Quarterly Activities Report

CobaltBlue
green energy technology

30 January 2024

Cobalt Blue Holdings Limited

A Green Energy Exploration Company

ASX Code: **COB**

Commodity Exposure:

Cobalt & **Sulphur**

Directors & Management:

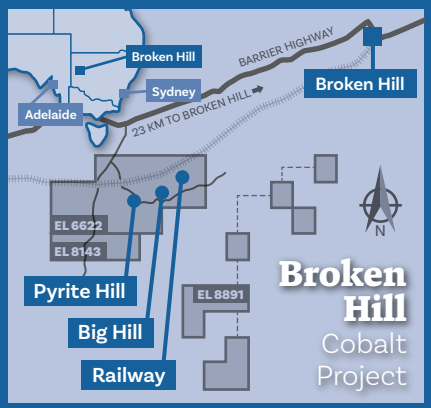
Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Robert McDonald	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Danny Morgan	CFO & Company Secretary

Capital Structure:

Ordinary Shares at 30/01/2024:	**375.8m**
Unlisted Options/Rights:	**5.8m**
Market Cap (undiluted):	**$62m**

Share Price:

Share Price at 30/01/2024:	**$0.165**



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Highlights

December 2023 Quarterly Activities Report

BROKEN HILL COBALT PROJECT (BHCP) ACTIVITIES

- Definitive Feasibility Study update
- Demonstration Plant operations
- Resource update

REFINERY DEVELOPMENT PROGRAM

- Cobalt-Nickel Refinery Study Results
- Products
- Feedstock Availability and Evaluation
- Metallurgical Processing
- Path to Production
- Indicative Project Timeline
- Permitting
- Location

COBALT IN WASTE STREAMS PROJECT (CWSP) UPDATE

COBALT TRENDS

- Oversupply persisted in 2023, but rebalance underway
- EV Market Update

CORPORATE

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

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 - concentrate was calcined and then processed through the leach circuit, producing Mixed Hydroxide Precipitate (**MHP**). Demonstration Plant operations continue to provide 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 the first half of 2024 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.

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.

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

During the quarter, COB released a BHCP Resource Update, noting:

- Measured Resources increased by 32% when compared with the former estimate (2021).
- The updated Mineral Resource estimate for the Broken Hill Cobalt Project (**BHCP**) now comprises 126.5 Mt at 867 ppm cobalt equivalent (**CoEq**) (690 ppm cobalt, 7.5% sulphur and 134 ppm nickel) for 87 kt contained cobalt, 9,510 kt sulphur and 17 kt nickel (at a 275ppm CoEq cut-off).
- Infill drilling has supported an improved resource classification for the Big Hill deposit with 31% of tonnes classified as Measured and a further 54% classified as Indicated.
- Measured and Indicated resources now comprise 66% of the total Mineral Resource.
- The estimate is a major stepping stone in the completion of the Definitive Feasibility Study (**DFS**) and will form the basis of detailed mine planning and scheduling.

A summary of the Mineral Resource estimate by deposit and classification is provided in Table A.

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Table A – **The Mineral Resource estimates for the BHCP deposits (at a 275 ppm CoEq cut-off) detailed by Mineral Resource classification (CoEq = Co + S % × 18.1398 + Ni ppm × 0.3043. Note minor rounding errors may have occurred in compilation of this table).**

Classification	Tonnes (Mt)	CoEq (ppm)	Co (ppm)	S (%)	Ni (ppm)	Contained Co (kt)	Contained S (kt)	Contained Ni (kt)
Pyrite Hill								
Measured	18.0	1,273	1,020	10.8	189	18.3	1,935	3.4
Indicated	8.7	889	703	8.0	137	6.1	693	1.2
Inferred	7.2	1,188	946	10.3	181	6.8	742	1.3
Total	33.9	1,156	923	9.9	174	31.3	3,371	5.9
Big Hill								
Measured	5.7	735	592	6.0	110	3.4	342	0.6
Indicated	10.1	745	599	6.0	120	6.0	609	1.2
Inferred	2.8	750	596	6.4	123	1.7	181	0.3
Total	18.6	742	596	6.1	118	11.1	1,131	2.2
Railway								
Measured	–	–	–	–	–	–	–	–
Indicated	41.1	809	643	7.1	125	26.4	2,915	5.1
Inferred	33.0	713	563	6.4	115	18.5	2,093	3.8
Total	74.1	766	607	6.8	121	45.0	5,008	8.9
Total								
Measured	23.7	1,143	917	9.6	170	21.7	2,277	4.0
Indicated	59.9	810	644	7.0	126	38.6	4,217	7.6
Inferred	43.0	795	629	7.0	127	27.0	3,016	5.4
Total	126.5	867	690	7.5	134	87.3	9,510	17.0

The Mineral Resource has been reported at a cut-off of 275 ppm cobalt equivalent based on an assessment of material that has reasonable prospects of eventual economic extraction.

In addition to cobalt, the cut-off grade incorporates revenue streams from elemental sulphur and nickel; economic by-products of the processing pathway defined in the 2018 BHCP Preliminary Feasibility Study (**PFS**) and subsequent 2020 BHCP Project Update also completed to a PFS level. The cobalt equivalent grade has been derived from the following calculation; CoEq ppm = Co ppm + (S ppm × (S price / Co price) × (S Recovery / Co Recovery)) + (Ni ppm × (Ni Price / Co Price) × (Ni Recovery / Co Recovery)).

Assumptions derived from the assessment of modifying factors considered for the current, and yet to be completed, DFS have been used to inform the cobalt equivalency calculation (see Table B). Accordingly, the updated cobalt equivalency formula equates to CoEq = Co + S % × 18.1398 + Ni ppm × 0.3043.

Table B – **Assumptions used for the calculation of the cobalt equivalency formula.**

Assumption	2023 Input
Cobalt Price	US$60,186/t (AU$85,980)
Sulphur Price	US$145/t (AU$207)
Nickel Price	US$18,317/t (AU$26,167)
Cobalt Recovery	85.0%
Sulphur Recovery	64.0%
Nickel Recovery	85.0%
Exchange rate (A$ to US$)	0.70

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The Mineral Resource estimate follows the completion of the 2022–2023 drilling program which 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.
- drilling for waste rock characterisation at the Pyrite Hill, Big Hill and Railway deposits to inform detailed design criteria for the Integrated Waste Landforms.

Seventy-eight (78) drill holes were completed for some 12,280 metres, increasing COB's cumulative drilling effort from approximately 28,500 metres to over 40,000 metres since 2017.

Refinery Development Program

Cobalt-Nickel Refinery Study Results

During the quarter, COB released the results of its Cobalt-Nickel Refinery Study (**Study**). The Study evaluated the construction and operation of a Cobalt-Nickel Refinery (the '**Refinery**') in the Kwinana Industrial Area, located 30 km from the Perth metropolitan area in Western Australia, to treat cobalt intermediates and produce battery-grade cobalt and nickel sulphates.

The Study provides a suitable platform for advancing the project through the next stages of pre-development up to a Financial Investment Decision planned in mid-2024.

The Study summarises the strategic rationale for COB to pursue the Refinery, noting:

- COB's strategy is positioned to capitalise on the growing demand for EVs and the increasing requirement for responsibly sourced raw material in an Allied Nations supply chain.
- Analysis of the international cobalt market supply and demand dynamics.
- Feedstock procurement details from major suppliers of cobalt and nickel intermediates.
- The strategic advantages and permitting requirements for locating the refinery location in the Kwinana Industrial Area.
- An existing non-binding agreement with a major Japanese multinational that specialises in the production and trading of commodities.

The base case scenario is described as follows:

- Preconstruction costs of A$10m (of which some have been spent to date).
- Plant capacity set in Stage 1 (sourced from third-party feedstock) at 3,000 tpa cobalt and 1,000 tpa nickel, producing respective sulphate salts for use as raw ingredients to supply the precursor cathode material (**pCAM**) industry:
  - Installed capital cost of A$47m + A$7–9m contingency.
  - During the prequalification/commissioning period, we expect a positive netoff of post-tax income received against operating and fixed costs.
- Expansion potential to increase the size of the plant in Stage 2 to treat cobalt-nickel hydroxide from the Broken Hill Cobalt Project (**BHCP**). This has the potential to bring the total throughput to 6,500 tpa cobalt and 1,800 tpa nickel.
- Fixed processing costs of $14m per annum, and variable processing costs related to quantity and quality of feedstocks.
- Recovery of 98% to final cobalt sulphate heptahydrate and nickel sulphate hexahydrate.
- Near-term cobalt prices of US$18/lb in 2026 progressively building to US$27/lb by 2033 as forecast by industry consultant Benchmark Minerals Intelligence, a leading industry commentator.
- Prequalification/Commissioning period of six months at half throughput capacity, and 75% of revenue (via sales of technical grade sulphates vs battery grade sulphates) achieved during this period.
- Notional 20-year project life with further life expected.
- The financial metrics for the Stage 1 (base case) scenario are given in Table C and Table D. The project is estimated to generate (on a 100% owned basis):
  - Post-tax NPV_{10} of A$99–118M and IRR of 25–27%
  - Average Annual EBITDA of A$30–34m
  - Project pay back period <5 years

A further upside case was modelled to evaluate cobalt price premiums associated with Inflation Reduction Act (**IRA**) compliance for the US market. Premiums modelled varied between 2–10% above the cobalt price, resulting in further uplifts in NPV and IRR (see Table E).

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Table C – **EBITDA, NPV and IRR versus cobalt price and FX at SPOT and LONG TERM conditions and Benchmark Minerals Intelligence (BMI) forecast profile**

Financials (100% owned)		LONG TERM COBALT METAL PRICE	SPOT COBALT METAL PRICE	BMI METAL PRICE PROFILE
Total Cobalt Revenue	A$ M	4,436	3,008	4,100
Total Nickel Revenue	A$ M	469	505	469
Total EBITDA	A$ M	834	616	675
Total Operating Cash Flow	A$ M	605	518	577
Valuation (100% owned)[1]				
Net Present Value$_{10}$ (post tax)	A$ M	118	99	107
Internal Rate of Return (post tax)	%	27	25	25
Total Capital Payback Period	Years	5.3	5.4	5.6
Assumptions (100% owned)				
Cobalt Price	US$/lb	27.00	17.00	Up to US$27.00/lb by 2033
Nickel Price	US$/lb	8.00	8.00	8.00
Exchange Rate	AUD:USD	0.70	0.65	0.70

Table D – **Sensitivities of NPV, IRR and EBITDA versus cobalt price and exchange rate**

Sensitivity on Post-Tax NPV$_{10}$ ($M)* for Changes in Cobalt Price and Exchange Rate

			Cobalt Price Spot		LT		
Ex Rate AUD/USD		12.0	**17.0**	22.0	**27.0**	32.0	43.0
	0.60	90	124	136	170	154	186
Spot	**0.65**	68	**99**	110	142	128	157
LT	**0.70**	49	78	89	**118**	105	132
	0.75	33	60	70	98	85	110
	0.80	18	44	53	79	67	91

* *At time of early works*

Sensitivity on Post-Tax IRR* for Changes in Cobalt Price and Exchange Rate

			Cobalt Price Spot		LT		
Ex Rate AUD/USD		12.0	**17.0**	22.0	**27.0**	32.0	43.0
	0.60	25%	29%	29%	33%	300%	31%
Spot	**0.65**	21%	**25%**	26%	30%	27%	29%
LT	**0.70**	19%	23%	23%	**27%**	24%	26%
	0.75	16%	20%	21%	24%	22%	24%
	0.80	13%	18%	19%	22%	20%	22%

* *At time of early works*

1 *Note that contingencies have not been included in the NPV and IRR calculations.*

Table E – **NPV and IRR versus cobalt price and a potential IRA Premium**

Sensitivity on Post-Tax NPV ($M)* for Changes in Cobalt Price and IRA Premium						
		Cobalt Price				
IRA Premium	15.0	**20.0**	25.0	**30.0**	35.0	40.0
0%	61	**70**	97	**104**	75	111
2%	75	89	120	131	108	148
4%	88	107	143	158	140	184
6%	102	125	165	186	172	221
8%	116	143	188	213	204	257
10%	130	162	211	241	236	294

* *At time of early works*

Sensitivity on Post-Tax IRR* for Changes in Cobalt Price and IRA Premium						
		Cobalt Price				
IRA Premium	15.0	**20.0**	25.0	**30.0**	35.0	40.0
0%	20%	**21%**	24%	**24%**	20%	24%
2%	22%	24%	27%	28%	24%	28%
4%	24%	26%	30%	31%	28%	33%
6%	26%	29%	33%	34%	32%	37%
8%	28%	31%	36%	38%	35%	40%
10%	30%	33%	38%	41%	39%	44%

* *At time of early works*

Products

The Refinery plans to produce two products:

- Cobalt sulphate heptahydrate
- Nickel sulphate hexahydrate

Through extensive market review, COB has confirmed that there is no single industry specification for cobalt sulphate or nickel sulphate entering the battery supply chain. This view is also confirmed by the FBI-CRC publication "Li-ion battery cathode manufacture in Australia – A Scene Setting Project" (2020).

For historical reasons, pCAM manufacturing facilities have separately sourced nickel, cobalt and manganese chemicals. Despite obvious benefits in sourcing a mixed metal sulphate (i.e. one containing nickel, cobalt and manganese), the established pCAM producers (mainly in China) continue to request high-purity single metal sulphates. Recently, in our view, BHP has successfully changed the market dynamics, with their nickel sulphate being the first to contain appreciable quantities of cobalt at 50–100 ppm.

There is continuing and significant discussion to merge/integrate refining and pCAM plants. As such, there is likely to be renewed discussion over sulphate specifications.

Feedstock Availability and Evaluation

The plant has been designed for two stages. In Stage 1, the feedstock will be supplied by third-party contracts. COB is in advanced discussions with two major suppliers of intermediates for use as feedstock for the Refinery. One is domestic and the other international, with both products in discussion standardised products in global sale, specifically Mixed Sulphide Precipitate (**MSP**) and Mixed Hydroxide Precipitate (**MHP**). Stage 2 allows for the expansion of Refinery capacity with the introduction of BHCP MHP. If BHCP MHP is not available, additional third-party feedstock can be sourced. This may include recycled products from the battery industry such as pCAM, CAM, black mass, etc.

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Metallurgical Processing

COB's process flowsheet has been developed using samples of BHCP MHP from the laboratory to ultimately a quasi-commercial scale (24/7) demonstration plant, completed between 2017 and 2023, in which we successfully produced battery-grade cobalt and nickel sulphate. The Refinery will employ this flowsheet initially to process third-party feedstocks until the BHCP becomes operational. A dedicated refinery section of the demonstration plant has been constructed for metallurgical testing of a variety of third-party feedstocks.

During the quarter COB commenced a large-scale raw material testing program for the Refinery project. 5 tonne samples from third-party suppliers of cobalt hydroxide or cobalt-nickel hydroxide or other intermediates from existing operations are being used.

The current cobalt sulphate refinery equipment in the Broken Hill based Demonstration Plant has been been upscaled to a nominal production capacity rate of 200 kg/day cobalt/nickel equivalent. This represents a 1:50 scale compared to the initial intended Refinery capacity.

Cobalt Blue will source a broad range of cobalt rich materials representing the global industry that currently complies with Allied Nation supply chain requirements.

Pictured below is a 5 tonne delivery of non-Australian third-party material received during the December quarter. The commercial objective of the test work is to finalise operating requirements and costs of processing different global feedstocks prior to a Final Investment Decision for the Refinery project, which is expected by mid 2024. The business model of the refinery is to produce Inflation Reduction Act (**IRA**) (US market) and Critical Raw Materials Act (**CRMA**) (EU market) compliant battery chemicals.

Figure 1 – **Demonstration Plant Manager, Adam Randall, receives first 5 tonne sample of 3rd party feedstock material**

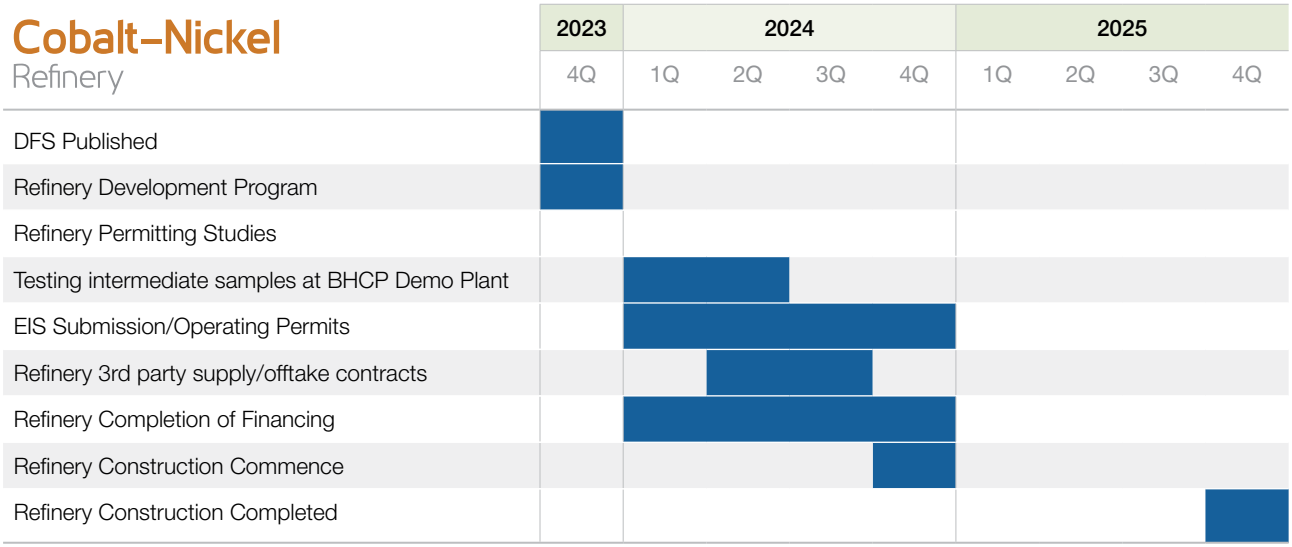
Testing is expected to be completed during the March 2024 quarter.

Path to Production

COB has developed a detailed Forward Work Plan to the commencement of construction. Between December 2023 and June 2024 the plan is to:

- Complete testing of feedstock samples;
- Finalise the Refinery's engineering and select engineering partner and construction firm;
- Secure binding feedstock contracts for the first 3–5 years of operation;
- Secure offtake contracts;
- Complete permit application studies; and
- Prepare financial information memorandum, identify sources of funds and close finance.

Indicative Project Timeline



Permitting

It is envisaged that the proposed Refinery will be operated as a joint venture arrangement.

During the quarter COB named Iwatani Corporation as its potential partner in developing the Refinery (subject to agreement). COB and Iwatani Corporation have executed a non-binding agreement that establishes the basis on which the parties intend to proceed. There is no guarantee of entry into a binding agreement on current terms.

Iwatani Corporation is a leading Japanese multinational company that specialises in the production and trading of commodities. Iwatani Corporation has a global presence with operations in several countries. They have established partnerships and collaborations with companies worldwide to further advance their expertise in technologies and explore new markets. Iwatani has a large trading arm looking to supply their Japanese partners in major global Electric Vehicle markets, including the United States.

Iwatani Australia Pty Ltd owns a suitable property in the Kwinana district that would support the operation of the Refinery. Cobalt Blue believes that partnering with an existing property owner would substantially reduce development time for the Refinery. Iwatani Corporation is currently considering proposing an appropriate level of equity ownership in the Refinery project via a funding contribution (subject to binding agreement).

Location

The proposed refinery location is the Doral Fused Materials (**DFM**) site, owned by Iwatani Australia, in East Rockingham WA near the Fremantle Port. While having the advantage of being located close to other proposed battery manufacturing facilities in Kwinana, the DFM site also has other advantages including:

- Access to existing utilities e.g., power and water.
- Close access to reagent suppliers in the Kwinana area.
- Experienced workforce.
- Existing buildings and facilities that can be utilised for administration, laboratory, workshops, weighbridge, etc.
- Access to Fremantle Port for import and export.
- Favourable industrial zone policy settings and regulatory environment.

The pictures below show the proposed Refinery project site overview and layout as well as the district location in relation to nearby logistics and other landmarks.

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Figure 2 – **Aerial view of the proposed Refinery project site (owned by Iwatani Australia)**

Figure 3 – **Overview of the proposed Refinery project floorplan**

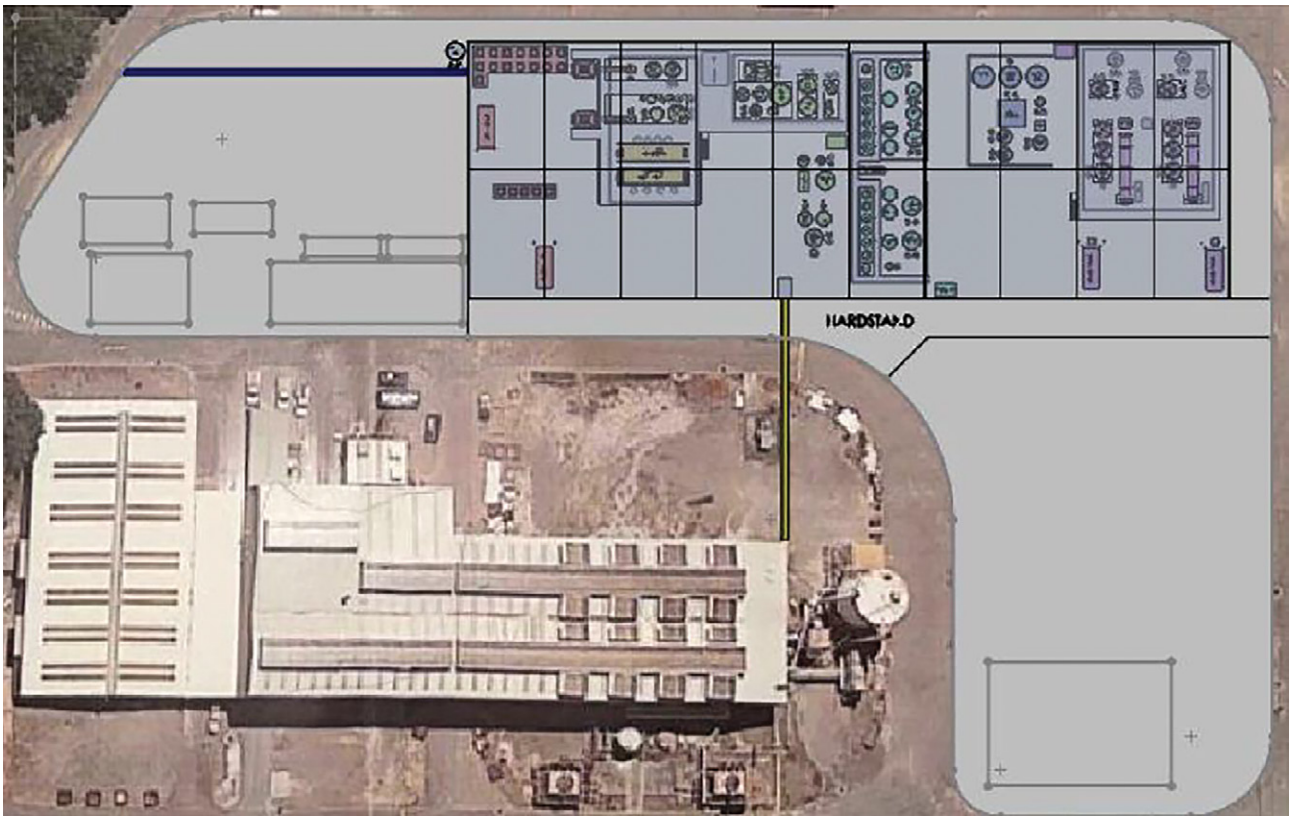

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Figure 4 – **District view of the proposed Refinery project site (highlighting proximity to battery industry and Kwinana/Fremantle Ports)**

During the quarter, senior management from Iwatani Australia Pty Ltd visited the COB Demonstration Plant in Broken Hill.

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.

Laboratory scale 'proof of concept' testwork of a 50kg sample of Flin Flon tailings was completed during the quarter. The testwork included flotation, thermal decomposition of pyrite and leaching of kiln calcine. The sample contained:

- approximately 0.8% Zn, 0.1% Pb, 0.2% Cu, 200 ppm Co; and
- approximately 40% pyrite.

The overall results successfully achieved >90% conversion of the pyrite into pyrrhotite and elemental sulphur.

These results will be used to design an overall flowsheet for the treatment of the tailings as part of the final test work.

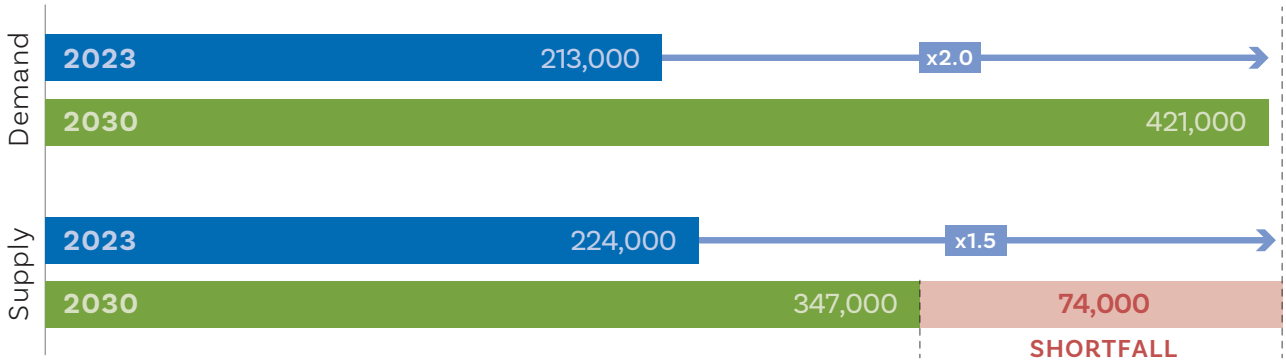
The testwork program is expected to be completed during the March 2024 quarter.

Cobalt Trends

Oversupply persisted in 2023, but rebalance underway

The cobalt metal price averaged US$15.70/lb ($34,820/t) in 2023, more than 40% below the 50-year average ($2023 real). The current period of weak cobalt pricing is primarily a result of extraordinarily high supply growth. Prior to the price decline, many global suppliers, particularly in the Democratic Republic of Congo (**DRC**), fast-tracked investment to secure market positioning, thus building capacity faster than end markets could absorb it. Global output grew 17% in 2023, led by an immense 25% jump in DRC supply. Although this capacity will be required in the coming years, the current price reflects this temporary supply and demand imbalance.

Figure 5 – **Global cobalt demand vs supply, tonnes per annum**



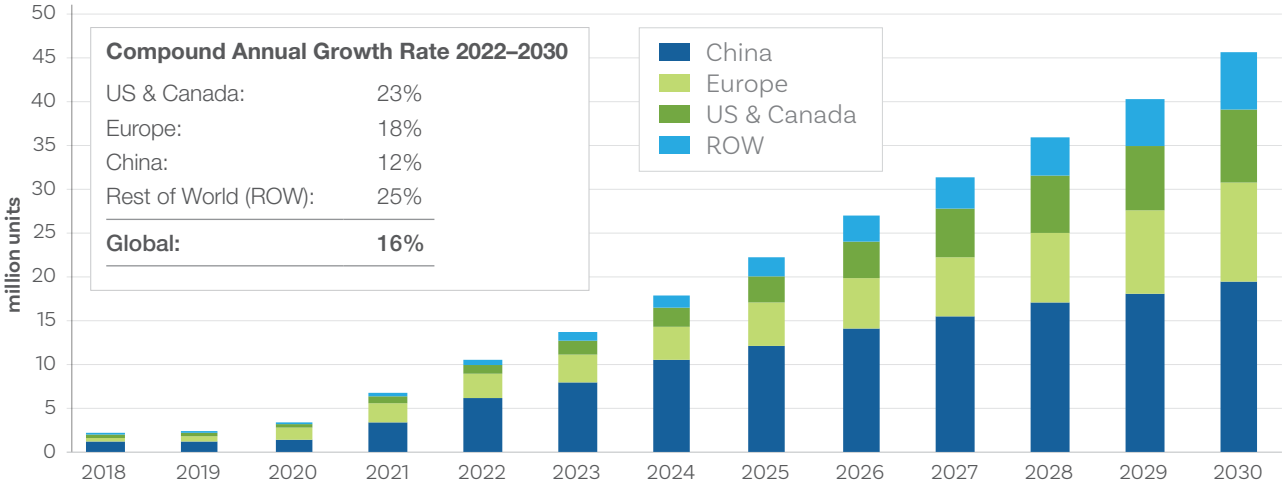
Source: Benchmark Minerals Intelligence, Cobalt Blue

However, these dynamics are beginning to shift as part of a natural supply and demand readjustment. In recent weeks, a number of producers have announced difficult decisions, including curtailments of two Australian operations, slowdowns and stockpiling in some operations in the DRC, and cancellation of a nickel/cobalt HPAL project in Indonesia. Consequently, global cobalt supply growth this year is likely to drop below the level of demand growth and remain so for the foreseeable future as the project pipeline normalises. The trends now playing out are typical signals of a cycle bottom.

Electric Vehicle (EV) Market Update

Global Electric Vehicle sales growth powered on in 2023, rising by 3.3 million units to 13.8 million units, a 31% increase, versus 2022. Industry expert Rho Motion forecasts sales to grow in 2024 to 18 million units as more models become available and purchasing incentive programs expand across the world.

Figure 6 – **Global electric vehicle sales, 2023–2030**



Source: Rho Motion, Cobalt Blue

China is no longer the prevailing source of EV growth, with sales in the US and Canada rising 51% to 1.6 million units in 2023, with expectations of a further 30–40% growth this year. European sales rose 19% to 3.1 million units in 2023.

Importantly for the cobalt and nickel markets, Nickel Cobalt Manganese (**NCM**) cathodes are the dominant battery chemistry in North American and European markets. Non-cobalt/nickel bearing Lithium Iron Phosphate (**LFP**) cathodes have only a 12% market share in the US and Canada and only 5% in Europe.

It is unlikely that LFP will gain significant market share in these regions in the near term for two key reasons:

- nearly two terawatts of committed gigafactory capacity in the US, Canada and Europe are predominately NCM cathodes. The investment in these facilities is vast and highly unlikely to be reversed or redirected to another battery chemistry.
- the other important factor is recyclability, a consideration driven by both legislative changes and a raw material standpoint. According to Rho Motion, there is currently very limited capacity for LFP recycling, largely due to economic feasibility rather than technological issues. Lithium, the most valuable metal in LFP cells, has a relatively low recovery rate and the low price of iron deems it unattractive to treat.

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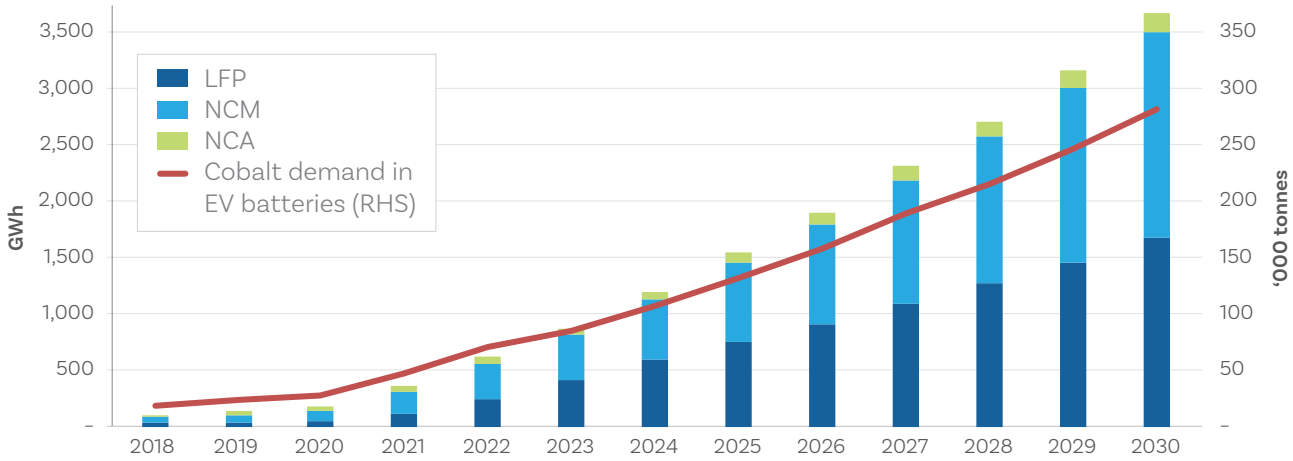
Figure 7 – **Battery chemistry growth and cobalt demand in EVs, 2018–2030**



Source: Benchmark Minerals Intelligence, Cobalt Blue

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 activities, including the Kwinana Refinery Strategy, Flin Flon testwork results and cobalt prices. COB was involved with the the NSW Government Critical Minerals Roundtable and the Critical Minerals Australia Rountable 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] $5.4m (before government grants) 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 $10.5m, with the next instalment of $3m expected in the June 2024 Quarter.

The 2023 R&D tax rebate is expected to be approximately $4m, and is expected to be received within the March 2024 Quarter.

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:

- 01 December 2023: Iwatani Corporation to partner on Cobalt-Nickel Refinery
- 30 November 2023: BHCP Resource Update
- 27 November 2023: COB to progress Cobalt-Nickel Refinery Project in 2024
- 23 November 2023: Positive Results – Preliminary Flin Flon Tailings Test Work

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, 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 is a mining and mineral processing company focussed on the development of a Cobalt-Nickel Refinery in Western Australia, the Broken Hill Cobalt Project in New South Wales, and Cobalt in Waste Streams Projects with a view to global opportunities contained in mine waste.

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”. To the maximum extent permitted by law, COB and its respective advisers, affiliates, related bodies corporate, directors, officers, partners and employees expressly exclude and disclaim all responsibility and liability, including, without limitation, for negligence or in respect of any expenses, losses, damages or costs incurred by any person as a result of their reliance on this ASX announcement and the information in this ASX announcement being inaccurate or incomplete in any way for any reason, whether by way or negligence or otherwise.

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
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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	December 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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	(766)	(1,404)
	(e) administration and corporate costs	(479)	(1,148)
	(f) Kwinana Refinery Project expenditure	(579)	(680)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	67	185
1.5	Interest and other costs of finance paid	-	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST received/(paid))	(17)	(595)
1.9	**Net cash from / (used in) operating activities**	**(1,774)**	**(3,647)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(1)	(3)
	(d) exploration & evaluation	(5,800)	(12,239)
	(e) investments	-	-
	(f) other non-current assets	-	(16)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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)	3,009	5,683
2.6	**Net cash from / (used in) investing activities**	**(2,792)**	**(6,575)**

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
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)	(72)	(141)
3.10	**Net cash from / (used in) financing activities**	**(72)**	**(127)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,905	15,616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,774)	(3,647)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,792)	(6,575)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(72)	(127)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**5,267**	**5,267**

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	83	104
5.2	Call deposits	2,184	801
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	3,000	9,000
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,267**	**9,905**

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	217
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)	(1,774)
8.2	Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(5,800)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(7,574)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,267
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,267
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	0.70

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 a $4m R&D tax incentive rebate in the March 2024 Quarter and a $3m CMAI government grant in the June 2024 quarter. The company maintains 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 it 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: 30 January 2024

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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