



CobaltBlue

# Cobalt Industry Responsible Assessment Framework

Cobalt Blue Holdings Limited Self Assessment 2021/22

# Statement from the Chief Executive Officer



The world is undergoing an energy revolution where fossil fuels are rapidly being replaced by renewable energy sources to mitigate the effects of climate change. This transition will require the adoption of technologies that can safely and reliably store renewable energy for consumption on a continuous basis and for applications such as Electrical Vehicles (EVs). The primary storage technology is batteries.

Cobalt is a key component in lithium ion battery cathode chemistry. Whilst only comprising a small proportion of the elements that make up a modern battery, cobalt is the key component that delivers a long performance life, thermal stability, energy density and frequent charging/discharging properties. About two thirds of the worlds production of cobalt comes from the Democratic Republic of the Congo (DRC), where risks associated with human rights abuses and poor environmental performance are prevalent, particularly in artisanal and small scale mining. Battery manufacturers and industries that use batteries in their products, investors and ultimately consumers are looking to the sustainable and ethical sourcing of battery materials.

## The need for cobalt

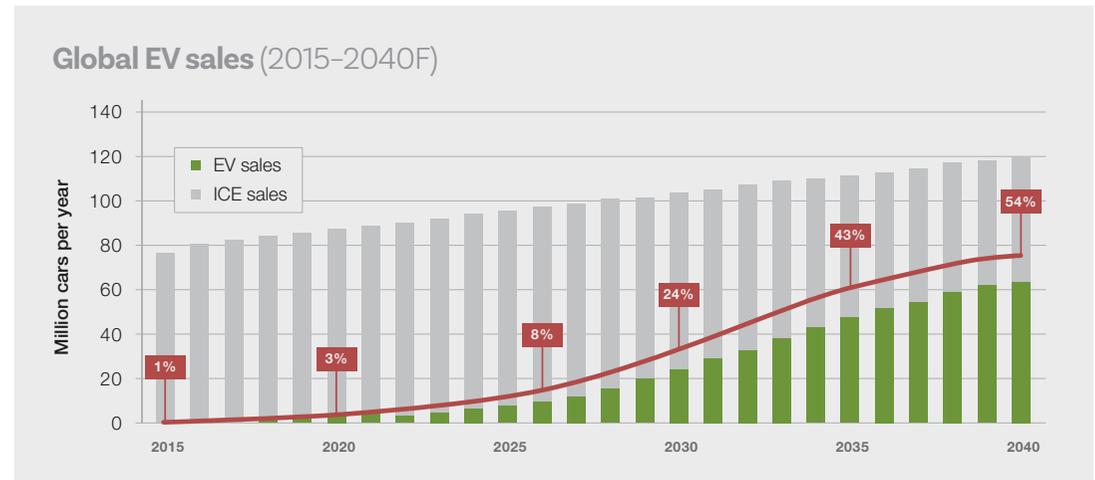
It is generally acknowledged that production from existing mines or projects nearing execution is estimated to meet only half of anticipated cobalt demand over the next 10–15 years. As a specific example, EVs are forecast to satisfy half of global vehicle demand by 2040. Cobalt Blue believes that there will be strong growth in the demand for cobalt over the coming decades, even accounting for any technological advancements in battery chemistries during that time that may require less cobalt.

## Statement from the Chief Executive Officer

Given the increasing global demand for cobalt and the concentration of current cobalt supply from the DRC, it is important that alternative sources of cobalt are developed. The cobalt supply constraint does pose a substantial risk to the delivery of battery reliant technologies such as EVs that can take advantage of renewable energy generation to facilitate a substantial reduction in carbon emissions over the next few decades.

## Cobalt Industry Responsible Assessment Framework

On 9 January 2019, the Cobalt Institute (CI) launched the Cobalt Industry Responsible Assessment Framework (CIRAF). The CIRAF is a management tool which allows participants to demonstrate that they are aligned with good global practices on responsible production and sourcing. It strengthens the ability of cobalt producers and buyers to assess, mitigate, and report on responsible production and sourcing risks in their operations and supply chain. The CIRAF also enables a more coherent and consistent approach to cobalt due diligence and reporting by the cobalt industry.



## Statement from the Chief Executive Officer

The management framework for risk assessment and mitigation outlined in the CIRAF is aligned with the leading global standard on responsible mineral supply chains; the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG).

Cobalt Blue aspires to be one of the worlds largest producers of cobalt for battery production. Whilst we operate in Australia in accordance with strict regulatory requirements, we recognize the importance of transparently communicating how we responsibly explore for, mine, refine and reprocess cobalt. The CIRAF provides a robust and well accepted methodology to assess our operations performance or risks and a mechanism for sharing our assessment with all stakeholders.

Cobalt Blue is committed to working as part of the global cobalt industry with the Cobalt Institute and other stakeholders to further develop a robust framework for the delivery of sustainable and ethically sourced cobalt to facilitate decarbonization of the global economy and to provide an enduring legacy within the communities in which we operate. We look forward to producing cobalt in a responsible and transparent manner that is consistent with our corporate values of honesty, integrity, fairness and respect.



**Joe Kaderavek**

*Chief Executive Officer and Director*

Cobalt Blue Holdings Limited

# This report

This is the inaugural report that demonstrates how Cobalt Blue Holdings Limited is meeting the requirements of the Cobalt Institute Responsible Assessment Framework (CIRAF) reporting framework and management tool for its Broken Hill Cobalt Project and emerging opportunities to source cobalt units from waste streams including historical mine tailings and battery recycling.

As an emerging cobalt mining and technology company, Cobalt Blue has prepared and committed to a number of policies and procedures which have a high degree of consistency with the various CIRAF risk categories. We consider that our systems of work and corporate positions meet all of the CIRAF risk categories across our project offices and operational sites. We have applied the CIRAF to the development and operation of the Broken Hill Cobalt Project in its current stage of development and the expected performance of the Project during its construction and operation.

Cobalt Blue has undertaken this assessment in accordance with CIRAF conformance Level 1 which covers the most material risks for cobalt at the global scale. Cobalt Blue does not operate in high risk countries, so the risks related to Conflict (R4), Child Labour (R6) and Artisanal and Small Scale Mining (R7) have not been addressed. The assessment of Cobalt Blue's operations demonstrate that it meets all of the CIRAF requirements, with the exception of partial compliance with the Human Risks aspect where risks associated with conflict and corruption are compliant whereas some elements of the human rights assessment criteria are not yet compliant (such as 3rd party assurance – due diligence systems and public reporting). Cobalt Blue operates solely within Australia in regard to our operations and cobalt sourcing, as such we consider the risks associated with human rights are generally low. These matters will be developed further in due course. Cobalt Blue does have a Procurement Policy which provides a due diligence process for the assessment of suppliers credentials.



**Broken Hill**  
Cobalt Project

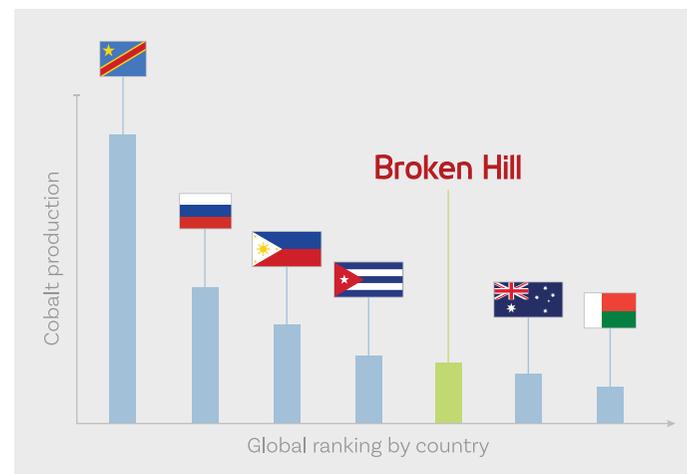
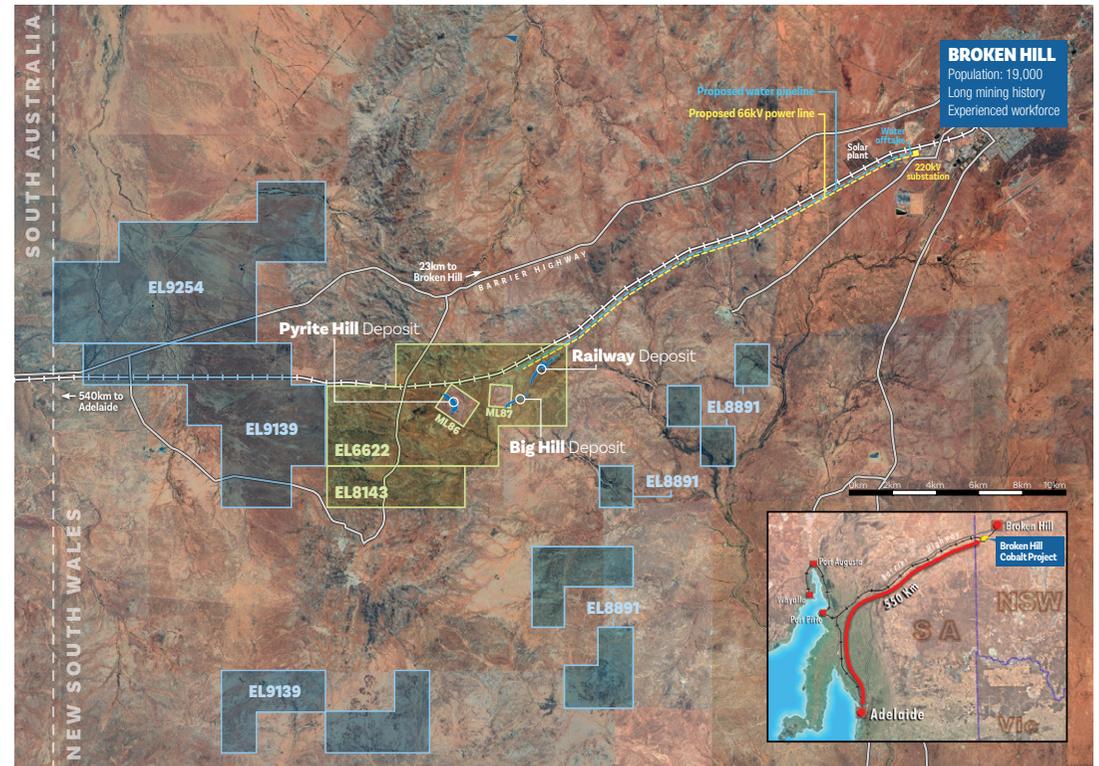


# Cobalt Blue

On 9 January 2019, the Cobalt Institute (CI) launched the Cobalt Industry Responsible Assessment Framework (CIRAF). The CIRAF is a management tool which allows participants to demonstrate that they are aligned with good global practices on responsible production and sourcing. It strengthens the ability of cobalt producers and buyers to assess, mitigate, and report on responsible production and sourcing risks in their operations and supply chain. The CIRAF also enables a more coherent and consistent approach to cobalt due diligence and reporting by the cobalt industry.

The BHCP has a Production Target for contained cobalt of 67,000 tonnes over an operating life of around 20 years. The sulphide ore will be processed on-site in accordance with our patented processing technology to produce approximately 3,600 tonnes/annum (cobalt metal equivalent) of high grade battery ready cobalt sulphate with a cobalt content > 20.5%.

The operation is large-scale and will be one of the largest cobalt producers in the world (ex-Africa). In fact, if Broken Hill were a country, it would rank number 5 for cobalt production and produce approximately 4% of global cobalt supply. Cobalt Blue is also investigating additional cobalt unit supply opportunities via the recovery of cobalt from historical mine waste such as tailings as well as from battery recycling.



*“...if Broken Hill were a country, it would rank number 5 for cobalt production...”*

# Sustainability

Cobalt Blue views all of our decisions and activities through our corporate values of honesty, integrity, fairness and respect. These values drive our commitment to a financially successful business but also sustainability and our desire to create an enduring beneficial legacy for the communities in which we operate as well as for the people and societies who benefit from battery enabled technologies.

Our approach to sustainability reflects our desire to integrate financial, health and safety, environmental and community aspects in all aspects of our business. Cobalt Blue has developed a comprehensive suite of policies, procedures and guidance materials that guide our employees and business activities to ensure ethical and sustainable outcomes are achieved. Our commitment to sustainability is described in the Cobalt Blue Sustainability Policy.

Cobalt Blue has strong governance and assurance processes that rely on the following elements:

1. General risk management where we utilise our risk management policy, procedures and risk assessment template to identify hazards and risks, particularly those with material business consequences (financial, health & safety, environment, social & cultural heritage, community/reputation/government, and legal), and to then develop risk management plans to implement controls to reduce the residual risks to tolerable levels.
2. Annual reviews where self assessment and feedback is sought from staff and other stakeholders on the effectiveness of our policies and procedures, then relevant updates are made and communicated throughout the Company.
3. The Cobalt Blue Audit & Risk Committee Charter provides guidance to its subordinate technical committees to ensure sustainability is being proactively managed. The Health & Safety, Risk and Stakeholder Engagement committees meet at least quarterly to promote the implementation of best practice throughout the business.

The Broken Hill Cobalt Project is not yet an operational site. As such, Cobalt Blue has not published Annual Sustainability Reports, however business governance is reported annually to the Australian Securities Exchange.



# CIRAF requirements

The following sections outlines Cobalt Blue's self assessment against the CIRAF requirements.

## Level 1: General Requirements & Human Rights

### Step 1: General Requirements

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- Agreement with the CIRAF Statement of Commitment, to be signed by senior management
- Provide a Statement of Legal Compliance (or equivalent document such as a business or mining license) in country of operation
- Materiality assessment of the risk categories. Review through a credible mechanism is only required if material risks are different from stated material risks in the CIRAF requirements.

### Step 2: Human Rights

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- Evidence of risk-specific policy
- Evidence of risk-specific management system aligned with OECD Due Diligence Guidance, 3rd party assurance of the management system
- Evidence of public reporting

## CIRAF requirements

# Level 1

### Step 1: General Requirements

#### i. Agreement with CIRAF Statement of Commitment

By signing the statement below, Cobalt Blue Holdings Limited commits to adopt and implement CIRAF as follows:

1. Provide a Statement of Legal Compliance
2. Undertake an annual assessment at our cobalt operations (namely the Broken Hill Cobalt Project) for material risks identified in CIRAF
3. For the category of human rights, obtain third party assurance of the human rights policy and due diligence management system within two years of the Broken Hill Cobalt Project commencing operations.
4. Publish a summary of the assessment and related activities on an annual basis.



**Joe Kaderavek**  
*Chief Executive Officer and Director*  
Cobalt Blue Holdings Limited

## CIRAF requirements

### ii. Statement of legal compliance

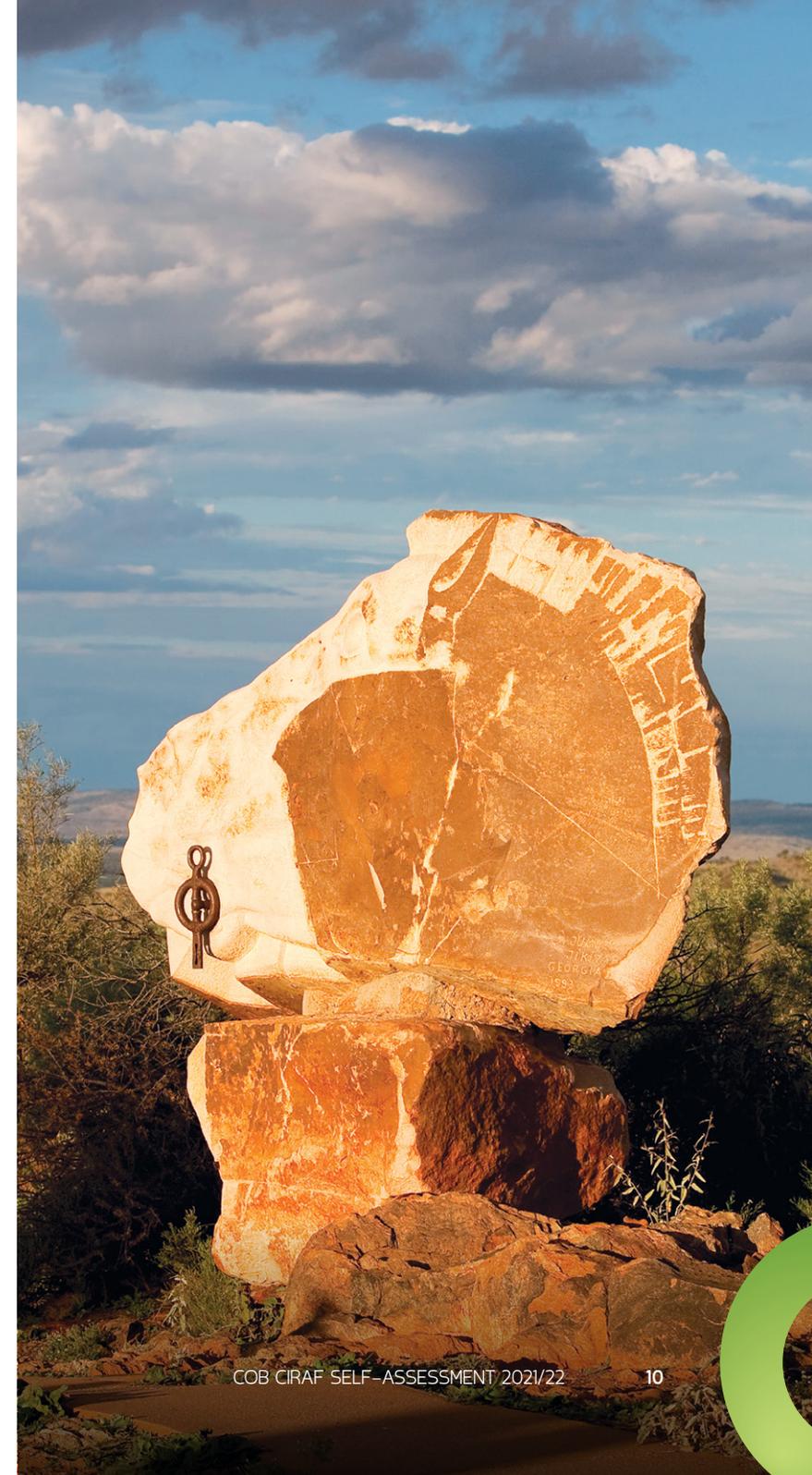
Cobalt Blue's Code of Conduct outlines the company's commitment to making a positive economic, social and environmental contributions to each of the communities in which it operates, while complying with all applicable laws and regulations, and acting in a manner that is consistent with its foundation principles of honesty, integrity, fairness and respect.

Cobalt Blue is committed to maintaining a culture that seeks to provide 'beyond compliance' outcomes, rather than conforming to minimum standards prescribed by law. We do not knowingly assist any third party in breaching the law, or participate in any criminal, fraudulent or corrupt practice. To support this behaviour, Cobalt Blue has corporate policies, procedures and management tools, provides training and awareness to staff, undertakes risk assessments and incident investigations, and encourages an open dialogue between everyone who works for or on behalf of the company. Our Directors, employees, contractors and consultants are required to comply with the Cobalt Blue Code of Conduct at all of our operations. The Cobalt Blue Procurement Policy outlines the expectations we have for all suppliers, including our expectation of ethical business conduct. The Audit & Risk Committee administer our compliance system(s) and operate in accordance with the Cobalt Blue Audit & Risk Committee Charter.

To date, Cobalt Blue has undertaken all our exploration and development activities in compliance with relevant Australian and New South Wales laws, regulations and statutory instruments, including but not limited to;

- Exploration Licenses No 6622, 8143, 8891, 9139
- Mining Lease No 86, 87
- Development Consent DA 2020/24 Mod 1 (Broken Hill Cobalt Project Demonstration Plant)
- Water Management Act 2000 – Water Access Licenses

In addition, Cobalt Blue Holdings has conformed to all compliance and due diligence aspects required for listed companies in Australia as prescribed by the Australian Securities and Investment Commission and the Australian Securities Exchange.



## CIRAF requirements

### iii. Materiality assessment

The CIRAF decision tree describes material risks for different types of operations. At present, Cobalt Blue operates exploration activities and a demonstration scale cobalt processing facility which are not specifically referenced in the decision tree. Notwithstanding the scale of our current operations, we have attempted to assess the materiality of the risks associated with the Broken Hill Cobalt Project which is currently undergoing a Feasibility Study.

CIRAF Material Risk	Broken Hill Cobalt Project	Comments
R1 Environmental Impacts	Yes	<p>Main environmental risks associated with the BHCP include:</p> <ul style="list-style-type: none"> <li>■ Waste management / acid mine drainage.</li> <li>■ Surface and groundwater management.</li> <li>■ Air quality (dust generation).</li> <li>■ Greenhouse gas Scope 1 &amp; 2 emissions.</li> <li>■ Site post-closure rehabilitation.</li> </ul>
R2 Biodiversity Impacts	Yes	<ul style="list-style-type: none"> <li>■ Six well represented Plant Community Types present on site – clearing ~2500 ha of degraded vegetation will be required for BHCP.</li> <li>■ Presence of Barrier Range Dragon (listed species).</li> </ul>
R3 OHS and working conditions	Yes	<ul style="list-style-type: none"> <li>■ Mining and industrial occupation risks, several high risk mining operations. Implementation of rigorous safety management systems.</li> </ul>
R5 Human Rights Impacts	Yes	<ul style="list-style-type: none"> <li>■ Comprehensive stakeholder engagement underway.</li> <li>■ Consultation with Barkandji Native Title Aboriginal Group Corporation and Registered Aboriginal Parties.</li> <li>■ No security presence.</li> <li>■ Payment of award or above wages/salary.</li> <li>■ Development of community enhancement initiatives.</li> </ul>
R8 Livelihoods	Yes	<p>Consultation with and compensation for financial losses with landholder (Western Lands Leaseholder).</p>
R9 Resettlement	No	<p>No resettlement is required for the BHCP.</p>

At this stage, Cobalt Blue does not publish a Sustainability Report. However, annual reporting and triannual compliance audits will be undertaken for the Broken Hill Cobalt Project once construction of the Project commences.

## CIRAF requirements

# Level 1

### Step 2: Human Rights

The Cobalt Blue Code and Conduct and Human Right Policy outlines the company's commitment to human rights as described in the Universal Declaration of Human Rights to ensure of all of our stakeholders civil, political, economic, social and cultural rights are understood and respected. The Cobalt Blue Procurement Policy also outlines the expectations we have for our suppliers in regard to their responsible and transparent respect for human rights. Where Cobalt Blue sources third party sources of cobalt, a supply chain due diligence assessment will be undertaken to determine, as far as possible, its provenance and implications for human rights impacts.

<b>CIRAF Human Rights Risk</b>	<b>Broken Hill Cobalt Project</b>	<b>Comments</b>
Human Rights Policy	Yes	COB Human Rights Policy.
Supplier requirements	Yes	<ul style="list-style-type: none"> <li>■ COB Procurement Policy.</li> <li>■ COB sources cobalt from within Australia.</li> </ul>
Process/procedure describing COBs management system for identifying risks and mitigation actions	Yes	<ul style="list-style-type: none"> <li>■ COB Risk Management Policy.</li> <li>■ COB Procurement Policy.</li> <li>■ COB Risk Assessment template.</li> </ul>
3rd party assurance statement	No	Not applicable at this stage.
Public reporting	No	At this stage, COB has not produced a Sustainability Report that addresses human rights matters.



**Contact us:**

**Cobalt Blue Holdings Limited**  
**Broken Hill Cobalt Project Pty Ltd**

Suite 3, Level 17  
100 Miller Street  
North Sydney NSW 2050  
Australia

**Tel:** +61 (0) 2 8287 0660  
**Email:** [info@cobaltblueholdings.com](mailto:info@cobaltblueholdings.com)