Quarterly Report

30 July 2018

April to June 2018 – Highlights

Cobalt Blue Holdings Limited

A Green Energy Exploration Company

ASX Code: **COB**

Commodity Exposure:
Cobalt & **Sulphur**

Directors & Management:

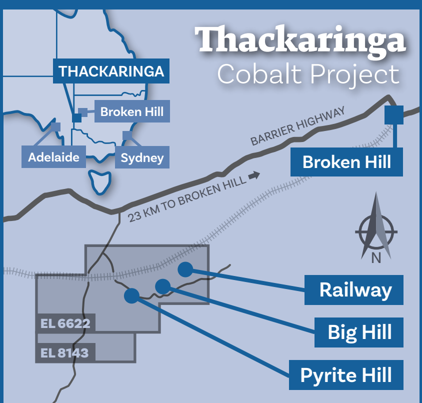
Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Matt Hill	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Robert Waring	Company Secretary

Capital Structure:

Ordinary Shares at 30/7/2018:	**116.1m**
Options (ASX Code: COBO):	**24.4m**
Market Cap (undiluted):	**$60.4m**

Share Price:

Share Price at 30/7/2018:	**$0.52**



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Projects

Thackaringa Project

- Thackaringa Pre-Feasibility Study successfully delivered
- Thackaringa Project Optimisation Studies underway
- Bankable Feasibility Study commenced

Cobalt Trends

- Cobalt Market Update – near term DRC supply growth impacts pricing. Long term market balance remains very tight.

Corporate

- Thackaringa Project – Strategic Rationale
- HAV MOU test work delivered – technical discussions held

Thackaringa – **Battery Ready Cobalt Sulphate**

Projects

Thackaringa Cobalt Project – Broken Hill NSW

Pre feasibility Study successfully delivered

- Cobalt Blue Holdings Ltd (COB) has now delivered a PFS study for the Thackaringa Cobalt Project and spent a minimum of A$2.5M to achieve Stage 2 goals under the Thackaringa Joint Venture Agreement. COB believes it has fulfilled the requirements of Stage 2 as defined in the Thackaringa Joint Venture Agreement. As such, COB has served notice of this fulfilment to its JV partner, Broken Hill Prospecting Ltd (ASX:BPL).
- Results justify proceeding further towards commercial development of the Thackaringa Cobalt Project. The project has now begun Bankable Feasibility Studies (BFS).
- A maiden Ore Reserve is declared for the Thackaringa Cobalt Project – Probable Ore Reserve of 46.3M tonnes @ 819 ppm cobalt.

A Production Target (Potential Upside Mining Case) was modelled using sensitivity analysis. The Production Target of 58.7M tonnes @ 802ppm cobalt included the Probable Ore Reserve and a partial component of the Inferred Resource. Production Target outcomes are set out in the table below.

Table 1. **Summary of Product Target Financial Model**

Throughput, CAPEX, Costs	Input	Comments
Plant Capex (±25%)	A$550m	Incl A$66m in contingency, excl $23m pre-strip
Plant throughput	5.25 Mtpa	Following commissioning period
Cobalt production (metal in sulphate)	3,558 tpa	Average over first 10 years post ramp-up
Cobalt production (metal in sulphate)	40,331 tonnes	LOM Total
C1 Cash Cost (incl sulphur credit)	US$12.76/lb	Average based on Production Target
Initial mine life (Production Target)	12.8 years	Production Target 58.7mt @ 802ppm cobalt

Macro Assumptions	Input	Comments
A$/US$ Exchange Rate	Fwd curve	2018 $0.75, 2019 $0.73, 2020 $0.71, 2021 $0.71 then $0.70 onwards
Avg LOM Cobalt Sulphate Price	US$33.80/lb	Independent expert – CRU International
Avg LOM Sulphur Price (landed in Aus)	US$145/t	Independent expert – CRU International

Financial Metrics	Input	Comments
Pre Tax NPV (8%)	A$792m	Based on Production Target
Pre Tax IRR (%)	27.0%	
Post Tax (7.5%)	A$544m	
Post Tax IRR (%)	22.0%	
Project Payback (simple)	4 years	

Source: Cobalt Blue

Completion of the PFS allows project financing negotiations to begin. A more detailed release on the objectives of the BFS, as well as the Company's exploration and optimisation plans for the next 12 months will be released in due course. In parallel with the above studies, Wood PLC (formerly AMEC Foster Wheeler), a leading global engineering firm, has been engaged to provide a gap analysis review of the PFS. This review, expected by late August, will help shape the BFS scope and ensure that critical study areas are being addressed with appropriate resources.

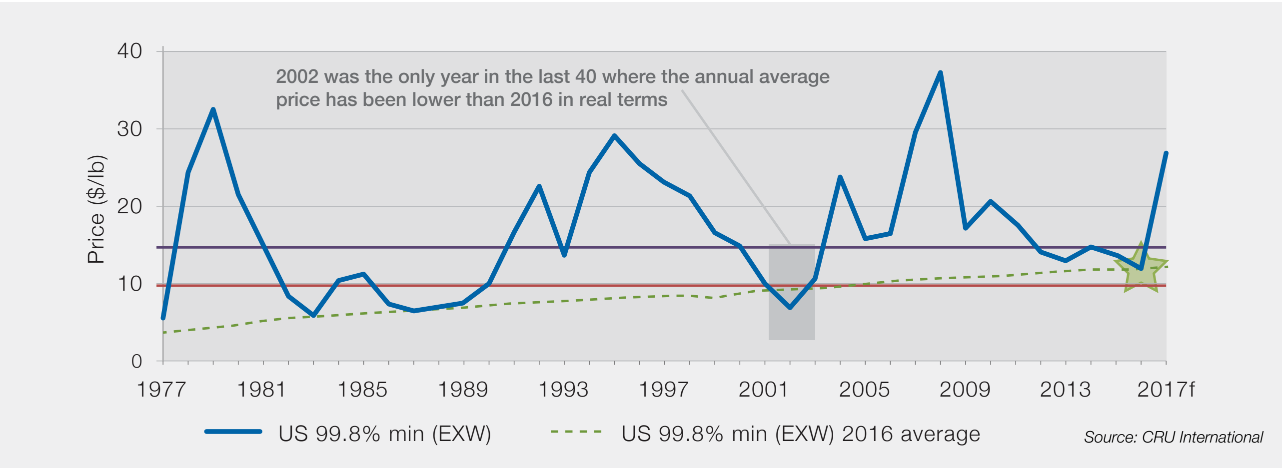
Cash Costs – Economically resilient

Cash costs (Production Target) are forecast to be ~US$12.76/lb (net of sulphur credits) with breakdown below. Mining costs shown are for a contractor operation, with processing plant and others assumed to be staff.

Figure 1. **Thackaringa Cobalt Project – Production Target – C1 Site Cash Cost US$/lb (net of by product)**

The cash costs determined by this study place Thackaringa in a robust position against the historical cobalt market. Analysis shows that the cobalt price has dropped below (2016 Real US$) US$12/lb once in the last 40 years. This provides confidence in the economic resilience (defined as the ability to withstand low commodity pricing) of the Thackaringa Cobalt Project.

Figure 2. **Cobalt Pricing (historical) – 1 in 40 year price event - Cobalt < US$12/lb (2016 Real)**



Capital Intensity – World Class

Capital costs for cobalt global greenfield projects (forecast 2019-2024) average US$350,000 per tonne of annual cobalt production (source: CRU International). In contrast, the Thackaringa Cobalt Project exhibits a forecast capital intensity of $US115,000 per tonne of annual cobalt production, just 1/3 of the global average. There are several fundamental reasons for this:

1. **Primary Cobalt** – the sole focus upon maximum extraction of cobalt dictates a significantly simpler flowsheet.
2. **Sulphide ore –** Thackaringa ore is easily upgradeable to a pre-refinery concentrate. Thus, the refinery processes only 20% of the ROM ore. This scale of upgrade is difficult or impossible for laterite deposits.
3. **Broken Hill –** the project is located just 23km from Broken Hill township. The location provides wholesale power, raw water, skilled people and associated social infrastructure, a strong contractor base, main road and rail support.

Table 2. **Project Capital Costs**

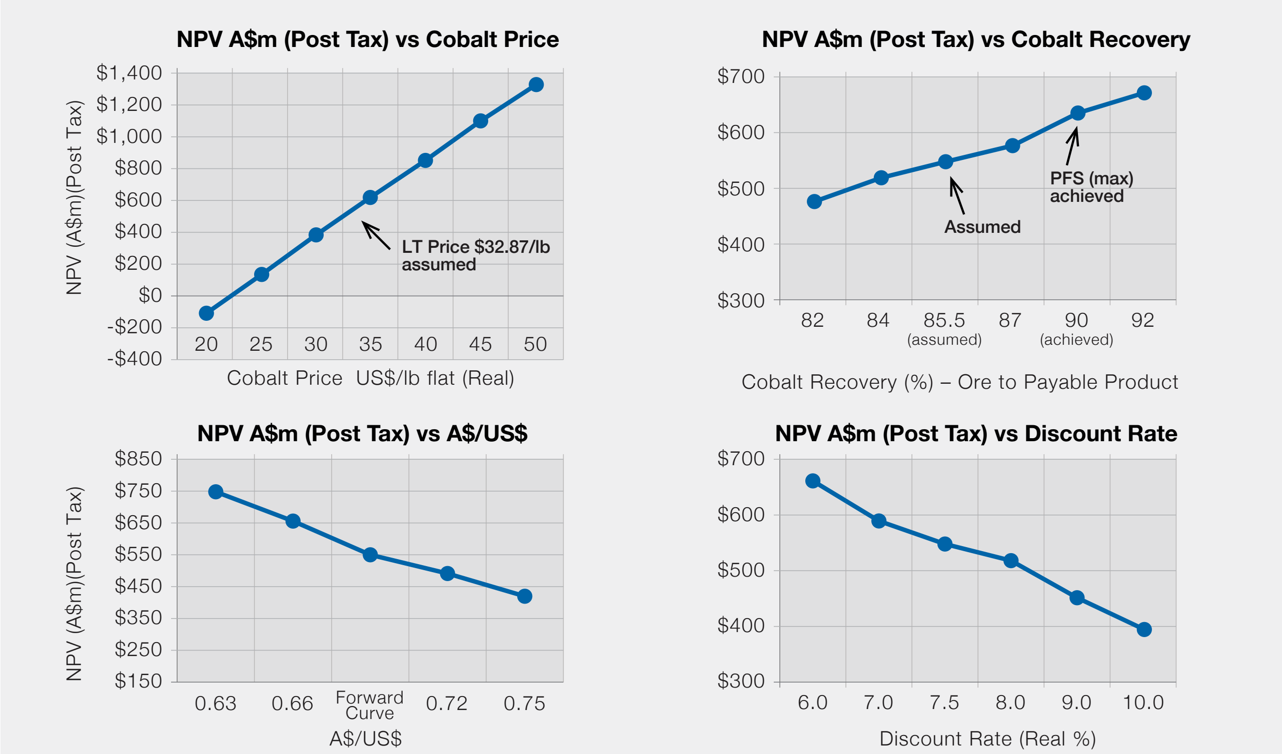
Project	First Production (Date)	US$ Capex	Cobalt (tpa)	By-products	Cobalt (% revenue)	Cobalt Payable (% LME)	Mine Life (years)	Capital Intensity (US$/t Co)
Kamoa-Kakula (DRC)	2020	1,000	TBD	Copper			>20	TBD
Black Butte (US)	2021	220	?	Copper				
eCobalt (US)	2021	210	1,000	Cu/Au		100%	13	210,000
NICO (Canada)	2021	589	500	Bi/Au		100%	> 20	1,178,000
Sunrise (Syerston) (Aust)	2021	1,400	3,200	Ni/Sc		100%	> 20	437,500
Thackaringa Cobalt (Aust)	**2022**	**413**	**3,600**	**Sulphur**	**80%**	**100%**	**Target 20**	**114,583**
Kalgoorlie Nickel Project	2022	560	1,450	Nickel			> 20	385,862
Wellgreen Central (Canada)	2022	450	1,000	Ni/Cu		?	20	450,000
Kabanga (Tanzania)	2022	750	2,400	Ni				312,500
Dumont (Canada)	2022	1,030	2,000	Ni/Pt		35%	20	515,000
Wingelina (Australia)	2024		3,000	Ni				–

Source: Coy data, Cobalt Blue Holdings Ltd

Sensitivity

Key inputs have been identified and Post Tax NPV (7.5% Discount Rate) sensitivity is shown as below:

Figure 3. **NPV Sensitivities**



Source: Cobalt Blue Holdings

Thackaringa Project Optimisation Studies

COB is now progressing several option studies identified by the PFS. These opportunities are explained below:

Target Revenue Increases:

- **Life of Mine:** The production target identified in the PFS provided an initial mine life of 12.8 years at a steady-state throughput of 5.25 million tonnes p.a. ore. This mine life is limited largely by current available geological information, rather than economic factors. In other words, the mineral resource of 72 million tonnes limited the production target and remains the most significant upside factor in our focus. Given that the development capital is largely expended in the early years of the project, increasing mine life will drive significant free cash flow generation for the project. Our aspirational target is a 20+ year project and for shareholders this is a substantially different investment. To support this target, COB will undertake a sizeable drilling campaign planned to begin in September 2018. The market can expect a mineral resource update by the end of Q1 2019.
- **Cobalt and Sulphur Recoveries:** The PFS assumed a conservative 85.5% cobalt recovery (in ground to payable metal), including (negative) allowances for scale-up from the existing laboratory testwork results of 88.5% metal recovery. Our long-term target is to achieve a 90% recovery for cobalt. Sensitivity analysis in the PFS shows for a 1% increase in cobalt recovery, post-tax NPV (7.5% discount rate) increases by 3.3%. We expect to report on recoveries around mid-2019 after completing a significant bulk test work program. Further, this bulk test work program will enable COB to undertake more detailed marketing studies and build confidence with potential commercial partners.

Possible Cost Reductions:

- **Power:** The PFS identified that approximately 22% of operational cash costs were related to grid power consumption. Over the next 12 months, COB expects to perform the following power related studies:
  - Optimising waste heat capture and re-use – how much energy can be recycled?
  - Optimising the daily load profile – how much peak energy can be avoided?
  - Distributed energy generation and storage – how much energy can be generated on-site? Can energy storage (e.g.: Li-ion batteries) be used effectively to shift demand away from peak time-of-day prices?
- **Process Plant Tailings:** Tailings and associated handling represented approximately 10% of operational cash costs in the PFS. COB is undertaking optimisation studies which are expected to be completed by early Q4 2018.

In parallel with the above studies, Wood PLC (formerly AMEC Foster Wheeler), a leading global engineering firm, has been engaged to provide a gap analysis review of the PFS. This review, expected by late August, will help shape the BFS scope and ensure that critical study areas are being addressed with appropriate resources.

COB's activities relate to exploration, there were no activities relating to production or development. Following is a summary of the expenditure incurred on exploration activities during the quarter:

Breakdown of Exploration Cost	*$'000*
Environmental	32
Technical services & consumables	53
PFS	470
Geophysics	11
Resource estimation	46
Tenure maintenance	41
General and administration	85
Total	**738**

Cobalt Trends

Cobalt Market Update

Cobalt prices rose steadily throughout Q1, peaking at $44/lb in mid-April before rolling over to $34/lb by 30 June. The retreating market in recent weeks is due to increased availability of Chinese metal. Despite the increases in these exports witnessed in recent months, the metal market remains at risk of sustained deficit and shortage. Consequently, we expect the cobalt metal price to continue to grow steadily over the period (2018–2023).

There are some indications that the increased availability of Chinese material into the European cobalt market is causing the formation of a two-tiered market for metal. Traceability (ie: understanding the ethical origin of the metal) is a contentious issue for cobalt metal sourced from China, as much of the feedstock used for manufacturing metal in China is sourced from artisanal mining operations in the DRC. Guaranteed non-artisanal material – sourced from integrated mining sites outside of the DRC – is currently trading at a premium to Chinese material and may well continue to tighen. This material is generally reserved for usage in the aerospace and battery sectors, while untraceable material is generally traded at a lower level for usage in the speciality steel and metallurgy sectors.

Traditionally, battery-grade cobalt sulphate has traded at a premium. The recent explosion in demand for cobalt sulphate for the EV and battery sector has meant that the largest cobalt producers like Jinchuan, GEM/KLK and Huayou have prioritised cobalt sulphate production over the past year to achieve better economics and cater to a larger customer base. As a result, the cobalt sulphate price is trading near parity with metal pricing.

COB acknowledges the contribution of CRU International in the above market summary.

Corporate News

Thackaringa Project – Strategic Rationale

The strategic rationale for the Thackaringa Cobalt Project is founded upon four tenets.

Cobalt – The Window of Opportunity

Cobalt is a key metal required for both metallurgical and chemical industries. Cobalt demand is split into new and old economy drivers. New economy drivers include two components: (1) Battery materials, as a means of distributed energy storage in an era of high energy prices, decarbonisation of power grids and powering Electric Vehicles (EVs); and (2) Superalloys. Today, most portable applications are powered by cobalt based lithium ion batteries, initially commercialised in the 1990s. Battery materials will continue to dominate global consumption and drive demand over the next 10 years+.

Cobalt supply remains tightly held by a minority of commercial interests, and is largely sourced geographically from Africa (66% of 2018 global supply is from the Democratic Republic of the Congo). Uncertainty of supply remains a key risk for global consumers and will add to the price premium commanded by cobalt over the next 10+ years.

Elemental Sulphur vs Sulphuric Acid

The Thackaringa Cobalt Project mineral resource is composed of pyrite and silica/feldspars. Cobalt is substituted inside the pyrite mineral lattice, and is not present as a discrete mineral. Minerals processing options are centred on recovering pyrite from the ore, and subsequent downstream treatment of the pyrite concentrate.

Historically, commercial operations have roasted pyrite, generating sulphuric acid. However, there is limited demand for sulphuric acid at/near Broken Hill, and any sales would compete against low-cost sulphuric acid generated at base metal refineries.

An alternative to production of sulphuric acid, is the production of elemental sulphur. Elemental sulphur is mainly sourced from the treatment of sour-gas from the oil and gas industry. There is no local producer in Australia, and hence this presents an opportunity for COB. Further, there is a growing Australian demand for elemental sulphur for production of fertilisers, and on-mine-site generation of sulphuric acid for metallurgical consumption.

COB seeks to generate elemental sulphur which has advantages over sulphuric acid:

- Ease to handle and transport
- No local supply competition

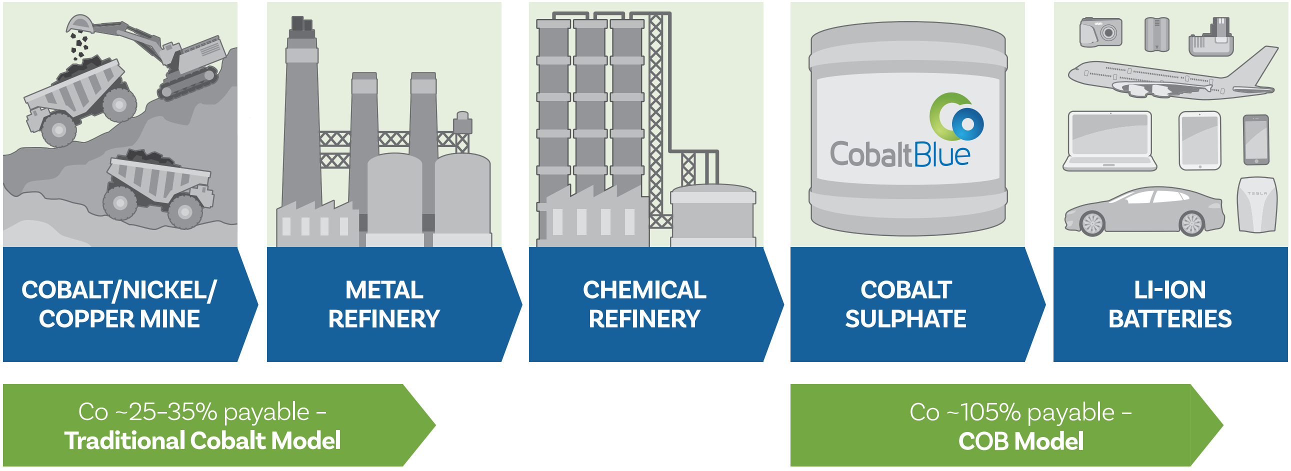
Primary Producer of Cobalt

Typically, cobalt is recovered as a by-product from copper or nickel operations. In contrast, the Thackaringa Cobalt Project is aiming to be a primary producer of cobalt, as there are only minor amounts of base metals in the ore. This means that Cobalt Blue is not beholden to copper or nickel pricing for project decision-making. The Mineral Resource has identified ~61,500 t of cobalt (ASX release "Thackaringa – Significant Mineral Resource upgrade" – 19 March 2018), and this provides COB with a significant resource base for developing the project.

Battery Ready Cobalt Product – Maximum Margin over the Project Life Cycle

The Thackaringa Cobalt Project strategy is to examine an integrated mine/refinery concept. Traditionally, cobalt mines have sold cobalt as a byproduct of either copper or nickel and received a fraction of the value of the contained cobalt. COB's strategic focus is upon the battery industry and producing a battery ready cobalt product (cobalt sulphate) at sufficient purity to enter the production chain directly. This allows COB to sell directly into the battery industry (specifically to cathode precursor manufacturers representing the front end of the industry).

Figure 4. **COB and the Cobalt Sulphate Production Chain**



Source: Cobalt Blue

HAV MOU Testwork delivered – Technical discussions held

Cobalt Blue and Havilah Resources (ASX: HAV) signed a Memorandum of Understanding (MOU) (1 February 2018). Key Points:

- COB completed due diligence on the Mutooroo mineral deposit by 30 April 2018.
- HAV provided COB a representative 10kg Mutooroo ore sample. COB then performed laboratory test-work using proprietary technology including crushing, grinding, flotation, calcining and leaching. Full results of this test work were provided to HAV.
- Both parties held detailed technical discussions on the processing results – COB's positive metallurgical work identified a potential processing path that demonstrated strong cobalt recoveries and concluded that Mutooroo ore was similar in several properties to Thackaringa ore.
- Discussions continue.

Cobalt Blue Background

COB is an exploration company focussed on green energy technology and strategic development to upgrade its mineral resource at the Thackaringa Cobalt Project in New South Wales. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

COB is undertaking exploration and development programs on the Thackaringa Cobalt Project pursuant to a farm-in joint venture agreement entered into with Broken Hill Prospecting Limited ("BPL"). Subject to the achievement of milestones, COB will be entitled to acquire 100% of the Thackaringa Cobalt Project.

The Thackaringa Project, 23 km west of Broken Hill, with railway line passing through the project area, consists of four granted tenements (EL6622, EL8143, ML86 and ML87) with total area of 63km^2. The main targets for exploration are well known and document large-tonnage cobalt-bearing pyrite deposits. The project area is under-explored, with the vast majority of historical exploration directed at or around the outcropping pyritic cobalt deposits at Pyrite Hill and Big Hill.

Potential to extend the Mineral Resource at Pyrite Hill, Big Hill, Railway and the other prospects is high. Numerous other prospects within COB's tenement package are at an early stage and under-explored.

Looking forward, we would like our shareholders to keep in touch with COB updates and related news items, which we will post on our website, the ASX announcements platform, as well as social media such as Facebook () and LinkedIn (in). Please don't hesitate to join the 'COB friends' on social media and also to join our newsletter mailing list at our website (COB website).

Joe Kaderavek
Chief Executive Officer
Cobalt Blue Holdings Limited
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Previously Released Information

This ASX announcement refers to information extracted from the following reports, which are available for viewing on COB's website http://www.cobaltblueholdings.com

- 04 July 2018: Thackaringa Pre Feasibility Study Announced
- 20 April 2018: Thackaringa JV – Stage One Completed
- 19 March 2018: Thackaringa – Significant Mineral Resource Upgrade
- 5 March 2018: PFS – Calcine and Leach Testwork Complete – Strong Results
- 24 January 2017: Significant Thackaringa Drilling Program complete – Resource Upgrade pending
- 27 December 2017: PFS – Bulk Metallurgical Testwork – Progress Update
- 4 December 2017: Railway Drilling Program confirms grade continuity at depth and strike
- 26 October 2017: Bulk Metallurgical Testwork – Strong Concentration Results
- 27 September 2017: CEO's Letter to Shareholders – September 2017
- 12 July 2017: Scoping Study update – Strong Potential for Commercialisation after Processing Testwork

COB confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcement.

COB confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. COB confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcement.

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves 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 Cobalt Blue Holdings 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. 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 Australasian Institute of Mining and Metallurgy. Dr Andrew Tong is engaged by Cobalt Blue Holdings as Executive Manager. Dr Andrew 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Andrew Tong consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The revised Mineral Resource was independently prepared by SRK Consulting using a Co-Kriging ('CK') method of estimation, suitable for the style of mineralisation. Mr Danny Kentwell, Principal Consultant (Resource Evaluation) at SRK Consulting, was engaged to estimate the Mineral Resource as the independent Competent Person. The Mineral Resource has been estimated and reported in accordance with the guidelines of the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves ('2012 JORC Code').

Tenement Holding

The beneficial interests in tenements held by Cobalt Blue at the end of the quarter and the related percentage of ownership:

Table 3. **Thackaringa Cobalt Project – Tenement Holding**

Tenement	Interest
EL 6622	70%* Cobalt Blue Holdings Ltd
EL 8143	70%* Cobalt Blue Holdings Ltd
ML 86	70%* Cobalt Blue Holdings Ltd
ML 87	70%* Cobalt Blue Holdings Ltd

* *On 29 June 2018 Cobalt Blue provided notice to BPL that it had met the Stage 2 Earning Period financial obligations under the farm-in joint venture agreement and had completed a PFS. Consequently, Cobalt Blue believes it has now earned a 70% beneficial interest in the tenements (previously 51%).*

BPL and Cobalt Blue have entered into a farm-in joint venture agreement in respect of the Thackaringa Project to finance and undertake exploration of the Thackaringa Project. Until Cobalt Blue's farm-in obligations have been satisfied, its interest in the tenements located at the Thackaringa Project is beneficial. Under the terms of the farm-in joint venture agreement, Cobalt Blue's beneficial interest in the Thackaringa Project will be increased in tranches on satisfaction of certain exploration and development milestones. When Cobalt Blue has completed its farm-in obligations, it will become the registered holder of the Thackaringa Project tenements. Broken Hill Prospecting remains the registered holder of the Thackaringa Project tenements until the farm-in is complete.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin Appendix 8, Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

		Q4 FY18	
		Current quarter	Year to date (12 months)
	Consolidated statement of cash flows	A$ '000	A$ '000
1	**Cash flows from operating activities**		
1.1	Receipts from customers	–	–
1.2	Payments for:	–	–
	(a) exploration and evaluation	–	–
	(b) development	–	–
	(c) production	–	–
	(d) staff costs	(123)	(441)
	(e) administration and corporate costs	(387)	(1,053)
1.3	Dividends received (see note 3)	–	–
1.4	Interest received	40	110
1.5	Interest and other costs of finance paid	(8)	(8)
1.6	Income taxes paid	–	–
1.7	Research and development funds	–	281
1.8	Other (share issue costs)	–	–
1.9	**Net cash from / (used in) operating activities**	**(477)**	**(1,110)**

2	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(29)	(37)
	(b) tenements (see item 10)	–	–
	(c) investments	–	–
	(d) other non-current assets - exploration and evaluation	(761)	(5,266)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	–	–
	(b) tenements (see item 10)	–	–
	(c) investments	–	–
	(d) other non-current assets	–	–
2.3	Cash flows from loans to other entities	–	–
2.4	Dividends received (see note 3)	–	–
2.5	Other (provide details if material)	–	–
2.6	**Net cash from / (used in) investing activities**	**(790)**	**(5,303)**

	Consolidated statement of cash flows	Current quarter A$ '000	Year to date (12 months) A$ '000
3	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	7,803	10,303
3.2	Proceeds from issue of convertible notes	–	–
3.3	Proceeds from exercise of share options	367	648
3.4	Transaction costs related to issues of shares, convertible notes or options	(338)	(437)
3.5	Proceeds from borrowings	–	–
3.6	Repayment of borrowings	–	–
3.7	Transaction costs related to loans and borrowings	–	–
3.8	Dividends paid	–	–
3.9	Other (provide details if material)	(21)	(21)
3.10	**Net cash from / (used in) financing activities**	**7,811**	**10,493**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,256	5,719
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(477)	(1,110)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(790)	(5,303)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,811	10,493
4.5	Effect of movement in exchange rates on cash held	–	–
4.6	**Cash and cash equivalents at end of period**	**9,799**	**9,799**

5.	**Reconciliation of cash and cash equivalents** *at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts*	Current quarter A$ '000	Previous quarter A$ '000
5.1	Bank balances	999	1,256
5.2	Call deposits	8,800	2,000
5.3	Bank overdrafts	–	–
5.4	Other (provide details)	–	–
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**9,799**	**3,256**

6.	**Payments to directors of the entity and their associates**	Current quarter A$ '000
6.1	Aggregate amount of payments to these parties included in item 1.2	107
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	–
	6.1 Directors' salary / fees	107

7.	**Payments to related entities of the entity and their associates**	Current quarter A$ '000
7.1	Aggregate amount of payments to these parties included in item 1.2	–
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available *Add notes as necessary for an understanding of the position*		Total facility amount at quarter end A$ '000	Amount drawn at quarter end A$ '000
8.1	Loan facilities	–	–
8.2	Credit standby arrangements	–	–
8.3	Other (please specify)	–	–

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	Estimated cash outflows for next quarter	A$ '000
9.1	Thackaringa Cobalt Project	1,700
9.2	Development	–
9.3	Production	–
9.4	Staff costs	250
9.5	Administration and corporate costs	350
9.6	Other (provide details if material)	–
9.7	**Total estimated cash outflows**	**2,300**

10. Changes in tenements (items 2.1(b), 2.1(d) and 2.2(b) above)

The Company completed its Stage 2 Earning Period obligations during the quarter by completing a Pre-Feasibility Study and expending amounts in accordance with the Exploration Farmin Joint Venture Agreement to which it is a party. The Company believes it has now earned a 70% beneficial interest in the Joint Venture (last quarter: 51%).

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Robert Waring
Company Secretary

30 July 2018

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.

   If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. Payments for exploration and evaluation expenditure have been recorded in cashflows from investing activities in the current quarter and form part of payments for other non-current assets. In prior FY 2018 quarterly reports, exploration and evaluation expenditure was recorded in cash flows from operating activities. In presenting the Year to Date disclosures in this report, all prior exploration and evaluation expenditure has been reclassified to investing activities to accord with the current period classification.
5. Totals may not sum due to rounding.