

Cobalt Blue Holdings Limited

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[SAMPLE NOTIFICATION LETTER]

15 November 2022

Dear Shareholder,

**COBALT BLUE HOLDINGS LIMITED – PLACEMENT & PRO-RATA NON-
RENOUNCEABLE ENTITLEMENT ISSUE
NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

On 7 November 2022, Cobalt Blue Holdings Limited (ASX: COB) (**Company**) announced the Company's placement of ordinary shares (**New Shares**) to sophisticated and institutional investors (**Placement**) and a 1 for 10 pro rata non-renounceable Entitlement Issue (the **Entitlement Issue**) (collectively, the **Offer**). The Company expects to raise a total of \$14-16 million under the Offer with \$4 million confirmed under the Placement and \$10-12 million under the Entitlement Issue. The maximum amount the Company would raise under the Entitlement Issue if all Entitlements are taken up is \$19.2 million.

The Entitlement Issue is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Act**) (as modified by ASIC Instrument 2016/84).

This letter is to inform you about the Entitlement Issue, and to explain why you will not be able to subscribe for New Shares under the Entitlement Issue. This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. You are not required to do anything in response to this letter.

Details of the Entitlement Issue

In July 2022 the Company announced that after an extensive process a team of leading engineering firms had been selected to carry out Definitive Feasibility Studies (**DFS**) on the Company's Broken Hill Cobalt Project (**BHCP**). The DFS requires completion of a series of key work programs including Demonstration Plant operations, geological and resource drilling and studies, waste rock and tailings studies, metallurgical studies, engineering studies and project approvals.

The Company intends to use the proceeds from the Offer together with existing cash resources to advance its activities through to the 2H 2023 in parallel with work on completing the Definitive Feasibility Study (DFS) on the Broken Hill Cobalt Project (BHCP). In addition to the DFS, the work will include:

- (a) initiation of Front-End Engineering Design (FEED) studies, to be executed post-delivery of DFS;
- (b) BHCP Demonstration Plant maintenance and retention of operations staff beyond BHCP FS test work (likely to finish in Q1 2023) in order to retain a core of well-trained operators on staff through to commissioning of the BHCP (anticipated 2025);
- (c) cobalt in Waste Streams opportunities where current test work is expected to be expanded, potentially requiring larger scale test work at the existing Demonstration Plant;
- (d) selective local commercial/industrial property purchases required to support future BHCP operations; and
- (e) general corporate activities including partner selection and project financing investigations.

If the full amount of funds is not raised, the Company would need to consider scaling back the planned expansion of the programs that form part of the DFS.

The Entitlement Issue is being offered to Eligible Shareholders (as defined below) on the basis of 1 New Share for every 10 shares held (**Entitlement**). The Entitlement Issue also includes a shortfall facility under which Eligible Shareholders that have taken up their full Entitlement under the Entitlement Issue can apply to take up additional New Shares in excess of their Entitlement.

The New Shares, including those issued under the shortfall facility, will rank equally with all other fully paid ordinary shares in the Company, including in respect of dividends, from the date of the allotment.

Shareholders who are eligible to participate in the Entitlement Issue (**Eligible Shareholders**) are those who:

- (a) were registered as an existing shareholder as at 7:00pm (Sydney time) on 10 November 2022;
- (b) have a registered address on the share register that is located in Australia, New Zealand, the United Kingdom, Hong Kong and Singapore;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Issue without any required for a prospectus or offer document to be lodged or registered.

Eligibility criteria

The restrictions upon eligibility to participate in the Entitlement Issue are because of the legal and regulatory requirements in certain countries, the relevant small number of shareholders in those countries, the small number of shares they hold, the relatively low value of the New Shares to which those shareholders would otherwise be entitled and the potential costs of complying with those legal and regulatory requirements in those countries.

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3) of the Act, that it would be unreasonable to make offers under the Entitlement Issue to shareholders in countries other than Australia, New Zealand, the United Kingdom, Hong Kong and Singapore due to the legal limitations and potential costs of complying with regulatory requirements in those countries.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, the Company wishes to advise you that you are not eligible to participate in the Offer and you will not be sent a copy of, or be able to electronically access, the Offer Document because you are not an Eligible Shareholder.

This notice is to inform you about the Entitlement Issue. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. You are not required to do anything in response to this letter.

Further Information

You may wish to contact your stockbroker, accountant or other independent and appropriately licensed professional adviser if you have any queries concerning the Entitlement Issue or if you believe that you are eligible to participate in the Entitlement Issue.

For any further information about the Entitlement Issue, you can contact the Company's share registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (from outside Australia). The share registry will be contactable Monday to Friday between 8:30am – 5:00pm (Sydney time).

On behalf of the Board and management, thank you for your continued interest in the Company.

Yours faithfully,
Cobalt Blue Holdings Limited

Danny Morgan

Company Secretary

Released with the authority of the Board of Cobalt Blue Holdings Limited.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

*This letter is issued by Cobalt Blue Holdings Limited (**Company**). This letter is not a prospectus or offer document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in the Company in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of the Company's shares. No action has been, or will be, taken to register any offer or otherwise permit a public offering of securities outside Australia, New Zealand, United Kingdom, Hong Kong and Singapore. This letter may not be released or distributed in the United States.*

*This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The Entitlement and the New Shares offered in the Entitlement Issue have not been, and will not be, registered under the U.S. Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by persons in the United States and the New Shares may not be offered or sold in the United States, unless they have been registered under the U.S. Securities Act or are offered or sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Entitlement and the New Shares to be offered and sold in the Entitlement Issue may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.*

