Quarterly Activities Report

CobaltBlue
green energy technology

31 July 2023

Cobalt Blue Holdings Limited

A Green Energy Exploration Company

ASX Code: **COB**

Commodity Exposure:
Cobalt & **Sulphur**

Directors & Management:

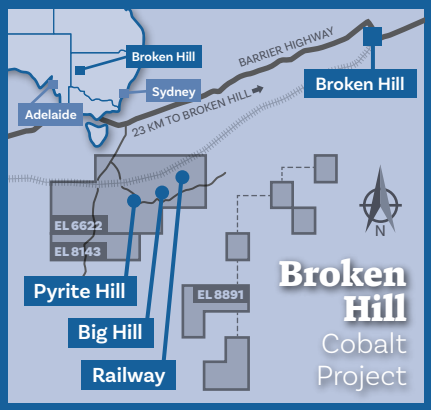
Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Robert McDonald	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Danny Morgan	CFO & Company Secretary

Capital Structure:

Ordinary Shares at 31/07/2023:	**370.1m**
Unlisted Options/Rights:	**10m**
Market Cap (undiluted):	**$130m**

Share Price:

Share Price at 31/07/2023:	**$0.35**



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Highlights

June 2023 Quarterly Activities Report

STRATEGY UPDATE

BROKEN HILL COBALT PROJECT (BHCP) ACTIVITIES

- Definitive Feasibility Study update
- Demonstration Plant operations
- Permitting – Environmental Impact Statement

COBALT IN WASTE STREAMS PROJECT (CWSP) UPDATE

COBALT TRENDS

- Prices bouncing off the bottom
- Cobalt's demand recovery – key to price recovery

CORPORATE

- Commercial Partner Update
- Investor and marketing presentations
- Expenditure and grants
- Other

Strategy update

During the quarter, COB released a strategy and global critical minerals update. COB's strategy comprises three key building blocks:

1. BHCP
2. Refinery
3. Cobalt in Waste Streams Project/s (CWSP)

The BHCP remains the core focus. Our strategy has been formulated against the backdrop of growing demand for cobalt and compliant sourcing.

Global legislation and the emergence of an Allied Critical Raw Materials Supply Chain

United States

The USA Inflation Reduction Act (IRA) includes ~US$390Bn[1] of spending/credits over the next ten years related to energy and climate change, with the goal of putting the U.S.

1 *Source: US Treasury.*

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on the path towards 40% emissions reductions by 2030. The US Treasury Department has advised that it intends to remain strict on sourcing and content requirements to trigger more announcements in EV production and battery investment aligned to US interests. In our view, these changes are expected to lead to a global race for IRA-compliant supply of critical minerals including cobalt.

A breakdown of key IRA incentives is provided below.

Value chain segment	Selected IRA incentives
Mining	**Up to US$500 million** in federal support for US mining and refining of critical minerals for batteries.
Refining	Tax credits of up to 30% of the amount invested in establishing or upgrading a refining facility.
Active materials	Tax credits of **up to 10%** of the costs incurred to produce electrode active materials.
Cell and pack manufacturing	**Up to US$45/kWh** in tax credits for cell and module manufacturing.
Recycling	Tax credits of **up to 30%** of the amount invested in establishing or upgrading a recycling facility.
EV manufacturing	Tax credits of **up to US$7,500** for the manufacture of clean vehicles, subject to supply chain requirements, with an estimated total value of **US$7.5 billion over 10 years.**
EV adoption	Tax credits of **up to 30%** for businesses to adopt clean vehicles. US$3 billion for the US Postal Service to purchase zero emission delivery vehicles.

US Treasury defines critical minerals to include cobalt and other EV-destined metals. The critical mineral requirement is met if the percentage of total mineral value in the battery made in North America or Free Trade Agreement (FTA) (such as Australia) jurisdictions is 40% in 2023. This hurdle increases in annual ten percentage point increments to an 80% ceiling after 2026.

EU

COVID supply chain disruptions and the Russia-Ukraine war have exposed EU dependency on critical raw materials. The EU's recently adopted Critical Raw Materials Act (CRMA) has three pillars aimed at mitigating these dependencies through (1) an onshore CRM supply chain, (2) supply chain diversification, and (3) sustainable sourcing, including circularity (recycling).

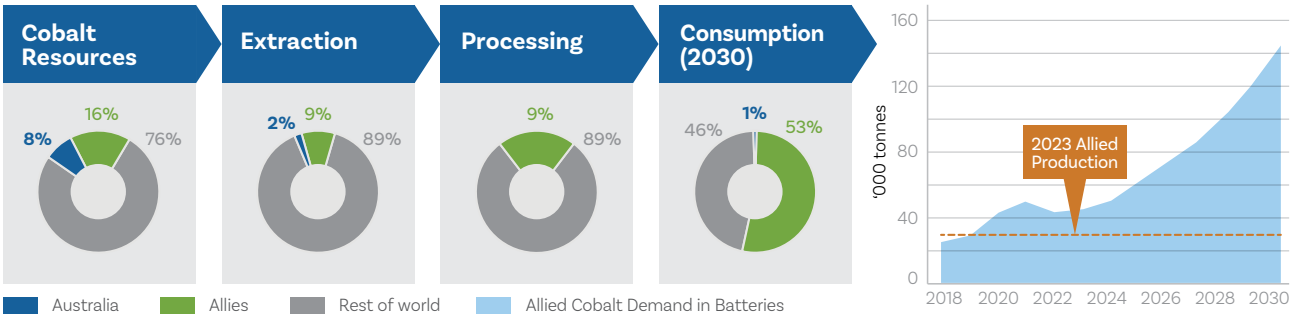
CRMA self-sufficiency objectives (2030) include 10% for extraction and 40% for processing. Recycling is targeted to meet an aggressive 15% of demand. Additionally, no more than 65% of critical materials demand per value chain step (extraction, concentration and processing) should be met by a single country.

The Allied Supply Chain

The US has defined Foreign Entities of Concern as excluded from assistance under the IRA. Their focus is instead upon Allied Nations that include the EU, UK, Japan, South Korea, Australia and other strategically aligned countries.

The mining/refining industries of Allied Nations are being incentivised to respond. Unfortunately, their historical response to demand challenges has been poor and instead become heavily reliant on China. Within the cobalt market, the cost of metal sourced from unsustainable practices (for example, artisanal cobalt from Africa) is a disincentive to a supply response from sustainable and ethical sources. EU and US governments are attempting to encourage new supply chains that include sustainable metals production – a so-called "race to the top". We believe that these incentives are likely to lead to the development of a new cobalt pricing index, one that is expected to provide a premium for IRA and CRMA-compliant cobalt.

Figure 1 – **Cobalt – Allied Nations Production vs Forecast Demand – Shortfall**



Source: Cobalt Institute, Securing America's Future Energy

The chart above shows the cobalt resource, extraction (mining) and processing (refining) of Allied Nations. Today, these nations extract and process ~11% and ~9%, respectively, of global cobalt; however, these nations are expected to consume over 50% of global consumption by 2030. Put another way (right-hand chart), Allied Nations currently produce ~30,000tpa of cobalt metal. This amount will need to increase significantly to an estimated 140,000tpa by 2030 to meet expected demand. This shortfall can only be overcome by creating new supply chains that include new mines and refineries, such as the BHCP and the Kwinana Refinery.

Cobalt Blue's Strategy

Demonstration Plant operations continue, systematically addressing scaling risks in our transition towards a commercial operation. This includes refining BHCP mixed hydroxide precipitate into separate cobalt and nickel sulphates. Nickel forms a minor portion of the BHCP production; however, our ability to successfully produce nickel sulphate from that plant provides COB with strong optionality for the future. The two products are shown in the photo below:

Figure 2 – **Demonstration Plant – nickel sulphate and cobalt sulphate**

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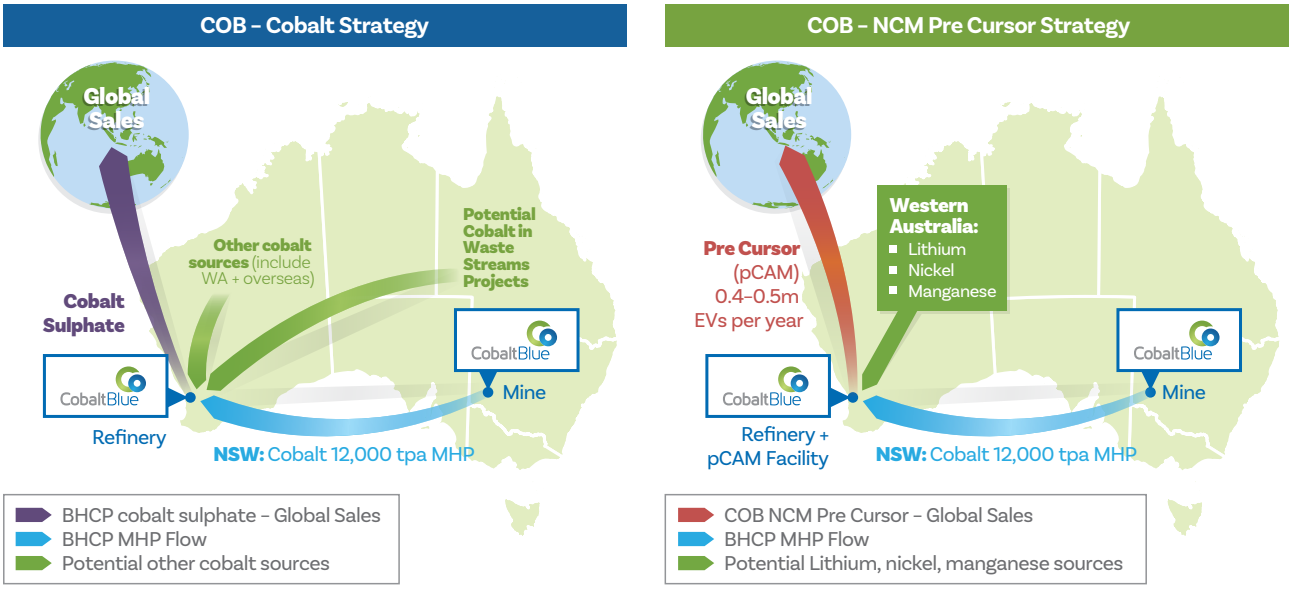
COB's plan remains to make a high-quality cobalt sulphate via an integrated BHCP mine/refinery process, albeit in two locations. COB intends to retain ownership of the BHCP production chain through to the production of cobalt sulphate.

During our DFS process, we are examining the option to refine BHCP cobalt-rich Mixed Hydroxide Precipitate (MHP) into cobalt sulphate at a separate location, in the Kwinana district south of Perth. There are strategic reasons for this decision:

- **Access to export markets:** Kwinana has a deep-water port and world-class export facilities. Cobalt sulphate is a fragile product that absorbs water (particularly in hot/humid regional conditions) if left exposed and needs to be stored/ shipped carefully. Direct port access provides a meaningful advantage.
- **Cost advantage:** Kwinana is a major chemicals district. Approximately 60–70% of the costs associated with conversion from MHP to cobalt sulphate come from reagent/chemical costs.
- **Integrated business:** Refining is fundamentally an economy-of-scale business. A single, larger refinery would allow COB to process future material sourced from BHCP and (in future) other COB-owned cobalt projects, rather than build out individual refineries at mine sites dispersed throughout Australia:
  - BHCP is expected to produce ~12,000 tonnes of MHP per annum which equals ~four rail wagons per week (~200 tonnes). The transcontinental railway line (linking Broken Hill with Kwinana) passes through COB's tenements;
  - new Australian mining projects (typically nickel/cobalt producers) that wish to enter the battery production chain (providing the COB Refinery with a "first mover advantage"). The projects are typically based in Western Australia;
  - globally sourced materials (for example, Philippines, Indonesia) may qualify for significant US and EU financial incentives if processed via an approved country; and
  - Cobalt in Waste Streams Project/s (CWSP).
- **Australia's advantage:** Australia is the only country that mines all four cathode elements. These metals are processed through Kwinana and represent an ideal location to cooperate with battery industry peers to make cathode precursor or active cathode materials for global markets.

This overall strategy has been condensed into the graphics below:

Figure 3 – **COB Cobalt and NCM Precursor Strategies**



Source: Cobalt Blue Holdings Limited

Refinery Partner

COB is engaging with a potential partner for the Kwinana Refinery Project, that:

- is a leading Japanese multinational that specialises in the production and trading of commodities.
- has a global presence with subsidiaries and affiliates in several countries, with established partnerships and collaborations with companies worldwide, to further advance its expertise in technologies and explore new markets.
- has a large trading arm seeking to supply its Japanese partners in major global electric vehicle markets, including the United States.
- owns a suitable property in the Kwinana district that would support the operation of the cobalt/nickel Kwinana Refinery Project.

COB believes that partnering with an existing property owner would substantially reduce development time for the Kwinana Refinery Project. The potential partner is currently considering proposing an appropriate level of equity ownership in the Kwinana Refinery Project via a funding contribution.

Likely Development Costs and Timetable

COB has completed a concept study of a 3,000tpa cobalt/nickel refinery in the Kwinana district and is currently completing a Definitive Feasibility Study (DFS) for the refinery project, expected to be delivered in late 2023. A more complete timeline is shown later in this announcement.

The concept study indicated a Kwinana Refinery Project ~A$70m pre-production capital cost, which assumed the refinery was located on an existing industrial land parcel. The capital amount will likely be shared between Kwinana Refinery Project partners. Domestic and international government interest is also being examined. Whilst the initial refinery plan was to build capacity to refine BHCP output (~3.5ktpa Co equivalent), a Kwinana refinery would likely be built on a larger scale, in order to treat BHCP and 3rd party feedstock, thus providing an economy of scale build-out and reducing operating costs. COB is targeting an existing Kwinana footprint that will lower site/construction costs as well as equipment delivery costs (vs building the refinery in Broken Hill).

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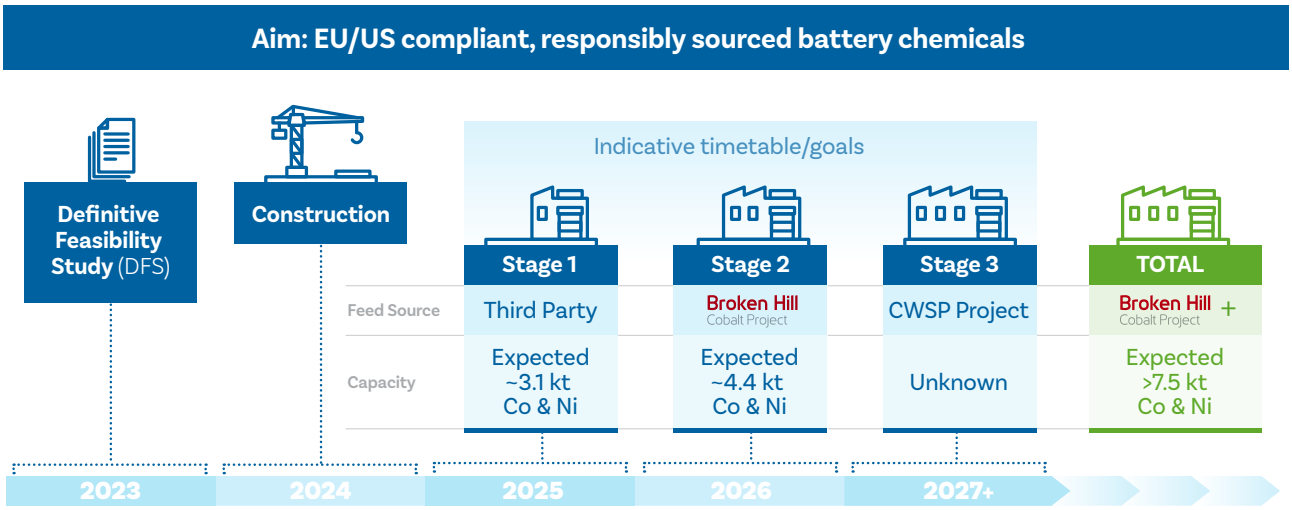
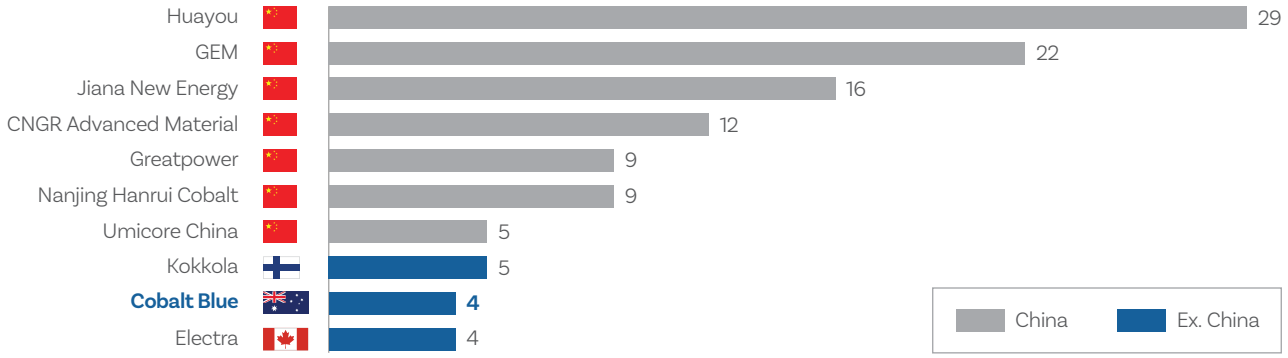
Figure 4 – **COB Refinery – multiple feedstock sourcing**



Note: These estimates were reported in the announcement titled 'Definitive Feasibility Study Update' dated 5 June 2023. Cobalt Blue confirms it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

A cobalt refinery of this scale is globally significant. In addition to cobalt, we are planning on processing nickel in the refinery. This would be sold as nickel sulphate crystals. We have included an illustrative (~3.9 ktpa) cobalt sulphate (metal equivalent) refinery in the global cobalt refinery comparison below but note that COB's refinery targets for Stage 1 & 2 include a similar volume (~3.6 ktpa) nickel sulphate (metal equivalent).

Figure 5 – **Global cobalt sulphate capacity, 2026 (Kt Co)**



Source: Wood Mackenzie

COB strategy and the IRA and CRMA

COB is targeting an integrated approach focused on mining (Extraction) (Broken Hill) and refining (Processing) (Kwinana). Large-scale Extraction and Processing in Australia is expected to support secure, compliant global supply chains.

Cobalt in Waste Streams Projects (CWSP)

The Demonstration Plant will finalise its BHCP focussed test work during the next quarter. Once BHCP test work is completed, the plant will be available for large-scale test work for other projects, which we expect to arise from our current suite of identified opportunities. Recycling mining waste to commercialise metals contained within remains a focus for our business, with a majority of Australian opportunities being cobalt dominated, while international opportunities include other metals.

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Broken Hill Cobalt Project (BHCP) Activities

Definitive Feasibility Study (DFS) update

Work on the DFS continued during the quarter. COB is managing the delivery of the Broken Hill Cobalt Project (BHCP) Definitive Feasibility Study (DFS). As previously advised, three engineering firms have been contracted to provide design and costings as per the following allocation of expertise:

- Worley is completing the process plant design and review of the COB test work program (inclusive of the Demonstration Plant).
- GHD is designing the non-process plant infrastructure and tailings/mine waste management (co-disposal in integrated waste landforms). GHD is also preparing the EIS and associated permit applications.
- SRK are preparing the resource and reserve statements, based on the resource block model and mining studies.

COB is delivering all the other aspects of the DFS, and these are reported on in the subsequent sections below.

Demonstration Plant operations

Recent activities have focused on processing the concentrate produced in 2022 from the Pyrite Hill mine and beneficiation plant.

The Demonstration Plant allows technical staff to monitor and de-risk operations and scaling of the COB process, targeting operations in large commercial volumes. Two simple case studies are included below that are examples of multiple improvement studies being undertaken at the Demonstration Plant.

Kiln Circuit – Case Study

The off gas from the kiln contains elemental sulphur and calcine dust. A ceramic element filter was installed during the quarter to reduce the dust carry-over into the sulphur product. This ceramic filter is being trialled to assess performance at higher throughput rates. Performance-based data, including materials of construction, operability, functionality (efficiency of dust removal from sulphur stream) and maintenance cycles, are being collated and factored into DFS engineering.

Approximately 500 kg of sulphur has been dispatched to Enersul (Canada) for purification and prilling test work. Initial results show >99.97% purity, using samples from the Demonstration Plant. Prills are the saleable form of sulphur being targeted.

A sulphur condenser has been installed and is progressing through commissioning. This will aid in the recovery of sulphur, and de-bottleneck operations by providing a continuous outlet for molten sulphur from the plant.

Figure 6 – **Sulphur collected during June 2023**

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Leach Circuit – Case Study

The autoclave circuit was built as a series of stirred tanks, as opposed to a single 'cigar' vessel. This design has been essential to providing the opportunity to adjust circuit volume readily (adjust vessel sizes and quantity), evaluate heat management per reactor, and modify agitation appropriate to each reactor duty. In recent months configurations have included testing total volumes of 300 L up to 450 L in 4 reactors, implementing process control via the Honeywell control system for heat management (via cooling water), and testing multiple agitator designs to minimise wear and maximise solids suspension. Also, operations have focused on processing feed material at different particle size ranges. For example, the wear of components and blockages within the slurry pumping system are being evaluated based on varying feed particle size ranges. Data from these operating campaigns is being provided to Worley Engineering and vendors. All these parameters are linked to the design criteria used in engineering studies as part of DFS work programs. Samples of leach residue have been dispatched for testing alongside mine waste material, as part of the program on waste management conducted by GHD.

Figure 7 – **Pressure oxidation leach circuit**

Resource Definition, Geotechnical and Waste Rock Characterisation Drilling

A resource definition, geotechnical and waste rock characterisation drilling program was completed in February 2023. Seventy-eight (78) drill holes were completed for 12,281.25m, inclusive of 8,738m reverse circulation and 3,543.25m diamond core.

The program included:

- dedicated geotechnical drilling to inform pit slope stability analysis for mine design and optimisation at the Big Hill and Railway deposits;
- investigation of zones of potential resource extension at the Big Hill and Railway deposits;
- infill drilling targeting improved resource classification at the Big Hill deposit; and
- drilling for waste rock characterisation at the Pyrite Hill, Big Hill and Railway deposits to inform detailed design criteria for the Integrated Waste Landforms (IWLs).

Following drilling, the exploration team completed site rehabilitation works and commenced routine monitoring of areas subject to surface disturbance to ensure the fulfilment of rehabilitation objectives and completion criteria.

Data and samples obtained during the 2022–2023 drilling program have supported the advancement of continuing technical studies:

- **Mineral Resource Estimation** – the geological models for the Pyrite Hill, Big Hill and Railway deposits are currently subject to revision for the purposes of Mineral Resource estimation.

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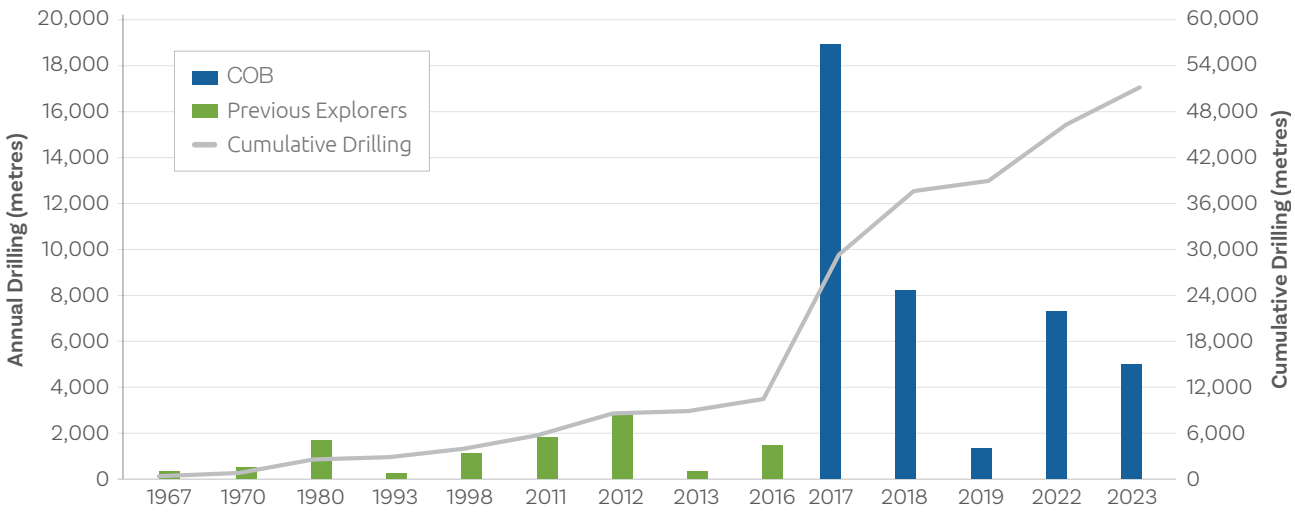
- **Mine / Processing Waste Management** – waste rock samples (core) have been prepared and despatched with process tailings from the Demonstration Plant for further geotechnical and geochemical analysis as a precursor to kinetic testwork. This work will ultimately contribute to the optimisation of detailed design criteria for the proposed IWLs.
- **Pit Slope Stability Analysis** – geotechnical analyses of the Big Hill and Railway deposits are progressing with the completion of:
  - further laboratory testwork to determine critical rock mass properties; and
  - downhole acoustic/optical imaging to calibrate and supplement orientated structural information on features such as faults, fractures and bedding routinely derived from diamond (core) drilling.

Final assays were received during the quarter allowing the commencement of the resource estimation process. Pending receipt of these results, geological modelling advanced with available data. The revised Pyrite Hill deposit model is now largely complete considering new drilling and underground mapping. Work on the Big Hill and Railway deposit models is progressing.

Figure 8 – **Metres drilled at the Broken Hill Cobalt Project since 1967 with COB completing over 40,000 metres since 2017.**



Permitting – Environmental Impact Statement

During the quarter, the disturbance, and no-go areas within the BHCP footprint were finalised. The mining and infrastructure footprint was determined to ensure that all disturbance aspects of the BHCP are assessed in the Environmental Impact Statement. Ecology, Aboriginal heritage, and soil surveys of the maximum disturbance footprint were completed. Where possible, we have amended the site layout to avoid or minimise impacts on watercourses and sensitive ecological or cultural heritage attributes. Comprehensive groundwater baseline data is being collected from historical and new piezometers. Groundwater data collected to date demonstrates that the existing groundwater quality is poor, with low pH and high dissolved cobalt near the mineral deposits with high salinity generally present across the BHCP site.

Figure 9 – **Estimated Development Schedule**

Broken Hill Cobalt Project	PRE-2021	2021	2022	2023	2024	2025
Business Achievements	100% Project Ownership CRC-P Grant	Global Cobalt Sample Program	Global Cobalt Sample Program Major Project Status CMAI Grant	Partner/Offtake discussions	Completion of financing EPC Renewable Power Contracts Commence construction	Construction
Technical Studies	Project Update 2020 PFS 2018	Definitive Feasibility Study	Definitive Feasibility Study	Definitive Feasibility Study	Detailed Engineering	
Process Testing	Pilot Scale Testwork	Pilot Plant – 30 Tier 1 Partners Offtake Contract Negotiations (begin)	Demonstration Plant – Bulk Sample & Concentrate	Demonstration Plant – Larger Scale (24/7) Operations Commercial Qualification Samples		
Environmental Approvals		EIS Field Studies	EIS Field Studies		EIS Submission SSD Determination Operating Permits	ESG/CO_2 Reporting
Refinery Project Milestones				WA Refinery Announced Definitive Feasibility Study	Completion of financing Operating Permits Commence Construction	Construction Commence Operations
	PRE-2023				MILESTONES	

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Cobalt in Waste Streams Project (CWSP) update

During the quarter, COB announced that it had entered a testwork co-operation agreement (the "Testwork Agreement") with Hudbay Minerals Inc. ("Hudbay") with respect to Hudbay's wholly owned Flin Flon tailings storage facility located in the Province of Manitoba, Canada (the "Tailings Facility"). COB has agreed to utilise its proprietary minerals processing technology to assess the ability to recover gold, silver, copper, zinc, cobalt and sulphur from a pyrite/pyrrhotite concentrate produced from the tailings. COB's proprietary technology offers the potential to convert the sulphides into elemental sulphur, which is stable and benign.

The testwork program is expected to take up to four months to complete once the tailings sample is received from Hudbay. COB will receive a fee for undertaking the testwork program, which is expected to cover its costs. In 2021, Hudbay identified the opportunity to reprocess Flin Flon tailings and has recently completed a confirmatory drilling program covering approximately two-thirds of the Tailings Facility (see Hudbay press release dated 2 November 2022 "Hudbay Provides Exploration Update and Announces Initial Mineral Resource Estimate at Llaguen", available on Hudbay's website).

COB is continuing to engage with the Queensland Department of Resources on the results of test work completed on the first sample to determine the next steps. Commercial discussions with prospective partners on other waste stream projects are continuing.

Cobalt Trends

Prices bouncing off the bottom

After spending much of the June quarter drifting lower, in June cobalt prices began a recovery. The factors behind the rally are multifaceted:

Logistical constraints: According to Benchmark Minerals, cobalt hydroxide shipments from Democratic Republic of Congo (DRC) operations out of the port in Durban, South Africa, have been delayed in recent weeks. Constraints at Durban are driven by a combination of factors, most notably the decision by large suppliers to prioritise better price-performing copper exports over cobalt.

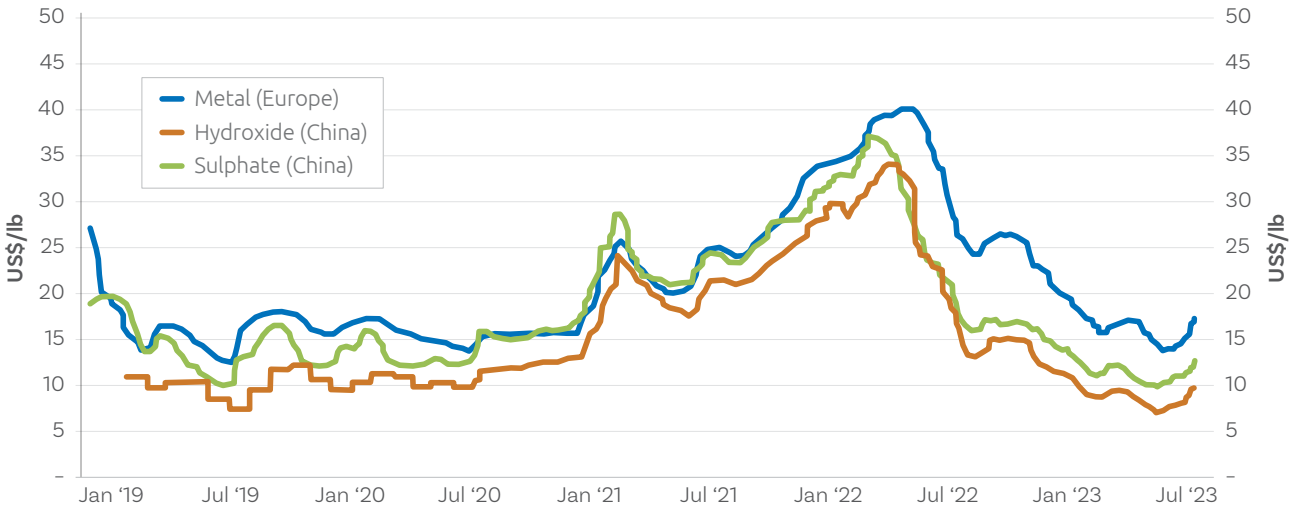
DRC supply risk: With prices at multi-year lows, some cobalt production has been priced out, primarily among relatively higher-cost artisanal mining in the DRC. Furthermore, one foreign-owned project was halted by the DRC government over environmental concerns. Although this project is relatively small and the lost output is unlikely to impact the global market materially, the suspension highlights growing tensions between the government and foreign entities operating in the country. The DRC presidential election scheduled for December 2023 could introduce uncertainty into DRC's mining sector.

Destocking ending: Cobalt prices peaked at $45/lb in May 2022 and subsequently fell 65% across the following year. During this period, market players steadily destocked material purchased at higher prices which contributed to a building supply surplus. Now, with demand recovering and prices rising, traders and consumers are purportedly low on inventory and back in the market for spot material.

Demand recovery: Electric vehicle (EV) sales remain strong and broadly above market expectations. But more importantly, the other two segments of cobalt's demand have rebounded from cyclical lows. Consumer electronic sales, most notably in China, have rebounded in the past quarter while industrial demand in aerospace and renewable energy (wind turbines) is surging.

SRB purchasing: China's State Reserve Bureau (SRB) is reportedly in the market to purchase around 5kt of cobalt metal (3% of 2022 total supply) with delivery over a six-month period. The SRB typically purchases material for its strategic stockpile when prices are considered cyclically low and tend to set an incentive price or price floor and raise trade sentiment.

Figure 10 – **Cobalt prices began a recovery in June 2023**



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Cobalt's demand recovery – key to price recovery

While a period of unusually high supply growth (13.3% CAGR 2021–2023) is the main factor behind cobalt's price weakness in the past year, the recent recovery in demand is acting as a pressure reliever.

Around a third of cobalt demand derives from consumer electronics, and over the past several quarters, demand, especially from mobile devices and tablets, has been uncharacteristically weak. According to International Data Corporation (IDC), worldwide smartphone shipments declined 15% Year on Year (YoY) in the March 2023 quarter, the seventh consecutive quarter of decline as the market continues to struggle with lukewarm demand, inflation, and macro uncertainties. However, IDC expects the sector will return to growth later this year and into 2024.

Furthermore, industrial demand for cobalt remains strong, particularly in aerospace, as the sector recovers from the Covid era. "Non-electric vehicle demand has never been better," one trader told S&P Global Commodity Insights in late June.

In cobalt's largest demand segment, Electric Vehicle (EV) penetration rates continue to meet or beat analyst forecasts. According to Rho Motion, global electric vehicle sales recorded another +1-million-unit month in June, up over 15% Month on Month (MoM) and 40% YoY. China's passenger EV sales alone reached 720,000 units in June (+22% MoM and 29% YoY), marking a fresh record high. Clearly, China remains the primary driver, with one in four vehicles sold electrified. This success story is in large part due to significant subsidies for New Energy Vehicles that have been in place since 2014. In June this year, the government announced a fresh package of tax breaks over four years, at an estimated cost of US$72 billion, with both the period and the cost above market expectations.

Although global cobalt supply growth has outpaced demand growth since last year, this imbalance is expected to shift next year. Total supply over 2022–2030 is forecast to grow by 6.5% CAGR while demand over the same period is forecast to grow by 9.9% CAGR, according to Benchmark Minerals.

Corporate

Commercial Partner Update

Multiple project partner and offtake discussions continued during the quarter.

Investor and marketing presentations

COB conducted an investor webinar during the quarter. The webinar provided an update on COB's WA Refinery Strategy and the DFS. COB also presented at the World Mining Congress, Japan–Australia critical minerals working group and at the Introduction to European Raw Materials Alliance during the quarter.

COB welcomed the local community through the gates of the Demonstration Plant on 25 May. This is the third year running this on-site event, which enables the community to meet our Board, senior executives and members of our operational, administrative and technical teams.

Figure 11 – **Demonstration Plant Open Day 2023**

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Expenditure and grants

COB's activities primarily relate to the exploration and evaluation of the BHCP. There were no activities related to production or development. During the quarter, COB incurred[2] $5.7m on exploration and evaluation activities, primarily relating to technical services, including demonstration plant operations, and other DFS works.

COB's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 which constitutes directors' fees and salaries.

COB was awarded a grant of up to $15m through the Critical Minerals Accelerator Initiative (CMAI) for the BHCP by the Australian Government. In December 2022, COB received the initial grant instalment of $1.5m, and the second instalment of $6m was received during the quarter. The next instalment of $3m is expected in December 2023.

Other

COB made two recent key hires during the quarter:

Project Finance Manager – Jan Fuchter. Jan has over 20 years of financing experience in various regions, including the project financing of mining projects in Africa, Asia and Latin America. He also played a leading role in several recent financings of Australian critical minerals projects. In his previous roles at Export Finance Australia and investment and institutional banks, he originated and executed project finance transactions globally. He has worked with a diverse range of stakeholders in multiple countries on the finance and development of projects, including several notable project financings in the metals and mining sector. Jan will lead COB through the multifaceted avenues of mining project finance both domestically and internationally.

Project Acquisition Manager – Helen Degeling. Helen is a PhD-qualified geologist with over 18 years of experience in industry, academia and government. She worked as an exploration geologist and Exploration Manager in gold and base metals throughout Western Australia, New South Wales and Queensland, as well as consulting with a variety of mineral explorers and producers both domestically and abroad. As the former Director, Minerals Geoscience for the Geological Survey of Queensland, she initiated the Queensland Government's Circular Economy, Secondary Prospectivity, traceability and Sustainable REE processing programs. Helen is a passionate advocate for the growth and evolution of the minerals sector in line with the demands of a just transition towards decarbonisation and the adoption of ESG standards globally. Helen's mandate is to realise the commercial opportunities for green metal extraction from mine waste to support the energy transition.

Previously Released Information

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

- 13 April 2023: CEO's letter to Shareholders
- 5 June 2023: Definitive Feasibility Study Update

COB confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, where applicable in the case of estimates of Mineral Resources or Reserves, 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 any Competent Person's findings are presented have not been materially modified from the original market announcement.

Tenement Holding

The COB Group held the following mining tenements at the end of the quarter:

Tenement	Location	Interest at end of quarter
EL 8891	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 6622	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 9254	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 8143	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 9139	Broken Hill Region, New South Wales	100% legal and beneficial interest
ML 86	Broken Hill Region, New South Wales	100% legal and beneficial interest
ML 87	Broken Hill Region, New South Wales	100% legal and beneficial interest

No tenements or farm-in or farm-out agreements were disposed of during the quarter.

2 *Refers to expenditure incurred on an accounting accruals basis as distinct from expenditure reported in the Appendix 5B, which refers to expenditure on a cash basis. The amounts were extracted from the unaudited records of the COB Group.*

Cobalt Blue Background

Cobalt Blue (ASX: COB) is a mining and mineral processing company focussed on the development of the Broken Hill Cobalt Project in New South Wales, Australia. The portfolio of three granted tenements in a total area of 49 km^2 containing large-tonnage cobalt-bearing pyrite deposits are located 23 km west of Broken Hill. COB has developed a patented minerals processing technology for treating pyrite feedstocks targeting 85–95% recovery of cobalt from ore to product (as Mixed Hydroxide Precipitate or Cobalt Sulphate). The Broken Hill Cobalt Project has a targeted project life of +20 years and is expected to be a significant employer in Regional NSW, with around 400 full-time jobs generated. COB will become a global top 5 supplier of battery-grade cobalt (ex-China).

This announcement contains "forward-looking statements". All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include but are not limited to cobalt metal price volatility, timely completion of project milestones, funding availability, government, and other third-party approvals. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement".

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 (f) and LinkedIn (in). Please don't hesitate to join the 'COB friends' on social media and to join our newsletter mailing list at our website.

This announcement was approved by the Board of Directors.

For more information, please contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

COBALT BLUE HOLDINGS LIMITED

ABN	Quarter ended ("current quarter")
90 614 466 607	June 2023

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	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(408)	(1,653)
	(e) administration and corporate costs	(622)	(2,713)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	95	211
1.5	Interest and other costs of finance paid	-	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST received/(paid))	615	494
1.9	**Net cash from / (used in) operating activities**	**(320)**	**(3,664)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(11)	(908)
	(d) exploration & evaluation	(5,106)	(24,153)
	(e) investments	-	-
	(f) other non-current assets	(2)	(59)

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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) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Research and development incentive refund & government grants)	6,120	8,519
2.6	**Net cash from / (used in) investing activities**	**1,001**	**(16,601)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	22,312
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	3,750
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(415)
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 (payment of lease liabilities)	(96)	(296)
3.10	**Net cash from / (used in) financing activities**	**(96)**	**25,351**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,031	10,530
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(320)	(3,664)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,001	(16,601)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(96)	25,351

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**15,616**	**15,616**

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	60	109
5.2	Call deposits	2,556	3,122
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	13,000	11,800
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**15,616**	**15,031**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	157
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

On 17 January 2020 the Company executed agreements with American Rare Earths Limited (ASX: ARR) to acquire 100% ownership and legal title of the Broken Hill Cobalt Project (including all tenements). The consideration included a five-year $3,000,000 secured promissory note (PN) issued to ARR, with interest of 6% per annum payable in years 4 and 5. The PN can be repaid by the Company at any time in whole or in part without penalty. Once the PN is repaid in full, the security will be extinguished.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(320)
8.2	Payments for exploration & evaluation classified as investing activities) (item 2.1(d)	(5,106)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,426)
8.4	Cash and cash equivalents at quarter end (item 4.6)	15,616
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	15,616
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	2.88

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 31 July 2023

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

+ See chapter 19 of the ASX Listing Rules for defined terms.

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