COBALT BLUE HOLDINGS LIMITED
(ABN 90 614 466 607)

ANNUAL REPORT 2019

Highlights and **Achievements**

Broken Hill Cobalt Project

- **Substantial drilling campaign completed** (9,651 metres)
- **Significant Mineral Resource Upgrade** a combined 111 Mt (Inferred, Indicated and Measured Resource) @ 889 ppm cobalt equivalent
- **Concentrate Circuit (Pilot Trial) program successfully completed** – 45 tonnes of Reverse Circulation drill chips treated through a pilot scale concentrate circuit

Corporate

- **Raised A$1.7m** – placement – December 2018
- **Raised A$2.5m** – share entitlement issue – May 2019
- **Raised A$0.5m** – placement – May 2019
- **Mitsubishi Corporation** – Sulphur Agreement – May 2019
- **R&D Tax Refund** – $0.35m – June 2019


Claude Monet used several recently invented colours in his *Gare Saint-Lazare* (1877). He used **cobalt blue**, invented in 1807, cerulean blue invented in 1860, and French ultramarine, first made in 1828.

CobaltBlue
green energy technology

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Broken Hill Cobalt Project – Origin Cobalt Sulphate

Chairman's **Review**

Dear Fellow Shareholders,

Last year, COB delivered a Pre-Feasibility Study (PFS) and maiden Ore Reserve for the Broken Hill Cobalt Project. The study highlighted the strong economics of our globally unique project. We then set ourselves improvement targets from which to build the investment case. In particular, the PFS initial mine life was 13 years, which we believed could be significantly upgraded into a genuine +20 year operation. We also committed to examining other optimisation studies including improving cobalt and sulphur recoveries and reducing power and tailings costs.

The delivery of the PFS and associated expenditure, earned COB a 70% beneficial ownership of the project. Subsequently, Wood Plc (a globally renowned engineering group) delivered a PFS gap analysis review, which recommended up to a 24-month period for further Bankable Feasibility Study work. The COB Board concluded that the risk of attempting to fast track such studies into a period of 12 months, to meet the timetable in the Exploration Farmin Joint Venture Agreement (JVA), would significantly impair the project and pose undesirable risk. After a period of negotiations leading to no acceptable commercial outcomes, COB withdrew from the Earning Period provisions of the JVA.

COB, as Manager of the Thackaringa Joint Venture, then set about the development of the project by incorporating recommendations from Wood Plc into the PFS forward work-plan. After a period of no financial contribution from our joint venture partner, COB ultimately issued dilution notices to our joint venture partner, reflecting our rights under the JVA. Our joint venture partner issued us with a number of Dispute Notices. These Notices are subject to an Independent Expert Determination process, and at the time of drafting we imminently expect a binding determination on the Dispute Notices.

In April 2019 we delivered a significant resource upgrade reflecting the culmination of three years of exploration by COB. Cumulatively, COB has now drilled in excess of 30,000 m, realising a significant 235% increase in resource tonnes since 2017. The total resource now stands at 111 Mt tonnes, containing 79,500 tonnes of cobalt. Approximately two-thirds is at the Measured or Indicated category of resource classification. This exploration work has thus provided a substantial milestone for the project.

Parallel to our resource upgrade program, COB continued larger scale metallurgical testwork. In February 2019 we announced the result of a series of testwork programs, which included optimisation of process parameters. ALS metallurgy were engaged to produce concentrate from 45 tonnes of ore sample. A more complete set of results followed, highlighting an overall 90% recovery of cobalt to a cobalt-pyrite concentrate. Importantly, the work confirmed that the cobalt content in the host pyrite mineral was consistent (across a significant 1,588 site samples). The successful use of commercial scale equipment combined with the simplicity of the circuit also provided a strong foundation for future process plant operations.

Chairman's Review continued

The Broken Hill Cobalt Project is targeting the production of 300,000 tonnes of elemental sulphur as a by-product. In May 2019 we entered into a product evaluation agreement with Mitsubishi Corporation. COB intends to produce up to 100 tonnes of elemental sulphur from pilot testwork, which will then be used by Mitsubishi for market evaluation. Commercialisation of sulphur by-product represents a valuable addition to our project. Australia imports over 1.25 mtpa of elemental sulphur, with this level expected to rise over time. We are aiming to become the only large-scale domestic producer of elemental sulphur upon production.

We are also looking to expand the use of our proprietary technology to unlock cobalt outside of our own project. After signing a technical cooperation agreement with Havilah Resources (Mutooroo Project) (February 2018) we followed up with Cudeco (Rocklands Project) (September 2018) and Global Energy Metals (Millennium Project) (July 2019). We had previously identified a number of cobalt districts throughout Australia. The use of our technology can add substantial value to these projects, and we look forward to keeping shareholders informed.

The Board witnessed some changes over the last year. The resignation of Matt Hill (13 December 2018) was followed by the appointment of Rob McDonald (1 January 2019). We are delighted to welcome Rob, a seasoned mining industry executive with a background that includes project development and optimisation and is a tremendous addition to our board.

Our "first mover" commercial partner, LG International (the resources investment arm of LG Corporation), continues to be supportive, with regular progress meetings held. As part of its global commercial commitments, COB executives visit our partners and other interested parties several times per annum. Our relationships continue to grow, particularly within the key cobalt refining countries of Asia. Whilst the near-term cobalt supply overhang continues, the industry message remains clear, a substantial market deficit is looming with project investors and battery makers positioning themselves today.

Whilst the near-term cobalt market provides little incentive for cobalt development, the long term industry view is much more positive. Our intention is to continue development at a pace supported by our results and ability to finance, rather than go into our shells when the market gets tough.

Australia has more than 14% of global cobalt resources but produces only 6% of supply. There is little doubt that we have plenty of potential, particularly considering our stable jurisdiction and ethical credentials. COB looks forward to closing this cobalt gap.

Robert Biancardi
Chairman

Dated 9 September 2019

What's in a name?
'Cobalt Blue'

Cobalt blue is a pigment of cobalt oxide-aluminium oxide, was a favourite of Auguste Renoir and Vincent van Gogh. It was very stable but extremely expensive. Van Gogh wrote to his brother Theo, 'Cobalt [blue] is a divine colour and there is nothing so beautiful for putting atmosphere around things ...'

Van Gogh described to his brother Theo how he composed a sky: 'The dark blue sky is spotted with clouds of an even darker blue than the fundamental blue of intense cobalt, and others of a lighter blue, like the bluish white of the Milky Way ... the sea was very dark ultramarine, the shore a sort of violet and of light red as I see it, and on the dunes, a few bushes of prussian blue.'


Photo by John Cameron

CEO's **Review**

Following delivery of our successful Pre-Feasibility Study (Thackaringa Cobalt Project – June 2018) development work continued. A major drilling campaign and associated Mineral Resource upgrade were undertaken with results proving up our understanding of the resource quality and scale. Thus, a large portion of our resource definition work has been effectively completed.

We pride ourselves on the application of rigorous studies to inform our project decision-making and generate market confidence in our innovative technology. To this end, a large scale (45 tonnes) testwork campaign for the concentrate process was successful, however it is only a stepping stone. Looking forward, we will be undertaking similar pilot trials of other parts of our proposed refining process, namely pyrolysis (calcining), leaching and product recovery.

COB's strategic focus remains upon the battery industry and producing a cobalt product (cobalt sulphate) at sufficient purity to enter the production chain. This allows COB to sell directly to cathode precursor manufacturers, who represent the front end of the battery industry. By selling a higher value product, we can realise our target of capturing the greatest cobalt margin over the cycle for our shareholders.

Whilst remaining firm believers in the upcoming cobalt cycle, we understand that commercial partners are essential for the project to become fully funded. Overall, a key aim of pilot-scale testwork is to provide our current and potential commercial partners (both in cobalt and sulphur) a large enough material sample from which they can undertake their own acceptance testing.

We look forward to updating the market shortly with a fresh development timeline. Nevertheless, work on further feasibility studies continues in conjunction with a comprehensive review of commercial opportunities for our processing technology.

We look forward to keeping investors informed of our exciting journey.

Joe Kaderavek
Chief Executive Officer

Dated 9 September 2019

Broken Hill Cobalt Project – Diamond Drill Core

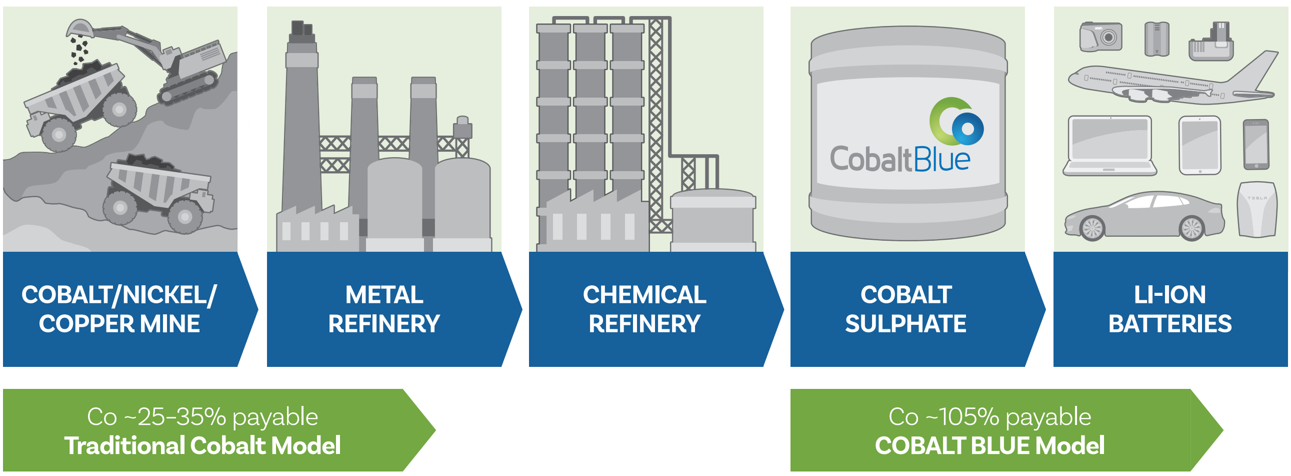
Review of
Operations and Activities

Strategy

Cobalt Blue Holdings Limited's (COB or the Company) focus is upon the development and commercialisation of the Broken Hill Cobalt Project, Broken Hill, NSW. The Broken Hill Cobalt Project, 23 km west of Broken Hill, with a railway line running through the project area, consists of four granted tenements (See Location & Services map in the Review of Operations and Activities) with a total area of 63 km^2. The main targets for development are well known and documented large tonnage cobalt-bearing pyrite deposits.

Cobalt is a strategic metal, in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

The Company's mine to battery strategy is set out in in the diagram below.



Key external and business risks which could impact on the Company's ability to deliver its strategy are:

Availability of Finance – The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Broken Hill Cobalt Project is successfully developed and production commences, or alternatively the Company acquires a revenue generating asset. The Company will therefore be required to raise additional capital or enter alternative development structures in order to meet its obligations and implement its strategy.

Contractual risk – The Company currently holds its interest in the Broken Hill Cobalt Project through an Exploration Farm-In Joint Venture Agreement (JVA) with Broken Hill Prospecting Limited (BPL). The Company believes that BPL's interest has been diluted to below the Minimum Interest provided in the JVA and that BPL is obliged to transfer its whole interest in the Joint Venture to the Company. Pending the resolution of this issue and other dispute notices issued by BPL, the Company's ability to significantly advance the Broken Hill Cobalt Project is materially impacted.

Commodity prices – The global cobalt market is subject to demand and supply fluctuations. These fluctuations, along with fluctuations in the A$:US$ exchange rate, may result in market prices at which it is not economic to develop the Broken Hill Cobalt Project. Climate change risk may create additional demand for lithium ion batteries as a means to store renewable energy as part of global decarbonisation strategies. Such additional demand may create upside pressure to cobalt prices in the future.

Management retention – The Company is reliant on its team of employees and consultants. There is a risk that the Company may not be able to retain those key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel or any delay in their replacement, could have a negative impact on the Company's ability to achieve its strategy.

Exploration risk – Whilst the Company has already established 111 Mt of Total Mineral Resources (see Minerals Resources Summary) there can be no guarantee that future exploration programs will lead to positive exploration results. Mineral exploration is a speculative endeavour and there can be no guarantee that the Company will achieve any of its mineral exploration objectives.

Metallurgical recoveries – The economic viability of cobalt recovery depends on a number of factors such as the development of an economic process for the treatment of Thackaringa iron pyrite ore. Further, changes in mineralogy may result in inconsistent recovery of cobalt. To address this risk, the Company is aiming to construct a Pilot Plant to demonstrate cobalt sulphate can be produced at a much larger scale than completed in the Preliminary Feasibility Study.

Government approvals/environmental standards – Advancing the Broken Hill Cobalt Project is dependent on obtaining approvals from government agencies. With increasing government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent. The Company could be subject to higher levels of environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution, plant and wildlife protection, greenhouse gas emissions and the storage, treatment and disposal of wastes.

Water supply – The Broken Hill Cobalt Project is located near Broken Hill, New South Wales (NSW). Broken Hill has a hot arid desert climate with minimal rainfall. The project's water requirements are currently estimated at 1.2–1.5 GL per annum, which are expected to be supplied from Essential Water's trunk main on the western outskirts of Broken Hill, which is supplied via a pipeline from the Murray River at Wentworth, NSW. In the event that this water is unable to be supplied or supplied at lower levels, whether due to climate change or not, the project would be significantly affected.

Power supply – The project would also require significant power use. Increased pricing of electricity would increase project operating costs. In order to reduce this risk COB is working on power related studies, seeking to optimise waste heat capture and re-use, optimising the daily load profile and evaluating distributed energy generation and storage.

Summary of Financial Performance

The net loss of the Company for the 2019 financial year was $2,909,538 (2018: $1,634,556). The increase in net loss for this year ($1,274,982) is primarily attributable to:

- higher Employee Benefits expenses of $519,481, due largely to the Company moving from 1.2 Full-time Equivalent (FTE) Employees in 2018 to 4 FTE's in 2019;
- higher legal and professional costs of $317,697, attributable to the joint venture dispute and increased levels of corporate activity; and
- higher depreciation and amortisation costs of $191,390, reflecting the effect of a full year's depreciation expense associated with the Company's offices, compared to two months in 2018.

During the financial year the Company received a refund of $347,876 (2018: $281,337) relating to the Research and Development Tax Incentive Scheme (R&D) and Interest Revenue of $66,140 (2018: $110,142). The R&D refund was accounted for in accordance with the Company's accounting policies for Government Grants. Consequently, of the R&D refund, $337,908 was accounted for as a reduction in the carrying value of exploration, with the balance recorded as revenue.

The Company also received $4,791,369 (2018: $10,951,040) during the year from share placements and shareholders exercising their share options.


Reverse Circulation Drilling at Railway

During the financial year the Company's funds were applied as follows:

Expenditure	$
Outflows directly related to the Broken Hill Cobalt Project	7,531,019
Corporate and Administration (including lease payments)	2,359,036
Plant and Equipment	16,081
Other	52,550
Costs of issuing shares	207,456
Total expenditure	**10,166,142**

The key components of expenditure relating to the Broken Hill Cobalt Project Expenditure were Exploration Drilling, Mineral Resource Upgrade and the concentrate circuit work, which are described further below.

At 30 June 2019 the Company had a cash position of $4,741,180 (2018: $9,799,566) and no corporate debt. The Company's net assets increased during the financial year by $1,951,911 to $20,070,414 (2018: $18,118,503).

Changes in Share Capital

During the 2019 financial year the Company issued:

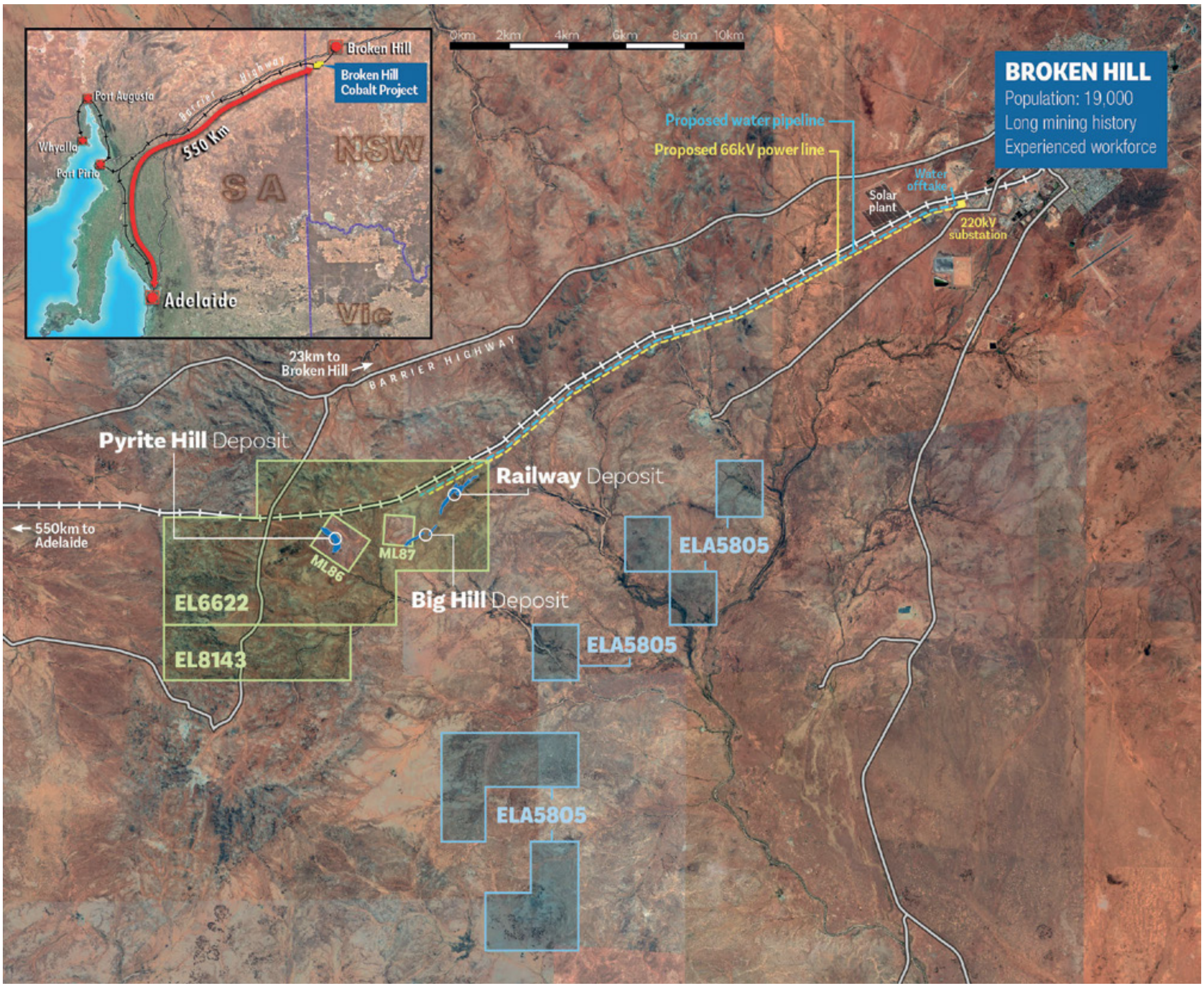
- 12,601,666 new shares through share placements
- 20,820,423 new shares through share entitlement issue
- 423,673 new shares from the exercise of shareholder options

The Company also issued the following options:

- 1,750,000 Non-Executive Director options
- 750,000 CEO options
- 394,250 employee options
- 2,698,250 contractor and consultant options
- 25,000 options associated with the original IPO

Operating Review

The Broken Hill Cobalt Project is located within the Broken Hill Domain of the Curnamona Province. The project covers portions of the Broken Hill and Thackaringa group successions of the Willyama Supergroup; a deformed and metamorphosed Proterozoic supracrustal rock succession. Mineralisation comprises moderate to steeply dipping stratabound zones of cobaltiferous pyrite that form three deposits referred to herein as Pyrite Hill, Railway and Big Hill.



Tenement Summary

Licence Number	Location	Percentage Interest 2019*
EL6622	NSW	100*
EL8143	NSW	100*
ML86	NSW	100*
ML87	NSW	100*
ELA5805	NSW	100

* *COB reports its beneficial interest at 100% on the basis that its joint venture partner's interest had fallen to less than the Minimum Interest specified in the Exploration Farmin Joint Venture Agreement with Broken Hill Prospecting Limited (BPL). Consequently, BPL was deemed to have withdrawn from the Joint Venture and was required to surrender absolutely to COB its joint venture interest*

Election out of the Joint Venture with Broken Hill Prospecting Limited

Following completion of the Pre-Feasibility Study (PFS) in June 2018, Wood Plc, a globally renowned engineering firm, were engaged to perform a PFS gap analysis review. Wood subsequently recommended up to 24 months for further Bankable Feasibility Study (BFS) work. Given the Stage 3 Earning Period of the Thackaringa Farmin Joint Venture Agreement (JVA) with BPL required completion of a BFS by 30 June 2019, COB concluded that the risk of attempting to fast track the BFS into a period of less than 12 months would significantly impair the project and pose undesirable risk. Subsequently, after a period of negotiations with BPL, leading to no acceptable commercial outcomes, COB elected out of the Earning Period process of the JVA on 24 October 2018.

Following COB's election notice, BPL ultimately issued a total of six dispute notices over the period November 2018 to February 2019, with BPL disputing, inter-alia:

- the validity of the 2018–19 Drilling Exploration Program
- the identity of the Manager of the Joint Venture
- the basis and methodology for calculating future royalties
- the application of the Dilution formula specified in the JVA
- that COB delivered a PFS and met the Stage 2 Earning Period obligations set out in the JVA
- that BPL had been diluted below 5% and had withdrawn from the Joint Venture

Five of the dispute notices were issued under the JVA and one issued under a separate Royalty Deed with BPL. Following an extensive period of negotiation, COB elected in March 2019 to have the JVA disputes issued by BPL determined by an Independent Expert.

The Independent Expert has yet to issue his determination.

Regarding the dispute notice issued under the Royalty Deed, this dispute notice was issued by BPL in early December 2018. In early May 2019, BPL advised it wished to "seek recommencement" of the dispute. COB has yet to hear anything further from BPL in relation to this dispute.

Extensive Exploration Drilling

COB completed an extensive drilling campaign during the year comprising some 9,500 m. Drilling, in part, targeted definition of a component of Measured Mineral Resource through enhancement of geological confidence and data density by infill drilling. The infill program focussed on the upper extent (<200 m from surface) of the Pyrite Hill deposit which extends over 1.2 km along strike and is currently drill tested to approximately 300 m down dip.

At Pyrite Hill, the drilling fleet successfully navigated steep terrain to increase data density through the oxidation profile. Drilling intersected variable zones of sulphide mineralisation intercalated with localised oxidation providing sufficient constraint to include 'transition' (partially weathered) material in the Pyrite Hill Mineral Resource estimate (released 4 April 2019).

The campaign also allowed completion of an initial phase of drilling to test down-dip extensions of the Pyrite Hill deposit with holes intersecting mineralisation approximately 180–280 m below surface.

Significant Resource Upgrade

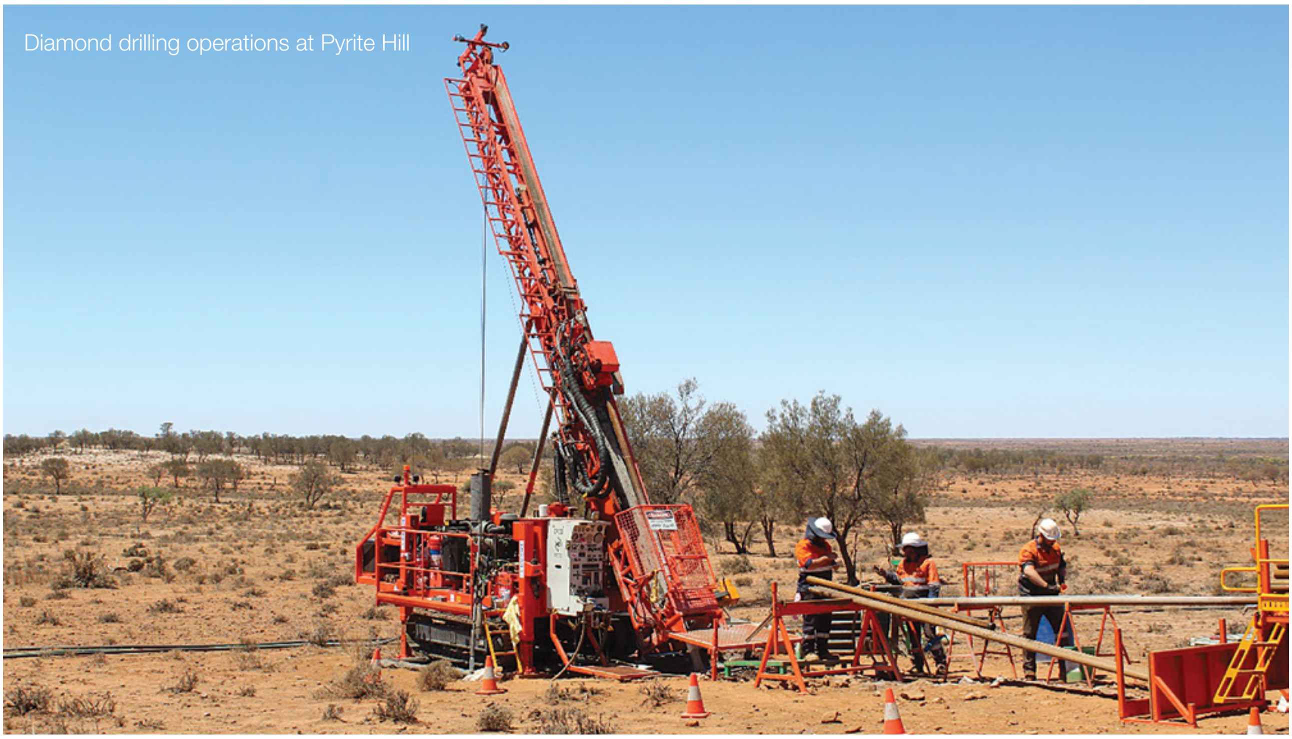
In April 2019, COB announced a significant Mineral Resource update for the Broken Hill Cobalt Project. The global Mineral Resource estimate now comprises 111 Mt at 889 ppm cobalt equivalent (CoEq) (715 ppm Co & 7.8% S) for 79,500 t contained cobalt (at a 400 ppm CoEq cut-off). The update included a maiden Measured Resource of 18 Mt at 1150 ppm cobalt equivalent (CoEq) (928 ppm Co & 9.9% S) for 17,100 tonnes of contained cobalt (at a 400 ppm CoEq cut-off). Measured and Indicated resources make up approximately 66% of the global Mineral Resource.

The completion of the April 2019 Mineral Resource estimate realised a 235% increase in resource tonnes and a 189% uplift in contained cobalt since COB's IPO. The Company's Mineral Resources summary is set out below.

Mineral Resources Summary as at 30 June 2019

Category	Mt	Co ppm	CoEq ppm	Fe %	S %	Pyrite %	Contained Co t	Pyrite Mt
Pyrite Hill (at a 400 ppm CoEq cut-off)								
Measured	18	928	1150	10.7	9.9	19	17,100	3
Indicated	7	759	940	9.7	8.1	15	5,600	1
Inferred	7	820	1020	10.4	8.9	17	5,700	1
Total	**33**	**867**	**1070**	**10.4**	**9.3**	**17**	**28,400**	**6**
Railway (at a 400 ppm CoEq cut-off)								
Indicated	37	677	843	8.5	7.4	14	25,100	5
Inferred	24	650	821	9.0	7.7	14	15,300	3
Total	**61**	**667**	**834**	**8.7**	**7.5**	**14**	**40,500**	**9**
Big Hill (at a 400 ppm CoEq cut-off)								
Indicated	11	629	767	6.7	6.2	12	6,800	1
Inferred	7	553	678	6.2	5.6	11	3,900	1
Total	**18**	**599**	**732**	**6.5**	**6.0**	**11**	**11,000**	**2**
Total (at a 400 ppm CoEq cut-off)								
Measured	18	928	1150	10.7	9.9	19	17,100	3
Indicated	55	679	841	8.3	7.3	14	37,500	8
Inferred	38	663	831	8.8	7.5	14	24,900	5
Total	**111**	**715**	**889**	**8.9**	**7.8**	**15**	**79,500**	**16**

The 30 June 2019 Mineral Resource estimates for the Broken Hill Cobalt deposits (at a 400 ppm CoEq cut-off) detailed by Mineral Resource category and as released 4 April 2019. The cobalt equivalent grade has been derived from the following cut-off calculation: CoEq ppm = Co ppm + [S ppm x (S price/ Co price) x (S recovery/ Co recovery)]. Using the Mineral Resource parameters, the CoEq equation simplifies to: CoEq ppm = Co ppm + [S% x 22.235]. Note minor rounding errors may have occurred in the compilation of this table.


Diamond drilling operations at Pyrite Hill

Mineral Resources Summary as at 30 June 2018

Category	Mt	Co ppm	Fe %	S %	Pyrite %	Contained Co t	Pyrite Mt
Pyrite Hill (at a 500ppm Co cut-off)							
Indicated	22	937	10.9	10.3	19	20,300	4
Inferred	4	920	11.2	10.8	20	4,000	1
Total	**26**	**934**	**10.9**	**10.3**	**19**	**24,200**	**5**
Railway (at a 500ppm Co cut-off)							
Indicated	23	854	10.1	9.2	17	19,400	4
Inferred	14	801	10.4	9.2	17	11,100	2
Total	**37**	**842**	**10.2**	**9.2**	**17**	**30,800**	**6**
Big Hill (at a 500ppm Co cut-off)							
Indicated	7	712	7.2	6.9	13	5,200	1
Inferred	2	658	6.7	6.3	12	1,500	0
Total	**10**	**697**	**7.1**	**6.7**	**13**	**6,700**	**1**
Total (at a 500ppm Co cut-off)							
Indicated	52	869	10.0	9.3	17	44,900	9
Inferred	20	810	10.1	9.2	17	16,600	4
Total	**72**	**852**	**10.0**	**9.3**	**17**	**61,500**	**13**

The 30 June 2018 Mineral Resource estimates for the Broken Hill Cobalt deposits (at a cut-off of 500 ppm Co) detailed by Mineral Resource category and as released 19 March 2018. Note minor rounding errors may have occurred in the compilation of this table.

Ore Reserves as released to ASX on 4 July 2018

Project	Classification	Tonnes Mt	Co ppm	S %
Broken Hill Cobalt Project (inclusive of Pyrite Hill, Railway & Big Hill)	Proved	–	–	–
	Probable	46.3	819	8.83
Total		**46.3**	**819**	**8.83**

The Ore Reserve estimate was originally reported 30 June 2018 and reflects the maiden Ore Reserve as released on 4 July 2018. It is based on the 2018 Mineral Resource (as released 19 March 2018). The Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Annual Review of Mineral Resources and Ore Reserves

Mineral Resources

The material changes in the Broken Hill Cobalt Project Mineral Resource estimates, inclusive of Pyrite Hill, Railway and Big Hill can be attributed to the following:

- **Infill & Extensional Drilling of Sulphide Material**

  The Mineral Resource update includes data obtained during the recent drilling campaign at Pyrite Hill; 64 drill holes for approximately 8,700 m. This drilling substantially increased data density and improved geological confidence reflected by the revised classifications.

- **Drilling of Near Surface Oxide Material**

  Approximately 430 m of the broader campaign successfully intersected the oxide profile at Pyrite Hill supporting a revision of the oxidation surfaces. The improved geological constraint and increased assay data informed extension of the block model through to the base of complete oxidation; allowing addition of ‘transition’ material excluded from the preceding estimate.

- **Cut-Off Optimisation**

  With completion of the Thackaringa Preliminary Feasibility Study and Ore Reserve estimate, COB had established a technically feasible and economic project for production of cobalt sulphate heptahydrate and elemental sulphur from the Thackaringa deposits. The study provided a robust basis for the revision of the resource cut-off grade to 400 ppm CoEq; the previous 500 ppm cobalt cut-off did not take into account sulphur as a revenue producing co-product.

The revised cut-off grade considers modifying factors guided by the PFS and appropriately incorporates revenue streams from elemental sulphur in addition to cobalt.

The Mineral Resource has been reported at a cut-off of 400 ppm cobalt equivalent based on assessment of material that has reasonable prospects of eventual economic extraction.

The revised cut-off grade incorporates revenue streams from elemental sulphur; an economic by-product of the processing pathway defined in the Preliminary Feasibility Study. The cobalt equivalent grade has been derived from the following cut-off calculation: **CoEq ppm = Co ppm + (S ppm x (S price/ Co price) x (S recovery/ Co recovery))**[1]. This equates to CoEq ppm = Co ppm + (S% x 22.235). The parameters used for this calculation are listed in the table below.

Assumption	Input
A$/US$ Exchange rate	0.74
Cobalt Price[2]	US$27/lb Co
Sulphur Price	US$150/t
Cobalt Recovery	85%
Sulphur Recovery	75%

1 *All elements included in the metal equivalence calculation have reasonable potential to be recovered and sold.*

2 *Cobalt price sourced from SRK Consulting.*

Ore Reserves

In relation to Ore Reserves, a maiden Ore Reserve for the Broken Hill Cobalt Project was announced to shareholders on 4 July 2018. The 30 June 2019 Annual Review indicates that the 4 July 2018 reported reserves continue to be robust. The 30 June 2019 Annual Review utilised the following assumptions – Cobalt sales price A$35/lb (2018: A$35/lb), Sulphur sales price A$174/t (2018: A$149/t). An update to the June 2018 Ore Reserve is planned, which would require a Mining Study including, but not limited to, pit limit optimisation, mine design, scheduling and economic assessment.

Summary of governance arrangements and internal controls in place for the reporting of mineral resources and ore reserves

Ore Reserves and Mineral Resources are estimated by suitably qualified consultants in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition), using industry standard techniques and guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. These estimates and the supporting documentation were reviewed by suitably qualified Competent Persons prior to inclusion in this Annual Report. The Company's Board approves revisions to Ore Reserves and Mineral Resources prior to public release.

Competent Persons Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Peter Buckley, a Competent Person who is a Member of The Australian Institute of Geoscientists (MAIG). Mr Buckley is employed by Left Field Geoscience Services and engaged by the Company on a consulting basis. Mr Buckley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Mr Buckley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Metallurgical Testwork Results or Engineering Design Studies is based on information compiled by Dr Andrew Tong, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgy (AusIMM). Dr Tong is employed by Mineral and Residues Pty Ltd and acts as the Company's Executive Manager. Dr Tong has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Dr Tong consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Mineral Resources Statement is based on and fairly represents information compiled by Competent Persons and the Mineral Resources Statement as a whole has been approved by Mr Danny Kentwell, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgy (AusIMM). Mr Kentwell is a Principal Consultant (Resource Evaluation) at SRK Consulting. Mr Kentwell has had sufficient experience that is relevant to the style of mineralisation and type of deposit and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Mr Kentwell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Ore Reserves Statement is based on and fairly represents information and supporting documentation prepared by Competent Persons and the Ore Reserves Statement as a whole has been approved by Dean Basile, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgy (AusIMM). Mr Basile is a full-time employee of Mining One. Mr Basile has had sufficient experience that is relevant to the style of mineralisation and type of deposit and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Mr Basile consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Ore Reserves and Mineral Resources have been estimated and reported in accordance with the guidelines of the JORC Code (2012).

Concentrate Circuit (Pilot Trial) program successfully completed

During the year, COB treated 45 t (wet basis) of Reverse Circulation (RC) drill chips through a pilot-scale concentrate circuit. Ore was crushed/milled to 1 mm top-size and passed across gravity spirals to produce a gravity concentrate. The gravity rejects were size-classified and the fine fraction (nominally <125 μm) sent to a flotation circuit for scavenging the remaining cobalt-pyrite. The overall recovery of cobalt was 90%, in line with the PFS testwork results.

COB was encouraged by the positive results achieved. The successful use of commercial sized spirals and simplicity of the circuit equipment and robustness of the circuit to account for low-average-high grade ore and variable particle sizes provides a strong foundation for process plant operations.

Project water supply confirmed

Essential Water confirmed that 1.2 GL per annum is available to COB without any upgrade to Essential's trunk main at a metered take off point on the western outskirts of Broken Hill. An additional 0.3 GL per annum is available if COB provides a capital contribution to increase the trunk main capacity. The Process Plant Water Balance developed in the PFS identified a water supply requirement of 1.22 GL per annum, which included a 5% allowance for evaporation. With a 20% contingency, the processing water supply requirement is 1.5 GL per annum. Securing a reliable source of high-quality water that meets the processing requirements of the project is a significant milestone.

Mitsubishi Corporation Sulphur Agreement

The Broken Hill Cobalt Project is targeting production of up to 300,000 tpa of elemental sulphur. The sulphur will be in a prilled (pelletised) form, suitable for long-distance transport and rehandling, without production of excess dust or fine particulates. COB intends to produce up to 100 t of elemental sulphur from bulk metallurgical testwork trials over the period to 31 December 2020. COB entered into an agreement with Mitsubishi Corporation to conduct marketing trials for the elemental sulphur. Mitsubishi Corporation currently hold a significant share of the Asian sulphur and sulphuric acid markets, through global supply agreements. If the COB sulphur product is deemed suitable for use by Mitsubishi's trading customers, then it is the intention of COB and Mitsubishi to negotiate an offtake agreement for the commercial production and sale of elemental sulphur from the Broken Hill Cobalt Project.

The left photo shows actual elemental sulphur collected in a condenser unit during thermal treatment of pyrite concentrate using a continuous pilot-scale furnace. Typical Enersul product is shown in right photo (photo taken during a site visit by COB to an Enersul plant in Alberta Canada).

Diggers and Dealers Mining Forum 2019, Kalgoorlie WA.

Market
Outlook

Cobalt – the near-term view

The cobalt market is currently working through a period of oversupply. Cobalt metal prices dropped sharply over 2H CY18, before exhibiting a relatively stable price profile, driven by poor market sentiment and continued concerns of spot market surplus of both cobalt metal and chemicals. Cobalt supply increases came from key projects as well as artisanal producers, most of which are located within the Democratic Republic of Congo (DRC). This material has led Chinese refineries to flood the market, which has severely depressed cobalt metal and chemicals pricing. This oversupply is expected to continue in the near term.

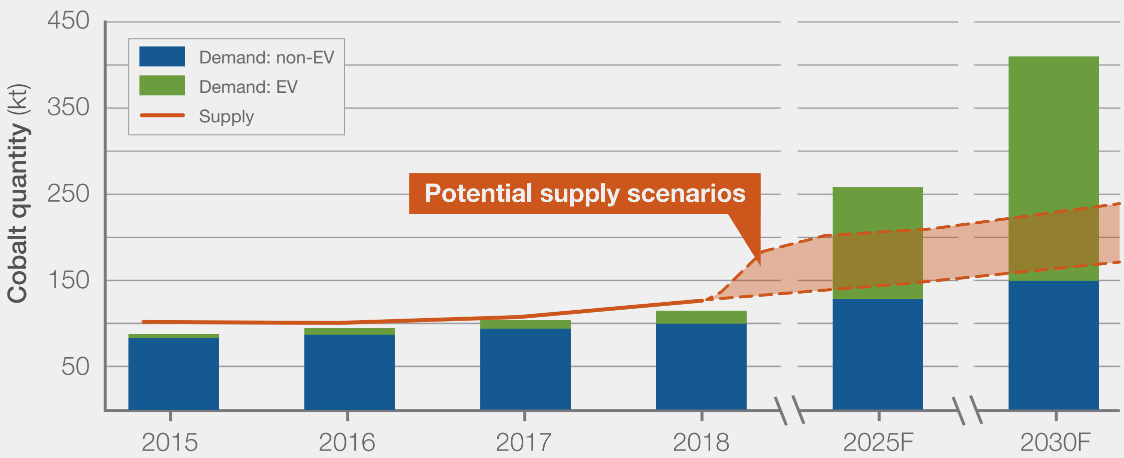
Figure 1. **Cobalt Price – US$/lb**

Source: IMF

Cobalt – the long-term view

Looking ahead, the market will re-enter a balanced market by 2023F with a significant deficit emerging thereafter. The long-term forecast calls for a widening market deficit. On the demand side, the lithium ion battery segment will continue to dominate the global cobalt market with automotive electrification being the largest single demand factor. We forecast significant cobalt demand growth over the next decade, with the market expected to roughly double in size. By FY2023 batteries will consume ~65% of cobalt, largely in either oxide or sulphate form. Put into perspective, the forecast size of the battery market in FY2023 is approximately equal to the entire cobalt market today. Even a small underestimation of demand in this segment may well have the effect of driving material unforeseen market tightness.

Figure 2. **As demand accelerate, securing cobalt will be the key.**



Source: Glencore PLC and Bloomberg New Energy Finance

China – Electric Vehicle (EV) subsidies update

China represents over 65% of the global battery Electric Vehicle market. Chinese vehicle subsidies therefore have a material effect on global EV demand. Current subsidies continue to favour vehicles with large ranges and high-performance batteries, both of which result in more demand for cobalt. Chinese subsidies for 2019 are being reapplied away from low-quality, low-range vehicles which make up the bulk of Chinese EV sales at present. Vehicles will now need to have a range of more than 250 km and a minimum energy density of 125 Wh/kg to qualify for subsidies, which excludes a substantial portion of the current market.

The Chinese government wishes to stimulate its high-performance EV sector. As EVs near price parity with their Internal Combustion Engine (ICE) counterparts, China continues to reduce subsidies – especially for shorter-range, cheaper models. The way these subsidies are designed – namely that they only apply to good quality, high-range vehicles – further proves that the Chinese government is keen to stimulate its nascent mid and high-range EV sector.

Cobalt thrifting

The lowering of cobalt content in the battery otherwise known as "cobalt thrifting" is a widely understood phenomenon, but less well known is that thrifting has practical limits which are being approached as technology transitions to the target NMC (Nickel Manganese Cobalt) 811 cathode over the next 10 years. Cobalt is a key stabilising element for the cathode. Without it the cathode would succumb to the strong physical forces present during battery charging and discharging. Electric Vehicle batteries, both large and hardworking, need cobalt for stability.

The industry believes that the transition to the NMC 811 cathode is not simple. NMC 811 manufacturing requires facilities delivering world class performance specifications for purity/atomic structure of the cathode. These facilities need to be designed from scratch and cannot simply be added onto existing operations. Secondly, with lower cobalt content these batteries risk becoming unstable in high temperature and demanding conditions.

The lithium ion battery value chain – new economic opportunities for Australia

Australia is ranked second for global cobalt resources and has 14% of world resources. In terms of production, Australia is ranked fifth, accounting for just four percent of global production, significantly behind the Democratic Republic of the Congo (over 65% of production globally). Australia has domestic supplies of every mineral required to produce all lithium-ion battery anodes and cathodes, as well as access to the necessary chemicals.

Despite its abundant resources and ability to source, refine and produce all key materials in lithium-ion battery chemistry, Australia has done little to capitalise on the opportunities along the supply chain. Austrade[1], noted 99.5% of the value of Australian lithium ore is added through offshore electro-chemical processing, battery cell production and product assembly. It also noted the Australian Government's vision is to 'secure an expanded place in the lithium-ion battery value chain, thereby maximising the economic benefit to all Australians', a comment which supports COB's strategy.

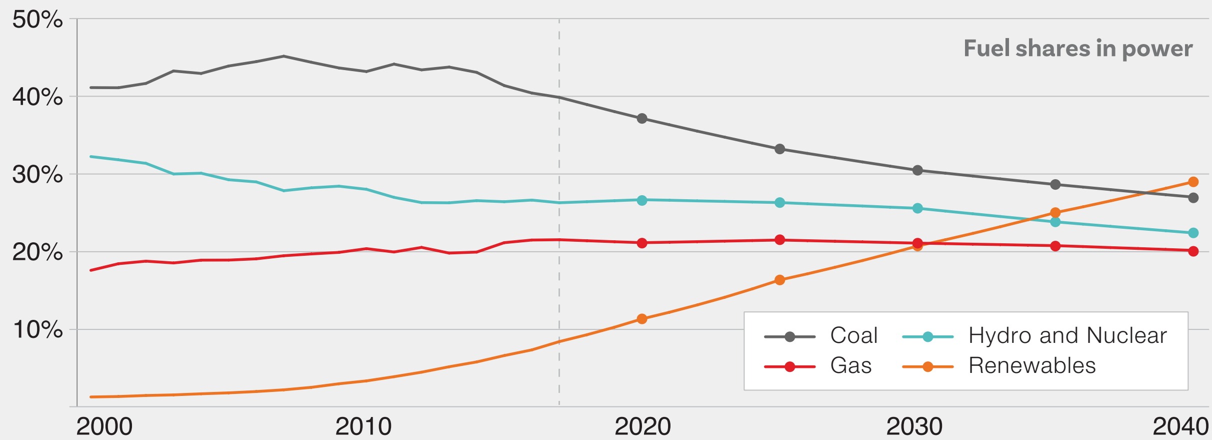
1 *Australian Trade and Investment Commission. (December 2018). The Lithium – Ion Battery Value Chain, New Economy Opportunities for Australia.*

BP Energy outlook 2019

The relationship between batteries (energy storage) and renewable energy is well established. Solar and wind generation do not provide a (continuous) baseload and any excess generation needs to be stored for later use (or wasted). Due to rapidly deflating costs, pairing utility scale battery storage with intermittent renewable resources has become increasingly competitive with traditional generation options.

Renewable energy generation forecasts are thus indicative of (utility and household scale) battery demand trends. In February 2019, BP Plc (FTSE:BP) released its comprehensive (global) Energy Outlook (2019 Edition), outlining their considered view on long term energy markets. BP concluded that the world continues to electrify, with power consumption growing strongly. The mix of fuels in global power generation shifts materially, with renewables gaining share at the expense of coal, nuclear and hydro. The share of natural gas remains broadly flat at around 20%. Renewables account for around two-thirds of the increase in power generation, with their share in the global power sector increasing to around 30%. In contrast, the share of coal declines significantly. By 2040 renewables overtake coal as the largest source of global power.

Figure 3. **Renewables set to become largest fuel source for power generation.**



Source: BP Energy Outlook 2019

Note: *COB acknowledges that the data in the previous paragraphs above is sourced from CRU & BP Plc*

COB Promotional Evening, November 2018.


Joe Kaderavek
Hugh Keller
Robert Biancardi

Directors' Report

The Directors of Cobalt Blue Holdings Limited (COB or the Company) present their report together with the financial statements for the year ended 30 June 2019.

Directors

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

- **R Biancardi** (Chairman)
- **H Keller** (Independent Non-Executive Director)
- **R McDonald** (Independent Non-Executive Director, appointed 1 January 2019)
- **J Kaderavek** (Chief Executive Officer & Executive Director)
- **M Hill** (resigned as a Director effective 13 December 2018)

Principal Activities

The Company's focus is upon the development and commercialisation of the Broken Hill Cobalt Deposit, Broken Hill, NSW.

Review of operations, financial position, business strategies and prospects

A detailed discussion of these matters is set out within the 'Review of Operations and Activities' and 'Market Outlook' sections on pages 9 to 21.

Likely developments and expected results of operations

A detailed discussion of future developments is set out within the 'Review of Operations and Activities' on pages 9 to 17.

Significant changes in the state of affairs

During the financial year contributed equity increased by $4,583,912, net of capital raising costs, (2018: $10,523,634) due to Share placements, a Share Entitlement Issue and the exercise of shareholder options. Details of the changes in contributed equity are disclosed in Note 17 to the financial statements.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Directors' Report continued

Information on Directors

The following information is current as at the date of this report.

Name:	Mr Robert Biancardi
Title:	***Chairman, Independent, Non-Executive Director***
Qualifications:	*BCom (Management and Marketing) (Wollongong University);* *Diploma Corporate Management (AGSM – University of NSW)*
Experience and Expertise:	Mr Biancardi is an experienced executive with more than 35 years' commercial experience across the finance, IT, healthcare and services sectors. Mr Biancardi has previously held senior roles at IBM, Citibank and Westpac. His recent roles include director of Evolution Healthcare, a leading private hospital operator. He has been a director and chief executive officer of a number of companies, including Rockridge Group (Private Equity) and Hutchisons (Child Care Services) Limited, previously an ASX listed services company. He has served as a director and president of the Restaurant & Catering Association of NSW for 13 years and has been a board member of the Heart Foundation of Australia (FIPOC) for over 7 years. Mr Biancardi is a member of the Board of The Bread & Butter Project, a social enterprise. He has extensive corporate advisory and capital management experience with a specialisation in corporate marketing and substantial public/private board experience.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk and Remuneration and Nomination Committees.
Interests in shares:	3,515,368
Interest in options:	2,806,758

Name:	Mr Hugh Keller
Title:	***Independent Non-Executive Director***
Qualifications:	*LLB (University of Sydney)*
Experience and Expertise:	After graduating with a law degree, Mr Keller had a successful career as a solicitor in Sydney and became a partner at Dawson Waldron (now Ashurst) in 1976 and remained a partner in its successor firms for 34 years until retirement from full time legal practice in 2010. During his time at the firm, Mr Keller served as joint national managing partner, Sydney office managing partner, chairman of the staff superannuation fund, one of the practice leaders and as a board member. Mr Keller was a non-executive director of ASX listed Thakral Holdings Limited and a member of its Audit Committee until the company was acquired in a public takeover by Brookfield. Mr Keller was also a non-executive director of LJ Hooker Limited and a member of its audit committee. He has also served as chairman of a large private investment company, several small investment companies and a private small exploration company. Mr Keller currently provides consulting services to several companies and is, and has been for over 10 years, a non-executive director of a charity and chairman of its audit committee. He has extensive legal experience and expertise in the review of commercial contracts and arrangements, as well as experience in public company audit committee procedures and requirements and hands on experience in the dynamics of managing people and resources in long term large projects.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair Audit and Risk and Remuneration and Nomination Committees.
Interests in shares:	880,834
Interest in options:	2,183,186

Name:	Mr Robert McDonald
Title:	***Independent Non-Executive Director***
Qualifications:	*B.Comm (University of Western Australia)* *MBA (Honours) (IMD)*
Experience and Expertise:	Mr McDonald is a seasoned mining industry executive who commenced his career with Rio Tinto before assuming senior roles in investment banking and private equity. He has a background in project development and optimisation, strategy and business development, transaction management and capital markets. He is an experienced board director, having held non-executive director roles with a number of listed mining companies at different stages of evolution.
Other current directorships:	New Century Resources Limited (Chairman)
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk and Remuneration and Nomination Committees
Interests in shares:	None
Interest in options:	750,000

Name:	Mr Joe Kaderavek
Title:	***Executive Director and Chief Executive Officer***
Qualifications:	*BEng (Aeronautical Engineering) (University of Sydney);* *GCertEng (Reliability Engineering) (Monash University);* *Master of Business Administration (MBA) (Deakin University)*
Experience and Expertise:	Mr Kaderavek commenced his career as a RAAF Engineering Officer before transitioning to PricewaterhouseCoopers, where he was responsible for preparing operational reviews and examining strategic options across mining, processing, railway and port facilities throughout Australia, North America and Europe. Over the last 15 years he has been involved in equities/investment research (including senior roles with Deutsche Bank and Five Oceans Asset Management) focused on mining, minerals processing and energy storage technologies. Most recently, he held an international consulting role with a focus on renewable energy and battery storage technologies. Mr Kaderavek has significant experience in managing investments in the global resources and minerals processing industries, and in managing turnaround projects supporting corporate targets, merger and divestment activities. He also has a detailed understanding of the energy storage market and battery technology.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,387,585
Interest in options:	3,500,000

Name:	Mr Matthew Hill
Title:	***Independent Non-Executive Director (resigned effective 13 December 2018)***
Qualifications:	*Graduate Diploma in Applied Finance (Securities Institute Australia);* *Master of Business Administration (University of South Pacific Suva, Fiji)*
Experience and Expertise:	Mr Hill is the Executive Director of New Talisman Gold Mines (ASX:NTL), and Managing Director of Asia Pacific Capital Group Limited. Matthew is an experienced merchant banker having worked previously at Potter Warburg (now UBS), Eventures (a joint venture between Newscorp and Softbank), Pitt Capital and Souls Private Equity Limited.
Other current directorships:	New Talisman Gold Mines Ltd; Broken Hill Prospecting Limited
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk committee (resigned effective 13 December 2018)
Interests in shares:	1,184
Interest in options:	500,296

Company Secretary

Mr Robert Waring was appointed to the position of Company Secretary on 29 June 2018. Mr Waring is a Chartered Accountant and has over 40 years' experience in financial accounting and company secretarial roles, principally in the resources industry and provides secretarial services to a number of public companies listed on the Australian Securities Exchange.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
DIRECTOR	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
R Biancardi	11	11	4	4	2	2
H Keller	11	10	4	3	2	2
R McDonald	5	4	2	1	–	–
J Kaderavek	11	11	–	–	–	–
M Hill	4	4	2	2	1	1

Held: *represents the number of meetings held during the time the director held office or was a member of the relevant committee.*

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements of the Company, in accordance with the requirements of the *Corporations Act 2001* and Regulations. Remuneration is referred to as compensation throughout the Remuneration Report.

The Remuneration Report is set out under the following main headings:

A. Remuneration Policy
B. Details of Remuneration
C. Service Agreements
D. Share-based compensation
E. Additional information
F. Additional disclosures relating to key management personnel

A. Remuneration Policy

The Company has formed a Remuneration and Nomination Committee. The Committee comprises:

H Keller (Chair)	Independent, non-executive director
R Biancardi	Independent, non-executive director
R McDonald	Independent, non-executive director (appointed 1 January 2019)
M Hill	Independent, non-executive director (resigned 13 December 2018)

The Committee has determined that formal policies are not appropriate given the Company's size, and therefore individual negotiation will be conducted as required. The Company's remuneration objective is to attract high calibre executives and reward them for performance that results in both short and long-term growth in shareholder wealth.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be sought when required.

The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control their relevant assigned activities
- the Company's performance, including earnings, share price growth and achievement of objectives.

Key Management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Company. Key Management personnel as identified for the purpose of this report by the criteria set out above are:

Robert Biancardi	Chairman, Independent Non-Executive Director
Hugh Keller	Independent Non-Executive Director
Robert McDonald	Independent Non-Executive Director (appointed 1 January 2019)
Joe Kaderavek	Executive Director & Chief Executive Officer
Matthew Hill	Independent Non-Executive Director (resigned effective 13 December 2018)
Danny Morgan	Chief Financial Officer (appointed 1 September 2018)
Andrew Tong	Executive Manager

Fixed remuneration

Fixed remuneration consists of base compensation (calculated on a total cost basis and includes any fringe benefits tax charges related to any benefits provided) as well as leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board/Remuneration Committee through a process that considers individual and overall performance of the Company.

Equity Settled based payment expense

These amounts represent the expense related to the participation of KMP in equity settled (options) benefit schemes as measured by the fair value of the options granted on grant date and the fair value of shares issued.

Performance-linked remuneration

Performance-linked compensation may include both short-term and long-term incentives and is designed to reward employees and directors for meeting or exceeding their financial and personal objectives. The short-term incentive can be provided in the form of options, shares or a cash bonus.

Non-executive Directors

Non-executive directors receive a board fee and fees for chairing board committees.

Fees are reviewed annually by the board taking into account comparable roles and market data. The maximum aggregate directors' fee pool is $275,000 per annum and was approved by shareholders at the annual general meeting on 24 November 2017.

On an annualised basis, non-executive director fees are as follows:

Non-executive director	Position	2019	2018
R Biancardi	Chairman	$55,000	$55,000
H Keller	Head of Audit and Remuneration Committees	$49,500	$49,500
R McDonald	Non-executive director	$43,800	–
M Hill	Non-executive director (resigned 13 December 2018)	$44,000	$44,000
A Johnston	Non-executive director (resigned 18 June 2018)	–	$44,000
Total		**$192,300**	**$192,500**

- All non-executive directors enter into a service arrangement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms including remuneration, relevant to the office of director. Non-executive directors are not entitled to receive retirement benefits.
- Non-executive directors are entitled to be reimbursed for certain expenses incurred and may be paid additional amounts as fees as the Board may determine where a non-executive director performs extra services or makes any special exertions, which in the opinion of the Board are outside the scope of the ordinary duties of a non-executive director.
- Non-executive directors are encouraged to hold shares in the Company to align themselves with the interest of the shareholders.

Voting and comments made at the Company's 24 November 2018 Annual General Meeting (AGM)

The Company received 53.7% of 'for' (46.3% against) votes in relation to the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

The directors, in considering the 2018 remuneration report vote, decided not to increase their fixed remuneration for 2019, despite shareholders having previously approved a Directors' Fee pool of $275,000. To preserve cash and better align their interests with shareholders, non-executive directors sought shareholder approval in March 2019 for the issue of share options to directors. Shareholders overwhelmingly approved the share option proposals.

B. Remuneration

The following table outlines persons who are directors and other key management personnel ("KMP") of the Company at 30 June 2019 and the nature and amount of remuneration for those persons.

	Short-term benefits		Post-Employment Benefits	Share based payments		
	Short Term Cash (salary and fees)	Bonus	Super-annuation	Equity Settled	Total	Performance related
2019	$	$	$	$	$	%
Directors						
R Biancardi[2]	42,060	–	12,941	14,023[6]	69,024	–
H Keller[2]	38,503	–	10,997	14,023[6]	63,523	–
R McDonald[1]	21,900	–	–	21,034[6]	42,934	–
J Kaderavek[3]	354,469	75,000	20,531	61,427	511,427	27%
M Hill[4]	20,205	–	–	–	20,205	–
Subtotal	**477,137**	**75,000**	**44,469**	**110,507**	**707,113**	
Other Key Management Personnel						
D Morgan[5]	166,667	30,000	15,833	11,259	223,759	18%
A Tong	185,000	–	–	70,998	255,998	28%
Subtotal	**351,667**	**30,000**	**15,833**	**82,257**	**479,757**	
Total	**828,804**	**105,000**	**60,302**	**192,764**	**1,186,870**	

1 Mr McDonald was appointed on 1 January 2019. Mr McDonald's services are provided by a consulting entity. On 5 March 2019, shareholders agreed to the issue of 750,000 options to Mr McDonald or his nominee for no cash consideration.

2 On 5 March 2019, shareholders agreed to the issue of 500,000 options to Mr Biancardi or his nominee and Mr Keller or his nominee for no cash consideration.

3 On 27 November 2018, shareholders agreed to the issue of 750,000 options to Mr Kaderavek or his nominee for no cash consideration under his employment contract.

4 Mr Hill resigned effective 13 December 2018.

5 Mr Morgan was appointed CFO effective 1 September 2018.

6 Not considered performance related given the options were substantially for the purpose of providing a competitive base director fee.

	Short-term benefits		Post-Employment Benefits	Share based payments		
	Short Term Cash (salary and fees)	Bonus	Super-annuation	Equity Settled	Total	Performance related
2018	$	$	$	$	$	%
Directors						
R Biancardi	52,496	–	–	–	52,496	–
H Keller	47,250	–	–	–	47,250	–
J Kaderavek[3]	228,311	50,000	21,689	–	300,000	17%
A Johnston[1]	40,533	–	–	–	40,533	–
M Hill[2]	41,667	–	–	60,000[6]	101,667	–
Subtotal	**410,257**	**50,000**	**21,689**	**60,000**	**541,946**	
Other Key Management Personnel						
A Tong[4]	138,750	–	–	141,670	280,420	51%
Total	**549,007**	**50,000**	**21,689**	**201,670**	**822,366**	

1 Mr Johnston resigned effective 18 June 2018. In addition, Broken Hill Prospecting Limited ("BPL") was paid $53,460 in relation to the financial period for services rendered to the company. Mr Johnston is the Chief Executive Officer of BPL.

2 On 24 November 2017 shareholders agreed to the issue of 500,000 options to Mr Hill or his nominee. The terms and conditions of the Options are the same as the Company's quoted Options (ASX: COBO). The granting of Options to Mr Hill, or his nominee, were in consideration of his services to the Company in the future and to incentivise his contribution to efforts to lift the Company's share price.

3 Bonus refers to a discretionary cash bonus.

4 Dr Tong was appointed Executive Manager on 1 October 2017. On 24 November 2017 shareholders agreed to the issue of 2,250,000 options to Dr Tong or his nominee. The grant of these options was to incentivise his contribution to achieving critical milestones for the Company. Apart from certain vesting conditions, the Options have the same terms and conditions as the Company's quoted options. The vesting conditions are as follows:

	Number of Options
Pre-feasibility study is delivered on or before 30 April 2018 or such later date reasonably determined by the Company's Board due to events outside his control[5].	*300,000*
On the earlier of 31 October 2018 or the date on which 1,000 tonnes of Thackaringa ore has been fully processed or such later date as reasonably determined by the Company's Board due to events outside his control.	*300,000*
On the earlier of 31 December 2018 or the date on which a targeted mass (Board approved) of Thackaringa ore has been fully processed, and completion of bulk metallurgical testing as required to support a bankable feasibility study that will be delivered as part of the Company's Stage 3 obligations or such later date as reasonably determined by the Company's Board due to events outside his control.	*650,000*
If the bankable feasibility study is delivered on or before 30 June 2019 or such later date reasonably determined by the Company's Board due to events outside his control.	*1,000,000*
Total	***2,250,000***

5 This date was later extended by the Board to 20 July 2018 to reflect events outside the control of Dr Tong.

6 Not considered performance related given this share based payment related to options provided substantially in consideration of the provision of services, which also had no performance condition.

C. Service Agreements (audited)

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	Joe Kaderavek
Title	Chief Executive Officer and Executive Director
Agreement commenced	1 November 2016
Term of agreement	No fixed term
Remuneration	Remuneration as of 1 July 2019: $375,000 per annum including superannuation. Annualised salary for the year ended 30 June 2019 was $375,000 including superannuation. The contract includes a three-month notice period for termination.

Name	Danny Morgan
Title	Chief Financial Officer
Agreement commenced	1 September 2018
Term of agreement	No fixed term
Remuneration	Remuneration as of 1 July 2019: $279,000 per annum including superannuation. Annualised salary for the year ended 30 June 2019 was $219,000 including superannuation. The contract includes a one-month notice period for termination.

Name	Andrew Tong
Title	Executive Manager
Agreement commenced	1 October 2017
Term of agreement	No fixed term
Remuneration	Dr Tong's services are provided through a management services agreement with Minerals & Residues Pty Ltd, of which Dr Tong is a director. The agreement can be terminated with reasonable notice. As of 1 July 2019, the agreement provides for an annual fee of $225,000 (2018: $185,000) plus GST, payable monthly in arrears. The Company may also terminate the agreement where the other party commits a material breach or persistent breach or non-observance of a term of this agreement.

D. Share-based compensation

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grantee	Grant Date	Number of options	Vesting date	Exercisable date	Expiry Date	Exercise Price	Fair value per option at grant date
R Biancardi	31/10/2016	2,000,000	2/05/2017	2/05/2019	2/05/2020	$0.25	$0.05
H Keller	31/10/2016	1,500,000	2/05/2017	2/05/2019	2/05/2020	$0.25	$0.05
J Kaderavek	31/10/2016	2,750,000	2/05/2017	2/05/2019	2/05/2020	$0.25	$0.05
M Hill	24/11/2017	500,000	24/11/2017	12/12/2017	2/05/2020	$0.25	$0.12
A Tong	24/11/2017	2,250,000	Various. See section B above	Various. See section above	2/05/2020	$0.25	$0.12
J Kaderavek	27/11/2018	750,000	21/12/2018	21/12/2018	10/07/2021	$0.30	$0.08
D Morgan	21/12/2018	178,125	21/12/2019	21/12/2019	21/12/2021	$0.30	$0.08
D Morgan	21/12/2018	178,125	21/12/2020	21/12/2020	21/12/2021	$0.30	$0.08
R Biancardi	5/03/2019	250,000	1/04/2019	1/04/2019	21/12/2021	$0.25	$0.04
R Biancardi	5/03/2019	250,000	21/12/2019	21/12/2019	21/12/2021	$0.25	$0.04
H Keller	5/03/2019	250,000	1/04/2019	1/04/2019	21/12/2021	$0.25	$0.04
H Keller	5/03/2019	250,000	21/12/2019	21/12/2019	21/12/2021	$0.25	$0.04
R McDonald	5/03/2019	375,000	1/04/2019	1/04/2019	21/12/2021	$0.25	$0.04
R McDonald	5/03/2019	375,000	21/12/2019	21/12/2019	21/12/2021	$0.25	$0.04

The number of options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2019 is set out below:

Directors and Other KMP	Number of options granted during the year		Number of options vested during the year	
	2019	2018	2019	2018
R Biancardi	500,000	–	250,000	–
H Keller	500,000	–	250,000	–
R McDonald	750,000	–	375,000	–
J Kaderavek	750,000	–	750,000	–
M Hill	–	500,000	–	500,000
D Morgan	356,250	–	–	–
A Tong	–	2,250,000	300,000	–

Value of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Directors and Other KMP	Value of options granted during the year ($)	Value of options exercised during the year ($)	Value of options lapsed during the year ($)
R Biancardi	20,915	–	–
H Keller	20,915	–	–
R McDonald	31,373	–	–
J Kaderavek	61,427	–	–
M Hill	–	–	–
D Morgan	28,702	–	–
A Tong	–	–	–

E. Additional information

Movement in shares held

The number of shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties is set out below:

Ordinary Shares	Balance at the start of the year	Received during the year on the exercise options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at the end of the year
R Biancardi	3,227,035	–	–	288,333	3,515,368
H Keller	755,000	–	–	125,834	880,834
R McDonald	–	–	–	–	–
J Kaderavek	2,625,000	–	–	762,585	3,387,585
M Hill	1,184	–	–	(1,184)*	–
D Morgan	–	–	–	50,000	50,000
A Tong	13,605	–	–	175,000	188,605

* *M Hill ceased to be a Key Management Person during the year*

Other than for H Keller and M Hill, none of the shares above are held nominally by the directors or any of the key management personnel.

Movement in options held

The number of options in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties is set out below:

Options	Balance at the start of the year	Granted as part of remuneration	Exercised	Additions	Other changes during the year	Disposals	Balance at the end of the year
R Biancardi	2,306,758	500,000	–	–	–	–	2,806,758
H Keller	1,582,500	500,000	–	100,686	–	–	2,183,186
R McDonald	–	750,000	–	–	–	–	750,000
J Kaderavek	2,750,000	750,000	–	–	–	–	3,500,000
M Hill	500,296	–	–	–	(500,296)^	–	–
D Morgan	–	356,250	–	–	–	–	356,250
A Tong	2,250,000	–	–	–	–	–	2,250,000

^ M Hill ceased to be a Key Management Person during the year

F. Other transactions with key management personnel

Details of other transactions with key management personnel are set out in Note 23.

END OF REMUNERATION REPORT

Corporate Governance

The Company's Corporate Governance Statement and Appendix 4G checklist are released to ASX on the same day the Annual Report is released. The Corporate Governance Statement, and corporate governance policies and charters can both be found at https://www.cobaltblueholdings.com/corporate-governance/.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number under option
31/10/2016	2/05/2020	$0.25	10,540,517
31/01/2017	9/02/2020	$0.25	10,664,883
24/11/2017	2/05/2020	$0.25	2,750,000
21/12/2018	10/07/2021	$0.30	1,144,250
1/04/2019	21/12/2021	$0.25	1,750,000
26/06/2019	21/12/2021	$0.30	698,250
26/06/2019	26/06/2022	$0.30	2,000,000
Total			**29,547,900**

D & O Insurance: Indemnification of Officers or Auditor

The Company has agreed to indemnify and keep indemnified the Directors and Company Secretary against all liabilities incurred as directors and officers of the Company and all legal expenses incurred as directors and officers of the Company.

The indemnity only applies to the extent and in the amount that the directors and officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company, under the general law or otherwise. The indemnity does not extend to any liability:

- To the Company or a related body corporate of the Company; or
- Arising out of conduct of the directors and officers involving a lack of good faith.

No indemnities have been given or insurance premiums paid, during the year, for any person who is or has been an auditor of the Company.

During this financial period, the Company paid insurance premiums of $43,074 in respect of directors' and officers' liability insurance and corporate reimbursement, for directors and officers of the Company. The insurance premiums relate to:

- Any loss for which the directors and officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a director or officer, first made against them jointly or severally during the period of insurance; and
- Indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any director or officer in their capacity as a director or officer, first made against the director or officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual officer of the Company.

Environmental Regulations

The Company's operations are subject to Commonwealth and State laws. As far as the directors are aware the Company has not breached any environmental regulations.

Directors' Report continued

Proceedings on Behalf of the Company

As far as the directors are aware no person has applied for leave of a Court to bring proceedings on behalf of the Company or to intervene in any proceeding to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 35 and forms part of the Directors' Report for the year ended 30 June 2019.

Non-audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

Signed in accordance with a resolution of the Board.

Robert Biancardi
Chairman

Dated 9 September 2019

Auditor’s
Independence Declaration

Nexia Australia

Auditor’s Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Cobalt Blue Holdings Limited for the financial period ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

Nexia Sydney Audit Pty Limited

Stephen Fisher
Director
Dated: 9 September 2019

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Reverse Circulation Drilling at Pyrite Hill

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Revenues from ordinary activities			
Revenue	2	70,331	105,055
Expenses from ordinary activities			
ASX and registry fees		(203,112)	(142,895)
Administrative expenses		(235,997)	(142,884)
Corporate costs		(618,395)	(593,350)
Depreciation and amortisation expenses		(232,943)	(41,553)
Employee benefits expenses	3	(1,097,052)	(577,571)
Interest expense	16	(41,089)	(7,774)
Legal and professional costs		(551,281)	(233,584)
Loss before tax		**(2,909,538)**	**(1,634,556)**
Income tax expense	4	–	–
Loss from continuing operations		**(2,909,538)**	**(1,634,556)**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive loss for the year		**(2,909,538)**	**(1,634,556)**
		Cents	**Cents**
Basic and diluted earnings/(loss) per share	6	(2.4c)	(1.6c)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
Current Assets			
Cash and cash equivalents	7	4,741,180	9,799,566
Security deposits		190,000	–
Receivables	8	46,339	118,714
Other assets	9	86,379	110,252
Total Current Assets		**5,063,898**	**10,028,532**
Non-current Assets			
Property, plant and equipment	10	647,184	695,064
Intangibles	11	72,756	32,443
Security deposits		173,739	65,610
Exploration and evaluation assets	12	15,367,086	8,593,240
Total Non-current Assets		**16,260,765**	**9,386,357**
Total Assets		**21,324,663**	**19,414,889**
Current Liabilities			
Trade and other payables	13	461,975	587,425
Provisions	14	146,844	63,659
Lease liabilities	16	168,563	135,419
Total Current Liabilities		**777,382**	**786,503**
Non-current Liabilities			
Provisions	15	24,115	24,115
Lease liabilities	16	452,752	485,768
Total Non-current Liabilities		**476,867**	**509,883**
Total Liabilities		**1,254,249**	**1,296,386**
Net Assets		**20,070,414**	**18,118,503**
Equity			
Issued capital	17	25,012,521	20,428,609
Reserves	18	829,207	551,670
Accumulated losses		(5,771,314)	(2,861,776)
Total Equity		**20,070,414**	**18,118,503**

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary Share Capital $	Options Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2017	9,904,975	350,000	(1,227,220)	9,027,755
Total loss for the year	–	–	(1,634,556)	(1,634,556)
Issue of ordinary securities	10,951,040	–	–	10,951,040
Issue of options	–	201,670	–	201,670
Cost of issuing ordinary securities	(427,406)	–	–	(427,406)
Balance at 30 June 2018	**20,428,609**	**551,670**	**(2,861,776)**	**18,118,503**
Balance at 1 July 2018	20,428,609	551,670	(2,861,776)	18,118,503
Total loss for the year	–	–	(2,909,538)	(2,909,538)
Issue of ordinary securities	4,791,369	–	–	4,791,369
Issue of options	–	277,537	–	277,537
Cost of issuing ordinary securities	(207,457)	–	–	(207,457)
Balance at 30 June 2019	**25,012,521**	**829,207**	**(5,771,314)**	**20,070,414**

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,167,240)	(1,493,263)
Interest received		66,140	110,142
Interest paid on leased assets		(41,089)	(7,774)
Other		10,468	3,084
Net cash flows used in operating activities	22	**(2,131,721)**	**(1,387,811)**
Cash flows from investing activities			
Payments for exploration expenditure		(7,531,019)	(5,243,047)
Research and development tax incentive refund		337,908	278,253
Payments for plant and equipment		(16,081)	(36,587)
Other non-current assets		(52,550)	(23,315)
Net cash flows used in investing activities		**(7,261,742)**	**(5,024,696)**
Cash flows from financing activities			
Gross proceeds from issue of shares		4,791,369	10,951,040
Cash used as security for bank guarantee		–	(98,129)
Costs related to issue of shares		(207,456)	(437,071)
Payment of lease liabilities		(150,707)	(21,233)
Net cash flows provided by financing activities		**4,433,206**	**10,394,607**
Net increase in cash held		(4,960,257)	3,982,100
Cash at beginning of financial period		9,701,437	5,719,337
Cash at end of financial period	7	**4,741,180**	**9,701,437**

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the
Financial Statements

1 Statement of Significant Accounting Policies

The financial statements cover Cobalt Blue Holdings Limited, incorporated and domiciled in Australia (COB or the Company). The Company has no subsidiaries or controlled entities.

Basis of preparation

These financial statements are general purpose financial statements, prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention unless otherwise described in the accounting policies.

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

The financial statements were authorised for issue on 9 September 2019 by the Board of Directors.

(a) New and amended standards

New and amended standard adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2018:

- AASB 9 Financial Instruments and related amending Standards
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

AASB 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets and general hedge accounting.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In relation to the impairment of financial assets, an expected credit loss model is required to be used. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The adoption of these standards did not have any impact on the amounts recognised in prior periods.

The Company elected to adopt early AASB 15 Revenue from Contracts with Customers and AASB 16 Leases for its annual reporting period commencing 1 July 2017.

New Accounting Standards and interpretations not early adopted

Conceptual Framework for Financial Reporting

The AASB has issued a Conceptual Framework for Financial Reporting ('Framework'). The main purpose of the Framework is to assist the AASB in developing accounting standards and assist financial report preparers to develop accounting policies when there is no specific or similar standard that addresses a particular issue and to assist all parties to understand and interpret the standards. The Framework include the definition and recognition criteria for assets, liabilities, income and expenses and other relevant financial reporting concepts. The Framework is mandatorily effective for the Company's annual reporting period beginning on or after 1 January 2020. The Company is currently considering the impact of the Framework and timing of adoption.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest Income

Interest income is recognised as it accrues, taking into account the effective yield on the financial assets.

Government Grants

Government grants are initially recognised as deferred income at fair value and when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant, they are then recognised in profit or loss as other income on a systematic basis over the life of the asset. Grants that compensate the company for expenditure capitalised are recognised as a reduction in the carrying value of the asset and grants that compensate the company for expenditure recognised in profit or loss is recognised as government grant income.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST. The amounts of GST recoverable from, or payable to, the ATO are included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cashflows arising from investing or financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense or benefit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Earnings per share

Basic earnings per share (EPS) is calculated by dividing:

- the net profit or loss attributable to members of the Company for the reporting period, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(f) Fair Value

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(g) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing expenses and maintenance are expensed as incurred.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation and amortisation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The estimated useful lives for each class of assets are as follows for the current and preceding financial year:

Plant and equipment	3–4 years
Leasehold improvements	4 years
Leased Assets	3–4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(h) Interest in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the Company's financial statements. Where the Company participates in, but does not have joint control of, a joint operation, the Company recognises its beneficial interest in each of the assets, liabilities, revenues and expenses of that operation.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(i) Exploration and Evaluation assets

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(j) Leases

The Company leases properties and office equipment. Rental contracts are typically made for fixed periods of 3 to 4 years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss, (unless the costs are included in the carrying amount of another asset applying other applicable Accounting Standards) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and restoration or make good requirements.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Impairment of Assets

Financial Instrument Assets

See Note 1(a).

Other Assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment is loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the equity proceeds.

(n) Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are stated at cost less impairment losses. Refer to Note 1(v).

(o) Trade and other payables

These amounts represent liabilities for goods and services received by the Company that remain unpaid at the end of the financial year. Trade and other payables are stated at cost. Trade payables are non-interest bearing and are normally paid within 30 days of recognition.

(p) Provisions

Provision for legal claims, make good obligations and other claims are recognised when a legal or constructive obligation exists as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expected future payments are discounted using market yields at the reporting date on Australian Corporate bonds with terms to maturity and currency that match, as closely as possible, the estimate future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(r) Share-based payments

Equity-settled share-based compensation benefits are provided to directors, employees and third parties that provide services to the Company. There were no cash settled share-based payments during the financial year.

Equity-settled transactions are awards of shares or options over shares that are provided to parties in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date.

Fair value is determined using either option pricing models or available market prices. Option pricing models take into account the exercise price, the term of the option, the strike price of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that are not dependent on whether the Company receives the services that entitle the party to receive payment.

No account is taken of any other vesting conditions. When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, the cost is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss (or as an asset where applicable) for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining grant date fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or grantee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or grantee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(s) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(t) Intangibles

The cost of purchased software is capitalised as an intangible asset and amortised over its effective life, usually between 3-5 years. Costs associated with maintaining software programmes are recognised as an expense as incurred.

The cost of separately acquired trademarks and licences are shown at historical cost. Costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefits, being 20 years.

(u) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(v) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. When required, recoverable amounts of relevant assets are reassessed using the higher of fair value less cost to sell and value in use calculations which incorporate various key assumptions.

Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences and tax losses only when management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised. Based on the uncertainty of the timing of future profits management have not recognised any deferred tax assets.

Exploration and evaluation asset

As set out in Note 1(i) exploration and evaluation expenditure is capitalised for an area of interest for which it is considered likely to be recoverable from future exploitation or sale. The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available.

In respect of the expenditure recognised as an exploration and evaluation asset under AASB 6 'Exploration for and Evaluation of Mineral Resources', the Company has assessed that the exploration activities are not yet sufficiently advanced to make an assessment about the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

Share based payment transactions

The company measures the cost of equity-settled transactions with directors, employees or third parties by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using the option price models or market valuations. The related assumptions are detailed in Note 19. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

2 Revenue from operating activities

	2019 $	2018 $
Interest received	58,822	102,241
Other Revenue	11,509	2,814
Total Revenue	**70,331**	**105,055**

3 Employee benefits expenses

Remuneration expenses	966,008	493,026
Post-employment benefits:		
Accumulated benefit superannuation plans	79,471	24,545
Share-based payments		
Equity settled payments*	122,966	60,000
Sub-total	**1,168,445**	**577,571**
Less amounts capitalised as part of exploration and evaluation	(71,393)	–
Total employee benefits expenses	**1,097,052**	**577,571**

* *Equity-settled share-based payments expense relates to employee share options granted during the financial year and amortisation of share options granted in prior reporting periods. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.*

4 Income tax benefit

	2019 $	2018 $
The components of the tax benefit comprise:		
Current tax	–	–
Deferred tax – origination and reversal of temporary differences	–	–
Aggregate income tax expense	**–**	**–**

Numerical reconciliation of income tax expense and tax at the statutory rate:

	2019 $	2018 $
Loss before income tax from continuing operations	**(2,909,538)**	**(1,634,556)**
Tax at the statutory rate of 27.5%	(800,123)	(449,503)

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

	2019 $	2018 $
Non-allowable items	78,583	16,500
Tax losses not brought to account	2,728,945	1,943,869
Exploration expenditure deductible	(1,911,884)	(1,450,717)
Other allowable items	(95,521)	(60,149)
Income tax expense	**–**	**–**
Unused tax losses for which no deferred tax loss has been recognised	18,296,524	8,426,166
Potential tax benefit @27.5%	5,031,544	2,317,196

Deferred tax assets (liability) not recognised are attributable to:

	2019 $	2018 $
Exploration and evaluation expenditure	(3,527,350)	(1,738,555)
Prepayments	13,168	(30,319)
Interest receivable	(301)	(2,313)
Employee entitlements	16,237	19,286
Accrued expenses	19,880	19,481

The benefit of deferred tax assets and tax losses will only be obtained if the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; continues to comply with the conditions for deductibility imposed by the tax legislation; and there are no changes in tax legislation adversely affecting the company in realising the benefit from the deductions for the losses.

5 Auditor's remuneration

	2019 $	2018 $
Audit or review of the financial statements	42,000	39,000
Other assurance services	2,556	–
Non-audit services by associated entities of the auditor:		
– other advisory services	3,154	3,110
– share registry	–	20,031
	47,710	**62,141**

6 Earnings per share

	2019 $	2018 $
Earnings/(Loss) for the year used to calculate basic and diluted earnings per share	(2,909,538)	(1,634,556)
Weighted average number of shares outstanding during the year used for the calculation of basic and diluted earnings per share	122,176,466	103,706,056
Basic and diluted earnings/(loss) per share	(2.4c)	(1.6c)

7 Cash and cash equivalents

	2019 $	2018 $
Short term deposits	–	8,800,000
Cash at bank and on hand	4,741,180	999,566
	4,741,180	**9,799,566**

Short term deposits disclosed above and in the statement of cashflows are subject to a security interest of $98,129 issued to the Company's Banker in regard to an office lease guarantee and is not therefore available for general use by the Company.

8 Trade and other receivables – current

Other receivables	**46,339**	**118,714**

9 Other assets – current

Prepayments	**86,379**	**110,252**

10 Property, plant and equipment

	Right of use assets	Leasehold Improvements	Furniture and Office Equipment	Site Buildings	Total
Year ended 30 June 2018					
Opening Balance	–	–	–	28,830	28,830
Additions	579,124	80,645	40,174	7,205	707,148
Depreciation expense	(25,277)	(1,891)	(1,416)	(12,330)	(40,914)
Closing Balance	**553,847**	**78,754**	**38,758**	**23,705**	**695,064**
At cost	579,124	80,645	40,174	36,035	735,978
Accumulated Depreciation	(25,277)	(1,891)	(1,416)	(12,330)	(40,914)
At 30 June 2018	**553,847**	**78,754**	**38,758**	**23,705**	**695,064**
Year ended 30 June 2019					
Opening Balance	553,847	78,754	38,758	23,705	695,064
Additions	150,835	–	12,055	–	162,890
Depreciation expense	(161,507)	(21,397)	(14,654)	(13,212)	(210,770)
Closing Balance	**543,175**	**57,357**	**36,159**	**10,493**	**647,184**
At cost	729,959	80,645	52,229	36,035	898,868
Accumulated Depreciation	(186,784)	(23,288)	(16,070)	(25,542)	(251,684)
At 30 June 2019	**543,175**	**57,357**	**36,159**	**10,493**	**647,184**

11 Intangibles

	Software	Patents	Total
Year ended 30 June 2018			
Opening Balance	–	–	–
Additions	23,315	9,767	33,082
Amortisation expense	(639)	–	(639)
Closing Balance	**22,676**	**9,767**	**32,443**
At cost	23,315	9,767	33,082
Accumulated Amortisation	(639)	–	(639)
At 30 June 2018	**22,676**	**9,767**	**32,443**
Year ended 30 June 2019			
Opening Balance	22,676	9,767	32,443
Additions	52,550	9,936	62,486
Amortisation expense	(21,721)	(452)	(22,173)
Closing Balance	**53,505**	**19,251**	**72,756**
At cost	75,865	19,703	95,568
Accumulated Amortisation	(22,360)	(452)	(22,812)
At 30 June 2019	**53,505**	**19,251**	**72,756**

12 Exploration and evaluation expenditure

	2019 $	2018 $
Balance at beginning of the financial year	8,593,240	3,289,220
Additions	7,111,754	5,582,543
R&D tax incentive on exploration asset off-set	(337,908)	(278,523)
Balance at end of the financial year	**15,367,086**	**8,593,240**

Recoverability of the carrying amount of the exploration asset is dependent on the successful development of the Broken Hill Cobalt Project, which, subject to the following, is carried out through a joint operation as the parties are tenants in common in the assets and liabilities relating to the project.

COB is party to an Exploration Farmin Joint Venture Agreement dated 31 October 2016 (as amended) (JVA) with Broken Hill Prospecting Limited (BPL), together 'Joint Venturers' for the purposes of the JVA. The JVA provided that the Joint Venturers have agreed to enter into a joint venture to explore for minerals in the area of the Tenements on the terms set out in the JVA. COB was appointed as the first manager of the Joint Venture.

The JVA also provided COB with the right, but not the obligation, to earn additional interests (and up to 100%) in the Joint Venture by meeting set milestones.

On executing the JVA, COB acquired a 51% beneficial ownership interest in the Joint Venture, which was conditional on COB complying with the 'Stage 1' Earning Period milestones set out in the JVA. COB met these milestones and BPL subsequently confirmed COB had retained the 51% interest.

On 5 September 2018, BPL announced that it had accepted to its satisfaction, that COB had met the 'Stage 2' Earning Period milestones and COB now held a 70% interest in the joint venture.

On 24 October 2018, COB elected out of the Earning Period process of the JVA. COB subsequently called Joint Venture Management Committee meetings at which work programs and budgets were discussed and approved by the Joint Venture Management Committee. COB, as Joint Venture Manager, then issued BPL and COB with a Billing Statement, specifying a Called Sum for payment within 7 days, as provided for in the JVA.

On 26 November 2018, after no monies were received from BPL, a Non-Payment Notice was issued to BPL.

On 29 November 2019 BPL issued an Optional Dilution Notice advising it did not wish to contribute to Joint Venture activities. COB was therefore required to fund BPL's 30% share of the work programs and budgets approved by the Joint Venture Management Committee.

The JVA provides that if a Dilution Notice has been given, then throughout the period of the applicable Program and Budget, the Manager must recalculate the Joint Venture Interest of each Joint Venturer in accordance with the Dilution Formula set out in the JVA, when, inter-alia, the Joint Venture Interest of a Diluting Joint Venturer reduces to the Minimum Interest or less. The Minimum Interest is 5% of the Joint Venture.

The JVA also provides that if a Joint Venturer reduces by dilution to less than the Minimum Interest, then that Joint Venturer is deemed to have withdrawn from the Joint Venture.

Following a recalculation of Joint Venture Interests, BPL was advised on 18 February 2019, that its Joint Venture Interest had reduced to 4.75%. Because BPL's reduced interest was now less than the Minimum Interest, BPL is deemed to have withdrawn from the Joint Venture. Consequently, in accordance with the JVA, COB wrote to BPL requesting it:

- surrender absolutely to COB all of its Joint Venture Interest
- within thirty (30) days execute and deliver all deeds and documents necessary for, and complete, the transfer of its Joint Venture Interest to COB
- pay all stamp duty and other transfer costs which become payable upon BPL transferring its Joint Venture Interest to COB.

Following COB's election notice to withdraw from the Earning Period process, BPL ultimately issued a total of six dispute notices over the period November 2018 to February 2019, with BPL disputing, inter-alia:

- the validity of the 2018-19 Drilling Exploration Program
- the identity of the Manager of the Joint Venture
- the basis and methodology for calculating future royalties
- the application of the Dilution formula specified in the JVA
- that COB delivered a PFS and met the Stage 2 Earning Period obligations set out in the JVA
- that BPL had been diluted below 5% and had withdrawn from the Joint Venture.

Five of the dispute notices were issued under the JVA and one issued under a separate Royalty Deed with BPL. Following an extensive period of negotiation, COB elected in March 2019 to have four of the five JVA disputes issued by BPL determined by an Independent Expert. Subsequently, COB and BPL elected to have the remaining JVA Dispute determined by the Independent Expert.

COB maintains it has acted in accordance with the JVA and BPL's claims are without merit. The Independent Expert has yet to issue his determination. The carrying value of Exploration and evaluation expenditure is unaffected by the outcome of the dispute with BPL.

13 Trade and other payables – current

	2019 $	2018 $
Trade payables	245,253	340,391
Other creditors and accruals	216,722	247,034
	461,975	**587,425**

14 Provisions – current

	2019	2018
Employee benefits	134,042	63,659
Provision for rehabilitation	12,802	–
	146,844	**63,659**

15 Provisions – non-current

	2019	2018
Make good provision	**24,115**	**24,115**

16 Leases

(i) Amounts recognised in the statement of financial position

Right of use assets	2019 $	2018 $
Office Properties	405,713	547,673
Residential Properties	133,400	–
Office equipment	4,062	6,174
	543,175	**553,847**

2019 additions to leased assets: $150,835 (2018: $579,124)

Lease Liabilities

	2019 $	2018 $
Current	168,563	135,419
Non-current	452,752	485,768
	621,315	**621,187**

(ii) Amounts recognised in the statement of profit and loss

	2019 $	2018 $
Depreciation charge of leased property assets	184,496	25,101
Depreciation of leased office equipment	2,288	176
	186,784	**25,277**
Interest expense	41,089	7,774

The lease terms are industry standard for the assets involved. The leased residential properties are located in Broken Hill, NSW. The leases for these properties expire in January 2023, however may be terminated with two months' notice at a modest cost.

17 Issued capital

	2019		2018	
Fully paid ordinary shares	**Number**	**$**	**Number**	**$**
Balance at beginning of the financial year	116,056,758	20,428,609	95,000,000	9,904,975
Exercise of options – proceeds received	423,673	105,918	2,599,164	647,685
Share Placement at $0.12 per share	4,166,666	500,000	–	–
Share Entitlement Issue at $0.12 per share	20,820,423	2,498,451	–	–
Share Placement at $0.20 per share	8,435,000	1,687,000	–	–
Share Placement at $0.22 per share	–	–	11,363,635	2,500,000
Share Placement at $1.10 per share	–	–	7,093,959	7,803,355
Capital raising costs	–	(207,457)	–	(427,406)
Balance at end of the financial year	**149,902,520**	**25,012,521**	**116,056,758**	**20,428,609**
Unescrowed, listed on ASX	149,902,520		95,564,574	
Escrowed	–		20,492,184	
Total	**149,902,520**		**116,056,758**	

Terms and Conditions of Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. The Company does not have a limited amount of authorised capital and ordinary shares have no par value.

Options	Weighted average exercise price $	2019 Number	2019 $	2018 Number	2018 $
Balance at beginning of the financial year	$0.25	24,354,073	551,670	21,207,865	350,000
Director Options issued for nil consideration	$0.25	1,750,000	49,079	500,000	60,000
Exercised during the financial year	$0.25	(423,673)	–	(2,599,164)	–
Options issued as part of placement	$0.25	–	–	2,840,911	–
Options issued for nil consideration as part of IPO	$0.25	25,000	–	154,461	–
Options issued for nil consideration issued to contractors	$0.25	–	70,998	2,250,000	141,670
Options issued to Chief Executive Officer for nil consideration	$0.30	750,000	61,427	–	–
Options issued to employees under Employee Share Option Plan	$0.30	394,250	12,460	–	–
Options issued to contractors under Employee Share Option Plan	$0.30	698,250	351	–	–
Options issued to Blue Ocean Equities Pty Ltd as part of the remuneration for its corporate advisory role	$0.30	2,000,000	83,222	–	–
Balance at the end of the financial year		**29,547,900**	**829,207**	**24,354,073**	**551,670**
Options quoted on ASX		22,005,400		11,241,659	
Options not quoted on ASX		7,542,500		13,112,414	
Total		**29,547,900**		**24,354,073**	

Terms and Conditions of Options

Options quoted on the ASX expire on 2 May 2020 and have an exercise price of $0.25.

Options not quoted on the ASX have the terms set out in Note 19.

Capital Management

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of share issues and debt levels. Capital refers to total shareholders' equity. There has been no change to capital management objectives.

The Company is not subject to externally imposed capital requirements.

Parent entity

The Company has no parent entity.

18 Share Based Payments Reserve

	2019 $	2018 $
Share based payments reserve	829,207	551,670
Movement in reserves		
Balance at beginning of the financial year	551,670	350,000
Share based payments	277,537	201,670
Balance at end of the financial year	**829,207**	**551,670**

19 Share-based payments

The Company has issued options to directors, employees and consultants of the Company. Set out below are summaries of options granted:

Options outstanding at the beginning of the financial year	9,750,000	7,000,000
Options granted	5,592,500	2,750,000
Options exercised during period	–	–
Options outstanding at the end of the financial year	**15,342,500**	**9,750,000**
Total expense or asset recognised from share-based payments	277,537*	201,670

* *$71,344 of this amount was capitalised to Exploration and Evaluation Assets (2018: $141,670).*

Set out below are summaries of options granted during the current or prior year:

Grant Date	Expiry Date	Exercise Price	Vesting conditions	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the year
12/12/2017	2/05/2020	$0.25	D	2,250,000	–	–	–	2,250,000
12/12/2017	2/05/2020	$0.25	A	500,000	–	–	–	500,000
27/11/2018	10/07/2021	$0.30	A	–	750,000	–	–	750,000
21/12/2018	21/12/2021	$0.30	B	–	394,250	–	–	394,250
5/03/2019	21/12/2021	$0.25	C	–	1,750,000	–	–	1,750,000
14/06/2019	26/06/2022	$0.30	A	–	2,000,000	–	–	2,000,000
14/06/2019	21/12/2021	$0.30	B	–	698,250	–	–	698,250

Vesting conditions are summarised below:

A. Vest immediately

B. Subject to continuous service and satisfactory performance, 50% vest on 21/12/2019, with the remainder vesting on 21/12/2020.

C. 50% vest on 1/04/2019, with the remainder vesting on 21/12/2019.

D. These options vest in accordance with the performance criteria below.

		Number of Options	Options vested
1.	Pre-feasibility study is delivered on or before 30 April 2018 or such later date reasonably determined by the Company's Board due to events outside his control*.	300,000	300,000
2.	On the earlier of 31 October 2018 or the date on which 1,000 tonnes of Thackaringa ore has been fully processed or such later date as reasonably determined by the Company's Board due to events outside his control.	300,000	300,000^
3.	On the earlier of 31 December 2018 or the date on which (a) A targeted mass (Board approved) of Thackaringa ore has been fully processed, and (b) Completion of bulk metallurgical testing as required to support a bankable feasibility study that will be delivered as part of the Company's Stage 3 obligations or such later date as reasonably determined by the Company's Board due to events outside his control.	650,000	–
4.	If the bankable feasibility study is delivered on or before 30 June 2019 or such later date reasonably determined by the Company's Board due to events outside his control.	1,000,000	–
Total		**2,250,000**	**600,000**

* *This date was later extended by the Board to 20 July 2018 to reflect events outside the control of Dr Tong. These options vested during the 2019 Financial Year.*

^ *These options vested subsequent to 30 June 2019.*

For the options granted during the 2019 financial year a Black-Scholes pricing model was used to value the options. The valuation model inputs to determine the fair value at the grant date are as follows:

Grant Date	Expiry Date	Share Price at grant date	Exercise Price	Expected volatility	Dividend Yield	Risk-free Interest Rate	Fair value at grant date
27/11/2018	10/07/2021	$0.22	$0.30	70%	–%	2.13%	$0.08
21/12/2018	21/12/2021	$0.20	$0.30	70%	–%	2.13%	$0.08
5/03/2019	21/12/2021	$0.15	$0.25	70%	–%	1.53%	$0.04
14/06/2019	26/06/2022	$0.15	$0.30	70%	–%	1.00%	$0.04
14/06/2019	21/12/2021	$0.15	$0.30	70%	–%	1.00%	$0.04

Historical volatility of a basket of similar entities was used to estimate expected volatility. For options granted during the 2018 financial year, the market price of the Company's traded options at the date of grant was used to determine fair value.

20 Capital and other Expenditure Commitments

	2019 $	2018 $
Not longer than 1 year	625,119	634,316
Longer than 1 year and not longer than 5 years	7,078	550,529
	632,197	**1,184,845**

21 Financial Instruments

Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

Liquidity Risk Management

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the Board which meets on a regular basis to review financial risk exposure and to evaluate treasury management strategies in the context of current economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Company to meet its financial targets while minimising potential adverse effects on financial performance. The following tables detail the Company's remaining contractual maturity for its financial liabilities at the reporting date. The amounts are gross and undiscounted.

		Contractual cash flows			
	Carrying amount	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Total
	$	$	$	$	$
30 June 2019					
Non-derivatives (Non-Interest bearing)					
Trade payables	245,253	245,253	–	–	245,253
Other creditors and accruals	216,722	216,722	–	–	216,722
Lease liabilities	621,315	228,284	252,992	216,327	697,603
Total	**1,083,290**	**690,259**	**252,992**	**216,327**	**1,159,578**
30 June 2018					
Non-derivatives (Non-Interest bearing)					
Trade payables	340,391	340,391	–	–	340,391
Other creditors and accruals	247,034	247,034	–	–	247,034
Lease liabilities	621,187	176,508	183,904	354,557	714,969
Total	**1,208,612**	**763,933**	**183,904**	**354,557**	**1,302,394**

Financial Risk Exposure and Management

The main risk the Company is exposed to through its financial instruments is interest rate risk. Interest rate risk is managed with a mixture of fixed and floating rate deposits. It is the policy of the Company to keep generally surplus cash in higher yielding deposits.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company. Credit risk is managed through the maintenance of procedures ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness.

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statements of financial position. Receivables represent GST and bank interest receivable. The maximum exposure to credit risk at balance date in respect of these receivables is therefore considered to be nil. The Company's exposure to interest rate risk and the effective interest rate on financial assets and liabilities at reporting date are set out below:

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing 1 year or less	Fixed interest maturing 1 year to 5 years	Non-interest bearing	Total
		$	$	$	$	$	$
30 June 2019							
Financial Assets							
Cash & cash equivalents	7	0.47%	4,626,271	–	–	114,909	4,741,180
Receivables	8	n/a	–	–	–	46,339	46,339
Security Deposits		1.5%	–	98,129	–	265,610	363,739
Total financial assets			**4,626,271**	**98,129**	**–**	**426,858**	**5,151,258**
Financial Liabilities							
Trade and other creditors	13	n/a	–	–	–	461,975	461,975
Lease liabilities	16	n/a	–	–	–	621,315	621,315
Total financial liabilities			**–**	**–**	**–**	**1,083,290**	**1,083,290**
Net Financial Assets							**4,067,968**
30 June 2018							
Financial Assets							
Cash & cash equivalents	7	2.15%	963,971	8,800,000	–	35,595	9,799,566
Receivables	8	n/a	–	–	–	118,714	118,714
Security Deposits		n/a	–	–	–	65,610	65,610
Total financial assets			**963,971**	**8,800,000**	**–**	**219,919**	**9,983,890**
Financial Liabilities							
Trade and other creditors	13	n/a	–	–	–	587,425	587,425
Lease liabilities	16	n/a	–	–	–	621,187	621,187
Total financial liabilities			**–**	**–**	**–**	**1,208,612**	**1,208,612**
Net Financial Assets							**8,775,278**

Net Fair Value

The net fair value of financial assets and liabilities at balance date approximates their carrying amount.

Interest Rate Sensitivity Analysis

At financial year end, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Change in profit and equity:

	2019	2018
	$	$
Increase in interest rate by 2%	492	4,220
Decrease interest rate by 2%	(492)	(4,220)

22 Cash Flow Information

(a) Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities

	2019 $	2018 $
Loss after income tax	(2,909,538)	(1,634,556)
Adjustments for:		
Depreciation	232,943	41,552
Issue of options	206,193	60,000
Change in assets and liabilities:		
Increase in employee entitlements	70,383	55,211
Increase in other receivables	57,033	43,129
Increase in other assets	23,873	(16,358)
Increase in payables – operating	187,392	63,211
Net cashflows used in operating activities	**(2,131,721)**	**(1,387,811)**

(b) Non-Cash financing and investing activities

Reconciliation of liabilities arising from financing activities

	30 June 2018 $	Cashflows $	Non-cash changes New leases $	30 June 2019 $
Lease liabilities	621,187	(150,707)	150,835	621,315

There were no non-cash investing activities during the financial period, other than the recognition of share-based payments of $71,344 (2018: $141,670) in Exploration and Evaluation Assets.

23 Related Party Transactions

i) Key Management Personnel compensation

Disclosure relating to directors and key management personnel including remuneration and equity instruments disclosures are provided in the Remuneration Report contained within the Directors' Report.

	2019 $	2018 $
Short Term Benefits (Salaries, fees and bonuses)	933,804	599,007
Post-Employment Benefits (Superannuation)	60,302	21,689
Equity Settled Share Based Payments	192,764	201,670
	1,186,870	**822,366**

ii) Other transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

The Minera Group Pty Ltd was paid $30,000 during the financial year ending 30 June 2019 in relation to the financial period for consulting services rendered to the Company by Mr McDonald, prior to his appointment as a director. Mr McDonald was appointed to the position of Director of the Company effective 1 January 2019.

Broken Hill Prospecting Limited ('BPL') was paid $53,450 during the financial year ending 30 June 2018 for services rendered to the Company by Mr Johnston, who is the Chief Executive Officer of BPL and a former Director of the Company.

24 Operating Segments

Business segment

The Company is organised into one operating segment being the exploration and evaluation of early stage Cobalt resources. Therefore, the segment details are fully reflected in the results and balances reported in the Statement of Profit or Loss and Statement of Financial Position. This is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

Segment accounting policies

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

25 Subsequent Events

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Directors' **Declaration**

In accordance with a resolution of the Directors of Cobalt Blue Holdings Limited, the Directors of the Company declare:

1 that the financial statements and notes set out in pages 37 to 59 are in accordance with the *Corporations Act 2001*, and:

   (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company; and

   (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2 that the Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*; and

   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial period give a true and fair view;

3 In the Directors' opinion, 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 the Directors.

Robert Biancardi
Chairman

Dated 9 September 2019

Image by Vlad Vasnetsov

Independent
Auditor's Report

Independent Auditor's Report to the Members of Cobalt Blue Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cobalt Blue Holdings Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Independent Auditor's Report continued

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation expenditure ***Refer to note 12 (Exploration and Evaluation Expenditure)*** At 30 June 2019, the Company has capitalised exploration assets of \$15.367m. The Company's accounting policy in respect of exploration and evaluation assets is outlined in Note 1(i). This is a key audit matter because the carrying value of the assets are material to the financial statements, the nature of the farm-in agreement entered into with a third party for the exploration of the mining tenements is complex and in dispute, significant judgements have been applied in determining whether an indicator of impairment exists in relation to capitalized expenditure assets in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources.*	Our procedures included, amongst others: ▪ We confirmed the existence and tenure of the exploration assets in the Thackaringa Project area in which the Company has a contracted interest by obtaining confirmation of title. ▪ We obtained executed agreements evidencing the Company's interest in those exploration assets and confirmed the currency and good standing of those agreements. ▪ We determined that the classification of the Company's activities under the farm-in agreement continues to be appropriate. ▪ In assessing whether an indicator of impairment exists in relation to the Company's exploration assets in accordance with AASB 6 – *Exploration for and Evaluation of Mineral Resources*, we: • reviewed the minutes of the Company's board meetings, market announcements and management assessment. • reviewed the legal advices received by the Company in relation to the dispute with the other party to the farm-in agreement. • tested the significant inputs in the Company's cash flow forecasts for consistency with their future activity regarding the exploration assets. • discussed with management the Company's ability and intention to undertake further exploration activities. ▪ We tested a sample of additions of capitalised exploration expenditure to supporting documentation.

Other information

The Directors are responsible for the other information. The other information comprises the information in Cobalt Blue Holdings Limited's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 32 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Cobalt Blue Holdings Limited for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Sydney Audit Pty Limited

Stephen Fisher
Director

Dated: 9 September 2019
Sydney


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Additional
Information

The shareholder information set out below was applicable as at 15 August 2019.

A. Distribution of equity securities

Analysis of equity security holders by size of holding

Shares	Numbers of shareholders	Ordinary Shares Held	% Units
1–1,000	362	219,351	0.15
1,001–5,000	1,023	2,980,993	1.99
5,001–10,000	512	4,038,382	2.69
10,001–100,000	1,051	36,150,847	24.12
100,001 Over	220	106,512,947	71.05
Total	**3,168**	**149,902,520**	**100.00**

There were 1,142 holders of less than a marketable parcel of ordinary shares (12.5 cents each share).

Quoted Options	Number of option holders	Options Held	% Units
1–1,000	216	118,625	0.54
1,001–5,000	166	428,055	1.95
5,001–10,000	88	649,906	2.95
10,001–100,000	140	4,495,134	20.43
100,001 Over	32	16,313,680	74.13
Total	**642**	**22,005,400**	**100.00**

There were 553 holders of less than a marketable parcel of ordinary shares (1.8 cents each option).

B. Equity security holders

The names of the twenty largest holders of shares are listed below:

Rank		Ordinary Shares Held	% Units
1	CITICORP NOMINEES PTY LIMITED	15,572,602	10.39
2	HILL FAMILY GROUP PTY LTD	6,031,321	4.02
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,837,079	3.23
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,787,166	1.86
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,722,638	1.82
6	ZACOB PTY LTD <R&L BIANCARDI SUPER FUND A/C>	2,377,207	1.59
7	PEARCE FINANCIAL SERVICES PTY LTD <TOM PEARCE SUPERFUND A/C>	1,900,000	1.27
8	MR JOSEF THOMAS KADERAVEK + MS ARIANE LOUISE KADERAVEK <KADERAVEK SUPERFUND A/C>	1,895,834	1.26
9	ILWELLA PTY LTD	1,855,834	1.24
10	SEAHORSE CHAMBERS ENTERPRISES PTY LTD <SEAHORSE FAMILY TRUST A/C>	1,500,000	1.00
11	MR JOSEF THOMAS KADERAVEK + MS ARIANE LOUISE KADERAVEK <KADERAVEK FAMILY TRUST A/C>	1,166,667	0.78
12	ONMELL PTY LTD <ONM BPSF A/C>	1,158,963	0.77
13	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	1,155,596	0.77
14	HORNET COMPUTER SYSTEMS PTY LIMITED	1,100,000	0.73
15	HAVELOCK MINING INVESTMENT LTD	1,086,364	0.72
15	JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	1,065,807	0.71
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,064,500	0.71
18	KARSCROFT PTY LTD <TABART SUPER FUND A/C>	1,040,543	0.69
19	SOON ENTERPRISES PTY LTD <LOH FAMILY SUPER FUND A/C>	1,025,365	0.68
20	COONAN FAMILY SUPERANNUATION FUND PTY LTD <COONAN FAMILY S/F A/C>	1,000,000	0.67
Total		**52,343,486**	**34.92**

The names of the twenty largest holders of quoted options are listed below:

Rank		Options Number Held	% Units
1	MR JOSEF THOMAS KADERAVEK + MS ARIANE LOUISE KADERAVEK <KADERAVEK FAMILY TRUST A/C>	2,750,000	12.50
2	ZACOB PTY LTD <R&L BIANCARDI SUPER FUND A/C>	2,123,468	9.65
3	HILL FAMILY GROUP PTY LTD	2,035,185	9.25
4	MR HUGH D H KELLER	1,683,186	7.65
5	MR ANTHONY JOHNSTON	779,606	3.54
6	LIDO TRADING LTD	625,000	2.84
7	HAVELOCK MINING INVESTMENT LTD	568,182	2.58
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	539,013	2.45
9	MATTHEW GEOFFREY HILL	500,000	2.27
10	SJSB PTY LTD	487,500	2.22
11	AUSSIE & POLISH CORPORATION PTY LTD <ZAREBAS SMSF A/C>	451,563	2.05
12	MR DARREN JEFFERY HARGREAVES	315,442	1.43
13	MINERALS & RESIDUES PTY LTD <ANDREW & LISA TONG FAM A/C>	300,000	1.36
14	GREGORACH PTY LTD	278,343	1.26
15	MR RAJASHEKAR GOTTIPATI	271,725	1.23
16	SEAHORSE CHAMBERS ENTERPRISES PTY LTD <SEAHORSE FAMILY TRUST A/C>	250,000	1.14
17	HONG KONG FAR EAST CAPITAL LIMITED	229,743	1.04
17	IPS NOMINEES LIMITED	218,617	0.99
17	MRS SHARON LINDA MAROSA	206,563	0.94
20	SOON ENTERPRISES PTY LTD <LOH FAMILY SUPER FUND A/C>	187,236	0.85
Total		**14,800,372**	**67.26**

Additional Information continued

C. Unquoted Options

Name of Option Holder	Shares the Option Holder is Entitled to	Exercise Price	Option Expiry Date
Zacob Pty Ltd (R&L Biancardi Super Fund A/C)	500,000	$0.25	21 December 2021
Votraint (HK Super) Pty Ltd <Travinto No 20 Superannuation Fund>	500,000	$0.25	21 December 2021
The Minera Group Pty Ltd	750,000	$0.25	21 December 2021
Josef Thomas Kaderavek	750,000	$0.30	10 July 2021
Minerals & Residues Pty Ltd <Andrew & Lisa Tong Fam A/C>	1,950,000	$0.25	02 May 2020
9 participants under Employee Option Plan	1,092,500	$0.30	21 December 2021
Blue Ocean Equities Pty Ltd	2,000,000	$0.30	26 June 2022
Total	**7,542,500**		

D. Substantial holders

Substantial holders in the Company, as disclosed in substantial notices to the ASX and Company are set out below:

Shareholder name	Number of Votes held	Percentage of total votes
LG International Corp.	7,093,959	6.19%

E. On market buy back

There is no current on market buy back.

F. Voting rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. Option holders have no rights until the Options are exercised.

G. Securities Exchange Listing

The Company's securities are listed on the Australian Securities Exchange.

The Company's ASX code for ordinary shares is COB and options COBO.

H. Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 30 June 2019 is available for members to download and access from https://www.cobaltblueholdings.com/corporate-governance/.

Corporate **Directory**

COMPANY

Cobalt Blue Holdings Limited
ABN 90 614 466 607

REGISTERED OFFICE

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Level 17, 100 Miller Street
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DIRECTORS

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

COMPANY SECRETARY

Robert J. Waring

AUDITOR

Nexia Sydney Audit Pty Limited

Level 16, 1 Market Street
Sydney NSW 2000 Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited

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Commonwealth Bank of Australia

LEGAL ADVISERS

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