

2019 Corporate Governance Statement

The Board of Cobalt Blue Holdings Limited (Cobalt Blue or the Company) is committed to principles of best practice in corporate governance and is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company, its Shareholders and other stakeholders. This Statement sets out Cobalt Blue's current compliance with the third edition of the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations, which was released on 27 March 2014. The Principles are not prescriptive regarding the conduct of ASX listed companies. Rather, an ASX listed company is required to disclose whether or not it complies and if not, why not. To the extent that they are relevant to the organisation, the Company has adopted the Principles and Recommendations, and the Board considers that Cobalt Blue generally complies. Where the Company does not comply, this is primarily due to the current relative size of Cobalt Blue and scale of its current operations. At its Board meetings held in April and June 2019, the Board discussed the Company's transitioning process to the fourth edition of the ASX Corporate Governance Principles and Recommendations, which was released on 27 February 2019. The Board is aware that entities with a 30 June balance date will be required to measure their governance practices against the recommendations in the fourth edition commencing with the financial year beginning 1 July 2020 and ending 30 June 2021. As ASX is encouraging listed entities to adopt the fourth edition earlier, the Board has agreed that Cobalt Blue will aim to progressively adopt the new Principles and Recommendations in the 2019-20 financial year. Copies of the corporate governance policies and charters adopted by the Board are available in the Corporate Governance section of the Company's website located under About Us on Cobalt Blue's website at www.cobaltblueholdings.com. The Company's Corporate Governance Statement, prepared in accordance with ASX Listing Rules 4.7.4 and 4.10.3, which was approved by the Board on 9 September 2019 and reports on the period from 1 July 2018 to 30 June 2019 (i.e. the recent reporting period), is set out below and in the About Us section of Cobalt Blue's website under Corporate Governance i.e. www.cobaltblueholdings.com/corporate-governance.

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Principle 1 – Lay solid foundations for management and oversight	
<p>Recommendation 1.1</p> <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>The Board's responsibilities are contained in the Company's Board Charter, which is available on its website at www.cobaltblueholdings.com/corporate-governance. The functions of the Board, Chairman and Company Secretary are specifically set out in the Board Charter. The Board Charter also explains the relationship between the Board and management.</p> <p>The Board has appointed the Audit and Risk Committee, and the Nomination and Remuneration Committee, to oversee certain functions of the Board.</p> <p>Cobalt Blue's management comprises Chief Executive Officer (CEO) / Executive Director Josef Kaderavek, Andrew Tong and Danny Morgan since his appointment as Chief Financial Officer (CFO) on 1 September 2018, to whom the Board delegates responsibilities as outlined contractually, and as expected for these executive positions. The primary roles and responsibilities</p>

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	of the Company's management include: the operation and administration of Cobalt Blue, as delegated by the Board; implementing the strategic objectives of the Company and operating within the risk appetite set by the Board; complying with all other aspects of the day-to-day running of Cobalt Blue; and providing the Board with accurate, timely and clear financial and other information to enable the Board to perform its responsibilities.
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The Company undertakes appropriate checks before appointing a person or putting forward to Shareholders a candidate for election as a Director, including checks as to the person's character, experience, education, criminal record and bankruptcy history.</p> <p>All material information in relation to potential Directors is provided to Shareholders, including in the form of disclosures contained in an explanatory memorandum to a notice of meeting, seeking the approval of Shareholders for the election or re-election of Directors. This is in order to give Shareholders full available disclosure on possible candidates to the Board.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>The Company has Non-Executive Director appointment letters for each of its Non-Executive Directors, which set out the terms of their appointments as Directors.</p> <p>The Company has entered into an executive services agreement with Josef Kaderavek in respect of his appointment as CEO and Executive Director respectively, with Andrew Tong as Executive Manager and also with Danny Morgan as CFO.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The Company Secretary of Cobalt Blue is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary's role includes advising the Board and its Committees on governance matters, monitoring that policy and procedures are followed, coordinating the timely completion and despatch of Board papers, and ensuring that the business at meetings is accurately captured in the minutes. The Company Secretary is accessible to all Directors. The Board is responsible for the appointment and removal of the Company Secretary.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set</p>	<p>Cobalt Blue has a Diversity Policy, the purpose of which is to enable the Board to: set measurable objectives for achieving gender and other forms of diversity; and annually review and assess those measurable objectives and the Company's progress in achieving them. Cobalt Blue has a strong commitment to diversity in business that is evidenced through its</p>

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<p>measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>Diversity Policy, which is available on the Company's website at www.cobaltblueholdings.com/corporate-governance. During the recent reporting period the Board continued to be conscious of the requirement to establish reasonable objectives for achieving gender diversity. As at the end of the recent reporting period, the measurable objectives for achieving gender diversity set by the Board in accordance with Cobalt Blue's Diversity Policy and its progress towards achieving them include attempts to achieve a greater gender diversity providing that directorship positions, senior executive, and other staff and contract positions that become open from time-to-time are filled by people who offer strong value to the Company, its staff and ultimately shareholders.</p> <p>As at the end of the recent reporting period, the Company had four men and no women on its Board, seven men (one of whom is also on the Board) and one woman in senior executive positions, and 12 men and four women across the whole organisation. Cobalt Blue defines "senior executive" for the purposes of this Statement as those who directly report to the CEO and Executive Director.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company has a process for periodically evaluating the performance of the Board, and has appointed the Nomination and Remuneration Committee to oversee the process of appointment and remuneration of the Non-Executive Directors and the CEO / Managing Director, and to identify and evaluate the necessary and desirable skills, experience and diversity of the Board and its Committees. The Nomination and Remuneration Committee Charter specifies the authority of the Nomination and Remuneration Committee as having this role, and sets out its role and responsibilities. A copy of the Nomination and Remuneration Committee Charter is available on the Company's website at www.cobaltblueholdings.com/corporate-governance. Cobalt Blue's formal process for periodically evaluating the performance of the Board, its Committees and individual Directors is through the use of evaluation questionnaires. The first evaluation process by the Board was completed and reviewed in the third quarter of the recent reporting period, and the next evaluation process by the Board has commenced and will be completed over the coming Board meetings. The performance of the Board is reviewed as part of the ordinary course of meetings of the Directors, and is considered by Shareholders through the approval of Directors' appointments and/or re-elections at the AGM.</p>

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<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company has a process for periodically evaluating the performance of its senior executives, and has appointed the Nomination and Remuneration Committee to oversee the process of appointment and remuneration of the senior executives and employees of the Company. Given the limited number of senior executives, their performance is reviewed annually by the Board, and the Nomination and Remuneration Committee, and as part of the ordinary course of meetings of the Directors. The Nomination and Remuneration Committee's objectives include: developing succession plans for the Board and to oversee development by management of succession planning for senior executives; and implementing and maintaining a remuneration strategy capable of attracting and motivating each Director and senior executive in the context of the objective of maximising value for the Company's security holders. The Nomination and Remuneration Committee Charter specifies the authority of the Nomination and Remuneration Committee as having this role, and sets out its role and responsibilities. A copy of the Nomination and Remuneration Committee Charter is available on the Company's website at www.cobaltblueholdings.com/corporate-governance.</p> <p>In relation to the recent reporting period, a performance evaluation was undertaken in accordance with that process.</p>
Principle 2 – Structure the board to add value	
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p style="padding-left: 20px;">(i) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p style="padding-left: 20px;">(iii) the charter of the committee;</p> <p style="padding-left: 20px;">(iv) the members of the committee; and</p> <p style="padding-left: 20px;">(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose</p>	<p>The Board of Cobalt Blue has a joint Nomination and Remuneration Committee to oversee the process of appointment and remuneration of the Directors, senior executives and employees of the Company. This Committee currently comprises three members, being Hugh Keller (Committee Chairman), Robert Biancardi (Company Chairman) and Robert McDonald (who joined Cobalt Blue as a Non-Executive Director on 1 January 2019), all of whom are Independent Directors. Matthew Hill (who was on this Committee until resigning as a Director on 13 December 2018 and was replaced by Robert McDonald on this Committee on 1 March 2019) was regarded as being an Independent Director. The Nomination and Remuneration Committee Charter, which specifies the authority of the Nomination and Remuneration Committee and sets out its role and responsibilities, is available on the Company's website at www.cobaltblueholdings.com/corporate-governance. The Company's 2019 Annual Report discloses, in the Directors' Report, the number of times the Committee met throughout the recent reporting</p>

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<p>that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>period, and the individual attendances of the members at those meetings.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company has a Board Skills Matrix, which is below in Appendix A, which sets out the mix of skills and diversity that the Board currently has in its membership.</p>
<p>Recommendation 2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. 	<p>The Board considers that all of the Non-Executive Directors of the Company who were in office at the end of the recent reporting period are independent, with Josef Kaderavek being the only Executive (and therefore Non-Independent) Director.</p> <p>Matthew Hill had an interest / position / association / relationship of the type described in Box 2.3 of the ASX's Recommendations, as he is the son of a substantial shareholder of Cobalt Blue, but the Board was of the opinion that it did not compromise his independence as a Director, because he complied with all other requirements set out in Box 2.3 that are relevant in assessing the independence of a Director, and the Board valued his contribution due to his broad mining industry and merchant banking experience and knowledge.</p> <p>The appointment date of each Director is as follows: Robert Biancardi – 2 September 2016; Josef Kaderavek – 31 October 2016; Hugh Keller – 31 October 2016; Robert McDonald – 1 January 2019; and Matthew Hill – 30 June 2017, resigned on 13 December 2018.</p>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>A majority of the Board of Cobalt Blue is made up of Independent Directors, with the Board comprising one Non-Independent Executive Director and three Independent Non-Executive Directors. At the end of the Company's Board Charter a Director Independence Questionnaire is included, which Directors are requested to complete as part of the Board's assessment of Cobalt Blue's compliance with the ASX Corporate Governance Principles. This includes the definition of an Independent Director as being a Non-Executive Director who is not a member of management of the Company</p>

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	and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Company's Chairman is Robert Biancardi, who is not the CEO of Cobalt Blue and is an Independent Director.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>The Company has a programme for inducting new Directors, and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. The Nomination and Remuneration Committee is responsible for the induction programme for new Directors, the development of a Director's education programme, and the development and implementation of induction programmes for Non-Executive Directors, including ongoing professional development.</p>
<p>Principle 3 – Act ethically and responsibly</p>	
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company has a Code of Conduct for its staff members, defined in the Code as being Cobalt Blue's Non-Executive Directors, Officers, managers and all other staff. The Code of Conduct sets out the Company's commitment to making positive economic, social and environmental contributions to each of the communities in which it operates, while complying with all applicable laws and regulations, and acting in a manner that is consistent with the Company's foundational principles of honesty, integrity, fairness and respect.</p> <p>A copy of the Code of Conduct is available on the Company's website at www.cobaltblueholdings.com/corporate-governance.</p>
<p>Principle 4 – Safeguard integrity in corporate reporting</p>	
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not</p>	<p>The Board of Cobalt Blue has a joint Audit and Risk Committee, which comprises three members, being Hugh Keller (Committee Chairman), Robert Biancardi (Company Chairman) and Robert McDonald (who joined Cobalt Blue as a Non-Executive Director on 1 January 2019 and became a member of this Committee on 1 March 2019), all of whom are Independent Directors. Matthew Hill was on this Committee for part of the reporting period. All Committee members during the reporting period were Non-Executive, Independent Directors, including the Committee</p>

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<p>the chair of the board, and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Chairman, who is not the Chairman of the Board.</p> <p>The Board has an Audit and Risk Committee Charter, which is available on the Company's website at www.cobaltblueholdings.com/corporate-governance. The relevant qualifications and experience of the members of the Audit and Risk Committee are set out in the Directors' Report of the 2019 Annual Report and on the Company's website under About Us in the Our Board section. In relation to the recent reporting period, the frequency of Audit and Risk Committee meetings, and individual attendances during the recent reporting period, are set out in the Directors' Report of the Company's 2019 Annual Report.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>As is required by section 295A of the <i>Corporations Act 2001</i> (Cth), the CEO and CFO make a declaration that, in their opinion, the financial records of the Company have been properly maintained, and that the financial statements comply with the appropriate accounting standards, and give a true and fair view of the financial position and performance of the Company. Before it approves the Company's financial statements for the Half-Year and Annual Reports the Board of Cobalt Blue receives this declaration, which also states that the CEO's and CFO's opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively. Due to oversight, similar written declarations were not prepared for the Appendix 5B Mining Exploration Entity Quarterly Reports during the recent reporting period, but will be provided in the 2019-20 reporting period, before approving the Company's Appendix 5B. The Board Charter, and the Audit and Risk Committee Charter make provision for the CEO and CFO to provide this declaration, and copies of each of these Charters are available on the Company's website at www.cobaltblueholdings.com/corporate-governance.</p>
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Company confirms that its external Auditor, Nexia Sydney Audit Pty Ltd, attended its 2018 Annual General Meeting (AGM) and was available to answer questions from security holders relevant to the audit, and that Cobalt Blue will invite and encourage the Auditor's attendance at the Company's</p>

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	2019 and future AGMs.
Principle 5 – Make timely and balanced disclosure	
<p>Recommendation 5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company has a Continuous Disclosure and Shareholder Communications Policy. This Policy sets out, amongst other matters, the manner in which the Board ensures compliance with the ASX Listing Rule disclosure requirements. A copy of the Continuous Disclosure and Shareholder Communications Policy is available on the Company's website at www.cobaltblueholdings.com/corporate-governance.</p>
Principle 6 – Respect the rights of security holders	
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The About Us section of the Company's website, www.cobaltblueholdings.com, provides information about Cobalt Blue's Board and its team, and its corporate governance to investors, including links to copies of all of the Company's corporate governance policies, the names, photographs and brief biographical information for each of its Directors and senior staff members, and its Constitution. Other information about Cobalt Blue includes investors and media information (being news, the Company's Prospectus, announcements, presentations, financial and annual reports, investment research, option exercise instructions and share registry details), information on its Thackaringa Cobalt Project and information on the use of cobalt (in the commodities section on the Homepage).</p>
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Cobalt Blue has designed and implemented an investor relations programme to facilitate effective two-way communication with investors. The Company acknowledges the importance of effective communication with its shareholders and market participants. The Board recognises its duty to ensure that its shareholders are informed of all material developments affecting the Company's operations and affairs. Having regard to its size and the nature of its business, this includes actively engaging with its security holders at the AGM, making presentations at conferences, meeting with security holders upon request and responding to any enquiries they may make from time-to-time. The Company's Continuous Disclosure and Shareholder Communications Policy sets out the manner in which the Company will promote effective communication with Shareholders and encourage their participation at general meetings. A copy of the Continuous Disclosure and Shareholder Communications Policy is available on the</p>

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	Company's website at www.cobaltblueholdings.com/corporate-governance .
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>In order to ensure a high level of accountability and to encourage shareholder identification with the Company's strategy and goals, the Board encourages full participation of shareholders at its AGMs. Shareholders have a reasonable opportunity to ask questions of the Board and otherwise to participate in the meeting. The Company has disclosed the policies and processes it has in place to facilitate and encourage participation at meetings of security holders in its Continuous Disclosure and Shareholder Communications Policy, which sets out, amongst other things, the manner in which the Company will promote effective communication with Shareholders and encourage their participation at general meetings. A copy of the Continuous Disclosure and Shareholder Communications Policy is available on the Company's website at www.cobaltblueholdings.com/corporate-governance.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Cobalt Blue gives its Shareholders the opportunity to receive communications from, and send communications to, the Company and its security registry electronically. Cobalt Blue actively promotes communication with shareholders through a variety of measures, including through the use of the Company's website www.cobaltblueholdings.com and via email. On the Cobalt Blue website under Contact, shareholders are given the opportunity to subscribe to the Company's mailing list by completing the electronic form and there is also a contact form on the Contact section where shareholders can submit questions, comments or feedback. In the Investors & Media section of the Company's website, under Share Registry, there are details of Computershare Investor Services Pty Limited, Cobalt Blue's Share Registrar, where shareholders can follow the link to its Investor Centre or email any enquiries.</p>
Principle 7 – Recognise and manage risk	
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p>	<p>The Board of Cobalt Blue has a joint Audit and Risk Committee to assist with risk oversight, risk management and internal control, which comprises three members, being Hugh Keller (Committee Chairman), Robert Biancardi (Company Chairman) and Robert McDonald (who joined Cobalt Blue as a Non-Executive Director on 1 January 2019 and became a member of this Committee on 1 March 2019), all of whom are Independent Directors. Matthew Hill was on this Committee for part of the reporting period. All Committee members during the reporting period were Non-</p>

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<p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a risk committee or committees that satisfy paragraph (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Executive, Independent Directors, including the Committee Chairman.</p> <p>The Board has an Audit and Risk Committee Charter that sets out the functions of the Committee, which is available on the Company's website at www.cobaltblueholdings.com/corporate-governance. In relation to the recent reporting period, the frequency of Audit and Risk Committee meetings, and individual attendances during the recent reporting period, are set out in the Directors' Report of the Company's 2019 Annual Report.</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	<p>The Audit and Risk Committee is responsible for reviewing the Company's risk management programme and framework at least annually to satisfy itself that it continues to be sound, and during the recent reporting period such a review took place. The Board manages Cobalt Blue's material business risks, and Risk Factors are a standing agenda item at Board meetings.</p> <p>As part of its risk review, the Company has a Risk Register, which is included periodically in the papers for Board, and Audit and Risk Committee meetings, and is reviewed and updated by the Committee and/or Board. During the recent reporting period such a review took place.</p> <p>The Company is required to regularly review procedures, and ensure timely identification of disclosure material and materiality thresholds. Materiality judgments are made on a case-by-case basis, when all the facts are available. When establishing a preliminary assessment of materiality, Cobalt Blue has regard to: the reliability of management information; factors that may indicate deviations from normal activities; and qualitative factors that impact on the materiality of individual misstatements, to assess:</p> <ul style="list-style-type: none"> (i) the significance of the misstatement to the particular entity; (ii) the pervasiveness of the misstatement; and (iii) the effect of misstatement.

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<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not have an internal audit function. The process it employs for evaluating and continually improving the effectiveness of Cobalt Blue's risk management and internal control processes is the monthly review of its actual versus budget variances in exploration, evaluation and other costs. The Company has a procedure whereby there is a periodic review of source accounting documentation by someone independent of the Accounts Department and independent of the regular accounting documentation approval process. Audit and Risk Committee Chairman Hugh Keller evaluates the procedures that Cobalt Blue has adopted to continually improve the effectiveness of its risk management and internal control processes. The Committee closely monitors these areas, and requires management to review and report on risk and internal control areas. The Committee will consider the use of external resources to assist as required.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company has material exposure to economic, environmental and social sustainability risks, and discloses how it manages those risks on its website (in its Prospectus dated 3 January 2017 in Section 8) and in ASX announcements, and refers to Environmental Regulation in its Annual Report. The Company's operations and projects are subject to State and Federal laws, and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality, and provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate current and former facilities, and locations where operations are, or were, conducted. Significant liability could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, for environmental damage caused by previous owners of properties acquired by the Company, or for non-compliance with environmental laws or regulations. The Company attempts to minimise these risks by conducting its activities in an environmentally-responsible manner, in accordance with applicable laws and regulations, and where possible, by carrying appropriate insurance coverage. These exposures were reviewed in detail in the Thackaringa Cobalt Project Pre-Feasibility Study and are being reviewed in very significant detail in the ongoing Feasibility Study.</p>

ASX Corporate Governance Principle / Recommendation	Particulars of Compliance
Principle 8 – Remunerate fairly and responsibly	
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board of Cobalt Blue has a joint Nomination and Remuneration Committee. This Committee currently comprises three members, being Hugh Keller (Committee Chairman), Robert Biancardi (Company Chairman) and Robert McDonald (who joined Cobalt Blue as a Non-Executive Director on 1 January 2019), all of whom are Independent Directors. Matthew Hill (who was on this Committee until resigning as a Director on 13 December 2018 and was replaced by Robert McDonald on this Committee on 1 March 2019) was regarded as being an Independent Director. The Nomination and Remuneration Committee Charter, which sets out the process of appointment and remuneration of Non-Executive Directors, the CEO and Executive Director, Company Secretary, CFO and other senior executives and employees of the Company, is available on the Company's website at www.cobaltblueholdings.com/corporate-governance. Cobalt Blue's Directors' Report in its 2019 Annual Report discloses, for the recent reporting period, the number of times the Committee met and the individual attendances of the members at those meetings.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Company separately discloses its policies and practices regarding Non-Executive Directors' remuneration from that of Executive Directors and senior executives in the Remuneration Report section of its 2019 Annual Report. There are no schemes for retirement benefits, other than superannuation, for Non-Executive Directors.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Cobalt Blue has an equity-based remuneration scheme, being an Employee Option Plan, which was approved by shareholders at the Annual General Meeting held on 27 November 2018. The Company's policy is that participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in this scheme and this information can be found in the Company's Share Trading Policy, which can be found on the Company's website at www.cobaltblueholdings.com/corporate-governance.</p>

Appendix A – Board Skills Matrix

Skills, Diversity and Experience of the Board	Total Number out of Four Directors
Corporate Leadership positions	4
Corporate Governance and Compliance	4
Regulatory Compliance	4
Membership of Governance or Regulatory Bodies	3
Position held on Financial Bodies and Councils	0
Strategy experience	4
Senior Management positions held outside Cobalt Blue	4
Directorships held outside Cobalt Blue	3
CEO / CFO / COO experience	3
General Management	4
Tenure – with Cobalt Blue for up to three years	3
Tenure – with Cobalt Blue for three to nine years	1
Tenure – with Cobalt Blue for over nine years	0
Mining Operations	2
Occupational Health and Safety	2
Experience Managing Environment Issues in an Organisation	2
Mining Project Delivery	2
Sector / Industry Experience – Geology / Exploration	1
Geographic Experience – Global	4
Geographic Experience – Asia	4
International Business	4
Financial literacy	4
Accounting experience	2
Mergers and Acquisitions / Equity / Capital Markets / Banking	3
Experience in Growing a Business	4
Experience in Implementing Capital Projects	3
Business Development	4
Risk Management	4
Sales and Marketing	4
Remuneration / Human Resources Management / People	3
Government Relations	2
Professional Services	4
Gender Diversity experience in Board roles	3
Technology	4
Tertiary Qualifications	4
Post-Graduate Business Studies and CA or CPA	3
Residency in Australia	4
Residency outside Australia	4