Cobalt Blue Holdings Ltd: Thackaringa Joint Venture Update

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Sydney, Australia - Cobalt Blue Holdings Ltd. (ASX:COB) (OTCMKTS:CBBHF) announces the Company decides not to exercise its rights to proceed further under Thackaringa Joint Venture Farmin Earning Period provisions.

KEY POINTS:

- Following completion of a Pre-Feasibility Study (PFS), the Thackaringa Joint Venture commissioned Wood PLC, a globally renowned engineering firm, to perform a PFS gap analysis review. Wood subsequently recommended up to a 24 month period for further Bankable Feasibility Study (BFS) work.

- COB has concluded that the risk of attempting to fast track such studies into a period of only 12 months, to meet the BFS timetable in the Exploration Farmin Joint Venture Agreement (Farmin Agreement) with Broken Hill Prospecting Ltd. (ASX:BPL), would significantly impair the project and pose undesirable risk. Subsequently, after a period of negotiations leading to no acceptable commercial outcomes, COB has now elected out of the Earning Period process of the Farmin Agreement.

- Notwithstanding COB's decision, it will continue to hold its recently upgraded and announced 70% beneficial interest in the project.

- COB will remain in the Thackaringa Cobalt Project as a Joint Venture partner with BPL (30% beneficial interest). COB will now work with our JV partner, BPL to progress the Thackaringa Cobalt Project through development and feasibility studies, and assuming positive results, and into the construction and ultimately production phases.

- COB will remain Manager of the Joint Venture.

Previously we have updated the market on the Wood Review and its bearing on feasibility studies. The review clearly outlined that it is prudent, particularly where complex operations are concerned, for there to be an extended development and testwork phase prior to moving onto the next stage of studies. Wood concluded that the pre-BFS work, completion of flowsheet development, additional bulk scale testwork, demonstration operations and feasibility studies will take up to 24 months.

As COB is committed to using an industry best practice approach to deliver the world class Thackaringa Cobalt Project, it will implement the recommendations of the Wood review to improve the technical robustness of the pre-planning, preparation and technical work required to support the full cobalt sulphate flowsheet. COB continues to believe that Thackaringa's future lies in making a battery ready ingredient that captures the entire cobalt margin through cycle for our shareholders.

COB is currently finalising the timeline for such feasibility studies, with a view to preserving the board investment decision date to Q3 2020. The ability to deliver a higher quality, more rigorous feasibility study in the interim, one that de-risks the project, is our primary focus.

Due to these reasons we are unable to deliver a BFS by mid 2019, which is required under the Earning Period provisions of the Farmin Agreement. The COB board believes that to attempt to rush these studies, without proper diligence, is imprudent and not in the best interests of the Thackaringa Cobalt Project or COB's shareholders. As a result, COB is unable to progress further within the Earning Period provisions in the Farmin Agreement and has elected to stay within the Joint Venture as a 70% partner. We therefore welcome BPL as our 30% JV equity partner and look forward to developing the project with its assistance.

Cobalt Blue has the following beneficial interests in the tenements:

- EL 6622 - 70% beneficial interest.

- EL 8143 - 70% beneficial interest.

- ML 86 - 70% beneficial interest.

- ML 87 - 70% beneficial interest.

About Cobalt Blue Holdings Limited:

Cobalt Blue Holdings Ltd. (ASX:COB) is an exploration and project development company focussed on green energy technology and strategic development to upgrade its mineral resource at the Thackaringa Cobalt Project in New South Wales from Inferred to Indicated status. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

COB is in a Joint Venture (70% interest) with Broken Hill Prospecting Ltd. (ASX:BPL) (30% interest) to develop the Thackaringa Cobalt Project.

Potential to extend the Mineral Resource at Pyrite Hill, Big Hill, Railway and the other prospects is high. Numerous other prospects within COB’s tenement package are at an early stage and under-explored.

Source:

Cobalt Blue Holdings Ltd.

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