

Cohiba Minerals Limited

ABN 72 149 026 308

Half year Financial Report - 31 December 2019

Cohiba Minerals Limited
Contents
31 December 2019



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Directors	Mr Avi Kimelman (Non-Executive Chairman) Mr Mordechai Benedikt (Executive Director) Mr Nachum Labkowski (Non-Executive Director)
Chief Executive Officer	Mr Andrew Graham (appointed 24 February 2020)
Company secretaries	Mr Justin Mouchacca Mr Romy Hersham
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Ph: (03) 9692 7222 Fax: (03) 9077 9233
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC 3205
Share register	Automic Registry Services Level 5 126 Philip Street Sydney NSW 2010 Ph: 02 9698 5414
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Stock exchange listing	Cohiba Minerals Limited securities are listed on the Australian Securities Exchange (ASX codes: CHK and CHKO)
Website	www.cohibaminerals.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cohiba Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons were directors of Cohiba Minerals Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr Avi Kimelman (Non-Executive Chairman)
Mr Mordechai Benedikt (Executive Director)
Mr Nachum Labkowski (Non-Executive Director)
Dr Robert Beeson (Non-Executive Director) - resigned 28 February 2020

Principal activities

The principal activity of the consolidated entity during the period was the exploration for natural resources, including metals, precious metals and minerals. There have been no significant changes in the nature of those activities during the period.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$362,608 (31 December 2018: \$697,128).

Financial performance

During the year, operating expenses reduced by \$342,343 to \$365,385 (31 December 2018: \$707,728). This was mainly driven by a write down of exploration and evaluation assets in the prior year, which did not occur in the current period. Furthermore there was a reduction in consultancy costs during the period.

Financial position

Net assets of the consolidated entity decreased from \$4,014,704 to \$3,653,878, attributable to a decrease in cash reserves from exploration expenditure and other normal operating costs.

Below is a summary of the consolidated entity's operations during the period.

Olympic Domain Farm-in Agreement (EL's 6118, 6119, 6120, 6121, 6122, 6183 & 5970)

During the half-year period the company engaged the services of geophysics consultants to model the initial detailed magnetotelluric (MT) survey results over the Horse Well (Pernatty B) area. The 3D models generated over the Horse Well area delineated a broad "feeder" zone that represents a potential IOCG target. Subsequently, an infill magnetotelluric (MT) survey was undertaken to provide greater detail to some key target zones within the Horse Well area. The results from the infill MT survey reinforced the previous MT survey results, indicating the presence of a "conductive zone" in the 600 – 900 m range, which may reflect the presence of sulphides in an IOCG environment. As a result of the initial MT survey, four (4) drill holes were planned for the Horse well area. The infill MT survey confirmed the location of the first of these 4 drill holes, HWDDH01, which was selected to test the coincident gravity, magnetic and MT anomalies.

Discussions with several major companies occurred during the period in relation to the company's highly prospective group of tenements in the Olympic Domain, particularly the Horse Well tenements.

An Exploration Program for Environment Protection and Rehabilitation (EPEPR) was completed during the period for the Horse Well and Pernatty C areas in relation to drilling Site visits were conducted as part of the process for completing the EPEPR. Two drill holes were planned for the Pernatty C area. Discussions with the Kokatha Aboriginal Corporation (KAC) and their external administrator (Peter McQuoid) were ongoing and focussed on completing the Heritage Surveys over Horse Well and Pernatty C as part of the overall drilling approvals. Exploration Licence EL6183 was renewed during the period, bringing all the Olympic Domain tenements up to data and in good standing.

Pyramid Lake Update (E74/594)

During the half-year period, the company's consultants continued to work on the Mining Proposal and the Mine Closure Plan, concurrent with the Mining Lease application. The Flora and Fauna study and the Invertebrate Study were completed during the period. The Environmental Group Site (EGS) details were completed during the period as was the Mining Proposal Scoping Document. The Heritage Study was underway during the period. Site visits were conducted, and initial survey work was undertaken to outline the proposed mining area.

Wee Macgregor Project Update (ML's 2504, 2773, 90098)

No significant work was conducted by the company during the half-year period other than discussions with parties regarding potential involvement in the Wee Macgregor. The Company lodged an application for an extension to the term of Mining Lease ML 90098, for a period of 16 years and 1 month from 1 December 2018, with the grant pending.

Queensland (Cobalt X) Project (EPM's 26376, 26377, 26379 & 26380)

No significant work was conducted by the company during the half-year period on these tenements.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the half-year

On 24 February 2020 the Company announced that they had appointed Mr Andrew Graham as Chief Executive Officer. Andrew has 30 years of technical, operational and managerial experience in the resources sector with both private and public companies in Australia and overseas. He has founded multiple companies in the mining, mineral processing, consulting and environmental sectors and has a passion for business building through strong leadership, technical excellence and strategic focus.

On 24 February 2020 the Company also announced that they would conduct capital raising through a Share Purchase Plan (SPP). The SPP will seek to raise up to a maximum of approximately \$2 million through the issue of approximately 200 million fully paid ordinary shares (Shares) at an issue price of \$0.01 (1 cent) per share. Applicants through the SPP will also be issued with one free attaching option for every two Shares applied for under the SPP, with each option being exercisable at \$0.013 (1.3 cents) and having an expiry date of 2 years from issue. The Company will seek to have this series of options listed.

On 3 March 2020 the Company announced that the Board has decided to postpone the SPP, which was announced on 24 February 2020, and to reviewing its funding options following the recent volatile market conditions.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mordechai Benedikt
Executive Director

13 March 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF COHIBA MINERALS LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

A handwritten signature in black ink, appearing to read 'N.S. Benbow'.

N.S. Benbow

Director

Dated this 13th day of March 2020

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Cohiba Minerals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019



		Consolidated	
	Note	31 December 2019	31 December 2018
		\$	\$
Revenue			
Interest Income		2,777	10,600
Expenses			
Corporate and Administrative expenses		(176,535)	(431,325)
Employment expenses		(188,850)	(140,636)
Write off of exploration and evaluation assets		-	(135,767)
Loss before income tax expense		(362,608)	(697,128)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Cohiba Minerals Limited		(362,608)	(697,128)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,782	-
Other comprehensive income for the half-year, net of tax		1,782	-
Total comprehensive loss for the half-year attributable to the owners of Cohiba Minerals Limited		(360,826)	(697,128)
		Cents	Cents
Basic earnings/(loss) per share	7	(0.05)	(0.12)
Diluted earnings/(loss) per share	7	(0.05)	(0.12)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cohiba Minerals Limited
Statement of financial position
As at 31 December 2019



		Consolidated	
		31 December	30 June 2019
	Note	2019	2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		734,575	1,195,245
Trade and other receivables		106,732	116,109
Investments		285,470	283,688
Prepayments		20,829	18,899
Total current assets		<u>1,147,606</u>	<u>1,613,941</u>
Non-current assets			
Exploration and evaluation	4	<u>2,600,774</u>	<u>2,461,600</u>
Total non-current assets		<u>2,600,774</u>	<u>2,461,600</u>
Total assets		<u>3,748,380</u>	<u>4,075,541</u>
Liabilities			
Current liabilities			
Trade and other payables		<u>94,502</u>	<u>60,837</u>
Total current liabilities		<u>94,502</u>	<u>60,837</u>
Total liabilities		<u>94,502</u>	<u>60,837</u>
Net assets		<u>3,653,878</u>	<u>4,014,704</u>
Equity			
Issued capital		9,977,262	9,977,262
Reserves		395,963	394,181
Accumulated losses		<u>(6,719,347)</u>	<u>(6,356,739)</u>
Total equity		<u>3,653,878</u>	<u>4,014,704</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Cohiba Minerals Limited
Statement of changes in equity
For the half-year ended 31 December 2019



Consolidated	Issued capital \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	8,552,541	496,081	(5,436,927)	3,611,695
Loss after income tax expense for the half-year	-	-	(697,128)	(697,128)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(697,128)	(697,128)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares, net of transaction costs and tax	1,424,721	-	-	1,424,721
Issue of CHKO listed options	-	75,000	-	75,000
Expiry of unlisted options	-	(36,900)	36,900	-
Balance at 31 December 2018	<u>9,977,262</u>	<u>534,181</u>	<u>(6,097,155)</u>	<u>4,414,288</u>

Consolidated	Issued capital \$	Options reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	9,977,262	394,181	-	(6,356,739)	4,014,704
Loss after income tax expense for the half-year	-	-	-	(362,608)	(362,608)
Other comprehensive income for the half-year, net of tax	-	-	1,782	-	1,782
Total comprehensive loss for the half-year	-	-	1,782	(362,608)	(360,826)
Balance at 31 December 2019	<u>9,977,262</u>	<u>394,181</u>	<u>1,782</u>	<u>(6,719,347)</u>	<u>3,653,878</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cohiba Minerals Limited
Statement of cash flows
For the half-year ended 31 December 2019



	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers & employees (inclusive of GST)	(324,273)	(693,654)
Interest received	2,777	10,600
Net cash used in operating activities	(321,496)	(683,054)
Cash flows from investing activities		
Payments for exploration and evaluation assets	(139,174)	(267,188)
Net cash used in investing activities	(139,174)	(267,188)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	1,591,734
Payments for capital raising costs	-	(100,280)
Net cash from financing activities	-	1,491,454
Net increase/(decrease) in cash and cash equivalents	(460,670)	541,212
Cash and cash equivalents at the beginning of the financial half-year	1,195,245	1,898,004
Cash and cash equivalents at the end of the financial half-year	<u>734,575</u>	<u>2,439,216</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Cohiba Minerals Limited as a consolidated entity consisting of Cohiba Minerals Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Cohiba Minerals Limited's functional and presentation currency.

Cohiba Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne, VIC 3205
Ph: (03) 9692 7222
Fax: (03) 9077 9233

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 March 2020.

The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

In applying AASB 16, there were no right-of-use assets and corresponding lease liabilities recognised in the statement of financial position. There was no impact as the consolidated entity was not party to any leases formerly classified as operating leases.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the investment decisions of the board and used by the chief operating decision makers in assessing performance and in determining the allocation of resources. The consolidated entity operates in one segment being the evaluation and exploration of resources in the Oceania region.

Note 4. Non-current assets - exploration and evaluation

	Consolidated	
	31 December	30 June 2019
	2019	2019
	\$	\$
Exploration and evaluation assets	<u>2,600,774</u>	<u>2,461,600</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current half-year are set out below:

Consolidated	Exploration and evaluation assets	Total
	\$	\$
Balance at 1 July 2019	2,461,600	2,461,600
Expenditure during the half year	<u>139,174</u>	<u>139,174</u>
Balance at 31 December 2019	<u>2,600,774</u>	<u>2,600,774</u>

Note 5. Contingent liabilities

There were no contingent liabilities at 31 December 2019 (31 December 2018: Nil).

Note 6. Events after the reporting period

On 24 February 2020 the Company announced that they had appointed Mr Andrew Graham as Chief Executive Officer. Andrew has 30 years of technical, operational and managerial experience in the resources sector with both private and public companies in Australia and overseas. He has founded multiple companies in the mining, mineral processing, consulting and environmental sectors and has a passion for business building through strong leadership, technical excellence and strategic focus.

On 24 February 2020 the Company also announced that they would conduct capital raising through a Share Purchase Plan (SPP). The SPP will seek to raise up to a maximum of approximately \$2 million through the issue of approximately 200 million fully paid ordinary shares (Shares) at an issue price of \$0.01 (1 cent) per share. Applicants through the SPP will also be issued with one free attaching option for every two Shares applied for under the SPP, with each option being exercisable at \$0.013 (1.3 cents) and having an expiry date of 2 years from issue. The Company will seek to have this series of options listed.

On 3 March 2020 the Company announced that the Board has decided to postpone the SPP, which was announced on 24 February 2020, and to reviewing its funding options following the recent volatile market conditions.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 7. Loss per share

	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
Loss after income tax attributable to the owners of Cohiba Minerals Limited	<u>(362,608)</u>	<u>(697,128)</u>
	Cents	Cents
Basic earnings/(loss) per share	(0.05)	(0.12)
Diluted earnings/(loss) per share	(0.05)	(0.12)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>664,614,242</u>	<u>568,962,067</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>664,614,242</u>	<u>568,962,067</u>

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Mordechai Benedikt', written over a horizontal line.

Mordechai Benedikt
Executive Director

13 March 2020

Cohiba Minerals Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cohiba Minerals Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cohiba Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

ACCOUNTANTS & ADVISORS

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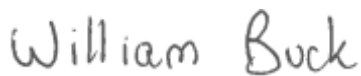
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As the auditor of Cohiba Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in grey ink that reads "William Buck".

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A handwritten signature in grey ink, appearing to be "N.S. Benbow".

N.S. Benbow
Director

Dated this 13th day of March 2020