

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

Name of entity

EUROPEAN COBALT LTD (FORMERLY WESTERN MINING NETWORK LIMITED)

ABN

63 144 079 667

Quarter ended ("current quarter")

30 JUNE 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (207) | (340) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | - |
| (e) administration and corporate costs | (123) | (824) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 13 | 23 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (317) | (1,141) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (49) | (49) |
| (b) tenements (see item 10) | - | (60) |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

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| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 2.2 | Proceeds from the 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 | (49) | (109) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 317 | 3,834 |
| 3.2 | Proceeds from issue of convertible notes | - | 500 |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | (167) |
| 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 | Proceeds from intended issue of shares | - | - |
| 3.10 | Net cash from / (used in) financing activities | 317 | 4,167 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,019 | 53 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (317) | (1,141) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (49) | (109) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 317 | 4,167 |
| 4.5 | Effect of movement in exchange rates on cash held | (1) | (1) |
| 4.6 | Cash and cash equivalents at end of period | 2,969 | 2,969 |

| 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 | 575 | 1,519 |
| 5.2 Call deposits | 2,402 | 1,500 |
| 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) | 2,969 | 3,019 |

| 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 | 29 |
| 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 includes directors' fees and directors' consulting fees.

| 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 <i>Add notes as necessary for an understanding of the position</i> | 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 – Converting loans | - | - |
| 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. | | |

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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|------------|
| 9.1 Exploration and evaluation | 250 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | - |
| 9.5 Administration and corporate costs | 200 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 450 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|---------------------------------|--|----------------------------------|----------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | Nil | | - | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | 2466/2017-5.3 (Dobsina Licence) | Acquisition of 100% of NiCo Minerals Pty Ltd and its subsidiary CE Metals s.r.o, holder of the Dobsina Licence | - | 100% |

Performance Shares – Summary of Terms

There were 36,666,667 Class A and 36,666,667 Class B Performance Shares issued during the quarter. The Performance Shares convert into ordinary shares on a 1:1 basis on the satisfaction of a Milestone. The Class A Milestone is either (a) delineating a JORC-compliant Inferred Resource of at least 500,000 metric tons grading at least 0.5% cobalt equivalence, or (b) production of at least 50,000 metric tons grading at least 0.5% cobalt equivalence; and the Class B Milestone is either (c) delineating a JORC-compliant Inferred Resource of at least 1,000,000 metric tons grading at least 0.5% cobalt equivalence, or (d) production of at least 100,000 metric tons grading at least 0.5% cobalt equivalence. The Performance Shares also convert on sale of a majority interest in the Company's tenements. The Performance Shares also convert on a change of control of the Company (subject to a cap of 10% of fully diluted issued capital.) The Performance Shares expire on 26 May 2022. The Performance Shares are not transferable, and do not confer voting or dividend rights on their holders. The full terms and conditions of the Performance Shares are set out in the Company's Notice of Meeting released on 19 April 2017.

No Performance Shares converted and no Milestone was met, during the quarter.

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.

Sign here



Company Secretary

Date: 24 July 2017

Print name:

David Palumbo

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.