

Cobalt Blue Holdings Limited

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17 January 2020

Execution of Final Agreements to acquire Broken Hill Prospecting Limited's (BPL) interests in the Broken Hill (Thackaringa) Cobalt Project

On 4 December 2019 Cobalt Blue Holdings Limited (ASX:COB) announced it had executed a binding Heads of Agreement (HOA) with Broken Hill Prospecting Limited (ASX:BPL) for COB to acquire 100% ownership and legal title of the Broken Hill (Thackaringa) Cobalt Project (including all tenements).

COB is pleased to advise that COB and its wholly owned subsidiary, Broken Hill Cobalt Project Pty Ltd (BHCP), and BPL have now executed final agreements for the assignment of BPL's interests (including legal title). BPL's ownership and legal title of the Broken Hill (Thackaringa) Cobalt Project will be transferred to BHCP.

The consideration payable under the final agreements remains unchanged from that announced on 4 December 2019. Namely, the COB group will pay/issue to BPL:

- a. \$500,000 cash, of which \$200,000 was paid today, with the balance expected to be paid on or about 28 February 2020.
- b. 9,000,000 COB fully paid ordinary shares. These shares are expected to be issued on settlement, on or about 5 February 2020.
- c. A \$1,000,000 three-year Convertible Note (CN), with interest of 6% per annum payable annually in arrears. BPL is able to convert the CN to COB fully paid ordinary shares at maturity or on 18 January 2021 or 17 January 2022. The CN is convertible with a \$0.20 conversion price. The issuer of the note, BHCP, has the ability to redeem the CN early, without penalty.
- d. A \$3,000,000 five-year Promissory Note (PN) from BHCP, interest free for years 1, 2 and 3, and interest of 6% per annum payable in arrears. The PN is secured over the title to the tenements. The PN can be repaid at any time in whole or in part, without penalty. Once the PN is repaid in full, the security over the tenements is extinguished.

BHCP's obligations in the final agreements have been guaranteed by COB.

The relevant title transfer application documents have also been lodged with the NSW Department of Planning & Environment.

BPL will retain a Net Smelter Return royalty of 2% on all cobalt production from the project.

COB is pleased to now have 100% of the Broken Hill (Thackaringa) Cobalt Project.

On behalf of the Board of Cobalt Blue Holdings Limited

Robert J Waring
Company Secretary

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USE