

Cohiba Minerals Limited

ABN 72 149 026 308

Half year Financial Report - 31 December 2018

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Directors

Mr Mordechai Benedikt (Executive Chairman)
Mr Nachum Labkowski (Non-Executive Director)
Dr Robert Beeson (Non-Executive Director)

Company secretary

Mr Justin Mouchacca

Registered office

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

Principal place of business

Level 4, 100 Albert Road
South Melbourne, VIC 3205

Share register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Fax: (08) 9315 2233

Auditor

William Buck
Level 20, 181 William Street
Melbourne VIC 3000

Stock exchange listing

Cohiba Minerals Limited securities are listed on the Australian Securities Exchange
(ASX codes: CHK and CHKO)

Website

www.cohibaminerals.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cohiba Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

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

Mr Mordechai Benedikt (Executive Chairman)
Mr Nachum Labkowski (Non-Executive Director)
Dr Robert Beeson (Non-Executive Director)

Principal activities

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$697,128 (31 December 2017: \$847,053).

Financial performance

The half year period saw a 17% decrease in operating expenses from \$851,403 to \$707,728, mainly driven by a larger write off of exploration and evaluation assets in the prior period. This was offset by an increase in administrative and corporate expenses due to additional consulting fees during the current period.

Financial position

The net assets of the consolidated entity increased to \$4,414,288 at the end of the half year (30 June 2018: \$3,611,695). This was a result of an increase in cash reserves and significant exploration expenditure which was capitalised during the period. An increase in exploration activity on the Olympic Domain project came from a discovery announced by BHP Billiton on their adjacent exploration licence. Furthermore drilling commenced at the Wee MacGregor project during the period.

Cash flow

The company successfully raised \$1,600,000 in December 2018 to accelerate exploration activities. Net increase in cash and cash equivalents was \$541,212, in comparison to a net decrease of \$524,370 in the comparative period.

Below is a summary of the consolidated entity's operations during the period.

Olympic Domain Farm-in Agreement

During the period the company announced it would accelerate its exploration program on the Olympic Domain tenements where it holds a right to earn up to an 80% interest via a Farm-In Agreement with Olympic Domain Pty Ltd as. The decision to accelerate its exploration program over the "Horse Well" tenements was made following the discovery announced by BHP Billiton (ASX: BHP) on their adjacent exploration licence EL5941. The Horse Well project comprises EL5970 and EL6122 and EL6183 (formerly 5224), lies approximately 45 kilometres to the south of Olympic Dam, and is directly adjacent to BHP's Oak Dam Resource. The company has now engaged with its consultants and exploration team to fast track permits, undertake a detailed magnetotelluric (MT) survey and subsequently plan a drill program.

Pyramid Lake Update (E74/594)

The company is the holder of exploration licence E74/594, which covers all of Pyramid Lake in south-western Western Australia, for a total of 11,266 hectares or 112.66 km squared. During the half-year period, the Company announced a maiden indicated resource at its Pyramid Lake gypsum project (refer to ASX announcement of 28 August 2018), in SW Western Australia. Subsequent to the announcement of the maiden indicated resource, the company engaged the services of Mineral Strategies Pty Ltd to undertake a scoping study in relation to the market opportunities. The results of the marketing study were announced to ASX on 30 November 2018.

Wee Macgregor project Update

The Wee Macgregor project is located in Mount Isa, Queensland, a premier base metals province. The Project comprises three granted mining licences, ML 2504, ML 2773 and ML 90098. During the period, the company commenced drilling at the Wee MacGregor copper, cobalt and gold project in the Mount Isa district of north west Queensland. Initial results showed a promising intercept of mineralisation between 6 and 12m down hole demonstrating the mineralisation continues at depth. Further drilling results continued to demonstrate the suspected accessory gold and cobalt endowment in addition to the known copper in the deposit. Drilling progress was hindered due to difficult ground conditions and equipment breakdown, but the drilling completed suggests that the size of this copper-cobalt-gold system is significantly larger than the original resource. Drilling is expected to continue during quarter 1 of 2019 with the aim of completing the planned program to allow updated resource estimation during quarter 2.

Significant changes in the state of affairs

On 6 December 2018 the Company announced that it had raised \$1,600,000 through a placement with institutional, sophisticated and professional investors. The placement was carried out through the issue of 106,666,668 ordinary shares with an issue price of \$0.015 (1.5 cents) and an issue of 15,000,000 listed options.

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

Matters subsequent to the end of the half-year

On 27 February 2019, the Company announced that they had met the conditions of Stage 1 of the Farm-In Agreement with Olympic Domain Pty Ltd, resulting in the Company earning a 30% stake in the Olympic Domain tenements.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

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

On behalf of the directors



Mordechai Benedikt
Executive Chairman

15 March 2019

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2018 there have been:

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

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink that appears to read 'N.S. Benbow'.

N.S. Benbow
Director

Dated this 15th day of March 2019

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Cohiba Minerals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018



		Consolidated	
		31 December 2018	31 December 2017
	Note	\$	\$
Revenue			
Interest Income		10,600	4,350
Expenses			
Administrative and corporate expenses		(418,722)	(257,610)
Director fees		(140,636)	(138,000)
Write off of exploration and evaluation assets	4	(135,767)	(450,393)
Legal expenses		(12,603)	(5,400)
Loss before income tax expense		(697,128)	(847,053)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Cohiba Minerals Limited		(697,128)	(847,053)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Cohiba Minerals Limited		<u>(697,128)</u>	<u>(847,053)</u>
		Cents	Cents
Basic earnings/(loss) per share	10	(0.12)	(0.20)
Diluted earnings/(loss) per share	10	(0.12)	(0.20)

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

Cohiba Minerals Limited
Statement of financial position
As at 31 December 2018



	Consolidated	
	31 December	
Note	2018	30 June 2018
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,439,216	1,898,004
Trade and other receivables	148,083	134,604
Prepayments	16,888	15,248
Total current assets	<u>2,604,187</u>	<u>2,047,856</u>
Non-current assets		
Exploration and evaluation	4 1,918,893	1,734,362
Total non-current assets	<u>1,918,893</u>	<u>1,734,362</u>
Total assets	<u>4,523,080</u>	<u>3,782,218</u>
Liabilities		
Current liabilities		
Trade and other payables	108,792	170,523
Total current liabilities	<u>108,792</u>	<u>170,523</u>
Total liabilities	<u>108,792</u>	<u>170,523</u>
Net assets	<u>4,414,288</u>	<u>3,611,695</u>
Equity		
Issued capital	5 9,977,262	8,552,541
Reserves	6 534,181	496,081
Accumulated losses	<u>(6,097,155)</u>	<u>(5,436,927)</u>
Total equity	<u>4,414,288</u>	<u>3,611,695</u>

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

Cohiba Minerals Limited
Statement of changes in equity
For the half-year ended 31 December 2018



Consolidated	Issued capital \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	6,227,914	351,081	(3,962,091)	2,616,904
Loss after income tax expense for the half-year	-	-	(847,053)	(847,053)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(847,053)	(847,053)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares as consideration for acquisition of Cobalt X, net of transaction costs and tax	965,040	-	-	965,040
Subscription for CHKO listed facilitation options	-	80,000	-	80,000
Balance at 31 December 2017	<u>7,192,954</u>	<u>431,081</u>	<u>(4,809,144)</u>	<u>2,814,891</u>
	Issued capital \$	Options reserve \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2018	8,552,541	496,081	(5,436,927)	3,611,695
Loss after income tax expense for the half-year	-	-	(697,128)	(697,128)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(697,128)	(697,128)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares, net of transaction costs and tax	1,424,721	-	-	1,424,721
Issue of CHKO listed options	-	75,000	-	75,000
Expiry of unlisted options	-	(36,900)	36,900	-
Balance at 31 December 2018	<u>9,977,262</u>	<u>534,181</u>	<u>(6,097,155)</u>	<u>4,414,288</u>

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

Cohiba Minerals Limited
Statement of cash flows
For the half-year ended 31 December 2018



	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers & employees (inclusive of GST)	(693,654)	(427,293)
Interest received	10,600	4,350
Net cash used in operating activities	(683,054)	(422,943)
Cash flows from investing activities		
Payments for exploration and evaluation assets	(267,188)	(146,967)
Net cash used in investing activities	(267,188)	(146,967)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	1,591,734	55,500
Payments for capital raising costs	(100,280)	(9,960)
Net cash from financing activities	1,491,454	45,540
Net increase/(decrease) in cash and cash equivalents	541,212	(524,370)
Cash and cash equivalents at the beginning of the financial half-year	1,898,004	1,893,843
Cash and cash equivalents at the end of the financial half-year	<u>2,439,216</u>	<u>1,369,473</u>

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

Note 1. General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2019.

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

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. Financial assets are measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the consolidated entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Allowances for impairment are recognised using an 'expected credit loss' ('ECL') model. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

In applying AASB 9, there were no adjustments required or impact on the financial statements.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. Revenue from contracts with customers is recognised to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This is based on a contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in the statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract are, subject to certain criteria, capitalised as an asset and amortised over the contract period.

In applying AASB 15, the consolidated entity has elected to use the modified retrospective method. On applying this standard, there were no adjustments required or impact on the financial statements.

Note 3. Operating segments

Identification of reportable operating segments

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

Note 4. Non-current assets - exploration and evaluation

	Consolidated	
	31 December	30 June 2018
	2018	
	\$	\$
Exploration and evaluation assets	<u>1,918,893</u>	<u>1,734,362</u>

Reconciliation

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

Consolidated	Exploration and evaluation assets \$
Balance at 1 July 2018	1,734,362
Expenditure during the half year	320,298
Write off of assets	<u>(135,767)</u>
Balance at 31 December 2018	<u>1,918,893</u>

During the period, the consolidated entity has carried out a review of the carrying amount of exploration and evaluation assets and recorded a write off charge of \$135,767.

This was a result of the relinquishment of exploration licences E45/4767, E45/4768, and E45/4769.

Accounting policy for exploration and evaluation assets

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

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

Note 5. Equity - issued capital

	31 December 2018 Shares	Consolidated 30 June 2018 Shares	31 December 2018 \$	30 June 2018 \$
Ordinary shares - fully paid	<u>664,614,242</u>	<u>557,947,574</u>	<u>9,977,262</u>	<u>8,552,541</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	557,947,574		8,552,541
Issue of ordinary shares	12 December 2018	106,666,668	\$0.015	1,600,000
Less capital raising costs		-	-	(175,279)
Balance	31 December 2018	<u>664,614,242</u>		<u>9,977,262</u>

Ordinary shares

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

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

Note 6. Equity - Reserves

	Consolidated 31 December 2018 \$	30 June 2018 \$
Options reserve	<u>534,181</u>	<u>496,081</u>

Options reserve

This reserve is used to recognise:

- the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services; and
- the value of proceeds received from issue of listed options.

Movements in reserves

Movements in each class of reserve during the current half-year are set out below:

Consolidated	Options reserve \$	Total \$
Balance at 1 July 2018	496,081	496,081
Issue of CHKO listed options	75,000	75,000
Expiry of unlisted options	(36,900)	(36,900)
Balance at 31 December 2018	<u>534,181</u>	<u>534,181</u>

Note 7. Fair value measurement

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

Note 8. Contingent liabilities

There were no contingent liabilities at 31 December 2018 (31 December 2017: Nil).

Note 9. Events after the reporting period

On 27 February 2019, the Company announced that they had met the conditions of Stage 1 of the Farm-In Agreement with Olympic Domain Pty Ltd, resulting in the Company earning a 30% stake in the Olympic Domain tenements.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 10. Loss per share

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Loss after income tax attributable to the owners of Cohiba Minerals Limited	<u>(697,128)</u>	<u>(847,053)</u>
	Cents	Cents
Basic earnings/(loss) per share	(0.12)	(0.20)
Diluted earnings/(loss) per share	(0.12)	(0.20)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>568,962,067</u>	<u>425,537,248</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>568,962,067</u>	<u>425,537,248</u>

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

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

Mordechai Benedikt
Executive Chairman

15 March 2019

Cohiba Minerals Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cohiba Minerals Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Responsibilities of the Directors for the Half-Year Financial Report

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

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

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

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

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

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

Independence

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

A handwritten signature in blue ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in blue ink, appearing to be 'N.S. Benbow'.

N.S. Benbow

Director

Dated this 15th day of March 2019