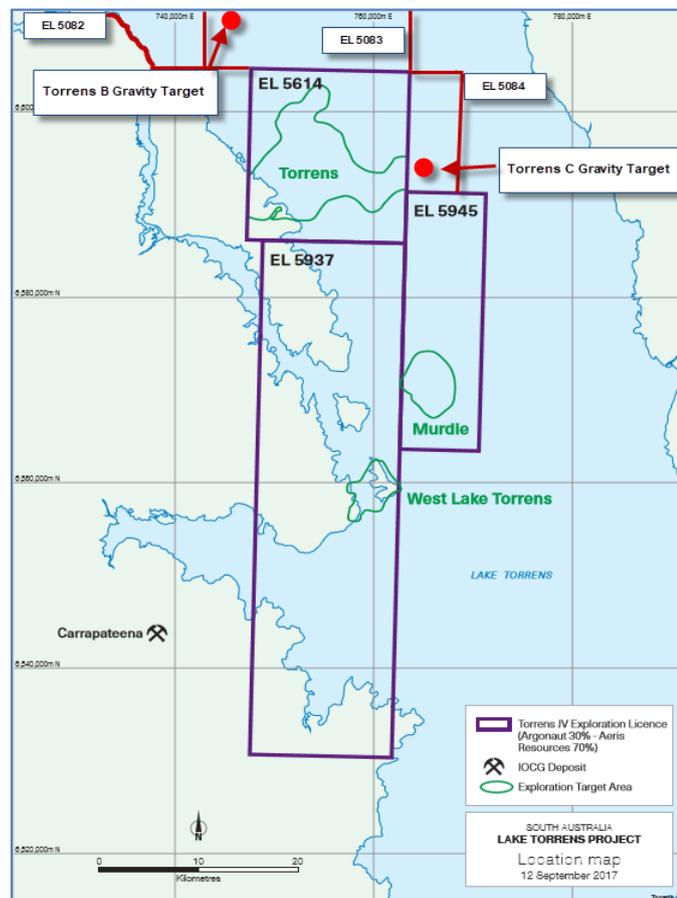
¹ Source: ASX Announcement of Oz Minerals Limited dated 24 August 2017 titled "Carrapateena Ore Reserve Statement".

Olympic Domain Project Portfolio:

EL Number	Locality	Area Km2
EL 5082	Lake Torrens A (Approx. 50km east of Olympic Dam)	344
EL 5083	Lake Torrens B (Approx. 75km east of Olympic Dam)	355
EL 5084	Lake Torrens C (Approx. 80km east of Olympic Dam)	103
EL 5085	Lake Torrens D (Approx. 15km east of Andamooka)	25
EL 5086	Sandy Point (Approx. 55km SSW of Andamooka)	29
EL 5224	Horse Well (Chinaman Swamp area, approx. 30km NNE of Woomera)	118
EL 5970	Pernatty B and C (Approx. 60km south of Andamooka)	120
Total		1,094

Figure2: ASX:ARE Neighbouring Licences

Tenements neighbouring ASX Listed Argonaut Resources NL (ASX: ARE) with anomaly continuous with Torrens C tenements.



OLYMPIC DOMAIN MINERALISATION

EL 5082, 5083, 5084, 5085

A strong discrete residual gravity anomaly was identified within the Lake Torrens B and C tenement, representing a prospective IOCG target in an area where depth to basement is estimated at between 500 and 700m. The Torrens A and B tenements represent prospective IOCG targets marginal to the interpreted Willaroo Lagoon intrusive body. Further, secondary residual gravity anomalies were also identified following an arcuate trend parallel to the eastern contact of the interpreted Willaroo Lagoon intrusive body.

Pernatty C - EL 5970

Drillhole PY8 completed by CSR Ltd in 1996, and which is located within EL 5970, intersected a geochemically anomalous zone 14m thick from 552 to 566m downhole, within which a sub-zone carried anomalous copper values above 1000ppm, and a 2m vein containing 8.2% Cu;

- The 9m subzone graded 1.9% Cu and the broad anomalous zone 1.25% Cu;
- Potential to re-examine geology and geophysics targeting Cu-Co mineralisation;
- PY 8 also intersected cobalt mineralisation with a correlation between Cu and Cobalt and Cobalt values to 0.36% and 0.25%.

Table 1 PY8 Significant intersection

Hole ID	Total Depth m	Dip	From m	To m	Width m	Cu %	Co %
PY 8	574.6	-90	552.3	566	13.7	1.25	0.07
		INCLUDING	559	561	2.0	8.23	0.20

OLYMPIC DOMAIN, the PROPOSED EXPLORATION

Torrens A, B and C EL's 5082, 5083, 5084 and 5085:

Subject to due diligence and the farm-in proceeding, the Company intends to progress the required permitting and agreements to fast track drilling on identified gravity targets.

It is also currently proposed that a review of 2008 geophysics with further modelling may be carried out.

Horse Well EL's 5086, 5224 and 5970:

Subject to due diligence and the farm-in proceeding, the Company intends to review and extend a 2009 soil geochemistry program targeting Uranium mineralisation.

Pernatty C, EL 5970:

Subject to due diligence and the farm-in proceeding, geological review of Copper Cobalt mineralisation potential and plan soil sampling program / drilling to investigate PY 8 Cu-Co mineralisation.

Proposed Farm-In and Joint Venture Terms

As noted above, the Company has entered into a binding Terms Sheet with ODPL.

The material terms of the Terms Sheet and the proposed Joint Venture are as follows:

a) Conditions – The Terms Sheet is conditional upon each of the following (together **Conditions**):

- The Company satisfactorily completing due diligence investigations by no later than 1 month from the date of the Terms Sheet (subject to any agreed extensions).
- The parties entering into formal documentation to record the terms of the farm-in and proposed joint venture by no later than 1 month from the date of the Terms Sheet (subject to any agreed extensions).
- No event or circumstance occurring between the date of the Terms Sheet and the satisfaction of the last of the conditions referred to above which is materially adverse to the rights or interests to be acquired by the Company under the Terms Sheet (that date being the **Effective Date**, referred to below).

In consideration of Olympic Domain granting CHK the exclusive right to assess the potential transaction set out in this Terms Sheet during the period of 1 month from the Terms Sheet (and any extension thereof), CHK has agreed to pay Olympic Domain the sum of \$50,000.

On the Effective Date, Olympic Domain shall have the right to nominate one suitably qualified and experienced person for appointment to the Board of CHK as a non-executive director.

b) Stage 1 (30% interest) – Subject to the satisfaction of the Conditions, Olympic Domain grants CHK the right, but not the obligation, to acquire an 30% interest in the ODPL tenements (**Stage 1 Interest**) by:

- incurring expenditure of not less than \$500,000 within 1 year of the Effective Date (**Stage 1 Period**); and
- making a payment to Olympic Domain within 5 business days of the Effective Date of a maximum of \$100,000 as reimbursement of expenditure incurred by Olympic Domain directly in connection with the development of the ODPL tenements prior to the date of the Terms Sheet.

c) Stage 2 (51% interest) – Subject to CHK earning the Stage 1 Interest, Olympic Domain grants CHK the right, but not the obligation, to acquire a further 21% interest in the ODPL tenements (Stage 2 Interest) by:

- incurring aggregate expenditure (including expenditure incurred in connection with obtaining the Stage 1 Interest) of not less than \$1,000,000 within 2 years of the Effective Date; and
- making a payment to Olympic Domain within 10 business days of the date on which it earns the Stage 1 Interest of a maximum of \$100,000 as reimbursement of expenditure incurred by Olympic Domain directly in connection with the development of the ODPL tenements prior to the date of this Terms Sheet.

- d) **Stage 3 (80% interest)** – Subject to Cohiba earning the Stage 2 Interest, Olympic Domain grants Cohiba the right, but not the obligation, to acquire a further 29% interest in the ODPL tenements (**Stage 3 Interest**) by incurring aggregate Expenditure (including expenditure incurred in connection with obtaining the Stage 1 Interest and Stage 2 Interest) of not less than \$1,500,000 within 3 years of the Effective Date.
- e) **Withdrawal and Surrender** – The Terms Sheet provides that CHK may elect not to incur expenditure and to withdraw from the farm-in agreement at any time prior to earning the Stage 1 Interest, Stage 2 Interest or Stage 3 Interest. In the event that CHK makes a withdrawal election prior to earning the Stage 1 Interest, or does not incur expenditure required to obtain the Stage 1 Interest or, during Stage 1 Period and prior to withdrawal does not maintain the tenements in good standing, it agrees to make a payment to Olympic Domain of a break-fee of \$300,000 payable through the issue of ordinary fully paid CHK shares at an issue price equal to the volume weighted average price of CHK's ordinary shares for the 30 days on which trades are recorded prior to the date of the withdrawal election or prior to the end the Stage 1 Period (as applicable). The issue of break fee shares is subject to shareholder approval (if required) and if approval is required and is not obtained will be payable in cash.

The Terms Sheet otherwise contains terms which are typical to documents of a similar nature including indicative joint venture principles, agreements as to certain key provisions and warranties to be included in the formal documentation and provisions regarding exclusivity and confidentiality.

Capital Raising

Regency Corporate Pty Ltd, a corporate authorised representative of Colonial Capital Management Pty Ltd, was appointed Lead Manager for a placement of 122,000,000 fully paid ordinary shares at an issue price of \$0.012 (1.2 cents) per share, to raise approximately \$1.46 million before costs (**Placement**). Regency Corporate has advised the Company that binding and irrevocable commitments have been received for the full Placement amount, with significant oversubscriptions. Investors in the placement are professional and sophisticated investor clients of Regency Corporate and other parties identified by the Company, none of whom are related parties of the Company. Each placement share is proposed to be issued together with a one for one free attaching listed option, (ASX: CHKO), with an exercise price of \$0.018 (1.8 cents) and expiring on or before 18 April 2020.

The issue of placement shares will be conducted pursuant to the approval obtained at the Company's Annual General Meeting held on 28 November 2017 (100m shares approved) and the balance (22m shares) under the Company's placement capacity under ASX Listing Rule 7.1A. The issue of placement options will be subject to shareholder approval, to be sought at an upcoming general meeting.

In connection with, and subject to successful completion of, the Placement the Company has agreed to issue Regency Corporate (or its nominees) 50 million options (ASX: CHKO) which are proposed be issued without shareholder approval under the Company's existing capacity under ASX Listing Rule 7.1.

The Placement will increase the Company's current cash position to approximately \$2.75 million, providing sufficient financial capacity for Cohiba to accelerate planned exploration programs of its existing projects and, subject to satisfaction of the Conditions, to progress its farm-in rights at the Olympic Domain tenements and provide working capital to identify and assess further opportunities.

The Company expects to issue the Placement shares later today and will lodge an Appendix 3B upon completion of the issue.

For Further information, please contact:

Mr Mordechai Benedikt
Executive Chairman

Competent Person Statement

Information in this report that relates to exploration results is compiled by Mr Paddy Reidy, a consultant to Olympic Domain Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy. Mr Reidy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity upon which he is reporting on 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 Reidy consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

Appendix 1: JORC Table1

JORC Table 1 Section 1

Criteria	Commentary
Sampling techniques	<p>Sampling of drill hole PY8 was via quarter core sampling of NQ size core to geology as logged. Sampling techniques carried out by the CSR Limited Minerals Exploration and Development Group in 1996 are considered to be in line with industry standard at that time and are considered to be representative.</p> <p>Quarter Core Samples were delivered to Comlabs Services Pty Ltd in Adelaide which was registered under the National Association of Testing Authorities Australia ('NATA'), with analytical testing completed in accordance with its terms of registration.</p> <p>Drillhole PY8 is documented in the CSR Limited Report for Quarter ended 14th May 1986 preliminary drilling report on EL 1319 Pernatty (Print Envelope 6962, Volume 18).</p> <p>CSR Limited designed their sample analytical scheme to examine economically important elements with known pathfinder associations and litho-geochemically correlate igneous lithologies. The mineralised intersection in PY8 was identified as metasediments with the interval from 550m to 574m sampled as standard quarter core splits and analysis scheme for mineralised intersections being base metals Pb-Zn-Co-Cd-Ni via Comlabs scheme AAS1, Cu via Comlabs AAS1/1A, Precious Metals Au via AAS5A, Ag via AAS3A, and Trace Elements As, Ba, La, Ce via XRF1.</p> <p>Only the historical drill result contained in drillhole PY8 is considered in this document. Detailed historical reporting of sampling and drilling procedures carried out by CSR Limited are not available, however it is expected that they would have been carried out as per industry standard at the time.</p>
Drilling techniques	<p>Drilling of PY8 was commenced on 14th April 1986, and completed on 25th April 1986 at 574.6m depth, with a pre-collar to 185.5m and NQ core thereafter to the end of hole.</p>
Drill sample recovery	<p>Details regarding core recovery were not recorded in geology logging, however given the nature of lithologies drilled it is anticipated that no significant core loss occurred.</p>
Logging	<p>Geological logging of NQ core in PY8 recorded details of lithology, mineralogy, texture, mineralisation, weathering, alteration, veining, grid coordinates, sample interval and depth. The level of logging detail is considered appropriate for exploration drilling. It is unknown if the core was photographed, however the drillcore for PY8 is stored at the PIRSA Glenside Core Library and is available for inspection. Density, resistivity, and radiometric logging was carried out by Geoscience Associates for CSR Limited in 1996, and radiometric logging of PY8 again completed in 2007 by Copper Range Limited.</p>
Sub-sampling techniques and sample preparation	<p>See Sampling techniques in the above section.</p> <p>The sample collection methodology is considered appropriate for NQ diamond core drilling and is within today's standard industry practice. Quarter split core samples ranging from 0.3m to maximum 1.0m intervals are regarded as reliable and representative. Comlabs Services Pty Ltd in Adelaide was registered under the National Association of Testing Authorities Australia ('NATA'), with analytical testing completed in accordance with its terms of registration, and as such the analysis of mineralisation in PY8 is considered to be satisfactory. Laboratory methods for multi-element analysis are described in the above section. Subsampling activities were carried out by Comlabs - a commercial laboratory and should be considered to be satisfactory.</p> <p>No issues have been identified with sample representivity upon review of geological logging and sample intervals. The sample size is considered appropriate</p>

Criteria	Commentary
	for this type of mineralisation style.
Quality of assay data and laboratory tests	<p>QA/QC procedures undertaken by CSR Limited in relation to drillhole PY8 are not documented, however it is assumed that they were carried out to industry best practice at the time.</p> <p>Internal QA/QC processes completed by the commercial laboratory are not documented, however it is assumed that they were carried out to industry best practice at the time.</p> <p>No geophysical tools were utilized to determine any element concentrations, or for reporting mineralisation in drillhole PY8.</p>
Verification of sampling and assaying	Primary data for drillhole PY8 was recorded on paper logging sheets. Copies of these logging sheets have been sighted, and the data verified against reported sample intervals and mineralised intercepts, in conjunction with the raw laboratory analytical reporting.
Location of data points	The collar location for drillhole PY8 is recorded within the South Australian GeoData Database in GDA94 MGA53 as 715068.91E, and 6529601.77N. Elevation is recorded as 78.52m. The survey method for the collar location is not documented.
Data spacing and distribution	Mineralisation in drillhole PY8 is reported in isolation from any other drilling, and spatial extent is not inferred or implied.
Orientation of data in relation to geological structure	Drillhole PY8 was drilled at a dip of -90 degrees, with lithologies intersected interpreted to be flat lying. No relationship between mineralised structure and drilling orientation has biased the sample.
Sample security	The methodology for the transport and tracking of samples for PY8 is not recorded, however sampling techniques and protocols carried out by the CSR Limited Minerals Exploration and Development Group in 1996 are considered to be in line with industry standard at that time.
Audits or reviews	Sampling methodologies and assay techniques used for drillhole PY8 are considered to be mineral exploration industry standard at that time and at an early exploration stage. It is not recorded if audits or reviews were completed at the time.

JORC Table 1 Section 2

Criteria	Commentary
Mineral tenement and land tenure status	Drillhole PY8 is contained within Exploration Lease EL5970. The licence area is held 100% by Olympic Domain Pty Ltd.
Exploration done by other parties	EL 5970 contains the Stuart Shelf geological sequence, where the main exploration target until 1975 was copper mineralisation deposited at the unconformity above the Pandurra Formation or in the overlying Tapley Hill Formation. Following the discovery of the Olympic Dam IOCG deposit in 1975, explorers began to target the Gawler Craton basement beneath the Stuart Shelf. The principal tools were aeromagnetic and gravity surveys followed by deep drilling. Seltrust drilling revealed the presence of a basement ridge east of Pernatty Lagoon and discovered sub economic copper-zinc mineralisation at Red Lake. Drilling by CSR Limited showed that basement deepens west of here and that a thick sequence of Pandurra Formation wedges out against the basement ridge. Beneath the Pandurra Formation, CSR drilling intersected mafic rocks of the Gawler Range Volcanics. Drillholes by both companies also outlined an area of sub-cropping Wallaroo Group metasediments beneath the northern section of Pernatty Lagoon.

Criteria	Commentary
	PIRSA GIS stratigraphic drillhole data show only three holes intersecting basement in or on the boundary of the Pernatty "C" area (CSR PY 4, EC 40 and EC 51), although there is another deep hole (CSR PY 8) north of the lagoon.
Geology	<p>Drillhole PY8 is contained within Exploration Lease EL5970 locally called the Pernatty C Project Area, and lying within the Olympic Domain on the eastern margin of the Gawler Craton. Younger sediments conceal the crystalline basement rocks of the Craton, which are interpreted from geophysical data and historic drillholes as an ancient eroded surface of Archaean, Palaeoproterozoic and Mesoproterozoic rocks. Archaean rocks are represented by metamorphics of the Mulgathing Complex. The Palaeoproterozoic is represented by Donnington Suite granitoids, Hutchison Group metasediments and rocks of the Wallaroo Group. These older country rocks are intruded and overlain by Mesoproterozoic igneous rocks of the Gawler Range Volcanics. Hiltaba Suite granites, which are co-magmatic with the Gawler Range Volcanics, also intrude the basement rocks.</p> <p>EL5970 contains the Stuart Shelf geological sequence which is a platform of Early to Middle Proterozoic rocks on the northeastern margin of the Gawler Craton. The Shelf is bounded to the south by the Gawler Range Volcanics and to the east by the Torrens Hinge Zone which lies approximately along the western shore of Lake Torrens. The northeastern extent is poorly known but is presumably limited by NE-trending faults beneath the Mesozoic sedimentary cover.</p>
Drillhole Information	The location of drillhole PY8 is presented as part of this Table 1. Significant downhole intersections are described in Table 1 in the body of this Report. All hole depths refer to down hole depth in metres. Drill holes are measured from the collar of the hole to the bottom of the hole.
Data aggregation methods	<p>All significant intercepts have been length weighted with a minimum Cu grade of 1000ppm. No high grade cut off has been applied. Intercepts are aggregated with minimum width of 1m and maximum width of 3m for internal dilution.</p> <p>There are no metal equivalents reported in this release.</p>
Relationship between mineralisation widths and intercept lengths	The orientation, true width and geometry of mineralisation in PY8 is not correlated with other drilling and is therefore uncertain, however geological descriptions of the mineralised horizon suggest that mineralised intersections may be regarded as true width.
Diagrams	Drillhole information in this release relates to a single drillhole which is not spatially related to other drilling in the overall project area. A location plan for drillhole PY8 is presented in Figure 2
Balanced reporting	Drillhole Reporting is for a single drillhole – PY8
Other substantive exploration data	Regarding the results received from this drilling program, no other substantive data is currently considered necessary. All meaningful data is or has been previously reported.
Further work	Subject to completion of due diligence and formalisation of the proposed farm-in, Cohiba Limited intends on working on establishing exploration opportunities within the overall Olympic Domain Project. Exploration Lease EL5970 and the historical intersection of Cu-Co in drillhole PY8 will form a part of this overall strategy.