

Cohiba Minerals Limited

ABN 72 149 026 308

Annual Report - 30 June 2019

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Directors

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

Company secretaries

Mr Justin Mouchacca
Mr Romy Hersham

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

Automic Registry Services
Level 5
126 Philip Street
Sydney NSW 2010
Ph: 02 9698 5414

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

Corporate Governance Statement

The Company's 2019 Corporate Governance Statement has been released to ASX
on 27 September 2019 and is available on the Company's website at
http://www.cohibaminerals.com.au/corporate_governance

HIGHLIGHTS

- Multiple iron oxide-copper-gold (IOCG) exploration targets identified at Horse Well Project based on magnetic and gravity survey result in permit adjacent to the significant BHP Oak Dam West copper discovery
- Detailed magnetotelluric (MT) survey indicates the presence of a conductive feature that may reflect feeder zones to mineralisation at Horse Well
- Further results from the detailed magnetotelluric (MT) survey over the Horse Well area delineate a second possible “feeder” zone
- Major milestone achieved on Farm-In Agreement between Cohiba Minerals and Olympic Domain Pty Ltd
- Gravity survey results on the Andamooka-Peninsula (Lake Torrens) project provide evidence of possible exploration targets
- Field sampling program design completed with teams (Euro Exploration Services P/L) ready to mobilise to Horse Well and Pernatty project areas as priority targets
- Additional historical geochemical data confirms anomalous copper / lead target zone within the Peninsular project area
- Maiden Indicated resource of 1.3 Mt at 78 % Gypsum, including Grade 1 and Premium gypsum within the central resource area, plus an Inferred resource contains 2.6 Mt at 67% gypsum, meeting Grade 2 agricultural requirements (refer ASX Announcement 28 August 2018)
- Results from Pyramid Lake Gypsum Project Scoping Study announced
- Strong results received from Wee Macgregor drilling
- Completion of capital raising injecting \$1.6 million to fund exploration and working capital
- Appointment of Non-Executive Chairman, Avi Kimelman

South Australia Copper Projects

As announced on 24 January 2018, Cohiba entered into a binding Terms Sheet (**Terms Sheet**) in relation to a proposed farm-in to a joint venture in respect of seven distinct exploration tenements located in South Australia, with a total portfolio licence area of 1094km² with Olympic Domain Pty Ltd (**ODPL** or **Olympic Domain**), an Australian proprietary company.

The Company further announced on 7 March 2018 that it entered into a Farm-in Agreement (Agreement) providing the Company with the right to acquire up to an 80% interest in the tenements held by Olympic Domain over a period of 3 years and 3 stages.

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.

Olympic Domain Project Portfolio:

EL Number	Locality	Area Km ²
EL 6118	Lake Torrens A (Approx. 50km east of Olympic Dam)	299
EL 6119	Lake Torrens B (Approx. 75km east of Olympic Dam)	177
EL 6120	Lake Torrens C (Approx. 80km east of Olympic Dam)	62
EL 6121	Lake Torrens D (Approx. 15km east of Andamooka)	26
EL 6122	Sandy Point (Approx. 55km SSW of Andamooka)	29
EL 6183	Horse Well (Chinaman Swamp area, approx. 30km NNE of Woomera)	118

EL 5970	Pernatty B and C (Approx. 60km south of Andamooka)	120
Total		831

During the year the Company also announced that it had met the conditions of Stage 1 of the Farm-In Agreement it holds with Olympic Domain Pty Ltd. By spending a minimum of \$500,000 in the first year, Cohiba earns a 30% stake in the tenements held by Olympic Domain Pty Ltd.

The Company has committed towards meeting the Stage 2 requirement of an aggregate expenditure of \$1,000,000 for a 51% stake in the tenements.

A historic drill hole (DDH-RED2) conducted by Western Mining Corporation (WMC) on the western margin of the Andamooka-Peninsula Project area showed encouraging results in terms of alteration styles consistent with IOCG environments.

The Company also announced that the detailed MT survey had been completed over the Horse Well area. This survey initially identified a strong MT feature in the west of the area, and has also identified an additional “feeder” zone in the eastern part of the area five kilometres northwest of the BHP Oak Dam West discovery (Figures 1A & 1B; Figure 2).

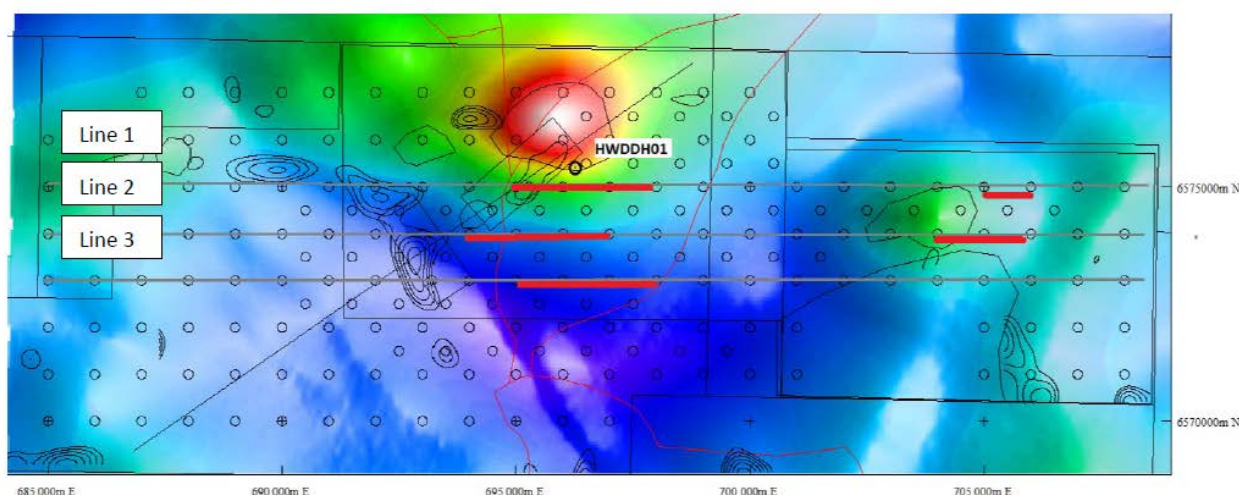


Figure 1A: Plan of the Horse Well area showing magnetotelluric survey lines with red lines (centre and east) denoting location of potential “feeder” systems/zones. Background shows high amplitude magnetic anomalies coincident with central and eastern “feeder” zones. Black contours represent gravity anomalies.

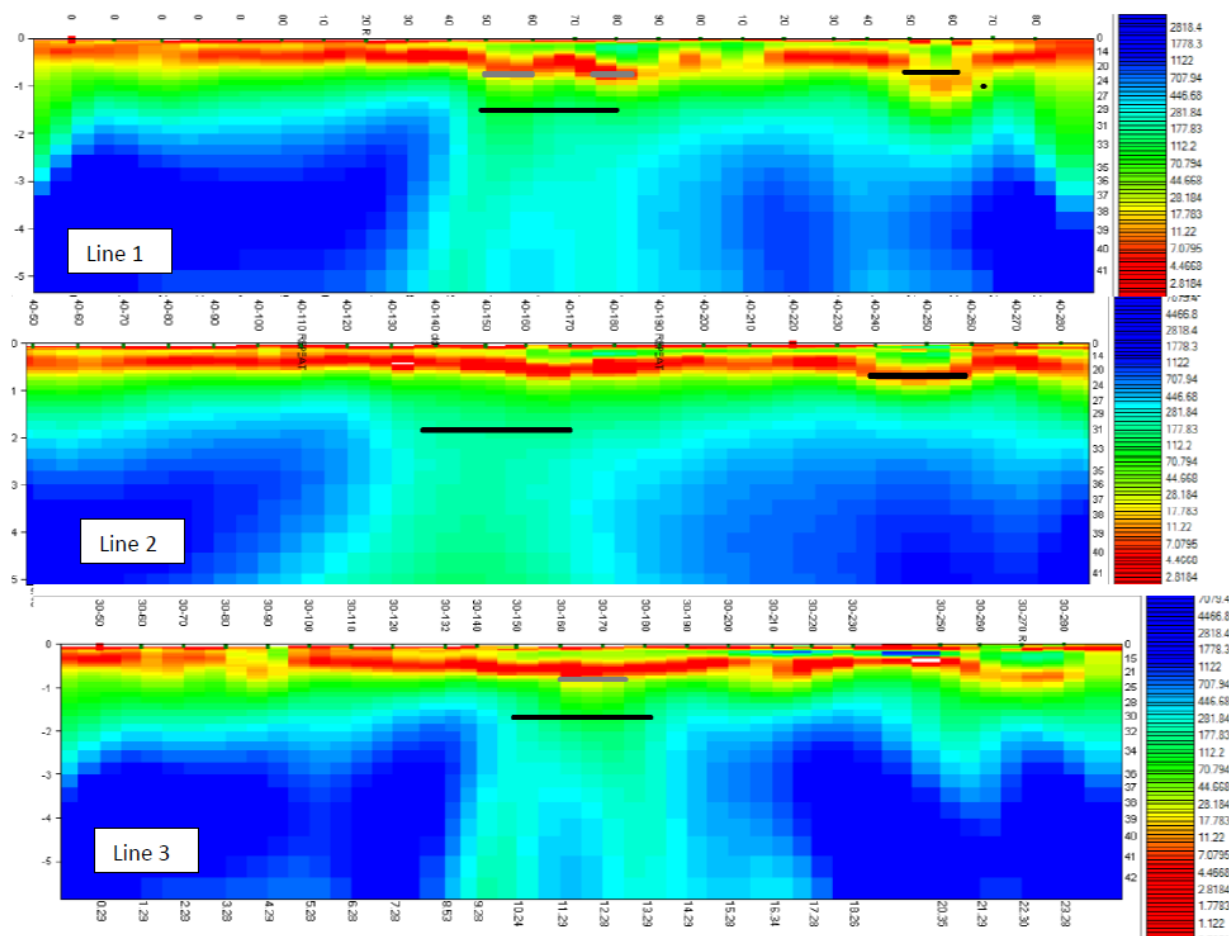


Figure 1B: Magnetotelluric (MT) cross-sections from a recent survey over the Horse Well area. The black lines correspond with the red lines in the plan view in Figure 1A. The two potential “feeder” zones are shown in the central and eastern parts of the cross-sections.

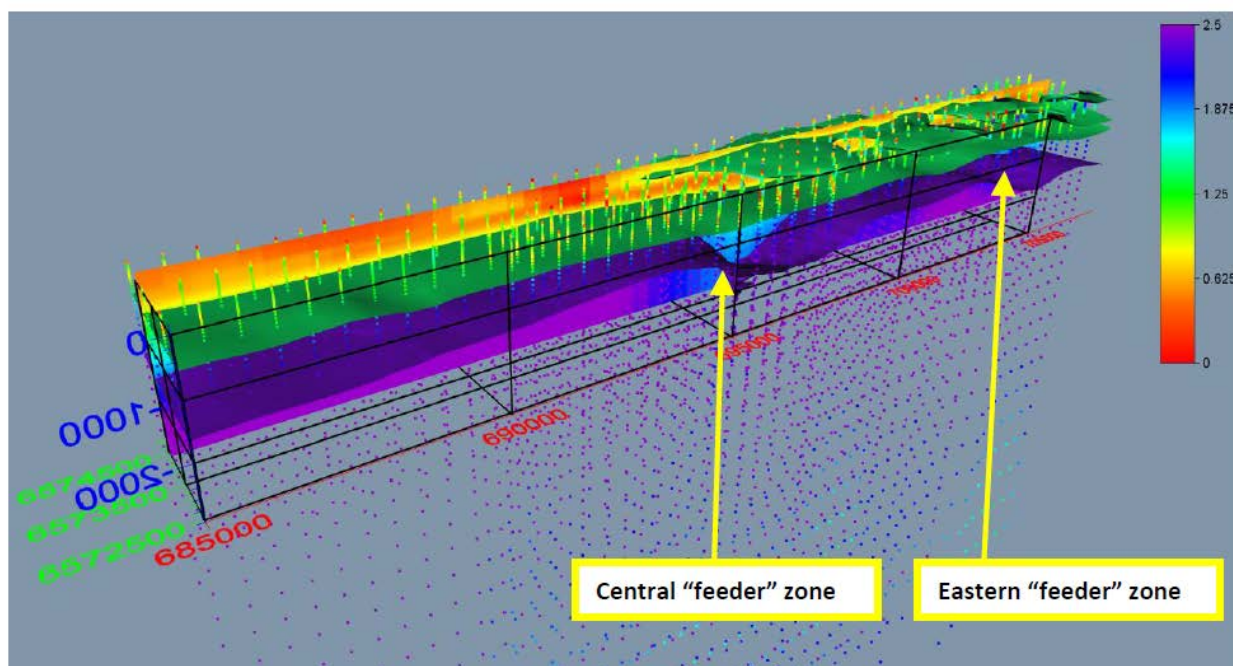


Figure 2: An isometric, cross-sectional view of the first three lines of the magnetotelluric (MT) survey conducted over the Horse well area. The central potential “feeder” zone is evident in centre of the cross section while the eastern potential “feeder” zone can be seen on the right-hand side of the figure.

The company is fast tracking with heritage and drilling permits on the multiple exploration targets identified, with the process deep underway and look forward updating the market accordingly. Discussions with a number of major companies continue in relation to extracting the best value on the Company’s very prospective group of tenements, particularly Horsewell.

During the year the Company continued to work finalising its NTMA for Exploration with the Kokatha Aboriginal Corporation with the intent of mobilising exploration teams to its current priority targets at Horse well and Pernatty.

This broad (approx. 4 km²) anomalous zone will be targeted in the next round of field work via a program of systematic soil and rock-chip sampling to provide further definition for future drilling.

The Company also accelerated its exploration program specifically over the “Horse Well” tenements following the discovery announced by BHP Billiton (ASX: BHP) on their adjacent exploration licence EL5941 (Figure 3).

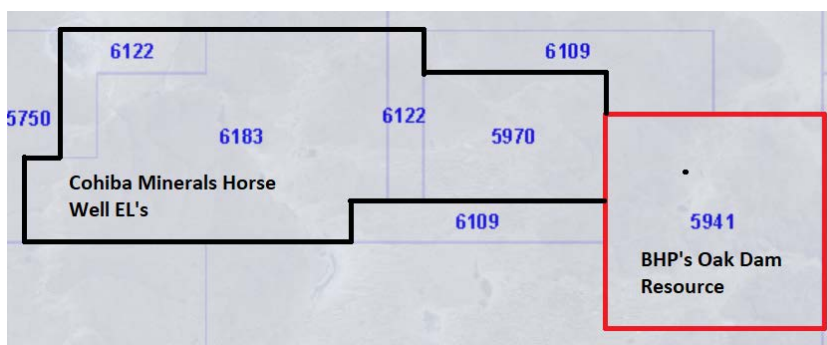


Figure 3. Cohiba Minerals Horse Well EL’s (6122, 6183 and 5970) near BHP’s Oak Dam Resource.

The Company identified geophysical targets within its Horse Well tenements, including that previously drilled at “Horse Well” drill hole HWD01 within EL6183 (Figure 4). The Company engaged with its consultants and exploration team to fast track permits, undertake a detailed magnetotelluric (MT) survey and subsequently plan a drill program.

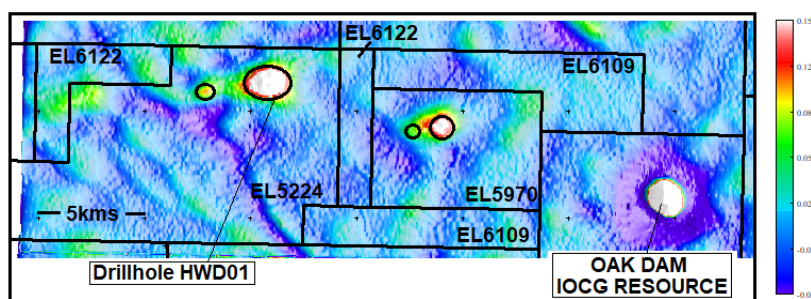


Figure 4. Horse Well Project (EL6122, EL5224 now EL6183 and EL5970) - Vertical Gradient image of TMI in direct comparison to BHP’s Oak Dam IOCG resource TMI response

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. Aeromagnetic data for the area, from the Mineral Resources SA survey (Figure 3) have been processed to vertical gradient of the TMI, to highlight more local magnetic relief (see company announcement entitled, “Commencement of Exploration Program & Appointment of Geophysical Consultant”, dated 7 May 2018).

Oak Dam is associated with a relatively intense aeromagnetic anomaly with a clear strong delineation in the vertical gradient image presented in Figure 4. A similar intense aeromagnetic anomaly is delineated in the adjacent Horse Well area and will be a focus for future exploration work.

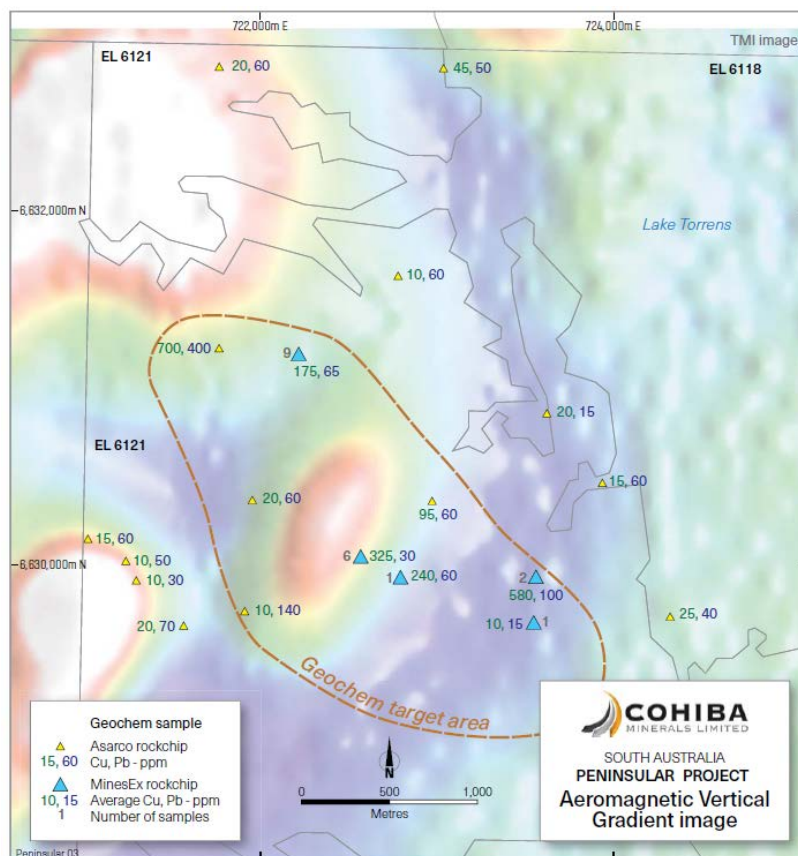


Figure 5. Vertical gradient image of new aeromagnetic data outlining anomaly coincident with the Peninsular geochemical target.

During the year the Company announced that gravity surveys conducted over the Andamooka-Peninsula (Lake Torrens) Project area showed evidence of five possible targets of which three were coincident with magnetic anomalies and two were gravity-only targets at higher amplitudes (Figure 6).

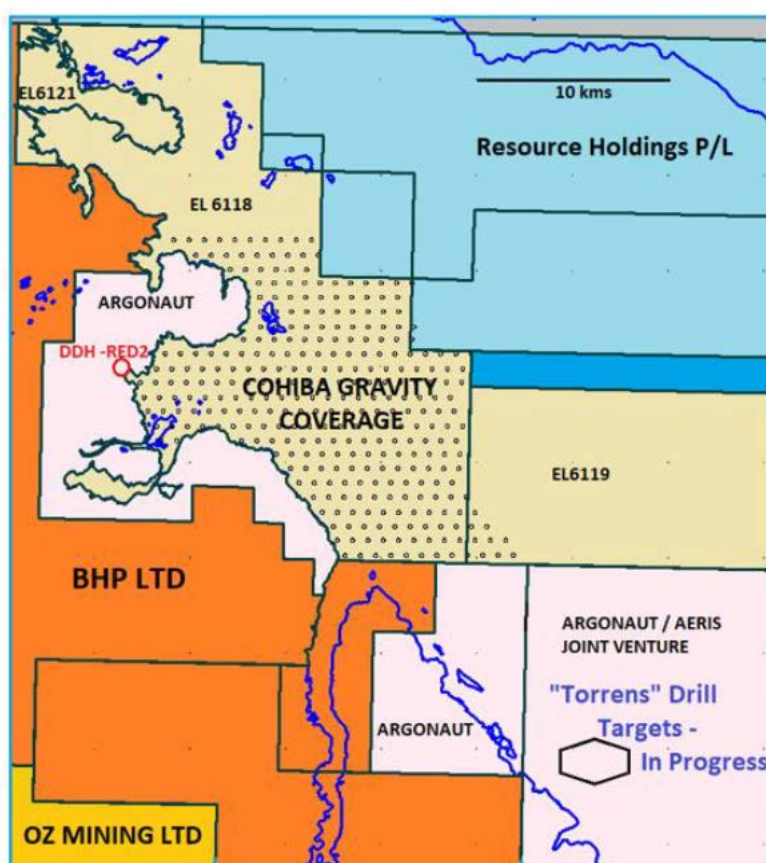


Figure 6: Gravity survey coverage within the Andamooka-Peninsula project area

The Peninsular project area is also included within recently released airborne magnetic and radiometric data for the SA Mines Department detailed Gawler Craton survey. Vertical gradient processing of aeromagnetic data for the Peninsular area has highlighted a local magnetic anomaly coincident with the central portion of the geochemical target area – Figure 5.

Pyramid Lake (E74/594)

Cohiba Minerals Limited holds (100%) 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 km². Pyramid Lake itself is a salt-lake covering 6,632 hectares located 115 kilometres northwest of the town of Esperance on the northern limit of the agricultural area (Figure 7).

The E74/594 property is located 115 km northwest of Esperance (150 km by road) and is accessed from the highway linking Ravensthorpe and Esperance.

During the year systematic grid sampling of gypsum material was undertaken to assess the extent and quality of gypsum in a large north-south oriented dune, immediately west of a series of lakes where gypsum is considered to be deposited from evaporation of groundwater. Gypsum is wind-blown to form the north-south dune system and consequently has a low level of impurities.

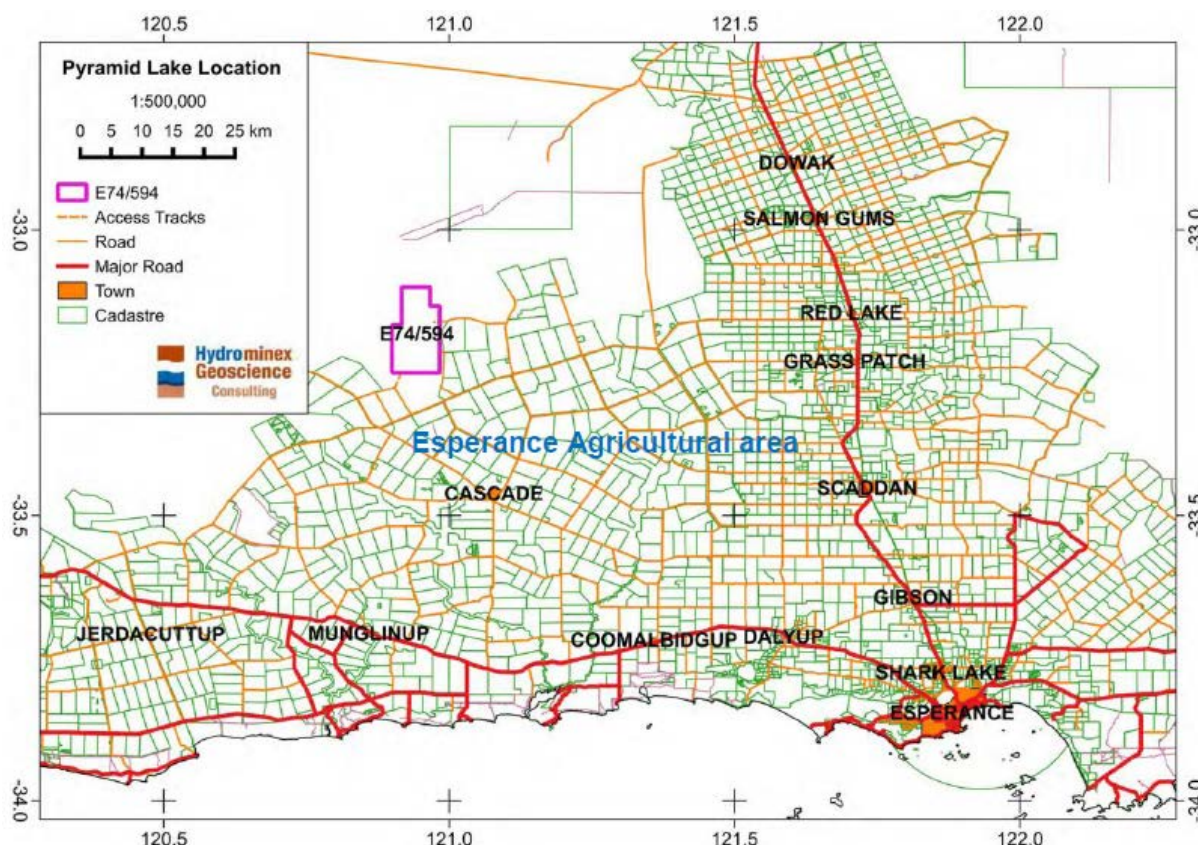


Figure 7. Location of Cohiba's Pyramid Lake Exploration Licence (from Hydrominex 2018).

Following the definition of a maiden resource at its Pyramid Lake gypsum project in south western Western Australia, as announced in August 2018, the Company engaged the services of Mineral Strategies Pty Ltd to undertake a scoping study in relation to the market opportunities.

Completion of the scoping study demonstrated the potential for robust, profitable, long-term sales from the gypsum deposit. It showed that the uses for gypsum go well beyond the amelioration of sodic soils to include the amelioration of transient salinity, aluminium toxicity and calcium and sulphur deficiencies in subsoils, thereby markedly increasing its market potential.

In addition, the study showed that gypsum markedly improved water use efficiency (WUE) in responsive soils with 5 to 10 t/ha of gypsum increasing yield potential up to 85%, meaning that crop returns increased by almost \$200 /ha over a 4-year period.

A production scenario was established for the Pyramid Lake gypsum which showed the potential for a 9-year model to deliver a robust return reflected in a Net Present Value (5% discount rate) of \$33.2 million and an Internal Rate of Return (IRR) of 104.7%.

The production model and associated financial model showed that this could be achieved at a very modest capital investment (\$1.2 million) with a further moderate capital injection (\$0.6 million) in year 6 to accommodate plant and throughput expansion. The capital expenditure has been based largely on the acquisition of second-hand equipment with low operating hours to keep overall costs down.

Work has also commenced on an application for a Mining Lease and associated Mining Proposal with a view to taking the Pyramid Lake gypsum project into operation.

Wee Macgregor project

The Wee Macgregor group comprises three granted mining licences, ML 2504, ML 2773 and ML 90098. These licences are located approximately 60km southeast of Mt. Isa with access via the sealed Barkly Highway and the unsealed Fountain Springs Road.

During the year, the Company commenced drilling at the Wee MacGregor copper, cobalt and gold project in the Mount Isa district of north west Queensland.

The Company began with drilling in the area known as Great Central located directly south of the main mineralised Wee MacGregor ore body targeting identification of the extent of surface mineralisation evident in the area, refer Figure 8. Figures 9 and 10 show the drill rig in operation and provide an idea of the local terrain. Initial results showed a promising intercept of mineralisation between 6 and 12m down hole demonstrating the mineralisation continues at depth.

Some progress was made in the Wee MacGregor historic resource area with initial results confirming the presence of accessory gold and cobalt present within the mineralised body along with copper. Results have been encouraging and indicate the potential to substantially increase the value of the deposit when based on copper values alone (assuming current commodity prices).



Figure 8. Plan of proposed drill holes



Figure 9. Drill rig in operation



Figure 10. Example of terrain

During the year, the Company received further results from drilling at the Wee MacGregor project.

These results continue to demonstrate the suspected accessory gold and cobalt endowment in addition to the known copper in the deposit, refer Figure 11 for drill hole locations (holes drilled have names labelled, holes still pending do not).

Initial assays have been done on two metre composite samples in order to reduce costs. Any of the composite samples returning elevated grades will be re assayed on one metre intervals as required.

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.

The newly discovered mineralisation in the Great Central area together with evidence from historic excavation has been encouraging and has allowed a more focussed drill hole plan to be designed with an anticipated resultant overall reduced cost of the programme (upon completion).



Figure 11. Planned hole locations (un-named) and holes drilled to date (named).

Queensland exploration licences

The Company holds various exploration licences through its wholly owned subsidiary Cobalt X Pty Ltd. As at the date of this report the Company is the holder of the following mineral exploration licences pursuant to the Mineral Resources Act 1989 (QLD):

- exploration licence EPM26377 (**Mt Gordon Mine Area 1**);
- exploration licence EPM26376 (**Mt Gordon Mine Area 2**);
- exploration licence EPM26380 (**Success Mine Area 1**); and
- exploration licence EPM26379 (**Mt Cobalt Mine Area**).

Cobalt X also held various contractual rights with third parties to facilitate the acquisition by it of additional mining and exploration projects and related plant and equipment (**Project Rights**) including rights to negotiate for the acquisition of a vat leech processing plant in the Mt. Isa region (referred to as the Lady Jenny processing plant¹). The nature and status of these Project Rights is described in detail in the Company's Notice of General Meeting (Notice) dated 26 May 2017.

The Company has been granted a waiver from ASX, as announced on 26 May 2017, in relation to the issue of deferred consideration for the acquisition of Cobalt X Pty Ltd. As at the date of this report, there have not been any shares issued pursuant to this ASX waiver.

Corporate

During December 2018, the Company received commitments from institutional, sophisticated and professional investors to raise \$1.6 million (Placement). PAC Partners Securities Pty Ltd (PAC Partners) acted as Lead Manager for the placement and the Placement was strongly supported by Hartleys Limited (Hartleys).

The Placement was carried out through the issue of approximately 106.6 million new fully paid ordinary shares with an issue price of \$0.015 (1.5 cents) per share.

The Placement increased the Company's cash position to provide sufficient financial capacity for the Company to accelerate planned exploration works at the Olympic Domain tenements and provide working capital to identify and assess further opportunities.

The Company appointed Mr Avi Kimelman as Non-Executive Director and Chairman on 22 May 2019. Avi was instrumental in bringing Olympic Domain to the company and negotiated the asset's terms in its early stages.

Junior Minerals Exploration Incentive – Successful Application for 2019/2020 Year

The Company also received confirmation from the Australian Taxation Office (ATO) that its application to participate in the Junior Minerals Exploration Incentive (JMEI) scheme for the 2019/2020 tax year was accepted. This resulted in them receiving an allocation of up to \$343,750 in tax credits which can be distributed to Eligible Shareholders.

¹ This acquisition may not occur. Negotiations have halted and the company will look to re-open communications with the vendors.

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 year ended 30 June 2019.

Directors

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

Mr Avi Kimelman (Non-Executive Chairman) - Appointed 22 May 2019
Mr Mordechai Benedikt (Executive Director) - Stepped down as Chairman 22 May 2019
Mr Nachum Labkowski (Non-Executive Director)
Dr Robert Beeson (Non-Executive Director)

Principal activities

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

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Consolidated entity after providing for income tax amounted to \$1,096,712 (30 June 2018: \$1,474,836).

Financial performance

During the year, operating expenses reduced by \$370,204 to \$1,118,955 (30 June 2018: \$1,489,159). This was mainly driven by a higher write down of exploration and evaluation assets in the prior year.

Financial position

Net assets of the Consolidated entity increased from \$3,611,695 to \$4,014,704, attributable the following factors:

- Increase in exploration and evaluation assets of \$727,238;
- An investment of \$283,688 during the year;
- Overall decrease in cash reserves of \$702,759.

Cash flow

The Company successfully raised \$1,600,000 in December 2018 to accelerate exploration activities. The net cash outflows of \$702,759 during the year was mainly due to the additional exploration as well as normal operating expenditure.

Refer to the detailed review of operations preceding this report for further information on the Consolidated entity's activities.

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.

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.

During the year, the Consolidated entity has relinquished exploration licences E45/4767, E45/4768, and E45/4769.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 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.

Likely developments and expected results of operations

During the previous financial year, the Company has entered into agreements to acquire new projects and project rights and the success of the Company will depend on exploration activities proposed to be carried out on the projects areas of interest once they have been acquired or granted to the Consolidated entity.

The Company continues to review potential new opportunities, if the Directors are successful in acquiring new projects or entering into a joint venture, it is expected that part of the funding held by the Company may be directed to the purchase of that project and to the exploration and development plan for that project. It may be that additional cash will be required to fund any of these events should they eventuate. In that case the Directors will be required to review the funding options available to the Company.

Environmental regulation

The Consolidated entity holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

Information on Directors

Name:	Mr Mordechai Benedikt
Title:	Executive Director (Stepped down as Chairman 22 May 2019)
Experience and expertise:	Mr Benedikt is an experienced businessman with an extensive background in food imports for over 12 years. He is very active in export trade from Australia to Asia, building a vast network overseas. More recently he has been actively involved in commercial property and substantial investments in the public sector. Mr Benedikt controls Jascot Rise Pty Ltd, a substantial shareholder in the Company.
Other current directorships:	Abilene Oil and Gas Limited (ASX: ABL)
Former directorships (last 3 years):	Real Estate Partners USA (ASX: RCU) - resigned 19 April 2017
Interests in shares:	19,785,189 fully paid ordinary shares
Interests in options:	2,826,457 CHKO options 10,000,000 unlisted options
Name:	Mr Nachum Labkowski
Title:	Non-Executive Director
Experience and expertise:	Nachum Labkowski is the CEO and principal investor in Halevi Enterprises, a private equity firm. Halevi Enterprises with, Mr Labkowski's leadership, currently holds equity in over 30 private companies, which invest in real estate worldwide. Mr Labkowski's unique approach to investing has provided significant returns to those companies he has invested in to date.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	5,904,500 fully paid ordinary shares
Interests in options:	843,500 CHKO options 7,000,000 unlisted options

Name: Dr Robert Beeson
Title: Non-Executive Director
Experience and expertise: Dr Robert Beeson (BSc Hons and Ph.D. in geology) has very extensive global experience in the mining industry. He has previously held senior management positions in resource companies, including Managing Director of Drake Resources Limited and Aura Energy Limited. He has a range of experience in project identification, valuation and acquisition, strategy development, and in leading and managing exploration teams.
Other current directorships: Aura Energy Ltd (ASX: AEE)
Former directorships (last 3 years): Drake Resources Ltd (ASX: DRK) - resigned March 2017
Interests in shares: None
Interests in options: None

Name: Mr Avi Kimelman
Title: Non-Executive Chairman (Appointed 22 May 2019)
Experience and expertise: Mr Kimelman has held senior positions in both local and overseas listed entities across a diverse range of businesses, industries and investment disciplines. He has developed a reputation within the resources sector for identifying valuable assets and projects around the globe, raising capital for these projects through his extensive investor network as well as successfully negotiating the related transactions, particularly in the mining/oil and gas sector. He has been active in sourcing and securing various projects overseas whilst maintaining interests in both printing and manufacturing plants in Australia.
Other current directorships: Nova Minerals Limited (ASX:NVA)
Former directorships (last 3 years): Bisan Limited (ASX:BSN) - resigned November 2016
Interests in shares: 20,339,874 fully paid ordinary shares
Interests in options: 25,733,334 CHKO options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Mr Justin Mouchacca, CA

Mr Mouchacca holds a Bachelor of Business majoring in Accounting. Justin became a Chartered Accountant in 2011 and from July 2013 to June 2019 was a Director of chartered accounting firm, Leydin Freyer Corp Pty Ltd. Since July 2019, Mr Mouchacca has been principal of JM Corporate Services Pty Ltd, a firm specialising in outsourced company secretarial services and financial duties. Justin has over 12 years' experience in the accounting profession including 7 years in corporate secretarial services. He is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange.

Mr Romy Hersham

Mr Hersham was appointed on 22 May 2019 and is in the final stage of completing a Bachelor of Law (Hons) and Arts at Monash University and has successfully completed a certificate in Governance Practice (Company Secretary) at the Governance Institute of Australia.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full Board Attended	Held
Mordechai Benedikt	2	2
Nachum Labkowski	2	2
Robert Beeson	2	2
Avi Kimelman	-	-

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth and growth in share price and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board as a whole. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 16 May 2012, where the shareholders approved an aggregate remuneration of \$250,000.

Executive remuneration

The company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework generally has two components:

- base pay and non-monetary benefits
- share-based payments

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, and non-monetary benefits, are reviewed annually by the Board, predominantly non-executive Director, based on individual and business unit performance, the overall performance of the Consolidated entity and comparable market remunerations.

The long-term incentives ('LTI') include share-based payments.

During the 2019 financial year, there were no LTI arrangements, or any bonuses in place.

Consolidated entity performance and link to remuneration

The remuneration of directors and executives are not linked to the performance, share price or earnings of the Consolidated entity.

Voting and comments made at the company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM, 97.02% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Consolidated entity are set out in the following tables.

The key management personnel of the Consolidated entity consisted of the following Directors of Cohiba Minerals Limited:

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2019							
<i>Non-Executive Directors:</i>							
Avi Kimelman*	5,000	-	-	-	-	-	5,000
Nachum Labkowski	69,000	-	-	-	-	-	69,000
Robert Beeson	43,836	-	-	4,164	-	-	48,000
<i>Executive Directors:</i>							
Mordechai Benedikt	180,000	-	-	-	-	-	180,000
	<u>297,836</u>	<u>-</u>	<u>-</u>	<u>4,164</u>	<u>-</u>	<u>-</u>	<u>302,000</u>

* Mr Kimelman was appointed on 22 May 2019

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2018							
<i>Non-Executive Directors:</i>							
David Herzberg	40,000	-	-	-	-	-	40,000
Nachum Labkowski	48,000	-	-	-	-	-	48,000
Robert Beeson	7,194	-	-	683	-	-	7,877
<i>Executive Directors:</i>							
Mordechai Benedikt	180,000	-	-	-	-	-	180,000
	<u>275,194</u>	<u>-</u>	<u>-</u>	<u>683</u>	<u>-</u>	<u>-</u>	<u>275,877</u>

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
<i>Directors:</i>						
Mordechai Benedikt	100%	100%	-	-	-	-
David Herzberg	-	100%	-	-	-	-
Nachum Labkowski	100%	100%	-	-	-	-
Robert Beeson	100%	100%	-	-	-	-
Avi Kimelman	100%	-	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mordechai Benedikt
Title:	Executive Director
Agreement commenced:	20 May 2016
Term of agreement:	Contract is for a period of 2 years from the commencement date
Details:	Mr Benedikt will be remunerated at \$180,000 per annum. The contract may be terminated at any time with 3 months' written notice being provided by either the Company or Mr Benedikt. Upon expiration of the term the contract may be renewed by mutual agreement.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of Shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Additional disclosures relating to key management personnel

Share holding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Other*	Balance at the end of the year
<i>Ordinary shares</i>					
Mordechai Benedikt	19,785,189	-	-	-	19,785,189
Nachum Labkowski	5,904,500	-	-	-	5,904,500
Avi Kimelman	-	-	-	20,339,874	20,339,874
	<u>25,689,689</u>	<u>-</u>	<u>-</u>	<u>20,339,874</u>	<u>46,029,563</u>

* Mr Kimelman was appointed on 22 May 2019.

** Dr Robert Beeson does not hold any shares in the Company.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Other*	Expired	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mordechai Benedikt	14,326,457	-	-	(1,500,000)	12,826,457
Nachum Labkowski	9,343,500	-	-	(1,500,000)	7,843,500
Avi Kimelman	-	-	25,733,334	-	25,733,334
	<u>23,669,957</u>	<u>-</u>	<u>25,733,334</u>	<u>(3,000,000)</u>	<u>46,403,291</u>

- * Mr Kimelman was appointed on 22 May 2019.
 ** Dr Robert Beeson does not hold any options in the Company.

As at 30 June 2019 all options have vested and are exercisable.

Other transactions with key management personnel and their related parties

There were no other transactions with key management personnel and their related parties

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Cohiba Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
18/04/2017 – 24/07/2017	18/04/2020*	\$0.018	150,635,367
19/04/2017	17/05/2020	\$0.036	20,000,000
27/06/2017	18/04/2020*	\$0.018	80,000,000
24/01/2018	18/04/2020*	\$0.018	50,000,000
16/03/2018	18/04/2020*	\$0.018	134,000,000
12/12/2018	18/04/2020*	\$0.180	15,000,000
			<u>449,635,367</u>

- * CHKO listed options

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

All shares under options are fully vested and exercisable.

Shares issued on the exercise of options

There were no ordinary shares of Cohiba Minerals Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers

The Consolidated entity has agreed to indemnify all the directors of the Consolidated entity for any liabilities to another person (other than the Consolidated entity or related body corporate) that may arise from their position as directors of the Consolidated entity, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the Consolidated entity paid a premium in respect of a contract to insure the directors and executives of the Consolidated entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the Consolidated entity has not paid a premium in respect of a contract to insure the auditor of the Consolidated entity or any related entity.

Proceedings on behalf of the Consolidated entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Consolidated entity, or to intervene in any proceedings to which the Consolidated entity is a party for the purpose of taking responsibility on behalf of the Consolidated entity for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

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.

Auditor

William Buck Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts

Cohiba Minerals Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(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 Director

27 September 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 year ended 30 June 2019 there have been:

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

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in black ink, appearing to read 'N.S. Benbow'.

N.S. Benbow

Director

Melbourne, dated this 27th day of September, 2019

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Cohiba Minerals Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019



	Note	Consolidated 2019 \$	2018 \$
Revenue			
Interest income		22,243	14,323
Expenses			
Employment expenses	5	(302,000)	(275,877)
Corporate expenses		(681,188)	(627,727)
Write off of exploration and evaluation		(135,767)	(585,555)
Loss before income tax expense		(1,096,712)	(1,474,836)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Cohiba Minerals Limited		(1,096,712)	(1,474,836)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Cohiba Minerals Limited		<u>(1,096,712)</u>	<u>(1,474,836)</u>
		Cents	Cents
Basic earnings per share	24	(0.18)	(0.31)
Diluted earnings per share	24	(0.18)	(0.31)

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 30 June 2019



	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,195,245	1,898,004
Other receivables	8	116,109	134,604
Investments	9	283,688	-
Prepayments		18,899	15,248
Total current assets		<u>1,613,941</u>	<u>2,047,856</u>
Non-current assets			
Exploration and evaluation	10	<u>2,461,600</u>	<u>1,734,362</u>
Total non-current assets		<u>2,461,600</u>	<u>1,734,362</u>
Total assets		<u>4,075,541</u>	<u>3,782,218</u>
Liabilities			
Current liabilities			
Trade and other payables	11	<u>60,837</u>	<u>170,523</u>
Total current liabilities		<u>60,837</u>	<u>170,523</u>
Total liabilities		<u>60,837</u>	<u>170,523</u>
Net assets		<u>4,014,704</u>	<u>3,611,695</u>
Equity			
Issued capital	12	9,977,262	8,552,541
Reserves		394,181	496,081
Accumulated losses		<u>(6,356,739)</u>	<u>(5,436,927)</u>
Total equity		<u>4,014,704</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 year ended 30 June 2019



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 year	-	-	(1,474,836)	(1,474,836)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,474,836)	(1,474,836)
Issue of ordinary shares, net of transaction costs	2,324,627	-	-	2,324,627
Issue of CHKO listed options	-	145,000	-	145,000
Balance at 30 June 2018	<u>8,552,541</u>	<u>496,081</u>	<u>(5,436,927)</u>	<u>3,611,695</u>
Consolidated	Issued capital \$	Options Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	8,552,541	496,081	(5,436,927)	3,611,695
Loss after income tax expense for the year	-	-	(1,096,712)	(1,096,712)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,096,712)	(1,096,712)
Issue of ordinary shares, net of transaction costs	1,424,721	75,000	-	1,499,721
Expiry of unlisted options	-	(176,900)	176,900	-
Balance at 30 June 2019	<u>9,977,262</u>	<u>394,181</u>	<u>(6,356,739)</u>	<u>4,014,704</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 year ended 30 June 2019



		Consolidated	
	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Payments to suppliers & employees		(1,105,450)	(763,659)
Interest received		22,243	14,323
Net cash used in operating activities	23	(1,083,207)	(749,336)
Cash flows from investing activities			
Payments for exploration and evaluation assets		(842,318)	(572,883)
Payments for investment in preference shares		(283,688)	-
Net cash used in investing activities		(1,126,006)	(572,883)
Cash flows from financing activities			
Proceeds from issue of shares	12	1,606,734	1,356,000
Payments for capital raising costs		(100,280)	(114,370)
Proceeds from issue of listed options		-	84,750
Net cash from financing activities		1,506,454	1,326,380
Net increase/(decrease) in cash and cash equivalents		(702,759)	4,161
Cash and cash equivalents at the beginning of the financial year		1,898,004	1,893,843
Cash and cash equivalents at the end of the financial year	7	<u>1,195,245</u>	<u>1,898,004</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 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

A description of the nature of the Consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 September 2019. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

The following Accounting Standards and Interpretations are most relevant to the Consolidated entity:

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 retrospectively, comparatives were not restated and there were no material adjustments required or impact on the financial statements.

Note 2. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cohiba Minerals Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Cohiba Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated entity'.

Subsidiaries are all those entities over which the Consolidated entity has control. The Consolidated entity controls an entity when the Consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 2. Significant accounting policies (continued)

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated entity for the annual reporting period ended 30 June 2019. The Consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees, consultants and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. A significant judgement comes from the expected price volatility of the underlying share. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates.

Fair value measurement hierarchy

The Consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Impairment of exploration and evaluation costs

The Consolidated entity assesses impairment of exploration and evaluation costs at each reporting date by evaluating conditions specific to Cohiba Minerals and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 4. Operating segments

Identification of reportable operating segments

The Consolidated entity 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 Consolidated entity operates in one segment being the evaluation and exploration of resources in the Oceania region.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Employment expenses

	Consolidated	
	2019	2018
	\$	\$
Director fees	297,836	275,194
Superannuation expense	4,164	683
	<u>302,000</u>	<u>275,877</u>

Note 6. Income tax expense

	Consolidated	
	2019	2018
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,096,712)	(1,474,836)
Tax at the statutory tax rate of 27.5%	(301,596)	(405,580)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of assets	37,336	88,000
Share-based payments	-	16,500
Current year tax losses not recognised	373,976	334,491
Other non-deductible items	304	136
Amounts not brought to account as a Deferred Tax Asset in the current year	(110,020)	(33,547)
Income tax expense	<u>-</u>	<u>-</u>

	Consolidated	
	2019	2018
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised (Australia) - Current year	7,862,153	4,943,825
Potential tax benefit @ 27.5%	2,162,092	1,359,552

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed or, failing that, the same business test is passed.

The taxation benefits of tax losses and temporary difference not brought to account will only be obtained if:

- (i) the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the entity continues to comply with the conditions for deductibility imposed by law; and
- (iii) no change in tax legislation adversely affects the entity in realising the benefits from deducting the losses.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash at bank	<u>1,195,245</u>	<u>1,898,004</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Current assets - Other receivables

	Consolidated	
	2019	2018
	\$	\$
Other receivables - Amounts due from investors for capital raised	101,518	108,250
GST receivable	14,591	26,354
	<u>116,109</u>	<u>134,604</u>

Accounting policy for other receivables

Other receivables are measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment

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.

Note 9. Current assets - investments

	Consolidated	
	2019	2018
	\$	\$
Preference shares held at fair value through profit or loss	<u>283,688</u>	<u>-</u>

Refer to note 15 for further information on fair value measurement.

During the year the consolidated entity invested in unlisted preference shares, at USD \$1 per share, in a US based corporation. Holders are entitled an annual 8% dividend. Holders do not have any voting rights.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 10. Non-current assets - exploration and evaluation

	Consolidated	
	2019	2018
	\$	\$
Exploration and evaluation assets	<u>2,461,600</u>	<u>1,734,362</u>

Note 10. Non-current assets - exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Capitalised exploration and evaluation expenditure \$
Consolidated	
Balance at 1 July 2017	772,036
Expenditure during the year	342,394
Additions through asset acquisitions	975,000
Additions through Farm-in agreements	230,487
Write off of assets	(585,555)
	<hr/>
Balance at 30 June 2018	1,734,362
Expenditure during the year	863,005
Write off of assets	(135,767)
	<hr/>
Balance at 30 June 2019	<u>2,461,600</u>

During the year, 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 in relation to the Pilgangoora Central Lithium project.

On 7 March 2018 the Company entered into a Farm-in Agreement with Olympic Domain Pty Ltd (Arrangement) for a proposed joint venture in respect of seven distinct exploration tenements located in South Australia. Under the present conditions of the Arrangement, the Company will be entitled to form a joint venture upon achievement of Stage 1 of the Arrangement, whereby the Company is entitled to a 30% interest to that Joint Venture.

Stage 1, which requires total verified expenditure on tenements (held by Olympic Domain Pty Ltd) of \$500,000 within 12 months from the date of signing the Arrangement, was completed during current the year.

Exploration and evaluation expenditure made for the purposes of the Arrangement, has been assessed as being able to be capitalised under the Consolidated entity's accounting policy for such expenditure, as an option exists to potentially control those tenements should further stages (Stage 2 and Stage 3) be fulfilled of the Arrangement (through the Joint Venture).

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest or its sale. Alternatively, exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 11. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	31,829	15,946
Accrued expenses	29,008	154,577
	<u>60,837</u>	<u>170,523</u>

Refer to note 14 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 12. Equity - issued capital

	Consolidated			
	2019	2018	2019	2018
	Shares	Shares	\$	\$
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 2017	357,447,574		6,227,914
Issue of ordinary shares as consideration for acquisition of Cobalt X	24 July 2017	75,000,000	\$0.013	975,000
Issue of ordinary shares pursuant to the terms of the Charge Lithium acquisition	2 August 2017	3,500,000		-
Share placement	24 January 2018	122,000,000	\$0.012	1,464,000
Less: capital raising costs		-		(114,373)
Balance	30 June 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	30 June 2019	<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.

Share buy-back

There is no current on-market share buy-back.

Note 12. Equity - issued capital (continued)

Capital risk management

The Consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Company seeks to ratify its placement capacity at each Annual General Meeting and General Meeting.

The capital risk management policy remains unchanged from previous financial years.

Accounting policy for 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.

Note 13. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 14. Financial instruments

Financial risk management objectives

The Consolidated entity's activities expose it to financial risks such as liquidity risk. The Consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated entity. The Consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include maturity analysis in the case of liquidity risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The Consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2019	2018	2019	2018
Consolidated	\$	\$	\$	\$
US dollars	283,688	-	-	-

Note 14. Financial instruments (continued)

The Consolidated entity held preference shares denominated in foreign currencies of \$283,688. Had the Australian dollar weakened by 1%/strengthened by 1% against these foreign currencies with all other variables held constant, the Consolidated entity's profit before tax for the year would have been \$2,837 lower/\$2,837 higher.

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Price risk

The Consolidated entity is exposed to equity securities price risk from short term investments in preference shares.

Consolidated - 2019	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Preference shares held at fair value through profit or loss	10%	<u>28,369</u>	<u>28,369</u>	10%	<u>(28,369)</u>	<u>(28,369)</u>

The assumed movement in basis points for the price sensitivity analysis is based on the currently observable market environment.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated entity. The Consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated entity does not hold any collateral.

The Consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables.

	Current \$	31 - 60 days past due \$	61 - 90 days past due \$	> 91 days past due \$	Total \$
Financial assets					
Other receivables*	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,518</u>	<u>101,518</u>

* The current expected credit loss rate is zero, with no expected credit loss to be recorded.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated entity's short, medium and long-term funding and liquidity management requirements. The Consolidated entity manages liquidity risk through capital raising activities, and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Consolidated entity did not have any undrawn facilities at its disposal as at reporting date. Vigilant liquidity risk management requires the Consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 15. Fair value measurement

Fair value hierarchy

The following tables detail the Consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Preference shares (unlisted)	-	-	283,688	283,688
Total assets	-	-	283,688	283,688

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 3

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Valuations are the responsibility of the Directors of the Consolidated entity and may use the services of independent valuers to determine appropriateness of valuation of unlisted investments. The Directors review the valuation policies of the Consolidated entity on an annual basis, to ensure adherence to industry best practices.

The Directors have made valuation judgements to determine that the fair value of the unlisted preference shares at reporting date is its cost. The Directors concluded that the carrying amount of the shares reflects its fair value.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Preference shares (unlisted) \$	Total \$
Balance at 1 July 2017	-	-
Balance at 30 June 2018	-	-
Additions	283,688	283,688
Balance at 30 June 2019	<u>283,688</u>	<u>283,688</u>

Accounting policy for fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 16. Key management personnel disclosures

Directors

The following persons were Directors of Cohiba Minerals Limited during the financial year:

Mr Mordechai Benedikt	Executive Director
Mr Nachum Labkowski	Non-Executive Director
Dr Robert Beeson	Non-Executive Director
Mr Avi Kimelman	Non-Executive Chairman

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated entity is set out below:

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	297,836	275,194
Post-employment benefits	4,164	683
	<u>302,000</u>	<u>275,877</u>

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	2019	2018
	\$	\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	<u>29,000</u>	<u>27,000</u>

Note 18. Commitments

The Consolidated entity has to perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Consolidated entity's tenement portfolio management through expenditure exemption approvals and expenditure reductions through relinquishment of parts of the whole of tenements deemed on prospective. Should the Consolidated entity wish to preserve interest in its current tenements the amount which may be required to be expended is as follows:

	Consolidated	
	2019	2018
	\$	\$
<i>Planned Exploration Expenditure</i>		
Within one year	160,600	160,600
One to five years	606,500	211,500
Total commitment	<u>767,100</u>	<u>372,100</u>

Note 18. Commitments (continued)

Olympic Domain Farm-in Agreement

During the previous financial year, the Company entered into a Farm-in Agreement with Olympic Domain Pty Ltd (Olympic Domain) with the right to earn up to 80% in a number of tenements located in South Australia.

The Farm-in Agreement includes 3 stages of earn-in whereby the Company will acquire a relevant interest as follows:

- Stage 1 requires minimum expenditure of \$500,000 (Minimum Expenditure) within one year of the execution of the Farm-in Agreement and a maximum of \$100,000 as reimbursement to Olympic Domain in connection with the previous development of the tenements. Following completion of the Stage 1 expenditure the Company will acquire a 30% interest in the tenements;
- Stage 2 requires minimum expenditure of \$1,000,000 within two years of the execution of the Farm-in Agreement, and a maximum of \$100,000 as reimbursement to Olympic Domain in connection with the previous development of the tenements. Following completion of the Stage 2 expenditure the Company will acquire a further 21% interest in the tenements;
- Stage 3 requires minimum expenditure of \$1,500,000 within three years of the execution of the Farm-in Agreement. Following completion of the Stage 3 expenditure the Company will acquire a further 29% interest in the tenements.

During the current year the Company achieved Stage 1, as announced on 27 February 2019.

Note 19. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 21.

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no other transactions with key management personnel and their related parties.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 20. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Loss after income tax	(1,716,280)	(1,742,098)
Total comprehensive loss	(1,716,280)	(1,742,098)

Note 20. Parent entity information (continued)

Statement of financial position

	Parent	
	2019	2018
	\$	\$
Total current assets	1,613,940	2,047,854
Total assets	3,493,843	3,438,798
Total current liabilities	60,837	94,365
Total liabilities	60,837	94,365
Equity		
Issued capital	10,062,262	8,552,541
Options reserve	309,181	496,081
Accumulated losses	(6,938,437)	(5,704,189)
Total equity	3,433,006	3,344,433

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 (30 June 2018: nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 (30 June 2018: nil)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 (30 June 2018: nil)

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019	2018
		%	%
Charge Lithium Pty Ltd	Australia	100%	100%
Cobalt X Pty Ltd	Australia	100%	100%

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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 23. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019	2018
	\$	\$
Loss after income tax expense for the year	(1,096,712)	(1,474,836)
Adjustments for:		
Share-based payments	-	60,000
Write off of exploration and evaluation	135,767	585,555
Change in operating assets and liabilities:		
Decrease/ (increase) in prepayments	(3,651)	(500)
Decrease/ (increase) in trade and other receivables	11,764	(13,017)
Increase/ (decrease) in trade and other payables	(130,375)	93,462
Net cash used in operating activities	<u>(1,083,207)</u>	<u>(749,336)</u>

Note 24. Loss per share

	Consolidated	
	2019	2018
	\$	\$
Loss after income tax attributable to the owners of Cohiba Minerals Limited	<u>(1,096,712)</u>	<u>(1,474,836)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>616,395,163</u>	<u>483,176,341</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>616,395,163</u>	<u>483,176,341</u>
	Cents	Cents
Basic earnings per share	(0.18)	(0.31)
Diluted earnings per share	(0.18)	(0.31)

No options or performance rights have been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the Consolidated entity is loss generating.

Accounting policy for earnings per share

Basic loss per share

Basic loss per share is calculated by dividing the profit attributable to the owners of Cohiba Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 25. Share-based payments

Set out below are summaries of options granted during the year and on issue at the end of the financial year from equity-settled share-based payment transactions:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
17/11/2015	17/11/2018	\$0.029	4,500,000	-	-	(4,500,000)	-
27/05/2016	27/05/2019	\$0.032	16,167,187	-	-	(16,167,187)	-
19/04/2017	17/05/2020	\$0.036	20,000,000	-	-	-	20,000,000
16/03/2018	18/04/2020	\$0.018	12,000,000	-	-	-	12,000,000
12/12/2018	18/04/2020	\$0.180	-	15,000,000	-	-	15,000,000
			<u>52,667,187</u>	<u>15,000,000</u>	<u>-</u>	<u>(20,667,187)</u>	<u>47,000,000</u>

During the year the Consolidated entity issued 15,000,000 CHKO listed options to the Lead Manager of the December 2018 Placement, as part consideration for services rendered. The fair value of these options was the market price of CHKO on the date they were issued, being \$0.005. The fair value of these options have been recognised as capital raising costs.

All options were exercisable at the end of the financial year.

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees, consultants and suppliers.

Equity-settled transactions are awards of shares, performance rights or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are usually recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of equity-settled transactions can also be recognised as capital raising costs recorded against equity, with the same recognition approach as above.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.


In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 30 June 2019 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(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 Director

27 September 2019

Cohiba Minerals Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cohiba Minerals Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CARRYING VALUE AND CAPITALISATION OF EXPLORATION AND EVALUATION ASSETS	
Area of focus	How our audit addressed it
<p>The Group has incurred exploration and evaluation costs for exploration projects in Australia over a number of years.</p> <p>The Group holds the right to explore and evaluate those projects through either a direct ownership of the underlying area of interest or through Farm-in Arrangements with third parties (who hold the underlying right to the area of interest).</p> <p>There is a risk that the Group may lose or relinquish its rights to further explore and evaluate those areas of interest and therefore amounts capitalized to the statement of financial position from the current and historical periods be no longer recoverable.</p> <p>During the year the Group impaired \$135,767 on projects where the underlying tenement was expected to be relinquished.</p>	<p>In order to meet this risk, our audit procedures included the following:</p> <ul style="list-style-type: none"> — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, be this through Farm-in Arrangement and/or directly through to the underlying tenement, including an evaluation of the requirement to renew that tenement at its expiry; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying tenement expenditure plan; — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; and — From an overall perspective, comparing the market capitalisation of the Group to the net carrying value of its assets on the statement of financial position to identify any other additional indicators of impairment. <p>We also assessed the adequacy of the Group's disclosures in respect of capitalised exploration costs and the planned expenditures under either direct tenement agreements or as applicable under Farm-in Arrangements.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

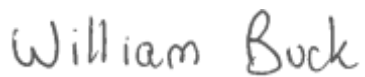
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Cohiba Minerals Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

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

N.S. Benbow

Director

Melbourne, 27 September 2019

The shareholder information set out below was applicable as at 18 September 2019.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of options over ordinary shares (CHKO)
1 to 1,000	133	22
1,001 to 5,000	9	28
5,001 to 10,000	4	18
10,001 to 100,000	297	135
100,001 and over	546	192
	989	395
Holding less than a marketable parcel	241	213

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	ordinary Shares % of total shares issued
Jamora Nominees Pty Ltd (Kaboonek Discretionary A/C)	30,000,006	4.51
Kushkush Investments Pty Ltd (Alexandra Discretionary A/C)	20,000,000	3.01
Jascot Rise Pty Ltd (Jascot Rise A/C)	19,785,189	2.98
SL Investors Pty Ltd (SL Superfund A/C)	17,346,366	2.61
Gefen Investments Pty Ltd	14,873,233	2.24
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	10,814,283	1.63
BD Penfold Pty Ltd (B Merkaz Super Fund A/C)	10,781,397	1.62
Mr Shimshon Heller	10,290,101	1.55
National Nominees Limited (DB A/C)	10,000,000	1.50
Polarity B Pty Ltd	9,794,721	1.47
M & T K Pty Ltd (MTK Superannuation Fund)	9,561,204	1.44
Mr Itzhak Benedikt (Benedikt Imports P/Fund A/C)	9,109,904	1.37
Tyrrhenian Holdings Pty Ltd (Tyrrhenian A/C)	9,000,001	1.35
IBH Capital LLC	9,000,000	1.35
Ferguson Superannuation Pty Ltd (Ferguson Superfund A/C)	9,000,000	1.35
Mr Salvatore Di Vincenzo	7,641,982	1.15
Mr Scott Gordon	7,500,000	1.13
Swift Global Ltd	6,636,194	1.00
Mrs Tirzah Broh (Inkerman Services A/C)	6,300,000	0.95
Lettered Management Pty Ltd (Balmoral Family A/C)	6,000,000	0.90
	233,434,581	35.11

	Options over ordinary shares	
	ordinary shares	ordinary shares % of total options
Mr Peter Andrew Proksa	38,507,693	8.96
Mr David Fagan	33,600,000	7.82
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	20,637,300	4.80
Kushkush Investments Pty Ltd (Alexandra Discretionary A/C)	20,000,000	4.66
Tornado Nominees Pty Ltd (Angus Middleton S/F A/C)	20,000,000	4.66
Gefen Investments Pty Ltd	18,250,000	4.25
SL Investors Pty Ltd (SL Superfund A/C)	14,692,308	3.42
Tyrrhenian Holdings Pty Ltd (Tyrrhenian A/C)	11,833,333	2.75
M & T K Pty Ltd (MTK Superannuation Fund)	9,133,991	2.13
Mr Brian Edward Fenton	8,575,000	2.00
Mrs Danche Simens	8,500,000	1.98
BD Penfold Pty Ltd (B Merkaz Super Fund A/C)	8,000,000	1.86
Ms Sihol Marito Gultom	7,504,693	1.75
Regency Corporate Pty Ltd	6,250,000	1.45
BKG Fenton Pty Ltd (Fenton Retirement Fund A/C)	6,000,000	1.40
Mr Dragoslav Jevtic	6,000,000	1.40
Ross Dix Harvey	5,500,000	1.28
Advent Management Pty Ltd	5,400,000	1.26
OSF Nominees Pty Ltd (Frederickson Super Fund A/C)	5,384,615	1.25
Yad Investments Pty Ltd	5,300,000	1.23
	259,068,933	60.31

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	20,000,000	3

Substantial holders

The Company has not received any substantial shareholder notices as at the date of this report.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

Tenements

Description	Tenement number	Interest owned %
Exploration Licence (WA)	E74/594	100.00
Exploration Licence (QLD)	EPM26376	100.00
Exploration Licence (QLD)	EPM26377	100.00
Exploration Licence (QLD)	EPM26379	100.00
Exploration Licence (QLD)	EPM26380	100.00
Right to earn up to 80% - farm-in agreement	ML 2054	-
Right to earn up to 80% - farm-in agreement	ML 2773	-
Right to earn up to 80% - farm-in agreement	ML 90098	-
Right to earn up to 80% - farm-in agreement	EL 6118	30.00
Right to earn up to 80% - farm-in agreement	EL 6119	30.00
Right to earn up to 80% - farm-in agreement	EL 6120	30.00
Right to earn up to 80% - farm-in agreement	EL 6121	30.00
Right to earn up to 80% - farm-in agreement	EL 6122	30.00
Right to earn up to 80% - farm-in agreement	EL 6183	30.00
Right to earn up to 80% - farm-in agreement	EL 5970	30.00