

Cobalt Blue

8th December 2017

Cobalt Blue's Joe Kaderavek discusses recent developments in Proactive Q&A Sessions™



Cobalt Blue Ltd's (ASX:COB) shares have tripled to around \$0.57 over the past two months, as the company continues to add substantially feasibility studies centred upon its Thackaringa project in New South Wales.

The company has also been meeting with senior Korean and Japanese financial and cobalt industry teams.

Cobalt Blue has the potential to become a top five global producer of cobalt sulphate.

We are joined exclusively by chief executive officer, Joe Kaderavek, in Proactive's Q&A Sessions™ to discuss the company's recent developments.

Proactive Investors: Welcome Joe.

Proactive Investors: You previously mentioned key differences between Thackaringa and other projects, particularly laterite projects, can you elaborate?

Joe Kaderavek: Thackaringa ore is completely different to a laterite deposit. The ore is essentially 20% pyrite (sulphide) mixed with 80% quartz/feldspar.

The recent breakthrough in using simple and low-cost gravity separation technique takes advantage of the difference in weight of sulphide (hosting the cobalt) versus quartz/feldspar.

The heavy sulphide separates easily. We therefore only need to process 20% of mined ore (sulphide) in a refinery.

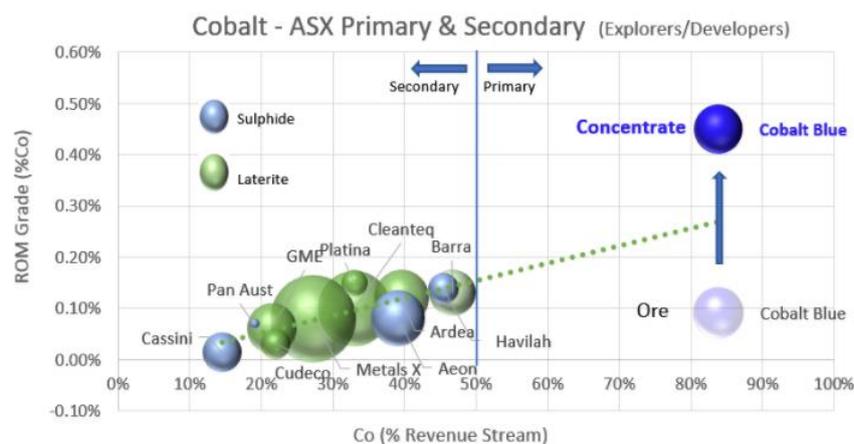
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For laterite projects, such simple upgrading is not available and they need to process the entire ore mass through the refinery, an expensive operation consuming large quantities of acid and typically needing strong by-product credits from nickel to be profitable.

While open-pit mines will have similar mining costs per tonne of ore, Thackaringa has a clear advantage over its Australian laterite peers, because it can upgrade the low-grade ore into a concentrate, prior to incurring the high per tonne costs associated with refining.

This is summarised in the following graph which compares ore grades from Australian explorers/developers.

Most of the laterite deposits will need to refine the ore at 0.1-0.2%, whereas Thackaringa will be refining concentrate at 0.4-0.5% cobalt.



Proactive Investors: Why did you recently raise \$2.5 million?

Joe Kaderavek: We received strong feedback from our recent Korean and Japanese visits. Battery makers want access to cobalt sulphate product for acceptance testing.

This ranges from small samples for purity to large scale sampling (200-300kgs) for production testing (ie: converting into a physical battery).

This approach requires the company to produce suitable amounts of test sample to engage with key global battery makers.

We decided to raise the additional funds required to make these samples.

The money was placed with high conviction (institutional quality) investors who are interested in the long term success of our business.

Proactive Investors: Why has your share price appreciated rapidly over the last 4 weeks?

Joe Kaderavek: The recent metallurgical breakthrough has caught the markets attention.

Further, our timeline, focussed upon PFS delivered by mid-2018 is getting traction. Investors are pre-positioning their portfolios in anticipation of this event.

From our view, these new investors include long term holders and specialised resources funds, based domestically and increasingly from overseas.

Given the significant valuation difference between COB and international cobalt developers, the current discount in the stock is simply not justified.

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Proactive Investors: Broker coverage has recently started for the company, why is that important?

Joe Kaderavek: Yes, Blue Oceans Equities, an institutionally focussed broking house, has drafted an initial project evaluation.

Their view is that the Thackaringa Project displays solid economics and longevity. Our ability to significantly enhance the head grade, deporting only 20% of mass to our refinery is a key catalyst.

Their research piece is available on the Cobalt Blue website [ACCESS REPORT HERE](#).

Our processing, which is focussed upon production of elemental sulphur (not sulphuric acid) and our simple leaching (compare to a larger and more expensive High Pressure Acid Leach vessel used to process laterites) are also key positives.

They believe, based on current market prices, the company could be worth A\$1.2 billion.

That's a long way above our current A\$40 million market capitalisation.

Proactive Investors: Finally, what key milestone news flow should investors look out for heading into, and during, 2018?

Joe Kaderavek: Investors can look forward to updates on the Thackaringa Drilling Program targeting a 40 million tonne Indicated Resource, as well as PFS testwork updates on the remaining parts of our processing. We expect to have our first battery quality cobalt sulphate by January.

Looking into 2018, Cobalt Blue is aiming to deliver the upgraded resource by the 1st April 2018 and then shortly thereafter a full PFS by 30 June 2018.

Proactive Investors: Thank-you Joe.

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