

TO: COMPANY ANNOUNCEMENTS OFFICE ASX LIMITED

DATE: 7 March 2018

EXECUTION OF FARM-IN AGREEMENT TO IOCG AND BASE METALS EXPLORATION PROJECTS IN SOUTH AUSTRALIA

Highlights

- Execution of Farm-In Agreement to IOCG and Base metals exploration projects in South Australia
- Prominent geological address – Olympic Domain tenements are located within approximately 50km of Olympic Dam or Carrapateena IOCG discovery
- Potentially significant gravity anomalies identified – opportunities to progress to drilling
- Exploration work to commence upon government approvals being obtained
- Strong cash position in order to carry out exploration activities

Further to its ASX announcement of 24 January 2018, Cohiba Minerals Limited (ASX: CHK) (**Cohiba** or **the Company**) is pleased to announce that it has entered into a Farm-In Agreement with Olympic Domain Pty Ltd (**Olympic Domain** or **ODPL**), a Australian proprietary company, for a proposed joint venture in respect of seven distinct exploration tenements located in South Australia, with a total portfolio licence area of approximately 1094km². The tenements the subject of the Farm-In Agreement are located within the Stuart Shelf which is host to major Iron Oxide Copper Gold (IOCG) deposits containing large quantities of iron oxides (hematite and magnetite), significant copper, gold, uranium, rare earth elements and silver. The execution of the Farm-In Agreement follows completion of the Company's due diligence investigations.

The ODPL tenements are located within the Stuart Shelf which is host to major Iron Oxide Copper Gold (**IOCG**) deposits containing large quantities of iron oxides (hematite and magnetite), significant copper, gold, uranium, rare earth elements, and silver.

The region contains (refer Figure 1):

- The Olympic Dam copper - gold -uranium mine;
- The Carrapateena copper - gold prospect; and
- The Mount Gunson copper -silver-cobalt deposits; and
- Prominent Hill copper -gold-silver deposit;
- Several other known IOCG prospects.

ISSUED CAPITAL

557,947,574 fully paid shares
280,635,367 CHKO listed options

DIRECTORS

Mr Mordechai Benedikt (Chairman)
Mr David Herszberg (Director)
Mr Nachum Labkowski (Director)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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CONTACT

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All of the tenements are located within either ~50km of:

BHP's Olympic Dam mine or **Oz Minerals' Carrapateena project** (JORC resource of 134Mt @ 1.5 % cu, 0.6g/t Au and 6.5g/t Ag¹):

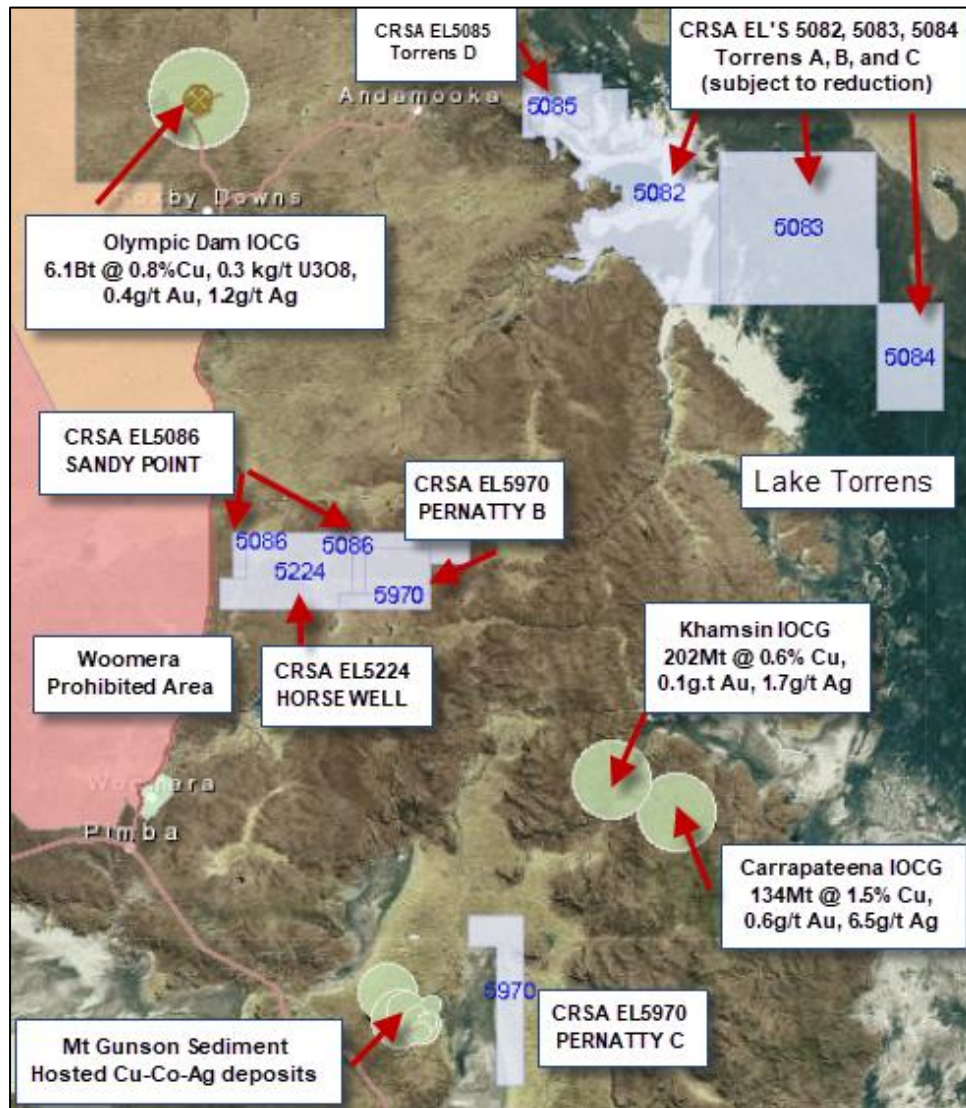


Figure 1: Project locations and nearby significant deposits

¹ Source: ASX Announcement of Oz Minerals Limited dated 24 August 2017 titled "Carrapateena Ore Reserve Statement".

Olympic Domain Project Portfolio:

EL Number	Locality	Area Km2
EL 5082	Lake Torrens A (Approx. 50km east of Olympic Dam)	344
EL 5083	Lake Torrens B (Approx. 75km east of Olympic Dam)	355
EL 5084	Lake Torrens C (Approx. 80km east of Olympic Dam)	103
EL 5085	Lake Torrens D (Approx. 15km east of Andamooka)	25
EL 5086	Sandy Point (Approx. 55km SSW of Andamooka)	29
EL 5224	Horse Well (Chinaman Swamp area, approx. 30km NNE of Woomera)	118
EL 5970	Pernatty B and C (Approx. 60km south of Andamooka)	120
Total		1,094

For further details in relation to historical exploration, please refer to the Company's ASX announcement dated 24 January 2018.

Mordechai Benedikt, Executive Chairman of the Company, commented: "The Company is pleased to have completed negotiations relating to the Farm-In Agreement and is looking forward to progressing exploration activities on the project areas. Previous exploration results have provided the joint venture with prospective targets to progress exploration and the Company looks forward to providing updates as exploration activities progress."

An overview of certain key terms of the Farm-In Agreement is set out in Annexure One to this announcement.

For Further information, please contact:

Mr Mordechai Benedikt
Executive Chairman

Annexure One – Overview of Certain Key Terms of Farm-In Agreement

- a) **Stage 1 (30% interest)** – Olympic Domain Pty Ltd (**Olympic Domain** or **ODPL**) grants CHK the right, but not the obligation, to acquire a 30% interest in the ODPL tenements (**Stage 1 Interest**) by:
- incurring expenditure of not less than \$500,000 within 1 year of the execution Farm-In Agreement (**Stage 1 Period**); and
 - making a payment to Olympic Domain within 5 business days of the execution of the Farm-In Agreement of a maximum of \$100,000 as reimbursement of expenditure incurred by Olympic Domain directly in connection with the development of the tenements prior to the date of the Farm-In Agreement (the payment being subject to provision of reasonable supporting documentation confirming the expenditure).
- b) **Stage 2 (51% interest)** – Subject to CHK earning the Stage 1 Interest, Olympic Domain grants CHK the right, but not the obligation, to acquire a further 21% interest in the ODPL tenements (**Stage 2 Interest**) by:
- incurring aggregate expenditure (including expenditure incurred in connection with obtaining the Stage 1 Interest) of not less than \$1,000,000 within 2 years of the execution of the Farm-In Agreement; and
 - making a payment to Olympic Domain within 10 business days of the date on which it earns the Stage 1 Interest of a maximum of \$100,000 as reimbursement of expenditure incurred by Olympic Domain directly in connection with the development of the ODPL tenements prior to the date of the Farm-In Agreement (the payment being subject to provision of reasonable supporting documentation confirming the expenditure).
- c) **Stage 3 (80% interest)** – Subject to Cohiba earning the Stage 2 Interest, Olympic Domain grants Cohiba the right, but not the obligation, to acquire a further 29% interest in the ODPL tenements (**Stage 3 Interest**) by incurring aggregate Expenditure (including expenditure incurred in connection with obtaining the Stage 1 Interest and Stage 2 Interest) of not less than \$1,500,000 within 3 years of the date of the Farm-In Agreement.
- d) **Minimum Expenditure** – CHK has agreed to it will incur expenditure of not less than \$500,000 in the Stage 1 Period (**Minimum Expenditure**) provided that CHK is relieved from this obligation (and its obligations to make any payment under (e) below) to the extent that its ability or capacity to make the Minimum Expenditure is adversely affected as a result of a breach of warranty by Olympic Domain, a force majeure event or a breach by Olympic Domain of a material term of the Farm-In Agreement. The warranties provided by Olympic Domain include warranties under which it has agreed to: (i) obtain all permits, consents and approvals necessary to permit the timely conduct of exploration programs agreed during the farm-in period; and (ii) obtain approvals for extensions or waivers of timeframes for annual or periodic expenditure requirements sufficient to enable CHK a reasonable opportunity to pursue and obtain the earn-in rights granted to it under the Farm-In Agreement.
- e) **Withdrawal Prior to Minimum Expenditure** – If CHK does not incur the Minimum Expenditure, subject to the circumstances in which it may be relieved of its obligations as referred to in paragraph (d) above, CHK must pay an amount of \$300,000 to Olympic Domain. This sum is payable (at CHK's election) in cash, shares, or a combination of shares and cash. If shareholder approval is required for the issue of shares CHK has agreed to endeavor to obtain that approval in an expedient manner.

- f) Withdrawal and Surrender** – Subject to the above, the Farm-In Agreement provides that CHK may elect not to incur expenditure and to withdraw from the Farm-In Agreement at any time prior to earning the Stage 1 Interest, Stage 2 Interest or Stage 3 Interest whereupon its unexercised earn-in rights lapse.

CHK may, at any time, elect to surrender a tenement from the operation of the Farm-In Agreement or any subsequent joint venture agreement. Upon surrender the relevant tenements will cease to be part of the operation of the Farm-In Agreement or any subsequent joint venture agreement and CHK will have no obligation to fund any further expenditure on the surrendered tenements. On receipt of a surrender notice from CHK, Olympic Domain can elect to either surrender the relevant tenement or retain the tenement in which case CHK will transfer any interest its holders in the surrendered tenement for nominal consideration.

g) Manager

The parties have agreed that Olympic Domain will act as initial manager until expiration of the farm-in period or until CHK makes an election to become manager at conclusion of either the Stage 1 Period, Stage 2 Period or Stage 3 Period. The manager will be entitled to a management fee equal to 10% of expenditure which fee will be deemed to constitute expenditure for the purposes of the Farm-In Agreement. To assist Olympic Domain in its role as manager, CHK has agreed to fund the costs of appointment of a consultant by Olympic Domain for a period of 6 months at not more than \$10,000 per month, the costs of which will be deemed to constitute expenditure for the purposes of the Farm-In Agreement.

h) Joint Venture

The Farm-In Agreement provides for the formation of a joint venture between the parties upon, and subject to, CHK obtaining its Stage 1 Interest and sets out the key principals of the terms of the joint venture agreement. These principles are typical for similar agreements and include provisions relating to contributions to expenditure and funding of joint venture expenditure, reporting, indemnities, decision making (including formation of a joint venture committee), security and procedures for assignment of interests.

i) Exploration Programs and Budgets

The parties have agreed to act reasonably and in good faith to develop exploration programs and budgets in collaboration with each other during the farm-In period, with any disputes to be resolved through the dispute resolution provisions of the Farm-In Agreement.

The Farm-In Agreement otherwise contains terms which are typical to documents of a similar nature including warranties (including, but not limited to, those referred to above), provisions relating to access to information and reporting, rights of pre-emption to the Olympic Domain tenement interest, indemnities and provisions relating to confidentiality.