

Cobalt Blue Holdings Ltd. (ASX:COB)

Diversifying Into Base and Precious Metals With Halls Creek

Corporate Update

February 19, 2025

(Currency is A\$ unless noted otherwise)

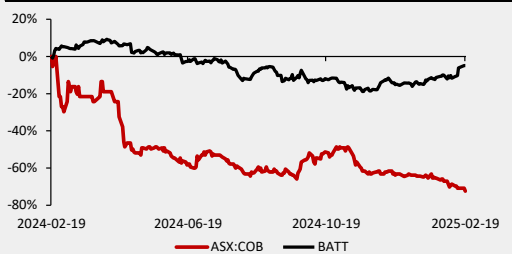
Closing Price (A\$/sh)	\$0.05
Target (A\$/sh)	\$0.20
Rating	BUY (S)
Return to Target	292%
52 Week Low / High (C\$/sh)	\$0.05 / \$0.19

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	436.70	484.40
Market Capitalization (A\$M)		22.3
Enterprise Value (A\$M)		19.9
Cash & Cash Equivalents (A\$M)		5.4
Total Debt (A\$M)		3.0

STOCK CHART



RELATIVE PERFORMANCE



RELATIVE VALUATION (EV/lb CoEq)	A\$	US\$
Cobalt Blue Holdings Limited	0.09	0.07
Explorer/Developer Peers	1.77	1.28

VALUATION	A\$M	A\$/sh
Kwinana refinery	-	-
Broken Hill	374.78	0.77
ReMine+	72.77	0.15
Project NAV	447.55	0.92
Corporate adjustments	2.39	0.00
Corporate NAV	449.94	0.93

MAJOR SHAREHOLDERS

Management and Insiders (9%), A10 Investments Pty Ltd (1.9%), St Ives No5 Pty Ltd (1.6%)

DISCLOSURE CODE:

(Please refer to the disclosures listed on the back page)

Source: RCS estimates, Company Information, Capital IQ

Company Description

Cobalt Blue Holdings Limited is focused on producing metals critical to the global energy transition. The company is focused on a long-term mine to battery strategy based on three pillars; the Kwinana Co-Ni refinery in western Australia, the Broken Hill Co Project in New South Wales, and the ReMine+ initiative that aims to use patented technology to reprocess pyrite present in tailings facilities around the globe and extract critical metals. Once the refinery is in production, management expects to become one of the largest Co producers outside of China (and top 10 globally). Phase 1 plans are to produce ~3,000tpa of Co Sulfate and ~500tpa Ni sulfate from 3rd party feed at its Kwinana refinery, with Phase 2 expected to double production and incorporate mixed hydroxide precipitate (MHP) from its Broken Hill project.

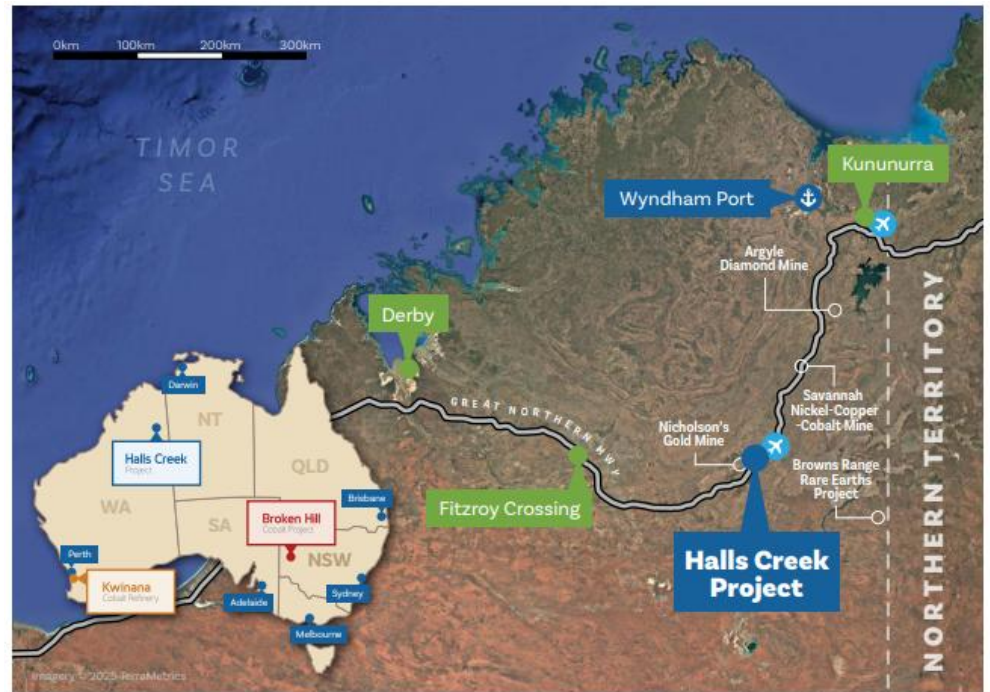
Impact: Positive

Cobalt Blue has entered into an earn-in agreement with AuKing Mining Ltd. (ASX:AKN, Not Rated) to acquire up to a 75% interest in the Halls Creek polymetallic project in Western Australia (Figure 1). The project hosts the Sandiego and Onedin Cu-Pb-Zn-Ag-Au deposits with I&I resources of 8.9Mt at 2.80% CuEq, containing ~541M lbs of CuEq. Terms of the transaction include issuing shares worth A\$200,000 and incurring A\$2M in exploration expenditures across two stages, by June 2028. On the back of this diversification, the company is rebranding itself as Core Blue Minerals Ltd. **We view this update positively given the depressed state of the cobalt market and are encouraged to see Cobalt Blue diversifying into other metals, particularly copper.** While management has been focused on reaching a financing decision for the Kwinana Co refinery, we could see this sit on the back burner, at least until cobalt prices rebound. We look forward to seeing additional updates on both the Kwinana refinery and the Halls Creek polymetallic project in 2025.

- **Terms of the agreement.** Cobalt Blue can acquire an initial 51% interest by issuing ~2.8M shares at A\$0.072/sh, worth A\$200k, and incurring A\$500k in expenditures by June 2027. It can increase its interest to 75% interest by incurring an additional A\$1.5M in expenses by June 2028 (Figure 2).
- **A well-located project providing portfolio diversification.** The Halls Creek Cu-Pb-Zn-Au project is located in the Kimberley region of Western Australia, ~15km SW of the Halls Creek town and 320km south of the Wyndham deep water port. Both the Sandiego and Onedin deposits lie adjacent to the Great Northern Highway, connecting them to the port. The project provides diversification into non-battery metals, predominantly copper, which is poised to face supply challenges over the long term on the back of decades of underinvestment.
- **Significant exploration upside at both deposits.** Sandiego and Onedin have undergone ~22,250m and 12,866m of drilling since 1995 and host 287M and 254M lb CuEq, respectively. Geological modeling has highlighted high-grade extensions and repetition within favourable rocks and structures, that provide additional exploration upside (Figures 3 to 6). Drilling at Onedin also identified near-surface oxide-transition-supergene Cu mineralization with high-grade potential. Highlights from this zone include: 1) 10.2% Cu, 0.5% Pb, 1.0% Zn and 103 g/t Ag over 16.6m (AORD044).
- **A potential feed source for Kwinana.** While the company's Kwinana refinery is planned to primarily focus on cobalt, it is looking to expand its capabilities into other metals and Halls Creek could provide potential feed to this refinery in the future.

We maintain our BUY (S) rating and A\$0.20/sh target price for Cobalt Blue. Our target price is based on the sum-of-parts valuation method for the Broken Hill project and ReMine+ initiative. While we do not provide any value for Halls Creek currently, we may seek to adjust our estimates in the future. **Upcoming catalysts:** 1) Closing of the Halls Creek transaction, 2) Permit applications (Q2/25), and 3) Kwinana update (2025).

Figure 1: Location of the Halls Creek polymetallic project



Source: Company Reports

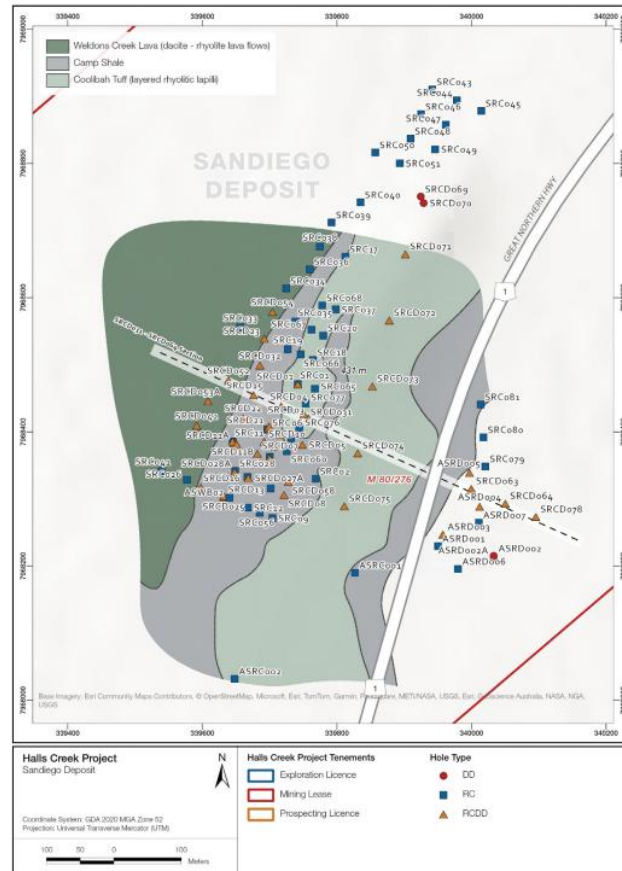
Figure 2: Halls Creek Indicated and Inferred mineral resource estimate

Deposit	Tonnage (Mt)	Cu%	Pb%	Zn%	Ag g/t	CuEq %	Cu kt	Pb kt	Zn kt	Ag Koz	Au koz	CuEq kt *	CuEq M-lb *
Sandiego	4.1	1.40%	0.40%	4.20%	25	3.18%	56	18	175	3,300	25	130	287
Onedin	4.8	0.70%	1.10%	3.10%	38	2.40%	33	51	151	5,900	20	115	254
Total	8.9	1.00%	0.78%	3.66%	32	2.76%	89	69	326	9,200	45	246	541

* CuEq calculation is based on long-term RCS Cu price estimate of US\$4.00/lb, US\$1.00/lb Pb, US\$1.20/lb Zn, US\$28/oz Ag, and US\$2,400/oz Au

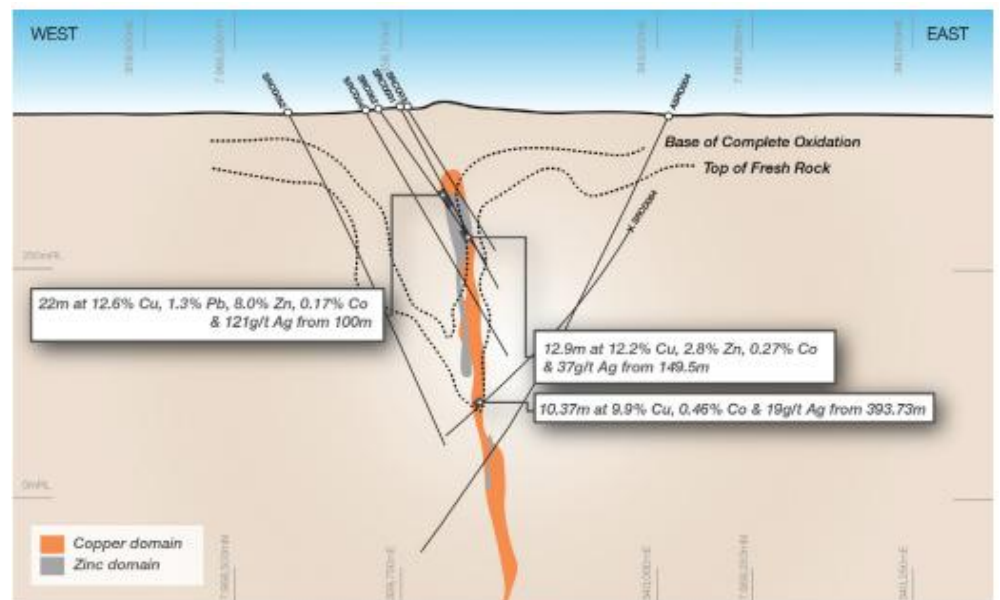
Source: Company Reports, RCS long-term commodity price estimates

Figure 3: Plan map of the Sandiego deposit with drill locations



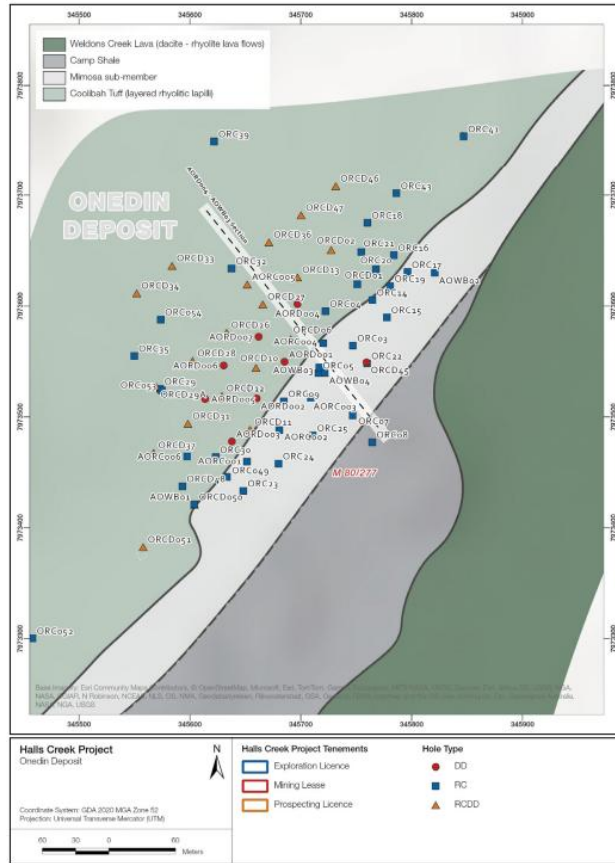
Source: Company Reports

Figure 4: Cross section of the Sandiego deposit



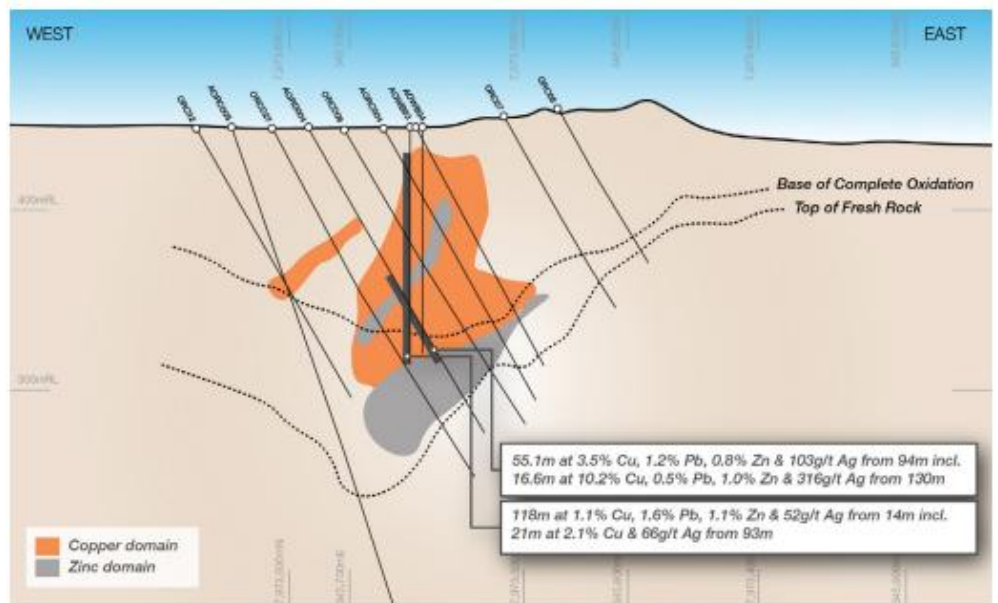
Source: Company Reports

Figure 5: Cross section of the Onedin deposit



Source: Company Reports

Figure 6: Cross section of the Onedin deposit



Source: Company Reports

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Disclosure Statement

Updated February 19, 2025

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Date	Rating	Target	Status	%
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2024-10-15	BUY (S)	0.20	BUY (S)	32%
2025-01-07	BUY (S)	0.20	HOLD	0%
			TENDER/ SELL	0%
			NA	2%
			UNDER REVIEW	0%

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Company Name	Ticker Symbol	Disclosures
Cobalt Blue Holdings Ltd.	ASX:COB	

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