

Quarterly Report



28 April 2017

March 2017 – Highlights

Cobalt Blue Holdings Ltd A Green Energy Exploration Company



ASX Code:

COB

Commodity Exposure:

Cobalt & Sulphur

Directors & Management:

Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Trangie Johnston	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Ian Morgan	Company Secretary

Capital Structure:

Ordinary Shares on Issue at 27/04/2017:	95m
Options (Unlisted – not vested):	28.25m
Market Cap (undiluted):	\$27m

Share Price:

Share Price at 27/04/2017:	\$0.25
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Cobalt Blue Holdings (COB) Share Price

02 February to 27 Apr 2017



Cobalt Blue Holdings Limited

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Thackaringa Project

- Assays Confirm Thackaringa as a significant Cobalt-Pyrite Project.
- Diamond and RC drilling campaign concluded, further drill assays and Scoping Study work underway.
- Second round of drill results being processed, expect market release early May 2017.
- Market demand forecasts show increasing cobalt market deficit, 9% CAGR demand growth to 2020F with Electric Vehicle (EV) battery demand the key driver.

Corporate

- Cobalt Blue Holdings Limited listed successfully 2 February 2017.
- Options vesting date 2 May 2017. COB will then apply for ASX quotation, expected on or about 9 May 2017.
- Conditions fulfilled to receive 51% of beneficial interest of Thackaringa Leases (EL6622, EL8143, ML86, ML87) to Cobalt Blue Holdings. This receipt is subject to retention clauses, detailed in this release.
- Completion of successful China visit.



Pyrite Hill Deposit – as seen from Broken Hill – Port Pirie railway line

Thackaringa Cobalt – Broken Hill NSW

Cobalt Blue Holdings Limited (ASX:COB) reported significant and encouraging cobalt assays from our drilling program commenced in November 2016 at the Thackaringa project near Broken Hill, NSW. The results were reported 27 March 2017 and reinforce the substantial cobalt and pyrite development opportunity at Thackaringa. Drilling was commenced by Broken Hill Prospecting Limited (ASX:BPL) which retains a participating interest in the project.

- Assays from our 2016 Diamond Drilling program confirm continuity and tenor of cobalt-pyrite mineralisation at Railway, Pyrite Hill and Big Hill deposits.
- The Diamond Drilling program provided representative material for planned metallurgical testwork that commenced in March.
- A significant Reverse Circulation (RC) drilling program (commenced in February 2017) designed to expand and upgrade existing Thackaringa Mineral Resources is complete.

The Thackaringa project is located within the Broken Hill Block of the Curnamona Province and is composed of Willyama Super-group high grade regional metamorphic gneisses, schists and amphibolites. Within the project area the local geology is dominated by quartz-albite-biotite gneiss, quartz-albite gneiss, and amphibolite dykes. The extensive stratabound cobalt-pyrite mineralisation at each deposit (Pyrite Hill, Big Hill and Railway) is hosted by quartz-albite gneiss.

- At Railway, assays confirm broad intersections of high-grade mineralisation with potential to add to the existing resource. Mineralised intercepts include:¹
 - a. Drillhole 16DM05 – 48m @ 1,045ppm Co from 30m
 - b. Drillhole 16DM06 – 42m @ 1,615ppm Co from 28m
 - c. Drillhole 16DM07 – 25m @ 1,232 ppm Co from 35m and 26m @ 1,456 ppm Co from 71m
 - d. Drillhole 16DM08 – 4m @ 1,301ppm Co from 57m and 19m @ 1,221ppm Co from 76m
- At Pyrite Hill mineralised intercepts include:
 - a. Drillhole 16DM01 – 52m @ 840ppm Co from 95m including 7m @ 1,111ppm Co from 96m
 - b. Drillhole 16DM02 – 23m @ 1,392ppm Co from 127m

Mineralisation at the three deposits has a combined strike length of 4.5 kilometres with widths varying from 25 metres to 100 metres. The increased thickness is typically due to the extensive development of tight isoclinal folding within the pyritic horizon. The 2016 drilling program comprised eight fully-cored diamond drill holes at three locations - Pyrite Hill, Big Hill and Railway (Figure 1).

The work was undertaken primarily to provide sufficient material to undertake meaningful metallurgical test work. By twinning previous RC holes the JV was able to confirm the tenor of mineralisation and compare the assays and sampling protocols for historical RC percussion drilling vs diamond drilling. All 2016 holes were drilled at inclinations between 45 and 60 degrees into the steeply-dipping host lithology.

A total Inferred Mineral Resource of 33.1Mt at 833ppm cobalt (at a 500ppm Co cut-off) has previously been estimated for Thackaringa (reference COB Replacement Prospectus released 31 January 2017).

The now completed 2017 drilling program comprised approximately 4,675m of RC drilling plus 1,797m of diamond drilling. The program is designed to extend the drilling coverage and improve drilling density in support of future Mineral Resource estimations, replace some of the historical drilling for QA/QC purposes and provide material for further metallurgical testwork.

COB's activities have related to exploration, there have been no activities relating to production or development.

Following is a summary of the expenditure incurred on exploration activities during the quarter:

Activity	\$000
Joint Venture Exploration	148
Drilling	195
Technical Services Geology	113
General & Administration	17
	43
	516

¹ As released 27 March 2017

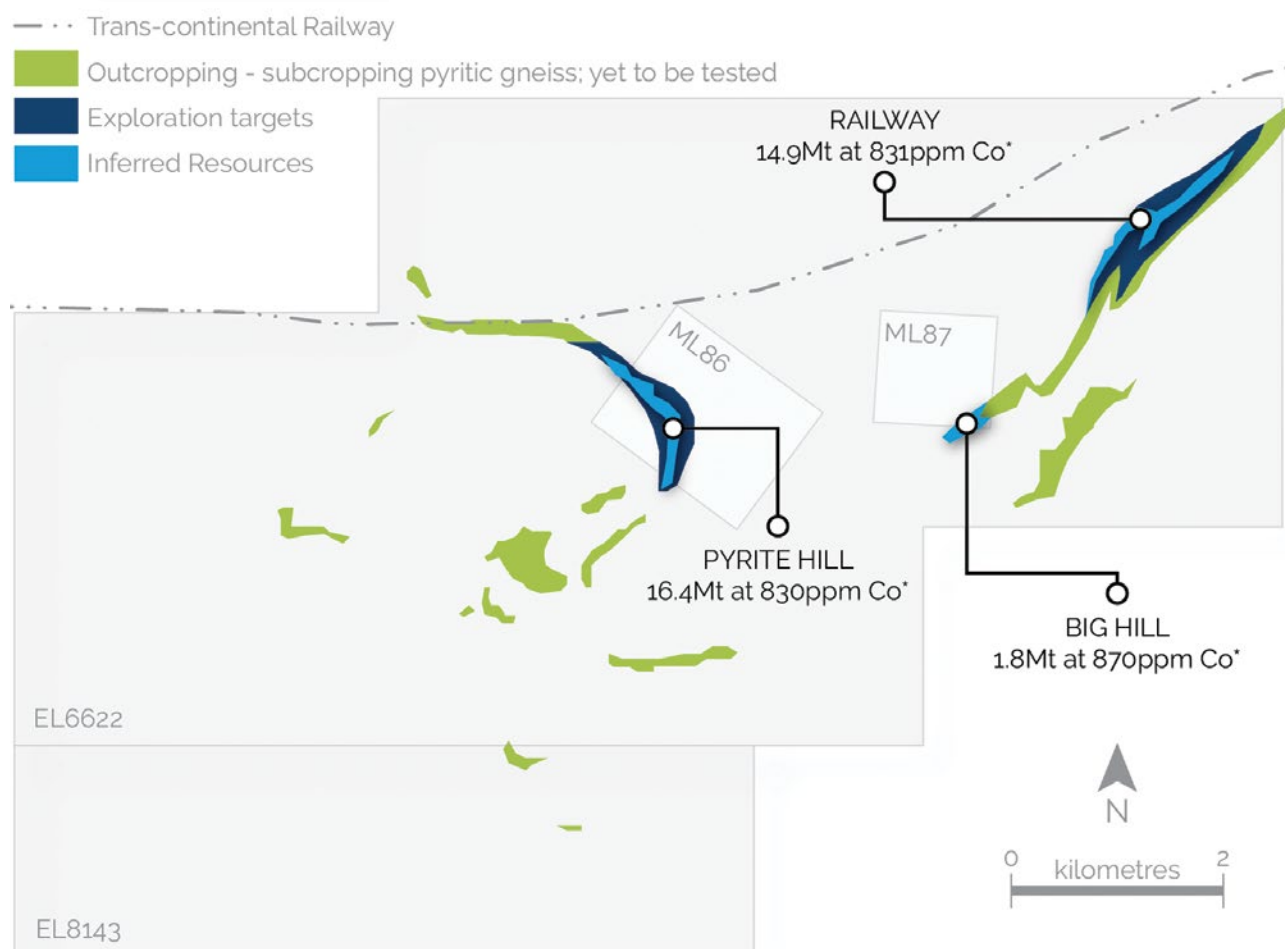


Figure 1: Pyrite Hill, Big Hill and Railway deposits – as released Replacement Prospectus dated 3 January 2017

Our schedule of work is shown below. Looking forward, we will be delivering a Preliminary Feasibility Study by mid-2018 and a full Bankable Feasibility Study by mid-2019.

30 June 2017	30 June 2018	30 June 2019	30 June 2020
Stage One A\$2m expenditure in the ground – Inferred Resource Target Deliver: Scoping Study Target Date: 30 June 2017	Stage Two A\$2.5m expenditure in ground – Indicated Resource Target Deliver: Preliminary Feasibility Study Target Date: 30 June 2018	Stage Three A\$5.0m expenditure in ground – Measured Resource + Reserves Target Deliver: Bankable Feasibility Study + Project Approvals Target Date: 30 June 2019	Stage Four Decision to Mine Project Financing Approved Target Date: 30 June 2020

Figure 2: COB developmental timeline for the Thackaringa Cobalt Project

Drilling has now concluded under Stage One of COB's developmental milestones. Preparation and assaying of the substantial Stage One drilling program continues. We expect to release a second round of drilling results in early May 2017.

In conjunction with this work, significant technical studies are being undertaken as part of our Scoping Study commitments, to be finalised mid-year.

The Global Cobalt Market

The following section has been included with permission from Hillcrest Consulting, a global cobalt commodity consulting service.

The global cobalt market is characterised by low supply coupled with high demand growth that will drive long dated price strength.

Demand

- 9% demand CAGR to 2020 – Electric Vehicle battery demand the initial driver.

Supply

- 3% supply CAGR to 2020 – Cobalt prices have little influence on primary producers' decision-making as most cobalt is a by-product of either nickel or copper production. Mounting evidence exists to suggest that new nickel and copper supply growth is cobalt constrained.

Price Outlook

- 2017 marks the beginning of a sustained price rally, set to revisit previous cyclical highs, forecast to hit US\$80,000 per tonne by 2020F – refer to Figure 3 below. However, not all battery materials are the same, as the lithium price is forecast to weaken.

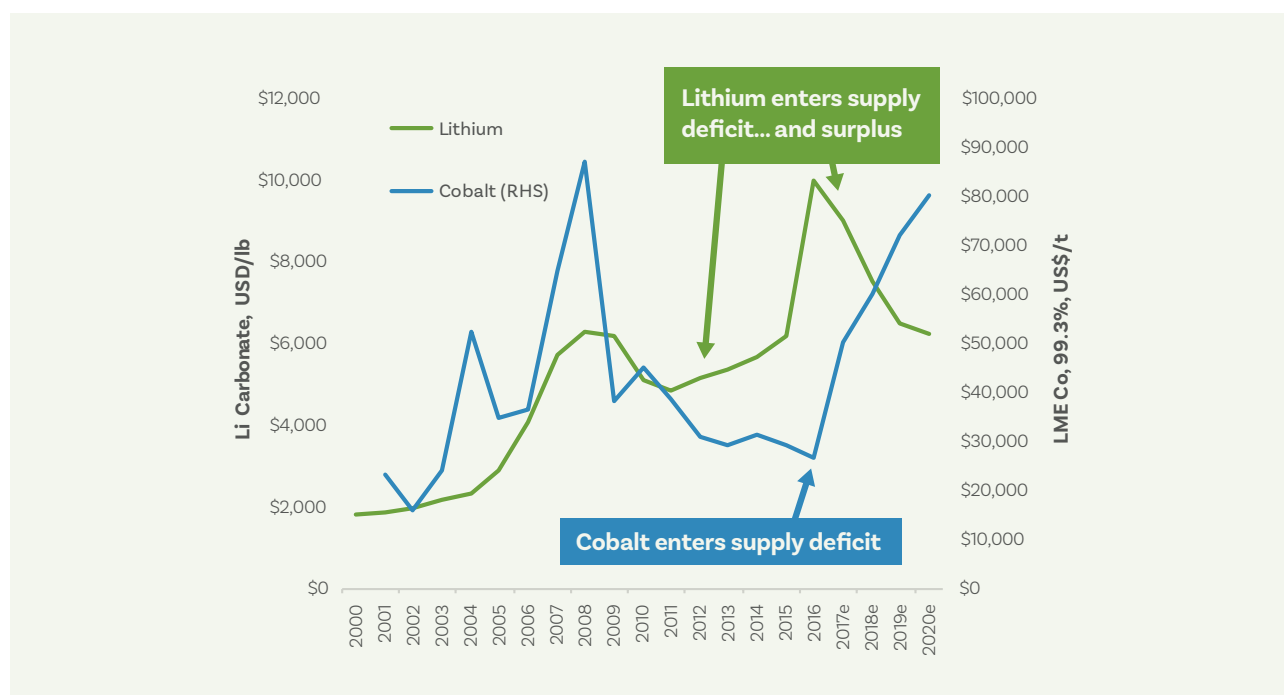


Figure 3: Cobalt market enters supply deficit (Source: Hillcrest Consulting)

Corporate News

Cobalt Blue Holdings Limited listed successfully on the Australian Securities Exchange (ASX) – 2 February 2017.

Options

Participating IPO shareholders received 12.5 million free attaching Loyalty Options on a 1:4 basis.

As part of an in-specie distribution, Broken Hill Prospecting Ltd (BPL) shareholders received 8.75 million free Bonus Options (also on a 1:4 basis).

The Loyalty and Bonus options will vest on 2 May 2017 (three months after COB's ASX listing). COB will then apply for ASX quotation, expected on or about 9 May 2017.

Further details of the In-Specie Distribution, Bonus Options and Loyalty Options may be found in Sections 2.1, 2.2 & 2.3 of the COB Replacement Prospectus dated 3 January 2017 (Replacement Prospectus) – supplemented by the supplementary prospectus dated 10 January 2017 (Supplementary Prospectus), copies of which may be found at www.cobaltblueholdings.com.

Conditions fulfilled to receive 51% of economic interests of Thackaringa Leases to Cobalt Blue

Conditions have been fulfilled (Exploration Farm-in Joint Venture Agreement Clause 3.1(a) & 3.1(b)) to receive 51% of beneficial interest of the Thackaringa Project to Cobalt Blue Holdings. Cobalt Blue notes the interest must be retained under Clause 3.1(d), reprinted below:

Exploration Farm-in Joint Venture Agreement (Broken Hill Prospecting Ltd and Cobalt Blue Holdings Ltd) - Clause 3.1(d)

In order for COB to retain the Stage 1 Percentage Share received in accordance with clause 3.1(b), then during the period commencing on the Commencement Date and ending no later than 30 June 2017 (**Stage 1 Earning Period**), COB must:

1. Complete an Exploration program of works within the JV Area (with a minimum 'in ground' expenditure of AUD 2 million (inclusive of GST and in addition to the Execution Payment)) which is sufficient to define an Inferred Mineral Resource of 100 Mt (to JORC 2012 standards), and give a notice to BHPL verifying the amount of Expenditure that COB has incurred on Exploration in the JV Area; and
2. Complete a Scoping Study (to JORC 2012 standards).

Please note: The tenement holdings described at the conclusion of this release do not show this interest as the satisfying conditions were met after the end of the quarter.

Completion of Successful China Visit.

CEO Joe Kaderavek and Chair Robert Biancardi recently (4–8 April) completed a commercial/technical visit to China. They travelled extensively across four provinces, visiting companies responsible for over 80% of Chinese cobalt capacity. China processes approximately 50% of the world's cobalt and has long dated experience with cobalt extraction and technical expertise require to make cathodes (cobalt containing electrodes found in lithium-ion batteries).

COB management believes there are enormous benefits to co-operation, for example deploying best in class technologies to achieve high yield, low cost extraction processes. The team were very impressed by Chinese research and development efforts, particularly focussed upon cobalt salt production from sulphide materials (such as Cobalt Blue). Further, plant design and state of the art process control allow for efficient processing of very high material volumes.

From their viewpoint, Chinese refineries are looking for diversification away from an increasing dependency on sourcing cobalt from the African copper belt. The collective view was that current pricing (approx. US\$25/lb) was sustainable, with all industry participants making a good margin. However, further upward price pressure may cause battery makers to "thrift" and use lower cobalt content cathodes in response.

Looking forward, we would like our shareholders to keep in touch with COB updates and related news items, which we will post on our website, the ASX announcements platform, as well as social media such as Facebook (f) and LinkedIn (in). Please don't hesitate to join the 'COB friends' on social media and also to join our newsletter mailing list at our [website](http://www.cobaltblueholdings.com).



Joe Kaderavek
Chief Executive Officer

Cobalt Blue Holdings

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Previously Released Information

This ASX announcement refers to information extracted from the following report, which is available for viewing on COB's website www.cobaltblueholdings.com

- 27 March 2017: Assays confirm Thackaringa as a Significant Cobalt-Pyrite Project
- 31 January 2017: Replacement Prospectus dated 3 January 2017 (Replacement Prospectus) – supplemented by the supplementary prospectus dated 10 January 2017 (Supplementary Prospectus)

COB confirms it is not aware of any new information or data that materially affects the information included in the original market announcement, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. COB confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcement.

Competent Person's Statement

The information in this report that relates to exploration results, Mineral Resources and Targets is based on information compiled by Mr Anthony Johnston, BSc (Hons), who is a Member of the Australian Institute of Mining and Metallurgy and who is a non-executive director of Cobalt Blue Holdings Limited, the Chief Executive Officer of Broken Hill Prospecting Limited and the Technical Manager of the Joint Venture. Mr Johnston has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 & 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Johnston consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

About Cobalt Blue Limited

Cobalt Blue ("COB") is an exploration company focussed on green energy technology and a strategy of fast-tracking development of the Thackaringa Cobalt Project in New South Wales to achieve commercial production of cobalt. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

COB has entered into a farm-in joint venture agreement with Broken Hill Prospecting Limited ("BPL") in which COB seeks to acquire an initial 51% interest in the Thackaringa Cobalt Project. COB will undertake exploration and development programs on the Thackaringa Cobalt Project and, subject to the achievement of milestones, will acquire 100% of the Thackaringa Cobalt Project.

Thackaringa Cobalt Project

The Thackaringa Cobalt Project is strategically located 23km South West of Broken Hill, New South Wales, adjacent to the main transcontinental railway line. Mineralised outcrop extends for over 10km, with less than a quarter of this trend having been drill tested. The large, near surface deposits at Thackaringa make the project suitable for large-scale, open cut mining methods.

Cobalt is a necessary metal for the production of the latest generation, high energy density lithium-ion batteries used for energy storage. Cobalt demand is rising materially as energy storage applications such as electric vehicles and solar storage batteries penetrate the global economy.

Tenement Holding

The interests in tenements held by Cobalt Blue Limited at the end of the quarter and the related percentage of ownership:

Thackaringa Cobalt Project

EL 6622	0% Cobalt Blue Ltd
EL 8143	0% Cobalt Blue Ltd
ML 86	0% Cobalt Blue Ltd
ML 87	0% Cobalt Blue Ltd

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin Appendix 8, Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity: **Cobalt Blue Holdings Limited**

ABN: **90 614 466 607**

Quarter ended ("current quarter"): **31 March 2017**

	Current quarter	Year to date commencing 26 Aug 2016
Consolidated statement of cash flows	\$A'000	\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for:		
(a) exploration and evaluation	(516)	(516)
(b) development	–	–
(c) production	–	–
(d) staff costs	(196)	(246)
(e) administration and corporate costs*	(256)	(416)
1.3 Dividends received (see note 3)	–	–
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	–	–
1.6 Income taxes paid	–	–
1.7 Research and development refunds	–	–
1.8 Other (provide details if material)	–	–
1.9 Net cash from/(used in) operating activities	(967)	(1,176)
<i>*This includes \$206k of 1-off costs in relation to the IPO and prospectus.</i>		
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	–	–
(b) tenements (see item 10)	(500)	(500)
(c) investments	–	–
(d) other non-current assets	–	–
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	–	–
(b) tenements (see item 10)	–	–
(c) investments	–	–
(d) other non-current assets	–	–
2.3 Cash flows from loans to other entities	–	–
2.4 Dividends received (see note 3)	–	–
2.5 Other (provide details if material)	–	–
2.6 Net cash from/(used in) investing activities	(500)	(500)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date commencing 26 Aug 2016 \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,687	10,555
3.2 Proceeds from issue of convertible notes	–	–
3.3 Proceeds from exercise of share options	–	–
3.4 Transaction costs related to issues of shares, convertible notes or options	(553)	(646)
3.5 Proceeds from borrowings	–	–
3.6 Repayment of borrowings	–	–
3.7 Transaction costs related to loans and borrowings	–	–
3.8 Dividends paid	–	–
3.9 Other (provide details if material)	–	–
3.10 Net cash from/(used in) financing activities	1,134	9,909
4. Net increase/(decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	8,566	–
4.2 Net cash from/(used in) operating activities (item 1.9 above)	(967)	(1,176)
4.3 Net cash from/(used in) investing activities (item 2.6 above)	(500)	(500)
4.4 Net cash from/(used in) financing activities (item 3.10 above)	1,134	9,909
4.5 Effect of movement in exchange rates on cash held	–	–
4.6 Cash and cash equivalents at end of period	8,233	8,233
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	8,233	1,797
5.2 Call deposits	–	–
5.3 Bank overdrafts	–	–
5.4 Other (provide details)	–	–
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,233	1,797
6. Payments to directors of the entity and their associates	Current quarter \$A'000	
6.1 Aggregate amount of payments to these parties included in item 1.2		196
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		–
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 N/A		
7. Payments to related entities of the entity and their associates	Current quarter \$A'000	
7.1 Aggregate amount of payments to these parties included in item 1.2		–
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		–
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 N/A		

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	–	–
8.2 Credit standby arrangements	–	–
8.3 Other (please specify)	–	–
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation	1,808
9.2 Development	–
9.3 Production	–
9.4 Staff costs	68
9.5 Administration and corporate costs	257
9.6 Other (transaction costs re previous issue of shares)	47
9.7 Net cash from/(used in) financing activities	2,180

10. Changes in tenements (items 2.1(b) and 2.2(b) above)

There was no change in tenement during the period. Subsequent to the end of the period the Company made a contractual payment under the Exploration Farm-in Joint Venture Agreement to reimburse Broken Hill Prospecting Limited ("BHPL") for certain exploration costs.

This marks the Commencement Date of the Joint Venture Agreement and the Company has earned a 51% beneficial interest in the joint venture assets.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Ian Morgan

Company Secretary

28 April 2017

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.