

4 July 2018

Cobalt Blue (COB): Scenario Analysis on Thackaringa PFS

Thackaringa PFS Results and Potential Impact of BFS Optimisation Studies - BASE CASE

		COB PFS	Tailings Opex saving 20% saving		Improved Recoveries Blue Ocean		Power saving on use/cost 10% saving		Longer mine life [#] 20 years		Combined Impact	
			New	Chg	New	Chg	New	Chg	New	Chg	New	Chg
Initial Capex	A\$m	573										
Plant throughput	mtpa	5.25										
Cobalt head grade	ppm	802										
Cobalt recovery	%	85.5%			COB Target 90% 88.5%	4%					88.5%	4%
Cobalt metal in sulphate	ktpa	3.56			3.69	4%					3.69	4%
					COB Target 75% 72.0%	12%					72.0%	12%
Sulphur recovery	%	64.4%										
Sulphur production	ktpa	291			325	12%					325	12%
C1 Cost (post credit)	US\$/lb	12.76			11.71	-8%	12.36	-3%			11.22	-12%
C1 Cost + royalties*	US\$/lb	14.99			13.96	-7%	14.59	-3%			13.45	-10%
AISC*	US\$/lb	15.47			14.88	-4%	15.55	1%			14.37	-7%
Avg Operating Cashflow*	A\$m pa	202			224	11%	210	4%			230	14%
Avg Operating Margin*	%	48%			50%	4%	49%	2%			51%	6%
Mine Life	years	12.8							20.0	56%	20.0	56%
Post-tax NPV _{7.5}	A\$m	544										
Post-tax NPV₈*	A\$m	514	532	4%	600	17%	534	4%	771	50%	935	82%
Change in NPV vs. PFS	A\$m		+18		+87		+20		+257		+421	
Post-tax IRR	%	22%	23%	4%	25%	12%	23%	4%	23%	6%	26%	18%

Source: Company, Blue Ocean estimates. *Blue Ocean estimate [#]Subject to exploration success

CRU Prices: Avg Cobalt sulphate price of US\$33.80/lb & US\$32.87/lb LT; Avg sulphur price of US\$145/t CIF Australia

A\$/US\$: 0.75 trending to 0.70 in 2021, flat thereafter

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Cobalt Blue (COB): Scenario Analysis on Thackaringa PFS

Thackaringa PFS Results and Potential Impact of BFS Optimisation Studies - UPSIDE CASE

	COB PFS		Tailings Opex saving 20% saving		Improved Recoveries COB Hits Targets		Power saving on use/cost 10% saving		Longer mine life [#] 20 years		Corporate Tax Cut 25% 2026		Combined Impact	
			New	Chg	New	Chg	New	Chg	New	Chg	New	Chg	New	Chg
Initial Capex	A\$m	573												
Plant throughput	mtpa	5.25												
Cobalt head grade	ppm	802												
Cobalt recovery	%	85.5%												
Cobalt metal in sulphate	ktpa	3.56												
Sulphur recovery	%	64.4%												
Sulphur production	ktpa	291												
C1 Cost (post credit)	US\$/lb	12.76												
C1 Cost + royalties*	US\$/lb	14.99												
AISC*	US\$/lb	15.47												
Avg Operating Cashflow*	A\$m pa	202												
Avg Operating Margin*	%	48%												
Mine Life	years	12.8												
Post-tax NPV _{7.5}	A\$m	544												
Post-tax NPV₈*	A\$m	514	532	4%	641	25%	534	4%	771	50%	541	5%	1,046	104%
Change in NPV vs. PFS	A\$m		+18		+127		+20		+257		+27		+532	
Post-tax IRR	%	22%	23%	4%	26%	16%	23%	4%	23%	6%	23%	5%	27%	25%

Source: Company, Blue Ocean estimates. *Blue Ocean estimate [#]Subject to exploration success

CRU Prices: Avg Cobalt sulphate price of US\$33.80/lb & US\$32.87/lb LT; Avg sulphur price of US\$145/t CIF Australia

A\$/US\$: 0.75 trending to 0.70 in 2021, flat thereafter

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Disclosure: Steuart McIntyre owns shares in Cobalt Blue

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