Quarterly Activities Report

CobaltBlue
green energy technology

24 July 2024

Cobalt Blue Holdings Limited

A Green Energy Exploration Company

ASX Code: **COB**

Commodity Exposure:

Cobalt & **Sulphur**

Directors & Management:

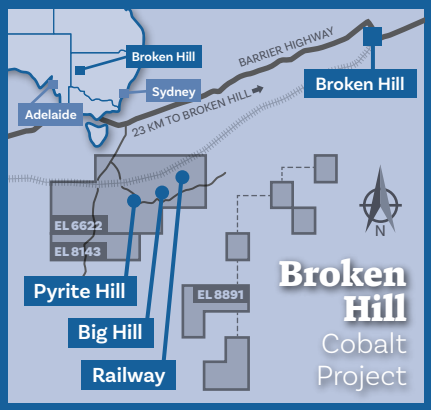
Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Danny Morgan	CFO & Company Secretary

Capital Structure:

Ordinary Shares at 24/07/2024:	**421.7m**
Unlisted Options/Rights	
Options (expiry 23/4/2027):	**43.3m**
Performance rights:	**5.8m**
Market Cap (undiluted):	**$34m**

Share Price:

Share Price at 24/07/2024:	**$0.081**



Cobalt Blue Holdings Limited

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Highlights

June 2024 Quarterly Activities Report

Refinery development program

- Commercial feedstock testwork
- Engineering
- Permitting
- Feedstock sources
- Offtake
- Milestones and Indicative Timetable

Broken Hill Cobalt Project (BHCP)

- BHCP Review

Re-mining opportunities

- Hudbay Minerals
- Other

Cobalt trends

- Cobalt pricing remains in a stable range
- Improved cobalt market outlook – Benchmark Minerals Intelligence expects cobalt market balance in 2026 before moving to a significant deficit in 2027.

Corporate

- Vale – Robert McDonald
- $5m placement
- Commercial Partner Update
- Investor and marketing presentations
- Expenditure and grants

Refinery Development Program

Commercial feedstock testwork

During the quarter, testing of third-party feedstock continued at COB's Technology Development Centre (formerly known as a Demonstration Plant). Work continues to optimise key unit operations.

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COB has been testing material in feedstock samples sourced from global third parties for trial, with a significant portion of those samples (10 tonnes) successfully processed through the refinery circuit.

The Technology Development Centre operates largely continuously, providing operational data from which to assess materials processing and engineering design. For instance, after prospective off-takers determined target levels for trace metals, including calcium, magnesium, and sodium, COB readily modified the solvent extraction circuit to produce a refined cobalt sulphate within the desired specifications. This interaction and ability to tailor cobalt sulphate specifications to support high-purity NCM cathodes is generating strong interest amongst commercial parties. This feedback loop is also essential to inform equipment selection and process engineering for future commercial operations.

The feedstock testwork is integral to:

a) Flowsheet optimisation

a. Assess the performance of trace metal removal (Mn/Fe) precipitation and ion-exchange (Cu, Zn, Mn)
b. Assess solvent extraction reagents (Co/Ni separation)
c. Crystallisation parameters (eg identifying optimum parameters for agitation speed, retention time and crystal particle size)

b) Equipment design/selection

a. Circuit configuration
b. Filterability
c. Materials handling (feed/product)

COB expects to receive a further 5–10 tonne feedstock sample from another global third party shortly, which will be processed through the Technology Development Centre. The feedstock secured will represent the majority of the targeted third-party material COB expects to source for the proposed Kwinana-based refinery.

The commercial feedstock testwork is expected to run until at least Q3 2024 and is critical to determining the final detailed engineering design.

Figure 1 – **Cobalt sulphate crystalliser and filtration pans**

A photo of a batch of cobalt sulphate produced from third party feedstocks is shown on the following page.

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Figure 2 – **Cobalt Sulphate crystals produced from third party feedstocks**

Engineering

During the quarter, COB commenced detailed engineering design works. COB will complete the process engineering design package, with external consultants engaged for civil works, structural, electrical, and instrumentation design.

Figure 3 – **Proposed refinery site adjacent to Doral Fused Materials operation**

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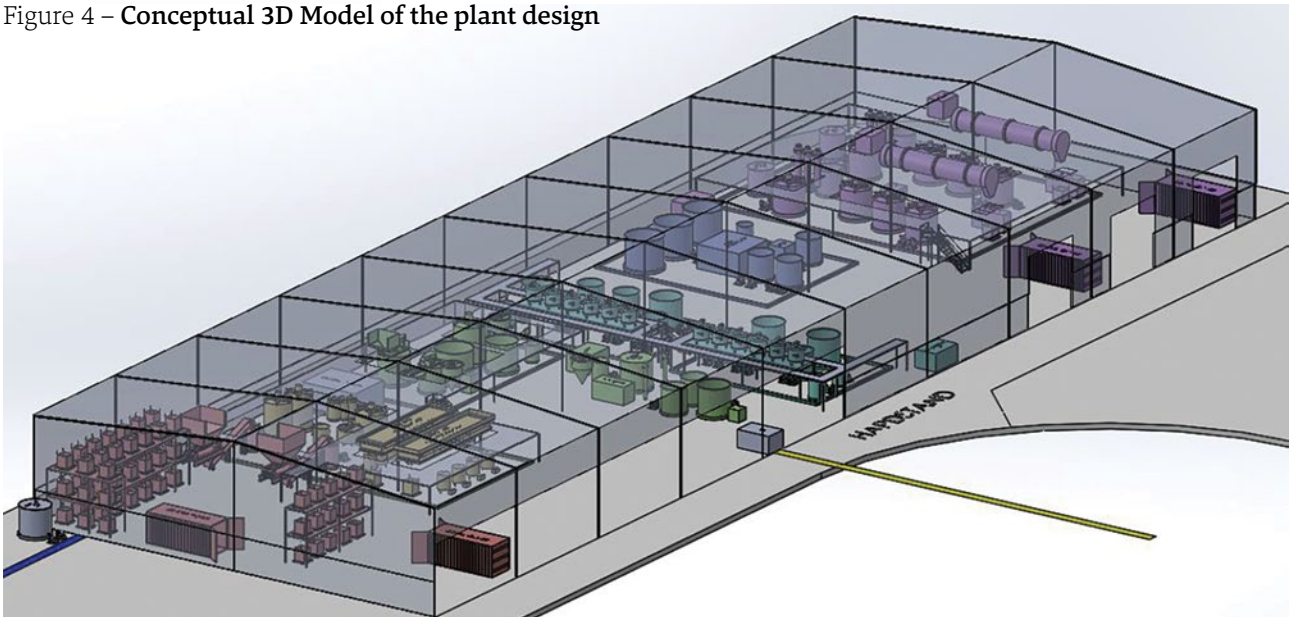
Figure 4 – **Conceptual 3D Model of the plant design**



Permitting

ABEC Pty Ltd and Green Values Australia Pty Ltd were appointed to develop a Works Approval application for submission to the Department of Water and Environmental Regulation (**DWER**) Western Australia. A comprehensive Air Quality Impact Assessment (**AQIA**) reviewed existing site emissions and new emissions from the proposed Refinery. The AQIA demonstrated that the emissions from the site are significantly less than the prescribed ground-level concentrations for all relevant pollutants at receiver locations around the site. A Biodiversity Assessment was completed, which justifies clearing a small amount of highly degraded vegetation at the site.

Feedstock sources

During the quarter COB continued discussions with potential feedstock providers. Suppliers will need to adhere to strict criteria, and COB will only source from suppliers that:

- do not contravene USA Foreign Entities Of Concern (FEOC) definitions;
- meet appropriate environmental and labour standards; and
- permit traceability/authentication to validate origin and supply chain custody.

Offtake

During the quarter COB continued offtake discussions with a range of international parties based in Asia and Europe.

Several of these parties are currently assessing COB's cobalt sulphate samples.

COB also jointly marketed the Refinery Project with Iwatani Australia at the Cobalt Institute conference in New York ("Cobalt Congress 2024") from 13 to 14 May 2024.

Milestones and Indicative Timetable

Figure 5 – **Cobalt-Nickel Refinery Milestones and Indicative Timetable**

** Subject to funding and approvals being obtained. See the forward-looking disclaimer at the end of this report.*

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Broken Hill Cobalt Project (BHCP) Activities

BHCP – Review

During the quarter, COB established the scope for the BHCP Review (**Study**).

The purpose of the Study is to:

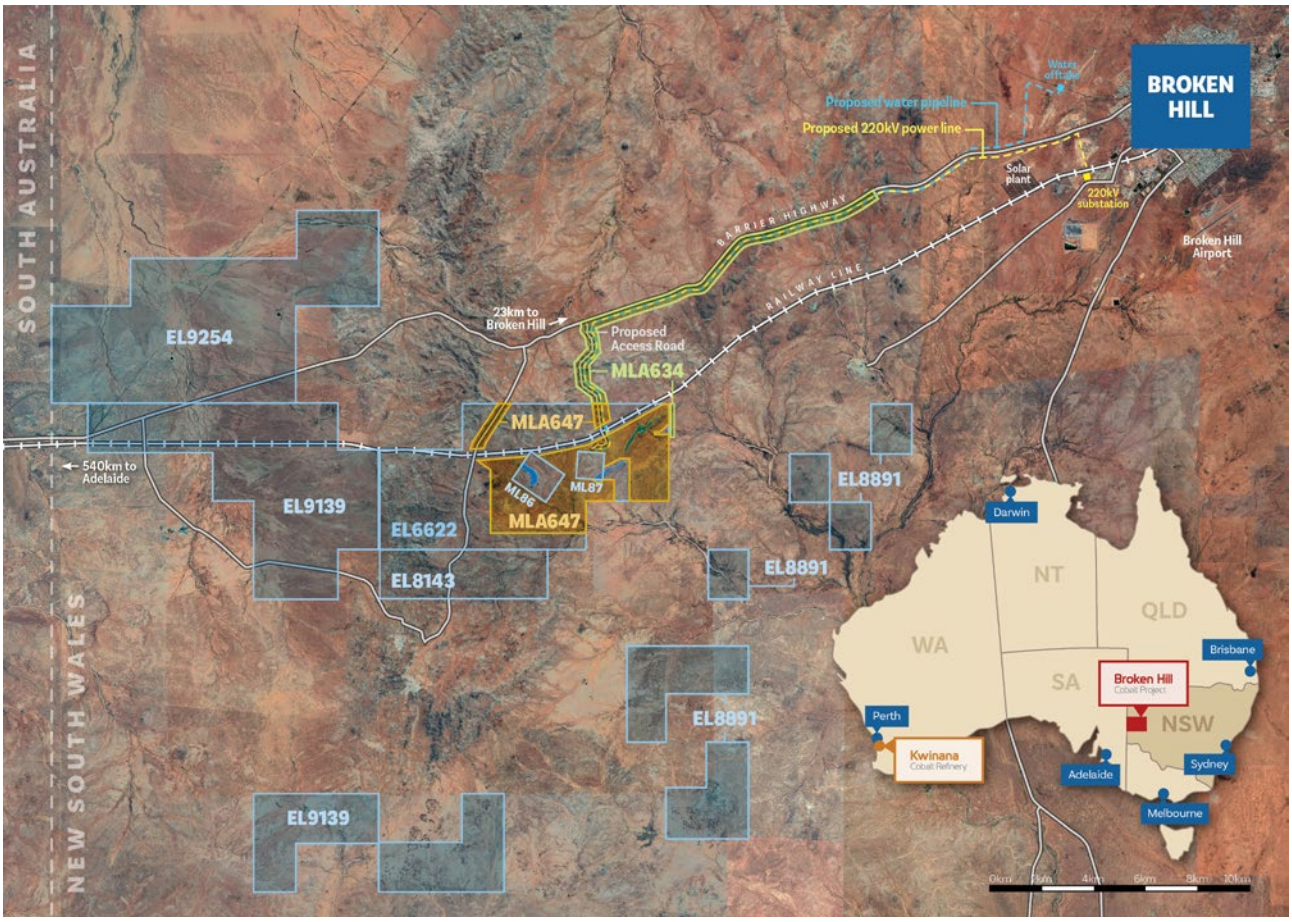
- compare various mining/development options having regard to project constraints (including capital expenditure);
- identify the most optimal scenario to advance through to a Feasibility Study assuming sufficient justification;
- support an independent / peer review of project fundamentals including potential market sounding for investment, assuming sufficient justification; and
- establish the economic conditions required for project development with particular consideration of sensitivity to commodity pricing.

An initial work plan has been developed comprising:

- Revision of process design criteria based on pit optimisation and mine schedules.
- Trade-off studies to initially identify and assess options for equipment selection including the definition of plant capacity thresholds optimised for both operational and capital expenditure efficiency.
- Quantification and qualification of potential reductions in capital expenditure (inclusive of direct equipment and installation costs).
- Identification of metallurgical test work, if any, required to evaluate options to a PFS level.

During the quarter COB withdrew Mining Lease Application (**MLA**) 614 and lodged a new MLA (**MLA647**) to better align with the objectives of the Strategic Review. The new MLA area and COB's other tenements are set out below.

Figure 6 – **Broken Hill tenement location map**



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Re-Mining Opportunities

COB is seeking to leverage its patented flowsheet for the re-mining of sulphur and battery metals from mine waste. The sale of recovered products covers the cost of rehabilitation and provides a source of battery materials.

Hudbay

During the June 2023 quarter, COB announced that it had entered a testwork co-operation agreement with Hudbay Minerals Inc. (**Hudbay**) regarding Hudbay's wholly owned Flin Flon tailings storage facility in Manitoba, Canada. COB's subsequent testwork on Flin Flon tailings successfully achieved >90% conversion of the pyrite into pyrrhotite and elemental sulphur.

During the quarter COB carried out additional testwork studies.

Other

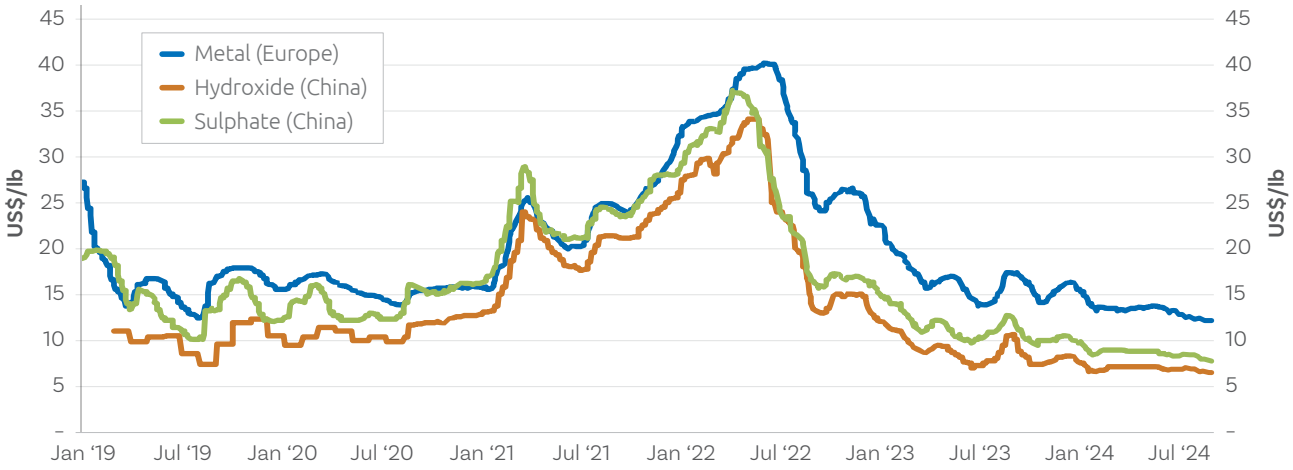
COB continues to evaluate re-mining opportunities within Australia and Internationally.

Cobalt Trends

Prices remain in a stable range

The cobalt metal price traded between US$12–14/lb in 2Q 2024. Substantial inventory of cobalt feedstock, metal, and battery cells was consistently reported during the period, clearly contributing to the subdued price.

Figure 7 – **Cobalt prices 2019–2024**



Source: Fastmarkets

Improved Cobalt Market Outlook

In 2022 and 2023, global cobalt supply growth outpaced demand, primarily due to large-scale brownfield and greenfield project expansions in the Democratic Republic of Congo (**DRC**). However, from this year and into the foreseeable future, cobalt consumption growth is expected to overtake production growth as EV sales sustain their current trajectory. These projections are derived from Benchmark Minerals Intelligence (BMI), a leading industry consultant. In its latest quarterly update (June 2024), BMI provided an improved outlook for the global cobalt market versus the last several updates. Previously, BMI forecasted market surpluses in 2024 and 2025 of around 6% of total cobalt demand but has cut that level by half to around 3%. **Importantly, BMI now expects a market balance in 2026 before moving into a significant deficit in 2027.** Key factors behind the changes are price-related cuts to mined output estimates, stockpiling of physical cobalt and sustained EV demand – the latter two dynamics discussed below.

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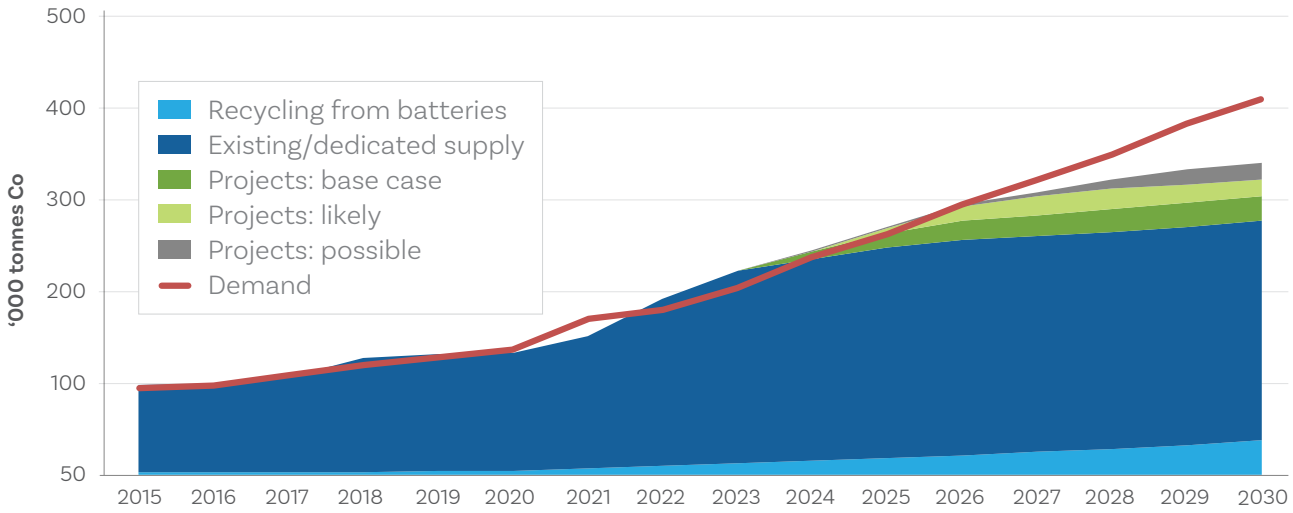
Figure 8 – **Global Cobalt Supply and Demand, 2015–2030**



Source: Benchmark Minerals Intelligence, Cobalt Blue

Physical purchasing at bargain prices

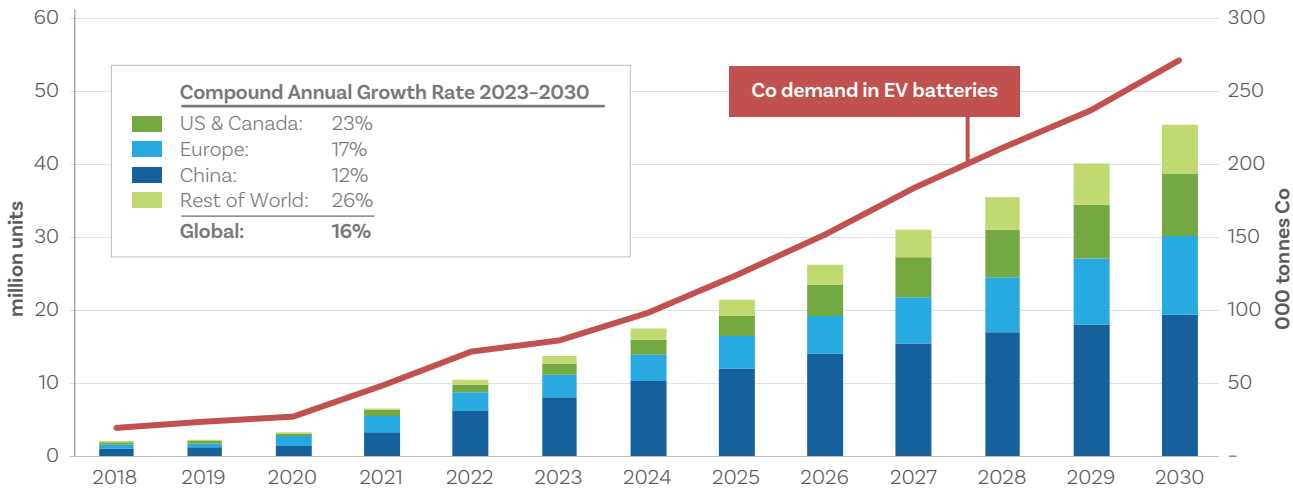
Physical cobalt purchases from several sources are important in easing oversupply. Over the past quarter, it has been reported that the Chinese State Reserve Bureau (SRB) – the agency responsible for China's stockpiles of strategic critical minerals – has been tendering to purchase cobalt in 2024. According to BMI, purchasing is understood to be in the range of 5,000–15,000t, which translates to 2–6% of global cobalt demand. Press reports have also discussed physical buying from the investment community. A surplus of material has created an opportunity for some funds to take positions with the view of healthy returns as the cobalt price recovers from the cyclical low.

1H24 EV sales grow sharply

Although some Electric Vehicle (**EV**) makers have scaled back or deferred their growth plans this year, global EV sales continue to register strong growth. According to Rho Motion, 7.0 million EVs were sold globally in the first half of 2024, a rise of 20% vs 2023. China led the market, with sales rising 31%, followed by India (+20%). Meanwhile, the US grew by 10% in the same period, Europe by just 2% and sales in Japan fell by 9%.

China continued to lead EV sales market growth, with dozens of model varieties available. It recently received a boost from local governments, which announced supportive policies. Western market sales growth has stalled amid worries over high prices, rapid charging infrastructure, and potential government policy change in jurisdictions with impending elections. These factors are considered temporary. As the market matures, growth in the USA and Europe is expected to outpace China's in the second half of this decade.

Figure 9 – **Global EV sales and Cobalt Demand in EV batteries, 2018–2030**



Source: Rho Motion, Cobalt Blue

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Corporate

Vale Robert McDonald

Robert McDonald passed away unexpectedly on 21 May 2024 due to natural causes. Rob joined the board in 2019, and the board and management greatly valued his significant business experience, insights, and contributions.

$5M Placement

On 24 August 2024, the Company issued 43,478,261 new fully paid shares at A$0.115/share and 43,478,261 free attaching unlisted options (Exercise Price: $0.20, Expiry date: 23/4/2027) to raise A$5m before costs. If all of the options are ultimately exercised, the Company will raise a further A$8.7 million.

Commercial Partner Update

Multiple project partner and offtake discussions continued during the quarter.

Investor and marketing presentations

COB conducted two investor webinars during the quarter. The webinars provided an update on COB's activities, including COB's partnership with Regeneration to commercialise mine waste deposits and a presentation with Rho Motion on the global EV market and the NCM battery outlook.

Expenditure and grants

COB's activities primarily relate to the Kwinana Refinery and Broken Hill Cobalt projects. There were no activities related to production or development. During the quarter, COB incurred[1] $1.24m on exploration and evaluation activities, primarily relating to technical services, including demonstration plant operations and other study costs.

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

In December 2022, the Australian government awarded COB a grant of up to $15m through the Critical Minerals Accelerator Initiative (**CMAI**) for the BHCP. During the quarter, COB received a grant instalment of $3m, bringing total grant funds received to $13.5m.

Previously Released Information

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

- 25 June: CMAI Grant Instalment Received and Refinery Update
- 27 May 2024: Vale Rob McDonald
- 18 April 2024: Successful A$5m Placement
- 02 April 2024: Cobalt-Nickel Refinery Progress

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

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 Re-Mining opportunities 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, and government and other third-party approvals. The Company is not obligated to release any revisions to any “forward-looking statement” publicly. 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 of 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
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	June 2024

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	-	75
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(598)	(2,614)
	(e) administration and corporate costs	(782)	(2,545)
	(f) Kwinana Refinery Project expenditure	(978)	(2,173)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	59	297
1.5	Interest and other costs of finance paid	-	(187)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,582	1,582
1.8	Other (GST received/(paid))	302	(248)
1.9	**Net cash from / (used in) operating activities**	**(415)**	**(5,813)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(3)
	(d) exploration & evaluation	(1,686)	(17,051)
	(e) investments	-	-
	(f) other non-current assets	(9)	(36)

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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	90	90
	(d) investments	-	-
	(e) other non-current assets	13	13
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)	1,418	11,443
2.6	**Net cash from / (used in) investing activities**	**(174)**	**(5,544)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	5,000
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	(254)	(254)
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)	(63)	(277)
3.10	**Net cash from / (used in) financing activities**	**4,683**	**4,483**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,648	15,616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(415)	(5,813)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(174)	(5,544)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,683	4,483

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**	**8,742**	**8,742**

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	3,516	78
5.2	Call deposits	5,226	4,570
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,742**	**4,648**

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)	(415)
8.2	Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,686)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,101)
8.4	Cash and cash equivalents at quarter end (item 4.6)	8,742
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	8,742
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	4.16

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: 24/7/2024

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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