Quarterly Activities Report

CobaltBlue
green energy technology

31 October 2023

Cobalt Blue Holdings Limited

A Green Energy Exploration Company

ASX Code: **COB**

Commodity Exposure:

Cobalt & **Sulphur**

Directors & Management:

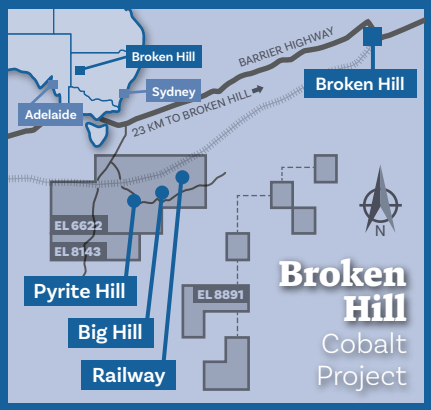
Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Robert McDonald	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Danny Morgan	CFO & Company Secretary

Capital Structure:

Ordinary Shares at 31/10/2023:	**375.4m**
Unlisted Options/Rights:	**3.4m**
Market Cap (undiluted):	**$88m**

Share Price:

Share Price at 31/10/2023:	**$0.235**



Cobalt Blue Holdings Limited

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Highlights

September 2023 Quarterly Activities Report

BROKEN HILL COBALT PROJECT (BHCP) ACTIVITIES

- Definitive Feasibility Study update
- Demonstration Plant operations
- Resource update
- Geotechnical Investigations
- Environmental Assessments
- Mining Lease Application

REFINERY DEVELOPMENT PROGRAM

- Strategy
- Refinery Partner
- Cost Study
- Piloting Program
- Permitting

COBALT IN WASTE STREAMS PROJECT (CWSP) UPDATE

COBALT TRENDS

- Energy transition metals in current oversupply
- EV Market Update

CORPORATE

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

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 reviewing COB's test work program (including 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 is preparing the resource and reserve statements, based on the resource block model and mining studies.

COB is delivering all other aspects of the DFS.

Demonstration Plant operations

Operations continued at the Demonstration Plant during the quarter, with targeted continuous runs completed. These have provided engineering data for the DFS and production of MHP for supporting studies including thickening, filtration, materials handling, bagging, and downstream refining into cobalt sulphate. Samples produced continue to be evaluated internationally as part of our partner program.

The plant will continue to operate through 2023 and into 2024 (beyond DFS delivery) to provide further evaluation of:

- Equipment performance – assisting with equipment selection and materials of construction durability/suitability.
- Optimisation strategies:
  - developing improved procedures that can be translated to the commercial plant.
  - producing samples of solids and liquids for supporting studies – e.g. filtration equipment selection at vendor laboratories.
  - generating stack emissions data – e.g. scrubber off gas characterisation.
  - flowsheet optimisation – e.g. impact of operating temperatures on water evaporation/balance.

These evaluations will also provide significant information for detailed design studies that follow on from the DFS. These continued operations also allow for third-party due diligence studies for project financing, ultimately training future operators and developing documentation for the commissioning of the commercial plant.

Over the longer term, the Demonstration Plant is expected to transform into a Metallurgical Testing Centre for new COB projects.

The Demonstration Plant's operating philosophy is to treat packages of feed through the circuits. Typically, the targets are 30-tonne packages of feed through the calcine circuit and 10-tonne packages of feed through the leach circuit. These quantities represent approximately 100 hours of continuous operation for respective circuits, excluding ramp-up and shutdown periods. Each 'package' then allows COB to evaluate specific operating parameters or equipment arrangements.

The use of a sulphur collection tank in the kiln system (Figure 1) supports unrestricted calcine operations, allowing extended steady-state operations. In conjunction with the successful commissioning and operations of the inline dust filter, the kiln has delivered a number of operating campaigns of > 100 hours without issue. These operations have resulted in the production of tonnes of clean sulphur product (Figure 2), and a number of packages of high-quality magnetic concentrate feedstock for the leach circuit. Tighter control of product quality from the calcine circuit has resulted in smoother and more stable operations of the leach circuit.

Figure 1 – **Sulphur collection tank**

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Figure 2 – **Sulphur in the condensation tank and after emptied from the tank**

The leach circuit has now delivered multiple 10-tonne package operating campaigns, each with > 100 hours of steady-state runtime. The high-quality feed produced from the calcine circuit has eliminated process upsets in the leach circuit and enabled reliable operations of the process required to bring cobalt into solution at the requisite levels to produce MHP. In conjunction with recent improvements in process control methodologies and overall circuit balance, the Demonstration Plant has transitioned from short campaigns for trouble-shooting plant and process to being a reliable platform to demonstrate the repeatability and robustness of our proprietary processing technology.

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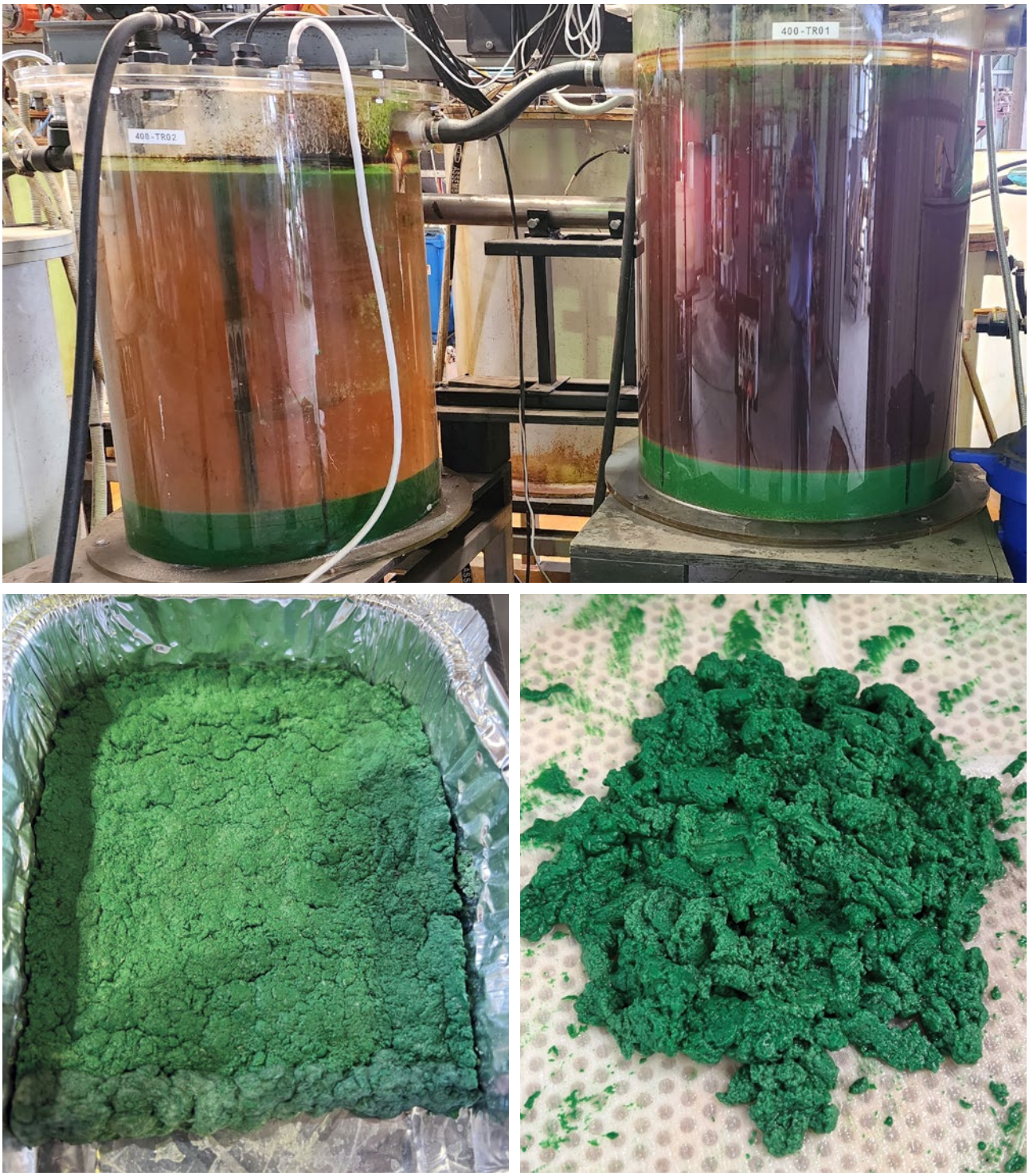
Figure 3 – **MHP in tanks and post drying**



Operations over the quarter have delivered multiple MHP packages, ranging from smaller samples for analysis and assessment to a larger sample for use in engineering studies needed to evaluate and specify equipment for the BHCP processing facility.

Resource update

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. Final drilling assays were received during the June 2023 quarter. During the September 2023 quarter geological modelling was advanced in support of Mineral Resource estimation.

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Geotechnical investigations

A series of geotechnical investigations were completed during the quarter to provide an assessment of subsurface conditions and how those conditions are likely to impact or interact with major infrastructure including:

- Barrier Highway intersection and associated road works;
- main site access road and internal mine haul roads;
- rail siding;
- non-process infrastructure ('NPI') including administration and workshop areas;
- process infrastructure including the ROM pad, stockpiles, kiln, loadouts and crushing / milling infrastructure;
- water storage tanks;
- overhead transmission line from the mine site to Broken Hill; and
- IWL locations.

The investigations included the completion of some 60 test pits and 28 auger / cored drill holes ranging between 6 and 15m total depth. An extensive number of field tests were undertaken and will be further supported by laboratory testwork on recovered core samples. This data will inform the design of foundations and retaining structures.

Figure 4 – **Geotechnical drilling at the BHCP**

Figure 5 – **Geotechnical consultant logging a shallow test pit at the intersection of the proposed access road and Barrier Highway**

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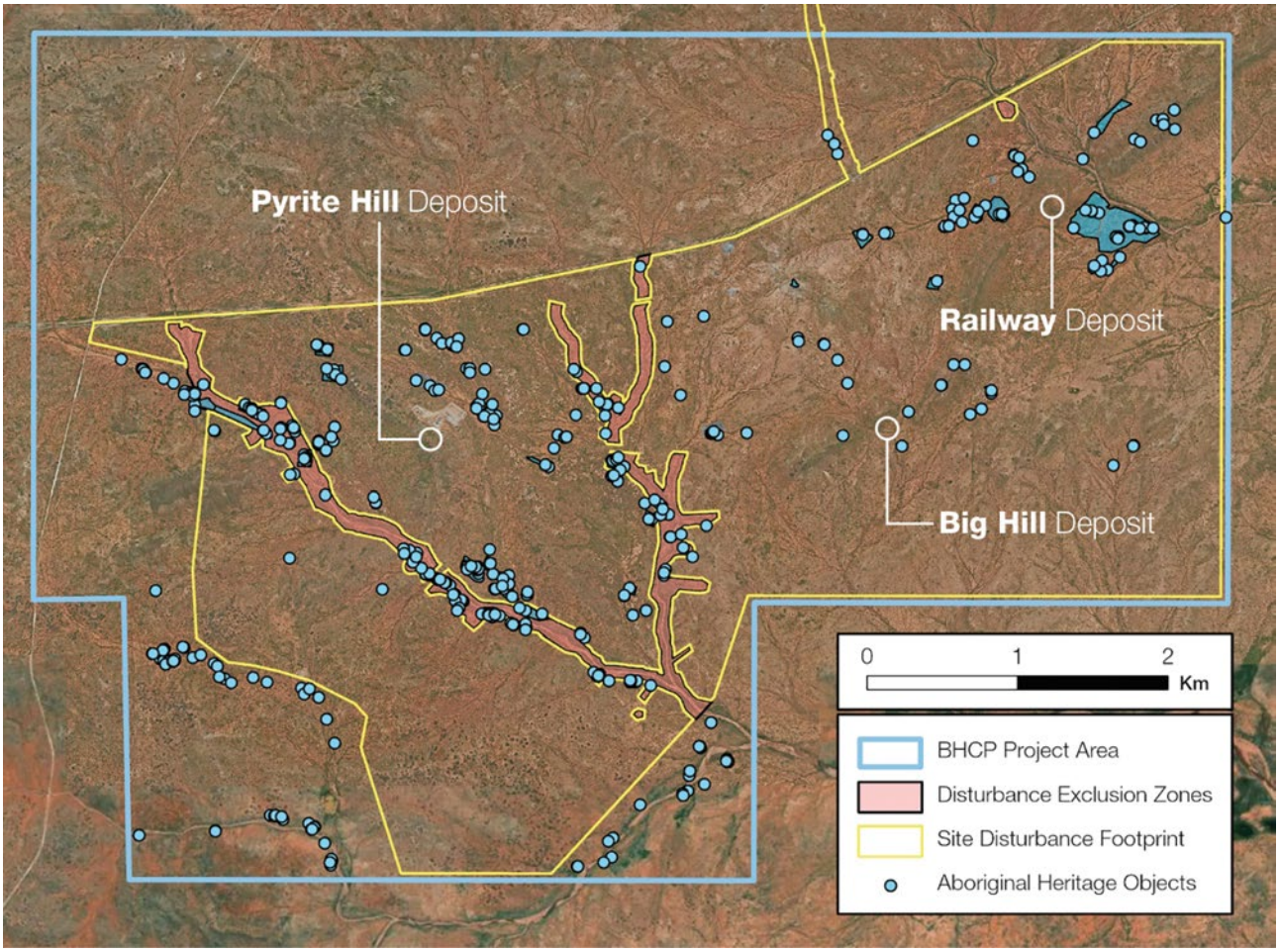
Following the execution of the geotechnical investigations, the exploration team completed site rehabilitation works.

Environmental Assessments

Work on soils, biodiversity and Aboriginal cultural heritage surveys continued during the quarter, including assessing the entire disturbance footprint of BHCP, including the access road and utilities. These survey results will form part of the Environmental Impact Statement that will be submitted for State Significant Development Approval in 2024. In addition, a referral under the Commonwealth Environmental Protection and Biodiversity Conservation Act 1999, using site-based biodiversity data, is expected to be made in late 2023.

The site-based environmental data has been used to develop the BHCP site disturbance footprint, where opportunities to avoid or minimise impacts to biodiversity, Aboriginal heritage objects and or watercourse integrity have been considered.

Figure 6 – **BHCP site disturbance footprint and exclusion zones**



Mining Lease Application

During the quarter, Mining Lease Application 634 ('MLA634' or 'the Application') was lodged with the NSW Government for the purposes of Ancillary Mining Activities ('AMAs'). MLA 634 nominally includes the construction, operation, and maintenance of:

- a dual lane, sealed access road from the Barrier Highway to the BHCP site;
- a 220kV power line that will connect the BHCP site to the TransGrid substation located in the industrial area of Broken Hill via the Barrier Highway;
- a 400mm diameter buried pipeline for the transmission of raw water to the BHCP site;
- a buried fibre optical cable to be co-located with the aforementioned water pipeline; and
- a creek diversion required for the development of the Railway deposit.

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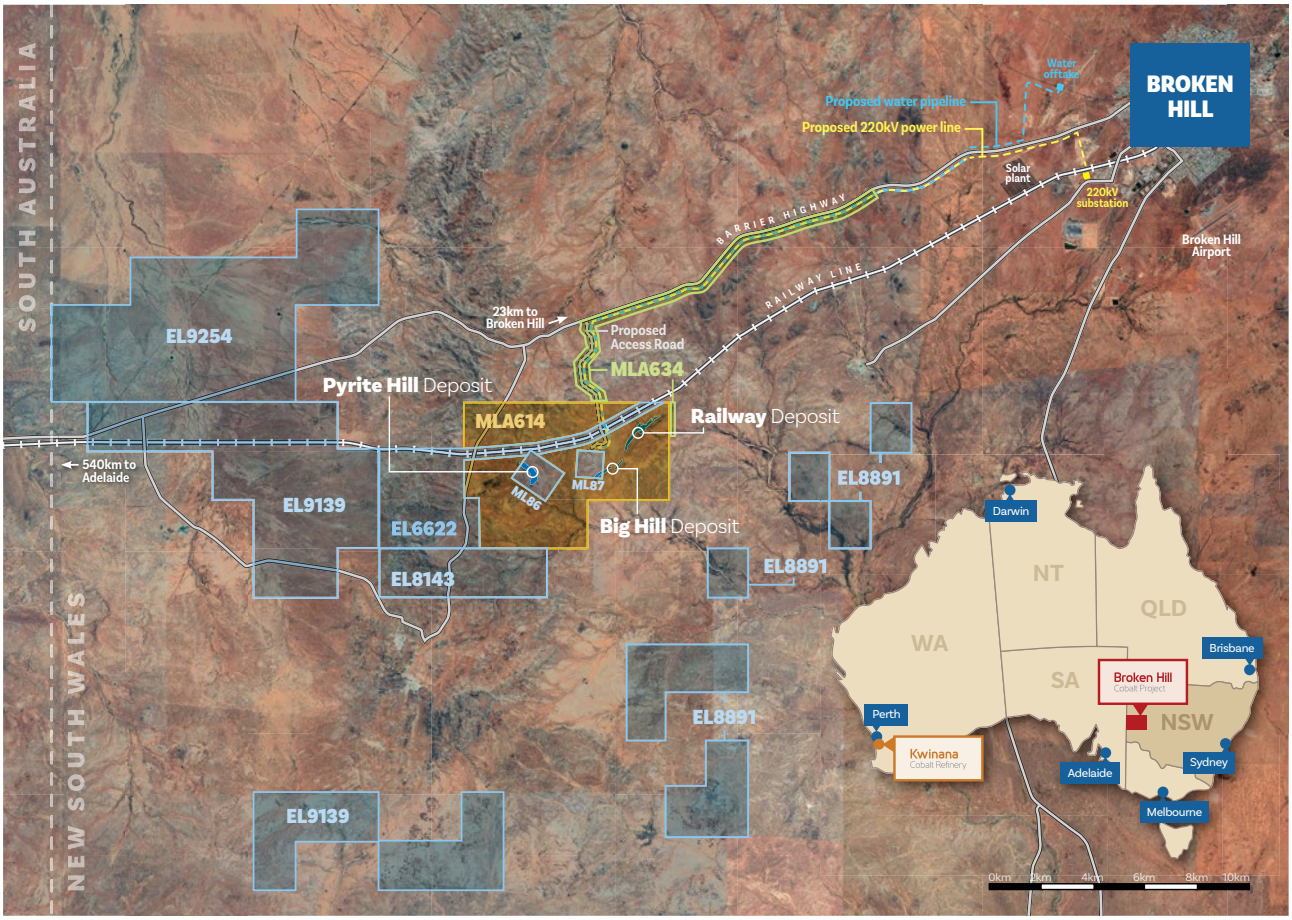
The Application was made following the completion of a discrete transport and logistics review. The amended access route is expected to enhance operational safety with improved sightlines at major intersections, particularly at the Barrier Highway. In addition, the route decreases the overall distance from Broken Hill to the site administration centre by some 7km. As a result, road travel from the BHCP site to Broken Hill has now been reduced to 27km or ~20 minutes. This reduced travel time supports the Broken Hill-based workforce required to operate the mine.

MLA634 complements the earlier application, MLA614, which was lodged in December 2021. Along with existing Mining Leases (ML86 and ML87), MLA614 and MLA634 collectively cover the area required for the development of the BHCP. The grant of any Mining Lease in favour of MLA614 and/or MLA634 is subject to the attainment of enabling approvals, including development consent.

Figure 7 – **BHCP location map**



Refinery Development Program

Strategy – COB Mine to Battery Grade Market Model

COB is advancing a mine-to-battery-grade market model. This is comprised of a mine in Broken Hill, New South Wales feeding into a refinery to be built in Kwinana, West Australia. The refinery can also process third-party materials as well as cobalt and other metals from waste stream projects (mining waste generating recycled metals). The refinery is then further scalable over time. The strategy is depicted in Figure 8.

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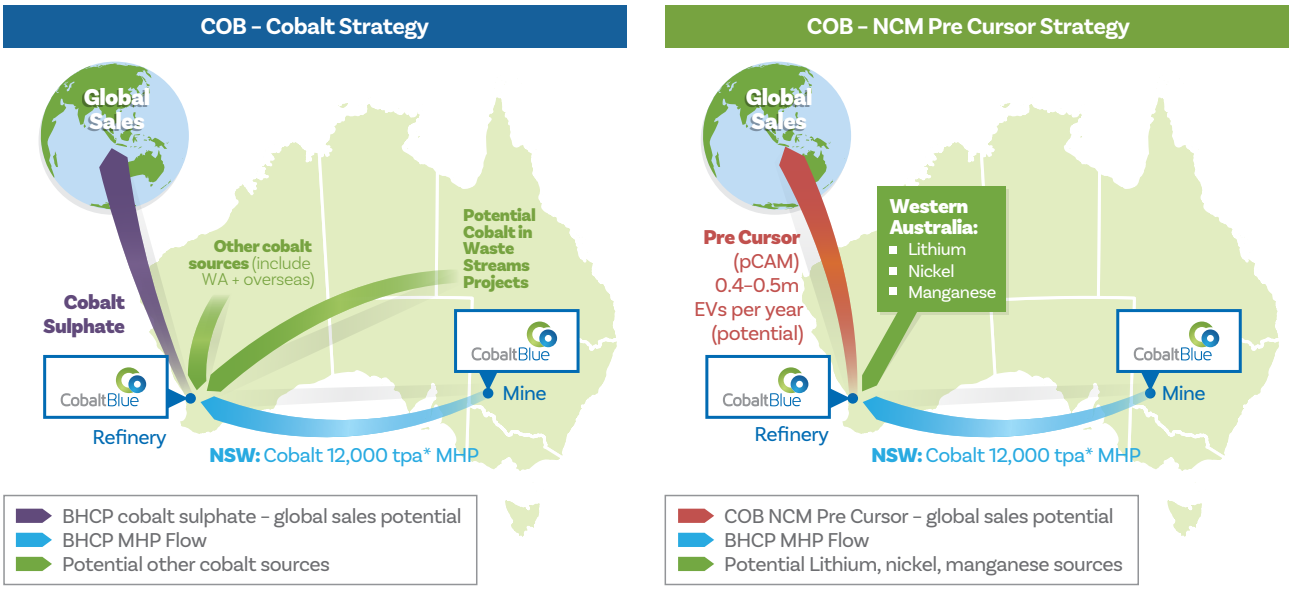
Figure 8 – **Cobalt Blue Sulphate Refinery and NCM Precursor Strategies**

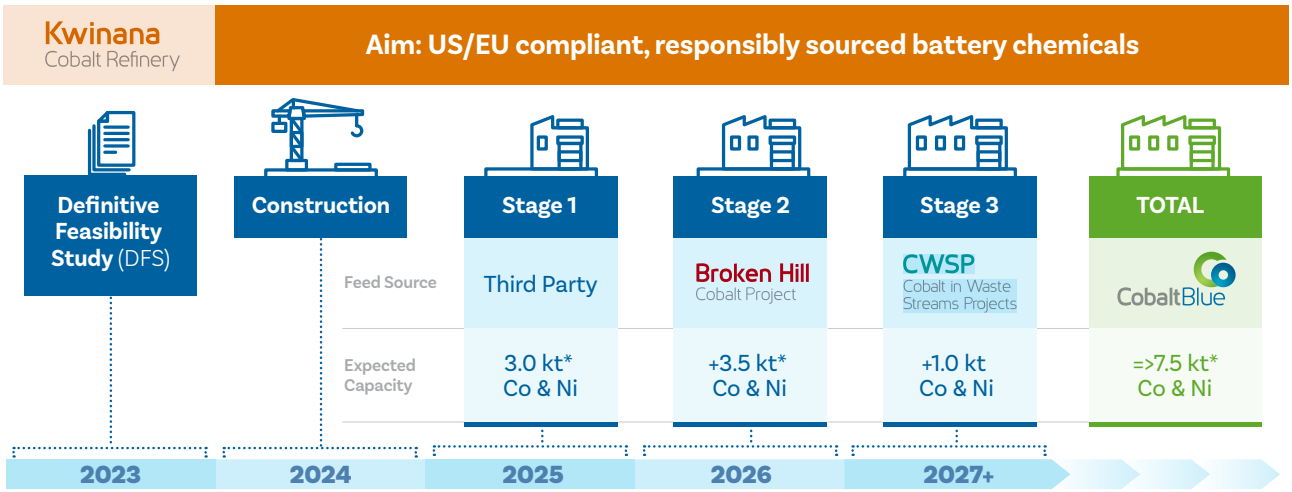


Source: Cobalt Blue Holdings Limited

The Kwinana Refinery strategy provides the following advantages:

- **Allied Nation supply chain benefits** – COB is aiming to deliver into the Allied Nation supply chain created by the US IRA and EU CRMA. More recently, the Albanese and Biden governments have proposed a Climate, Critical Minerals and Clean Energy Compact that will treat Australian projects in a similar way to North American-based projects to qualify for equity and debt funding by US Government agencies and companies (It should be noted that the compact is subject to US legislative endorsement). These legislative developments are expected to assist Australia's critical minerals, and projects such as ours, playing a role in the world's energy transformation.
- **Commercial relationships** – Refinery development will allow COB to collaborate globally in the selection of cobalt/nickel feedstock and assess which cobalt miners will become suitable long-term partners targeting premium markets.
- **Refinery qualification ahead of BHCP operations** – Producing saleable cobalt sulphate by late 2025 is expected to allow COB to qualify refinery production for the global battery supply chain in advance of BHCP's first operations. For COB, successful validation of cobalt sulphate from the refinery will de-risk the BHCP investment whilst reducing working capital needs. Note that the qualification period for new cobalt chemicals entering the electric vehicle production chain is nominally 6–12 months.

Figure 9 – **Cobalt Blue Cobalt Refinery – Indicative timeline**



Timetable and goals are indicative. Capacity refers to metal content basis. Source: Cobalt Blue Holdings Limited.

* *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.*

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Refinery Partner

COB is engaging with a potential partner for the refinery. Our potential partner is a leading Japanese multinational company that specialises in the production and trading of commodities that:

- has a global presence;
- has established partnerships and collaborations with companies worldwide to further advance their expertise in technologies and explore new markets;
- has a large trading arm looking to supply their Japanese partners in major global Electric Vehicle markets, including the United States.

COB continued to engage with the potential partner during the quarter.

Cost Study

During the quarter COB commenced work on an engineering cost estimate for a cobalt sulphate refinery in Kwinana, Western Australia. This study will be used to assess the economic merits of building and operating a plant to process a minimum of 3,000 tpa cobalt (target), with expansion to 7,500 tpa cobalt /nickel when BHCP feedstock is available.

Piloting Program

In addition to the cost study, COB commenced a raw material testing program to trial up to 5-tonne samples from third-party suppliers of cobalt mined products. Samples would typically include cobalt hydroxide or cobalt-nickel hydroxide or other intermediates from existing operations. Each sample would take approximately 4–6 weeks to be tested.

The current cobalt sulphate refinery equipment in the Broken Hill Demonstration Plant will be upscaled to a nominal production rate of 200 kg/day cobalt/nickel equivalent. This represents a 1:50 scale compared to the initial refinery throughput of 3,000 tpa cobalt. COB will utilise the existing Broken Hill-based Demonstration Plant footprint and ancillary equipment already present in Broken Hill.

Samples have and will continue to be provided under commercial-in-confidence agreements, due to the sensitivity of disrupting existing supply contracts and chains. COB is looking to source a broad range of cobalt-rich materials representing the global industry that currently complies with Allied Nation supply chain requirements.

There are a number of both technological and strategic benefits to testing bulk raw materials that will significantly de-risk the Kwinana refinery project, including:

- Evaluating the suitability of processing third-party feedstocks, providing a basis for the negotiation of supply contracts.
- Identifying and characterising waste generated by the refinery, and thereby define appropriate waste management strategies.
- Improving operating procedures and philosophies, which lead to better plant design and lower risk commissioning and operations of the full-scale refinery.
- Confirming capabilities to produce high purity cobalt sulphate suitable for sale to cathode precursor manufacturers, from a range of feedstocks.

Permitting

COB commenced discussions with the West Australian Government regulator on the permitting pathway for the refinery. A program of studies is being costed to cover emissions, waste, water, power, traffic, logistics, noise, and hazardous materials.

Cobalt in Waste Streams Project (CWSP) update

During the June 2023 quarter, COB announced that it had entered a testwork co-operation 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. 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 technology offers the potential to convert the sulphides into elemental sulphur, which is stable and benign.

Testwork commenced during the quarter. The testwork program is expected to be completed during the December 2023 quarter.

Cobalt Trends

Cobalt and other energy transition metals in oversupply

The end of the September 2023 quarter saw a gradual improvement in cobalt demand and prices across all grades on cyclical restocking. Battery makers (and most other manufacturers) in China tend to stockpile raw materials ahead of the Christmas break and the Lunar New Year slowdown. Consumer electronics demand is expected to remain strong for the near term. Nevertheless, cobalt prices ended the September quarter 23% lower over the year and over 40% lower than in September 2022.

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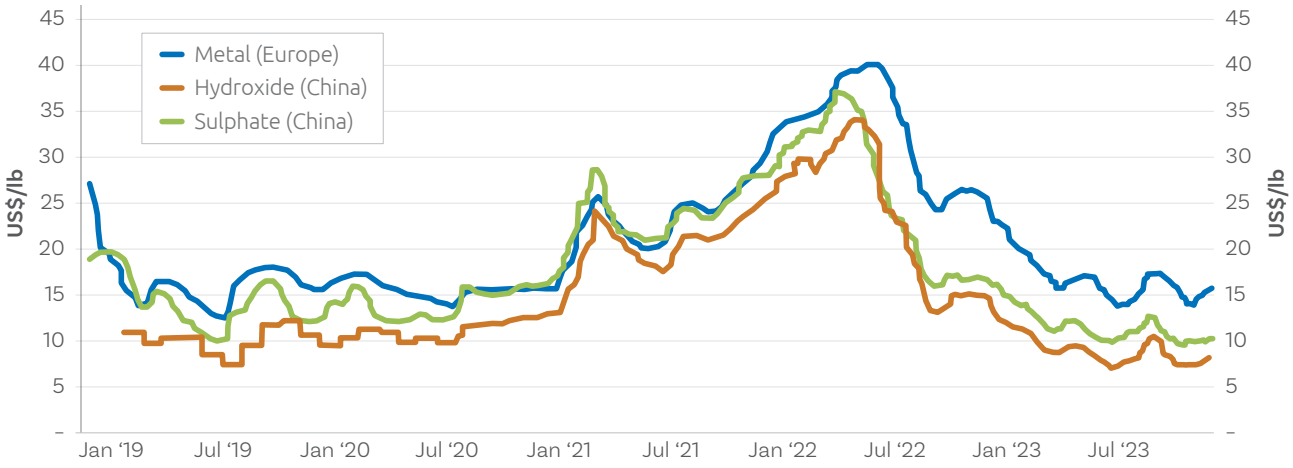
Cobalt is not the only energy transition metal characterised by oversupply and falling prices. Lithium prices have been on a steady decline since February this year, primarily because of mine growth both in Australia and in South America. Prices currently stand around US$26,000/t vs US$78.000/t at the start of the year. The supply story of nickel is also analogous to cobalt, with dominant producer Indonesia, pushing ahead with significant supply growth even while prices remain well below the long-term average.

Figure 10 – **Cobalt prices see support around US$15/lb**

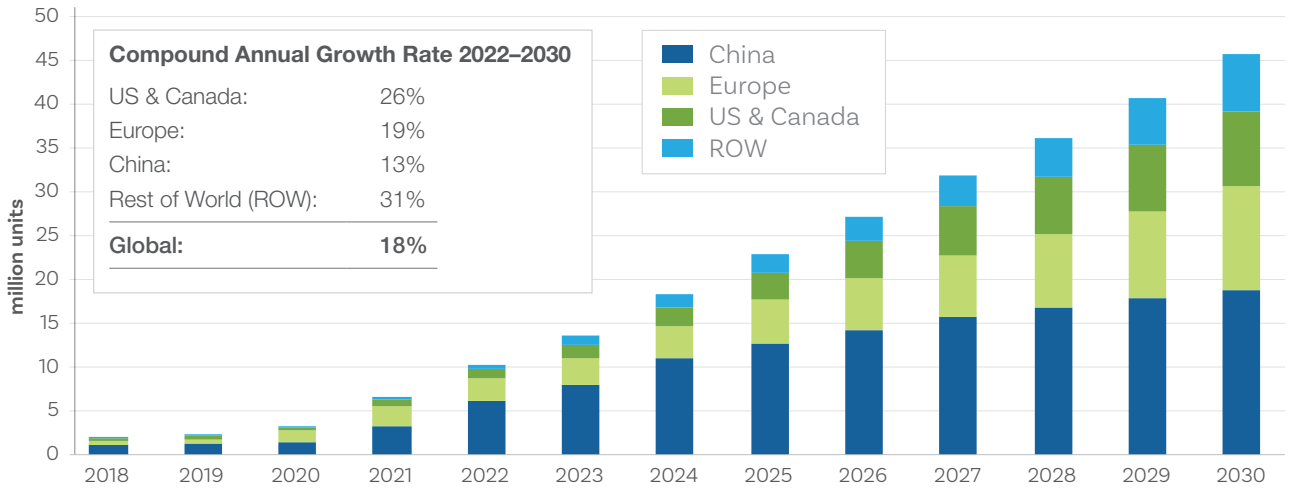


Source: Fastmarkets, Cobalt Blue

Electric Vehicle (EV) Market Update

Global EV sales reached a fresh monthly record in September 2023, growing 23% vs September 2022 and bringing year-to-date sales to 9.5 million. Rho Motion forecasts total sales this year to reach 13.8 million units (+32% YoY). Sales in China have grown by 33% year-to-date, in Europe by 27%, and in the US & Canada by 60%. The outlook for EV sales for the rest of the decade remains upbeat, with growth rates in North America and Europe progressively climbing as these regions catch up to China's world-leading penetration rate.

Figure 11 – **EV sales by region, 2018–2030**



Source: Rho Motion, Cobalt Blue

Cobalt demand for batteries is forecast to grow at equally robust rates. While there continues to be discussion over the gain in market share of lithium iron phosphate (LFP) cathodes in EV batteries, it is important to note this trend remains isolated to certain regions, namely China and other high-density emerging market areas where demand for lower costs outweigh range requirements in batteries. According to Rho Motion, LFP share in the US & Canada is just 15% and in the European block only 5%. These low levels of LFP penetration are likely to persist given minimal progress and commitments from EV car makers, and we expect nickel cobalt manganese (NCM) cathodes to remain dominant in those regions.

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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 a Demonstration Plant update and details of the recently launched refinery development program. COB also presented at the Women in Mining Summit during the quarter.

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[1] $6.1m 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.

In December 2022, COB was awarded a grant of up to $15m through the Critical Minerals Accelerator Initiative (CMAI) for the BHCP by the Australian Government. To date, COB has received $7.5m, with the next instalment of $3m expected in the December 2023 quarter and a further $3m expected in the June 2024 Quarter.

During the quarter COB received a $2.7m R&D tax rebate for the 2022 financial year. The 2023 R&D tax rebate is expected to be approximately $3.5m, and is expected to be received within the next 3-4 months.

Other

Emma Jenkins joined COB in July 2023 as HR Executive – People and Culture. Emma is a strategically focused HR professional with 15 years of experience in a variety of industries, including mining and manufacturing. She is skilled in a wide variety of generalist functions and has specialist expertise in the areas of employee and industrial relations, talent acquisition and organisational development. Beyond managing Human Resource functions in Cobalt Blue's corporate and operational locations, Emma will also be working on future HR requirements in Broken Hill and the proposed Kwinana cobalt refinery.

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

- 27 September 2023: Finalised Mining Lease Application Lodged
- 3 August 2023: Demonstration Plant Success & Refinery Development Program
- 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.

1 *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.*

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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.

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). Cobalt Blue is also seeking to develop a separate refinery operation in Kwinana, WA, that will have the potential to process future material from BHCP, other COB-owned cobalt projects and third party material.

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:

Joel Crane
Investor Relations/Commercial Manager
joel.crane@cobaltblueholdings.com

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	September 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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	(494)	(494)
	(e) administration and corporate costs	(669)	(669)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	118	118
1.5	Interest and other costs of finance paid	(5)	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST received/(paid))	(578)	(578)
1.9	**Net cash from / (used in) operating activities**	**(1,628)**	**(1,628)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) exploration & evaluation	(6,706)	(6,706)
	(e) investments	-	-
	(f) other non-current assets	(16)	(16)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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)	2,674	2,674
2.6	**Net cash from / (used in) investing activities**	**(4,050)**	**(4,050)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	14	14
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	(47)	(47)
3.10	**Net cash from / (used in) financing activities**	**(33)**	**(33)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,616	15,616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,628)	(1,628)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,050)	(4,050)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(33)	(33)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**9,905**	**9,905**

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	104	60
5.2	Call deposits	801	2,556
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	9,000	13,000
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**9,905**	**15,616**

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	199
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)	(1,628)
8.2	Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(6,706)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(8,334)
8.4	Cash and cash equivalents at quarter end (item 4.6)	9,905
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	9,905
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.2

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: Yes

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: The Company expects to receive the next CMAI grant instalment in the December 2023 quarter ($3m), with a further $3m expected in the June 2024 Quarter. In addition, the company expects to receive an ATO R&D tax rebate of $3.5m, within the next 3-4 months. The Company maintains a dialogue with the investment community regarding its planned activities and believes that when the Board forms the view on when timing is appropriate, a capital raising would be supported.

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: Yes. The Company expects to be able to continue its operations and meet its business objectives, based on its response to question 8.8.2 above.

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 October 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.

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