

Cobalt Blue Holdings Limited

ACN: 614 466 607
Address: Suite 17.03, 100 Miller St, North Sydney NSW 2060
Website: www.cobaltblueholdings.com
Email: info@cobaltblueholdings.com
Social: [f Cobalt.Blue.Energy](https://www.facebook.com/Cobalt.Blue.Energy) [in cobalt-blue-holdings](https://www.linkedin.com/company/cobalt-blue-holdings)



25 February 2020

Company Announcements Office
Australian Securities Exchange

Cleansing Notices on Shares and Convertible Note

Cobalt Blue Holdings Limited (ASX:COB or the Company) today issued 9,000,000 fully ordinary shares to Broken Hill Prospecting Limited (BPL). COB's wholly owned subsidiary Broken Hill Cobalt Project Pty Ltd (BHCP) has today issued a \$1,000,000 three-year Convertible Note to BPL, which are convertible into COB shares, as detailed in the attached Cleansing Notice.

Cleansing Notice Under Section 708A(5)(e)

COB advises that on 25 February 2020 the Company issued 9,000,000 fully paid ordinary shares, as set out above. The Company advises that:

- (1) this notice is being given within five business days after the day of the issue under section 708A(5)(e) of the Corporations Act 2001 (Cth);
- (2) the Company issued the securities without disclosure to investors under Part 6D.2 of the Corporations Act 2001;
- (3) as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act 2001 as they apply to the Company; and
 - (b) section 674 of the Corporations Act 2001; and
- (4) except as may be set out in this notice, there is no other information that is excluded information as at the date of this notice that is required to be set out in this notice under section 708A(6)(e) of the Corporations Act 2001.

Cobalt Blue Holdings Limited

Robert J Waring
Company Secretary

Cobalt Blue Holdings Limited

ACN: 614 466 607
Phone: +61 2 8287 0660
Address: Suite 17.03, 100 Miller St North Sydney NSW 2060
Website: www.cobaltblueholdings.com
Email: info@cobaltblueholdings.com
Social:  Cobalt.Blue.Energy  cobalt-blue-holdings



Cobalt Blue Holdings Limited (ASX:COB)

ACN 614 466 607

25 February 2020

Cleansing Notice under section 708A(12C)(e) of the Corporations Act 2001 (Cth)

Cobalt Blue Holdings Limited (ASX:COB) (Cobalt Blue, or the Company), gives this notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (the **Corporations Act**), as inserted by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**ASIC Instrument**).

On 17 January 2020, the Company and its wholly owned subsidiary Broken Hill Cobalt Project Pty Ltd (BHCP) entered into a Convertible Note Deed (Deed) with Broken Hill Prospecting Limited (ASX:BPL) for the issue of a secured, unquoted convertible note (**Convertible Note**) with a face value of an amount of AUD\$1,000,000 (**Convertible Note Issue**).

The Convertible Note has been issued on 25 February 2020 without disclosure under Part 6D.2 of the Corporations Act. The issue of this Cleansing Notice enables any Shares which may be issued by the Company to the Noteholder or any subsequent holders of the Convertible Note following a conversion of all or part of Convertible Note, to be on-sold to retail investors without further disclosure.

The Company gives notice that the Convertible Note was issued without disclosure to investors under Part 6D.2 of the Corporations Act; and this Cleansing Notice is being given in accordance with section 708A(12C)(e) of the Corporations Act (as inserted by the ASIC Instrument).

Neither ASIC nor the ASX take responsibility for the contents of this Cleansing Notice. The terms of the Convertible Note are summarised under the heading, 'Rights and liabilities attaching the Convertible Note' below.

1. The contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Note:
 - (i) the effect of the issue of the Convertible Note on the Company, including through its ownership of BHCP;
 - (ii) a summary of the rights and liabilities attaching to the Convertible Note; and
 - (iii) a summary of the rights and liabilities attaching to the Shares which may be issued on conversion of the Convertible Note;
- (b) information relating to the Company's status as a disclosing entity; and
- (c) any information that:
 - (i) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and

- (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company; and
 - (B) the rights and liabilities attaching to the securities being offered.

2. The effect of this issue on the Company

The principal effect of the issue of the Convertible Note on the Company will be to:

- (a) enable COB, through its wholly owned subsidiary, BHCP to acquire BPL's partial ownership and legal title of the Broken Hill (Thackaringa) Cobalt Project (including all Project Tenements, being ML86, ML87, EL6622 and EL8143);
- (b) increase the indebtedness of the COB Group (being the Company and BHCP) by the aggregate face value of the Convertible Note AUD\$1,000,000 plus all accrued and unpaid interest payable on that amount;
- (c) grant the Noteholder security over the Project Tenements; and
- (d) increase the number of Shares on issue in the Company, if the Convertible Note is converted into Shares, by 5,000,000 Shares.

Financial Impact

The pro-forma financial position of the Company, as at 30 June 2019, adjusted to take into account the Convertible Note Issue, is attached as Annexure 'A'.

Capital Structure

The capital structure of the Company will be affected by any conversion of the Convertible Note.

Assuming the face value under the Convertible Note was converted at the conversion price of \$AUD0.20 a total of 5,000,000 Shares would be issued.

The table below sets out the Company's share capital:

- as at the date of this Cleansing Notice and before the conversion of the Convertible Note; and
- after the conversion of the Convertible Note.

	As at date of this Cleansing Notice but before conversion of the Convertible Note	After conversion of the Convertible Note
Shares *	159,941,100	164,941,100
Outstanding options	29,547,900	29,547,900
TOTAL FULLY DILUTED SHARES	189,489,000	194,489,000

* includes 9,000,000 shares issued to BPL on 25 February 2020 under the terms of the Deed.

Dilution effect of issue of Convertible Note

The table below sets out the maximum dilution effect of the issue of the Convertible Note on the Company at the date of this Cleansing Notice.

Shareholder	Number of Shares at date of Cleansing Notice	After conversion of the Convertible Note	Percentage
Existing shareholders *	159,941,100	159,941,100	97.0%
Convertible Note	-	5,000,000	3.0%
TOTALS	159,941,100	164,941,100	100.0%

* includes 9,000,000 shares issued to BPL on 25 February 2020 under the terms of the Deed.

3. Rights and liabilities attaching to the Convertible Note

The following is a summary of the rights, privileges and restrictions attaching to the Convertible Note. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Noteholder.

No.	Key term	Summary
1.	Date of Convertible Note Deed	17 January 2020
2.	Total Face Value	AUD\$1,000,000
3.	Term and Maturity Date	3 years from the date of the Convertible Note Deed (Maturity Date).
4.	Interest	6.0% per annum.
5.	Payment of interest	Interest is payable annually in arrears. The Company pays interest due on the Convertible Note in cash.
6.	Security	The obligations of the Company under the Convertible Note are secured under a Specific Security Deed. The Noteholder has a security interest over Project Tenements, being ML86, ML87, EL6622 and EL8143);
7.	Prepayment	The Company may, at any time prior to the Maturity Date, elect to redeem the Convertible Note by payment of the aggregate value of the Note plus all accrued but unpaid interest on the Notes. If the election occurs on or before 19 June 2020, the Company must pay to the Noteholder AUD\$1,000,000 plus Accrued Interest up to the Repayment Date; after 19 June 2020 but on or before 17 December 2020, the Company must pay to the Noteholder A\$1,200,000 plus Accrued Interest up to the Repayment Date; or after 17 December 2020 up until the day prior to the Maturity Date, the Company must pay to the Noteholder A\$1,340,000 plus Accrued Interest up to the Repayment Date.
8.	Conversion terms	A Noteholder may at specified Noteholder Conversion Dates prior to the Maturity Date convert the Convertible Note into Shares.

No.	Key term	Summary
		<p>The Noteholder Conversion Dates are 18 January 2021, 17 January 2022 and the Maturity Date.</p> <p>In the event of a conversion, the Convertible Note is converted into 5,000,000 Shares.</p>
9.	Conversion Price	AUD\$0.20
10.	Key covenants	While the Convertible Note is outstanding, the Company and BHCP must comply with certain covenants including procuring that no event of default occurs.
11.	Guarantee by Guarantor	The Company makes a number of guarantees in regard to the performance of its wholly owned subsidiary BHCP in regards to its obligations under the Deed.
12.	Events of Default	<p>If an Event of Default (defined below) occurs at any time prior to the Maturity Date and is continuing, the Noteholder may require the Company to redeem the Convertible Note.</p> <p>Each of the following is an Event of Default:</p> <ul style="list-style-type: none"> if at any time it is unlawful for the Company or BHCP to perform any of its obligations to Repay or Convert the Convertible Note; if the Company or BHCP fails to comply with any provision of the Convertible Note Deed and such failure is not remedied within 10 business days after the Company or BHCP become aware of the breach or the Noteholder providing written notice of the breach; and an insolvency event occurs in relation to the Company or BHCP.
13.	Reorganisation of capital	In a reorganisation of capital of the Company, the Convertible Note must be treated in accordance with the ASX Listing Rules at the time of the reorganisation.
14.	Voting	No voting rights attach to the Convertible Note.
15.	New issues	The Convertible Note do not confer any rights to participate in any new issues of securities by the Company.
16.	Quotation	The Convertible Note will not be listed on the ASX or any other public exchange.
17.	Governing law	New South Wales, Australia.

4. Rights and liabilities attaching to the Shares

The Shares to be issued to the Noteholder on conversion of the Convertible Note will rank equally in all respects with all of the Company's existing Shares.

The rights attaching to the Shares are set out in the Constitution. The rights are also subject to the ASX Listing Rules in all respects while the Company maintains its listing on the ASX.

Set out below is a summary of the rights and liabilities under the Constitution, the ASX Listing Rules and the Corporations Act, which attach to the Shares of the Company. This summary

does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of Shares under the Constitution.

All Shares issued on conversion of the Convertible Note will, from the time of issue, rank equally with all the Company's existing Shares.

Meeting and voting

Each shareholder is entitled to receive notice of, and attend and vote at, general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

Notices

Each shareholder is entitled to receive all notices, accounts and other documents required to be given to shareholders under the Constitution of the Company, the Corporations Act and the ASX Listing Rules.

Dividends

The Directors of the Company are authorised to make all decisions, including as to method and time for payment, regarding dividends in respect of Shares which are permitted under the Corporations Act.

Winding up

Subject to the terms of issue of Shares, on a winding up of the Company, a liquidator may with the sanction of a special resolution of the Company divide the surplus assets of the Company remaining after payment of its debts among shareholders in proportion to the number of Shares held by them (with partly paid Shares counted as fractions of fully paid Shares).

Transfer

Subject to the Constitution of the Company, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Shares are freely transferable.

Creation and issue of further Shares

The allotment and issue of any additional Shares will be under the control of the Directors of the Company, subject to any restrictions on the allotment of Shares imposed by the Constitution, the Corporations Act and the ASX Listing Rules.

Variation of rights

The rights, privileges and restrictions attaching to ordinary Shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary Shares, by a 75% majority of those holders who, being entitled to do so, vote at the general meeting or, with the written consent of the holders of at least 75% of the ordinary Shares on issue.

Shares to be issued on conversion of the Convertible Note will be fully paid ordinary Shares. There is no liability on a holder of Shares to contribute any further amount to the Company. Copies of the Company's Constitution are available for inspection at the registered office of the Company.

5. Compliance with disclosure obligations

The Company is a 'disclosing entity' under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify the ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market promptly and without delay any information which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company is required to prepare and lodge with ASIC yearly financial statements, accompanied by a Directors' Report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the Annual Report most recently lodged by the Company with ASIC, being the Annual Report of the Company for the year ended 30 June 2019 lodged with ASX on 9 September 2019; and
- (b) any continuous disclosure documents given by the Company to ASX after the lodgement of the Annual Report referred to in (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the Annual Report referred to in (a) and before the lodgement of this Cleansing Notice with ASX is set out in the table below. All of these documents will be provided, free of charge, to any person on request.

Date	ASX Announcement
9 Sep 2019	Annual Report to Shareholders
9 Sep 2019	2019 Corporate Governance Statement & Appendix 4G
15 Oct 2019	Quarterly Activities and Cash Flow Reports
21 Oct 2019	OZ Minerals Testwork Co-operation Agreement
24 Oct 2019	Notice of Annual General Meeting / Proxy Form
25 Nov 2019	Chairman's Address to Shareholders
25 Nov 2019	CEO presentation at AGM
25 Nov 2019	Results of Annual General Meeting
28 Nov 2019	Pause in Trading
28 Nov 2019	Trading Halt concerning the Independent Expert Determination process
2 Dec 2019	Voluntary Suspension from Official Quotation pending material announcement
2 Dec 2019	BPL: Independent Expert's Determination
4 Dec 2019	BPL: BPL and COB Agree Terms for COB to Acquire Thackaringa Project
4 Dec 2019	Settlement with BPL – Terms for Acquiring 100% Ownership and Legal Title
4 Dec 2019	Reinstatement to Official Quotation
5 Dec 2019	CEO's Letter to Shareholders
5 Dec 2019	Additional Information Statement
9 Dec 2019	Pilot Plant Update

Date	ASX Announcement
19 Dec 2019	Conceptual Project Development Plan delivered
27 Dec 2019	Appendix 3B - Issue of Shares
2 Jan 2020	Change of Directors' Interests Notices - RB & JK & HK & RM
17 Jan 2020	BPL: BPL Completes Thackaringa Transfer to COB
17 Jan 2020	Execution of Final Agreements to Acquire BPL's Interests in BH Cobalt Project
28 Jan 2020	BH Cobalt Project – State Significant Development Application
31 Jan 2020	Quarterly Activities and Cash Flow Reports
10 Feb 2020	Project and Future Battery Industries CRC Funding
12 Feb 2020	CEO's Letter to Shareholders

No excluded information

As at the date of this Cleansing Notice, the Company advises that it has complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Convertible Note and the Shares that may be issued on a conversion under the Convertible Note.

For more information, please contact:

Cobalt Blue Holdings Limited

Robert J Waring
Company Secretary

About Cobalt Blue Holdings Limited

Cobalt Blue **Holdings** Limited (**Cobalt Blue** or the **Company**) is an exploration and project development company. Work programmes advancing the Broken Hill Cobalt Project in New South Wales continue. Cobalt is a strategic metal in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

Cobalt Blue Holdings Limited ACN 614 466 607	Pro Forma Consolidated Statement of Financial Position				As at 30 June 2019 after adjustments \$000
	as at 30 June 2019 \$000	Issue of Convertible Note \$000	Issue of Promissory Note \$000	Issue of Shares and Cash Payment \$000	
Current Assets					
Cash and cash equivalents	4,741			(500)	4,241
Security Deposits	190				190
Receivables	46				46
Other Assets	86				86
Total Current Assets	5,063	-	-	(500)	4,563
Non-current Assets					
Property, plant and equipment	647				647
Intangibles	73				73
Exploration and evaluation assets	15,367	1,000	1,685	1,850	19,902
Security Deposits	174				174
Total Non-current Assets	16,261	1,000	1,685	1,850	20,796
Total Assets	21,324	1,000	1,685	1,350	25,359
Current Liabilities					
Trade and other payables	462				462
Provisions	146				146
Lease Liabilities	169				169
Total Current Liabilities	777	-	-	-	777
Non-Current Liability					
Provisions	24				24
Lease Liabilities	453				453
Financial Liabilities measured at amortised cost	-	795	1,685		2,480
Total Non-current Liabilities	477	795	1,685	-	2,957
Total Liabilities	1,254	795	1,685	-	3,734
Net Assets	20,070	205	-	1,350	21,625
Equity					
Issued Capital	25,012			1,350	26,362
Other Equity	-	205			205
Reserves	829				829
Accumulated losses	(5,771)			-	5,771
Total Equity	20,070	205	-	1,350	21,625

Notes

The Pro Forma adjustments are the consideration paid and payable as settlement of the agreement with Broken Hill Prospecting Limited (ASX:BPL), which was executed on 17 January 2020, for COB to acquire 100% ownership and legal title of the Broken Hill (Thackaringa) Cobalt Project (including all tenements). The consideration payable under the final agreements was made up of four elements. 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. 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 issue to BPL of 9,000,000 COB fully paid ordinary shares and fourthly, \$500,000 cash, of which \$200,000 was paid on 17 January 2020, with the balance payable within 28 days.

The above Pro Forma Statement of Financial Position is based on the audited Statement of Financial Position at 30 June 2019.

The pro-forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian accounting standards applicable to annual financial statements. It has been prepared in accordance with the Company's normal accounting policies. The pro forma financial information is not audited.