



COBALT BLUE HOLDINGS LIMITED

ABN 90 614 466 607

HALF-YEAR

FINANCIAL REPORT

31 DECEMBER 2023

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Forward Looking Statements

This report contains “forward-looking statements”. All statements other than those of historical facts included in this report are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include but are not limited to cobalt metal price volatility, timely completion of project milestones, funding availability, government, and other third-party approvals. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement”. To the maximum extent permitted by law, the Company and its respective advisers, affiliates, related bodies corporate, directors, officers, partners and employees expressly exclude and disclaim all responsibility and liability, including, without limitation, for negligence or in respect of any expenses, losses, damages or costs incurred by any person as a result of their reliance on this report and the information in this report being inaccurate or incomplete in any way for any reason, whether by way or negligence or otherwise.

Directors' Report

The directors present their report together with the financial report of Cobalt Blue Holdings Limited ('the Company') and the entities it controlled (referred to hereafter as the 'Group' or 'Consolidated Entity') for the half-year ended 31 December 2023.

Directors

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

- **Robert Biancardi**, Chairman, Non-Executive Director, Independent
- **Hugh Keller**, Non-Executive Director, Independent
- **Rob McDonald**, Non-Executive Director, Independent
- **Joe Kaderavek**, Chief Executive Officer & Executive Director

Review of operations

The Group's focus during the half-year remained on progressing the Broken Hill Cobalt Project (BHCP), near Broken Hill, NSW, the Kwinana Refinery Project (KRP) and cobalt in waste streams projects.

BHCP

During the half-year the Group:

- Continued to progress the BHCP Definitive Feasibility Study (DFS). Three engineering firms were engaged to deliver design and costings as follows:

Service Provider	Work Package(s)
Worley Services Pty Ltd	Process plant design and capital and operating cost estimation
GHD Pty Ltd	Non-Process infrastructure Integrated waste platform Environmental
SRK Consulting (Australasia) Pty Ltd	Mining and resource Integrated waste landform

- Continued with concentrate recovery operations at the Demonstration Plant with targeted continuous runs completed. These have provided engineering data for the DFS and production of Mixed Hydroxide Precipitate (MHP) for supporting studies including thickening, filtration, materials handling, bagging and downstream refining into cobalt sulphate. Samples produced continue to be evaluated internationally as part of our partner program. The Demonstration Plant's operating philosophy is to treat packages of feed through the circuits. Typically, the targets are 30-tonne packages of feed through the calcine circuit and 10-tonne packages of feed through the leach circuit. These quantities represent approximately 100 hours of continuous operation for respective circuits, excluding ramp-up and shutdown periods. Each "package" then allows COB to evaluate specific operating parameters or equipment arrangements.
- Completed a series of geotechnical investigations to provide an assessment of subsurface conditions and how those conditions are likely to impact or interact with major infrastructure works for the BHCP. The investigations included the completion of some 60 test pits and 28 auger / cored drill holes ranging between 6 and 15m total depth. This data will inform the design of foundations and retaining structures.

- Released a BHCP Resource Update.

KRP

During the half-year the Group released the results of its Cobalt-Nickel Refinery Study (the Study). The Study evaluated the construction and operation of the KRP to treat cobalt intermediates and produce battery-grade cobalt and nickel sulphates. The Study provides a suitable platform for advancing the project through the next stages of pre-development up to a Financial Investment Decision planned in mid-2024. The Study provides a suitable platform for advancing the project through the next stages of pre-development up to a Financial Investment Decision planned in mid-2024.

The Study summarises the strategic rationale for COB to pursue the Refinery, noting:

- COB's strategy is positioned to capitalise on the growing demand for EVs and the increasing requirement for responsibly sourced raw material in an Allied Nations supply chain.
- Analysis of the international cobalt market supply and demand dynamics.
- Feedstock procurement details from major suppliers of cobalt and nickel intermediates.
- The strategic advantages and permitting requirements for locating the refinery location in the Kwinana Industrial Area.
- An existing non-binding agreement with a major Japanese multinational that specialises in the production and trading of commodities.

In December 2023 COB named Iwatani Corporation as its potential partner in developing the Refinery (subject to agreement). COB and Iwatani Corporation have executed a non-binding agreement that establishes a basis on which the parties intend to proceed. There is no guarantee of entry into a binding agreement on current terms.

Iwatani Corporation is a leading Japanese multinational company that specialises in the production and trading of commodities. Iwatani Corporation has a global presence with operations in several countries. They have established partnerships and collaborations with companies worldwide to further advance their expertise in technologies and explore new markets. Iwatani has a large trading arm looking to supply their Japanese partners in major global Electric Vehicle markets, including the United States.

Iwatani Australia Pty Ltd owns a suitable property in the Kwinana district that would support the operation of the Refinery. Cobalt Blue believes that partnering with an existing property owner would substantially reduce development time for the Refinery. Iwatani Corporation is currently considering proposing an appropriate level of equity ownership in the Refinery project via a funding contribution (subject to binding agreement).

The proposed refinery plant has been designed for two stages. In Stage 1, the feedstock will be supplied by third-party contracts. COB is in advanced discussions with two major suppliers of intermediates for use as feedstock for the Refinery. One is domestic and the other international, with both products in discussion standardised products in global sale, specifically Mixed Sulphide Precipitate (MSP) and Mixed Hydroxide Precipitate (MHP). Stage 2 allows for the potential expansion of Refinery capacity with the introduction of BHCP MHP or additional third-party feedstock. This may include recycled products from the battery industry such as pCAM, CAM, black mass, etc.

During the half-year COB commenced a large-scale raw material testing program for the Refinery project. 5 tonne samples from third-party suppliers of cobalt hydroxide or cobalt-nickel hydroxide or other intermediates from existing operations are being used.

The current cobalt sulphate refinery equipment in the Broken Hill based Demonstration Plant was upscaled to a nominal production capacity rate of 200 kg/day cobalt/nickel equivalent. This represents a 1:50 scale compared to the initial intended Refinery capacity.

Cobalt Blue will source a broad range of cobalt rich materials representing the global industry that currently complies with Allied Nation supply chain requirements.

COB has developed a detailed Forward Work Plan to the commencement of construction. Between December 2023 and June 2024 the plan is to:

- Complete testing of feedstock samples;
- Finalise the Refinery’s engineering and select engineering partner and construction firm;
- Secure binding feedstock contracts for the first 3–5 years of operation;
- Secure offtake contracts;
- Complete permit application studies; and
- Prepare financial information memorandum, identify sources of funds and close finance.

The indicative timeline for the KRP is shown below.

Cobalt-Nickel Refinery	23	2024				2025			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Refinery Study Published	█								
Refinery Development Program Launch	█								
Permitting Studies		█							
Testing intermediate samples at BHCP Demo Plant		█	█						
EIS Submission / Operating Permits			█						
3rd party supply / offtake contracts			█	█					
Completion of Financing				█					
Construction Commence					█				
Construction Completed									█

Cobalt in Waste Streams Project (CWSP) update

During the June 2023 quarter, COB announced that it had entered a testwork co-operation agreement with Hudbay Minerals Inc. (“Hudbay”), with respect to Hudbay’s wholly owned Flin Flon tailings storage facility located in the Province of Manitoba, Canada. COB has agreed to utilise its proprietary minerals processing technology to assess the ability to recover gold, silver, copper, zinc, cobalt and sulphur from a pyrite/pyrrhotite concentrate produced from the tailings. COB’s technology offers the potential to convert the sulphides into elemental sulphur, which is stable and benign.

Laboratory scale ‘proof of concept’ testwork of a 50kg sample of Flin Flon tailings was completed during the half-year. The testwork included flotation, thermal decomposition of pyrite and leaching of kiln calcine. The overall results successfully achieved >90% conversion of the pyrite into pyrrhotite and elemental sulphur. These results will be used to design an overall flowsheet for the treatment of the tailings as part of the final test work. The testwork program is expected to be completed during the March 2024 quarter.

Review of results of operations

The net loss of the Consolidated Entity for the half-year was \$3,483,000 (2022: \$3,016,000). The higher loss reflects the following key factors:

- higher employee benefits expenses associated with additional staff, increases in base remuneration, short-term and long-term incentives; and
- the initial recognition of project costs associated with the KRP.

The continuing development of the Broken Hill Cobalt Project resulted in \$11,485,000 of expenditure (before Government grant and Research and Development Tax Incentive refund offsets) being capitalised as exploration and evaluation assets during the half-year. \$756,000 of project costs were expensed in connection with the KRP.

The Consolidated Entity's net assets decreased during the half-year by \$3,068,000, which primarily reflects the current half-year loss

Share Capital

During the half-year, the Company issued a total of 5,749,482 new fully paid ordinary shares as follows:

- 3,712,231 on exercise of performance rights.
- 1,357,412 on the exercise of staff and contractor options.
- 79,713 to each non-executive director (total: 239,139) to satisfy \$20,000 of their director's fees for the year ending 30 June 2024.
- 440,700 to staff and contractors as remuneration.

Rounding of amounts

The company is of a kind referred to in instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration

The Company has received the Auditor's Declaration of Independence as required by section 307C of the Corporations Act 2001 and which is set out on page 7 of this report.

Subsequent Events

On 26 February 2024 the Company announced that it was pausing completion of the DFS (in its current form) and was undertaking a review to assess the viability of a condensed higher margin BHCP project. The Company also announced it had entered into a non-binding Heads of Agreement with Iwatani Corporation as a potential partner to develop the BHCP.

Subsequent to 31 December 2023, the Consolidated Entity received a \$4,342,000 Research and Development Tax Incentive refund from the Commonwealth Government concerning research and development expenditure incurred during the 2023 financial year. This amount was recorded as a receivable at 31 December 2023.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the *Corporations Act 2001*.



Robert Biancardi
Chairman
13 March 2024

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF COBALT BLUE HOLDINGS LIMITED

As lead auditor for the review of Cobalt Blue Holdings Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cobalt Blue Holdings Limited and the entities it controlled during the period.

A handwritten signature in cursive script that reads 'Gareth Few'.

Gareth Few
Director

BDO Audit Pty Ltd

Sydney, 13 March 2024

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	Consolidated	
		31 December 2023	31 December 2022
		\$'000	\$'000
Revenues from ordinary activities			
Revenue and other income	3	233	16
Expenses from ordinary activities			
ASX and registry fees		(109)	(222)
Administrative expenses		(297)	(212)
Corporate costs		(572)	(1,152)
Depreciation and amortisation expenses		(73)	(91)
Employee benefits expenses		(1,744)	(1,250)
Interest expense		(19)	(25)
Legal and professional costs		(146)	(80)
Project costs		(756)	-
Loss before income tax		(3,483)	(3,016)
Income tax benefit		-	-
Loss from continuing operations		(3,483)	(3,016)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(3,483)	(3,016)
		Cents	Cents
Basic and diluted earnings/(loss) per share		(0.9)	(0.9)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	Consolidated	
		31 December 2023	30 June 2023
		\$'000	\$'000
Cash and cash equivalents		5,268	15,616
Other receivables	4	4,413	3,115
Other assets		329	287
Total Current Assets		10,010	19,018
Non-current Assets			
Property, plant and equipment	5	1,506	1,699
Intangibles	6	196	191
Security deposits		417	417
Exploration and evaluation assets	7	57,993	55,092
Total Non-current Assets		60,112	57,399
Total Assets		70,122	76,417
Current Liabilities			
Trade and other payables	8	2,677	4,317
Deferred income - grant	9	283	1,945
Provisions	10	611	566
Lease liabilities		228	252
Borrowings	11	180	180
Total Current Liabilities		3,979	7,260
Non-current Liabilities			
Provisions	10	423	456
Lease liabilities		91	197
Borrowings	11	2,708	2,515
Total Non-current Liabilities		3,222	3,168
Total Liabilities		7,201	10,428
Net Assets		62,921	65,989
Equity			
Issued capital	12	84,630	84,405
Reserves	13	3,309	3,119
Accumulated losses		(25,018)	(21,535)
Total Equity		62,921	65,989

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Ordinary Share Capital	Share-Based Payments Reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	58,065	2,107	(16,068)	44,104
Total loss for the half-year	-	-	(3,016)	(3,016)
Issue of ordinary shares	26,721	-	-	26,721
Share-based payments	-	483	-	483
Cost of issuing ordinary shares	(381)	-	-	(381)
Balance at 31 December 2022	84,405	2,590	(19,084)	67,911
Balance at 1 July 2023	84,405	3,119	(21,535)	65,989
Total loss for the half-year	-	-	(3,483)	(3,483)
Issue of ordinary shares	225	-	-	225
Share-based payments	-	190	-	190
Balance at 31 December 2023	84,630	3,309	(25,018)	62,921

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Consolidated	
	31 December 2023	31 December 2022
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(2,544)	(2,478)
Payments for project costs	(679)	-
Interest received	185	15
Interest paid	(5)	(1)
GST (paid)/received	(595)	80
Net cash flows used in operating activities	(3,638)	(2,384)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(12,231)	(13,145)
Payments for plant and equipment	(3)	(893)
Industry Grants received	3,175	1,641
Research and development tax rebates received	2,499	508
Payments for other assets	(17)	(52)
Net cash flows used in investing activities	(6,577)	(11,941)
Cash flows from financing activities		
Gross proceeds from issue of shares	-	22,312
Costs related to issue of shares	-	(356)
Proceeds from exercise of options	14	3,750
Payment of lease liabilities	(147)	(142)
Net cash flows provided by / (used in) financing activities	(133)	25,564
Net increase / (decrease) in cash held	(10,348)	11,239
Cash at beginning of financial period	15,616	10,530
Cash at end of financial period	5,268	21,769

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 Material accounting policy information

The half-year financial statements cover the Cobalt Blue Holdings Limited group as a Consolidated Entity consisting of Cobalt Blue Holdings Limited (COB or the Company) and its subsidiaries ('the Consolidated Entity').

Basis of preparation

The interim financial report is a general-purpose financial report, prepared in accordance with AASB 134 "Interim Financial Reporting" and the requirements of the Corporations Act 2001.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the most recent annual financial report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the most recent annual financial statements.

Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Going Concern

The interim financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2023, the Consolidated Entity reported:

- a loss of \$3,483,000 (31 December 2022: loss of \$3,016,000);
- net cash outflow from operating activities of \$3,638,000 (31 December 2022: outflow \$2,384,000);
- net cash outflow from investing activities of \$6,577,000 (31 December 2022: outflow \$11,941,000); and
- net cash outflow from financing activities of \$133,000 (31 December 2022: inflow \$25,564,000).

At 31 December 2023, the Consolidated Entity had a working capital surplus of \$6,031,000 (30 June 2023: surplus \$11,758,000) and cash of \$5,268,000 (30 June 2023: \$15,616,000).

Subsequent to 31 December 2023, the Consolidated Entity received a \$4,342,000 Research and Development Tax Incentive refund from the Commonwealth Government in relation to research and development expenditure incurred during the 2023 financial year.

The directors expect the Company to receive additional Commonwealth grant funding during the next 12 months.

The directors believe the Consolidated Entity can continue to access equity funding to meet additional capital requirements.

On the basis of the above and the ability of the Consolidated Entity to scale back planned activities if required to preserve cash, the directors are satisfied that at the date of signing the financial report, there are reasonable grounds to believe that the Consolidated Entity will be able to meet its debts as and when they fall due and that it is appropriate for the financial report to be prepared on a going concern basis. However, should the Company be unable to secure additional equity funding, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be required to realise assets at different amounts to those recorded in the Statement of Financial Position and settle liabilities other than in the ordinary course of business.

2 Segment information

A. Description of segments

The Group has identified its operating segments based on the internal reports reviewed and used by the Chief Executive Officer and Leadership Team to assess performance and determine the allocation of resources.

The Consolidated Entity is currently organised into two operating segments:

- **Broken Hill Cobalt Project** – a proposed cobalt mining project forming part of a broader tenement holding comprising five Exploration Licenses and two Mining Leases; and
- **Kwinana Refinery Project** - a proposed cobalt/nickel refinery located in Western Australia producing battery ready sulphates as feedstock for electric vehicle batteries.

These operating segments are managed separately because they have different production processes, risks and returns.

In the prior year, there was a single operating segment - Broken Hill Cobalt Project.

B. Geographical segments

Geographically, the Consolidated Entity operates in Australia.

C. Operating segment information

	Broken Hill Cobalt Project	Kwinana Refinery Project	Corporate/ unallocated	Total
2023	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	-	-	50	50
Profit/(loss) before tax	-	(728)	(2,755)	(3,483)
Total segment assets at 31 December 2023	64,273	-	5,849	70,122
Total segment liabilities at 31 December 2023	6,287	49	865	7,201

	Broken Hill Cobalt Project	Total
2022	\$'000	\$'000
Revenue from external customers	-	-
Profit/(loss) before tax	(3,016)	(3,016)
Total segment assets at 31 December 2022	75,742	75,742
Total segment liabilities at 31 December 2022	7,831	7,831

3 Revenue and other income

	31 December 2023 \$'000	31 December 2023 \$'000
Interest received	183	16
Testwork revenue	50	-
	233	16

4 Other receivables

	31 December 2023 \$'000	30 June 2023 \$'000
Other receivables	71	21
Research and development tax incentive receivable	4,342	3,094
	4,413	3,115

5 Property plant and equipment

	Land & Buildings	Leased Assets	Leasehold Improvements	Furniture & Office Equipment	Plant	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Half-year ended 31 December 2023						
Opening Balance	870	427	131	72	199	1,699
Disposals	-	-	-	(5)	-	(5)
Depreciation/amortisation expense	-	(63)	-	(4)	-	(67)
Depreciation capitalised	(16)	(77)	(7)	(9)	(12)	(121)
Closing Balance	854	287	124	54	187	1,506
At cost	891	660	229	160	239	2,179
Accumulated depreciation/ amortisation	(37)	(373)	(105)	(106)	(52)	(673)
At 31 December 2023	854	287	124	54	187	1,506

6 Intangibles

	Patents	Total
	\$'000	\$'000
Half-year ended 31 December 2023		
Opening Balance	191	191
Additions	11	11
Amortisation expense	(6)	(6)
Closing Balance	196	196
At cost	224	224
Accumulated amortisation	(28)	(28)
At 31 December 2023	196	196

7 Exploration and evaluation assets

	31 December 2023	30 June 2023
	\$'000	\$'000
Balance at beginning of the financial period	55,092	37,471
Additions	11,485	26,812
R&D tax incentive on exploration asset off-set	(3,747)	(3,094)
Government Grant off-set	(4,837)	(6,097)
Balance at the end of financial period	57,993	55,092
At cost	79,660	68,175
Accumulated Government grants and R&D tax incentive offsets	(21,667)	(13,083)
Balance at the end of financial period	57,993	55,092

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

8 Trade and other payables

	31 December 2023	30 June 2023
	\$'000	\$'000
Trade payables	1,501	2,218
Other creditors and accruals	1,176	2,099
Total	2,677	4,317

9 Deferred income - grant

	31 December 2023	30 June 2023
	\$'000	\$'000
Government grant	283	1,945
	283	1,945

The Government grant relates to the Commonwealth Government's Critical Minerals Accelerator Initiative. Government grants are progressively applied against exploration and evaluation expenditure in accordance with the Company's accounting policies and the terms of the grant.

10 Provisions

	31 December 2023	30 June 2023
	\$'000	\$'000
<i>Current</i>		
Employee benefits	611	566
	611	566
<i>Non-current</i>		
Provision for rehabilitation	278	333
Employee benefits	115	93
Make good provision	30	30
	423	456
Total provisions	1,034	1,022

11 Borrowings

	31 December 2023	30 June 2023
	\$'000	\$'000
Current		
Promissory note - accrued interest	180	180
	180	180
Non-current		
Promissory note	2,708	2,515
	2,708	2,515
Total borrowings	2,888	2,695

12 Issued Capital

Ordinary Shares	Number	\$'000
Fully paid ordinary shares on issue at 30 June 2023	370,057,530	84,405
Shares issued to staff and contractors as remuneration	440,700	143
Shares issued to non-executive directors in lieu of directors' fees	239,139	68
Shares issued on exercise of staff and contractor options	1,357,412	14
Shares issued on exercise of performance rights	3,712,231	-
Fully paid ordinary shares on issue at 31 December 2023	375,807,012	84,630

13 Reserves – share-based payments

Options & Rights	Number	\$'000
Options & Rights on issue at 30 June 2023	9,963,416	3,119
Exercise of options by staff and contractors	(2,330,000)	-
Exercise of performance rights	(4,266,932)	-
Amortisation of share-based payments	-	190
Issue of performance rights to executive managers	1,555,082	-
Issue of CEO & executive director performance rights	852,985	-
Options & Rights on issue at 31 December 2023	5,774,551	3,309

14 Related Party Transactions

Remuneration arrangements of key management personnel (KMP) are disclosed in the annual financial report. During the half-year, the Company issued:

- 3,153,317 fully paid ordinary shares on the exercise of KMP performance rights;
- 930,373 fully paid ordinary shares on the exercise of KMP options; and
- 79,713 fully paid ordinary shares to each non-executive director (total: 239,139) to satisfy \$20,000 of their director's fees for the year ending 30 June 2024.

During the half-year the company also issued 907,026 performance rights to KMP executives and 852,985 performance rights to the CEO & Executive Director.

Shareholders approved the proposed issue of the securities to directors listed above at the 2023 Annual General Meeting.

15 Commitments for expenditure

At 31 December 2023 the exploration & evaluation expenditure commitments under the Consolidated Entity's tenements are set out below:

	\$'000
Payable within 1 year	112
Payable within 1-5 years	576
Payable after 5 years	45

16 Subsequent Events

On 26 February 2024 the Company announced that it was pausing completion of the DFS (in its current form) and was undertaking a review to assess the viability of a condensed higher margin BHCP project. The Company also announced it had entered into a non-binding Heads of Agreement with Iwatani Corporation as a potential partner to develop the BHCP.

Subsequent to 31 December 2023, the Consolidated Entity received a \$4,342,000 Research and Development Tax Incentive refund from the Commonwealth Government concerning research and development expenditure incurred during the 2023 financial year. This amount was recorded as a receivable at 31 December 2023.

No other matter or circumstance has arisen since the end of the reporting period which significantly affected or could significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

- a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:

On behalf of the Directors



Robert Biancardi

Chairman

13 March 2024

Independent Auditor's Review Report



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cobalt Blue Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cobalt Blue Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

BDO Audit Pty Ltd



Gareth Few
Director

Sydney, 13 March 2024