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COBALT BLUE HOLDINGS LIMITED
(ABN 90 614 466 607)

Annual Report 2024

Highlights and **Achievements**

Kwinana Cobalt Refinery (KCR)

- KCR Study published
- Iwatani Corporation named as a potential refinery project partner.
- Raw materials testing program using third party supply samples
- Tetra-Tech selected for detailed engineering work – works commenced
- Works approval and environmental permitting processes commenced

Broken Hill Cobalt Project

- Iwatani Corporation named as a potential partner
- Strategic review initiated

Corporate

- \$4.8 million of new capital raised (net of costs)

"Cobalt — is a divine colour, and there's nothing so fine as that for putting space around things."

– Vincent Van Gogh

Wheatfield Under Thunderclouds highlights Van Gogh's love for the colour **cobalt blue**. Nearly two-thirds of the canvas is saturated in it, creating a truly awe-inspiring sky.

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Cautionary statement

This report contains forward-looking statements, including timetables that relate to our activities, plans and objectives. Actual results may differ from these statements, depending on a variety of factors. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and circumstances that will occur in the future and may be outside COB's control. Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements.



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Chairman and CEO Review



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Dear Fellow Shareholders,

We are pleased to report meaningful progress over the past year, despite the backdrop of a weak cobalt market.

Our strategy comprises three building blocks for the business, namely:

- (1) Broken Hill Cobalt Project (BHCP)
- (2) Kwinana Cobalt Refinery (KCR) and
- (3) Remine+.

Our philosophy remains “Mine to Battery Market” whether the product is extracted or processed by COB.

Significantly, COB was delighted to name Iwatani Corporation as our potential partner in developing both the KCR and BHCP projects. Iwatani is a leading Japanese multinational company specialising in the production and trading of commodities. They have established partnerships with companies worldwide to further advance their expertise in technologies and explore new markets. Iwatani Australia Pty Ltd owns a suitable property in the Kwinana district that would support the operation of the KCR, which COB believes will substantially reduce development time for the project.

During FY23 COB executed the Critical Minerals Accelerator Initiative (CMAI) grant agreement with the Australian Government. The grant totalled \$15m and is payable over time, with instalments between December 2022 and March 2025. COB has now received \$13.5m of these monies, with \$6m received this year. The CMAI grants were used to fund BHCP and KCR work packages. The BHCP received grants of approximately \$0.2m this year through the NSW Government’s Critical Minerals Activation Fund (CMAF). The CMAF funding was used for the environmental studies required in the EIS.

The BHCP Demonstration Plant continued successful operations during the year, targeting large-scale continuous runs. Operations produced Mixed Hydroxide Precipitate (MHP) from the Pyrite Hill bulk sample. A range of samples was produced; supporting small-scale analysis to larger volumes required to evaluate equipment selection and design. Typically, the Demonstration Plant treated 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 the respective circuits, excluding ramp up and shutdown periods.

Given battery minerals pricing, particularly cobalt metal trading at US\$12-14/lb, and the current inflated capital cost environment, the BHCP Definitive Feasibility Study (DFS) was paused during Q1 2024. The COB Board concluded that the BHCP (in its current form) was unlikely to attract project financing. Rather than deliver a DFS that effectively “sits on the shelf”, waiting for a future upturn in the macro environment, the COB Board requested management to undertake a Review to assess the viability of a condensed higher margin project.

The BHCP Review will likely make substantial use of the extensive library of technical studies, reports and other work undertaken for the DFS and will include:

- Reducing the mining inventory to higher grade material
- Targeting lower strip ratios by reducing the pit sizes
- Targeting lower start-up capital costs by optimising mining fleet, supporting infrastructure, and process plant throughputs of 1–3 mtpa
- Targeting a starter project with a minimum operating life of 10–12 years, with optionality to continue thereafter should economics be favourable.

Chairman's Review continued

We intend to update the market on the progress of the Review and release the framework for the "Right Sized" project by mid-2025. Of course, if market conditions change favourably we can revert to our existing comprehensive studies.

Simultaneously we took measures to reduce costs and downsize staff numbers. The COB Board took a cautious view concerning the duration of the current downturn in the cobalt market, such that our business can return to growth as the market returns to a more balanced state.

In November 2023, we presented a KCR study. The KCR is a proposed large-scale, cobalt-nickel operation representing Australia's first cobalt refinery that will produce high-quality, battery-grade cobalt sulphate that is intended for IRA-compliant markets. It will be among the first large scale Allied Nations investment in cobalt refining for decades. The KCR is expected to establish COB as an early entrant into the emerging midstream segment and a gateway for (Australian originated) cobalt to high-growth electric vehicle markets within the EU and the US.

KCR Stage 1 targets processing third-party feedstock with a capacity of 3,000 tpa cobalt sulphate (metal equivalent) and 1,000 tpa nickel metal. COB commenced a refinery development program, and a raw materials testing program sourcing a range of cobalt rich materials representing global cobalt supply. The intention is to trial up to 5 tonne samples from third party suppliers and produce cobalt sulphate on a 1:50 scale (relative to commercial operations). During the year we successfully trialed 2 x 5 tonnes samples and are anticipating a 3rd large scale sample shortly. These feedstocks represent longer term sample options for the KCR.

We were pleased to receive the direct support of the Premier of Western Australia, Roger Cook MLA (8 January 2024), where the Premier noted the close alignment of the proposed KCR with Western Australia's Battery and Critical Minerals Strategy and the Diversify WA Economic Development Framework. The Premier stated the KCR would "further establish Western Australia as a national battery material production hub, enhancing the processing capability of critical minerals and growing international linkages to the battery material supply chain".

Our Cobalt in Waste Streams business unit was rebranded "Remine+" to broaden its scope beyond a single metal focus. Led by our Remine+ business unit, COB announced a partnership with Regeneration Enterprises to commercialise and restore global mine waste deposits. Regeneration seeks to enable biodiversity, community, and production of climate positive minerals for the energy transition, green technologies, and sustainable brands through remining, reprocessing and restoration of old and existing mine sites. Rio Tinto is a first catalytic investor in Regeneration, as well as a site and technology partner. COB will be one of Regeneration's strategic and technology partners where identified roles, responsibilities and inter-relationships will be agreed upon by both parties on a site-by-site basis.



Internationally, we progressed with test work of samples provided by Hudbay Minerals Inc (“Hudbay”) (TSX, NYSE: HBM) with respect to their Flin Flon tailings storage facility located in the Province of Manitoba, Canada. COB has agreed to utilise its proprietary minerals processing technology to assess its ability to recover gold, silver, copper, zinc, cobalt and sulphur from a pyrite/pyrrhotite concentrate produced from the tailings. Laboratory scale ‘proof-of-concept’ testwork was completed including flotation, thermal decomposition of pyrite, and leaching of kiln calcine. The overall results 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. Future collaboration may include larger-scale test work in parallel with potential commercial negotiations.

Domestically, COB continued its collaboration with the Geological Survey of Queensland via its Secondary Prospectivity project. This project aims to define the potential for critical mineral endowment in Queensland’s mine waste. We remain excited by the opportunities the ReMine+ business unit will provide.

It was with deep sadness that we learnt of the sudden and unexpected death of COB non-executive director Rob McDonald, on 21 May 2024, due to natural causes. Rob’s significant business experience, insights, and contributions were greatly valued by the Board and management. We extend our deepest condolences to Rob’s family and friends. Rob made a strong contribution to COB since his appointment in 2019 and was a highly respected member of the financial & mining profession and the resources industry. Our condolences are extended to Rob’s family. Rob was a wonderful friend and will be greatly missed.

We remain positive on the cobalt market outlook and believe that a more balanced market lies ahead. Australia has more than 16% of global cobalt resources but produces only 6% of supply. There is little doubt that we have plenty of potential, particularly considering our stable jurisdiction and ethical credentials. COB looks forward to closing this cobalt gap.

Robert Biancardi
Chairman

Dated 25 September 2024

Joe Kaderavek
Chief Executive Officer

Dated 25 September 2024





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Review of Operations and Activities

Cobalt Blue Holdings Limited and its subsidiaries (Cobalt Blue or the Group) are focused on developing the Kwinana Cobalt Refinery in Western Australia, the Broken Hill Cobalt Project in Broken Hill, and Re-Mining opportunities contained in mine waste globally.

Cobalt - a Critical Mineral

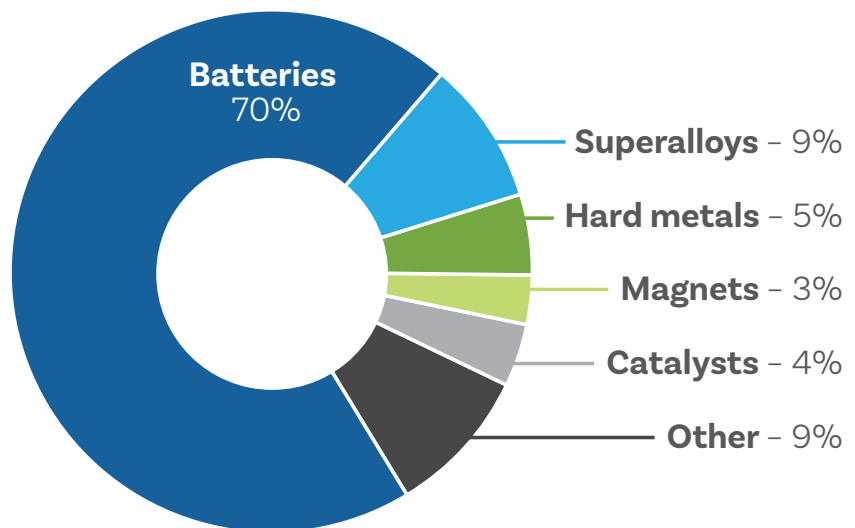
Cobalt is an important and critical raw material with demand dominated by the Lithium-Ion Battery (LiB) industry. This segment, led by Electric Vehicles (EVs), has driven cobalt in battery consumption to grow 15% per annum since 2018 and is set to rise a further 10% every year for the rest of this decade. From a supply perspective, the global cobalt market is highly concentrated, with China commanding a ~50% share in global mining and ~75% in refining.

Cobalt Demand

Cobalt's demand is split into new and old economy drivers (Figure 1). New economy drivers include lithium-ion batteries and superalloys. Old economy drivers are typically industrial uses, including steels, tools, chemicals, and magnetic materials.

The LiB industry will be the most significant driver of cobalt demand in the coming decade (Figure 2). While cobalt is present in most portable electronic devices that are part of daily lives, in 2021, EVs surpassed electronics as the major source of demand.

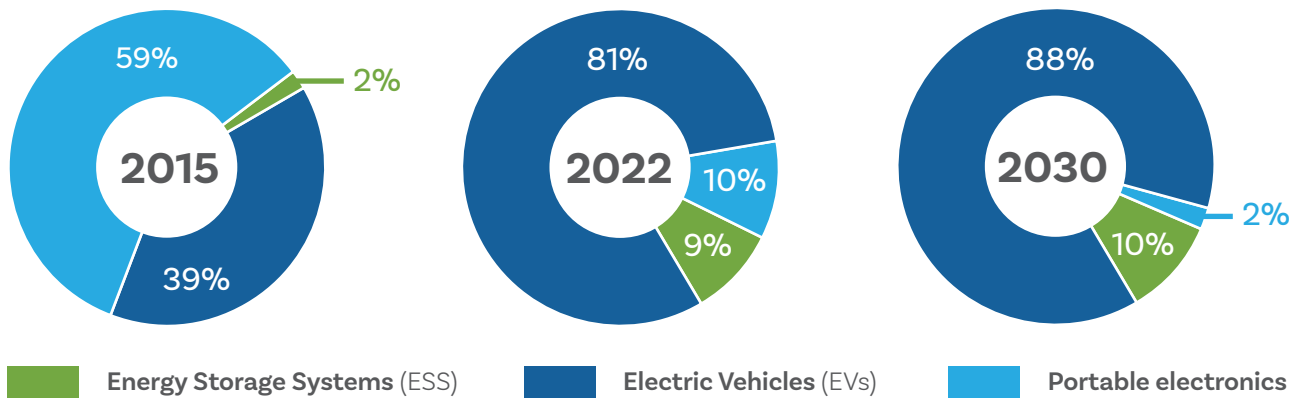
Figure 1 – Cobalt demand breakdown, 2022



Source: Benchmark Minerals Intelligence

Review of Operations and Activities *continued*

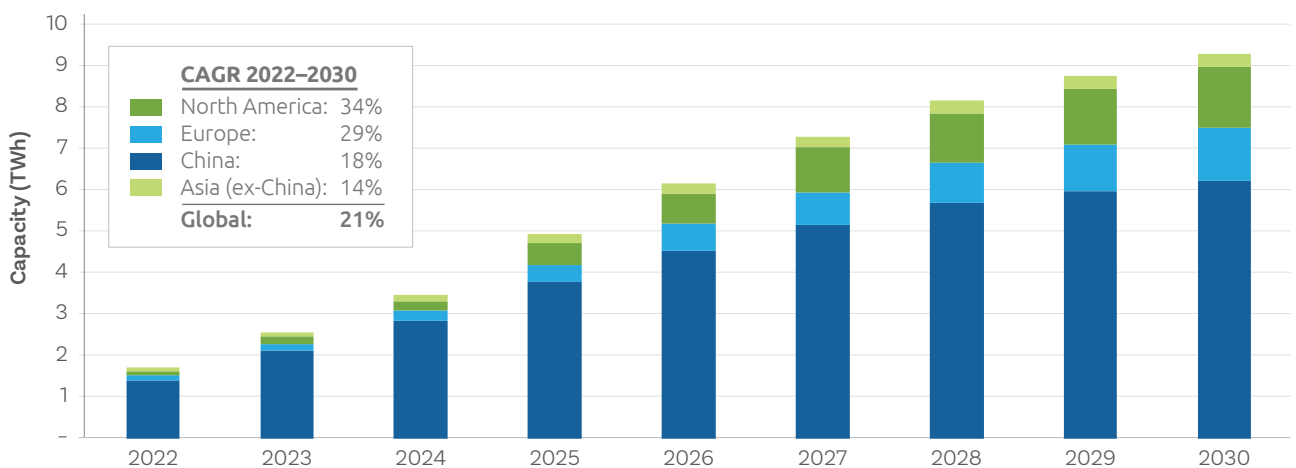
Figure 2 – Cobalt in battery end-use breakdown: 2015–2030



Source: Benchmark Minerals Intelligence

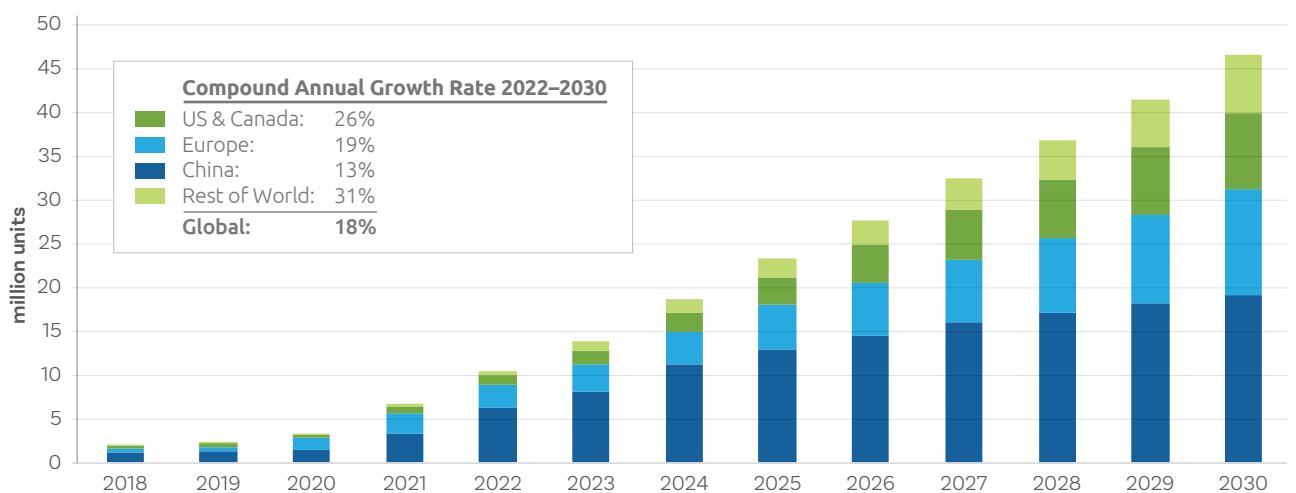
EV sales growth saw a significant acceleration in 2020/21 following purchase subsidies (part of the post-COVID economic stimulus in the EU and China). Growth will remain strong over the coming decade, underpinned by legislation in many economies incentivising consumer take-up, including the US-focused IRA (Figures 3 and 4).

Figure 3 – Gigafactory capacity (TWh) forecasts – North America and Europe are centres of growth



Source: Benchmark Minerals Intelligence

Figure 4 – EV sales forecasts by region – North America and European markets dominate



Source: Rho Motion

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Cobalt in Batteries

The cobalt-based LiB was first commercialised in 1991 by the Sony Corporation of Japan. This technology has several physical characteristics that significantly improve on the incumbent Nickel Metal Hydride (NiMH) and Nickel Cadmium (NiCd) battery technologies.

Cobalt alloys form part of the battery cathode material and provide batteries with high energy density, increased thermal stability, and longer life spans. There are three dominant cobalt-based cathode materials:

1. Lithium Cobalt Oxide – (LiCoO₂) ~60% Co, commonly called LCO
2. Lithium Nickel Manganese Cobalt Oxide: (LiNiMnCoO₂) up to 15% Co, commonly called NCM
3. Lithium Nickel Cobalt Aluminium Oxide (LiNiCoAlO₂) ~9% Co, commonly called NCA.

LiBs initially used cathodes that were about one-third nickel. However, in recent years, automakers have increased the percentage of nickel in cathodes to boost the battery energy density and increase vehicle range. Most are now using cathodes that contain at least 60% nickel. This trend has increased over the past two years, partly to reduce or eliminate cobalt and partly to increase density for premium applications.

NCM vs LFP

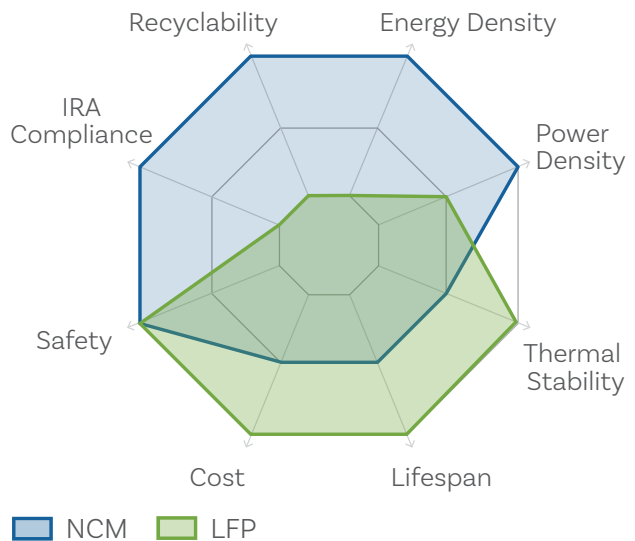
Another trend that has increased in recent years is the greater use of Lithium Iron Phosphate (LFP) batteries. LFPs have already been accepted by the stationary battery Energy Storage System sector (ESS), where energy density (thus weight) tends to be a less decisive factor. However, over the past couple of years, some EV makers have started to accept this trade-off of lower energy density for cost advantage in some of their car models.

NCM versus LFP characteristics are shown below. In short, NCM chemistries have a better range but are more expensive (Battery University, Cobalt Blue).

Figure 5 – LiB cathode chemistry characteristic competition

	LFP	NCM
Energy Density	■	■■■
Power Density	■■	■■■
Thermal Stability	■■■	■■
Lifespan	■■■	■■
Cost	■■■	■■
Safety	■■■	■■■
IRA Compliance	■	■■■
Recyclability	■	■■■

■■■ Excellent
 ■■ Good
 ■ Poor



Source: Battery University, Cobalt Blue

While there continues to be discussion over the gain in market share of LFP cathodes in EV batteries, it is important to note this trend remains isolated to specific regions, namely China and other high-density emerging market areas where demand for lower costs outweighs 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 for two reasons. First, nickel/cobalt-based chemistries are already mainstream, and there are long-term commitments from EV manufacturers. Second, given that LFP batteries rely heavily on key components controlled by China, they will likely be marginalised due to the IRA and other legislation. We, therefore, expect NCM cathodes to remain dominant in those regions.

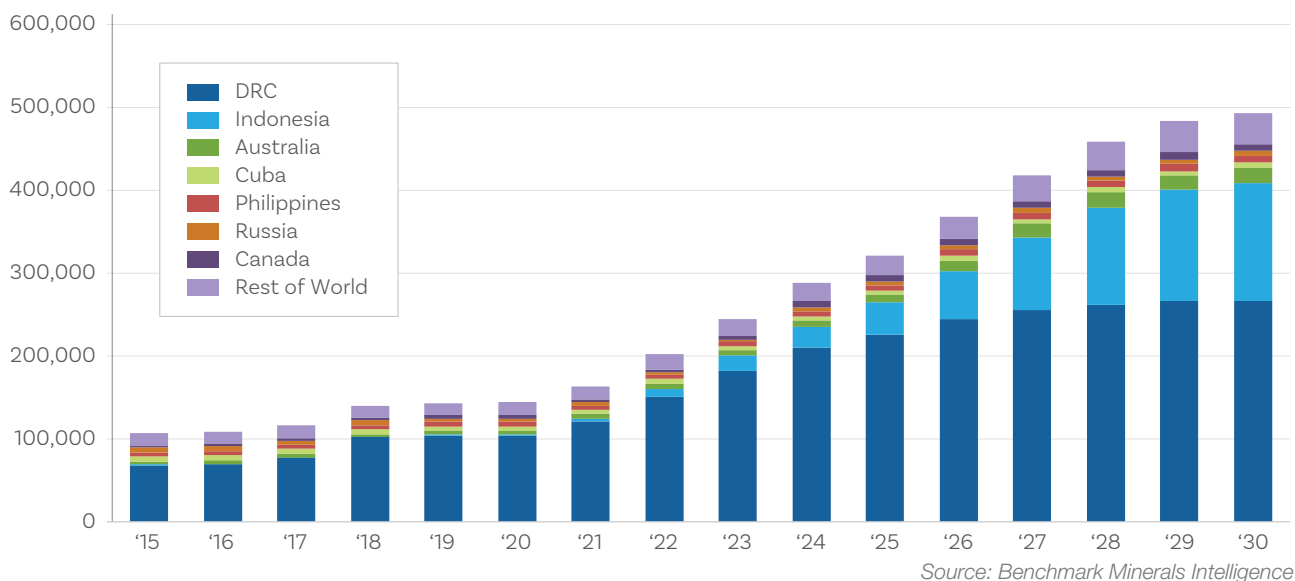
Cobalt Supply

Mined supply

While cobalt is abundant within the earth's crust, it appears in economic quantities in less than 20 countries. As a result, the global cobalt market is highly concentrated, with the top five countries supplying >80% of the global market. While most of the cobalt supply comes as a byproduct of copper operations in the Democratic Republic of the Congo (DRC), most growth going forward is expected to come from byproducts from nickel operations in Indonesia.

Review of Operations and Activities continued

Figure 6 – Global Cobalt Production by Source



Cobalt Market

Unlike other metals, traditional supply and demand dynamics do not necessarily influence cobalt supplier behaviour. Suppliers will partly adjust production levels to manage prices in most commodity trades. With commodities where the majority is produced as a byproduct, supply is managed in conjunction with the dynamics of the primary metal. In the case of copper, a market in perpetual short supply, the producer focuses on maximising output. This has been detrimental to the cobalt market since 2022 as producers in the DRC expand output to leverage healthy copper prices. Although cobalt prices have fallen close to historical lows, cobalt mining continues to grow at above-average rates.

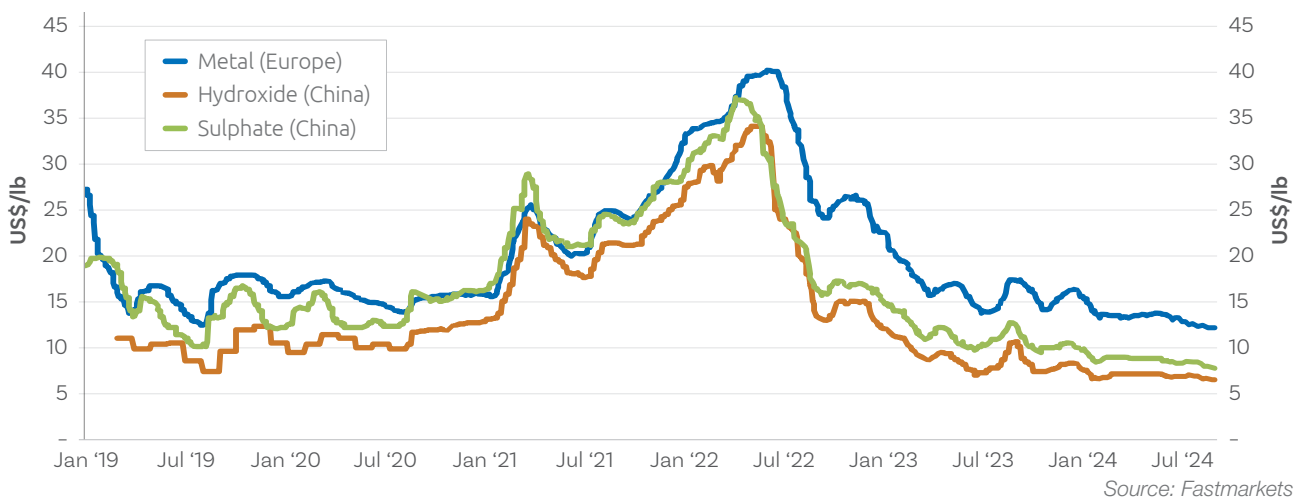
Past year

Cobalt prices fell approximately 20% during the 2024 financial year. Like the previous year, global cobalt supply exceeded demand, which weighed on pricing.

The DRC remained the dominant supplier of mined cobalt. A large pipeline of new projects and existing operational expansions, primarily driven by Chinese investment, saw DRC output grow from 103kt in 2020 to 176kt in 2023. One new project alone added 33kt to this total in the past year.

Moderately lower-than-expected EV sales were also a likely factor in the weakened cobalt price. Total global EV sales in the first half of 2024 were 7.0 million, around 2% lower than industry expert Rho Motion's forecasts. Public and market sentiment has deteriorated following headlines covering these figures, but also because of the implementation of provisional import tariffs and the cancellation of incentives in some countries. Despite these temporary headwinds, EV demand continues to increase.

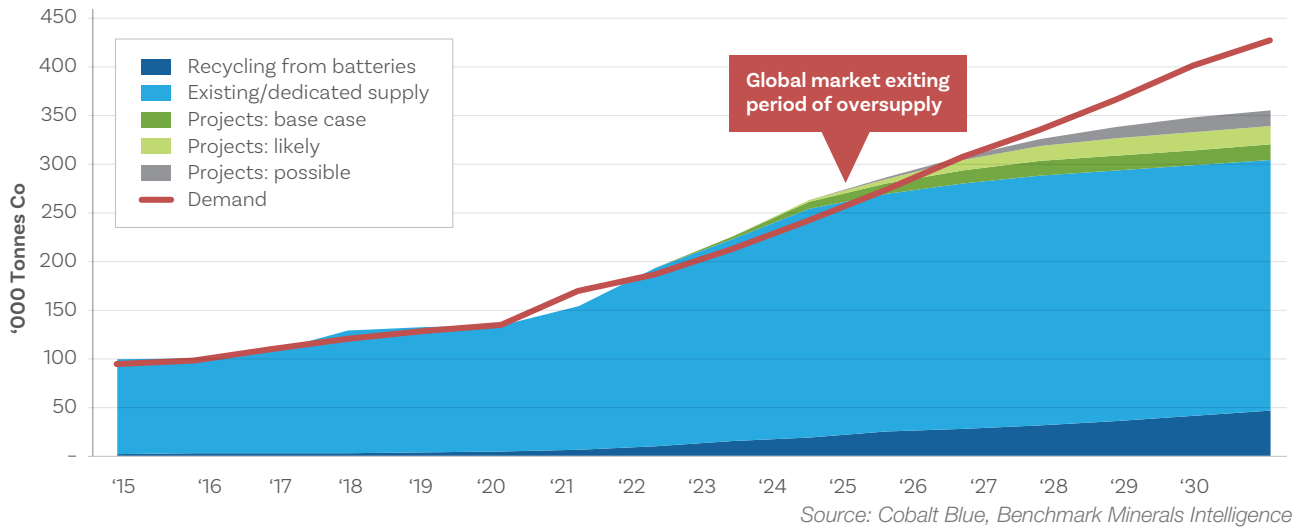
Figure 7 – Cobalt metal, intermediate and sulphate prices



Outlook

Global supply growth has outweighed demand growth in 2022 and 2023 and will likely do so for the remainder of 2024. However, starting in 2025, this trend is expected to reverse, and demand is forecast to outpace supply for the next decade (Figure 8).

Figure 8 – Global cobalt supply vs demand

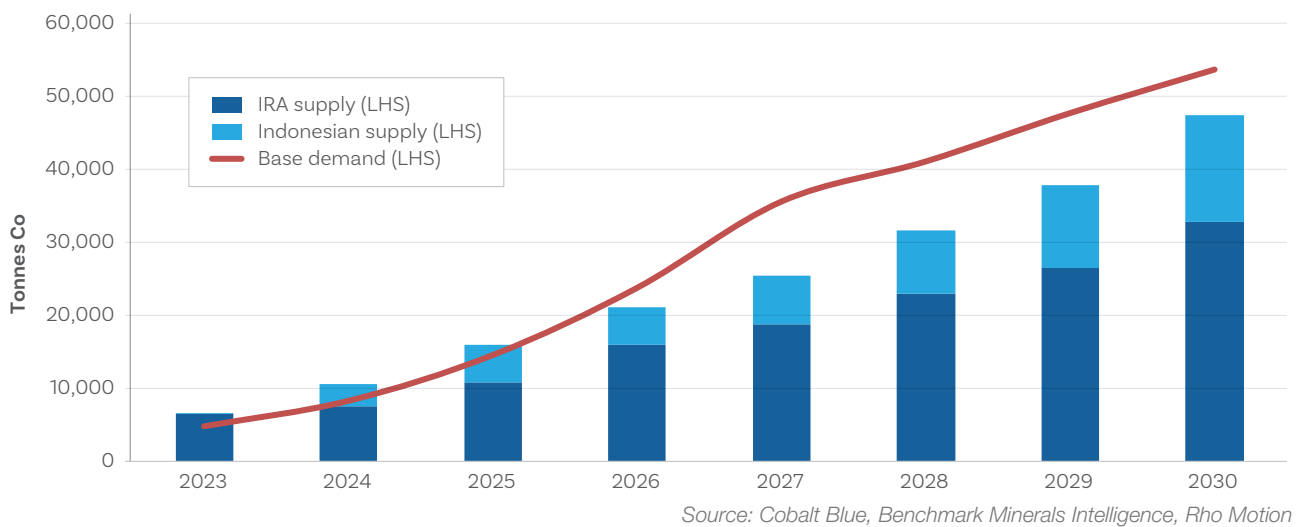


The above analysis considers the total cobalt market, including the many other applications required by various industries. Considering the available capacity for IRA-compliant, battery-grade cobalt, an immediate shortfall only grows as IRA restrictions tighten. Cobalt Blue's refinery strategy is designed to address this urgent segment of demand.

On EV sales, Rho Motion expects the global penetration rate to rise from 16% in 2023 to 42% in 2030. Using these forecasts, we expect cobalt demand in EV batteries to increase from 80kt to 270kt between 2023 and 2030. According to Benchmark Minerals Intelligence, total supply is expected to grow by 120kt over the same period. This suggests an impending imbalance likely to support cobalt pricing back toward its long-term average.

Figure 9 demonstrates the demand for IRA-compliant, battery-grade cobalt in the US vs forecasts for available capacity. Even including the potential for Indonesian supply to qualify, there is an impending shortfall.

Figure 9 – IRA Compliant (+ Indonesian) Cobalt Sulphate – Market Balance



Review of Operations and Activities continued

Concentrated Supply Chain

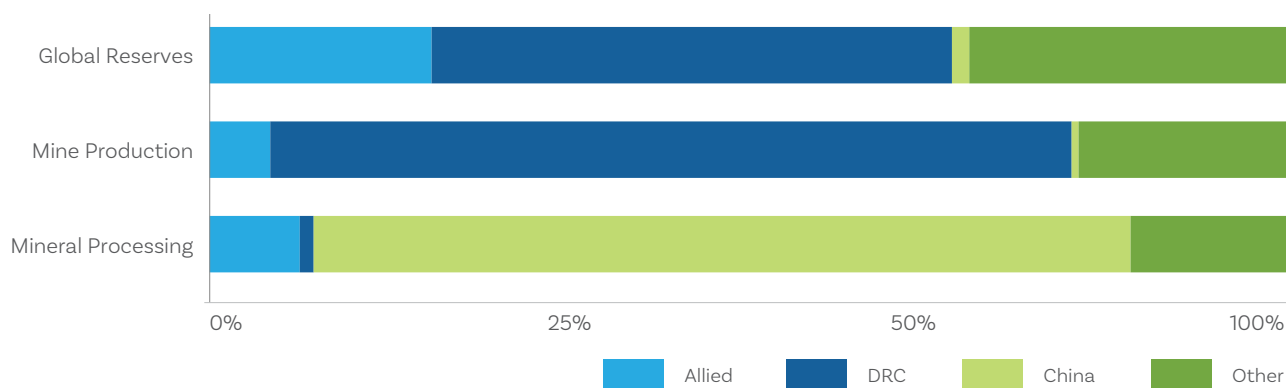
Key industrialised and developed countries have identified cobalt as a critical mineral. This reflects the industrial importance of cobalt and its application as a critical battery material, particularly with the increased growth of Electric Vehicle (EV) production and the use of energy storage systems. Demand for these applications is growing rapidly.

There is concern about the high concentration level in extraction and processing and associated risks to supply chains. Consequently, an 'Allied Supply Chain' is emerging to include the USA, Japan, South Korea, Canada, European Union and Australia to develop policies and strategies to ensure greater supply chain security. These initiatives provide a supportive environment to increase the supply of critical minerals through tangible and intangible assistance. The decisions being made now will shape the procurement preferences of buyers of battery materials, namely EV makers and manufacturers along the LiB supply chain.

China

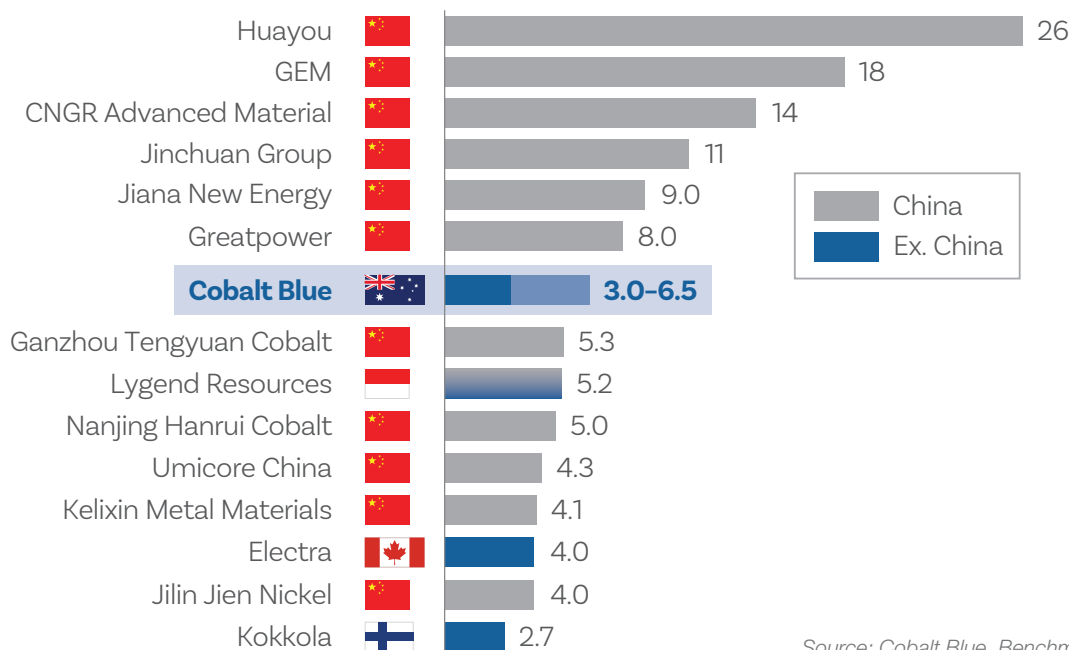
China dominates the global cobalt market, controlling the majority share of both mining and refining (Figure 10). In mining and extraction, Chinese interests have an entrenched partnership with the DRC, which holds ~70% of global reserves. Of the 25-operating cobalt/copper assets in the DRC, China has a controlling share in 19. Combined with domestic production and interests in other parts of the world, China controls ~52% of global mined supply. China refines ~75% of the world's cobalt (almost exclusively from imports) into industrial products and controls ~90% of the battery-grade cobalt market.

Figure 10 – Cobalt is a highly concentrated commodity



Source: USGS, Benchmark Minerals Intelligence, Cobalt Blue

Figure 11 – Global battery-grade sulphate capacity (Kt Co), 2026–2030



Source: Cobalt Blue, Benchmark Minerals Intelligence

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A consequence of this concentration level is the risk that China could impose export restrictions on cobalt products. This is not unprecedented, as in 2023, China imposed export restrictions on three critical minerals—germanium, gallium, and graphite. Similar restrictions on cobalt could inflict significant long-term damage to economies that rely on cobalt imports. According to a study by the National Mineral Information Centre, a 20% reduction of cobalt supply in the US economy would result in up to a two per cent reduction in GDP.

Given the high concentration and security risks in the cobalt supply chain, several policy initiatives are being developed within Allied Nations (the US or certain US-allied countries, including countries with a Free Trade Agreement {FTA} with the US, such as Australia) to diversify the supply chain and develop the downstream processing capability outside China.

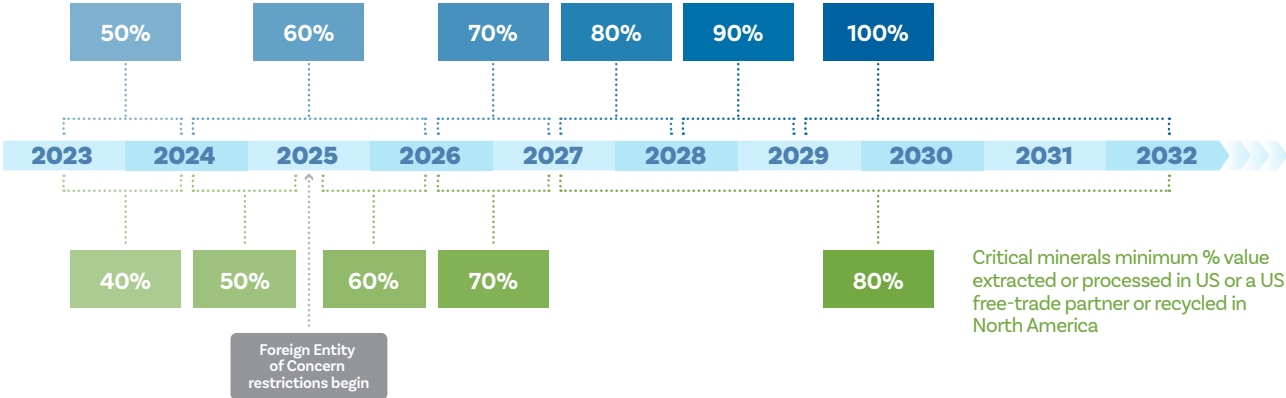
United States

Given the lengthy approval lead times and costs for new mining projects, the US is unlikely to develop significant domestic mining capabilities further. Over the next decade, the US is expected to seek partnerships to source minerals overseas.

The 2022 Inflation Reduction Act (IRA) aims to advance decarbonisation and clean energy goals through expanded and new tax credits, incentives, and other measures. According to S&P Global Commodity Insights, the outlook for EV sales in the US by 2030 has more than doubled the pre-IRA forecast. The law revises and expands tax credits for EVs over the next ten years (Figure 12). Key provisions of the IRA include tax credits for purchasers of certain new EVs. Eligible battery-powered EVs must meet critical mineral and battery component content and other requirements to qualify for credits of up to \$7,500 per vehicle. Vehicles that meet one of the requirements (but not both) are eligible for a credit of \$3,750.

The IRA requires that a specified percentage of materials used in a vehicle’s batteries be extracted, processed, manufactured and/or assembled in Allied Nations. After 2024, an EV will not qualify for the tax credit if it contains any critical minerals that are “extracted, processed, or recycled by a foreign entity of concern (“FECs”) – including companies owned by, controlled by or subject to the jurisdiction of the government of the People’s Republic of China, Iran, Russia or North Korea.

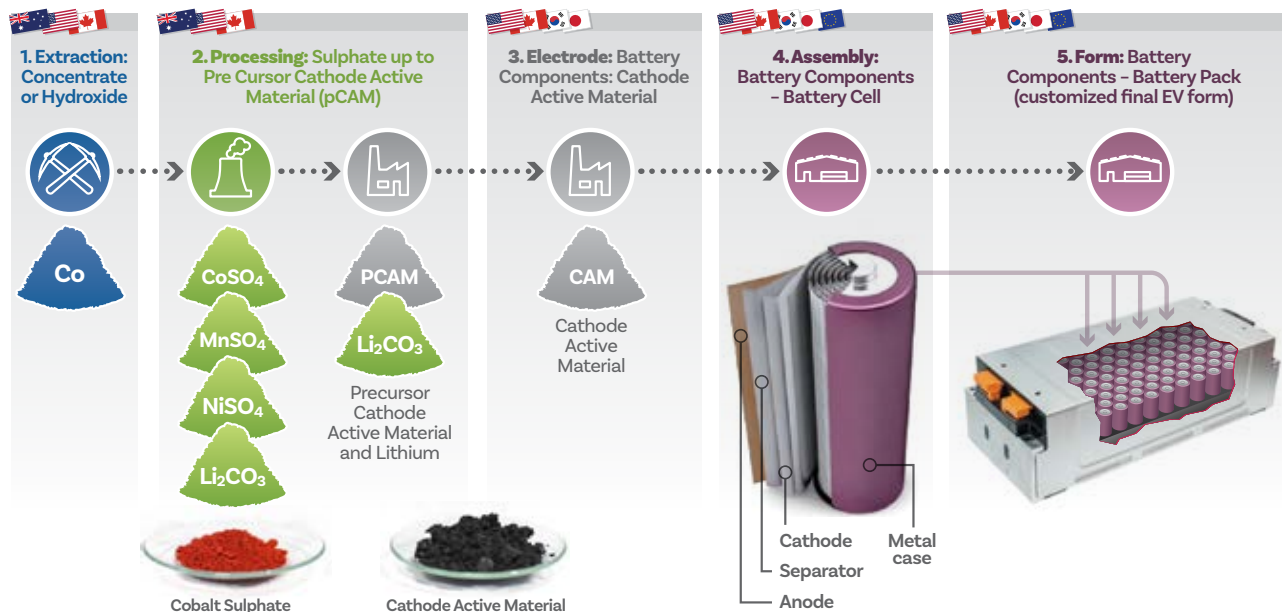
Figure 12 – IRA EVA tax credit timeline



Review of Operations and Activities continued

Figure 13 highlights the critical steps in the global cobalt mine-to-EV battery production chain, overlaid with IRA Clean Vehicle Credit (CVC) nation eligibility (FTA country or North America).

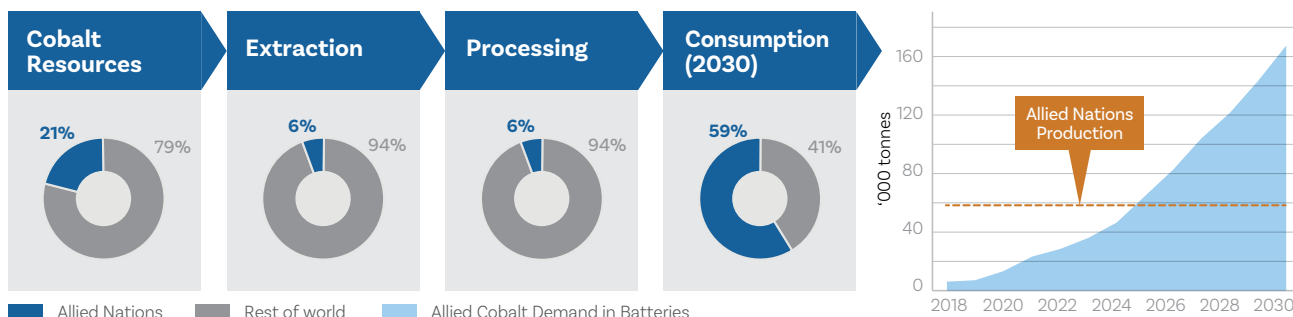
Figure 13 – Stages of EV battery production in the Allied Supply Chain



As FECs are excluded from assistance under the IRA, the extraction and processing industries of Allied Nations are being incentivised to respond (Figure 14). Their historical response to demand challenges has been poor, and instead, they became heavily reliant on China. Within the cobalt market, the price of metals sourced from unsustainable practices (for example, artisanal cobalt from Africa) disincentivises a supply response from sustainable and ethical sources. EU and US governments are attempting to incentivise the development of new and sustainable critical mineral supply chains.

Figure 14 below shows the cobalt resource, extraction (mining) and processing (refining) of Allied Nations. Today, while these nations extract and process just 6% of mined and processed cobalt, they are expected to consume ~60% of global consumption by 2030. This shortfall can only be overcome by creating new supply chains, including new mines and refineries. Most critical minerals for batteries are mined or processed in countries ineligible for IRA incentives. It is estimated that 90% of minerals used in EVs today are processed in China. Minerals sourced from China and several other major source countries do not count toward the battery content eligibility requirement, and any China mineral content will be disqualified from 2025. The United States must work closely with the Allied Nations to meet these strict criteria and ensure adequate supply. At a Benchmark Minerals Intelligence Critical Minerals conference, the Bureau of Energy Resources at the US State Department said the US will work with its partners to “diversify every node of every supply chain. We can’t do it alone, and acting alone is not how we do business.”

Figure 14 – Allied Nations Cobalt Production vs Forecast Demand Shortfall



Source: Benchmark Minerals Intelligence, Cobalt Blue

Japan

Japan does not have an IRA-eligible FTA with the US. Therefore, US buyers of Japanese EVs would not receive the full benefit of the tax incentives under the IRA. However, in 2023, the US and Japan agreed to support their partnership and strengthen their critical mineral supply chains for EV batteries. Japanese officials have publicly stated that they expect the agreement to enable Japanese producers to qualify for the FTA criteria within the IRA. This agreement is crucial for Japanese EV manufacturers of LiBs using NCM chemistries.

South Korea

South Korea is emerging as a pivotal ally in America's pursuit of an energy transition. Over a third of the announced IRA-supported investments have been directed toward prominent South Korean battery material producers and manufacturers. Korea has an IRA-eligible FTA with the US.

European Union

The Critical Raw Materials Act (CRMA) aims to ensure the European Union (EU) has access to materials and the security of the supply of raw materials required for the EU's net-zero technologies. The Act comes with targets for production and for reducing dependency on any single third country. China currently dominates the supply chain for many entries on Europe's list of "strategic" metals and supplies about 95% of the EU's rare earths.

The EU is also seeking to catch up with the United States, which is already investing heavily in critical metals capacity under the aegis of the Defense Production Act and the IRA. The CRMA recommends accumulating strategic metal stocks to buffer against unexpected supply disruptions. The CRMA also proposes that no more than 65% of the EU's consumption of each strategic raw material at any relevant processing stage comes from a single third country.

Australia

In Australia, several key Government policy initiatives support the development of critical mineral projects. Firstly, the Critical Minerals Strategy aims to diversify supply chains and develop downstream processing capacity in Australia. Secondly, and more recently, is the creation of the National Reconstruction Fund, which targets assistance in adding value to resources. Finally, the National Battery Strategy is focused on battery materials and batteries.

Kwinana Cobalt Refinery

During the financial year, Cobalt Blue made substantial progress on its proposed Kwinana Cobalt Refinery (KCR).

Background

During the BHCP Definitive Feasibility Study (DFS) process, Cobalt Blue examined the option to refine BHCP cobalt-rich Mixed Hydroxide Precipitate (MHP) into cobalt sulphate at a separate location in the Kwinana district south of Perth. There were strategic reasons for this decision:

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

Review of Operations and Activities continued

KCR value and benefit

The value and the benefit of the development and operation of the KCR in Australia include:

- **Australia's First Cobalt Refinery.** The refinery will represent Australia's first cobalt refinery to produce high-quality, battery-grade cobalt and nickel sulphate.
- **World Scale.** The refinery is expected to be a world-scale cobalt sulphate production facility that can be expanded at relatively low incremental capital cost. It is expected to increase Australia's cobalt production capability from 6,400 tpa to >9,000 tpa cobalt metal, elevating Australia to become a top three global cobalt producer.
- **IRA Compliant.** The refinery's production is targeted to be US IRA compliant. From 2025, there will be a looming shortfall of IRA-compliant cobalt sulphate supply. Cobalt Blue's products will hold a responsible sourcing qualification that can be traced across the entire battery supply chain, from mine to EV purchase.
- **Resilient and sustainable supply chains** through strong and secure international partnerships. The refinery, together with a well-established partner from a strategically aligned country, will become a significant supplier of responsibly produced cobalt to battery manufacturers and enable Australia to become a major supplier of cobalt outside of China.
- **Early Production Start.** The refinery targets operations from 1H 2026, representing a quick-to-market critical mineral value-added downstream processing development.
- **Supports Australian Battery Material and Manufacturing Initiatives.** With global demand for cobalt for use in LiBs increasing, reflecting the increased demand for and use of EVs and the growth in battery-powered energy storage solutions, the refinery will support the development of Australia's battery material and battery production capability. The refinery will form a key component in supplying one of the four battery minerals required to produce Precursor Cathode Active Material (pCAM).
- **Sovereign capability in critical minerals processing.** Cobalt Blue and its partner will move up the critical minerals value chain and increase Australia's downstream processing by producing high-value products.
- **Adding value to resources.** The refinery will extract more value from Australian resources and produce high-value cobalt sulphate that will support the development of pre-cursor cathode material manufacturing capability and capacity in Australia.

KCR Study

In November 2023, Cobalt Blue published the results of its KCR Study (Study). The Study evaluated the plan to treat cobalt intermediates and produce battery-grade cobalt and nickel sulphates.

The Study summarised the strategic rationale for Cobalt Blue to pursue an Australian refinery, as described above and set out a base case investment scenario:

- preconstruction costs of A\$10m.
- 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 as raw ingredients to supply the precursor cathode material (PCM) industry:
 - installed capital cost of A\$47m + A\$7–9m contingency.
 - during the prequalification/commissioning period, expected positive net off of post-tax income received against operating and fixed costs.
 - expansion costs of Stage 2 are estimated as appreciably lower than initial establishment costs.
- expansion potential to increase the size of the plant in Stage 2 to treat cobalt-nickel hydroxide from the potential Broken Hill Cobalt Project (BHCP). This would take the total throughput to 6,500 tpa cobalt and 1,800 tpa nickel.
- fixed processing costs were estimated at \$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 increasing 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.
- a 20-year project life with further life expected.

Tables 1 and 2 provide the financial metrics for the Stage 1 (base case) scenario. The project is estimated to generate (on a 100% owned basis):

- post-tax NPV10 of A\$99–118M and IRR of 25–27%
- average Annual EBITDA of A\$30–34m
- project payback <5 years.

A further upside case was modelled to evaluate cobalt price premiums associated with Inflation Reduction Act (IRA) compliance for the US market. The premiums varied between 2% and 10% above the cobalt price, resulting in further uplifts in NPV and IRR (see Table 3).

Table 1 – 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 2 – 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							
Ex Rate AUD/USD		Cobalt Price			LT		
		Spot**					
	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	157	
LT	0.70	49	78	89	118	105	
0.75	33	60	70	98	85	110	
0.80	18	44	53	79	67	91	
Sensitivity on Post-Tax IRR* for Changes in Cobalt Price and Exchange Rate							
Ex Rate AUD/USD		Cobalt Price			LT		
		Spot**					
	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%	
LT	0.70	19%	23%	23%	27%	24%	
0.75	16%	20%	21%	24%	22%	24%	
0.80	13%	18%	19%	22%	20%	22%	

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

* At time of early works

** November 2023

Review of Operations and Activities continued

Sensitivity on Annualised Average* EBITDA (\$M) for Changes in Cobalt Price and Exchange Rate

Ex Rate AUD/USD	Cobalt Price					
	12.0	Spot** 17.0	22.0	LT 27.0	32.0	43.0
0.60	28	34	37	43	41	48
Spot 0.65	24	30	32	38	36	43
LT 0.70	21	26	28	34	32	38
0.75	18	23	25	30	29	34
0.80	15	20	22	27	25	30

Table 3 – NPV and IRR versus cobalt price and a potential IRA Premium

Sensitivity on Post-Tax NPV₁₀ (\$M)* for Changes in Cobalt Price and IRA Premium

IRA Premium	Cobalt Price					
	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

Sensitivity on Post-Tax IRR* for Changes in Cobalt Price and IRA Premium

IRA Premium	Cobalt Price					
	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%

KCR Partner

In December 2023, Cobalt Blue named Iwatani Corporation its potential partner in developing the KCR (subject to agreement). Cobalt Blue and Iwatani Corporation executed a non-binding agreement establishing the basis for the parties' intent to proceed. There is no guarantee of entry into a binding contract on current terms.

Iwatani Corporation is a leading Japanese multinational company specialising in producing and trading commodities. It has a global presence and operations in several countries. Iwatani Corporation has established partnerships and collaborations with companies worldwide to advance its expertise in technologies further and explore new markets. Iwatani has a large trading arm seeking to supply its Japanese partners in major global EV markets, including the United States.

* At time of early works

** November 2023

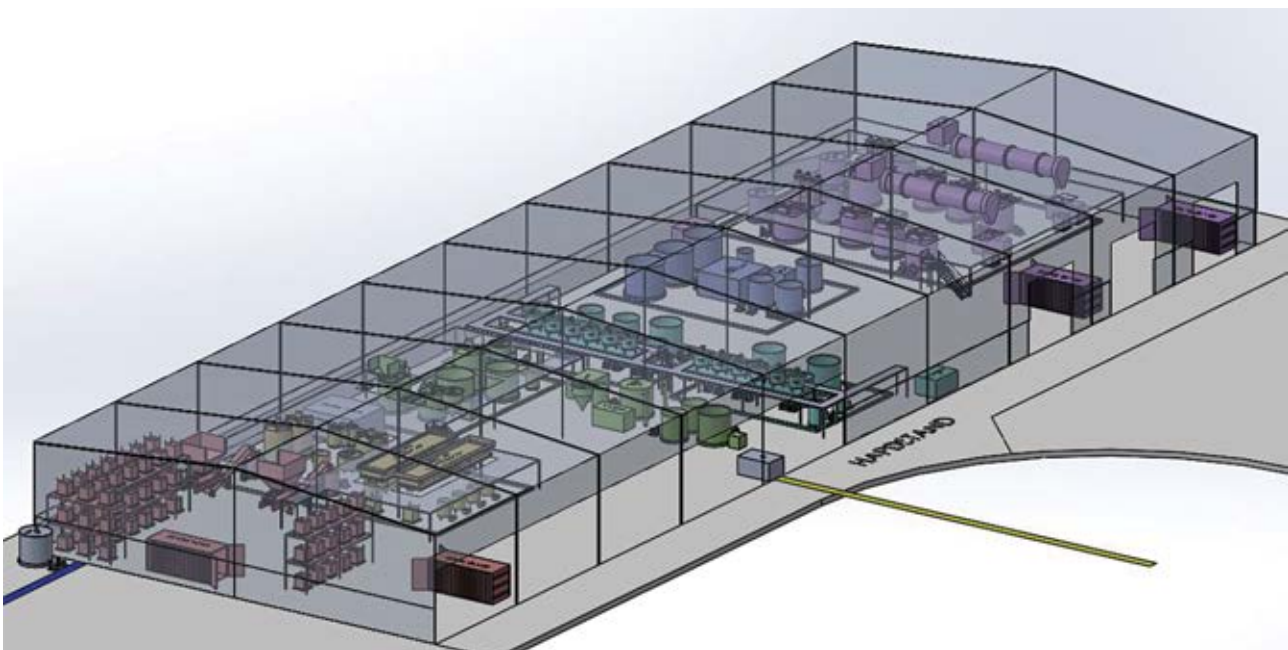
Iwatani's Australian arm owns a suitable property in the Kwinana district that would support the refinery's operation. Cobalt Blue believes that partnering with an existing property owner will substantially reduce the refinery's development time. Iwatani Corporation is currently considering proposing an appropriate level of equity ownership in the KCR project via a funding contribution (subject to a binding agreement).

The pictures below show the proposed refinery project's location, conceptual 3D plant design model, nearby logistics, and other landmarks.

Figure 15 – Aerial view of the proposed KCR project site (owned by Iwatani Australia)



Figure 16 – Conceptual 3D model of the plant design



Review of Operations and Activities continued

Figure 17 – District view of the proposed KCR project site (highlighting proximity to battery industry and Kwinana/Fremantle Ports)



Piloting Program

In August 2023, Cobalt Blue announced that it was commencing a raw materials testing program to trial up to 5-tonne samples from third-party suppliers. Samples included cobalt hydroxide, cobalt-nickel hydroxide, or other intermediates from existing operations. Each sample would take approximately 4–6 weeks to test.

The current cobalt sulphate refinery equipment in the Broken Hill Demonstration Plant was 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. Cobalt Blue utilised the existing Broken Hill-based Testing Facility and ancillary equipment to test the samples.

Samples were provided under commercial-in-confidence agreements due to the sensitivity of disrupting existing supply contracts and chains. Cobalt Blue sourced a broad range of cobalt-rich materials representing the global industry that complies with Allied Nation supply chain requirements.

There are several technological and strategic benefits to testing bulk raw materials, resulting in a significant de-risk of the KCR project, including:

- evaluating the suitability of processing third-party feedstocks and providing the basis for negotiating supply contracts.
- identifying and characterising waste generated by the refinery, thereby defining appropriate waste management strategies.
- improving operating procedures and philosophies that will 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.

Two bulk samples (up to 5 tonnes each) of targeted third-party feedstock, representing US/EU market-compliant feedstock from Australian and international sources, were sourced. In January 2024, Cobalt Blue announced the initial feedstock testwork results from an initial 50–100kg testing sample. The initial results confirmed that up to 95–97% cobalt extraction was achieved.

Further, parameter optimisation is expected to increase overall metal extraction.

The testwork confirmed key leach reagent inputs of acid and oxygen:

- acid consumption for hydroxide feed of ~3.5 tonne of H₂SO₄ per tonne of cobalt.
- oxygen consumption for the sulphide feed of ~1 tonne of oxygen per tonne of cobalt.

Metal recoveries and reagent consumption have significant cost implications for refinery operations, and the achieved results support the initial refinery study assumptions.

Testing also includes evaluation of:

- materials handling
- leaching extraction of cobalt and nickel
- trace metal purification of iron, zinc, manganese, and copper
- separation of cobalt and nickel by solvent extraction
- production of separate cobalt and nickel sulphate crystals
- occupational health and safety.

The cobalt and nickel product samples will be used to further offtake negotiations. Cobalt Blue intends to supply battery-grade samples to interested offtake parties, which will be considered an initial step in pre-qualifying the KCR for commercial purposes. This will include the production of > 1 tonne of cobalt sulphate, sufficient for qualification testing by lithium-ion battery manufacturers.

Figure 18 – Cobalt Sulphate crystals produced from third-party feedstocks



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 during the year. A comprehensive Air Quality Impact Assessment (AQIA) reviewed existing site emissions and new emissions from the proposed KCR. 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.

Engineering

Cobalt Blue commenced detailed engineering design works during the year. In early July 2024, Cobalt Blue announced that Tetra Tech had been selected for detailed engineering work. Tetra Tech is a leading global provider of high-end consulting and engineering services with wide-ranging engineering, procurement, and construction management experience. Other external consultants will be engaged in civil engineering, structural, electrical, and instrumentation design.

Cobalt Blue will complete the process engineering design package.

Review of Operations and Activities continued

Project timelines

The current project milestones and indicative timetable are shown below:

Figure 19 – KCR Milestones/Indicative Timetable¹

Kwinana Cobalt Refinery	2024				2025				2026	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H
Testing Feedstock Samples	█									
Operating Permit Submission	█			█						
Third Party Supply/Offtake Contracts			█	█						
Financing				█	█					
Construction Commencement					█					
Construction Completed ²								█	█	
Validation Commencement									█	█
Commercial Production										█

¹ Note the cautionary statement on page 1 regarding forward-looking statements

² Subject to funding and approvals being obtained

BHCP

Definitive Feasibility Study (DFS)

In February 2024, Cobalt Blue announced that the technical work packages defining the BHCP DFS were nearing completion; however, given current battery minerals pricing and the inflated capital cost environment, the BHCP (in its current form) was unlikely to attract project financing.

Rather than deliver a DFS that effectively “sits on the shelf”, waiting for a future upturn in the macro environment, completion of the DFS was paused, with a Strategic Review commenced to assess the viability of a condensed higher margin project. The Strategic Review’s purpose is to:

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

An initial work plan was developed comprising:

- revision of process design criteria based on pit optimisation and mine schedules;
- trade-off studies to 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 capital expenditure reductions (including direct equipment and installation costs);
- identification of metallurgical test work, if any, required to evaluate options to a PFS level.

Mining Lease Application (MLA) 614 was withdrawn, and a new MLA (MLA647) was lodged to better align with the Strategic Review’s objectives.

BHCP – Potential Project Partner Announced

In February 2024, Cobalt Blue announced that Iwatani Corporation would be its potential partner in developing the BHCP (subject to final agreement). Iwatani Corporation was then already a potential partner for the KCR. The finalisation of a binding agreement would align both projects, enabling the KCR to commence and expand production, initially with third-party feedstock (target date 1H 2026), potentially followed by any BHCP-sourced cobalt intermediate feedstock. This staged expansion of an integrated BHCP and KCR will potentially create a top 10 global cobalt refinery.

Cobalt Blue and Iwatani will use their best endeavours to enter into binding agreements on or before 30 April 2026, covering matters such as:

- the establishment of a special purpose joint venture company to own and operate BHCP;
- an investment agreement where the parties agree to provide equity and arrange debt financing required to construct BHCP;
- product marketing and offtake arrangements;

- the determination of the consideration Iwatani will pay to enter the joint venture;
- the terms for Cobalt Blue's role as manager of the joint venture and general operation of joint venture operations.

Re-Mining Opportunities

Cobalt Blue seeks to leverage its patented flowsheet to re-mine sulphur and battery metals from mine waste. The sale of recovered products covers the cost of rehabilitation and provides a source of battery materials.

During the June 2023 quarter, Cobalt Blue announced that it had entered a testwork co-operation agreement with Hudbay Minerals Inc. ('Hudbay'), for Hudbay's wholly owned Flin Flon tailings storage facility located in the Province of Manitoba, Canada. Cobalt Blue utilised 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.

Laboratory scale 'proof of concept' testwork of a 50kg sample of Flin Flon tailings was completed during the year. 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.
- approximately 40% pyrite.

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

The results are being used to design an overall flowsheet for treating the tailings as part of additional testwork studies.

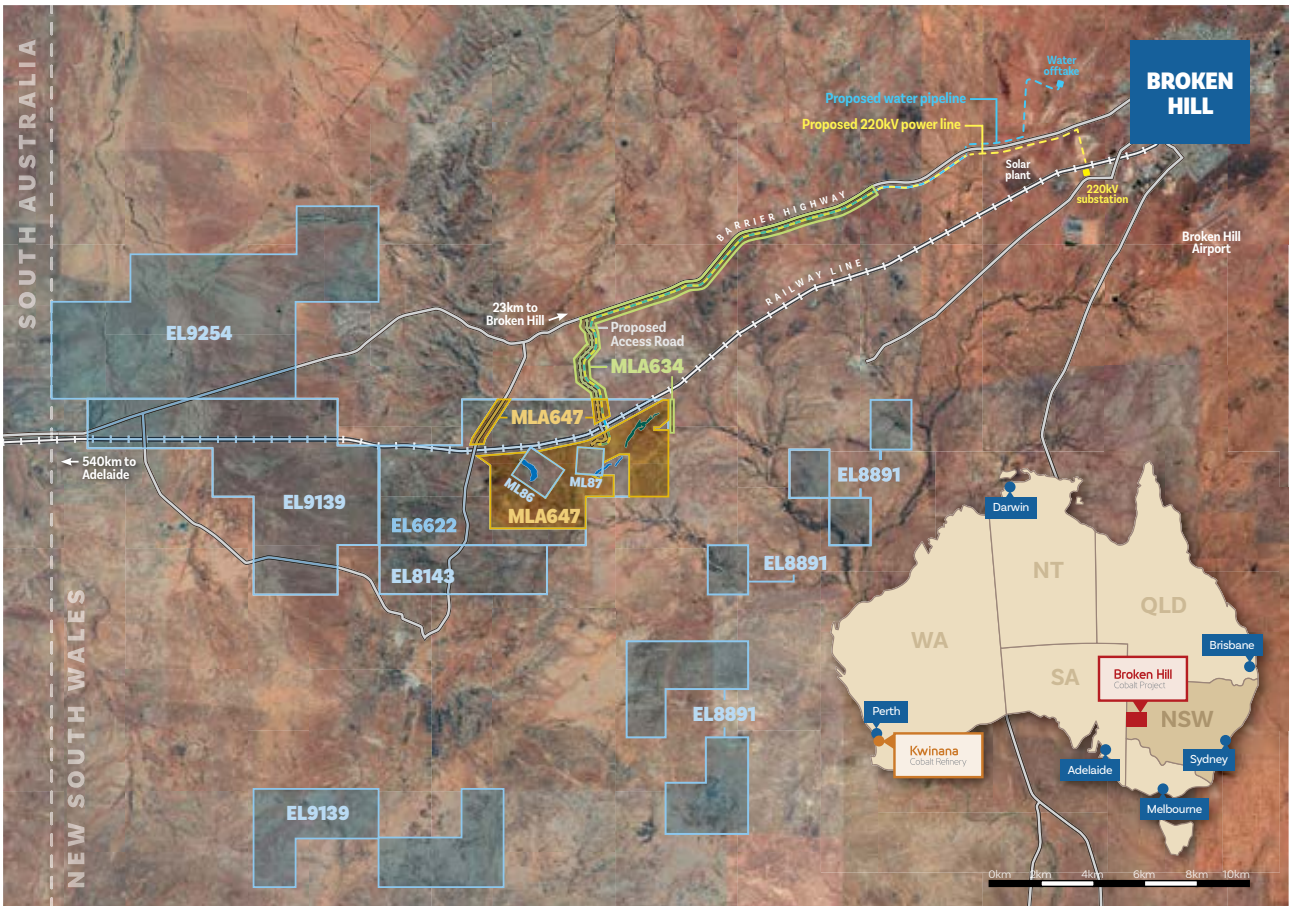
Cobalt Blue continues to evaluate re-mining opportunities within Australia and Internationally.

Resource Definition, Geotechnical and Waste Rock Characterisation Drilling

A resource definition, geotechnical and waste rock characterisation drilling program was completed last year. During the 2024 financial year, geological modelling was completed to support a revised Mineral Resource estimate. See the Mineral Resource and Ore Reserves section for further details.

Tenements

Figure 20 – Cobalt Blue's Tenements



Review of Operations and Activities continued

Tenement Schedule

Tenement (NSW Mining Act)	Location	Percentage Interest (%)
Exploration Licences		
EL 6622 (1992)	NSW	100
EL 8143 (1992)	NSW	100
EL 9139 (1992)	NSW	100
EL 9254 (1992)	NSW	100
EL 8891 (1992)	NSW	100
Mining Leases		
ML 86 (1973)	NSW	100
ML 87 (1973)	NSW	100
Mining Lease Applications		
MLA 647 (1992)	NSW	100
MLA 634 (1992)	NSW	100

Government Collaboration and Interaction

Cobalt Blue received \$6.000 million during the financial year under the Commonwealth Government's Critical Minerals Accelerator Initiative Grant (CMAI) agreement (executed in December 2022). Cobalt Blue received a further \$0.175 million from the NSW Government under its Critical Minerals and High-Tech Metals Activation Fund (CMAF) agreement.

The WA Premier, Mr Roger Cook MLA, issued a letter of support for the KCR.

Cobalt Blue appreciates the support of the respective governments.

Financial Review

Cobalt Blue's net loss for the 2024 financial year was \$37.595 million (2023: \$5.467 million).

Total revenue and other income increased this financial year to \$1.401 million (2023: \$0.233 million), primarily reflecting \$1.031 million in government grants (2023: Nil) and interest income of \$0.295 million (2023: \$233,000). Government grants were recognised as revenue as they compensated for expenditures recorded in the profit or loss (with the balance of government grants received being recognised as a reduction in the carrying value of exploration and evaluation expenditure).

Total expenses increased \$33.218 million to \$38.918 million. Of the increase, \$30.533 million was related to the non-cash impairment charge for the BHCP tenements (2023: Nil), and \$2.642 million was related to the KCR (2023: Nil). The KCR expense is related to expenditure incurred in evaluating that project during the year.

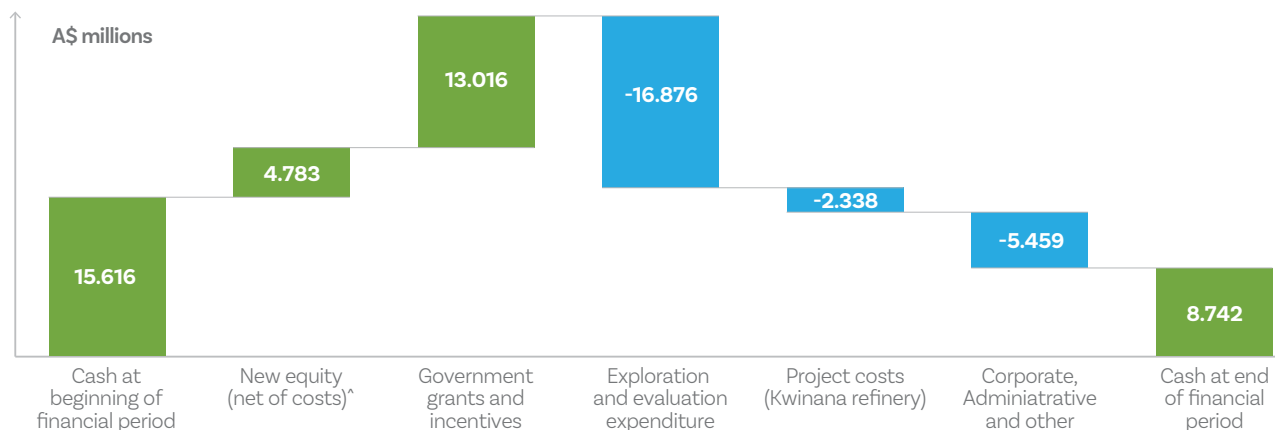
As noted earlier, in February 2024, Cobalt Blue announced that the BHCP, in its current form, was unlikely to attract financing due to prevailing battery minerals pricing and an inflated capital cost environment. Consequently, completion of the DFS was paused to undertake a review to assess the viability of a condensed, higher margin project.

As a result of the pause to the DFS and subsequently, the carrying amount of the Consolidated Entity's net assets exceeding its share market capitalisation, Cobalt Blue assessed that the BHCP may be impaired. After recoverable amount testing, the recoverable amount of BHCP was estimated with the assistance of an external valuer as \$30,000,000 based on fair value less costs to sell, resulting in an impairment charge of \$30.533 million. Further details on the BHCP Impairment charge are in Note 14 of the Financial Statements.

During the 2024 financial year, the Group issued 51,684,087 new shares, raising \$4.783 million (net of costs). In addition, the Group received a further \$13.016 million in Government grants and incentives from the following sources:

- \$6.000 million (2023: \$7.500 million) from the Australian Government's Critical Minerals Accelerator Initiative (CMAI)
- \$0.175 million (2023: \$0.250 million) from the NSW Government's Critical Minerals and High-Tech Metals Activation Fund (CMAF)
- \$6.841 million (2023: \$0.508 million) in research and development tax incentive refunds.

During the 2024 financial year, the Group's funds were broadly applied as follows:



[^] represents total cash received (net of costs) from the issue of new equity during the financial year.

The exploration and evaluation expenditure was associated with the BHCP, primarily Demonstration Plant/Testing Facility operations, engineering technical studies, and advancing project permitting and approvals.

On 30 June 2024, the Group had a cash position of \$8.742 million (2023: \$15.616 million), and its net assets decreased during the financial year by \$31.784 million to \$34.205 million (2023: \$65.989 million), attributable to the current year loss offset by new equity.

Key external and business risks

Key external and business risks which could impact the Group's ability to deliver its strategy are:

Availability of Finance – The Group has no material operating revenue. It is unlikely to generate any material operating revenue unless and until the KCR or the BHCP is successfully developed and production commences, the Group's Re-Mining opportunities are commercialised, or the Group acquires a revenue-generating asset. Therefore, the Group will be required to raise additional capital or enter alternative development structures to meet its obligations and implement its strategy.

Cost escalation – The Group is exposed to cost escalation and inflationary pressure, which may be above budgeted or forecasted levels across all elements of our cost base. If the Group cannot offset these cost pressures, this could adversely affect cash flow and financial performance.

Partner arrangements – The Group's key projects are subject to non-binding agreements with a third party, establishing the basis on which the parties intend to proceed. There is no guarantee of entry into binding terms.

Commodity prices – The global cobalt market (along with other commodities) is subject to demand and supply fluctuations. These fluctuations and fluctuations in the A\$: US\$ exchange rate will affect the economics of the Group's projects. Climate change risk may create additional demand for lithium-ion batteries to store renewable energy as part of global 'decarbonisation' strategies. Such additional demand may create upside pressure on cobalt prices in the future. Adverse changes in commodity prices can also affect the supply and/or source of feedstocks for the proposed KCR.

Management retention – The Group relies on its employees and consultants. There is a risk that the Group may not be able to retain key personnel or promptly find effective replacements. The loss of such personnel or any delay in their replacement could negatively impact the Group's ability to achieve its strategy. To address this risk, the Group continues to refine its remuneration framework to provide competitive remuneration to retain key personnel.

Metallurgical recoveries and processing risks – The economic viability of cobalt recovery depends on several factors, such as developing an economical process for treating pyrite ore. Further, changes in mineralogy may result in inconsistent recovery of cobalt. To address this risk, the Group constructed a Pilot Plant to demonstrate cobalt sulphate can be produced at a much larger scale than completed to date and, following successful operations at the Pilot Plant, commissioned and operated a Demonstration Plant to treat pyrite ore on a more extensive and continuous basis. The Group is also executing a raw materials testing program as part of the KCR to, amongst other reasons, confirm capabilities to produce high-purity cobalt sulphate from intermediate products sourced from third parties.

Government approvals/environmental standards – Advancing the KCR (or the BHCP) will require approvals from government agencies. With increasing government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent. The Group could be subject to higher environmental responsibility levels and liability, including laws and regulations dealing with air quality, water and noise pollution, plant and wildlife protection, greenhouse gas emissions and waste storage, treatment and disposal.

Water supply – The BHCP is near Broken Hill, New South Wales (NSW). Broken Hill has a hot, arid desert climate with minimal rainfall. The project's water requirements are currently estimated at 1.2-1.5 GL per annum, which are expected to be supplied from Essential Water's trunk main on the western outskirts of Broken Hill, which is supplied via a pipeline from the Murray River at Wentworth, NSW. If this water cannot be supplied or supplied at lower levels, whether due to climate change or not, the project would be significantly affected. If Essential Water cannot provide water to meet BHCP's requirements, the company can utilise existing subsurface water rights to potentially source up to 0.70 GL per annum.

Power Supply – The Group's proposed projects require significant power use. Increased electricity pricing would increase project operating costs. Cobalt Blue is working on power-related studies to reduce this risk, seeking to optimise waste heat capture and reuse, optimise the daily load profile, and evaluate distributed energy generation and storage.

For personal use only



Mineral Resources and Ore Reserves

Mineral Resources Summary as at 30 June 2024

The Mineral Resource estimate for the BHCP was independently prepared by SRK Consulting and is reported in accordance with the guidelines of the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code). The Mineral Resource estimate 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). The estimate is summarised below by classification.

Table 1 – The Mineral Resource estimates for the BHCP as at 30 June 2024 (at a 275 ppm CoEq cut-off) detailed by Mineral Resource classification. 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)
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 CoEq 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 through progressive technical studies including the 2018 BHCP Preliminary Feasibility Study (PFS), 2020 BHCP Project Update (also completed to a PFS level) and the Definitive Feasibility Study (DFS) which was paused in February 2024 in consideration of depressed commodity pricing and an inflated capital cost environment.

The cobalt equivalent grade has been derived from the following calculation; $\text{CoEq ppm} = \text{Co ppm} + (\text{S ppm} \times (\text{S price} / \text{Co price}) \times (\text{S Recovery} / \text{Co Recovery})) + (\text{Ni ppm} \times (\text{Ni Price} / \text{Co Price}) \times (\text{Ni Recovery} / \text{Co Recovery}))$. Assumptions derived from the assessment of modifying factors considered to date have been used to inform the cobalt equivalency calculation with the equivalency formula equating to $\text{CoEq} = \text{Co} + \text{S} \% \times 18.1398 + \text{Ni ppm} \times 0.3043$ (see Table 2)

Mineral Resources and Ore Reserves continued

Table 2 – Assumptions used for the calculation of the cobalt equivalency formula

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

The Company confirms all elements included in the metal equivalence calculation have reasonable potential to be recovered and sold. Further information regarding the Mineral Resource is available in the ASX Announcement dated 30 November 2023 titled 'BHCP Resource Update'.

Ore Reserves Summary as at 30 June 2024

Nil

Annual Review of Mineral Resources and Ore Reserves

Mineral Resources

Changes from the preceding 2021 Mineral Resource estimate (see ASX Announcement 'BHCP Resource Update' on 16 September 2021) can be attributed to the following:

- Refinement of mineralisation and waste domains**

The mineralisation and waste domains were updated considering the additional drilling completed during 2022–2023. At Big Hill, the increased drilling density enhanced geological constraint and supported an improved classification with 85% of the (Big Hill) resource classified as Measured and Indicated, compared with the former estimate which comprised just 60% Indicated and 40% Inferred.

Separately, three areas of resource extension contributed to the realisation of organic resource growth including:

- a zone of outcropping pyritic quartz-albite gneiss approximately 150 m southeast of the main body of the Railway deposit where drilling intersected zones of steeply dipping mineralisation, over approximately 300 m strike and ranging between 15 and 20 m in thickness within the broader quartz-albite gneiss host;
- the north-eastern strike extension of the Big Hill South deposit, where drilling improved the definition of mineralisation over approximately 100 m strike ranging between 15 and 20 m in thickness; and
- the north-eastern strike extension of the Big Hill North deposit, where drilling defined mineralisation over approximately 50 m strike and ranged between 15 and 20 m in thickness.

- Cut-Off Revision and Conceptual Pit Limit Optimisations**

Key inputs used in the calculation of the cobalt equivalency cut-off grade were updated considering modifying factors derived from progressive technical studies (Table 2). Similarly, assumptions used to complete conceptual pit limit optimisations to constrain reporting of the Mineral Resource were updated considering modifying factors derived from progressive technical studies.

Ore Reserves

In February 2024, the Company paused completion of the DFS and resolved to undertake a Strategic Review (Review) to assess the viability of a condensed higher margin project considering:

- prevailing battery minerals pricing, particularly cobalt metal trading at US\$12–14/lb, and;
- the inflated capital cost environment.

The studies underpinning the previously released estimates of Ore Reserves may change in the Review. Accordingly, the Company withdrew the Ore Reserve estimate as stated on 30 June 2023 (see ASX Announcement dated 26 February 2024 titled 'BHCP and Refinery Update').

Summary of governance arrangements and internal controls in place for the reporting of Mineral Resources

Mineral Resources are estimated by suitably qualified consultants in accordance with the 2012 JORC Code, using industry-standard techniques and guidelines for the estimation and reporting of Mineral Resources. These estimates and the supporting documentation were reviewed by suitably qualified Competent Persons prior to inclusion in this Annual Report. The Company's Board approves revisions to Mineral Resources prior to public release.

Competent Persons Statement

The information in this report related to Exploration Results is based on information compiled by Mr Heath Porteous, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Porteous is employed by Xplore Pty Ltd and is engaged full-time by the Group as Exploration Manager. Mr Porteous has had sufficient experience relevant to the style of mineralisation and type of deposit under consideration and the activity undertaken to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Porteous consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Mineral Resources and Ore Reserves Statement (Statement) is based on and fairly represents information and supporting documentation prepared by Competent Persons. The Statement as a whole has been approved by Dr Andrew Tong, a Competent Person who is a Member of the AusIMM. Dr Tong is an employee of Minerals and Residues Pty Ltd and is engaged full-time by the Group as Executive Manager. Dr Tong has had sufficient experience relevant to the style of mineralisation and type of deposit and the activity being undertaken to qualify as a Competent Person as defined in the 2012 JORC Code. Dr Tong consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Mineral Resources have been estimated and reported in accordance with the guidelines of the 2012 JORC Code.



Robert
Biancardi



Hugh
Keller



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Joe
Kaderavek



Directors' Report

The Directors present their report, together with the financial statements of the consolidated entity, consisting of Cobalt Blue Holdings Limited (referred to hereafter as “COB” or the “Company”) and the entity it controlled (referred to hereafter as the “Consolidated Entity”) for the year ended 30 June 2024.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- **Robert Biancardi**, Chairman, Non-Executive Director, Independent
- **Hugh Keller**, Non-Executive Director, Independent
- **Robert McDonald**, Non-Executive Director, Independent (until 21 May 2024)
- **Joe Kaderavek**, Chief Executive Officer & Executive Director

Principal Activities

The Company's focus is on developing the Kwinana Cobalt Refinery in Western Australia, the Broken Hill Cobalt Project in New South Wales, and Re-Mining opportunities contained in mine waste.

Review of operations, financial position, business strategies and prospects

A detailed discussion of these matters is set out within the 'Review of Operations and Activities' section on pages 7 to 25

Likely developments and expected results of operations

A detailed discussion of future developments is set out within the 'Review of Operations and Activities' on pages 7 to 25.

Significant changes in the state of affairs

During the financial year issued capital increased by \$5,353,000 net of capital raising costs, (2023: \$26,340,000) due to share issues, of which \$4,783,000 was received in cash with the balance reflecting non-cash share-based payment transactions. Details of the changes in share capital are disclosed in Note 21 to the financial statements.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Directors' Report continued

Information on Directors

The following information is current as at the date of this report.

Name:	Mr Robert Biancardi
Title:	Chairman, Independent, Non-Executive Director
Qualifications:	<i>B.Com (Management and Marketing) (Wollongong University) Diploma Corporate Management (AGSM – University of NSW)</i>
Experience and Expertise:	<p>Mr Biancardi is an experienced executive with more than 35 years' commercial experience across the finance, IT, healthcare and services sectors. Mr Biancardi has previously held senior roles at IBM, Citibank and Westpac. His recent roles include director of Evolution Healthcare, a leading private hospital operator. He has been a director and chief executive officer of a number of companies, including Rockridge Group (Private Equity) and Hutchisons (Child Care Services) Limited, previously an ASX listed services company.</p> <p>He has served as a director and president of the Restaurant & Catering Association of NSW for 13 years and has been a board member of the Heart Foundation of Australia (FIPOC) for over 7 years. Mr Biancardi is also currently chair of the Diabetes Research Foundation. He has extensive corporate advisory and capital management experience with a specialisation in corporate marketing and substantial public/private board experience.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk and Remuneration and Nomination Committees
Interests in shares:	4,950,288
Interest in performance rights:	333,333

Name:	Mr Hugh Keller
Title:	Independent, Non-Executive Director
Qualifications:	<i>LLB (University of Sydney).</i>
Experience and Expertise:	<p>After graduating with a law degree, Mr Keller had a successful career as a solicitor in Sydney and became a partner at Dawson Waldron (now Ashurst) in 1976 and remained a partner in its successor firms for 34 years until retirement from full time legal practice in 2010. During his time at the firm, Mr Keller served as joint national managing partner, Sydney office managing partner, chairman of the staff superannuation fund, one of the practice leaders and as a board member.</p> <p>Mr Keller was a non-executive director of ASX listed Thakral Holdings Limited and a member of its Audit Committee until the company was acquired in a public takeover by Brookfield. Mr Keller was also a non-executive director of LJ Hooker Limited and a member of its audit committee. He has also served as chairman of a large private investment company, several small investment companies and a private small exploration company. Mr Keller currently provides consulting services to several companies and is, and has been for over 10 years, a non-executive director of a charity and chairman of its audit committee.</p> <p>He has extensive legal experience and expertise in the review of commercial contracts and arrangements, as well as experience in public company audit committee procedures and requirements and hands on experience in the dynamics of managing people and resources in long term large projects.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair Audit and Risk Committee and member, Remuneration and Nomination Committee.
Interests in shares:	2,867,091
Interest in performance rights:	333,333

Name:	Mr Robert McDonald
Title:	Independent, Non-Executive Director (until 21 May 2024)
Qualifications:	<i>B.Com (University of Western Australia)</i> <i>MBA (Honours) (IMD)</i>
Experience and Expertise:	Mr McDonald was a seasoned mining industry executive who commenced his career with Rio Tinto before assuming senior roles in investment banking and private equity. He had a background in project development and optimisation, strategy and business development, transaction management and capital markets.
Other current directorships:	None
Former directorships (last 3 years):	New Century Resources Limited (Chairman, resigned 9 November 2022) Chair Remuneration and Nomination Committee and member, Audit and Risk Committee (both, until 21 May 2024).
Special responsibilities:	
Interests in shares:	N/A
Interest in performance rights:	N/A

Name:	Mr Joe Kaderavek
Title:	Executive Director & Chief Executive Officer
Qualifications:	<i>B.Eng (Aeronautical Engineering) (University of Sydney)</i> <i>G.CertEng (Reliability Engineering) (Monash University)</i> <i>Master of Business Administration (MBA) (Deakin University)</i>
Experience and Expertise:	Mr Kaderavek commenced his career as an RAAF Engineering Officer before transitioning to PricewaterhouseCoopers, where he was responsible for preparing operational reviews and examining strategic options for mining, processing, railway, and port facilities throughout Australia, North America, and Europe. Over the last 15 years he has been involved in equities/investment research (including senior roles with Deutsche Bank and Five Oceans Asset Management) focused on mining, minerals processing and energy storage technologies. Most recently, he held an international consulting role with a focus on renewable energy and battery storage technologies. Mr Kaderavek has significant experience in managing investments in the global resources and minerals processing industries, and in managing turnaround projects supporting corporate targets, merger and divestment activities. He also has a detailed understanding of the energy storage market and battery technology.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	8,691,543
Interest in performance rights:	1,204,040

Company Secretaries

Danny Morgan <i>GradDipAppFin,</i> <i>B.Com, M.AppFin</i>	Mr Morgan serves as the Company's Chief Financial Officer and a company secretary and has over 30 years of commercial experience, principally in the resources industry.
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Grahame Clegg <i>ACG, CA, B.Com</i>	Mr Clegg serves as a company secretary and has extensive experience in company secretary and corporate governance practices within Australia.
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Directors' Report continued

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

DIRECTOR	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
R Biancardi	6	6	3	3	3	3
H Keller	6	6	3	3	3	3
R McDonald	5	5	3	3	3	3
J Kaderavek	6	6	–	–	–	–

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

REMUNERATION REPORT (AUDITED)

The audited remuneration report outlines the company's Director and executive remuneration arrangements in accordance with the requirements of the Corporations Act 2001 and Regulations. Remuneration is referred to as compensation throughout the Report.

The Remuneration Report is set out under the following main headings:

1. Remuneration Policy
2. Remuneration
3. Contractual Arrangements
4. Other statutory information
5. Reconciliation of shares, options and performance rights held by KMP

1. Remuneration Policy

The Company has a Remuneration and Nomination Committee. The Committee comprises:

Robert McDonald Chairman, Independent, Non-Executive Director (until 21 May 2024)

Robert Biancardi Independent, Non-Executive Director

Hugh Keller Independent, Non-Executive Director

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be sought when required.

The Company's remuneration objective is to attract high-calibre executives and reward them for performance that results in both short and long-term growth in shareholder wealth.

The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control their relevant assigned activities
- the Company's performance, including earnings, share price growth, and achievement of objectives.

Key Management personnel (KMP) have authority and responsibility for planning, directing, and controlling the activities of the Company. Key Management personnel, as identified for the purpose of this report by the criteria set out above, are:

Robert Biancardi Chairman, Independent, Non-Executive Director

Hugh Keller Independent, Non-Executive Director

Robert McDonald Independent, Non-Executive Director (until 21 May 2024)

Joe Kaderavek Chief Executive Officer & Executive Director

Danny Morgan Chief Financial Officer & Company Secretary

Andrew Tong Executive Manager

Relationship between Remuneration Policy and Group Performance

COB's remuneration policy includes short-term and long-term incentives. These plans seek to align management performance with shareholder interests. The LTI is linked to an increase in total shareholder returns over an extended period, and the STI is linked to individual and company operational performance.

The following table shows some key shareholder wealth indicators:

Shareholder Wealth Indicators 2020-2024

Financial year ended 30 June	2020	2021	2022	2023	2024
Loss after tax (\$000)	(2,384)	(2,680)	(5,233)	(5,467)	(37,595)
Dividends paid (\$)	–	–	–	–	–
Share price at beginning of financial year (\$)	0.14	0.10	0.27	0.62	0.27
Share price at end of financial year (\$)	0.10	0.27	0.62	0.27	0.08

Executive Remuneration

COB offers fixed and variable (at-risk) pay for employees that incentivise both short-term and long-term performance as follows:

- Fixed remuneration**

Fixed remuneration consists of base compensation (calculated on a total cost basis and including any fringe benefits tax charges related to any benefits provided), leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board/Remuneration and Nomination Committee through a process that considers the individual and overall performance of the Company.

- Performance-linked remuneration**

Variable remuneration comprises short-term and long-term incentives.

Short-Term Incentives (STIs) are a variable performance-based remuneration strategy to strengthen the link between pay and performance over the short to medium term. STIs consist of cash bonuses and/or the issues of shares to employees.

Long-Term incentives (LTIs) are designed to align employee interests directly with shareholders by linking employee remuneration to the Company's share price performance over the medium to long term. Historically, the Company has issued LTIs in the form of share options/performance rights.

Under the Company's remuneration framework executives are assigned a remuneration level that reflects their seniority, responsibility, and industry-wide remuneration practices. This level determines an executive's participation in STI and LTI plans, and therefore, the proportion of their total remuneration which is linked to performance. Senior executives will receive a higher proportion of their total potential remuneration at risk. The applicable maximum annual STI and LTI metrics are detailed below.

Percentage of Total Fixed Remuneration	Level 1 (CEO)	Level 2	Level 3 and higher
STI – bonus	50%	30%	Up to 25%
LTI – performance rights	50%	35%	Up to 20%

The Board retains the right to apply higher incentive metrics.

Long-term performance and LTI outcomes

During the year, the Company issued the 2023 LTI award to senior executives.¹ These performance rights have a nil cost both at the time of grant and vesting. These performance rights have a vesting period expiring on 1 July 2026. Vesting is contingent on the Company meeting performance hurdles over the vesting period. The following table sets out the percentage of performance rights that may vest based on the Company's Total Shareholder Return (TSR) ranking over the performance period:

Company's TSR ranking in the comparator group	Percentage of Performance Rights available to vest
TSR below 50th percentile	Nil
TSR at 50th percentile	50%
TSR between 50th and 75th percentile	Between 50% and 100%, increasing on a straight-line basis
TSR above 75th percentile	100%

¹ See table 4 (ii) for further details.

Directors' Report continued

The number of performance rights issued to senior executives was based on their total fixed remuneration, their maximum LTI opportunity and the value-weighted average share price of COB shares over the 10 trading days preceding the start of the 2024 financial year.

The percentage of performance rights that vest and become exercisable (if any) will be determined by the Board and will depend on the achievement of the Company's TSR relative to two comparator groups as set out below:

1st Comparator Group (ASX companies) (50% weighting)	<ul style="list-style-type: none"> ■ Sheffield Resources Ltd (SFX) ■ Sunrise Energy Metals Ltd (SRL) ■ Jervois Global Ltd (JRV) ■ Australian Vanadium Ltd (AVL) ■ Ardea Resources Ltd (ARL) ■ 5E Advanced Materials Inc (5EA) ■ Aeon Metals Ltd (AML) ■ Rex Minerals Ltd (RXM) ■ Arafura Resources Ltd (ARU) ■ Havilah Resources Ltd (HAV) 	<ul style="list-style-type: none"> ■ KGL Resources Ltd (KGL) ■ Liontown Resources Limited (LTR) ■ Peel Mining Ltd (PEX) ■ Hillgrove Resources Limited (HGO) ■ Poseidon Nickel Ltd (POS) ■ Greenwing Resources Ltd (GW1) ■ Queensland Pacific Metals Ltd (QPM) ■ Lake Resources NL (LKE) ■ Lithium Australia NL (LIT) ■ Develop Global Limited (DVP)
2nd Comparator Group (ASX 300 Metals and Mining Index companies) (50% weighting)	ASX listed mining companies making up the ASX 300 Mining and Metals Index (Mining Index) on 1 July 2023, plus any company that enters the Mining Index within 12 months (together 'peers') if the peer has survived through to at least 1 July 2025).	

The relative TSR hurdle for the 2021 LTI award was tested following the end of the performance period on 30 June 2024. The result (an absolute TSR over the period 1 July 2021 to 30 June 2024 of -73%) was at the 50th percentile for the 1st Comparator Group and at the 14th percentile for the 2nd Comparator Group. The 2021 LTI award vested as follows:

	1st Comparator Group (50%)	2nd Comparator Group (50%)	Total
COB's TSR Ranking	50th	14th	
Vesting %	50%	0%	25%

Voting and comments made at the Company's 24 November 2023 Annual General Meeting (AGM)

The Company received 82.91% of votes 'for' in relation to the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Equity Settled share-based payment expense

These amounts represent the expense related to the issue of ordinary shares and/or participation of KMP in equity-settled benefit schemes as measured by the fair value of the options/performance rights granted on the grant date and the fair value of shares issued.

2. Remuneration

The following tables show details of the remuneration expense recognised for the Company's KMP for the current and previous financial year.

2024	Cash salary/ fees \$	Bonus \$	Accrued annual & long service leave \$	Super-annuation \$	Share based payments		Total \$	Performance related
					Shares \$	Performance Rights \$		
Non-Executive Directors								
R Biancardi	73,131	–	–	8,044	22,686 [^]	22,370	126,231	18%
H Keller	58,739	–	–	6,461	22,686 [^]	22,370	110,256	20%
R McDonald*	58,100	–	–	–	22,686 [^]	22,370	103,156	22%
Executive Director								
J Kaderavek	433,214	–	24,049	27,399	–	178,643	663,305	27%
Executive KMP								
D Morgan	302,751	35,446	9,224	27,399	44,570	74,061	493,451	31%
A Tong	369,555	39,676	(22,899)	–	66,520	73,613	526,465	34%
Total	1,295,490	75,122	10,374	69,303	179,148	393,427	2,022,864	

[^] Shares issued to non-executive directors are not considered performance-related as directors' salary sacrificed cash fees for the equivalent value of shares.

* Mr McDonald ceased acting as a director on 21 May 2024.

2023	Cash salary/ fees \$	Cash bonus \$	Accrued annual & long service leave \$	Super-annuation \$	Share based payments			Total \$	Performance related
					Shares \$	Options \$	Performance Rights \$		
Non-Executive Directors									
R Biancardi	67,873	–	–	7,127	19,013 [^]	–	22,370	116,383	19%
H Keller	54,299	–	–	5,701	19,013 [^]	–	22,370	101,383	22%
R McDonald	60,000	–	–	–	19,013 [^]	–	22,370	101,383	22%
Executive Director									
J Kaderavek	407,208	81,000	(6,798)	25,292	–	–	429,196	935,898	55%
Executive KMP									
D Morgan	284,708	–	25,511	25,292	78,168	940	206,954	621,573	46%
A Tong	328,500	–	14,934	–	78,168	–	170,470	592,072	42%
Total	1,202,588	81,000	33,647	63,412	213,375	940	873,730	2,468,692	

[^] Shares issued to non-executive directors are not considered performance-related as directors' salary sacrificed cash fees for the equivalent value of shares

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Directors' Report continued

3. Contractual Arrangements

(i) Executives

Name	Position	Contract duration	Notice	Maximum Termination Payout
J Kaderavek	Chief Executive Officer and Executive Director	Ongoing	3 months' notice except in the case of serious misconduct. In the case of serious misconduct, employment can be terminated summarily.	3 months
D Morgan	Chief Financial Officer and Company Secretary	Ongoing	1 month's notice except in the case of serious misconduct. In the case of serious misconduct, employment can be terminated summarily.	1 month
A Tong	Executive Manager Dr Tong provides his services through Mineral and Residues Pty Ltd	Ongoing	1 month's notice except in the case of serious misconduct. In the case of serious misconduct, the agreement can be terminated summarily.	1 month

(ii) Non-executive Directors

Non-executive directors receive a board fee and fees for chairing board committees.

The board reviews fees annually, considering comparable roles and market data. The maximum aggregate directors' (cash) fee pool is \$450,000 per annum, which was approved by shareholders approved at the Company's 2020 AGM.

Non-executive director fees are tabled below:

	2024	2023
Base Director Fee	\$74,550	\$70,000
Board Chair	\$26,625	\$25,000
Audit & Risk Committee Chair	\$10,650	\$10,000
Nomination & Remuneration Committee Chair	\$10,650	\$10,000

To preserve the Company's cash reserves, Directors received part of their remuneration in the form of shares in the Company. The non-executive cash director fees were as follows:

Non-executive director	Position	2024	2023
Robert Biancardi	Chairman	\$81,175	\$75,000
Hugh Keller	Chairman of Audit & Risk Committee	\$65,200	\$60,000
Robert McDonald ²	Chairman of Nomination & Remuneration Committee	\$58,100	\$60,000
Total		\$204,475	\$195,000

In addition to the 2024 cash remuneration noted above, at the Company's 2023 AGM, Shareholders approved the issue of 79,713 ordinary shares to each Non-Executive Directors as an additional payment of their Directors' Fees for the year ended June 2024.

² Until 21 May 2024.

At the 2021 AGM, Shareholders approved the issue of 1,000,000 performance rights, to each of the non-executive directors. The performance rights were issued for nil consideration and with nil consideration payable upon vesting. The performance rights have the following milestones:

Tranche	Milestone Company Share Price performance during the Performance Period	Quantum of Performance Rights to vest upon achievement of milestone
1	10-day VWAP – 50 cents	333,334
2	10-day VWAP – 75 cents	333,333
3	10-day VWAP – \$1.00	333,333

Tranche 1 vested on 17/1/2022, Tranche 2 vested on 1/4/2022 and Tranche 3 remains outstanding. VWAP refers to valued weighted average price.

Upon satisfaction of the milestone criteria each performance right automatically converts into one ordinary share. The performance period ends on the earlier of the date of a change in control of the Company or 28 November 2024. The performance rights will automatically lapse if the milestone criteria attached to the performance rights has not been satisfied by the end of the performance period.

All non-executive directors enter a service arrangement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of the director. Non-executive directors are not entitled to receive retirement allowances.

Non-executive directors are entitled to be reimbursed for certain expenses incurred and may be paid additional amounts as fees as the Board may determine where a non-executive director performs extra services or makes any special exertions that, in the opinion of the Board, are outside the scope of the ordinary duties of a non-executive director.

Non-executive directors are encouraged to hold shares in the Company to align themselves with the interests of the shareholders.

4. Other statutory information

(i) KMP performance-related remuneration granted & forfeited during the year.

The table below shows for relevant KMP how much of their STI was awarded and how much was forfeited. It also shows the value of options and performance rights granted or exercised. The number of options or performance rights and percentages vested/forfeited for each grant are disclosed in sections 5(ii) and 5(iii) of this report.

	LTI						
	STI			Performance Rights		Options	
	Total Opportunity \$	Awarded %	Forfeited %	Granted Value \$	Value Exercised \$	Granted Value \$	Value Exercised \$
2024							
J Kaderavek	230,307	0%	100%	179,127	438,683	–	–
D Morgan	149,682	53%	47%	81,315	228,466	–	–
A Tong	167,548	63%	37%	91,020	184,247	–	297,719

Directors' Report continued

(ii) Terms and conditions of the share-based payment arrangements

The terms and conditions of each grant of performance rights over ordinary shares affecting the remuneration of KMP in this financial year or future reporting years are as follows:

Grantee	Grant Date	Number of Performance Rights Granted	Vesting date	Exercisable date	Expiry Date	Exercise Price	Fair value per option at grant date	Note
R Biancardi	26/11/2021	333,333	Note 1	On vesting	28/11/2024	\$nil	\$0.201	
H Keller	26/11/2021	333,333	Note 1	On vesting	28/11/2024	\$nil	\$0.201	
R McDonald	26/11/2021	333,333	Note 1	On vesting	28/11/2024	\$nil	\$0.201	
J Kaderavek	26/11/2021	643,939	30/06/2024	30/06/2024	30/06/2024	\$nil	\$0.290	2
J Kaderavek	25/11/2022	351,055	01/07/2025	01/07/2025	01/07/2025	\$nil	\$0.490	2
J Kaderavek	24/11/2023	852,985	01/07/2026	01/07/2025	01/07/2026	\$nil	\$0.210	2
D Morgan	26/11/2021	347,643	30/06/2024	30/06/2024	30/06/2024	\$nil	\$0.290	2
D Morgan	18/05/2023	176,136	01/07/2025	01/07/2025	01/07/2025	\$nil	\$0.200	2
D Morgan	20/12/2023	427,974	01/07/2026	01/07/2026	01/07/2026	\$nil	\$0.190	2
A Tong	26/11/2021	306,397	30/06/2024	30/06/2024	30/06/2024	\$nil	\$0.290	2
A Tong	18/05/2023	197,159	01/07/2025	01/07/2025	01/07/2025	\$nil	\$0.200	2
A Tong	20/12/2023	479,052	01/07/2025	01/07/2025	01/07/2026	\$nil	\$0.190	2

Notes

- Automatically vest if the 10-day volume weighted average price (VWAP) of the Company's fully paid ordinary shares on the Australian Stock Exchange is \$1.00 or more. If the performance rights vest, the holder is entitled to one ordinary COB share for each performance right that has vested. If a holder ceases to act as a director of the Company, whether through retirement, death or incapacity, the Board will have the discretion to determine the number of performance rights of those that have not vested, that will vest to that holder or their estate.
- The performance rights automatically vest according to the terms set out under the Performance Linked Remuneration section of the remuneration report on page 35, save for the performance rights tranches, having different expiry dates. If a holder's employment is summarily terminated by the Company prior to the expiry date of the performance rights any unvested performance rights will automatically lapse, unless the board determines otherwise. The board has discretion to determine a different treatment if the holder's employment ceases due to death, redundancy, retirement, incapacity, or other circumstances where the board determines good leave treatment is appropriate.

5. Reconciliation of shares, options and performance rights held by KMP

(i) Ordinary Shares

The table below shows a reconciliation of ordinary shares held by KMP during the financial year.

Name	Balance at the start of the year	Received during the year on the exercise of options and performance rights	Granted during the year as compensation	Purchases	Other changes during the year	Balance at the end of the year
R Biancardi	4,870,575	–	79,713 ¹	–	–	4,950,288
H Keller	2,787,378	–	79,713 ¹	–	–	2,867,091
R McDonald	1,709,339	–	79,713 ¹	–	(1,789,052) ³	–
J Kaderavek	6,896,429	1,624,750	–	–	–	8,530,559
D Morgan	1,938,162	846,171	304,858 ²	130,435	–	3,219,626
A Tong	1,571,967	1,612,769	454,992 ²	130,435	–	3,770,163

- These shares were issued to Directors as payment for \$20,000 of their Directors' Fees.
- These shares were issued in respect of the recipient's short-term incentive.
- Relates to changes resulting from the individual ceasing to be a KMP during the period.

(ii) Options

The table below shows a reconciliation of options held by KMP during the financial year.

Name	Balance at the start of the year	Granted as part of remuneration	Exercised	Additions	Lapsed	Balance at the end of the year
R Biancardi	-	-	-	-	-	-
H Keller	-	-	-	-	-	-
R McDonald	-	-	-	-	-	-
J Kaderavek	-	-	-	-	-	-
D Morgan	-	-	-	130,435	-	130,435
A Tong	1,650,000	-	(1,650,000) [^]	130,435	-	130,435

[^] 1,650,000 options (exercise price of \$0.14/option), were exercised using the Company's cashless exercise price mechanism, resulting in the issue of 930,373 ordinary shares. These options fully vested in the 2022 financial year.

(iii) Performance Rights

The table below shows a reconciliation of performance rights held by KMP during the financial year.

2024 Performance Rights Name and Grant Date	Balance at the start of the year		Granted as remuneration	Vested		Forfeited			Balance at the end of the year	
	Vested	Unvested		Number	%	Exercised	Number	%	Other	Vested & exercisable
R Biancardi 26/11/2021	-	333,333	-	-	-	-	-	-	-	333,333
H Keller 26/11/2021	-	333,333	-	-	-	-	-	-	-	333,333
R McDonald 26/11/2021	-	333,333	-	-	-	-	-	(333,333) [^]	-	-
J Kaderavek 26/11/2021	1,624,750	-	-	-	(1,624,750)	-	-	-	-	-
26/11/2021	-	643,939	-	160,984	25	-	482,955	75	160,984	-
25/11/2022	-	351,055	-	-	-	-	-	-	-	351,055
24/11/2023	-	-	852,985	-	-	-	-	-	-	852,985
D Morgan 26/11/2021	846,171	-	-	-	(846,171)	-	-	-	-	-
26/11/2021	-	347,643	-	86,910	25	-	260,733	75	86,910	-
18/5/2021	-	176,136	-	-	-	-	-	-	-	176,136
20/12/2023	-	-	427,974	-	-	-	-	-	-	427,974
A Tong 26/11/2021	682,396	-	-	-	(682,396)	-	-	-	-	-
26/11/2021	-	306,397	-	76,599	25	-	229,798	75	76,599	-
18/5/2021	-	197,159	-	-	-	-	-	-	-	197,159
20/12/2023	-	-	479,052	-	-	-	-	-	-	479,052

[^] Relates to changes resulting from the individual ceasing to be a KMP during the period.

END OF REMUNERATION REPORT

Directors' Report continued

Corporate Governance

The Company's Corporate Governance Statement and Appendix 4G checklist are released to ASX on the same day the Annual Report is released. The Corporate Governance Statement, corporate governance policies, and charters can be found at <https://cobaltblueholdings.com/resources/corporate-governance/>.

Shares under option

Unissued shares

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
24/4/2024	23/4/2027	\$0.115	43,478,261

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

The following ordinary shares were issued by the Company during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Grant Date	Exercise Price	Number of shares issued
28/09/2020	\$0.14	1,357,402

D & O Insurance: Indemnification of Officers or Auditor

The Company has agreed to indemnify and keep indemnified the Directors and Company Secretary against all liabilities incurred as directors and officers of the Company and all legal expenses incurred as directors and officers of the Company.

The indemnity only applies to the extent and in the amount that the directors and officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company, under the general law or otherwise. The indemnity does not extend to any liability:

- To the Company or a related body corporate of the Company; or
- Arising out of conduct of the directors and officers involving a lack of good faith.

No indemnities have been given or insurance premiums paid during the year for any person who is or has been an auditor of the Company.

During this financial period, the Company paid insurance premiums of \$167,605 in respect of directors' and officers' liability insurance and corporate reimbursement, for directors and officers of the Company. The insurance premiums relate to:

- Any loss for which the directors and officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a director or officer, first made against them jointly or severally during the period of insurance; and
- Indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any director or officer in their capacity as a director or officer, first made against the director or officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual officer of the Company.

Environmental Regulations

The Company's operations are subject to Commonwealth and State laws. As far as the directors are aware, the Company has not breached any environmental regulations.

Proceedings on Behalf of the Company

As far as the directors are aware, no person has applied for leave of a Court to bring proceedings on behalf of the Company or to intervene in any proceeding to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Rounding of amounts

The company is of a kind referred to in instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 45 and forms part of the Directors' Report for the year ended 30 June 2024.

Non-audit Services

Details of the amounts paid to the auditor for non-audit services provided during the year are set out below:

	2024
Review of Commonwealth grant income and expenditure & grant terms compliance – BDO Audit Pty Ltd	30,000
Total Shareholder Return (TSR) review analysis – Nexia Sydney Audit Pty Ltd	5,000

The directors are satisfied that the provision of non-audit services during the financial year is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity of the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Matters subsequent to the end of the financial year

On 25 July 2024, the Company issued 351,818 fully paid ordinary shares to staff and contractors as part of their base remuneration.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

Signed in accordance with a resolution of the Board.

Robert Biancardi

Chairman

Dated 25 September 2024





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Auditor's Independence Declaration

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Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF COBALT BLUE HOLDINGS LIMITED

As lead auditor of Cobalt Blue Holdings Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cobalt Blue Holdings Limited and the entities it controlled during the period.



Gareth Few
Director

BDO Audit Pty Ltd

Sydney, 25 September 2024

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What's in a name? 'Cobalt Blue'

Cobalt blue is a pigment of cobalt oxide-aluminium oxide, was a favourite of Auguste Renoir and Vincent van Gogh. It was very stable but extremely expensive. Van Gogh wrote to his brother Theo, 'Cobalt [blue] is a divine colour and there is nothing so beautiful for putting atmosphere around things ...'

Van Gogh described to his brother Theo how he composed a sky: 'The dark blue sky is spotted with clouds of an even darker blue than the fundamental blue of intense cobalt, and others of a lighter blue, like the bluish white of the Milky Way ... the sea was very dark ultramarine, the shore a sort of violet and of light red as I see it, and on the dunes, a few bushes of prussian blue.'



Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$'000	2023 \$'000
Revenues from ordinary activities			
Revenue	2	75	–
Other income	3	1,326	233
Expenses from ordinary activities			
ASX and registry fees		(234)	(332)
Administrative expenses		(460)	(430)
Corporate costs		(1,187)	(1,872)
Depreciation and amortisation expenses		(145)	(160)
Employee benefits expenses	4	(3,318)	(2,706)
Exploration and evaluation expenditure written off	14	(172)	–
Impairment losses – exploration and evaluation assets	14	(30,533)	–
Interest expense	5	(30)	(42)
Legal and professional costs		(275)	(158)
Project expenses – Kwinana Cobalt Refinery		(2,642)	–
Loss before tax		(37,595)	(5,467)
Income tax expense	6	–	–
Loss from continuing operations		(37,595)	(5,467)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive loss for the year		(37,595)	(5,467)
		Cents	Cents
Basic and diluted earnings/(loss) per share	8	(9.8)	(1.6)

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Financial Statements continued

Consolidated Statement of Financial Position

AS AT 30 JUNE 2024

	Notes	2024 \$'000	2023 \$'000
Current Assets			
Cash and cash equivalents	9	8,742	15,616
Receivables	10	23	3,115
Other assets	11	342	287
Total Current Assets		9,107	19,018
Non-current Assets			
Property, plant and equipment	12	1,246	1,699
Intangibles	13	205	191
Security deposits		404	417
Exploration and evaluation assets	14	30,000	55,092
Total Non-current Assets		31,855	57,399
Total Assets		40,962	76,417
Current Liabilities			
Trade and other payables	15	1,526	4,317
Deferred income	16	1,267	1,945
Provisions	17	598	566
Lease liabilities	19	166	252
Borrowings	20	2,911	180
Total Current Liabilities		6,468	7,260
Non-current Liabilities			
Provisions	18	272	456
Lease liabilities	19	17	197
Borrowings	20	–	2,515
Total Non-current Liabilities		289	3,168
Total Liabilities		6,757	10,428
Net Assets		34,205	65,989
Equity			
Share capital	21	89,758	84,405
Reserves	22	3,577	3,119
Accumulated losses		(59,130)	(21,535)
Total Equity		34,205	65,989

The statement of financial position should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital \$'000	Share-Based Payments Reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 July 2022	58,065	2,107	(16,068)	44,104
Total loss for the year	-	-	(5,467)	(5,467)
Issue of ordinary shares	26,721	-	-	26,721
Issue of options/performance rights	-	1,012	-	1,012
Cost of issuing ordinary shares	(381)	-	-	(381)
Balance at 30 June 2023	84,405	3,119	(21,535)	65,989
Balance at 1 July 2023	84,405	3,119	(21,535)	65,989
Total loss for the year	-	-	(37,595)	(37,595)
Issue of ordinary shares	5,584	-	-	5,584
Issue of options/performance rights	-	458	-	458
Cost of issuing ordinary shares	(231)	-	-	(231)
Balance at 30 June 2024	89,758	3,577	(59,130)	34,205

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

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Financial Statements continued

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers		75	-
Payments to suppliers and employees		(5,591)	(3,794)
Payments for project costs		(2,338)	-
Industry grants (not capitalised)		1,921	-
Interest received		296	212
Interest paid on leased assets		(30)	(42)
Net cash flows used in operating activities	26	(5,667)	(3,624)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(16,876)	(24,146)
Research and development tax incentive refunds		6,841	508
Industry grants (capitalised)		4,254	8,011
Payments for plant and equipment		(2)	(938)
Proceeds on disposal of plant and equipment		90	-
Refund of / (cash used as) security deposit		13	3
Payments for other non-current assets		(26)	(59)
Net cash flows used in investing activities		(5,706)	(16,621)
Cash flows from financing activities			
Gross proceeds from issues of shares		5,014	26,003
Costs related to issues of shares		(231)	(356)
Payment of lease liabilities		(284)	(316)
Net cash flows provided by financing activities		4,499	25,331
Net increase/ (decrease) in cash held		(6,874)	5,086
Cash at beginning of financial year		15,616	10,530
Cash at end of financial year	9	8,742	15,616

The statement of cash flows should be read in conjunction with the notes to the financial statements.

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Notes to the Consolidated Financial Statements

1 Statement of Material Accounting Policies

The financial statements cover Cobalt Blue Holdings Limited group as a Consolidated Entity, consisting of Cobalt Blue Holdings Limited (COB or the Company) and its subsidiary ('Consolidated Entity').

Basis of preparation

These financial statements are general purpose financial statements, prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the financial statements.

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention unless otherwise described in the accounting policies.

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

The financial statements were authorised for issue on 25 September 2024 by the Board of Directors.

(a) New and amended standards

No new or amended accounting standards adopted by the Consolidated Entity for the first time for its annual reporting period commencing 1 July 2023 had a material financial impact.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. For the year ended 30 June 2024 the Consolidated Entity reported:

- a loss of \$37,595,000 (30 June 2023: loss of \$5,467,000), after a non-cash impairment charge of \$30,533,000 (30 June 2023: \$nil);
- net cash outflow from operating activities of \$5,667,000 (30 June 2023: outflow \$3,624,000); and
- net cash outflow from investing activities of \$5,706,000 (30 June 2023: outflow \$16,621,000).

As at 30 June 2024, the Consolidated Entity had a working capital surplus of \$2,639,000 (30 June 2023: surplus \$11,758,000) and cash of \$8,742,000 (30 June 2023: \$15,616,000).

The directors are confident that the Consolidated Entity can continue to access equity funding to meet any additional capital requirements.

Notes to Financial Statements continued

On the basis of the above and the ability of the Consolidated Entity to scale back planned activities if required to preserve cash, the directors are satisfied that at the date of signing the financial report, there are reasonable grounds to believe that the Consolidated Entity will be able to meet its debts as and when they fall due and that it is appropriate for the financial report to be prepared on a going concern basis. However, should the Company be unable to secure additional grant and equity funding, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be required to realise assets at different amounts to those recorded in the Statement of Financial Position and settle liabilities other than in the ordinary course of business.

(c) Other income

Government Grants

Grants that compensate the Consolidated Entity for expenditure expensed are recognised in the profit or loss as other income on a systematic basis consistent with the periods in which the underlying expenditure is recognised. Grants that compensate the Consolidated Entity for capitalised expenditure are progressively recognised as a reduction in the carrying value of the asset when there is a reasonable assurance that the Consolidated Entity will satisfy the conditions associated with the grant.

R&D tax incentive income

Research and Development tax incentives are recognised in accordance with AASB 120: Accounting for Government Grants and Disclosure of Government Assistance. The Research and development tax incentive is recognised when there is reasonable assurance that the grant will be received, and all conditions have been complied with.

(d) Fair Value

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Entity. Ongoing expenses and maintenance are expensed as incurred.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation and amortisation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use. The amounts reflecting the consumption of assets used in exploration and evaluation activities are recognised in the exploration and evaluation asset.

The estimated useful lives for each class of assets are as follows for the current and preceding financial year:

Plant	3–10 years
Furniture and office equipment	2–4 years
Buildings	25 years
Leasehold improvements	4 years
Right-of-use Assets	3–4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(f) Exploration and Evaluation assets

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. Transactions involving the acquisition of an individual exploration and evaluation asset or a group of evaluation and evaluation assets, that do not constitute a business, are treated as asset acquisitions. Asset acquisitions are measured at their fair value or in those instances where the fair value cannot be measured reliably, the assets are measured at the fair value of the consideration offered and liabilities assumed. Exploration and Evaluation costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing, or sale.

Exploration and evaluation expenditure is classified as either tangible or intangible according to the nature of the assets acquired. Where a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When development commences, the accumulated costs for the relevant area of interest are reclassified to development assets and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(g) Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Provisions

The Consolidated Entity recognises a provision for the estimate of the future costs of restoration activities on a discounted basis at the time of exploration disturbance. The nature of these restoration activities includes dismantling and removing structures and the restoration, reclamation and re-vegetation of affected areas. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred by the exploration and evaluation asset. If a change to the estimated provision results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the related asset, the Consolidated Entity considers whether this is an indication of impairment of the asset. If the revised assets, net of rehabilitation provisions, exceed the recoverable amount, that portion of the increase to the provision is charged directly to the income statement.

(i) Share-based payments

Equity-settled share-based compensation benefits are provided to Directors, employees and third parties that provide services to the Consolidated Entity. There were no cash settled share-based payments during the financial year.

Equity-settled transactions are awards of shares or options over shares or performance rights that are provided to parties in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date.

Fair value is determined using either option pricing models, Monte-Carlo simulation valuation models or available market prices. The models take into account the exercise price, the term of the option, the strike price of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that are not dependent on whether the Consolidated Entity receives the services that entitle the party to receive payment.

Notes to Financial Statements continued

No account is taken of any other vesting conditions. When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, the cost is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss (or as an asset where applicable) for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining grant date fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or grantee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or grantee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

A share-based payments reserve is used to recognise the grant date fair value of options or performance rights issued to employees and contractors.

(j) Intangibles

Costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefits, being up to 20 years.

(k) Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Interest related to the financial liability component is recognised in profit or loss, except when capitalised to a qualifying asset in accordance with AASB 123 Borrowing Costs.

(l) Rounding of amounts

The Consolidated Entity is of a kind referred to in instruments 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(m) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity. Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment

The Consolidated Entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Consolidated Entity that may be indicative of impairment triggers. When required, recoverable amounts of relevant assets are reassessed using the higher of fair value less cost to sell and value in use calculations which incorporate various key estimates and assumptions. Changes in these estimates and assumptions as new information becomes available, may impact the assessment of the recoverable amount.

Exploration and evaluation asset

As set out in Note 1(f) exploration and evaluation expenditure is capitalised for an area of interest in respect for which the rights of tenure are current and where it is considered likely to be recoverable from successful development, future exploitation or sale. The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, including estimates and assumptions as to ore reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under the accounting policies, a judgment is made that the recovery of the expenditure is unlikely, an impairment loss is recorded in the profit or loss.

Project expenses

During the period the Consolidated Entity advanced engineering and design for the Kwinana Cobalt Refinery. This activity was determined to be development activities outside the scope of AASB 6 Exploration for and Evaluation of Mineral Resources. Accordingly, expenditure associated with this activity is expensed to the profit and loss as 'project expenses – Kwinana Cobalt Refinery' under AASB 116 Property, Plant and Equipment. Expenditure associated with this activity is expected to meet the criteria for capitalisation in AASB 116 at or around the time a final investment decision is reached and firm financing arrangements are in place.

Borrowings

Lease payments are discounted using the interest rate implicit in the lease if that rate can be determined or the Consolidated Entity's incremental borrowing rate. Borrowings, including the liability portion of Promissory Note liability are measured at fair value using market rates for comparable transactions. Judgement is required in determining market/comparable borrowing or discount rates.

Share based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with Directors, employees or third parties by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using option price models or market valuations. The related assumptions are detailed in Note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

2 Revenue

	2024	2023
	\$'000	\$'000
Testwork	75	-
Total revenue	75	-

3 Other income

	2024	2023
	\$'000	\$'000
Interest received	295	233
Other income – government grants	1,031	-
Total other income	1,326	233

4 Employee benefits expenses

	2024	2023
	\$'000	\$'000
Remuneration expenses	2,589	1,683
Accumulated benefit superannuation plans	199	105
Equity settled share-based payments	530	918
Total employee benefits expenses	3,318	2,706

Notes to Financial Statements continued

5 Interest expense

	2024	2023
	\$'000	\$'000
Lease liabilities interest	41	70
Promissory note – interest	396	351
Sub-total	437	421
Less: amounts capitalised as part of exploration and evaluation expenditure ¹	(407)	(379)
Total Interest expense	30	42

¹ Includes promissory note interest. The promissory note relates specifically to the acquisition of exploration and evaluation assets and accordingly all of the interest is eligible to be capitalised.

6 Income tax benefit

	2024	2023
	\$'000	\$'000
The components of the tax benefit comprise:		
Current tax	–	–
Deferred tax – origination and reversal of temporary differences	–	–
Aggregate income tax expense	–	–

Numerical reconciliation of income tax expense and tax at the statutory rate:

Loss before income tax from continuing operations	(37,595)	(5,467)
Tax at the statutory rate of 25% (2023: 25%)	(9,399)	(1,367)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-allowable items	8,125	740
Tax losses not brought to account	2,462	6,134
Exploration expenditure deductible	(384)	(4,878)
Other allowable items	(804)	(629)
Income tax expense	–	–
Unused tax losses carried forward	57,999	48,150
Potential tax benefit at 25% (2023: 25%)	14,500	12,038

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Deferred tax balances

	2024 \$'000	2023 \$'000
Deferred tax asset	–	–
	–	–
The balance of deferred tax asset comprises:		
Deferred tax assets		
Tax losses	14,500	12,038
Acquisition costs	622	681
Share issue costs	175	214
Employee entitlements	141	164
Accrued expenses	177	391
	15,615	13,488
Deferred tax liabilities		
Exploration and evaluation expenditure	(9,611)	(8,051)
	(9,611)	(8,051)
Net deferred tax asset		
Deferred tax asset not recognised	(6,004)	(5,437)
	–	–

The benefit of deferred tax assets and tax losses will only be obtained if the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; continues to comply with the conditions for deductibility imposed by the tax legislation; and there are no changes in tax legislation adversely affecting the Consolidated Entity in realising the benefit from the deductions for the losses.

7 Auditor's remuneration

	2024 \$	2023 \$
Fees to BDO Audit Pty Limited		
Audit or review of the financial statements	105,000	–
Other assurance services:		
Audit of government grant acquittal	30,000	–
Total fees to BDO Audit Pty Limited	135,000	–
Fees to Nexia Sydney Audit Pty Limited		
Audit or review of the financial statements	–	77,500
Other assurance services:		
Audit of government grant acquittal	–	12,000
Total Shareholder Return (TSR) review analysis	5,000	–
Total fees to Nexia Sydney Audit Pty Limited	5,000	89,500
Total auditor's remuneration	140,000	89,500

Notes to Financial Statements continued

8 Earnings per share

	2024	2023
Earnings/(Loss) for the year used to calculate basic and diluted earnings per share (\$'000)	(37,595)	(5,467)
Weighted average number of shares outstanding during the year used for the calculation of basic and diluted earnings per share	383,781,962	352,267,404
Basic and diluted earnings/(loss) per share	(9.8c)	(1.6c)

The Company's potential ordinary shares, being its options and performance rights granted, are not considered dilutive as their conversion to ordinary shares would result in a decrease in the net loss per share and are therefore excluded from the weighted average number of shares used in the calculation of diluted loss per share.

9 Cash and cash equivalents

	2024 \$'000	2023 \$'000
Short term deposits	–	13,000
Cash at bank and on hand	8,742	2,616
	8,742	15,616

10 Trade and other receivables – current

	2024 \$'000	2023 \$'000
Other receivables	23	21
Research and development tax incentive receivable	–	3,094
	23	3,115

11 Other assets – current

	2024 \$'000	2023 \$'000
Prepayments	342	287
	342	287

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12 Property, plant and equipment

	Land and buildings \$'000	Right of use assets \$'000	Leasehold Improvements \$'000	Furniture and Office Equipment \$'000	Plant \$'000	Total \$'000
Year ended 30 June 2024						
Opening Balance	870	427	131	72	199	1,699
Additions	–	6	–	9	–	15
Disposals	–	(27)	–	(15)	(80)	(122)
Depreciation expense	–	(125)	–	(8)	–	(133)
Depreciation capitalised ¹	(32)	(126)	(15)	(17)	(23)	(213)
Closing Balance	838	155	116	41	96	1,246
At cost	891	702	229	157	133	2,112
Accumulated Depreciation	(53)	(547)	(113)	(116)	(37)	(866)
At 30 June 2024	838	155	116	41	96	1,246
Year ended 30 June 2023						
Opening Balance	–	548	147	58	223	976
Additions	891	286	–	45	–	1,222
Disposals	–	(150)	–	–	–	(150)
Depreciation expense	–	(134)	–	(16)	–	(150)
Depreciation capitalised ¹	(21)	(123)	(16)	(15)	(24)	(199)
Closing Balance	870	427	131	72	199	1,699
At cost	891	660	229	165	239	2,184
Accumulated Depreciation	(21)	(233)	(98)	(93)	(40)	(485)
At 30 June 2023	870	427	131	72	199	1,699

¹ Depreciation capitalised as part of exploration and evaluation expenditure

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Notes to Financial Statements continued

13 Intangibles

	Patents \$'000	Total \$'000
Year ended 30 June 2024		
Opening Balance	191	191
Additions	26	26
Amortisation expense	(12)	(12)
Closing Balance	205	205
At cost	239	239
Accumulated Amortisation	(34)	(34)
At 30 June 2024	205	205
Year ended 30 June 2023		
Opening Balance	140	140
Additions	60	60
Amortisation expense	(9)	(9)
Closing Balance	191	191
At cost	213	213
Accumulated Amortisation	(22)	(22)
At 30 June 2023	191	191

14 Exploration and evaluation expenditure

	2024 \$'000	2023 \$'000
Balance at beginning of the financial year	55,092	37,471
Additions	15,181	26,812
Written-off during the year	(172)	–
Impairment of exploration and evaluation assets	(30,533)	–
R&D tax incentive on exploration asset off-set	(3,747)	(3,094)
Government grant off-set	(5,821)	(6,097)
Balance at end of the financial year	30,000	55,092
At cost	83,184	68,175
Carried forward accumulated impairment losses	(30,533)	–
Accumulated Government grant and R&D tax incentive offsets	(22,651)	(13,083)
Balance at end of the financial year	30,000	55,092

Impairment of exploration and evaluation assets – Broken Hill Cobalt Project

On 26 February 2024, the Consolidated Entity announced that the BHCP, in its current form, was unlikely to attract financing due to prevailing battery minerals pricing and an inflated capital cost environment. Consequently, completion of the DFS was paused to undertake a review to assess the viability of a condensed, higher margin project.

As a result of the pause to the DFS and the carrying amount of the Consolidated Entity's net assets exceeding its share market capitalisation, the Consolidated Entity assessed that the BHCP may be impaired. After recoverable amount testing, the recoverable amount of BHCP was estimated with the assistance of an external valuer as \$30,000,000 based on fair value less costs to sell, resulting in an impairment loss of \$30,533,000, reflected in the consolidated statement of profit and loss and other comprehensive income under the line 'Impairment losses – exploration and evaluation assets'.

The fair value was determined by reference to implied transaction multiples for mineral resources of actual and comparable asset sale transactions, which were then applied to the current defined mineral resources of BHCP, after allowance for current commodity prices. The fair value measurement was categorised as a Level 3 fair value based on the following key assumptions:

Cobalt price:	A\$40,808/t
Nickel price:	A\$26,321/t
Sulphur price:	A\$125/t

The current BHCP mineral resource statement is set in the Mineral Resources and Ore Reserves section of the 2024 Annual Report.

15 Trade and other payables – current

	2024	2023
	\$'000	\$'000
Trade payables	439	2,218
Other creditors and accruals	1,087	2,099
	1,526	4,317

16 Deferred income

	2024	2023
	\$'000	\$'000
Government grants	1,267	1,945
	1,267	1,945

17 Provisions – current

	2024	2023
	\$'000	\$'000
Employee benefits	457	566
Provision for rehabilitation	141	–
	598	566

18 Provisions – non-current

	2024	2023
	\$'000	\$'000
Provision for rehabilitation	137	333
Employee benefits	105	93
Make good provision	30	30
	272	456

Notes to Financial Statements continued

19 Leases

	2024 \$'000	2023 \$'000
(i) Amounts recognised in the statement of financial position		
Right-of-use assets		
Office and factory properties	105	287
Residential properties	45	139
Office equipment	5	1
	155	427

2024 additions to leased assets: \$6,000 (2023: \$286,000).

	2024 \$'000	2023 \$'000
Lease Liabilities		
Current	166	252
Non-current	17	197
	183	449

(ii) Amounts recognised in the statement of profit or loss

Depreciation charge of leased office and factory properties	124	123
Depreciation charge of leased residential properties	–	10
Depreciation of leased office equipment	1	1
	125	134
Interest expense	30	42

The lease terms are industry standard for the assets involved.

20 Borrowings

	2024 \$'000	2023 \$'000
Current		
Promissory note	2,836	–
Promissory note – accrued interest	75	180
	2,911	180
Non-current		
Promissory note	–	2,515
	–	2,515
Total borrowings	2,911	2,695

In January 2020, the Consolidated Entity moved to 100% ownership and legal title of the Broken Hill Cobalt Project (BHCP) by acquiring American Rare Earth Limited's (ARR) interest in the BHCP. As part of the acquisition, a \$3,000,000 five-year Promissory Note (PN) was issued to ARR. The PN is interest free for years 1,2 and 3 and in years 4 and 5 interest of 6% per annum is payable in arrears. The PN is secured over the title to the tenements. The PN can be repaid at any time in whole or in part, without penalty. Once the PN is repaid in full, the security over the tenements will be extinguished.

21 Share Capital

Fully paid ordinary shares	2024		2023	
	Number	\$'000	Number	\$'000
Balance at beginning of the financial year	370,057,530	84,405	321,860,583	58,065
Shares issued on exercise of staff and contractor options	1,357,412	14	425,000	60
Shares issued to staff and contractors as short-term incentive	2,456,344	359	–	–
Shares issued to staff and contractors as remuneration	440,700	143	1,015,778	602
Shares issued to Non-Executive Directors in lieu of Directors' fees at \$0.285/share (2023: \$0.66/share).	239,139	68	87,084	57
Share placement (at \$0.115/share)	43,478,261	5,000	–	–
Shares issued on exercise of performance rights	3,712,231	–	–	–
Shares issued on exercise of placement options	–	–	8,201,169	3,691
Share placement (at \$0.58/share)	–	–	10,344,828	6,000
Non-renounceable Entitlement Issue (at \$0.58/share)	–	–	28,123,088	16,311
Capital raising costs	–	(231)	–	(381)
Balance at end of the financial year	421,741,617	89,758	370,057,530	84,405
Unescrowed, listed on ASX	421,741,617		370,057,530	

Terms and Conditions of Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. The Company does not have a limited amount of authorised capital and ordinary shares have no par value.

Capital Management

Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of share issues and debt levels. Capital refers to total shareholders' equity. There has been no change to capital management objectives.

The Consolidated Entity is not subject to externally imposed capital requirements.

22 Share-Based Payments Reserve

	2024	2023
	\$'000	\$'000
Share-based payments reserve	3,577	3,119
Movement in reserve		
Balance at the beginning of the financial year	3,119	2,107
Share-based payments	458	1,012
Balance at the end of the financial year	3,577	3,119

The share-based payments reserve recognises the grant date fair value of options or performance rights issued to employees and contractors.

Notes to Financial Statements continued

Options and rights	Weighted average exercise price	2024		2023	
		\$	Number	\$'000	Number
Balance at the beginning of the financial year	\$0.03	9,408,715	3,119	18,274,340	2,107
Amortisation of share-based payments		–	458	–	1,012
Exercise of options by directors, staff and contractors	\$0.25	–	–	(425,000)	–
Exercise of options by directors, staff and contractors	\$0.14	(2,330,000)	–	–	–
Exercise of performance rights by directors, staff and contractors	–	(3,712,231)	–	–	–
Issue of performance rights to CEO and executive director and executive managers	–	2,408,067	–	841,233	–
Options issued attached to ordinary shares issued via placement	\$0.20	43,478,261	–	–	–
Exercise of placement options	\$0.45	–	–	(8,201,169)	–
Forfeited options and rights	\$0.30	(1,143,942)	–	(1,080,689)	–
Balance at the end of the financial year	\$0.03	48,108,870	3,577	9,408,715	3,119
Comprising:					
Options		43,478,261		2,330,000	
Performance Rights		4,630,609		7,078,715	
Options and rights not quoted on ASX		48,108,870		9,408,715	

Terms and Conditions of Options and Performance Rights

The options outstanding at 30 June 2024 have the following material terms and conditions:

Exercise price: \$0.20 per option

Expiry date: 23 April 2027

Conversion rate: For every option exercised, the holder will be allotted one ordinary fully paid share.

See Note 23 for the material terms of the options outstanding at 30 June 2023. The terms and conditions for the performance rights are also set out in Note 23.

23 Share-based Payments

The Company has issued options and performance rights to the Consolidated Entity's Directors, employees, consultants and third parties.

Options

Set out below is a summary of share-based payment options outstanding:

	2024 Number	2023 Number
Options outstanding at the beginning of the financial year	2,330,000	2,755,000
Options exercised	(2,330,000)	(425,000)
Options outstanding at the end of the financial year	–	2,330,000
Total expense or asset recognised from share-based payments*	\$Nil	\$2,162

* Of the 2023 amount, \$1,207 was capitalised to Exploration and Evaluation Assets.

43,478,261 options issued in 2024 are not share-based payments as they were issued to shareholders as part of a capital raising rather than for the payment for goods and services.

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Set out below is a reconciliation of share-based payment options.

Grant Date	Expiry Date	Exercise Price	Vesting conditions	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the year
28/09/2020	24/08/2023	\$0.14*	A	530,000	–	(530,000)	–	–
28/09/2020	24/08/2023	\$0.14*	B	1,650,000	–	(1,650,000)	–	–
28/09/2020	24/08/2023	\$0.14*	C	150,000	–	(150,000)	–	–
				2,330,000	–	(2,330,000)	–	–

Vesting conditions are summarised below:

- A. These options fully vested on 24 August 2022.
- B. These options fully vested on 24 June 2022.
- C. Vested immediately

** Cashless Option Exercise*

On 2 August 2021, Shareholders approved an amendment to the option terms at a general meeting of shareholders to provide that an option holder may elect (with two business days' notice before the option expiry date) to pay the exercise price using a cashless exercise facility. If the option holder elects to use the cashless exercise facility, the option holder will only be entitled to that number of shares equal in value to the difference between the exercise price otherwise payable for the options and the market value of the shares. The market value will be based on the weighted average price of the Company's shares on ASX over the five business days before the option expiry date. Of the 2,330,000 options exercised, 2,230,000 were exercised using the cashless option exercise facility. 1,357,412 ordinary shares were issued on the exercise of the options.

These options were valued using a Black-Scholes pricing model. The valuation model inputs to determine the fair value at the grant date are as follows:

Grant Date	Expiry Date	Share Price at grant date	Exercise Price	Expected volatility	Dividend Yield	Risk-free Interest Rate	Fair value at grant date
28/09/2020	24/08/2023	\$0.095	\$0.14	49%	–%	0.23%	\$0.02

The Company's historical volatility was used to estimate the expected volatility for these options.

Performance rights

Set out below is a summary of outstanding performance rights:

	2024	2023
Rights outstanding at the beginning of the financial year	7,078,715	6,792,183
Rights granted	2,408,067	841,233
Rights exercised	(3,712,231)	–
Rights forfeited during the period	(1,143,942)	(554,701)
Rights outstanding at the end of the financial year	4,630,609	7,078,715
Rights exercisable at the end of the financial year	381,310	3,712,231
Total expense or asset recognised from share-based payments**	\$457,891	\$1,010,169

** \$138,077 of this amount was capitalised to Exploration and Evaluation Assets (2023: \$306,909).

Notes to Financial Statements continued

Set out below is a reconciliation of outstanding performance rights.

Grant Date	Expiry Date	Vesting and other conditions	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year	
							Unvested	Vested and Exercisable
26/11/2021	28/11/2024	A	999,999	–	–	–	999,999	–
26/11/2021	30/06/2023	B	3,712,231	–	(3,712,231)	–	–	–
26/11/2021	30/06/2024	C	1,525,252	–	–	(1,143,942)	–	381,310
25/11/2022	1/07/2025	D	351,055	–	–	–	351,055	–
20/05/2023	1/07/2025	D	490,178	–	–	–	490,178	–
24/11/2023	1/07/2026	E	–	2,408,067	–	–	2,408,067	–
			7,078,715	2,408,067	(3,712,231)	(1,143,942)	4,249,299	381,310

Vesting and other conditions are summarised below:

- i. All performance rights have a \$Nil exercise price.
- ii. Vesting conditions
 - A Automatically vest if the 10-day volume weighted average price (VWAP) of the Company's fully paid shares on the Australian Stock Exchange is \$1.00 or more.
 - B Vests on expiry and is contingent on the Company meeting performance hurdles over the performance period (1 July 2020 – 30 June 2023).

The following table sets out the percentage of performance rights that may vest based on the Company's Total Shareholder Return (TSR) ranking over the performance period:

Company's TSR ranking in the comparator group	Percentage of Performance Rights available to vest
TSR below 50th percentile	Nil
TSR at 50th percentile	50%
TSR between 50th and 75th percentile	Between 50% and 100%, increasing on a straight-line basis
TSR above 75th percentile	100%

The percentage of performance rights that vest and become exercisable (if any) will be determined by the Board and will depend on the achievement of the Company's TSR relative to two comparator groups as set out below:

1st Comparator Group (ASX companies) (50% weighting)	<ul style="list-style-type: none"> ■ Sheffield Resources Ltd (SFX) ■ Sunrise Energy Metals Ltd (SRL) ■ Jervois Global Ltd (JRV) ■ Australian Vanadium Ltd (AVL) ■ Ardea Resources Ltd (ARL) ■ 5E Advanced Materials Inc (5EA) ■ Aeon Metals Ltd (AML) ■ Rex Minerals Ltd (RXM) ■ Arafura Resources Ltd (ARU) ■ Havilah Resources Ltd (HAV) 	<ul style="list-style-type: none"> ■ KGL Resources Ltd (KGL) ■ Liontown Resources Limited (LTR) ■ Peel Mining Ltd (PEX) ■ Hillgrove Resources Limited (HGO) ■ Poseidon Nickel Ltd (POS) ■ Greenwing Resources Ltd (GW1) ■ Queensland Pacific Metals Ltd (QPM) ■ Lake Resources NL (LKE) ■ Lithium Australia NL (LIT) ■ Develop Global Limited (DVP)
2nd Comparator Group (ASX 300 Metals and Mining Index companies) (50% weighting)	ASX listed mining companies comprising the ASX 300 Mining and Metals index on 1 July 2020. The Board has the discretion to make changes to the Comparator group (for example if there is a corporate action at a comparator organisation).	

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- C As per B, save for a 1 July 2021- 30 June 2024 performance period and the ASX 300 Mining and Metals Index constituents as of 1 July 2021, plus any company that enters the ASX 300 Mining and Metals Index within 12 months (together 'peers') provided that peer has survived through to at least 1 July 2023.
- D As per B, save for a 1 July 2022 – 1 July 2025 performance period and the ASX 300 Mining and Metals Index constituents as of 1 July 2022, plus any company that enters the ASX 300 Mining and Metals Index within 12 months (together 'peers') provided that peer has survived through to at least 1 July 2024.
- E As per B, save for a 1 July 2023 – 1 July 2026 performance period and the ASX 300 Mining and Metals Index constituents as at 1 July 2023, plus any company that enters the ASX 300 Mining and Metals Index within 12 months (together 'peers') provided that peer has survived through to at least 1 July 2025.

Non-Executive Director performance rights were valued using a barrier option pricing model. The Executive performance rights were valued in a combined Monte Carlo simulation and a trinomial lattice option model. The valuation model inputs used to determine the fair value of the performance rights granted during the current and prior financial year at the grant date are as follows:

Type	Grant Date	Share Price at grant date	Volatility	Expiry Date	Risk Free rate	Dividend yield
Non-Executive Director Performance Rights	26/11/2021	\$0.38	66%	28/11/2024	0.9%	–%
Executive Performance Rights (2020 Tranche)	26/11/2021	\$0.38	66%	30/06/2023	0.9%	–%
Executive Performance Rights (2021 Tranche)	26/11/2021	\$0.38	66%	30/06/2024	0.9%	–%
Executive Performance Rights (2022 Tranche)	25/11/2022	\$0.66	91%	1/07/2025	3.23%	–%
	20/05/2023	\$0.27	76%	1/07/2025	3.33%	–%
Executive Performance Rights (2023 Tranche)	24/11/2023	\$0.28	78%	1/07/2026	4.20%	–%
	20/12/2023	\$0.235	78%	1/07/2026	3.65%	–%

24 Capital and other Expenditure Commitments

	2024 \$'000	2023 \$'000
Not longer than 1 year	297	102
Longer than 1 year and not longer than 5 years	509	778
	806	880

These commitments relate to obligations contained in exploration licence work programs.

Notes to Financial Statements continued

25 Financial instruments

Financial Risk Management

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable, borrowings and payables.

Liquidity Risk Management

Liquidity risk arises from the possibility that the Consolidated Entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Consolidated Entity manages this risk through the Board which meets on a regular basis to review financial risk exposure and to evaluate treasury management strategies in the context of current economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Consolidated Entity to meet its financial targets while minimising potential adverse effects on financial performance. The following tables detail the Consolidated Entity's remaining contractual maturity for its financial liabilities at the reporting date. The amounts are gross and undiscounted.

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	
30 June 2024					
<i>Non-derivatives</i>					
Trade payables	439	439	–	–	439
Other creditors and accruals	1,087	1,087	–	–	1,087
Government grants	1,267	1,267	–	–	1,267
Lease liabilities	183	206	16	5	227
Borrowings	2,911	3,180	–	–	3,180
Total	5,887	6,179	16	5	6,200
30 June 2023					
<i>Non-derivatives</i>					
Trade payables	2,218	2,218	–	–	2,218
Other creditors and accruals	2,099	2,099	–	–	2,099
Government grants	1,945	1,945	–	–	1,945
Lease liabilities	449	347	239	13	599
Borrowings	2,695	180	3,180	–	3,360
Total	9,406	6,789	3,419	13	10,221

Financial Risk Exposure and Management

The main risk the Consolidated Entity is exposed to through its financial instruments is interest rate risk. This risk is considered low risk given the low rate of interest paid on deposits. Interest rate risk is managed with a mixture of fixed and floating rate deposits. It is the policy of the Consolidated Entity to keep generally surplus cash in higher yielding deposits.

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Credit risk

Exposure to credit risk relating to financial assets arises from potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Consolidated Entity. Credit risk is managed through the maintenance of procedures ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statements of financial position. Receivables represent GST and bank interest receivable. The maximum exposure to credit risk at balance date in respect of these receivables is therefore considered to be nil. The Consolidated Entity's exposure to interest rate risk and the effective interest rate on financial assets and liabilities at reporting date are set out below:

	Note	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing		Non-interest bearing \$'000	Total \$'000
				1 year or less \$'000	1 year to 5 years \$'000		
30 June 2024							
Financial Assets							
Cash & cash equivalents	9	2.60%	5,226	–	–	3,516	8,742
Receivables	10	–	–	–	–	23	23
Security Deposits		–	–	–	–	404	404
Total financial assets			5,226	–	–	3,943	9,169
Financial Liabilities							
Trade and other payables	15	–	–	–	–	1,526	1,526
Deferred income	16	–	–	–	–	1,267	1,267
Lease liabilities	19	15.67%	–	166	17	–	183
Borrowings	20	6.00%	–	2,911	–	–	2,911
Total financial liabilities			–	3,077	17	2,793	5,887
Net financial assets							3,282
30 June 2023							
Financial Assets							
Cash & cash equivalents	9	3.16%	13,000	–	–	2,616	15,616
Receivables	10	–	–	–	–	3,115	3,115
Security Deposits		–	–	–	–	417	417
Total financial assets			13,000	–	–	6,148	19,148
Financial Liabilities							
Trade and other payables	15	–	–	–	–	4,317	4,317
Deferred income	16	–	–	–	–	1,945	1,945
Lease liabilities	19	15.00%	–	246	203	–	449
Borrowings	20	6.00%	–	180	2,515	–	2,695
Total financial liabilities			–	426	2,718	6,262	9,406
Net financial assets							9,742

Notes to Financial Statements continued

Net Fair Value

The net fair value of financial assets and liabilities at balance date approximates their carrying amount.

Interest Rate Sensitivity Analysis

At financial year end, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Change in profit and equity:

	2024	2023
	\$'000	\$'000
Increase in interest rate by 2% p.a.	105	260
Decrease interest rate by 2% p.a.	(105)	(260)

26 Cash Flow Information

	2024	2023
	\$'000	\$'000
(a) Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities		
Loss after income tax	(37,595)	(5,467)
Adjustments for:		
Depreciation/amortisation	145	160
Exploration expenditure written off	172	–
Impairment losses	30,533	–
Share-based payments	609	975
Change in operating assets and liabilities:		
(Increase)/ Decrease in receivables	(1)	184
(Increase)/ Decrease in other assets	(21)	(45)
(Decrease)/Increase in payables/provisions	(398)	569
Increase/(Decrease) in deferred income	889	–
Net cashflows used in operating activities	(5,667)	(3,624)
(b) Non-Cash financing and investing activities		
	2024	2023
	\$'000	\$'000
Acquisition of right of use assets by means of leases (note 19)	6	286
Share-based payments in exploration and evaluation assets	419	701
	425	987

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27 Related Party Transactions

Key Management Personnel compensation

Disclosures relating to directors and key management personnel, including remuneration and equity instruments disclosures, are provided in the Remuneration Report contained within the Directors' Report.

	2024	2023
	\$	\$
Short-Term Benefits (Salaries, fees and bonuses)	1,380,985	1,317,235
Post-Employment Benefits (Superannuation)	69,304	63,412
Equity Settled Share-Based Payments	572,575	1,088,045
	2,022,864	2,468,692

28 Operating Segments

A. Description of segments

The Group has identified its operating segments based on the internal reports reviewed and used by the Chief Executive Officer and Leadership Team to assess performance and determine the allocation of resources.

The Consolidated Entity is currently organised into two operating segments:

- **Broken Hill Cobalt Project** – a proposed cobalt mining project forming part of a broader tenement holding comprising five Exploration Licenses and two Mining Leases; and
- **Kwinana Cobalt Refinery Project** – a proposed cobalt/nickel refinery located in Western Australia producing battery ready sulphates as feedstock for electric vehicle batteries.

These operating segments are managed separately because they have different production processes, risks and returns.

In the prior year, there was a single operating segment - Broken Hill Cobalt Project.

B. Geographical segments

Geographically, the Consolidated Entity operates in Australia.

C. Operating segment information

	Broken Hill Cobalt Project	Kwinana Cobalt Refinery Project	Corporate/unallocated	Total
2024	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	–	75	–	75
Profit/(loss) before tax	(30,705)	(2,642)	(4,248)	(37,595)
Impairment losses	(30,533)	–	–	(30,533)
Interest income	–	–	295	295
Interest expense	–	–	30	30
Depreciation and amortisation	–	–	145	145
Total segment assets at 30 June 2024	31,304	–	9,658	40,962
Total segment liabilities at 30 June 2024	3,566	889	2,302	6,757
<i>Additions to non-current assets other than financial assets:</i>				
Property, plant and equipment	4	–	11	15
Exploration and evaluation assets	15,181	–	–	15,181

Notes to Financial Statements continued

2023	Broken Hill Cobalt Project \$'000	Kwinana Cobalt Refinery Project \$'000	Corporate/unallocated \$'000	Total \$'000
Revenue from external customers	–	–	–	–
Profit/(loss) before tax	(5,467)	–	–	(5,467)
Interest income	233	–	–	233
Interest expense	42	–	–	42
Depreciation and amortisation	160	–	–	160
Total segment assets at 30 June 2023	76,417	–	–	76,417
Total segment liabilities at 30 June 2023	10,428	–	–	10,428
<i>Additions to non-current assets other than financial assets:</i>				
Property, plant and equipment	1,222	–	–	1,222
Exploration and evaluation assets	26,812	–	–	26,812

29 Parent Entity Information

Set out below is the supplementary information about the parent entity.

	Parent	
	2024	2023
	\$'000	\$'000
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(38,367)	(5,853)
Total comprehensive income	(38,367)	(5,853)
Statement of Financial Position		
Equity		
Share capital	89,758	84,405
Share-based payments reserve	3,577	3,119
Accumulated losses	(59,130)	(21,535)
Total Equity	34,205	65,989
Total current assets	9,044	15,285
Total assets	35,299	67,260
Total current liabilities	955	1,022
Total liabilities	1,094	1,271

As at 30 June 2024, the parent entity had commitments and obligations contained in the exploration licence work program for EL8891 totalling \$103,040 (30 June 2023 – \$128,800). These commitments and obligations are included in the capital and other expenditure commitments set out in note 24.

30 Interest in Subsidiary

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2024 %	2023 %
Broken Hill Cobalt Project Pty Ltd	Australia	100%	100%

31 Subsequent Events

On 25 July 2024, the Company issued 351,818 fully paid ordinary shares to staff and contractors as part of their base remuneration.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

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Consolidated Entity Disclosure Statement

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Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax residency
Cobalt Blue Holdings Limited	Body corporate	Australia	N/A	Australia
Broken Hill Cobalt Project Pty Limited	Body corporate	Australia	100%	Australia

Basis of preparation

This Consolidated Entity Disclosure Statement has been prepared in accordance with section 295(3A)(a) of the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of tax residency

Section 295(3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. In determining tax residency, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

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Directors' Declaration

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In the directors' opinion:

- (a) the financial statements and notes set out on pages 47 to 73 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the information disclosed in the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act* is true and correct.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'Robert Biancardi', with a long horizontal flourish extending to the right.

Robert Biancardi
Chairman

Dated 25 September 2024



Broken Hill

Cobalt Project

Demonstration Plant

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the members of Cobalt Blue Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cobalt Blue Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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Independent Auditor's Report continued



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
<p>Refer to note 14 in the financial report.</p> <p>The Group carries exploration and evaluation expenditure totalling \$30 million in terms of the application of the Group's accounting policy for exploration and evaluation expenditure, as set out in Note 1(f) and 1(m).</p> <p>The carrying value of the exploration and evaluation asset is a key audit matter due to:</p> <ul style="list-style-type: none"> The significance of the total balance (75% of total assets); The extent of procedures undertaken to evaluate managements application of the requirements of AASB 6 <i>Exploration for and Evaluation of mineral Resources</i> and AASB 136 <i>Impairment of assets</i> ('AASB 6') as a result of the impairment indicators and resultant provision for impairment identified during the year. 	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the key processes associated with management's review of the carrying value of capitalised exploration and evaluation expenditure and challenging management's assertion that the carrying amount of the capitalised expenditure was likely to be recovered in full from successful development or sale; Obtained management's valuation of the Broken Hill Cobalt Project critically analysing the valuation methodologies adopted and assumptions applied; Engaged our internal valuation specialists to review and assess the valuation methodologies, assumptions and accuracy of management's experts valuation; Assessed the competency, objectivity and independence of management's experts; Evaluating the completeness and accuracy of the impairment and write off recognised with reference to the valuation obtained and the planned expenditure per license; and Reviewing the Group's tenement licenses to assess the rights to tenure are current through an independent search and corroboration to the Government registry.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Independent Auditor's Report continued



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Cobalt Blue Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in **accordance** with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

A handwritten signature in blue ink that reads 'Gareth Few'. Above the signature is a small, stylized 'BDO' logo.

Gareth Few
Director

Sydney, 25 September 2024

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Additional Information

The information set out below was applicable as at 2 September 2024.

Quoted Ordinary Shares

Shares	Numbers of shareholders	Ordinary Shares Held	% Units
1–1,000	1,592	1,138,962	0.27
1,001–5,000	4,636	12,159,028	2.88
5,001–10,000	1,967	15,137,476	3.58
10,001–100,000	3,271	101,318,805	23.98
100,001 and over	550	292,720,474	69.29
Total	12,016	422,474,745	100.00
The number of shareholders holding less than a marketable parcel (a parcel of securities with a value of less than \$500)			
	7,111	18,642,397	

Unquoted Performance Rights

Rights	Number of holders	Rights Held	% Units
100,001 and over	10	4,249,299 [^]	100.00

[^] Mr Joe Kaderavek has a relevant interest in 1,204,040 performance rights. No other person has an interest of 20% or more of these securities.

Unquoted options – distribution of holdings

Shares	Numbers of shareholders	Ordinary Shares Held	% Units
10,001–100,000	18	1,058,092	2.43
100,001 and over	57	42,420,169	97.57
Total	75	43,478,261	100.00

No person holds 20% or more of the unquoted options on issue.

Additional Information continued

Equity security holders

The names of the twenty largest quoted holders of ordinary shares are listed below:

Rank		Ordinary Shares Held	% Units
1	CITICORP NOMINEES PTY LIMITED	24,576,664	5.82
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,194,671	2.65
3	A10 INVESTMENTS PTY LTD <DL FAMILY A/C>	8,380,000	1.98
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	7,499,942	1.78
5	ST IVES NO5 PTY LTD <ST IVES NO5 A/C>	7,041,754	1.67
6	MR JOSEF THOMAS KADERAVEK + MRS ARIANE LOUISE KADERAVEK <KADERAVEK FAMILY A/C>	6,035,957	1.43
7	MRS KATIE ELIZABETH REECE	4,969,565	1.18
8	AMERICAN RARE EARTHS LIMITED	4,396,001	1.04
9	ZACOB PTY LTD <R&L BIANCARDI SUPER FUND A/C>	4,120,538	0.98
10	UBS NOMINEES PTY LTD	4,014,252	0.95
11	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	3,868,060	0.92
12	MINERALS AND RESIDUES PTY LTD <ANDREW & LISA TONG FAM A/C>	3,824,824	0.91
13	MR ROBERT THOMAS VIRGONA	3,662,383	0.87
14	EMNARA PTY LTD <DANNY MORGAN FAMILY A/C>	3,306,536	0.78
15	MR PAUL STUART NICHOLS + MS THERESE MARY NICHOLS <NICHOLS SUPER FUND A/C>	2,835,000	0.67
16	HILL FAMILY GROUP PTY LTD	2,734,783	0.65
17	ALIGNED CAPITAL PARTNERSHIP PTY LTD <ALIGNED C PARTNERSHIP A/C>	2,714,561	0.64
18	MR JOSEF THOMAS KADERAVEK + MRS ARIANE LOUISE KADERAVEK <KADERAVEK SUPERFUND A/C>	2,646,206	0.63
19	BNP PARIBAS NOMS PTY LTD	2,633,636	0.62
20	COONAN FAMILY SUPERANNUATION FUND PTY LTD <COONAN FAMILY S/F A/C>	2,500,000	0.59
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		112,955,333	26.74
Total Remaining Holders Balance		309,519,412	73.26

Substantial holders

Substantial holders in the Company, as disclosed in substantial notices to the ASX and Company, are set below:

Shareholder name	Number of shares held	%
Nil	-	-

On market buy-back

There is no current on-market buy-back.

Voting rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. Option and performance rights holders have no rights until these securities are exercised.

Securities Exchange Listing

Cobalt Blue Holdings Limited securities are listed on the ASX under the code COB.

Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 30 June 2024 is available for members to download and access from <https://www.cobaltblueholdings.com/resources/>.

Corporate Directory

REGISTERED OFFICE

Suite 17.03
Level 17, 100 Miller St
North Sydney NSW 2060
Telephone: +61 2 8287 0660

DIRECTORS

Name	Position
Robert Biancardi	Chairman, Independent, Non-Executive Director
Hugh Keller	Independent, Non-Executive Director
Joe Kaderavek	Chief Executive Officer & Executive Director

COMPANY SECRETARIES

Danny Morgan
Grahame Clegg

AUDITOR

BDO Audit Pty Limited
Level 11, 1 Margaret Street
Sydney NSW 2000

SHARE REGISTRY

Computershare Investor Services Pty Limited
6 Hope Street
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(ABN 90 614 466 607)