

30 April 2018

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(7 pages by email)

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2018
(ASX: CLL)**

COLLERINA PROJECT HIGHLIGHTS

- Counter Current Atmospheric Leaching (CCAL) testwork returns excellent nickel, cobalt and aluminium recoveries consistent with previous results.
- Overall nickel and cobalt recoveries from CCAL were 85% and 94% respectively with aluminium recovery of 61% well in excess of expectations.
- Pregnant Leach Solution (PLS) generated from the bulk leach testwork successfully underwent partial neutralisation (PN) to generate an iron depleted PLS for solvent extraction (SX) testwork
- Commencement of batch SX testwork in readiness for a continuous mini-rig program to produce approximately 1kg of High Purity Alumina (HPA) targeting 99.99% (4N) purity.
- Commencement of an exploration drilling program at the Collerina Project in NSW targeting high-grade mineralisation associated with a series of north-west trending aeromagnetic highs where limited previous drilling recorded high-grade cobalt (to 0.44%) and scandium (to 232ppm).

COLLERINA PROJECT PRE-FEASIBILITY STUDY (PFS)

Homeville Ore Sample and CCAL Testwork

During the quarter, counter current acid leach (CCAL) testwork was carried out on approximately 150kg of representative ore sample from the Homeville deposit within the Collerina Project tenement (EL6336) covering 150km² located 40 kilometres south of Nyngan in central NSW.

The Homeville deposit ore sample tested closely resembles the properties of samples used for previous (CCAL) and solvent extraction SX testwork. The sample also aligns with the newly completed preliminary life of mine plan as part of the PFS development and hence is representative of likely ore feed to a commercial plant.

The composite ore sample was homogenised and split into representative batches ahead of the leaching testwork program. The composite ore sample assays returned:

	Al %	Co %	Cr %	Fe %	Mg %	Ni %	Si %
Feed Composite	4.13	0.054	0.63	20.2	6.76	0.59	17.7

Summary of Atmospheric Leach Testwork

CCAL Process

The leaching testwork involved a two-stage leaching process, initially using synthetic liquors to simulate the first and second stages of a CCAL process.

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

Leaching Procedure

A heated, insulated 100 litre agitated tank was employed for the leach tests. Individual test volumes were 70-75 litres for Stage 1 leaches and 35-45 litres for Stage 2 leaches. Thirteen CCAL tests (seven Stage 1 and six Stage 2) were completed. A synthetic leach solution was used for the first Stage 1 leach test, simulating acidic solution recycled from Stage 2 to Stage 1, based on a prediction from the METSIM® model. For the subsequent Stage 1 tests, actual filtrate from the previous Stage 2 test was used as recycled liquor.

In preparing the ore feed for each Stage 1 test, magnesium, aluminium, manganese, sodium, nickel, cobalt sulphates were added to the pulping water, based on a prediction from the METSIM® model, to simulate the composition of the iron-aluminium depleted liquor that would be recycled in a commercial plant for this purpose.

Leaching Results

Overall nickel, cobalt and aluminium recoveries from the CCAL were **85%**, **94%** and **61%** respectively. Extractions of iron and magnesium, which are contaminant species, were lower than nickel and cobalt extractions. After accounting for the acid recycled from Stage 2 to Stage 1, the overall acid consumption averaged **762 kg/t ore** which is low when compared to co-current agitated atmospheric leaching (typically 900-1,000 kg/t ore).

The leach test results are summarised in the following table:

Leach Stage	Stage Acid Addition (kg/t)	Residual Free Acid g/L	CCAL Results				
			Extractions (%)				
			Ni	Co	Al	Fe	Mg
Stage 1	178	17.4	28	54	14	0	32
Stage 2	653	58.6	80	87	55	74	57
Overall	762	17.4 (PLS)	85	94	61	73	71

Partial Neutralisation of PLS

The Partial Neutralisation (PN) of the PLS produced from the Counter Current Atmospheric Leach (CCAL) test work program was completed in four bulk tests, ranging in batch size from 40 to 60 kg.

The purpose of the PN process is to neutralise excess free acid and precipitate most of the iron to produce a satisfactory aluminium to iron ratio for the subsequent SX stage, while at the same time minimising associated reduction in aluminium, cobalt and nickel.

The PLS retained **80.6%**, **99.4%** and **97.9%** aluminium, cobalt and nickel respectively through the partial neutralisation stage. These tests produced 167 kg of partially neutralised solution which has been shipped to Brisbane for SX mini rig testing. A further 131 kg of solution produced from the PLS from the synthetic liquor CCAL tests and the CCAL wash filtrates were shipped for the purpose of commissioning the SX circuit.

Solvent Extraction (SX) testwork

The PLS from the Partial Neutralisation testwork was received in the Nagrom laboratories in Brisbane, where a series of batch SX sipher tests commenced at the end of the quarter. The batch SX testwork are to be completed ahead of the full SX mini-rig campaign, which is due to commence early in the June quarter. The mini-rig SX testwork is designed to produce circa 1kg of HPA.

COLLERINA PFS UPDATE

The prefeasibility study is progressing in parallel with the testwork program. Key deliverables, such as the Project Design Basis, Mass and Energy Balance and Process Flow Diagrams are complete. The equipment list has been compiled, including preliminary equipment sizing which is maturing as the testwork results are becoming available.

The sizing of a number of major equipment items has been finalised, including the mill, scrubber, lime and limestone packages and approximately half of the Requests for Budget Quotations have been released to vendors. Some of the outstanding equipment sizing and selection will continue as the SX mini rig testing results become available to ensure the most accurate sizing basis is used.

Key trade-off studies on reagent usage and supply have been completed, with the selected options showing significant positive effect on the project's NPV.

As part of the ongoing PFS, the Company has also completed a preliminary open pit optimisation study on the Homeville deposit. These results from the open pit optimisation study will provide the Life of Mine ore grades in the completed PFS.

EXPLORATION DRILLING PROGRAM

During the quarter the Company announced the imminent commencement of an exploration drill program at the Collierina Project designed to target a series of NW trending aeromagnetic highs, located approximately 10 kilometres north of the Homeville nickel-cobalt-HPA deposit.

Previous exploration in 1988 (Lachlan Resources) confirmed at least one of these magnetic highs (C1) was associated with high-grade cobalt mineralisation. Two 1988 drill holes, testing the C1 magnetic anomaly and approximately 400 metres apart, reported high grade cobalt results at the end-of-hole of 0.44% and 0.35% cobalt. These results were not followed up by Lachlan due to wet weather preventing access.

A further two drill holes by the Company were drilled on the C1 magnetic anomaly in 2007, approximately 550 metres from the 1988 drilling. These holes returned maximum values of 0.79% nickel, 0.15% cobalt, 0.37ppm platinum and 232ppm scandium. Collierina considers the C1 magnetic anomaly, together with the other untested magnetic anomalies on the north west trend, to be highly prospective for high-grade cobalt-nickel ± scandium mineralisation. The C1 trend is interpreted to represent a mineralised serpentinite, dismembered by the Honeybugle Intrusive Complex (see **Figure 1** below).

Land access and drilling contractors have been secured and NSW Government applications submitted. Drilling is expected to commence within the next two weeks on receipt of NSW Government approvals.

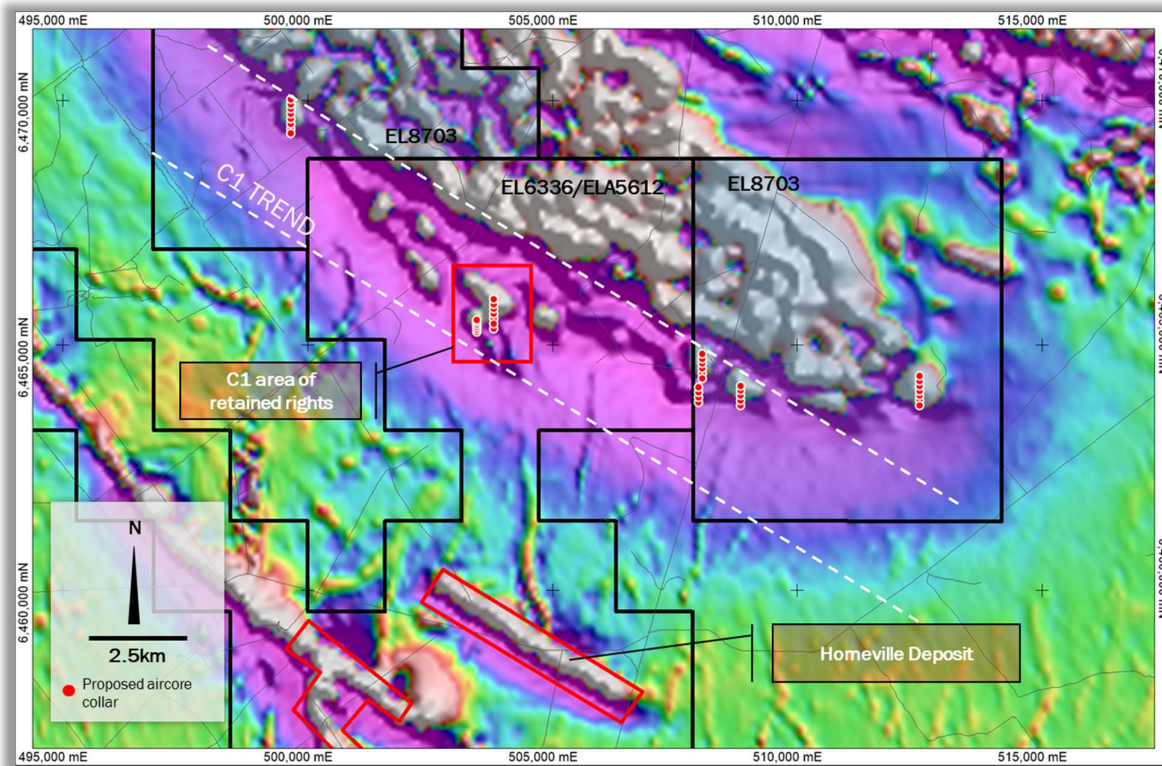


Figure 1: Location of planned aircore drill collars over aeromagnetics

BECKER PROJECT - CHILE (Collerina Cobalt - Earning up to 85%)

No material work was conducted on the Becker project in the March quarter.

WONOGIRI PROJECT - INDONESIA (Collerina Cobalt - 45%)

The Company is continuing advancement of its AMDAL study (environmental impact study) for the Randu Kuning gold-copper deposit. On acceptance of the AMDAL, the Company will be awarded a 20-year operation production IUP (with 10-year extension) for the Randu Kuning gold-copper deposit. Separately the Company is ready to initiate an Environmental Management Efforts and Environment Monitoring Efforts (UKL-UPL) report for its planned aggregate operation adjacent to the Randu Kuning deposit. Upon approval the Company will be granted an initial 5 year aggregate operation licence, which can be extended for two additional 5 year terms.

GORONTALO PROPERTIES - INDONESIA (Collerina Cobalt - 80%)

No exploration activities were completed on the Toluludu and Tapadaa IUPs during the quarter. The Company has provided property data to third parties considering a potential joint venture or acquisition.

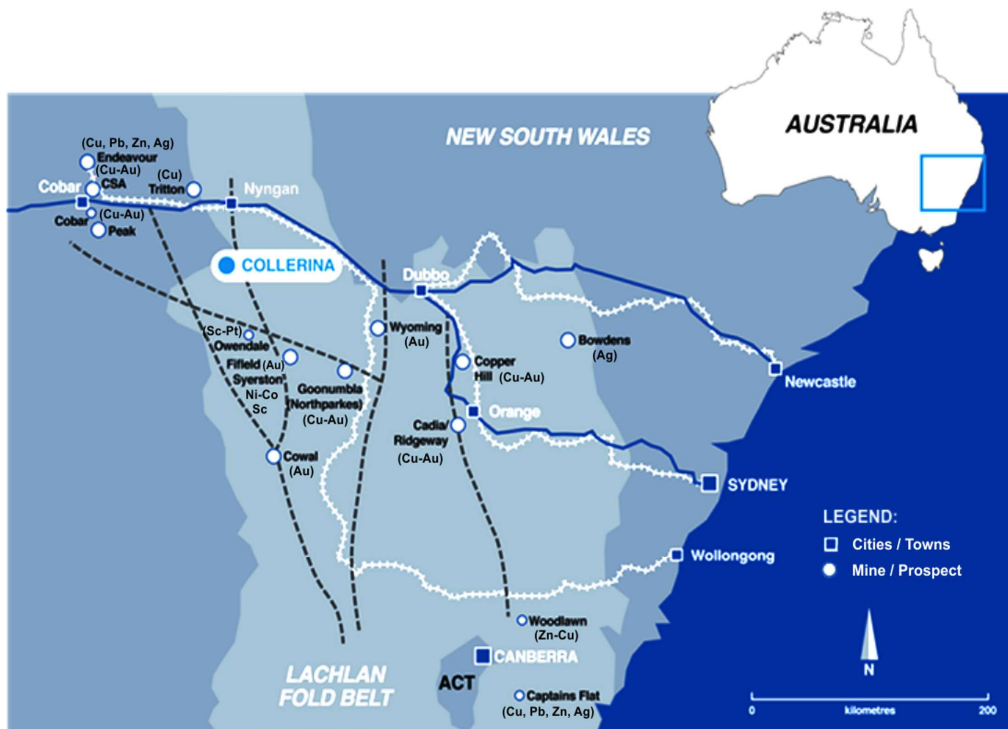
COLLERINA COBALT

Collerina Cobalt ('Collerina Cobalt' or 'the Company') is an ASX-listed mineral exploration and development company focused on advancing its 100% owned Collerina HPA-nickel-cobalt project in central NSW. The Company also has a pipeline of exploration projects in Chile and Indonesia.

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 Sunrise 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 mineralisation identified by the Company's current drilling program is spatially associated with the previously announced JORC compliant high grade cobalt and nickel 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).



Yours sincerely

Peter J. Nightingale
Director

pjn9355

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 23 June 2011. 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.

For further information on testwork results and processes see ASX announcements dated 26 April 2018, 21 March 2018, 6 March 2018, 21 February 2018, 8 December 2017, 30 November 2017, 29 November 2017, 24 November 2017 and 13 November 2017.

Competent Person Statement (Mineral Resources)

The information in this report that relates to 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.

Competent Persons Statement (Process Development Test Work)

Information in this announcement relating to the Process Development Test Work is based on test work results compiled by Mr Boyd Willis, an Independent Consultant trading as Boyd Willis Hydromet Consulting. Mr Willis is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Willis has sufficient experience which is relevant to metal recovery from the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. This includes over 21 years of experience in metal recovery from Laterite ore. Mr Willis consents to the inclusion of the technical data in the form and context in which it appears.