

COHIBA MINERALS LIMITED
ACN 149 026 308

PROSPECTUS

For an offer of up to 15,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$3,000,000.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Shares offered by this Prospectus should be considered highly speculative.**

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CORPORATE DIRECTORY

Directors

James Robinson (Managing Director)
Matthew Sheldrick (Non-executive Chairman)
Simon Coxhell (Non-executive Director)

Company Secretary

James Robinson

Proposed ASX Code

CHK

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Investigating Accountant

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

Registered Office

Suite 9, 1200 Hay Street
West Perth WA 6005

Telephone: + 61 8 6460 4960
Facsimile: +61 8 9324 3045

Email: admin@cohibaminerals.com.au

Website: www.cohibaminerals.com.au

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Independent Geologist

Zephyr Consulting Group Pty Ltd
Level 2, 79 Hay Street
Subiaco WA 6008

Auditor*

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

IMPORTANT NOTICE

This Prospectus is dated 23 May 2011 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

RISK FACTORS

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 3 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.cohibamaterials.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of the directors of Cohiba Minerals Limited (**Company**), I am delighted to invite you to become a shareholder of the Company.

The Company is seeking to raise up to \$3,000,000 through an issue of up to 15,000,000 Shares at a price of \$0.20 per Share.

The Company has entered in to the Farm-in Agreement whereby it has the exclusive right to earn an initial 50% interest in the mineral rights (excluding iron ore) within two granted tenements in the Mid West region of Western Australia – the Santy Well Project – from West Peak Iron Limited through the sole-funding of \$100,000 of exploration expenditure.

The Santy Well Project is located about 440 kilometres north of Perth and about 60 kilometres north of the regional township of Mullewa and is considered to be prospective for precious and base metals mineralisation associated with the Tallering Greenstone sequence in the Mid West region of Western Australia.

The Mid West region is host to a wide range of mineralisation styles, with significant deposits including:


- Golden Grove – volcanic hosted massive sulphide style Zn-Cu-(Ag-Au-Pb) deposits
- Minjar – a series of shear and quartz vein style greenstone hosted Au deposits
- Gullewa – a series of Au and Au-Cu greenstone hosted deposits
- Karara – a large banded iron formation hosted magnetite deposit with a number of satellite haematite deposits
- Tallering Peak – a banded iron formation hosted haematite deposit

Concurrently with earning an interest in the Santy Well Project, the Company intends to evaluate new projects for potential acquisition.

Before making your decision to invest, I ask that you carefully read this Prospectus and seek professional advice if required.

On behalf of the Board, I commend the Offer to you and look forward to welcoming you as a Shareholder.

Yours sincerely



Matthew Sheldrick
Chairman

INVESTMENT OVERVIEW

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

THE COMPANY

The Company was incorporated on 28 January 2011 for the primary purpose of identifying exploration projects in Australia and overseas with the aim of discovering commercially significant minerals deposits.

While the Company's primary exploration focus will be on gold and base metals, the Company will also review the potential for economic mineralisation of various other commodities, including other precious metals.

THE PROJECT

The Company has entered in to the Farm-in Agreement to acquire the exclusive right to earn an initial 50% interest in the mineral rights (other than iron ore) within two granted tenements in the Mid West region of Western Australia (**the Project**) from West Peak Iron Limited through the sole-funding of \$100,000 of exploration expenditure.

Previous exploration over the Project has defined targets which have been subjected to limited follow up exploration. The main target of this work was Archaean greenstone hosted base metal and gold mineralisation. The Company proposes to complete geological mapping and surface sampling, followed by a mix of geophysical surveys and aircore/RC drilling to test known targets as well anomalies defined through the geophysical surveys.

A summary of the Farm-in Agreement is contained in Part II of the Solicitor's Report on Tenements set out in Section 6 of this Prospectus.

A summary of the Project is set out in Section 2.2 of this Prospectus and more detailed information is included in the Independent Geologist's Report in Section 4 of this Prospectus.

THE OBJECTIVES

The Company's main objectives on completion of the Offer are the:

- exploration and appraisal of the Project, including satisfaction of the terms and conditions of the Farm-in Agreement; and
- assessment and, if appropriate, acquisition of additional projects that are considered by the Board to add value to the Company.

KEY RISKS

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 3.

- **Title – mineral rights only**

The Company does not have a registered interest in any of the Tenements. It only has an equitable interest pursuant to the Farm-in Agreement (as summarised in Part II of the Solicitor's Report on Tenements set out in Section 6 of this Prospectus) to earn an initial interest of 50% of the mineral rights (excluding iron ore) of the Tenements.

The only right available to the Company to protect its interest in its mineral rights on the Tenements is lodgement of a caveat over the Tenements pursuant to the Mining Act 1978 (WA). A caveat prevents the registration of any transfer or mortgage over the Tenements without first giving notice to the Company. As at the date of this Prospectus, the Company has not yet lodged caveats with the Department of Mines and Petroleum, Western Australia over the Tenements.

- **Contractual risk**

In order for the Company to be able to achieve its objectives the Company is reliant on the registered holder of the Tenements to comply with its contractual obligations under the Farm-in Agreement with respect to maintaining the Tenements in full force and effect, free from any liability to forfeiture or non-renewal.

Where the registered holder of the Tenements fails to comply with conditions of the Tenements which results in loss of title to the Tenements the Company would lose its interest in the minerals rights being acquired pursuant to the Farm-in Agreement. It may then be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that the registered holder of the Tenement that it has contracted with will not meet and satisfy its obligations under the Farm-in Agreement.

- **Co-existence**

Pursuant to the terms and conditions of the Farm-in Agreement, the Company has contractual rights and obligations in relation to the co-existence, exploration and potentially mining on the Tenements. The Company is required to notify the registered holder of the Tenement of its proposed exploration programmes on the Tenements to ensure that they do not conflict or encroach on the exploration or mining areas of the registered holder of the Tenements.

In the event that the parties wish to conduct activities on the same target area, the parties shall negotiate in good faith to agree a coordinated work programme and if no agreement is reached in 60 days, the registered holder of the Tenements has priority, unless the Company has confirmed a JORC Code compliant resource with more than 25% in the measured and indicated category in which case the Company shall have priority.

There is a risk that the Company may not be able to complete all of its preferred exploration programmes in its preferred timetable or at all, as a result of a conflict with the exploration activities of the registered holder of the Tenements.

- **Executive director – lack of exploration experience**

The Company has only one executive director. The executive director does not have experience in the exploration of precious and base metals. In addition, the role of executive director is not currently full-time.

The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. To this end, the Company currently has a non-executive director with significant experience in the resource sector including exploration, development and mining to assist the executive director.

As the Company's projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects. However, there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its preferred exploration programmes in its preferred timetable.

- **Limited history**

The Company was only recently incorporated (28 January 2011) and has no operating history and limited historical financial performance. Exploration has previously been conducted on the area of land the subject of the Tenements, however, the Company is yet to conduct its own exploration activities and under the terms of the Farm-in Agreement will not commence these activities until the Company has been admitted to the Official List. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Project. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

- **Exploration success**

The Company does not presently have any JORC Code compliant resources on the tenements in which it is earning an interest. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and prospective applicants should refer to the additional risk factors in Section 3 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.

THE OFFER

The Company invites applications for up to 15,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$3,000,000. The key information relating to the Offer and references to further details are set out below.

Indicative timetable*

Lodgement of Prospectus with the ASIC	23 May 2011
Opening Date	31 May 2011
Closing Date	24 June 2011
Despatch of holding statements	1 July 2011
Expected date for quotation on ASX	8 July 2011

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.*

<u>KEY INFORMATION</u>	<u>FURTHER DETAILS</u>
Type of security being offered and its rights and liabilities Fully paid ordinary shares in the capital of the Company ranking equally with the existing Shares on issue.	Section 8.2
Minimum subscription of the Offer \$2,250,000.	Section 1.2
How to apply for Shares Complete and return the Application Form together with payment in full for the quantity of Shares being applied for. Applications must also be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.	Section 1.3 and Application Form
Will the securities be listed? Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.	Section 1.4
How will Shares be allocated? The Directors will determine the allottees in their sole discretion.	Section 1.5
Where will the Offer be made? No action has been taken to register or qualify the Shares, or, otherwise permit a public offering of the Shares the subject of this Prospectus, in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.	Section 1.6

<u>KEY INFORMATION</u>	<u>FURTHER DETAILS</u>
<p>Broker commissions</p> <p>The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee and accepted by the Company.</p>	Section 1.9
<p>CHESS & Issuer Sponsorship</p> <p>The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.</p>	Section 8.10
<p>Who should I contact with queries?</p> <p>Any questions concerning the Offer should be directed to Mr James Robinson, Managing Director, on +61 8 6460 4960.</p>	

PURPOSE OF THE OFFER

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the official list of ASX and position the Company to seek to achieve the objectives set out above.

USE OF FUNDS

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the official list of ASX as follows:

Funds available	Minimum Subscription (\$) (\$2,250,000)	Full Subscription (\$) (\$3,000,000)
Existing cash reserves ¹	113,876	113,876
Funds raised from the Offer	2,250,000	3,000,000
Total	2,363,876	3,113,876
Allocation of funds		
Expenses of the Offer ²	240,000	285,000
Exploration expenditure ³	1,183,500	1,543,500
Administration costs	700,000	700,000
Project generation	100,000	150,000
Working capital	140,376	435,376
Total	2,363,876	3,113,876

¹ Refer to the Investigating Accountant's Report set out in Section 5 of this Prospectus for further details. The cash and cash equivalents figure as at 30 April 2011 has been reduced by \$10,000, being the payment made on execution of the Farm-in Agreement which occurred after 30 April 2011 and a further \$3,866 in administration expenses.

² Refer to Section 8.6 of this Prospectus for further details.

³ Refer to the Independent Geologist's Report in Section 4 of this Prospectus for further information on the planned exploration activities and expenditure budget for the Project.

In the event the Company raises more than the minimum subscription of \$2,250,000, the additional funds raised will be first applied towards the increase in expenses of the Offer, followed by allocation towards further exploration expenditure then project generation, with any remaining funds used for working capital purposes.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer (assuming full subscription) is summarised below¹:

Shares²

	Number
Shares currently on issue ³	7,000,000
Shares to be issued pursuant to the Offer	15,000,000
Total Shares on completion of the Offer	22,000,000

Options⁴

	Number
Options currently on issue	6,500,000
Options to be issued pursuant to the Offer	Nil
Total Options on completion of the Offer⁵	6,500,000

¹ Refer to the Investigating Accountant's Report set out in Section 5 of this Prospectus for further details.

² The rights attaching to the Shares are summarised in Section 8.1 of this Prospectus.

³ The Shares currently on issue were issued on 4 March 2011 at an issue price of \$0.02 each to seed capital investors to fund acquisition costs, the listing costs and initial working capital requirements of the Company. These Shares were issued at a discount to the issue price of the Shares offered pursuant to the Offer to reflect the increased risk associated with an investment in the Company at the time of issue of the seed capital.

⁴ Each Option will be unquoted and is exercisable at 20 cents on or before 30 June 2014.

⁵ The Company has agreed, subject to Shareholder approval, to issue 1,000,000 Options to Simon Coxhell on the same terms as the Options currently on issue. The Company will seek Shareholder approval following the admission of the Company to the Official List.

SUBSTANTIAL SHAREHOLDERS

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Options	% (undiluted)	% (fully diluted)
Sabreline Pty Ltd <JPR Investment Account> ¹	2,000,000	2,500,000	28.6%	33.3%
Mathew Donald Walker	1,750,000	2,500,000	25.0%	31.5%
Lonhso (WA) Pty Ltd <Lonhso A/C>	671,666	250,000	9.60%	6.83%
Fionnuala Catherine Edmonson	600,000	250,000	8.57%	6.30%

¹ This entity is controlled by James Robinson, a Director.

On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares	Options	% (undiluted)	% (fully diluted)
Sabreline Pty Ltd <JPR Investment Account> ¹	2,000,000	2,500,000	9.09%	15.8%
Mathew Donald Walker	1,750,000	2,500,000	7.95%	14.9%

¹ This entity is controlled by James Robinson, a Director.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

RESTRICTED SECURITIES

Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

FINANCIAL INFORMATION

The Company was only recently incorporated (28 January 2011) and has no operating history and limited historical financial performance. The Company is yet to conduct its own exploration activities on the area of land the subject of the Tenements and under the terms of the Farm-in Agreement will not commence these activities until the Company has been admitted to the Official List.

As a result, the Company is not in a position to disclose any key financial ratios other than its balance sheet which is included in the Investigating Accountant's Report set out in Section 5 of this Prospectus.

TAXATION

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

DIVIDEND POLICY

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

DIRECTORS & KEY PERSONNEL

James Robinson Managing Director

Mr Robinson gained extensive capital markets experience during 10 years with one of Western Australia's leading corporate advisory and stockbroking firms. He currently serves as a director and company secretary of Hastings Rare Metals Ltd (ASX: HAS), director of Blue River Mining Limited (a company incorporated in England & Wales), company secretary of Tango Petroleum Limited (ASX: TNP) and is also a director of corporate advisory firm Cicero Corporate Services Pty Ltd. He is a member of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Western Australia.

Matthew Sheldrick Non-Executive Chairman

Mr Sheldrick holds a Bachelor of Commerce from the University of Western Australia and is a Chartered Accountant. Mr Sheldrick spent 10 years in the securities industry advising both domestic and international institutional clients on Australian equities. He has founded a number of listed companies in the energy and resources sectors, including Eureka Energy Limited (ASX: EKA), Gawler Resources Ltd (subsequently acquired by Elixir Petroleum Limited and Black Fire Minerals Ltd (ASX: BFE)) and has been involved in the growth of these companies by way of mergers and acquisitions. He is currently a non-executive director of WAG Limited (ASX: WAG) and a non-executive director of Apex Minerals NL (ASX: AXM).

Simon Coxhell
Non-Executive Director

Mr Coxhell is a geologist with 25 years of diverse experience encompassing all aspects of the resource sector including exploration, development and mining. He has specialist computer skills in mining and exploration skills as well as extensive operational experience in the Kimberley where he has evaluated and assessed numerous projects including gold, copper, iron ore, diamonds, vanadium and rare earths. He was formerly executive director of Navigator Resources Limited (ASX: NAV) and Venus Metals Corporation Limited (ASX: VMC).

Management and Consultants

The Company is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. As the Company's projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects.

CORPORATE GOVERNANCE

To the extent applicable, in light of the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (2nd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 7.1 of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 7.2 of this Prospectus.

In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.cohibaminerals.com.au).

DISCLOSURE OF INTERESTS

The Company has paid no remuneration to its Board since incorporation to the date of this Prospectus and no remuneration will be paid or accrue until such time as the Company is admitted to the Official List.

For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Remuneration	Shares	Options¹
James Robinson	\$109,000	2,000,000	2,500,000
Matthew Sheldrick	\$32,700	250,000	1,000,000
Simon Coxhell	\$54,500	NIL	NIL ²

¹ Each Option is unquoted and exercisable at 20 cents on or before 30 June 2014.

² The Company has agreed, subject to Shareholder approval, to issue 1,000,000 Options to Simon Coxhell on the same terms as the Options currently on issue. The Company will seek Shareholder approval following the admission of the Company to the Official List.

AGREEMENTS WITH DIRECTORS OR RELATED PARTIES

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Executive services agreement – James Robinson

The Company has entered into an executive services agreement with James Robinson (**Services Agreement**) effective on and from the date the Company is admitted to the Official List. Under the Services Agreement, Mr Robinson is engaged by the Company to provide services to the Company in the capacity of Managing Director on a part-time basis of initially no less than 30 hours per week and such additional time as is reasonably necessary. Mr Robinson will be paid an annual remuneration of \$100,000 plus statutory superannuation. Mr Robinson will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The Services Agreement continues for a period of 2 years, with an option to extend for a further 1 year term, unless terminated in accordance with its terms. The Services Agreement contains standard termination provisions under which the Company must give 6 months notice of termination (or shorter period in the event of a material breach), or alternatively, payment in lieu of service. In addition, Mr Robinson is entitled to all unpaid remuneration and entitlements up to the date of termination.

Administrative services agreement

The Company has entered into an administrative services agreement with Cicero Corporate Services Pty Ltd (**Cicero**) pursuant to which Cicero is engaged by the Company to provide rent, administration, bookkeeping and corporate secretarial services to the Company (**Admin Services**).

James Robinson is a director of Cicero and holds 20% of the shares on issue in Cicero.

Effective on and from the date the Company is admitted to the Official List, Cicero will receive a monthly fee of \$12,000 (excluding GST) from the Company in respect of the Admin Services. Cicero may be requested to make available additional services at an hourly rate of \$75 (excluding GST).

The engagement may be terminated with 90 days written notice by either party or such shorter period as mutually agreed.

The Directors who do not have a material personal interest in this agreement consider the agreement to be on arm's length terms.

Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

1. DETAILS OF THE OFFER

1.1 The Offer

Pursuant to this Prospectus, the Company invites applications for up to 15,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$3,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

1.2 Minimum subscription

If the minimum subscription to the Offer of \$2,250,000 has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

1.3 Applications

Applications for Shares under the Offer must be made using the Application Form.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Completed Application Forms and accompanying cheques, made payable to "**Cohiba Minerals Limited – Share Offer Account**" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

The Company reserves the right to close the Offer early.

1.4 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

1.5 Allotment

Subject to the minimum subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act.

The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the allottees of all the Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

1.6 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

1.7 Oversubscriptions

No oversubscriptions will be accepted by the Company.

1.8 Not underwritten

The Offer is not underwritten.

1.9 Commissions payable

The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

2. COMPANY AND PROJECT OVERVIEW

2.1 Background

Cohiba Minerals Limited was incorporated on 28 January 2011 for the primary purpose of identifying exploration projects in Australia and overseas with the aim of discovering commercially significant minerals deposits.

While the Company's primary exploration focus will be on gold and base metals, the Company will also review the potential for economic mineralisation of various other commodities, including other precious metals.

The Company has entered in to the Farm-in Agreement to acquire the exclusive right to earn an initial 50% interest in the mineral rights (other than iron ore) within two granted tenements in the Mid West region of Western Australia (**the Santy Well Project or Project**) from West Peak Iron Limited through the sole-funding of \$100,000 of exploration expenditure. Refer to the material contract summary contained in Part II of the Solicitor's Report on Tenements set out in Section 6 of this Prospectus for further details of the Farm-in Agreement.

Based on historical exploration results there is evidence of mineralisation on the Project. Given that the Project has had varying degrees of prior exploration, the Company has designed appropriate detailed work programmes to define further mineralisation. The Company intends to use the funds raised from the Offer primarily to conduct these detailed work programmes.

A summary of the Project is set out below. Also refer to the Independent Geologist's Report in Section 4 of this Prospectus for more detailed information on the Project.

2.2 The Santy Well Project

The Santy Well Project is located about 440 kilometres north of Perth and about 60 kilometres north of the regional township of Mullewa and is considered to be prospective for precious and base metals mineralisation associated with the Talling Greenstone sequence in the Mid West region of Western Australia. The Santy Well Project covers a portion of the northern limb of the east north east trending Talling Greenstone Belt, which is about 100km long by 15km wide.



Figure 1 – Santy Well Project Location Plan

The Mid West region is host to a wide range of mineralisation styles, with significant deposits including:

- Golden Grove – volcanic hosted massive sulphide style Zn–Cu–(Ag–Au–Pb) deposits
- Minjar – a series of shear and quartz vein style greenstone hosted Au deposits
- Gullewa – a series of Au and Au-Cu greenstone hosted deposits
- Karara – a large banded iron formation hosted magnetite deposit with a number of satellite haematite deposits
- Talling Peak – a banded iron formation hosted haematite deposit

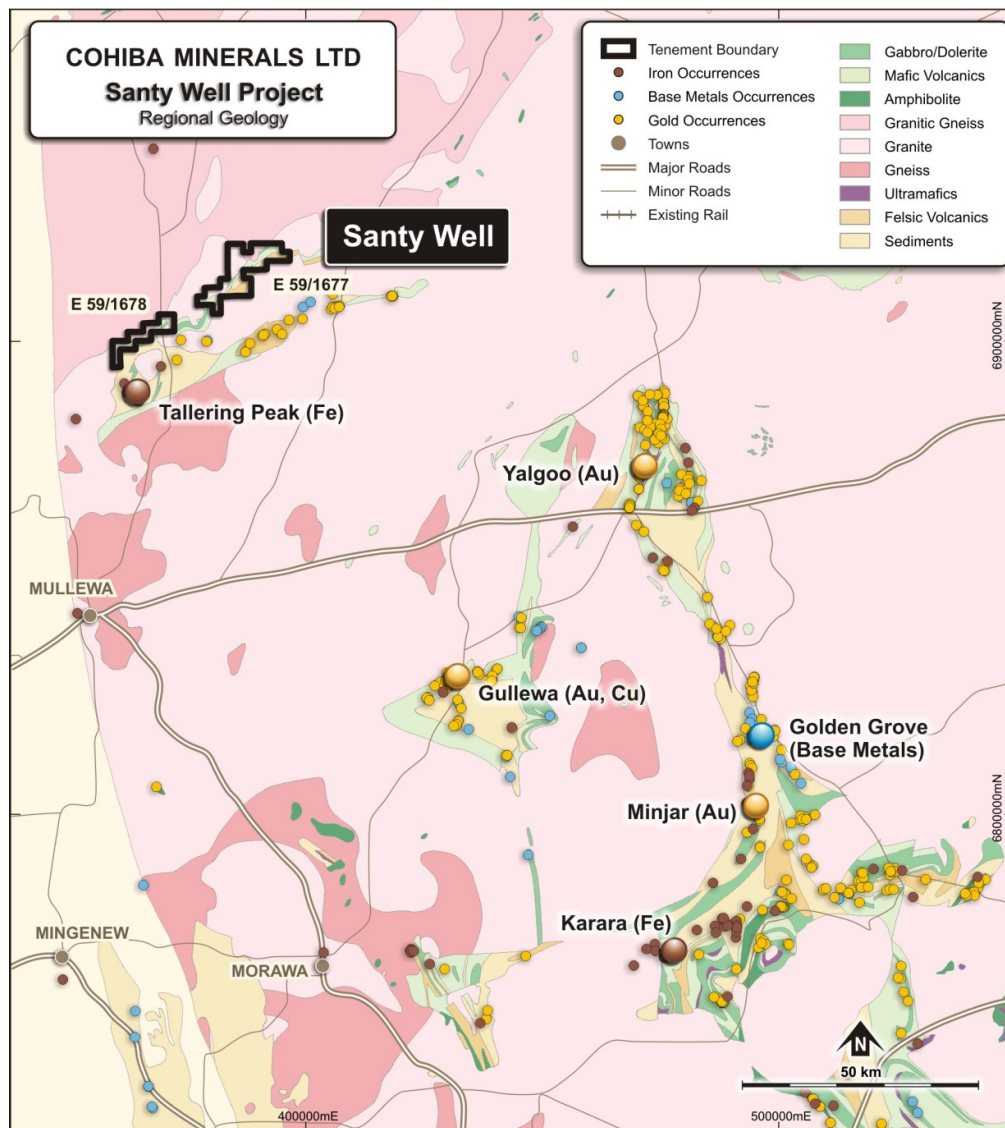


Figure 2 – Mid West Regional Geology and Project Location

Previous exploration over the Project has been reasonably extensive with systematic modern surface exploration (surface sampling, rock chip sampling, auger drilling, etc.) completed in part and regional to prospect specific geophysics having been undertaken. This work has defined targets which have been subjected to limited follow up exploration. The main target of this work was Archaean greenstone hosted base metal and gold mineralisation.

The Company proposes to complete geological mapping and surface sampling, followed by a mix of geophysical surveys and aircore/RC drilling to test known targets as well as anomalies defined through the geophysical surveys.

2.3 Project generation

The Company will consider and evaluate potential new projects in Australia and overseas with a view to increasing the number of projects held by the Company and diversify into additional geographical locations. The Company has not yet determined any specific criteria for identification of these projects.

3. RISK FACTORS

3.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

3.2 Company specific

(a) **Title – mineral rights only**

The Company does not have a registered interest in any of the Tenements. It only has an equitable interest pursuant to the Farm-in Agreement (as summarised in Part II of the Solicitor's Report on Tenements set out in Section 6 of this Prospectus) to earn an initial interest of 50% of the mineral rights (excluding iron ore) of the Tenements.

The only right available to the Company to protect its interest in its mineral rights on the Tenements is lodgement of a caveat over the Tenements pursuant to the Mining Act 1978 (WA). A caveat prevents the registration of any transfer or mortgage over the Tenements without first giving notice to the Company. As at the date of this Prospectus, the Company has not yet lodged caveats with the Department of Mines and Petroleum, Western Australia over the Tenements.

(b) **Contractual risk**

In order for the Company to be able to achieve its objectives the Company is reliant on the registered holder of the Tenements to comply with its contractual obligations under the Farm-in Agreement with respect to maintaining the Tenements in full force and effect, free from any liability to forfeiture or non-renewal.

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Where the registered holder of the Tenements fails to comply with conditions of the Tenements which results in loss of title to the Tenements the Company would lose its interest in the minerals rights being acquired pursuant to the Farm-in Agreement. It may then be necessary for the

Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that the registered holder of the Tenement that it has contracted with will not meet and satisfy its obligations under the Farm-in Agreement.

(c) **Co-existence**

Pursuant to the terms and conditions of the Farm-in Agreement, the Company has contractual rights and obligations in relation to the co-existence, exploration and potentially mining on the Tenements. The Company is required to notify the registered holder of the Tenement of its proposed exploration programmes on the Tenements to ensure that they do not conflict or encroach on the exploration or mining areas of the registered holder of the Tenements.

In the event that the parties wish to conduct activities on the same target area, the parties shall negotiate in good faith to agree a coordinated work programme and if no agreement is reached in 60 days, the registered holder of the Tenements has priority, unless the Company has confirmed a JORC Code compliant resource with more than 25% in the measured and indicated category in which case the Company shall have priority.

There is a risk that the Company may not be able to complete all of its preferred exploration programmes in its preferred timetable or at all, as a result of a conflict with the exploration activities of the registered holder of the Tenements.

(d) **Executive director – lack of exploration experience**

The Company has only one executive director. The executive director does not have experience in the exploration of precious and base metals. In addition, the role of executive director is not currently full-time.

The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. To this end, the Company has a non-executive director with significant experience in the resource sector including exploration, development and mining to assist the executive director.

As the Company's projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects. However, there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its preferred exploration programmes in its preferred timetable.

(e) **Limited history**

The Company was only recently incorporated (28 January 2011) and has no operating history and limited historical financial performance. Exploration has previously been conducted on the area of land the subject of the Tenements, however, the Company is yet to conduct its own exploration activities and under the terms of the Farm-in Agreement will not commence these activities until the Company has been admitted to the Official List. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Project. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

3.3 Industry specific

(a) **Exploration**

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) **Resource estimates**

The Company does not presently have any JORC Code compliant resources on the tenements in which it is earning an interest. In the

event a resource is delineated this would be an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) **Commodity price volatility and exchange rate**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) **Environmental**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Mines and Petroleum in Western Australia from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

(f) **Native title**

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

3.4 General risks

(a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(e) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

4. INDEPENDENT GEOLOGIST'S REPORT



19 May 2011

The Directors
Cohiba Minerals Limited

Dear Sirs,

**INDEPENDENT GEOLOGIST'S REPORT ON THE
MINERAL PROPERTIES of COHIBA MINERALS LIMITED**

Zephyr Consulting Group Pty Ltd ("Zephyr") has been commissioned by Cohiba Minerals Limited (ACN 149 026 308) ("Cohiba") to provide an independent geologist's report ("Report") on a project located in the Mid West region of Western Australia ("Santy Well Project or Project") in which Cohiba has the exclusive right to earn an interest. This Report is to be included in a Prospectus to be lodged by Cohiba with the Australian Securities and Investments Commission ("ASIC") on or about 20 May 2011, offering for subscription a maximum of 15 million Shares at an issue price of \$0.20 per Share ("the Prospectus"), to raise up to a maximum of \$3.0 million (before costs associated with the issue).

This is not an independent evaluation report, and as such, serves only to comment on the geological setting and proposed exploration programs on the properties. Zephyr has not been asked to comment on the potential economic value or financial considerations pertaining to the value of Shares or assets held by Cohiba in relation to these properties.

Cohiba has entered in to a farm-in agreement whereby it has the exclusive right to earn an initial 50% interest in the mineral rights (excluding iron ore) within granted tenements in the Mid West region of Western Australia held by West Peak Iron Limited. The project area in the Mid West, the Santy Well Project, is considered to be prospective for precious and base metals mineralisation associated with the Talling Greenstone sequence.

Details in respect to the legal status and tenure of the tenements comprising the Project have not been considered in this Report.

DECLARATIONS

Relevant codes and guidelines

This Report has been prepared in accordance with the rules and guidelines issued by such bodies as the ASIC and ASX Limited (“ASX”), which pertain to Independent Expert Reports. Where exploration results have been referred to in this Report, the classifications are consistent with the *Australasian Code for Reporting of Mineral Resources and Ore Reserves (“JORC Code”)*, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2004. The information in this Report that relates to exploration results is based on information reviewed and compiled by Ian Prentice who consents to the inclusion in this Report of this information in the form and context in which it appears.

Under the definition provided by the ASX and in the JORC Code, these properties are classified as ‘exploration projects’, which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programs proposed by Cohiba.

Sources of Information

The statements and opinion contained in this Report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Zephyr has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this Report is based. A final draft of this Report was provided to Cohiba, along with a written request to identify any material errors or omissions prior to lodgement.

This Report has been compiled based on information available up to and including the date of this Report. Consent has been given for the distribution of this Report in the form and context in which it appears. Zephyr has no reason to doubt the authenticity or substance of the information provided.

Independence

Zephyr, its employees and associates are not, nor intend to be directors, officers or other direct employees of Cohiba and have no material interest in the Project or Cohiba. The relationship with Cohiba is solely one of professional association between client and independent consultant. The review work and this Report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully



Zephyr Consulting Group Pty Ltd

Level 2, 79 Hay Street

Subiaco WA 6008

Phone: 61 8 9200 4474

Fax: 61 8 9200 4475

Author: Ian Prentice, B.Sc., GradDipAppFin (Sec Inst), MAusIMM, Director of Zephyr

Ian Prentice has over 20 years experience in exploration and mining geology and property evaluation, working for exploration and mining companies and in the stock broking industry. He has wide ranging exploration and operating experience in a number of commodities including gold and base metals. He currently consults to the mining industry specialising in project review, due diligence and exploration management. He has been involved in exploration through to feasibility study in Western Australia, Northern Territory, Queensland, New Zealand and Indonesia.

Mr Prentice completed studies in Geology at the University of Western Australia in 1986 and completed postgraduate studies with the Securities Institute of Australia and has been awarded a Graduate Certificate in Applied Finance and Investment.

Mr Prentice is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and has the appropriate relevant qualifications, experience, competence and independence to be considered as an "Expert" and "Competent Person" under the Australian Valmin and JORC Codes respectively.

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1. SUMMARY

Cohiba has entered in to a farm-in agreement whereby it has the exclusive right to earn an initial 50% interest in the mineral rights (excluding iron ore) within two granted tenements in the Mid West region of Western Australia – the Santy Well Project – from West Peak Iron Limited. This Report reviews the precious and base metals prospectivity, previous exploration and geological setting of the Santy Well Project.



Figure 1 – Santy Well Project Location Plan

The Santy Well Project is considered to be prospective for precious and base metals mineralisation associated with the Tallering Greenstone sequence in the Mid West

region of Western Australia. The Mid West region is host to a wide range of mineralisation styles, with significant deposits including:

- Golden Grove – volcanic hosted massive sulphide style Zn–Cu–(Ag–Au–Pb) deposits
- Minjar – a series of shear and quartz vein style greenstone hosted Au deposits
- Gullewa – a series of Au and Au-Cu greenstone hosted deposits
- Karara – a large banded iron formation hosted magnetite deposit with a number of satellite haematite deposits
- Talling Peak – a banded iron formation hosted haematite deposit

Previous exploration over the Santy Well Project has been reasonably extensive and successful in defining a range of targets from surface exploration and geophysical surveys which have been subjected to limited follow up exploration.

Work completed included regional and prospect scale geophysical surveys (aeromagnetics, ground magnetics, GEOTEM) and regional to prospect scale surface sampling (rock chip sampling, soil sampling, auger drilling). The main target of this work was Archaean greenstone hosted base metal and gold mineralisation.

Cohiba proposes to complete geological mapping and surface sampling, followed by a mix of geophysical surveys and aircore/RC drilling to test known targets as well anomalies defined through the geophysical surveys. The proposed exploration budgets, albeit that they are conceptual in nature and may vary subject to ongoing exploration success, are considered to be reasonable and warranted based on the prospectivity of the Santy Well Project.

2. MID WEST REGION OF WESTERN AUSTRALIA

The Mid West region of Western Australia is host to a wide variety of mineral deposits, including Golden Grove (Zn-Cu), Minjar (Au), Yalgoo (Au), Gullewa (Au-Cu), Talling Peak (Haematite) and Karara (Magnetite). This region makes up the western portion of the Murchison Province and broadly consists of an Archaean granite – greenstone sequence incorporating a series of greenstone belts. Historical exploration has predominantly focused on precious and base metal mineralisation, with minor iron ore exploration and development. In more recent times the Mid West region has emerged as a significant iron ore province, with a number of operating mines and development projects.

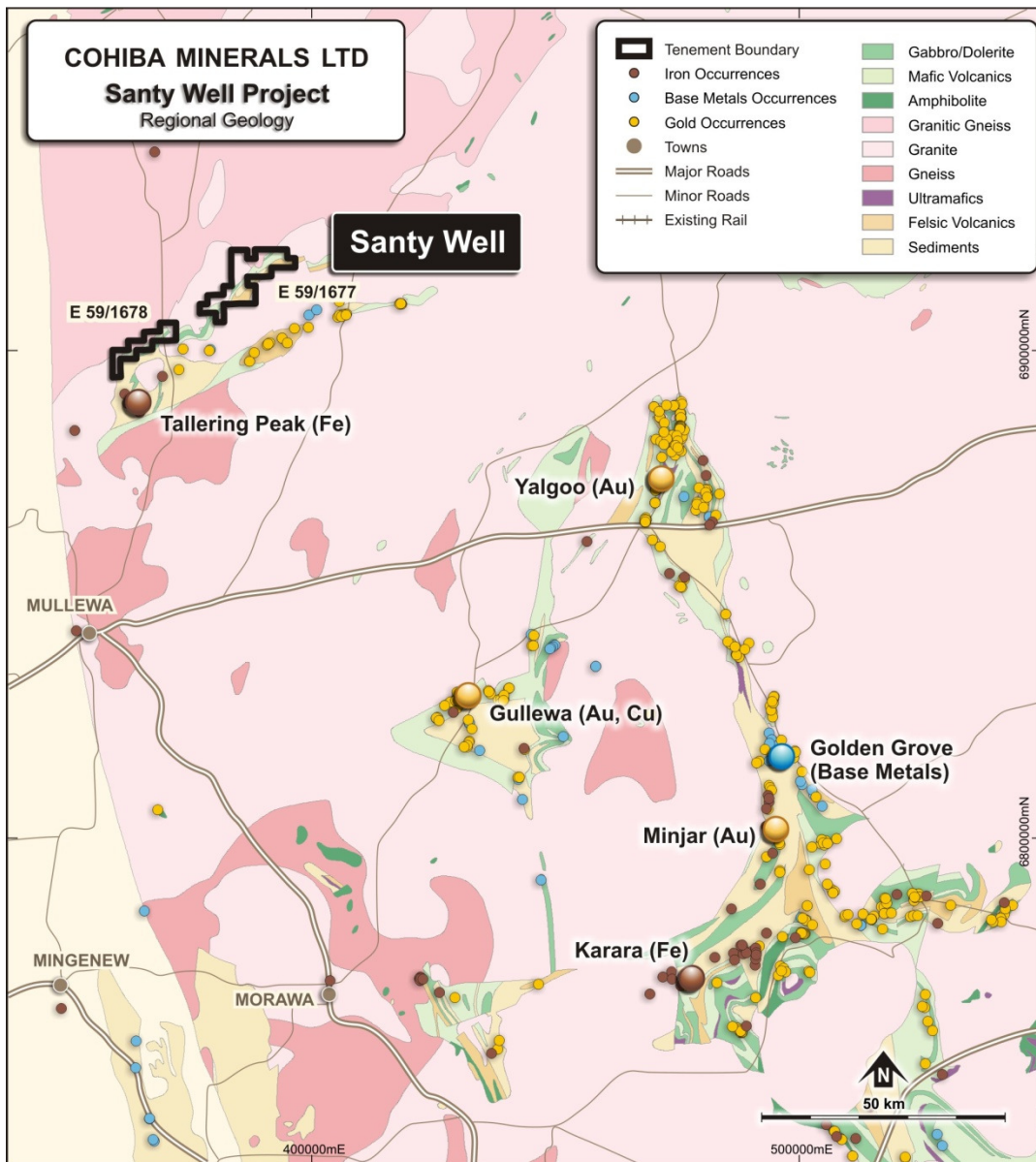


Figure 2 – Mid West Regional Geology and Project Location

The Santy Well Project covers a portion of the northern limb of the east north east trending Talling Greenstone Belt, which is about 100km long by 15km wide. The Gabanintha Formation, which consists of a mixture of tholeiitic and high magnesium basalts, felsic volcanic, volcanoclastic rocks and sediments is the most extensive unit within the greenstone sequence. The overlying Windaning Formation is restricted to the Talling Range area and contains jaspilite, banded iron formation and grey-white cherts, interlayered with felsic volcanics, volcanoclastic sediments and minor basalts.

The Talling Greenstone Belt forms a synclinal structure with some recumbent folding along the southern margin. Post tectonic granitic rocks have intruded the greenstone belt and interpreted from aeromagnetic imagery abundant Proterozoic mafic dykes cross cut the entire sequence. Regional metamorphic grade varies within the belt from greenschist to lower amphibolites facies. Higher grade metamorphosed rocks have been partially retrograded to greenschist facies.

3. SANTY WELL PROJECT

3.1. EXPLORATION POTENTIAL

The Santy Well Project is considered prospective for precious and base metal mineralisation, with previous exploration having identified a number of geochemical and geophysical anomalies. The majority of anomalies identified remain either poorly tested or largely untested, with limited follow up exploration completed to date. The geology of the host Tallering Greenstone sequence and other greenstone sequences in the Mid West region supports the development of base metal and gold mineralisation, as demonstrated by the presence of the Golden Grove base metal, Gullewa gold – copper and Minjar gold deposits in adjacent greenstone sequences.

The Project is at a relatively advanced stage of exploration with systematic modern surface exploration (surface sampling, rock chip sampling, auger drilling, etc.) completed in part and regional to prospect specific geophysics having been undertaken. This work has defined targets such as Dividing Range and Target 3, which have been subjected to limited follow up exploration.

The target for this exploration would be volcanic hosted massive sulphide base metal mineralisation similar in style to Golden Grove, plus shear and quartz vein hosted gold (\pm base metal) mineralisation similar in style to Minjar and Gullewa.

3.2. LOCATION AND TENURE

The Santy Well Project is located about 440 kilometres north of Perth in Western Australia, and about 60 kilometres north of the regional township of Mullewa. Access is along the Midlands Road, off the Great Northern Highway from Perth, to Mullewa, then along the Carnarvon – Mullewa road to the project area. Within the project area access is via station tracks. The region consists of a series of low hills, which are part of the weathered greenstones, surrounded by flat areas of colluvium and alluvium.

Tenement ID	Grant Date	Expiry Date	Area Blocks (km ²)	Expenditure Commitment	Annual Rent
E59/1677	19/01/2011	18/01/2016	35 BL (106 km ²)	\$35,000	\$4,238.85
E59/1678	19/01/2011	18/01/2016	14 BL (42 km ²)	\$20,000	\$1,695.54

Table 1 – Santy Well Project – Tenement Schedule

The Project consists of two granted exploration licences (E59/1677 and E59/1678) covering an area of 49 sub blocks (approximately 148km²). E59/1677 and E59/1678 were granted on 19 January 2011 and expire on 18 January 2016. Annual expenditure commitment is \$55,000 and tenement rental is \$5,934.39.

The Project is owned by West Peak Iron Limited. Cohiba has entered in to a farm-in agreement whereby it has the exclusive right to earn an initial 50% interest in the mineral rights (excluding iron ore) within the project area.

3.3. LOCAL GEOLOGY

The Santy Well Project covers a portion of the northern limb of the east north east trending Talling Greenstone Belt; a synclinal structure with some recumbent folding along the southern margin. This portion of the greenstone belt is interpreted to be dominated by a mixture of tholeiitic and high magnesium basalts, felsic volcanic, volcanoclastic rocks and sediments of the Gabanintha Formation. Post tectonic granitic rocks have intruded the greenstone belt and a suite of cross cutting mafic dykes have been interpreted from aeromagnetic imagery.

Outcrop is limited within the project area, with regolith and geological mapping showing that much of the area is covered by shallow alluvial / colluvial soils with minor subcrop. Remnant laterites are present in the majority of areas of greenstone lithologies.

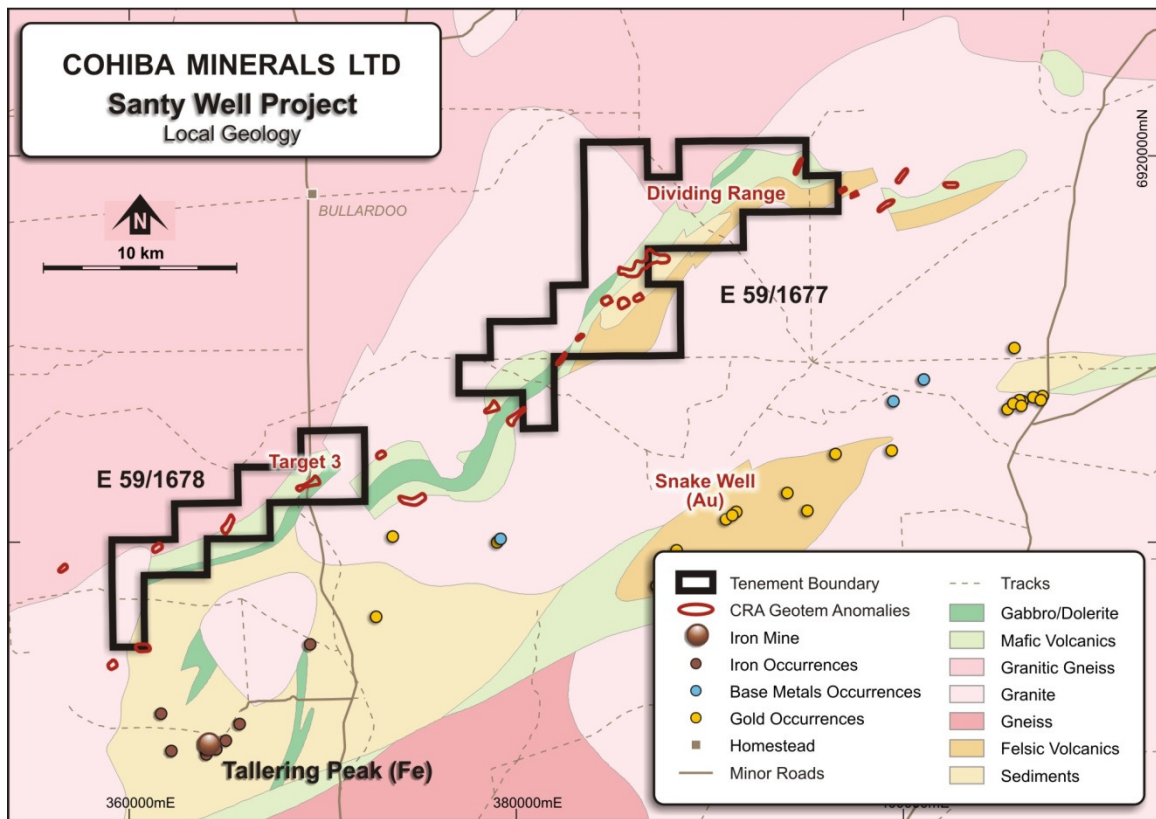


Figure 3 – Local Geology and Prospect Locations

Quartz-chlorite-actinolite schists after basalt are the dominant greenstone lithologies with minor felsic volcanics and sedimentary rocks. Dolerite outcrops along the northern sheared greenstone - granite contact. The south western portion of the project area is dominated by outcropping mafic schists and sediments.

There are no recorded mineral resources within the project area, however Mount Gibson Iron Limited's Tallering Peak iron ore operation is located to the south west of the project area and Giralia Resources NL's Snake Well gold – base metals project is located on the southern limb of the Tallering Greenstone Belt to the south east of the project area.

3.4. PREVIOUS EXPLORATION

Exploration of the Santy Well Project area has been recorded from 1973, with EZ Industries ("EZ"), North Broken Hill Ltd ("NBH") / Preussag Australia Pty Ltd ("Preussag"), Roebuck Resources NL ("Roebuck") / CRA Ltd ("CRA") and Delta Gold Ltd ("Delta Gold") having explored the area over the ensuing period. Work completed included regional and prospect scale geophysical surveys (aeromagnetics, ground magnetics, GEOTEM) and regional to prospect scale surface sampling (rock chip sampling, soil sampling, auger drilling). The main target of this work was Archaean greenstone hosted gold and base metal mineralisation.

EZ explored an area extending across the Project from 1973 to 1980 and completed aeromagnetics and ground magnetics. NBH explored an extensive area including the Santy Well Project between 1981 and 1982, completing aeromagnetics and extensive rock chip sampling. Preussag farmed in to the NBH project in 1982 and between 1982 and 1984 completed 697 regional rock chip samples. The rock chip samples were assayed for Cu, Pb, Zn, Ag and Au, with some samples also assayed for Mn, Fe, Ni, Co, Bi, Te, W, Sn and Mo.

Roebuck explored the region between 1986 and 1990 and CRA farmed into various parts of Roebuck's ground and explored between 1986 and 1996. Work completed consisted of regional rock chip, drainage and soil sampling, follow up surface sampling, regional aeromagnetics and radiometrics, a GEOTEM survey, follow up moving loop TEM and auger sampling. The surface sampling program identified the Dividing Range and Target 3 prospects based on anomalous Cu, Zn and Ni.

The Dividing Range prospect lies in the northwest of the project area and was initially defined by a broad >100 ppm Cu anomaly with a maximum value of 338 ppm Cu over a strike length of 5km. Follow up rock chip sampling returned further anomalous base metal results with five of the seven samples returning Cu values greater than 150 ppm, with two samples containing 351 ppm and 349 ppm Cu. Two Cu anomalous rock chips samples also returned Zn values > 150 ppm.

Soil sampling at Dividing Range identified a Cu anomaly approximately 2800 x 1400m in an east – west direction, with coincident Zn anomalism identified by seven samples with Zn values > 100 ppm (four of these had Zn results > 200 ppm).

CRA completed an auger sampling programme at the Dividing Range prospect. The programme consisted of 495 holes, with a nominal depth of 1.2m, and identified two anomalies. The larger of the anomalies was 1600m long by 800m wide, trended north – south and had a maximum value of 360 ppm Cu. The second anomaly stretches for 800m along the eastern most line of the auger sampling and has a maximum value of

185 ppm Cu. These results were the highest values amongst lower samples and do not represent the average grade. The current status of the prospect is unknown.

The regional aeromagnetics and radiometrics and GEOTEM survey completed by CRA defined a series of discrete anomalies along the length of the greenstone sequence, including an EM anomaly broadly coincident with the Target 3 geochemical anomaly.

Delta Gold explored the project area between 1996 and 1997, completing 263 soil samples and 8 rock chip samples. No significant anomalism was identified from this work and the project was relinquished.

4. EXPLORATION PROGRAM AND BUDGET

The Santy Well Project is considered to be prospective for precious and base metals mineralisation associated with the Tallering Greenstone sequence.

Initial exploration is proposed to consist of compilation of the data available across the project area including ground truthing, and where appropriate field mapping and surface sampling. This will be followed by a program of ground EM to follow up targets identified from the previously completed GEOTEM survey. Programs of aircore and RC drilling have been proposed to drill test the EM targets defined by the EM as well as targets identified through the surface sampling.

Subject to the results of the first years work program, exploration activity in the second year would be expected to be dominated by further geophysics, consisting of either ground EM or a VTEM survey, and subsequent aircore and RC drilling to scope out any mineralised zones defined.

	Minimum Subscription			Maximum Subscription		
	Year 1	Year 2	TOTAL	Year 1	Year 2	TOTAL
Data Acquisition and Review	20,000	7,500	27,500	25,000	17,500	42,500
Land Management	11,000	12,500	23,500	11,000	12,500	23,500
Geological Mapping	10,000	15,000	25,000	17,500	25,000	42,500
Surface Sampling and Prospecting	15,000	22,500	37,500	22,500	27,500	50,000
Geophysics	90,000	120,000	210,000	100,000	250,000	350,000
Drilling (AC / RC)	280,000	430,000	710,000	300,000	550,000	850,000
Sampling / Assaying	65,000	85,000	150,000	70,000	115,000	185,000
TOTAL	491,000	692,500	1,183,500	546,000	997,500	1,543,500

Table 2 – Santy Well Project – Proposed Exploration Expenditure

In the event that the Company raises the minimum subscription it will modify its exploration activities such that the quantum of geophysics and follow up aircore and RC drilling is reduced. This reduction would have the effect of extending the evaluation period of any identified mineralised zones. Expenditures would remain in excess of statutory expenditure commitments.

The exploration budgets as proposed are conceptual in nature and stages of exploration are dependent on success of the previous stage, with potential for changes to the program as results are received. The levels of expenditure are considered to be reasonable and warranted based on the prospectivity of the Santy Well Project.

5. REFERENCES

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6. GLOSSARY OF TECHNICAL TERMS

aeolian	Formed or deposited by wind.
aerial photography	Photographs of the earth's surface taken from an aircraft.
aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
aircore	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
Au	Chemical symbol for gold.
basalts	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
bedrock	Any solid rock underlying unconsolidated material.
BIF	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
BLEG sampling	Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
copper	A reddish metallic element, used as an electrical conductor and the basis of brass and bronze.
depletion	The lack of gold in the near-surface environment due to leaching processes during weathering.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
dilational	Open space within a rock mass commonly produced in response to folding or faulting.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
fault zone	A wide zone of structural dislocation and faulting.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
geochemical	Pertains to the concentration of an element.
gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
haematite	Iron oxide mineral, Fe ₂ O ₃ .
igneous	Rocks that have solidified from magma.
infill	Refers to sampling or drilling undertaken between pre-existing sample points.
interflow	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.

intermediate intrusions	A rock unit which contains a mix of felsic and mafic minerals.
ironstone	A body of igneous rock which has forced itself into pre-existing rocks.
komatiitic	A rock formed by cemented iron oxides.
laterite	Magnesium-rich mafic to ultramafic extrusive rock.
	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lead	A metallic element, the heaviest and softest of the common metals.
lithological contacts	The contacts between different rock types.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with low quartz content.
nickel	Silvery-white metal used in alloys.
open pit	A mine working or excavation open to the surface.
outcrops	Surface expression of underlying rocks.
palaeo channels	An ancient preserved stream or river.
PGE	Platinum group elements including platinum, palladium, etc.
pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
ppb	Parts per billion; a measure of low level concentration.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual resources	Soil and regolith which has not been transported from its point or origin.
rock chip sampling	Insitu occurrence of valuable or useful minerals.
saprolite	The collection of rock specimens for mineral analysis.
	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
sedimentary shale	A term describing a rock formed from sediment.
sheared	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
soil sampling	A zone in which rocks have been deformed in response to applied stress.
stratigraphic	The collection of soil specimens for mineral analysis.
stream sediment sampling	Composition, sequence and correlation of stratified rocks.
	The collection of samples of stream sediment with the intention of analysing them for trace elements.
subcrop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
tholeiitic	A descriptive term for basalt with little or no olivine.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
vacuum sampling	A drill sampling method using vacuum drilling to penetrate upper horizons and obtain a sample from lower in the hole.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastics	Pertaining to clastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
zinc	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

5. INVESTIGATING ACCOUNTANT'S REPORT

19 May 2011

The Directors
Cohiba Minerals Limited
Suite 9, 1200 Hay Street
WEST PERTH WA 6005

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

INTRODUCTION

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 20 May 2011 ("Prospectus") for the issue by Cohiba Minerals Limited (the "Company") of up to 15,000,000 ordinary shares at an issue price of 20 cents each to raise a total of up to \$3,000,000 before the expenses of the issue. The minimum subscription under the Prospectus is \$2,250,000.

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of Cohiba Minerals Limited.

STRUCTURE OF REPORT

This Report has been divided into the following sections:

1. Background information;
2. Scope of Report;
3. Financial information;
4. Subsequent events;
5. Statements; and
6. Declaration.

1. BACKGROUND INFORMATION

The Company was registered in Australia on 28 January 2011. The current directors of the Company are Mr James Robinson, Mr Matthew Sheldrick and Mr Simon Coxhell. Mr James Robinson also acts as the Company Secretary.

The Company has entered into a Farm-in Agreement to acquire the exclusive right to earn an initial 50% interest in the mineral rights (other than iron ore) within two granted tenements in the Mid-West region of Western Australia (the Santy Well Project) from West Peak Iron Limited through the sole-funding of \$100,000 of exploration expenditure.

As at the date of this Report, the issued share capital of the Company is 7,000,000 ordinary fully paid shares. The following table summarises share capital movements since registration.

<i>Date</i>		<i>Number issued</i>	<i>Issue price</i>	<i>\$</i>
28 January 2011	Shares issued on registration	1	\$1.00	1
4 March 2011	Shares issued	6,999,999	\$0.02	140,000
Shares on issue at the date of this Report		<u>7,000,000</u>		<u>140,001</u>

The Company has the following options on issue at the date of this Report:

<i>Date issued</i>	<i>Expiry date</i>	<i>Number issued</i>	<i>Exercise price</i>
4 March 2011	30 June 2014	6,500,000	\$0.20
Options on issue at the date of this Report		<u>6,500,000</u>	

The Company's main objectives are the:

- **exploration and appraisal of the Tenements, including satisfaction of the conditions of the Farm-in Agreement; and**
- **assessment and, if appropriate, acquisition of additional projects that are considered by the Board to add value to the Company.**

2. SCOPE OF REPORT

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

- a) the historical financial information of the Company, comprising the historical Statement of Financial Position as at 30 April 2011 and the historical Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period from registration to 30 April 2011 as set out in Appendix 1 to this Report; and
- b) the proforma financial information for the Company, comprising the proforma Statement of Financial Position as at 30 April 2011 and the proforma Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended. This information is presented under the following two scenarios:
 - \$2,250,000 capital raising (minimum subscription), and
 - \$3,000,000 capital raising (full subscription).

The Directors have prepared and are responsible for the historical and proforma information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

We performed a review of the historical financial information and the proforma financial information of the Company as at 30 April 2011 in order to ensure consistency in the

application of applicable Accounting Standards and other mandatory professional reporting requirements. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

Our review of the historical financial information and the proforma information of the Company was carried out in accordance with Australian Auditing Standard ASRE 2410 "Review of an Interim Financial Report performed by the Independent Auditor of the Entity" and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Investigating Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical financial information and proforma information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed;
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- c) the going concern basis of accounting has been adopted.

3. FINANCIAL INFORMATION

Set out in Appendix 1 (attached) are:

- a) The Statement of Financial Position of the Company as at 30 April 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended; and
- b) The proforma Statement of Financial Position of the Company as at 30 April 2011 and proforma Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 30 April 2011:
 - i) the issue by the Company pursuant to the Prospectus of 15,000,000 ordinary shares at an issue price of 20 cents each, raising \$3,000,000 (full subscription), together with a comparison on the basis of the minimum subscription noted below;
 - ii) the payment in accordance with the Farm-in Agreement of \$10,000 to be recorded as exploration expenditure; and
 - iii) the write off to the issued capital account of the cash costs of the Prospectus being an estimated \$285,000, as detailed below based on achieving the full subscription:

	<i>Minimum Subscription</i> (\$)	<i>Full Subscription</i> (\$)
ASIC Fees	2,068	2,068
ASX Listing Fee	25,000	25,374
Broker Commissions	135,000	180,000
Legal Fees	40,000	40,000
Independent Geologist's Fees	10,000	10,000
Investigating Accountant's Fees	5,000	5,000
Printing and Distribution	15,000	15,000
Miscellaneous	7,932	7,558
	240,000	285,000

This information is presented under the following two scenarios:

- \$2,250,000 capital raising (minimum subscription) – on this basis the total costs of the Prospectus will decrease by \$45,000 to \$240,000
- \$3,000,000 capital raising (full subscription).

c) Notes to the historical financial information and proforma information.

4. *SUBSEQUENT EVENTS*

In our opinion, there have been no material items, transactions or events subsequent to 30 April 2011 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. *STATEMENTS*

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- a) the historical financial information of Cohiba Minerals Limited as at 30 April 2011 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period then ended; and
- b) the proforma information of Cohiba Minerals Limited as at 30 April 2011 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period then ended, as if the transactions referred to in Section 3 (b) of this Report had occurred during that period.

6. *DECLARATION*

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$5,000).
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- c) Neither HLB, nor any of its employees or associated persons has any interest in Cohiba Minerals Limited or the promotion of the Company.
- d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully
HLB MANN JUDD



N G NEILL
Partner

- APPENDIX 1 -

COHIBA MINERALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2011

		<i>Reviewed</i>	<i>Proforma</i>	
	<i>Notes</i>	\$	\$2.25M raising \$	\$3M raising \$
CURRENT ASSETS				
Cash and cash equivalents	2	127,742	2,127,742	2,832,742
Receivables		1,387	1,387	1,387
TOTAL CURRENT ASSETS		129,129	2,129,129	2,834,129
NON CURRENT ASSETS				
Exploration and evaluation expenditure	3	900	10,900	10,900
TOTAL NON-CURRENT ASSETS		900	10,900	10,900
TOTAL ASSETS		130,029	2,140,029	2,845,029
CURRENT LIABILITIES				
Trade and other creditors		-	-	-
TOTAL CURRENT LIABILITIES		-	-	-
TOTAL LIABILITIES		-	-	-
NET ASSETS		130,029	2,140,029	2,845,029
EQUITY				
Issued capital	4	124,333	2,134,333	2,839,333
Reserves	5	6,500	6,500	6,500
Accumulated losses		(804)	(804)	(804)
TOTAL EQUITY		130,029	2,140,029	2,845,029

This statement should be read in conjunction with the accompanying notes.

COHIBA MINERALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

	<i>Reviewed</i>	<i>Proforma</i>	
	\$	\$2.25M raising	\$3M raising
	\$	\$	\$
Income from ordinary activities	-	-	-
Other expenses	(983)	(983)	(983)
Other income	159	159	159
Profit/(loss) from ordinary activities	(804)	(804)	(804)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	(804)	(804)	(804)

This statement should be read in conjunction with the accompanying notes.

COHIBA MINERALS LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

	<i>Reviewed</i>	<i>Proforma</i>	
	\$	\$2.25M raising	\$3M raising
	\$	\$	\$
<i>Cash Flows From Operating Activities</i>			
Payments to suppliers and employees	(2,350)	(2,350)	(2,350)
Interest received	159	159	159
<i>Net Cash Used In Operating Activities</i>	(2,191)	(2,191)	(2,191)
<i>Cash Flows From Investing Activities</i>			
Exploration expenditure	(900)	(10,900)	(10,900)
<i>Net Cash Used In Investing Activities</i>	(900)	(10,900)	(10,900)
<i>Cash Flows From Financing Activities</i>			
Proceeds from issue of shares	140,001	2,390,001	3,140,001
Proceeds from issue of options	6,500	6,500	6,500
Issue costs paid	(15,668)	(255,668)	(300,668)
<i>Net Cash Provided By Financing Activities</i>	130,833	2,140,833	2,845,833
Net increase in cash held	127,742	2,127,742	2,832,742
Cash at the beginning of the financial period	-	-	-
<i>Cash At The End Of The Financial Period</i>	127,742	2,127,742	2,832,742

This statement should be read in conjunction with the accompanying notes.

COHIBA MINERALS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

	<i>Issued capital</i>	<i>Reserves</i>	<i>Accumulated losses</i>	<i>Total</i>
	\$	\$	\$	\$
Shares issued during the period	140,001	-	-	140,001
Share issue expenses	(15,668)	-	-	(15,668)
Options issued during the period	-	6,500	-	6,500
Comprehensive loss for the period	-	-	(804)	(804)
As at 30 April 2011	124,333	6,500	(804)	130,029

**\$2.25M raising Proforma
adjustments:**

Shares issued pursuant to Prospectus	2,250,000	-	-	2,250,000
Issue expenses – cash	(240,000)	-	-	(240,000)
\$2.25M raising Proforma total	2,134,333	6,500	(804)	2,140,029

**\$3M raising Proforma
adjustments:**

Increased number of shares issued pursuant to Prospectus	750,000	-	-	750,000
Increased issue expenses – cash	(45,000)	-	-	(45,000)
\$3M raising Proforma total	2,839,333	6,500	(804)	2,845,029

This statement should be read in conjunction with the accompanying notes

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards (“AIFRS”) are shown below.

(a) Basis of preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Compliance with IFRS

The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with measurement requirements but not all of the disclosure requirements of the International Financial Reporting Standards.

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(d) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(f) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other taxes (continued)

recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(h) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(j) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cohiba Minerals Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Share-based payment transactions (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Cash settled transactions:

The Company also provides benefits to employees in its electronics segment in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Cohiba Minerals Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each Statement of Financial Position date up to and including the settlement date with changes in fair value recognised in profit or loss.

(k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the period in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Exploration and evaluation (continued)

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(m) Proforma transactions

The proforma Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been derived from the historical financial information as at 30 April 2011 adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 30 April 2011:

- i) the issue by the Company pursuant to the Prospectus of 15,000,000 ordinary shares at an issue price of 20 cents each raising \$3,000,000 (full subscription), together with a comparison on the basis of the minimum subscription noted below;
- ii) the payment in accordance with the Farm-in Agreement of \$10,000 to be recorded as exploration expenditure; and
- iii) the write off to the issued capital account of the cash costs of the Prospectus being an estimated \$285,000.

This information is presented under the following two scenarios:

- \$2,250,000 capital raising (minimum subscription) – on this basis the total costs of the Prospectus will decrease by \$45,000 to \$240,000;
- \$3,000,000 capital raising (full subscription).

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

	<i>Reviewed</i>	<i>Proforma</i>	
	\$	\$2.25M raising \$	\$3M raising \$
2. CASH AND CASH EQUIVALENTS			
Balance as at 30 April 2011	127,742	127,742	127,742
Cash raised pursuant to Prospectus	-	2,250,000	3,000,000
Share issue costs	-	(240,000)	(285,000)
Payment in accordance with Farm-in Agreement	-	(10,000)	(10,000)
	127,742	2,127,742	2,832,742

2. EXPLORATION AND EVALUATION EXPENDITURE

Balance as at 30 April 2011	900	900	900
Payment in accordance with Farm-in Agreement	-	10,000	10,000
	900	10,900	10,900

4. ISSUED CAPITAL

Issued and paid up share capital

Shares issued during the period	140,001	140,001	140,001
Prospectus issue	-	2,250,000	3,000,000
Share issue costs - cash	(15,668)	(255,668)	(300,668)
Balance at end of period	124,333	2,134,333	2,839,333

	\$2.25M Raising		\$3M Raising	
	Number	\$	Number	\$
Movements in number of fully paid ordinary shares since 30 April 2011:				
Shares on issue at 30 April 2011	7,000,000	124,333	7,000,000	124,333
Proforma adjustments:				
Prospectus issue	11,250,000	2,250,000	15,000,000	3,000,000
Share issue costs – cash	-	(240,000)	-	(285,000)
Proforma total	18,250,000	2,134,333	22,000,000	2,839,333

COHIBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM REGISTRATION TO 30 APRIL 2011

	<i>Reviewed</i>	<i>Proforma</i>	
	\$	\$2.25M raising \$	\$3M raising \$
5. RESERVE			
Options issued over ordinary shares of the Company			
6,500,000 options issued to the directors and shareholders of the Company, exercisable at 20 cents on or before 30 June 2014 in exchange for cash	6,500	6,500	6,500
Balance at end of period	6,500	6,500	6,500

	\$2.25M Raising		\$3M Raising	
	Number	\$	Number	\$
Movements in number of options over ordinary shares since 30 April 2011:				
Options on issue at 30 April 2011	6,500,000	6,500	6,500,000	6,500

5. CONTINGENCIES AND COMMITMENTS

Details of planned expenditure commitments are outlined in the Prospectus and include commitments in relation to the:

- Farm-in Agreement with West Peak Iron Limited referred to in Part II of Section 6.
- Services agreement with the executive director as outlined in the section titled 'Investment Overview';
- Directors fees for the non-executive directors as outlined in the section titled 'Investment Overview'; and
- Services agreement with Cicero Corporate Services Pty Ltd as outlined in the section titled "Investment Overview".

Additionally, the Company has agreed, subject to Shareholder approval, to issue 1,000,000 options to Simon Coxhell on the same terms as the Options currently on issue. The Company will seek Shareholder approval following the admission of the Company to the Official List.

The Directors are not aware of any other contingencies.

6. RELATED PARTY TRANSACTIONS

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in the section of the Prospectus titled 'Investment Overview'.

6. SOLICITOR'S REPORT ON TENEMENTS

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20 May 2011

The Board of Directors
Cohiba Minerals Limited
Suite 9
1200 Hay Street
WEST PERTH WA 6005

Dear Sirs

SOLICITOR'S REPORT ON TENEMENTS (REPORT)

This Report is prepared for inclusion in a prospectus in connection with the listing on the ASX of Cohiba Minerals Limited (ACN 149 026 308) (**Company**) on or about 20 May 2011 for the issue of up to 15,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of \$0.20 per Share to raise up to \$3,000,000 (**Prospectus**).

1. SCOPE

We have been requested to report on certain mining tenements in which the Company has an interest (the **Tenements**).

The Tenements are located in Western Australia. Details of the Tenements are set out in Part I following this Report.

2. SEARCHES AND DOCUMENTS

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows:

- (a) we have obtained searches of the Tenements from the registers maintained by the Western Australian Department of Mines and Petroleum (**DMP**). These searches were conducted on 19 May 2011. Key details on the status of the Tenements are set out in Part I following this Report;
- (b) we have obtained extracts of any registered native title claims, native title determinations and Indigenous Land Use Agreements (**ILUAs**) as well as details of any unregistered applications that apply to the Tenements as

determined by the National Native Title Tribunal (**NNTT**). This material was obtained on 19 May 2011. Further details are set out in Section 7 of this Report and Part III following this Report; and

- (c) we have reviewed the material agreement relating to the Tenements provided to us as at the date of the DMP searches referred to in Section 2(a) of this Report and have summarised the material terms (details of which are set out in Part II following this Report).

3. OPINION

As a result of our searches and enquiries, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant searches:

- (a) **(Company's interest)**: this Report provides an accurate statement as to the Company's interest in the Tenements based on our searches and information provided to us;
- (b) **(Good standing)**: unless otherwise specified in this Report, the Tenements are validly granted and in good standing; and
- (c) **(Third party interests)**: this Report provides accurate statements as to third party interests, including encumbrances, in relation to the Tenements apparent from our searches and the information provided to us.

4. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

- (a) **(Company's interest)**: The Company does not have a registered interest in any of the Tenements. It only has an equitable interest pursuant to the Farm-in Agreement (as summarised in Part II of this Report) to earn an initial interest of 50% of the mineral rights (excluding iron ore) of the Tenements. The Company is therefore reliant on the registered holder of the Tenements to comply with its contractual obligations under the Farm-in Agreement with respect to maintaining the Tenements in full force and effect, free from any liability to forfeiture or non-renewal.
- (b) **(Co-existence)**: Pursuant to the terms and conditions of the Farm-in Agreement, the Company has contractual rights and obligations in relation to the co-existence, exploration and potentially mining on the Tenements. In the event that the parties wish to conduct activities on the same target area, the parties shall negotiate in good faith to agree a coordinated work programme and if no agreement is reached in 60 days, the registered holder of the Tenements has priority, unless the Company has confirmed a JORC Code compliant resource with more than 25% in the measured and indicated category in which case the Company shall have priority.

5. DESCRIPTION OF THE TENEMENTS

The Tenements comprise two exploration licences granted under the *Mining Act 1978* (WA) (**Mining Act**). Part I following this Report provides a list of the Tenements. The following provides a description of the nature and key terms of this type of mining tenement as set out in the Mining Act.

5.1 Exploration licences

Rights: The holder of an exploration licence is entitled to enter the land and undertake operations for the purposes of exploration for minerals.

Term: An exploration licence has a term of 5 years from the date of grant. The Minister may extend the term of an exploration licence granted after 10 February 2006, by a further period of 5 years followed by a further period or periods of 2 years. Where an exploration licence is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

Retention status: The holder of an exploration licence granted after 10 February 2006 may apply for approval of retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource within the exploration licence but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease.

Conditions: Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. A failure to comply with these conditions may lead to forfeiture of the exploration licence.

Relinquishment: The holder of an exploration licence applied for and granted after 10 February 2006 must relinquish not less than 40% of the blocks comprising the licence at the end of the fifth year.

Priority to apply for mining lease: The holder of an exploration licence has priority to apply for a mining lease over any of the land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

Conversion to mining lease: An application for conversion of an exploration licence to one or more mining leases must be accompanied by a notice of intent to commence productive mining operations or a "mineralisation report" prepared by a qualified person and a statement setting out information about proposed mining operations. A mining lease accompanied by a "mineralisation report" will only be approved where the Director Geological Survey considers that there is a reasonable prospect that the mineralisation identified will result in a mining operation. Upon grant, a mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years.

Transfer: No legal or equitable interest in an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on transfer or other dealing.

6. ABORIGINAL HERITAGE

There may be areas or objects of Aboriginal heritage located on the Tenements.

We have not undertaken searches to ascertain if any Aboriginal sites or objects have been registered in the vicinity of the Tenements as there is no obligation under the relevant legislation to register sites or objects. Furthermore, the exact location of Aboriginal sites cannot be ascertained from these searches.

The Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage as set out below. To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal sites or objects exist within the area of the Tenements. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

It is noted that a standard Aboriginal heritage agreement has been entered into in respect of the Tenements (as noted in Part III following this Report) which sets out the obligations of the parties holding an interest in the Tenements (whether title or mineral rights only) in protecting Aboriginal heritage in areas where exploration takes place in a manner that is transparent, timely, certain and cost effective.

Under Aboriginal heritage agreements parties holding an interest in a tenement (whether title or mineral rights only) may dispose of any or all of its rights with respect to their interest in the tenement, but must first procure an executed deed of assumption in favour of the relevant native title group by which the assignee (purchaser) agrees to be bound by the provisions of the heritage agreement and to assume, observe and perform the obligations of the assignor (vendor) under the heritage agreement insofar as they relate to the interest being acquired by the assignee (purchaser). In the case of the Company such an assumption would be restricted to the obligations relating to the mineral rights (excluding iron ore) on the Tenements.

As heritage agreements relate to the process of 'clearing' areas of land on tenements in order to conduct exploration activities it is possible a purchaser may rely on surveys previously completed by a vendor where it wishes to conduct activities on areas within tenements previously cleared of heritage sites without the requirements to repeat the process and incur additional costs.

6.1 Commonwealth legislation

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

6.2 Western Australian legislation

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972* (WA) (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons.

The Minister's consent is required where any use of land is likely to result in the excavation or other alteration of or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered and the WA Heritage Act protects all registered and unregistered sites.

7. NATIVE TITLE

7.1 Introduction

This section of the Report examines the effect of native title on the Tenements.

The existence of native title rights held by indigenous Australians was first recognised in Australia in 1992 by the High Court in the case *Mabo v. Queensland (no.2) (1992) 175 CLR 1 (Mabo no.2)*.

Mabo no.2 held that certain land tenure existing as at the date of that case, including mining tenements, were granted or renewed without due regard to native title rights, were invalid.

As a result of Mabo no.2, the *Native Title Act 1993 (Cth) (NTA)* was passed to:

- (a) provide a process for indigenous people to lodge claims for native title rights over land, for those claims to be registered by the NNTT and for the Courts to assess native title claims and determine if native title rights exist. Where a Court completes the assessment of a native title claim, it will issue a native title determination that specifies whether or not native title rights exist;
- (b) provide (together with associated State legislation) that any land tenures granted or renewed before 1 January 1994 were valid despite Mabo no.2. This retrospective validation of land tenure was subsequently extended by the NTA to include freehold and certain leasehold (including pastoral leases) granted or renewed before 23 December 1996; and
- (c) provide that an act that may affect native title rights (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (a **Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Act Provisions**.

7.2 Future Act Provisions

The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are three alternatives: the Right to Negotiate, an ILUA and the Expedited Procedure. These are summarised below.

Right to Negotiate

The Right to Negotiate involves a formal negotiation between the State, the applicant for the tenement and any registered native title claimants and holders of native title rights. The aim is to agree the terms on which the tenement can be granted. The applicant for the tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title. The parties may also agree on conditions that will apply to activities carried out on the tenement (e.g. in relation to heritage surveys).

If agreement is not reached to enable the tenement to be granted, the matter may be referred to arbitration before the NNTT, which has six months to decide whether the tenement can be granted, and if so on what conditions. The NNTT usually requires the parties to have had at least six months of negotiations before it will accept a referral for arbitration.

ILUA

An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. The State and the applicant for the tenement are usually the other parties to the ILUA.

An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the tenement being approved. These obligations pass to a transferee of the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

Expedited Procedure

The NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

- (a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and
- (c) the grant is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

If the State considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the tenement in accordance with the NTA. Persons have until three months after the notification date to take steps to become a registered native title claimant or native title holder in relation to the land to be subject to the tenement.

If there is no objection lodged by a registered native title claimant or a native title holder within four months of the notification date, the State may grant the tenement.

If one or more registered native title claimants or native title holders object within that four month notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State may grant the tenement. Otherwise, the Future Act Provisions (e.g. Right to Negotiate or ILUA) must be followed before the tenement can be granted.

The State of Western Australia currently follows a policy of granting mining leases, prospecting licences and exploration licenses under the Expedited Procedure where the applicant has entered into a standard aboriginal heritage agreement with the relevant registered native title claimants and native title holders. The standard heritage agreement (and ancillary agreements) usually provide for payment of compensation by the applicant for the tenement and conditions that apply to activities carried out within the tenement.

Exception to requirement to comply with Future Act Provisions

The grant of a Tenement does not need to comply with the Future Act Provisions if in fact native title has never existed over the land covered by the Tenement, or has been validly extinguished prior to the grant of the Tenement. We have not undertaken the extensive research needed to determine if in fact native title does not exist, or has been validly extinguished in relation to the Tenements.

Unless it is clear that native title does not exist (e.g. in relation to freehold land), the usual practice of the State is to comply with the Future Act Provisions when granting a Tenement. This ensures the grant will be valid in the event a court determines that native title rights do exist over the land subject to the Tenement and as such, the Future Act Provisions apply.

Where a Tenement has been retrospectively validated or validly granted under the NTA, the rights under the Tenement prevail over any inconsistent native title rights.

Application to the Tenements

The following sections of the Report identify:

- (a) any native title claims, native title determinations and ILUAs that are registered against the Tenements as well as any native title claims not accepted for registration (see Section 7.3);
- (b) any Tenements which have been granted before 23 December 1996 and retrospectively validated under the NTA (see Section 7.4);
- (c) any Tenements which have been granted after 23 December 1996 and as such will need to have been granted following compliance with the Future Act Provisions to be valid under the NTA (see Section 7.4); and
- (d) any Tenements which have been renewed after 23 December 1996 and as such will, subject to specified exceptions, need to have been renewed following compliance with the Future Act Provisions to be valid under the NTA (see Section 7.4).

7.3 Registered native title claims, native title determinations and ILUAs

Our searches indicate that the Tenements are subject to the following registered native title claims but no native title determinations or ILUAs. In addition a further native title claim has not been accepted for registration against the Tenements.

Tenement	Native Title Claim
E59/1677-I	WC96/93 WC04/10 WC97/72 (not registered)
E59/1678-I	WC96/93 WC04/10 WC97/72 (not registered)

The status of these native title claims is summarised in Part III following this Report.

Native title claimants are entitled to certain rights under the Future Act Provisions.

7.4 Validity of Tenements under the NTA

The sections below examine the validity of the Tenements under the NTA.

Tenements granted before 23 December 1996

Our searches indicate that none of the Tenements were granted before 23 December 1996.

Tenements granted after 23 December 1996

Our searches indicate that the following Tenements were granted after 23 December 1996.

Tenement	Date of Grant
E59/1677-I	19/01/2011
E59/1678-I	19/01/2011

We have assumed that these Tenements were granted in accordance with the Future Act Provisions and as such are valid under the NTA.

Tenements renewed after 23 December 1996

Renewals of mining tenements made after 23 December 1996 must comply with the Future Act Provisions in order to be valid under the NTA.

An exception is where the renewal is the first renewal of a mining tenement that was validly granted before 23 December 1996 and the following criteria are satisfied:

- the area to which the mining tenement applies is not extended;
- the term of the renewed mining tenement is not longer than the term of the old mining tenement; and
- the rights to be created are not greater than the rights conferred by the old mining tenement.

In such cases, the mining tenement can be renewed without complying with the Future Act Provisions. It is currently uncertain whether this exemption applies to a second or subsequent renewal of such a mining tenement.

As noted above, our searches indicate that none of the Tenements were granted before 23 December 1996. Consequently, renewals of the Tenements in the future will need to comply with the Future Act Provisions in order to be valid under the NTA. The registered native title claimants identified in Section 7.3 of this Report will need to be involved as appropriate under the Future Act Provisions.

8. QUALIFICATIONS AND ASSUMPTIONS

This Report is subject to the following qualifications and assumptions:

- (a) we have assumed the accuracy and completeness of all Tenement searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNNT;

- (b) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our searches and the information provided to us;
- (c) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (d) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements complied with, or will comply with, the applicable Future Act Provisions;
- (e) the holding of the Tenements is subject to compliance with the terms and conditions and the provisions of the applicable tenements;
- (f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (g) unless apparent from our searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (h) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (i) references in Part I following this Report to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey; and
- (j) the information in Part I following this Report is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the searches and the date of the Report.

9. CONSENT

This Report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully


STEINEPREIS PAGANIN

PART I – TENEMENT SCHEDULE

TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT NEXT RENTAL YEAR	MINIMUM ANNUAL EXPENDITURE	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE MATTERS
Santy Well Project										
E59/1677-I	West Peak Iron Ltd	100	19/01/2011	18/01/2016	35 Blocks	\$4,238.85	\$35,000	-	1-15 A	WC96/93, WC04/10, WC97/72 (not registered), HA-1
E59/1678-I	West Peak Iron Ltd	100	19/01/2011	18/01/2016	14 Blocks	\$1,695.54	\$20,000	-	1-9, 11, 16-18 A	WC96/93, WC04/10, WC97/72 (not registered), HA-1

Key to Tenement Schedule

E - Exploration Licence

References to numbers in the "Notes" column refers to the notes following this table.

References to letters in the "Notes" column refers to the relevant material contract as summarised in Part II.

Please refer to Part III for further details on the native title matters.

References to "HA-1" in the "Native Title Claims" column refers to the heritage agreements noted in Part III.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.

Notes:

1. The licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any Regulations thereunder.
 2. The licensee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.
 3. The Licensee pursuant to the approval of the Minister responsible for the Mining Act 1978 under Section 11 of the Mining Act 1978 is authorised to explore for iron.
 4. All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe immediately after completion.
 5. All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Mines and Petroleum (DMP). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMP.
 6. All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
 7. Unless the written approval of the Environmental Officer, DMP is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
 8. The Licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
 9. The Licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:-
 - the grant of the Licence; or
 - registration of a transfer introducing a new Licensee;advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.
 10. The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing mining on Trigonometrical Station Reserve 11818 and Rabbit Proof Fence Reserve 48494.
 11. No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.
 12. No activities being carried out within the proposed railway corridor (designated FNA 9031) that interfere with or restrict any rail route investigation activities being undertaken by the rail line proponent.
- In respect to the area designated as CPL 47 in TENGRAPH the following conditions (13-15) apply:**
13. Prior to any ground-disturbing activity, as defined by the Director, Environment, DMP the licensee preparing a detailed program for each phase of proposed exploration for approval of the Director, Environment, DMP. The program to include:

- maps and/or aerial photographs showing all proposed routes, construction and upgrading of
 - tracks, camps, drill sites and any other disturbances;
 - the purpose, specifications and life of all proposed disturbances;
 - proposals which may disturb any declared rare or geographically restricted flora and fauna; and
 - techniques, prescriptions and timetable for the rehabilitation of all proposed disturbances
14. The licensee, at his expense, rehabilitating all areas cleared, explored or otherwise disturbed during the term of the licence to the satisfaction of the Director, Environment, DMP. Such rehabilitation as is appropriate and may include:
- stockpiling and return of topsoil;
 - backfilling all holes, trenches and costears;
 - ripping;
 - contouring to the original landform;
 - revegetation with seed; and
 - capping and backfilling of all drill holes.
15. Prior to the cessation of exploration/prospecting activity the licensee notifying the Environmental Officer, DMP and arranging an inspection as required.
16. The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on Trigonometrical Station Reserve 11815.
17. No interference with Geodetic Survey Station ERIDA and YAL53 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
18. Consent to mine on Stock Route Reserve 9701 granted subject to no exploration activities being carried out on Stock Route Reserve 9701 which restrict the use of the reserve.

PART II – MATERIAL CONTRACT SUMMARY

(A) Farm-in Agreement

On 19 May 2011, the Company entered into a conditional agreement with West Peak Iron Limited (ACN 142 411 390) (**Vendor**) to acquire the exclusive right to farm-in to an initial interest of 50% of the mineral rights (excluding iron ore) of the Tenements (the **Mineral Rights**) (**Farm-in Agreement**).

The material terms of the Farm-in Agreement are as follows:

- (a) **(Conditions precedent):** The Farm-in Agreement remains conditional upon the satisfaction or waiver of the following conditions precedent:
- (i) **Heritage Agreement – Assignment and Assumption:** the Company and the Vendor entering into a deed of assignment and assumption of the Heritage Agreement in respect of the mineral rights being acquired by the Company under the Farm-in Agreement;
 - (ii) **Admission to the official list of ASX:** the Company receiving written confirmation from ASX that ASX will grant conditional approval to admit the Company to the official list of ASX, on terms acceptable to the Company; and
 - (iii) **Approvals and consents:** the Company obtaining all necessary third party, regulatory and shareholder approvals or consents to give effect to the matters contemplated by the transaction pursuant to the Corporations Act, ASX Listing Rules (where applicable) or any other law,
- on or before 31 August 2011 or a later date agreed by the parties.
- (b) **(Consideration):** The Company will satisfy the consideration for the Mineral Rights through:
- (i) payment of \$10,000 to the Vendor on execution of the Farm-in Agreement; and
 - (ii) sole funding \$100,000 on the Tenements within 12 months following the last of the conditions precedent being satisfied or waived.
- (c) **(Joint Venture):** On and from the date the sole funding has been completed (**Formation Date**), the parties will form an unincorporated joint venture for the purpose of exploring, developing and mining the Mineral Rights on the following material terms:
- (i) **Initial interests:** 50% each.
 - (ii) **Committee:** comprised of one representative from each party and authorised to determine the operations of the joint venture, including but not limited to work programs and budgets.
 - (iii) **Manager:** the sole manager of the operations of the joint venture shall be the Vendor, until such time as the Vendor elects not to contribute its share of joint venture expenditure, in which case the manager will be the Company.
- (d) **(Dilution):** On and from the Formation Date the parties must contribute to joint venture expenditure in proportion to their joint venture interest. In the event a party elects not

to contribute its share of joint venture expenditure, its joint venture interest will be diluted in accordance with the following formula:

$$\text{Joint Venture Interest} = \frac{(\text{Deemed Expenditure} + \text{Actual Expenditure}) \times 100}{\text{Total Expenditure.}}$$

Where:

Deemed Expenditure = \$100,000 (being the sole funding amount required to earn an initial interest of 50% of the Mineral Rights)

Actual Expenditure = the joint venture expenditure actually incurred by the party the subject of the dilution.

Total Expenditure = \$200,000 (being the aggregate deemed expenditure of both parties) plus the total joint venture expenditure actually incurred by both parties.

- (e) **(Royalty)**: In the event the Vendor's joint venture interest is diluted to less than 10% the Vendor will be deemed to have elected to convert its joint venture interest into a 2% net smelter return royalty on all minerals (other than iron ore) produced from the Tenements and sold
- (f) **(Co-existence rights)**: The parties agree to confer with one another in relation to the exercise of their respective rights to the Tenements, including but not limited to providing notice of work programs in respect of material exploration activities and sharing and use of exploration and geological/geochemical/geophysical data, and, acting reasonably, will agree upon the manner of their exercise in order to minimise interference with one another's operations. In the event that the parties wish to conduct activities on the same target area, the parties shall negotiate in good faith to agree a coordinated work programme and if no agreement is reached in 60 days, the Vendor has priority, unless the Company has confirmed a JORC Code compliant resource with more than 25% in the measured and indicated category in which case the Company shall have priority.
- (g) **(Application for mining lease)**: Should the Company delineate an inferred resource (as that term is defined in the JORC Code) with respect to any mineral (other than iron ore) on terms sufficient to reasonably support a mining operation on any or all of the Tenements (unless such minerals are located on land already covered by a mining lease) the Company will, at its sole cost, be permitted to apply for a mining lease, to which the Vendor will provide all reasonable assistance. Following the grant of the mining lease to the Company the Vendor will retain the iron ore rights.
- (h) **(Pre-emptive rights)**: the Company has a pre-emptive right over the future disposal of any interest the Vendor has in the Tenements, the joint venture or the iron ore rights.
- (i) **(Warranties)**: The Farm-in Agreement contains standard warranties and representations on behalf of the parties typical for an agreement of this nature.
- (j) **(Other)**: The Farm-in Agreement otherwise contains terms and conditions typical for an agreement of this nature.

PART III – NATIVE TITLE MATTERS

NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	REGISTERED	IN MEDIATION	STATUS
WC96/93	WAD6119/98	Mullewa Wadjari Community	Registered	No	Active
WC04/10	WAD6033/98	Wajarri Yamatji	Registered	Yes	Active
WC97/72	WAD6193/98	Widi Mob	Not Registered	No	Active

NATIVE TITLE DETERMINATIONS

None

ILUAs

None

HERITAGE AGREEMENTS

REFERENCE	NATIVE TITLE GROUP
HA-1	Wajarri Yamatji

7. CORPORATE GOVERNANCE

7.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (2nd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.cohibaminerals.com.au).

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Performance evaluation

In the absence of a nomination committee, the Board will conduct a performance evaluation of its individual Directors on an annual basis. To assist in this process an independent advisor may be used.

The Nomination Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively.

Where applicable, the review will include:

- (a) comparing the performance of the Board with the requirements of its Charter;
- (b) examination of the Board's interaction with management;
- (c) the nature of information provided to the Board by management; and
- (d) management's performance in assisting the Board to meet its objectives.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board has not established a remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the Board, acting without the affected Director participating in the decision making process, currently serves as a remuneration committee.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

7.2 Departures from Recommendations

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board.</p> <p>The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director.</p>
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<p>The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company.</p> <p>The chair will monitor the Board and the Board will monitor the performance of any senior executives who are not directors, including measuring actual performance against planned performance.</p>
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	<p>Explanation of departures from Principles and Recommendations 1.1 and 1.2 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 1.1 and 1.2 (if any) in its future annual reports.</p> <p>No performance evaluation of senior executives has taken place to date as this process is conducted annually and the first year has not been completed. Future annual reports will disclose whether such a performance evaluation has taken place in the relevant reporting period and whether it was in accordance with the process disclosed.</p> <p>The Corporate Governance Plan, which includes the Board Charter, is posted on the Company's website.</p>
2.	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	A majority of the Board are independent directors.

2.2	The chair should be an independent director.	The chair is an independent director.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company has a Managing Director (considered to be the Chief Executive Officer) who is separate from the chair.
2.4	The board should establish a nomination committee.	<p>No formal nomination committee has been established by the Company as yet. The Board, as a whole, currently serves as the nomination committee.</p> <p>The Company's Corporate Governance Plan includes a Nomination Committee Charter, which discloses the specific responsibilities of the committee.</p> <p>Where necessary, the Board seeks advice of external advisers in connection with the suitability of applicants for Board membership.</p>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company.</p> <p>The chair will review the performance of the Board, its committees (if any) and individual directors to ensure that the Company continues to have a mix of skills and experience necessary for the conduct of its activities.</p>
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	<p>The Company has provided details of each director, such as their skills, experience and expertise relevant to their position in this Prospectus and will also provide these details on its website and in future annual reports.</p> <p>Explanation of departures from Principles and Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 (if any) in its future annual reports.</p> <p>No performance evaluation of the Board, its committees and individual directors has taken place to date as this process is conducted annually and the first year has not been completed. Future annual reports will disclose whether such a performance evaluation has taken place in the relevant reporting period and whether it was in accordance with the process disclosed.</p> <p>The Corporate Governance Plan, which includes the Nomination Committee</p>

		Charter, is posted on the Company's website.
3.	Promote ethical and responsible decision-making	
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	The Company's Corporate Governance Plan includes a ' <i>Corporate Code of Conduct</i> ', which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company's Corporate Governance Plan includes a ' <i>Diversity Policy</i> ', which provides a framework for establishing measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	This disclosure has not yet been made as the first year has not been completed. Future annual reports will disclose the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	This disclosure has not yet been made as the first year has not been completed. Future annual reports will disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	Explanation of departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) in its future annual reports. The Corporate Governance Plan, which includes the Corporate Code of Conduct and Diversity Policy, is posted on the Company's website.
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee.	No formal audit committee has been established by the Company as yet. The Board, as a whole, currently serves as the audit committee.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 	Whilst the audit committee is not structured in the manner set out in the Principles and Recommendations, the Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional directors for the sole purpose of satisfying this recommendation as it would be cost prohibitive and counterproductive. As the operations of the Company develop the Board will reassess the formation of the audit committee.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses its specific responsibilities.
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	Explanation of departures from Principles and Recommendations 4.1, 4.2 and 4.3 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 4.1, 4.2 and 4.3 (if any) in its future annual reports. The Corporate Governance Plan, which includes the Audit & Risk Committee Charter, is posted on the Company's website.
5.	<i>Make timely and balanced disclosure</i>	

5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Company has not currently departed from Principle and Recommendation 5.1. The Company will provide an explanation of any departures from Principle and Recommendation 5.1 (if any) in its future annual reports. The Corporate Governance Plan, which includes a continuous disclosure program, is posted on the Company's website.
6.	<i>Respect the rights of shareholders</i>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Plan includes a shareholders communication strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company has not currently departed from Principle and Recommendation 6.1. The Company will provide an explanation of any departures from Principle and Recommendation 6.1 (if any) in its future annual reports. The Corporate Governance Plan, which includes a shareholders communication strategy, will be posted on the Company's website.
7.	<i>Recognise and manage risk</i>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company's Corporate Governance Plan includes a risk management policy. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Company's Corporate Governance Plan includes a risk management policy. The Board will require either the Managing Director or the Chief Financial Officer to provide a report at the relevant time.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will seek this relevant assurance from the Managing Director or Chief Financial Officer at the relevant time.
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company has not currently departed from Principles and Recommendations 7.1, 7.2 and 7.3. The Company will provide an explanation of any departures from Principles and Recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports. The Corporate Governance Plan, which includes a risk management policy, is posted on the Company's website.
8.	<i>Remunerate fairly and responsibly</i>	
8.1	The board should establish a remuneration committee.	The Board has not established a formal remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the Board, acting without the affected director participating in the decision making process, currently serves as a remuneration committee. The Company's Corporate Governance Plan includes a Remuneration Committee

		<p>Charter, which discloses its specific responsibilities.</p> <p>Remuneration to the executive directors is by way of salary only and to non-executive directors by way of director fees only, with the level of such salary or fees as the context requires, having been set by the Board to an amount it considers to be commensurate for a company of its size and level of activity.</p> <p>There is currently no link between performance and remuneration, however, it is the intention of the Board to re-assess this once the Company commences operations. Further there are no schemes for retirement benefits in existence.</p>
8.2	<p>The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent director • has at least three members 	<p>Although no formal remuneration committee has been established, the Board currently serves as the remuneration committee.</p> <p>The Board is comprised of a majority of independent directors, is chaired by an independent director and has at least three members.</p>
8.3	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The Board has distinguished the structure of non executive director's remuneration from that of executive directors and senior executives.</p> <p>The Company's constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum set by the constitution and subsequently varied by resolution at a general meeting of shareholders.</p> <p>The Board is responsible for determining the remuneration of executive directors and senior executives (without the participation of the affected director). It is the Board's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating executive directors and senior executives fairly and appropriately with reference to relevant employment market conditions and by linking the nature and amount of executive directors' and senior executives emoluments to the Company's financial and operational performance.</p>

8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	<p>Explanation of departures from Principles and Recommendations 8.1, 8.2 and 8.3 (if any) are set out above. The Company will also provide an explanation of any departures from Principles and Recommendations 8.1, 8.2 and 8.3 (if any) in its future annual reports.</p> <p>The Corporate Governance Plan, which includes the Remuneration Committee Charter, is posted on the Company's website.</p>
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8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to and in accordance with the Corporations Act, the ASX Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be

payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being

wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

8.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

8.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Zephyr Consulting Group Pty Ltd has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 4 of this Prospectus. The Company estimates it will pay Zephyr Consulting Group Pty Ltd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Zephyr Consulting Group Pty Ltd has not received fees from the Company for any other services.

HLB Mann Judd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 5 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$5,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd has not received any fees from the Company for any other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and has prepared the Solicitor's Report on Tenements which is included in Section 6 of this Prospectus. The Company estimates it will pay Steinepreis Paganin \$40,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

8.5 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Zephyr Consulting Group Pty Ltd has given its written consent to being named as Independent Geologist in this Prospectus, the inclusion of the Independent Geologist's Report in Section 4 of this Prospectus in the form and context in which the report is included and the inclusion of statements contained in the Chairman's Letter, Investment Overview and Section 2.2 of this Prospectus in the

form and context in which those statements are included. Zephyr Consulting Group Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 5 of this Prospectus in the form and context in which the information and report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 6 of this Prospectus in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Registrars Pty Ltd has given its written consent to being named as the share registry to the Company in this Prospectus. Security Transfer Registrars Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.6 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$240,000 for minimum subscription or \$285,000 for full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Full Subscription (\$)
ASIC fees	2,068	2,068
ASX fees	25,000	25,374
Broker Commissions*	135,000	180,000
Legal Fees	40,000	40,000
Independent Geologist's Fees	10,000	10,000
Investigating Accountant's Fees	5,000	5,000
Printing and Distribution	15,000	15,000
Miscellaneous	7,932	7,558
TOTAL	240,000	285,000

* Broker commissions will only be paid on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company (refer to Section 1.9 of this Prospectus for further information). The amount calculated is based on 100% of applications being made in this manner. For those applications made directly to and accepted by the Company no broker commissions will be payable and the expenses of the Offer will be reduced and the additional funds will be put towards working capital.

8.7 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.8 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.cohibaminerals.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.11 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



**James Robinson
Managing Director
For and on behalf of
Cohiba Minerals Limited**

10. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Investment Overview of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Cohiba Minerals Limited (ACN 149 026 308).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Farm-in Agreement means the farm-in agreement entered into between the Company and West Peak Iron Limited as summarised in Part II of the Solicitor's Report on Tenements set out in Section 6 of this Prospectus.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 1 of this Prospectus.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Project or **Santy Well Project** means the Santy Well Project and any one of its sub-projects as further described in the Independent Geologist's Report set out in Section 4 of this Prospectus or any one of them as the context requires.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Tenements means the mining tenements in which the Company has an interest as further described in the Solicitor's Report on Tenements set out in Section 6 of this Prospectus or any one of them as the context requires.

WST means Western Standard Time as observed in Perth, Western Australia.

This Application Form relates to the Offer of Fully Paid Shares in Cohiba Minerals Limited pursuant to the Prospectus dated 23 May 2011.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

All cheques should be made payable to COHIBA MINERALS LIMITED - SHARE OFFER ACCOUNT and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:

COHIBA MINERALS LIMITED
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR

Delivered to:

COHIBA MINERALS LIMITED
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applications must be received by no later than 5.00pm (WST) on the Closing Date 24 June 2011 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESSE HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Cohiba Minerals Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

CORRECT

Mr John Alfred Smith

INCORRECT

J A Smith

Company

Use the company's full title, not abbreviations.

ABC Pty Ltd

ABC P/L or ABC Co

Joint Holdings

Use full and complete names.

Mr Peter Robert Williams &
Ms Louise Susan Williams

Peter Robert &
Louise S Williams

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Sue Smith Family Trust

Deceased Estates

Use the executor(s) personal name(s).

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Estate of Late John Smith
or
John Smith Deceased

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Mr John Alfred Smith
<Peter Smith A/C>

Master Peter Smith

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

John Smith and Son

Superannuation Funds

Use the name of the trustee(s) of the super fund.

Jane Smith Pty Ltd
<JSuper Fund A/C>

Jane Smith Pty Ltd Superannuation Fund