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The Manager Companies
ASX Limited
20 Bridge Street
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(4 pages by email)

COMMENCEMENT OF COUNTER-CURRENT ATMOSPHERIC LEACHING (CCAL) TESTWORK

- A composite 45 kg sample of ore from the Homeville deposit has been received by Core Metallurgy in Brisbane.
- Previous CCAL test work returned excellent overall nickel and cobalt extractions of **90%** and **96%** respectively, with very low overall acid consumption of **710 kg/tonne of ore**.
- Pregnant Leach Solution (PLS) will then be used from the CCAL test work to undertake further test work with an aim to produce a 4N (99.99%) high purity alumina (HPA).

The Directors of Collerina Cobalt Limited ('Collerina' or 'the Company') are pleased to advise that following on from the recent successful drill program which intercepted high grade nickel, cobalt and aluminium within wide mineralised intercepts, the Company has now commenced its metallurgical testwork program aimed at initially producing a mixed cobalt-nickel sulphide precipitate which will be further economically enhanced through the production of HPA.

Approximately 45 kg of composite material representative of the main Homeville deposit have been received by Core Metallurgy's lab in Brisbane with an elemental make up as follows:

	Ni %	Co %	Al %	Fe ₂ O ₃ %	Fe %	MgO %	CaO %	MNO %	MgO %	SiO ₂ %	Na ₂ O %
Composite	1.04	0.06	4.81	33.45	23.39	10.97	0.22	0.69	10.97	32.13	0.39

Summary of Testwork

Process

A composite 45 kg sample of drill core from the Homeville deposit have been despatched to Core Metallurgy laboratories in Brisbane. These samples will be crushed to 100% passing 25mm then blended and split into representative sub-samples with a sufficient amount milled until the sample is 90% passing 0.25mm (nominal) for head characterisation and leaching tests.

The ground samples will then be blended and split into representative sub-samples using a rotary splitter, a representative head sample will be riffle split for elemental characterisation including Al, Co, Cr, Fe, Mg, Ni, Sc and Si.

CCAL Leaching and HPA Testing

A series of four 8 hour atmospheric acid leaches in a 5 L reactor at nominally 30% w/w solids density of the blended sample will be undertaken, during the course of the leach tests kinetic samples will be taken (nominally) at 2, 4 and 6 hours for analysis of both solid and liquid phases for determination of Al, Co, Cr, Fe, Mg, Ni, Sc and Si recoveries. The matrix of leach tests is summarised below:

Test	Sample	Temperature	Acid Dose
Leach 11	Milled Ore	95°C	200-400 kg/t
Leach 12	Leach 11 Residue	95°C	600-800 kg/t
Leach 13	Milled Ore	95°C	200-400 kg/t
Leach 14	Leach 13 Residue	95°C	600-800 kg/t

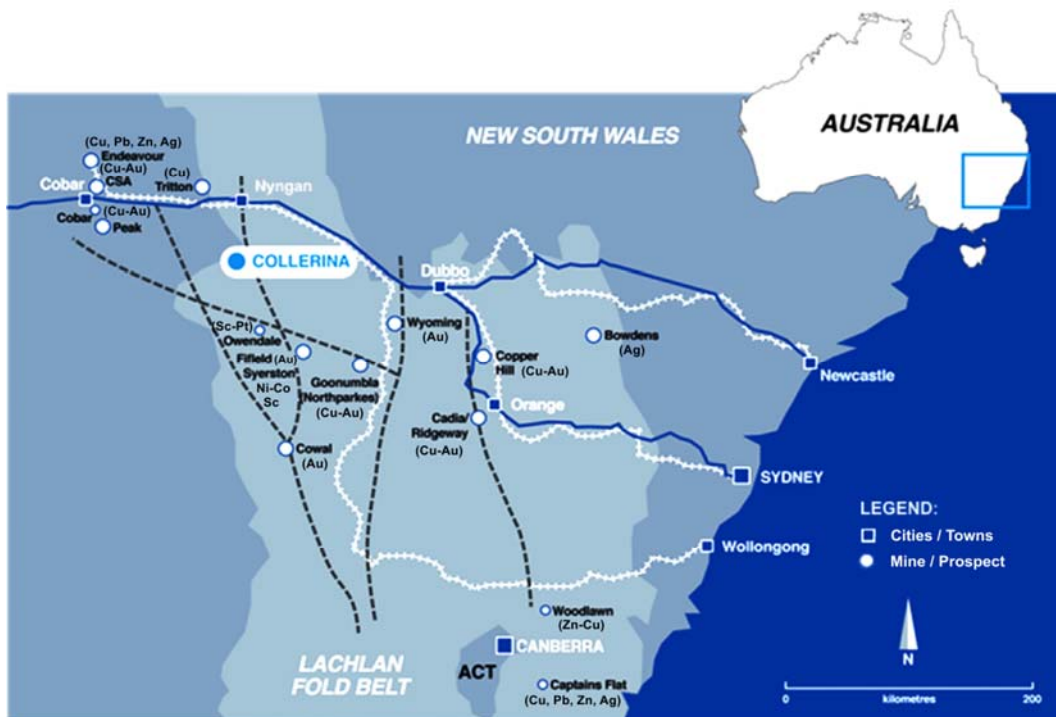
In the first stage, fresh ore is leached in a lower free acid solution, leaching the readily leachable material and producing a pregnant leach solution with relatively low residual acidity. The leach residue solids from the first stage are washed and forwarded to the second stage of leaching. In the second stage of leaching, concentrated sulphuric acid is used and the more tenacious material is leached by the higher concentration of acid. The leach solution from the second stage, with a much higher residual acid concentration, is recycled to the first stage leach as the acid source.

High Purity Alumina (HPA) Testwork

The CCAL will produce a low acidity leach solution. After appropriate pre-treatment, the pregnant solution will be subjected to testing using a proprietary solvent extraction and refining process with an aim to produce 4N HPA (99.99% purity). The liquor remaining after aluminium extraction contains the cobalt and nickel values that would be recovered in the commercial plant to produce separate high purity nickel and cobalt products (metal, sulphate, carbonate, hydroxide or other forms).

Collerina Project Location

The Collerina project lies about 40km south of Nyngan in the central and western region of NSW within the Lachlan Fold Belt which hosts a number of world class copper-gold mines including the Cadia, Ridgeway and Northparkes operations. The district also hosts the globally significant Syerston Co-Ni deposit owned by Clean Teq Holdings Limited (ASX: CLQ) which contains a reported 109 million tonnes of 0.10% Co and 0.65% Ni. The deposit is currently under definitive feasibility study.



The mineralisation identified by the Company's current drilling program is spatially associated with the previously announced JORC compliant nickel laterite resource of 16.3 million tonnes of 0.93% Ni and 0.05% Co at a 0.7% Ni cut-off grade (4.4 million tonnes Indicated resource of 0.99% Ni and 0.06% Co and 11.9 million tonnes Inferred Resource of 0.91% Ni and 0.05% Co)¹.

For further information, please contact Peter Nightingale on +61 2 9300 3310.

Yours sincerely

Peter J. Nightingale

Director

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Statement of Compliance

Information regarding the Mineral Resource at the Collerina project was prepared and first disclosed under the 2004 Edition of the 'Australasian Code for Reporting of 'Exploration Results, Mineral Resources and Ore Reserves'. See ASX announcement dated 21 August 2008. It has not been updated since to comply with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' on the basis that the Company is not aware of any new information or data that materially affects the information and, in the case of the resource estimate, all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Collerina Cobalt staff and contractors and approved by Mr Michael Corey, PGeo., who is a Member of the Association of Professional Geoscientists of Ontario (APGO) in Canada. Mr Corey is employed by the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Corey has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.