



COBALT BLUE HOLDINGS LIMITED

ABN 90 614 466 607

**HALF-YEAR
FINANCIAL REPORT
31 DECEMBER 2024**

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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 2024.

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
- **Joe Kaderavek**, Chief Executive Officer & Executive Director

Review of operations

The Group's focus during the half-year remained on progressing the Kwinana Cobalt Refinery (KCR), the Broken Hill Cobalt Project (BHCP) near Broken Hill, NSW, and Re-Mining opportunities contained in mine waste globally.

KCR

The Group proposes to build and operate a cobalt-nickel refinery in the Kwinana Industrial Area located 30 kilometres from the Perth metropolitan area in Western Australia (WA). The plant site is in East Rockingham near the Kwinana Bulk Terminal.

The Group has previously named Iwatani Corporation as our partner in developing the Kwinana Cobalt Refinery (KCR) (subject to final agreement). Iwatani Australia (IWA) owns and operates the Doral Fused Materials (DFM) plant in the Kwinana industrial district, which is currently permitted for industrial use and has sufficient space to support the operation of a refinery.

The strategic rationale for the Group and IWA to pursue the development of a cobalt refinery in Australia includes:

- Growing demand for Electric Vehicles (EVs) coupled with the increasing requirement for responsibly sourced critical minerals;
- Strategic and economic advantages and permitting requirements for locating the refinery in the Kwinana Industrial Area;
- Favourable long-term outlook for international cobalt market supply and demand dynamics; and
- Aligning with a major Japanese trading house, Iwatani Corporation.

During the half-year the Group:

- Continued testing of third-party feedstock at the Group's Technology Development Centre in Broken Hill (formerly known as the Demonstration Plant). Work was focused on optimisation of key unit operations and preparation of supporting information for the detailed engineering design of the proposed KCR. In addition to cobalt sulphate production, further work programs have included operating a second solvent extraction circuit to produce liquor for nickel electrowinning and subsequent trials of nickel metal production by electrowinning. Nickel metal is the target by-product of the KCR flowsheet.
- Engaged Tetra Tech Coffey Pty Ltd (Tetra Tech) to conduct detailed engineering work for the KCR. Tetra Tech is a leading global provider of high-end consulting and engineering services with wide-ranging engineering, procurement, and construction management (EPCM) experience.
- Lodged a modification to the existing Works Approval with the Western Australian Department of Water and Environmental Regulation. The Group also commenced the preparation of permit applications, including a Development Consent for the new refinery building (due to be submitted in Q1 2025).
- Progressed offtake/project partner discussions with approximately 30 international companies. Discussions

Cobalt Blue Holdings Limited

with potential partners are ongoing. Over 20 potential offtake/project partners globally, spanning Europe, South Korea, and the United States, received samples. Along with Japan, these represent the strategically aligned EV markets. The US Inflation Reduction Act (IRA) and the European Union's (EU's) Critical Raw Materials Act (CRMA) are providing a positive environment to support these discussions.

- Released updated project cost estimates and revenue analysis for KCR to support financing processes and the transition to KCR construction. The update presented an evaluation of a defensive cobalt and nickel refining business that is expected to generate stable margins through the highs and lows of the cobalt price cycle. The update included cost estimates for future capacity expansion.

The Group is working to the following indicative timeline for KCR:

Kwinana Cobalt Refinery	2024		2025		2026		2027	
	3Q	4Q	1H	2H	1H	2H	1H	2H
Testing Feedstock Samples	■		■					
Operating Permit Submission	■		■					
Third-Party Supply / Offtake Contracts	■		■					
Financing	■		■					
Construction*			■		■			
Validation					■		■	
Commercial Production Commencement							■	

* Subject to financing and permit approvals

BHCP

During the half-year the Group progressed trade-off studies to identify and assess options for equipment selection, including the definition of plant capacity thresholds optimised for operational and capital expenditure efficiency.

Regulatory workstreams continued and a referral was lodged to determine whether a proposed action will require formal assessment and approval under the EPBC Act. On 29 October 2024, COB was notified by the Commonwealth Department of Climate Change, Energy, the Environment and Water that the Minister did not consider that the BHCP was a Controlled Action. This decision means that proposed action is unlikely to have a significant impact on protected matters, no matter how the project is undertaken. This in turn means that the BHCP requires no further assessment under the EPBC Act. This decision does not affect any other environmental approvals that the BHCP may require under NSW Government legislation.

Re-Mining opportunities

The Group actively engaged with project assessments on four continents during the half-year – Australia, North America, South America and Europe, with more than ten projects assessed at a desktop level and five projects in negotiations for preliminary testwork.

On 9 December 2024, the Group announced that it had entered into a Memorandum of Understanding (MOU) with Mount Isa City Council (MICC) to develop a sulphuric acid supply solution. The announced 2030 closure of the Glencore Mount Isa copper smelter will create a critical shortfall of sulphuric acid, a vital resource for numerous regional industries, including the fertiliser, metallurgical, and chemical sectors. This shortage threatens to impact thousands of jobs and hinder economic growth. To mitigate this challenge, the Group and MICC have agreed to collaborate on the assessment and feasibility of a potential Mt Isa-centred pyrite tailings re-processing operation to produce sulphuric acid.

Review of results of operations

The net loss of the Consolidated Entity for the half-year was \$3,977,000 (2023: \$3,483,000). The increased loss reflects the following key factors:

- a substantial increase in project costs associated with the KCR; and
- higher employee benefits expenses associated with increases in base remuneration, short-term and long-term incentives;

The continuing development of the Broken Hill Cobalt Project resulted in \$1,212,000 of expenditure (before Government grant and Research and Development Tax Incentive refund offsets) being capitalised as exploration and evaluation assets during the half-year. An increased focus on the Kwinana Refinery Project resulted in \$2,949,000 of project costs being expensed, offset by \$1,908,000 in other income arising from associated Government grant and Research and Development Tax Incentive refund offsets.

The Consolidated Entity's net assets decreased during the half-year by \$3,300,000, which primarily reflects the current half-year loss

Share Capital

During the half-year, the Company issued a total of 7,400,710 new fully paid ordinary shares as follows:

- 381,310 on exercise of performance rights.
- 5,631,148 to staff and contractors as short-term incentive.
- 306,323 to each non-executive director (total: 612,646) to satisfy \$20,000 of their director's fees for the year ending 30 June 2025.
- 775,606 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

Promissory Note – amendment of terms and repayment

On 14 January 2025 the Company announced an amendment to the terms of the Promissory Note held by American Rare Earths Limited (ARR), effective 7 January 2025. The revised terms provide for the repayment of principal and interest in two tranches:

- first tranche of \$2,000,000 (originally \$3,000,000) on 17 January 2025; and
- second tranche of \$1,000,000 on 1 October 2025.

Interest is payable on the second tranche at 6% p.a. (9% p.a. for late payment). Interest of \$180,000 remained due and payable on 17 January 2025 in line with the original terms. As consideration for the amendment, the Company issued 335,882 fully paid ordinary shares to ARR on 7 January 2025.

On 17 January 2025, the Company paid ARR the first tranche principal of \$2,000,000 plus interest of \$180,000.

Halls Creek Project earn-in

On 18 February 2025, the Company announced that it entered into an earn-in agreement (Agreement) with AuKing Mining Limited (AKN) for the Halls Creek Project (the Project); a large-scale copper-lead-zinc-silver-gold asset. Under the terms of the Agreement:

- the Company will acquire a 51% beneficial interest in the Project by issuing AKN with \$200,000 worth of shares in the Company;
- the issue of shares by the Company is conditional on satisfaction of certain conditions precedent including execution of deeds of assignment and assumption by relevant third parties. These shares will be subject to escrow for a period of 6 months from their date of issue; and
- the Company must meet a minimum expenditure of \$500,000 by 30 June 2027 to retain the 51% beneficial interest; and
- Subject to retaining its 51% beneficial interest, the Company have the right (but not the obligation) to earn an additional 24% in the Project by incurring an additional \$1.5 million on the Project by 30 June 2028.

R&D financing

On 27 February 2025, the Company announced that it secured \$700,000 by way of an advance on its forecast Research and Development Tax Incentive (R&DTI) refund for the 2025 financial year (FY25). The advance has been provided under a short-term loan facility with Radium Capital and is secured against the Company's R&DTI refund from the ATO for FY25. The advance will accrue interest at 1.44% per month and repayment is timed to coincide with receipt of the Company's 2025 R&D tax refund, expected no later than 31 December 2025. The facility matures on 31 December 2025.

Issue of ordinary shares

On 23 January 2025 the Company issued 7,217,314 fully paid ordinary shares to existing shareholders following a pro-rata non-renounceable offer to eligible shareholders. The offer was made on the basis of 1 new fully paid ordinary share for every 5 fully paid ordinary shares held by eligible shareholders on 21 November 2024 at an issue price of \$0.072 per share.

On 5 March 2025, the Company issued 2,777,778 fully paid ordinary shares to AuKing Mining Limited as consideration for a 51% beneficial interest in the Halls Creek Project. The shares are subject to a voluntary escrow. The shares will cease to subject to escrow from 17 August 2025.

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



Robert Biancardi
Chairman
12 March 2025

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 2024, 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 black ink that reads 'Gareth Few'.

Gareth Few
Director

BDO Audit Pty Ltd

Sydney, 12 March 2025

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

	Note	Consolidated	
		31 December 2024	31 December 2023
		\$'000	\$'000
Revenues from ordinary activities			
Revenue	3	-	50
Other income	4	2,030	183
Expenses from ordinary activities			
ASX and registry fees		(173)	(109)
Administrative expenses		(273)	(297)
Corporate costs		(420)	(572)
Depreciation and amortisation expenses		(73)	(73)
Employee benefits expenses		(1,870)	(1,744)
Interest expense		(7)	(19)
Legal and professional costs		(231)	(146)
Exploration and evaluation expenses		(11)	-
Project costs – Kwinana Cobalt Refinery		(2,949)	(756)
Loss before income tax		(3,977)	(3,483)
Income tax benefit		-	-
Loss from continuing operations		(3,977)	(3,483)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(3,977)	(3,483)
		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 2024**

	Note	Consolidated	
		31 December 2024	30 June 2024
		\$'000	\$'000
Cash and cash equivalents		5,391	8,742
Receivables	5	216	23
Other assets		227	342
Total Current Assets		5,834	9,107
Non-current Assets			
Property, plant and equipment	6	1,117	1,246
Intangibles	7	204	205
Security deposits		404	404
Exploration and evaluation assets	8	29,277	30,000
Total Non-current Assets		31,002	31,855
Total Assets		36,836	40,962
Current Liabilities			
Trade and other payables	9	1,885	1,526
Deferred income - grant	10	-	1,267
Provisions	11	563	598
Lease liabilities		79	166
Borrowings	12	3,120	2,911
Total Current Liabilities		5,647	6,468
Non-current Liabilities			
Provisions	11	280	272
Lease liabilities		4	17
Total Non-current Liabilities		284	289
Total Liabilities		5,931	6,757
Net Assets		30,905	34,205
Equity			
Issued capital	13	90,250	89,758
Reserves	14	3,762	3,577
Accumulated losses		(63,107)	(59,130)
Total Equity		30,905	34,205

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 2024**

	Ordinary Share Capital	Share-Based Payments Reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000
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
Balance at 1 July 2024	89,758	3,577	(59,130)	34,205
Total loss for the half-year	-	-	(3,977)	(3,977)
Issue of ordinary shares	492	-	-	492
Share-based payments	-	185	-	185
Balance at 31 December 2024	90,250	3,762	(63,107)	30,905

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 2024**

	Consolidated	
	31 December 2024	31 December 2023
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(1,993)	(2,544)
Payments for project costs	(2,189)	(679)
Interest received	129	185
Interest paid	(2)	(5)
Research and development tax rebates (not capitalised)	967	-
GST paid	(311)	(595)
Net cash flows used in operating activities	(3,399)	(3,638)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,246)	(12,231)
Payments for plant and equipment	-	(3)
Industry Grants received	-	3,175
Research and development tax rebates received	1,411	2,499
Payments for other assets	(4)	(17)
Net cash flows provided by/(used in) investing activities	161	(6,577)
Cash flows from financing activities		
Proceeds from exercise of options	-	14
Payment of lease liabilities	(113)	(147)
Net cash flows used in financing activities	(113)	(133)
Net increase / (decrease) in cash held	(3,351)	(10,348)
Cash at beginning of financial period	8,742	15,616
Cash at end of financial period	5,391	5,268

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 2024 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 2024, the Consolidated Entity reported:

- a loss of \$3,977,000 (31 December 2023: loss of \$3,483,000);
- net cash outflow from operating activities of \$3,399,000 (31 December 2023: outflow \$3,638,000);
- net cash provided by investing activities of \$161,000 (31 December 2023: outflow \$6,577,000); and
- net cash outflow from financing activities of \$113,000 (31 December 2023: outflow \$133,000).

At 31 December 2024, the Consolidated Entity had a working capital surplus of \$187,000 (30 June 2024: surplus \$2,639,000) and cash of \$5,391,000 (30 June 2024: \$8,742,000).

The cash flow forecast prepared for the assessment of Going Concern factors in a number of estimates and judgements in relation to cash flows including the timing and quantum of expenditure, debt repayments, and grant income, and contemplates the need to raise capital either by way of equity funding, income through grant applications, or a partial sale of licence interests along with a reduction of costs. The above matters give rise to a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern

The Directors regularly monitor the Company's cash position on an ongoing basis and have demonstrated a successful track record of raising capital and other funding when required. The directors are confident the Consolidated Entity can continue to access further grant and equity funding to meet ongoing capital requirements.

Subsequent to 31 December 2024, the Consolidated Entity received a \$500,000 instalment from the Australian Government Critical Minerals Accelerator Initiative. The directors expect the Company to receive additional Australian Government grant funding during the next 6 months. In addition, the Company has secured a \$700,000 advance on its forecast Research and Development Tax Incentive (R&DTI) refund for the 2025 financial year under a short-term loan facility.

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 grant or equity funding, or rationalise costs sufficiently then 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

2024	Broken Hill Cobalt Project \$'000	Kwinana Refinery Project \$'000	Corporate/ unallocated \$'000	Total \$'000
Revenue from external customers	-	-	-	-
Profit/(loss) before tax	(11)	(982)	(2,983)	(3,976)
Total segment assets at 31 December 2024	30,949	-	5,887	36,836
Total segment liabilities at 31 December 2024	533	641	4,757	5,931

2023	Broken Hill Cobalt Project \$'000	Kwinana Refinery Project \$'000	Corporate/ unallocated \$'000	Total \$'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

3 Revenue

	31 December 2024 \$'000	31 December 2023 \$'000
Testwork revenue	-	50
	-	50

4 Other income

	31 December 2024 \$'000	31 December 2023 \$'000
Interest received	122	183
Other income – government grants	1,908	-
	2,030	183

5 Receivables

	31 December 2024 \$'000	30 June 2024 \$'000
Other receivables	216	23
	216	23

6 Property plant and equipment

	Land & Buildings \$'000	Leased Assets \$'000	Leasehold Improvements \$'000	Furniture & Office Equipment \$'000	Plant \$'000	Total \$'000
Half-year ended						
31 December 2024						
Opening Balance 1 July 2024	838	155	116	41	96	1,246
Disposals	-	-	-	-	-	-
Depreciation/amortisation expense	-	(64)	-	(3)	-	(67)
Depreciation capitalised	(16)	(23)	(8)	(8)	(7)	(62)
Closing Balance	822	68	108	30	89	1,117
At cost	891	583	229	157	133	1,993
Accumulated depreciation/ amortisation	(69)	(515)	(121)	(127)	(44)	(876)
At 31 December 2024	822	68	108	30	89	1,117

7 Intangibles

	Patents: \$'000	Total \$'000
Half-year ended 31 December 2024		
Opening Balance 1 July 2024	205	205
Additions	5	5
Amortisation expense	(6)	(6)
Closing Balance	204	204
At cost	244	244
Accumulated amortisation	(40)	(40)
At 31 December 2024	204	204

8 Exploration and evaluation assets

	31 December 2024 \$'000	30 June 2024 \$'000
Balance at beginning of the financial period 1 July 2024	30,000	55,092
Additions	1,212	15,181
Written-off during the year	(11)	(172)
Impairment of exploration and evaluation assets	-	(30,533)
R&D tax incentive on exploration asset off-set	(1,487)	(3,747)
Government Grant off-set	(437)	(5,821)
Balance at the end of financial period	29,277	30,000
At cost	84,385	83,184
Carried forward accumulated impairment losses	(30,533)	(30,533)
Accumulated Government grants and R&D tax incentive offsets	(24,575)	(22,651)
Balance at the end of financial period	29,277	30,000

Impairment of exploration and evaluation assets – Broken Hill Cobalt Project

Following the pause to the DFS announced in February 2024, the Consolidated Entity assessed that the BHCP demonstrated indicators of impairment. As such, the recoverable amount of BHCP was estimated with the assistance of an external valuer as \$30,000,000 based on fair value less costs to sell, resulting in an impairment loss of \$30,533,000, reflected in the consolidated statement of profit and loss and other comprehensive income under the line 'Impairment losses – exploration and evaluation assets'.

The fair value was determined by reference to implied transaction multiples for mineral resources of actual and comparable asset sale transactions, which were then applied to the current defined mineral resources of BHCP, after allowance for current commodity prices. The fair value measurement was categorised as a Level 3 fair value based on the following key assumptions:

Cobalt price: A\$40,808/t
 Nickel price: A\$26,321/t
 Sulphur price: A\$125/t

The current BHCP mineral resource statement is set in the Mineral Resources and Ore Reserves section of the 2024 Annual Report, and has not changed materially since 30 June 2024.

9 Trade and other payables

	31 December 2024 \$'000	30 June 2024 \$'000
Trade payables	651	439
Other creditors and accruals	1,234	1,087
	1,885	1,526

10 Deferred income - grant

	31 December 2024 \$'000	30 June 2024 \$'000
Government grant	-	1,267
	-	1,267

The Government grant relates to the Commonwealth Government's Critical Minerals Accelerator Initiative. Government grants are progressively applied against exploration and evaluation expenditure or, recognised in the profit or loss as other income, in accordance with the Company's accounting policies and the terms of the grant.

11 Provisions

	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current</i>		
Employee benefits	422	457
Provision for rehabilitation	141	141
	563	598
<i>Non-current</i>		
Provision for rehabilitation	137	137
Employee benefits	113	105
Make good provision	30	30
	280	272
Total provisions	843	870

12 Borrowings

	31 December 2024 \$'000	30 June 2024 \$'000
Promissory note	2,940	2,836
Promissory note - accrued interest	180	75
	3,120	2,911

The terms of the Promissory Note were amended subsequent to the end of the report period. Refer note 17 for further information.

13 Issued Capital

Ordinary Shares	Number	\$'000
Fully paid ordinary shares on issue at 1 July 2024	421,741,617	89,758
Shares issued to staff and contractors as short-term incentive	5,631,148	391
Shares issued to staff and contractors as remuneration	775,606	58
Shares issued to non-executive directors in lieu of directors' fees	612,646	43
Shares issued on exercise of performance rights	381,310	0
Fully paid ordinary shares on issue at 31 December 2024	429,142,327	90,250

14 Reserves – share-based payments

Options & Rights	Number	\$'000
Options & Rights on issue at 1 July 2024	48,108,870	3,577
Amortisation of share-based payments	-	185
Issue of performance rights to management	502,313	-
Issue of performance rights to CEO & Key Management Personnel	4,814,212	-
Options & Rights on issue at 31 December 2024	53,425,395	3,762

15 Related Party Transactions

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

- 324,493 fully paid ordinary shares on the exercise of KMP performance rights;
- 2,158,678 fully paid ordinary shares to KMP executives as short-term incentive; and
- 306,323 fully paid ordinary shares to each non-executive director (total: 612,646) to satisfy \$20,000 of their director's fees for the year ending 30 June 2025.

During the half-year the company also issued 1,730,663 performance rights to a KMP executive and 3,083,549 performance rights to the CEO & Executive Director.

Shareholders approved the proposed issue of the securities to directors listed above at the 2024 Annual General Meeting.

16 Commitments for expenditure

At 31 December 2024 the exploration & evaluation expenditure commitments under the Consolidated Entity's tenements are set out below:

	\$'000
Payable within 1 year	247
Payable within 1-5 years	334
Payable after 5 years	39

17 Subsequent Events

Promissory Note – amendment of terms and repayment

On 14 January 2025 the Company announced an amendment to the terms of the Promissory Note held by American Rare Earths Limited (ARR), effective 7 January 2025. The revised terms provide for the repayment of principal and interest in two tranches:

- first tranche of \$2,000,000 (originally \$3,000,000) on 17 January 2025; and
- second tranche of \$1,000,000 on 1 October 2025.

Interest is payable on the second tranche at 6% p.a. (9% p.a. for late payment). Interest of \$180,000 remained due and payable on 17 January 2025 in line with the original terms. As consideration for the amendment, the Company issued 335,882 fully paid ordinary shares to ARR on 7 January 2025.

On 17 January 2025, the Company paid ARR the first tranche principal of \$2,000,000 plus interest of \$180,000 on 17 January 2025.

Halls Creek Project earn-in

On 18 February 2025, the Company announced that it entered into an earn-in agreement (Agreement) with AuKing Mining Limited (AKN) for the Halls Creek Project (the Project); a large-scale copper-lead-zinc-silver-gold asset. Under the terms of the Agreement:

- the Company will acquire a 51% beneficial interest in the Project by issuing AKN with \$200,000 worth of shares in the Company;
- the issue of shares by the Company is conditional on satisfaction of certain conditions precedent including execution of deeds of assignment and assumption by relevant third parties. These shares will be subject to escrow for a period of 6 months from their date of issue; and
- the Company must meet a minimum expenditure of \$500,000 by 30 June 2027 to retain the 51% beneficial interest; and
- Subject to retaining its 51% beneficial interest, the Company have the right (but not the obligation) to earn an additional 24% in the Project by incurring an additional \$1.5 million on the Project by 30 June 2028.

R&D financing

On 27 February 2025, the Company announced that it secured \$700,000 by way of an advance on its forecast Research and Development Tax Incentive (R&DTI) refund for the 2025 financial year (FY25). The advance has been provided under a short-term loan facility with Radium Capital and is secured against the Company's R&DTI refund from the ATO for FY25. The advance will accrue interest at 1.44% per month and repayment is timed to coincide with receipt of the Company's 2025 R&D tax refund, expected no later than 31 December 2025. The facility matures on 31 December 2025.

Issue of ordinary shares

On 23 January 2025 the Company issued 7,217,314 fully paid ordinary shares to existing shareholders following a pro-rata non-renounceable offer to eligible shareholders. The offer was made on the basis of 1 new fully paid ordinary share for every 5 fully paid ordinary shares held by eligible shareholders on 21 November 2024 at an issue price of \$0.072 per share.

On 5 March 2025, the Company issued 2,777,778 fully paid ordinary shares to AuKing Mining Limited as consideration for a 51% beneficial interest in the Halls Creek Project. The shares are subject to a voluntary escrow. The shares will cease to be subject to escrow from 17 August 2025.

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 2024 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

12 March 2025

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 2024, 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 2024 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.

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

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Independent Auditor's Review Report



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 2024 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

A handwritten signature in black ink, appearing to read 'Gareth Few', written over a light blue horizontal line.

Gareth Few
Director

Sydney, 12 March 2025