

Cohiba Minerals Limited

ABN 72 149 026 308

Half-year Financial Report - 31 December 2017

Cohiba Minerals Limited
Contents
31 December 2017



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Directors	Mr Mordechai Benedikt (Executive Chairman) Mr David Herszberg (Non-executive Director) Mr Nachum Labkowski (Non-executive Director)
Company secretary	Mr Justin Mouchacca
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Ph: (03) 9692 7222 Fax: (03) 9077 9233
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC 3205
Share register	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Fax: (08) 9315 2233
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Securities exchange listing	Cohiba Minerals Limited securities are listed on the Australian Securities Exchange (ASX codes: CHK and CHKO)
Website	www.cohibaminerals.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cohiba Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Cohiba Minerals Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr Mordechai Benedikt (Executive Chairman)
Mr David Herzsberg (Non-Executive Director)
Mr Nachum Labkowski (Non-Executive Director)

Principal activities

The principal activity of the consolidated entity during the period was the exploration for natural resources, including metals, precious metals and minerals. There have been no significant changes in the nature of those activities during the period.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$847,053 (31 December 2016: \$380,657).

Financial position

The consolidated entity had \$1,369,473 in cash and cash equivalents at 31 December 2017 (30 June 2017: \$1,893,843) which the Directors believe puts the consolidated entity in a sound financial position with sufficient capital to effectively pursue new opportunities.

The net assets of the consolidated entity have increased by \$197,987 during the half year period from \$2,616,904 as at 30 June 2017 to \$2,814,891 at 31 December 2017. The increase was mainly a result of acquisition of exploration assets.

Significant changes in the state of affairs

On 24 July 2017, the Company advised that it had completed the acquisition of all issued shares in Cobalt X Pty Ltd, as announced to the market on 20 February 2017 (Acquisition). The Company issued 75,000,000 fully paid ordinary shares as consideration, with 50% of the shares issued being escrowed for 12 months from the date of issue.

For further information regarding the Acquisition please refer to the Company's ASX announcements dated 20 February 2017, 27 April 2017 and 26 May 2017. Shareholder approval for the Acquisition was granted at a general meeting of shareholders on 27 June 2017 (General Meeting).

On 26 July 2017, the Company issued 3,500,000 fully paid ordinary shares (Shares) to vendors of Charge Lithium Pty Ltd following the granting of three exploration licences (E45/4767, E45/4768 and E45/4769) in accordance with the Share Sale Agreement executed between the Company and the vendors. This obligation has been recognised within share capital.

There were no other significant changes in the state of affairs of the consolidated entity during the half-year.

Matters subsequent to the end of the half-year

On 9 January 2018 the consolidated entity was granted the following 100% owned exploration licences in the Mt Gordon Mine area.

- exploration licence application EPM26377 (Mt Gordon Mine Area 1)
- exploration licence application EPM26376 (Mt Gordon Mine Area 2)
- exploration licence application EPM26380 (Success Mine Area 1)

On 24 January 2018, the consolidated entity announced that it had entered into a Terms Sheet with Olympic Domain Pty Ltd (ODPL) in relation to a proposed joint venture relating to 7 exploration licences located in South Australia. The consolidated entity proposes to farm-in up to 80% of the project by spending up to \$1,500,000 over a two year period.

On 24 January 2018, the consolidated entity announced that it had received commitments for a placement of 122,000,000 fully paid ordinary shares at an issue price of \$0.012 (1.2 cents) per share, to raise approximately \$1.46 million before costs. Each placement share is proposed to be issued together with a one for one free attaching listed option, (ASX: CHKO), with an exercise price of \$0.018 (1.8 cents) and expiring on or before 18 April 2020. The Company issued the shares relating to the placement on 24 January 2018.

On 7 March 2018, the consolidated entity announced that it had entered into a Farm-In Agreement with ODPL following completion of due diligence on the projects.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Mordechai Benedikt', written over a horizontal line.

Mordechai Benedikt
Executive Chairman

15 March 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF COHIBA MINERALS LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Dated this 15th day of March 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Cohiba Minerals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



	Consolidated	
Note	31 December 2017	31 December 2016
	\$	\$
Revenue		
Interest Income	4,350	2,269
Expenses		
Administrative and corporate expenses	(257,610)	(226,965)
Director fees	(138,000)	(138,000)
Impairment of assets	4 (450,393)	-
Legal expenses	(5,400)	(17,961)
Loss before income tax expense	(847,053)	(380,657)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Cohiba Minerals Limited	(847,053)	(380,657)
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to the owners of Cohiba Minerals Limited	(847,053)	(380,657)
	Cents	Cents
Basic earnings/(loss) per share	(0.20)	(0.21)
Diluted earnings/(loss) per share	(0.20)	(0.21)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cohiba Minerals Limited
Statement of financial position
As at 31 December 2017



	Consolidated	
	31 December	
Note	2017	30 June 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,369,473	1,893,843
Trade and other receivables	19,300	13,337
Other	15,576	14,748
Total current assets	<u>1,404,349</u>	<u>1,921,928</u>
Non-current assets		
Exploration and evaluation	4 1,443,610	772,036
Total non-current assets	<u>1,443,610</u>	<u>772,036</u>
Total assets	<u>2,847,959</u>	<u>2,693,964</u>
Liabilities		
Current liabilities		
Trade and other payables	33,068	77,060
Total current liabilities	<u>33,068</u>	<u>77,060</u>
Total liabilities	<u>33,068</u>	<u>77,060</u>
Net assets	<u>2,814,891</u>	<u>2,616,904</u>
Equity		
Issued capital	5 7,192,954	6,227,914
Share based payment reserve	431,081	351,081
Accumulated losses	<u>(4,809,144)</u>	<u>(3,962,091)</u>
Total equity	<u>2,814,891</u>	<u>2,616,904</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Cohiba Minerals Limited
Statement of changes in equity
For the half-year ended 31 December 2017



Consolidated	Issued capital \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	3,705,649	176,513	(3,037,369)	844,793
Loss after income tax expense for the half-year	-	-	(380,657)	(380,657)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(380,657)	(380,657)
Issue of ordinary shares as consideration for acquisition of Charge Lithium, net of transaction costs and tax	420,000	-	-	420,000
Contingent consideration of Charge Lithium acquisition	105,000	-	-	105,000
Contributions of equity net of transaction costs	161,199	-	-	161,199
Balance at 31 December 2016	<u>4,391,848</u>	<u>176,513</u>	<u>(3,418,026)</u>	<u>1,150,335</u>

Consolidated	Issued capital \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	6,227,914	351,081	(3,962,091)	2,616,904
Loss after income tax expense for the half-year	-	-	(847,053)	(847,053)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(847,053)	(847,053)
Issue of ordinary shares as consideration for acquisition of Cobalt X, net of transaction costs and tax	965,040	-	-	965,040
Subscription for CHKO listed facilitation options	-	80,000	-	80,000
Balance at 31 December 2017	<u>7,192,954</u>	<u>431,081</u>	<u>(4,809,144)</u>	<u>2,814,891</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cohiba Minerals Limited
Statement of cash flows
For the half-year ended 31 December 2017



	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers & employees (inclusive of GST)	(427,293)	(378,532)
Interest received	4,350	2,269
	<u>(422,943)</u>	<u>(376,263)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for exploration and evaluation assets	(146,967)	(115,470)
	<u>(146,967)</u>	<u>(115,470)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	-	162,043
Proceeds from issue of listed options	55,500	-
Payments for capital raising costs	(9,960)	(844)
	<u>45,540</u>	<u>161,199</u>
Net cash from financing activities		
Net decrease in cash and cash equivalents	(524,370)	(330,534)
Cash and cash equivalents at the beginning of the half-year	<u>1,893,843</u>	<u>820,593</u>
Cash and cash equivalents at the end of the half-year	<u><u>1,369,473</u></u>	<u><u>490,059</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Cohiba Minerals Limited as a consolidated entity consisting of Cohiba Minerals Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Cohiba Minerals Limited's functional and presentation currency.

Cohiba Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
 South Melbourne, VIC 3205
 Ph: (03) 9692 7222
 Fax: (03) 9077 9233

The principal activity of the consolidated entity during the period was the exploration for natural resources, including metals, precious metals and minerals. There have been no significant changes in the nature of those activities during the period.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2018.

The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Note 3. Operating segments

Identification of reportable operating segments

The Company has identified its operating segments based on the investment decisions of the board and used by the chief operating decision makers in assessing performance and in determining the allocation of resources. The Company operates in one segment being the evaluation and exploration of resources.

Note 4. Non-current assets - exploration and evaluation

	Consolidated	
	31 December	
	2017	30 June 2017
	\$	\$
Exploration and evaluation assets	<u>1,443,610</u>	<u>772,036</u>

Note 4. Non-current assets - exploration and evaluation (continued)

Reconciliation

Reconciliation of the written down values at the beginning and end of the current half-year are set out below:

Consolidated	Exploration and evaluation assets \$
Balance at 1 July 2017	772,036
Expenditure during the half-year	146,967
Additions through asset acquisitions	975,000
Impairment of assets	<u>(450,393)</u>
Balance at 31 December 2017	<u><u>1,443,610</u></u>

On 24 July 2017, the Company completed the acquisition of the Cobalt X Pty Ltd (Cobalt X), following receipt of shareholder approval, which was received in June 2017. A total of 75,000,000 fully paid ordinary shares were issued, along with 80,000,000 facilitation options.

As at 31 December 2017, Cobalt X was the holder of the following exploration licences and licence applications:

- exploration licence application EPM26377 (Mt Gordon Mine Area 1)
- exploration licence application EPM26376 (Mt Gordon Mine Area 2)
- exploration licence application EPM26380 (Success Mine Area 1)
- exploration licence EPM26379 (Mt Cobalt Mine Area)

The acquisition is not considered a business combination as defined in AASB 3 as Cobalt X was not considered to be carrying on a business. As such the acquisition has been treated as an asset acquisition with the fair value of the asset being the consideration.

The acquisition of exploration rights (including transaction costs) are capitalised and measured at cost.

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

During the half-year period to 31 December 2017, the consolidated entity has carried out a review of the carrying amount of exploration and evaluation assets and recorded an impairment charge of \$450,393 as a result of exploration licences proposed to be relinquished (E70/4861 and E70/4862) and not granted to the consolidated entity (ML100115).

The Company has been granted a waiver from ASX, as announced on 26 May 2017, in relation to the issue of deferred consideration for the acquisition of Cobalt Pty Ltd on the following conditions:

- The Company issues 37,500,000 Milestone Shares to the vendors no later than ten business days after the Company announcing to ASX an inferred mineral resource in accordance with the JORC Code of not less than 6,000 tonnes of material at a minimum grade of 0.6% on the Mt Cobalt Stockpile Project prior to the date which is 12 months from grant of the mining licence MLA 100115.
- The Company issues 37,500,000 Milestone Shares no later than ten business days after the Company announces to ASX that the first ore has been processed at the Lady Jenny Processing Plant (which milestone shall necessarily require that Cobalt X has entered into a binding agreement to acquire the rights to the Lady Jenny Processing Plant) provided that the announcement must be made prior to 20 February 2020.
- The issues of all Milestone Shares are in any event completed not later than 3 years following the date of the meeting.

As at the date of this report, there have not been any shares issued in relation to the ASX waiver noted above.

Note 5. Equity - issued capital

	Consolidated			
	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 \$	30 June 2017 \$
Ordinary shares - fully paid	<u>435,947,574</u>	<u>357,447,574</u>	<u>7,192,954</u>	<u>6,227,914</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	357,447,574		6,227,914
Issue of ordinary shares as consideration for acquisition of Cobalt X	24 July 2017	75,000,000	\$0.013	975,000
Issue of ordinary shares pursuant to the terms of the Charge Lithium acquisition*	2 August 2017	3,500,000		-
Less: capital raising costs		<u>-</u>		<u>(9,960)</u>
Balance	31 December 2017	<u>435,947,574</u>		<u>7,192,954</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

* The licence of the Pilangoora Central Lithium Project was granted on 26 July 2017, deferred consideration was provided and treated as equity as at 30 June 2017 as the likelihood of the licence being granted was considered certain by the Directors. The ordinary shares were issued on 2 August 2017.

Note 6. Fair value measurement

The carrying value of assets and liabilities held by the company approximates their fair value.

Note 7. Contingent liabilities

There were no contingent liabilities at 31 December 2017 and 30 June 2017.

Note 8. Events after the reporting period

On 9 January 2018 the consolidated entity was granted the following 100% owned exploration licences in the Mt Gordon Mine area.

- exploration licence application EPM26377 (Mt Gordon Mine Area 1)
- exploration licence application EPM26376 (Mt Gordon Mine Area 2)
- exploration licence application EPM26380 (Success Mine Area 1)

On 24 January 2018, the consolidated entity announced that it had entered into a Terms Sheet with Olympic Domain Pty Ltd (ODPL) in relation to a proposed joint venture relating to 7 exploration licences located in South Australia. The consolidated proposes to farm-in up to 80% of the project by spending up to \$1,500,000 over a two year period.

Note 8. Events after the reporting period (continued)

On 24 January 2018, the consolidated entity announced that it had received commitments for a placement of 122,000,000 fully paid ordinary shares at an issue price of \$0.012 (1.2 cents) per share, to raise approximately \$1.46 million before costs. Each placement share is proposed to be issued together with a one for one free attaching listed option, (ASX: CHKO), with an exercise price of \$0.018 (1.8 cents) and expiring on or before 18 April 2020. The Company issued the shares relating to the placement on 24 January 2018.

On 7 March 2018, the consolidated entity announced that it had entered into a Farm-In Agreement with ODPL following completion of due diligence on the projects.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Cohiba Minerals Limited
Directors' declaration
31 December 2017



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Mordechai Benedikt", written over a horizontal line.

Mordechai Benedikt
Executive Chairman

15 March 2018

Cohiba Minerals Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cohiba Minerals Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cohiba Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

As the auditor of Cohiba Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

CHARTERED ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**William Buck Audit (Vic) Pty Ltd**

ABN: 59 116 151 136

**N.S Benbow**Dated this 15th day of March 2018