Quarterly Activities Report

CobaltBlue
green energy technology

31 October 2024

Cobalt Blue Holdings Limited

A Green Energy Exploration Company

ASX Code: **COB**

Commodity Exposure:

Cobalt & **Sulphur**

Directors & Management:

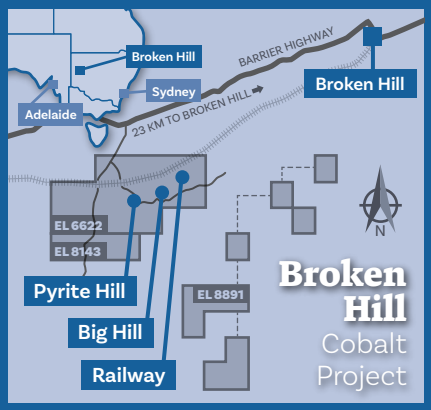
Robert Biancardi	Non-Exec Chairman
Hugh Keller	Non-Exec Director
Joe Kaderavek	CEO & Exec Director
Danny Morgan	CFO & Company Secretary

Capital Structure:

Ordinary Shares at 31/10/2024:	**422.5m**
Unlisted Options/Rights	
Options (expiry 23/4/2027):	**43.3m**
Performance rights:	**4.2m**
Market Cap (undiluted):	**$39m**

Share Price:

Share Price at 31/10/2024:	**$0.093**



Cobalt Blue Holdings Limited

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Highlights

September 2024 Quarterly Activities Report

Kwinana Cobalt Refinery (KCR)

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

Broken Hill Cobalt Project (BHCP)

- BHCP Review

Re-Mining Opportunities

Cobalt trends

- Prices remain flat
- DRC supply growth slowing
- Gigafactory pipeline continues to expand

Corporate

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

Kwinana Cobalt Refinery (KCR)

Commercial feedstock testwork

During the quarter, testing of third-party feedstock continued at COB's Technology Development Centre (formerly known as a Demonstration Plant). Work continues to optimise key unit operations and prepare supporting information for the detailed engineering of the proposed KCR.

Activity in the quarter has focused on installing and operating the solvent extraction circuit using centrifugal extractors. These equipment items offer lower capital costs, a smaller footprint, and more automated liquor processing than conventional solvent extraction mixer settlers. In conjunction with the solvent extraction step, progress has

been made in optimising the removal of trace metals using ion-exchange resins. Operating parameters and procedures are being developed, forming the basis for commissioning the proposed KCR plant.

With these plant and process adjustments, COB commenced cycle testing to produce cobalt sulphate in a repeatable manner according to commercial target specifications. Processes were carried out in batches in a controlled fashion. This method allowed extra time to ensure each process step was carried out as intended and liquor purification before crystallisation. Samples produced in this way were sent to Queensland University of Technology (**QUT**) for analysis. This program will continue through Q4 2024.

In addition to cobalt sulphate production, further work programs have included operating a second solvent extraction circuit to produce liquor for nickel electrowinning and subsequent trials of nickel metal production by electrowinning. Nickel metal is the target by-product of the KCR flowsheet.

Figure 1 – **Electrowinning cells used for testing (LHS) and Centrifugal extractor (RHS)**

Engineering

In July, COB announced that Tetra Tech Coffey Pty Ltd (**Tetra Tech**) had been selected to conduct detailed engineering work for the KCR. Tetra Tech is a leading global provider of high-end consulting and engineering services with wide-ranging engineering, procurement, and construction management (**EPCM**) experience. The company hosts 550 offices worldwide, with around 28,000 employees. Tetra Tech has extensive experience handling complex hydrometallurgical plants and associated materials. Importantly, Tetra Tech has worked with Iwatani Australia on various projects over the last 10 years and knows the site and personnel well. The company's technical expertise and previous experience are invaluable in bringing the KCR through the stages of concept and detailed design. Tetra Tech has significant expertise in complex plant development, including Iluka's Eneabba Project (Phase 2) and Arafura's SX Plant Detailed Design.

Permitting

ABEC Pty Ltd and Green Values Australia Pty Ltd were appointed earlier in the year to develop a Works Approval application for submission to the Department of Water and Environmental Regulation (**DWER**) Western Australia. The Works Approval application is expected to be lodged shortly.

Feedstock sources

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

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

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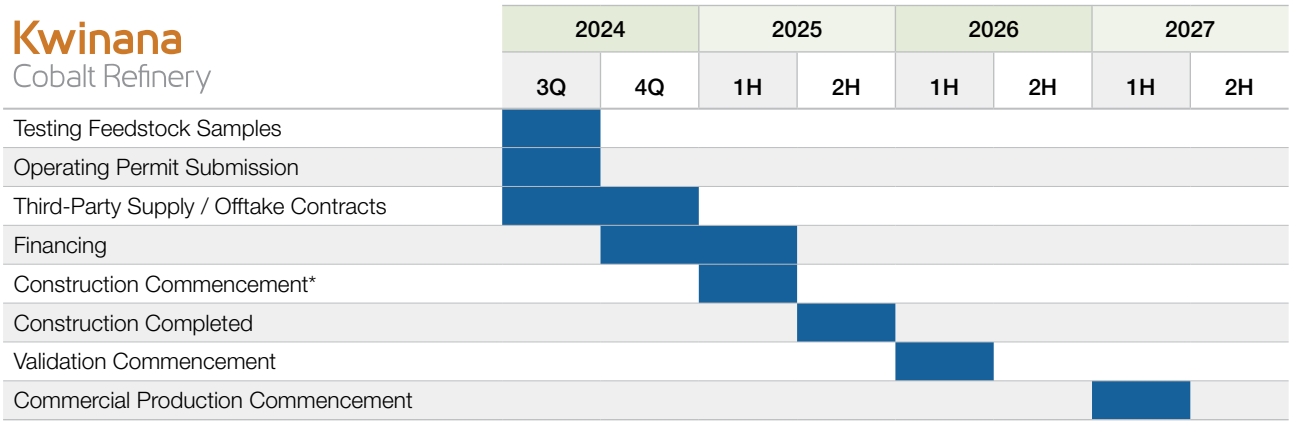
Offtake

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

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

Milestones and Indicative Timetable

Figure 2 – **KCR Milestones and Indicative Timetable**



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

Broken Hill Cobalt Project (BHCP) Activities

BHCP – Review

During the quarter, COB commenced trade-off studies to identify and assess options for equipment selection, including the definition of plant capacity thresholds optimised for operational and capital expenditure efficiency.

Under the Commonwealth Environmental Protection and Biodiversity Conservation Act (**EPBC Act**), a person must not take an action that will have or is likely to have a significant impact on matters of national environmental significance without approval from the Commonwealth Minister for the Environment. Under the EPBC Act, a Referral can be lodged to determine whether a proposed action will require formal assessment and approval under the EPBC Act. During the quarter, COB lodged a Referral under the EPBC Act. On 29 October 2024 COB was notified by the Commonwealth Department of Climate Change, Energy, the Environment and Water that the Minister did not consider that the BHCP was a Controlled Action. This decision means that proposed action is unlikely to have a significant impact on protected matters, no matter how the project is undertaken. This in turn means that the BHCP requires no further assessment under the EPBC Act. This decision does not affect any other environmental approvals that the BHCP may require under NSW Government legislation.

Re-Mining Opportunities

COB 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.

COB is actively engaging with project assessments on four continents – Australia, North America, South America and Europe, with more than ten projects assessed at a desktop level and five projects in negotiations for preliminary testwork.

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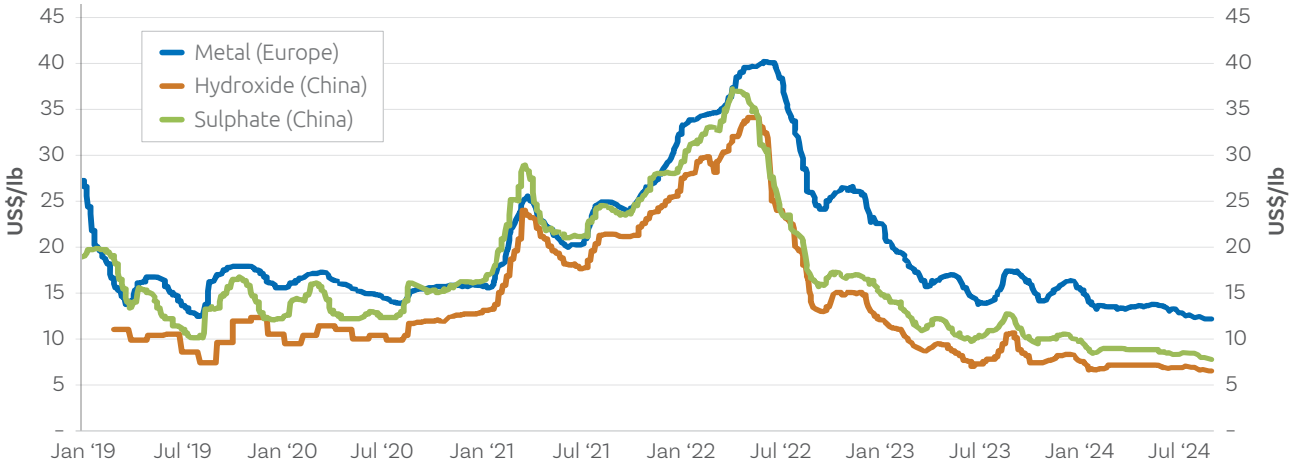
Cobalt Trends

Prices remain flat

Amid the northern hemisphere summer lull, cobalt hydroxide and sulphate prices were virtually unchanged during the third quarter, while the metal price index ended around 5% lower between US$11–12/lb. The market slowdown has prompted some Chinese smelters to suspend or cut production for a time to mitigate losses, suggesting an impending stock rebuild before year-end.

Figure 3 – **Cobalt prices 2019-2024**



Source: Fastmarkets

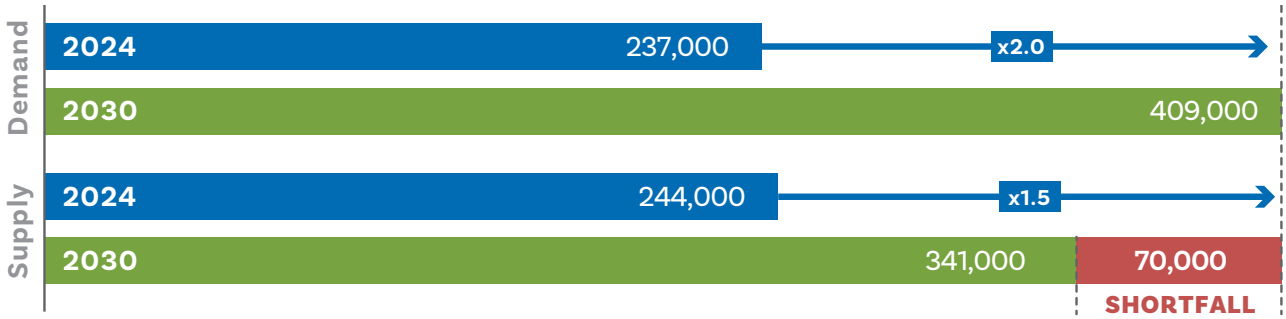
DRC supply growth slowing

Two of the world's largest cobalt producers used their production quarterlies to discuss market outlooks. China's CMOC, which, after a massive capacity expansion, is alone responsible for nearly a quarter of global cobalt output, is expecting flattening supply growth. The company said that after the existing supply increment is released, there is expected to be no new resources for a "long time." As a result, the medium and long-term price will be "enhanced for a long run."

Meanwhile, Glencore announced it stopped stockpiling cobalt after almost a year of holding back shipments to support prices. While the re-emergence of this material may pressure prices in the near term, the change in strategy is a sign the metal trading company believes the market balance is transitioning. Glencore noted there isn't another big copper-cobalt mine coming on, which gives the market "a chance to rebalance."

According to Cobalt Blue's modelling, the global supply and demand balance will shift to equilibrium by 2026 and record supply deficits into the foreseeable future.

Figure 4 – **Cobalt supply is not expected to meet demand by 2030**



Source: Benchmark Minerals Intelligence, Cobalt Blue

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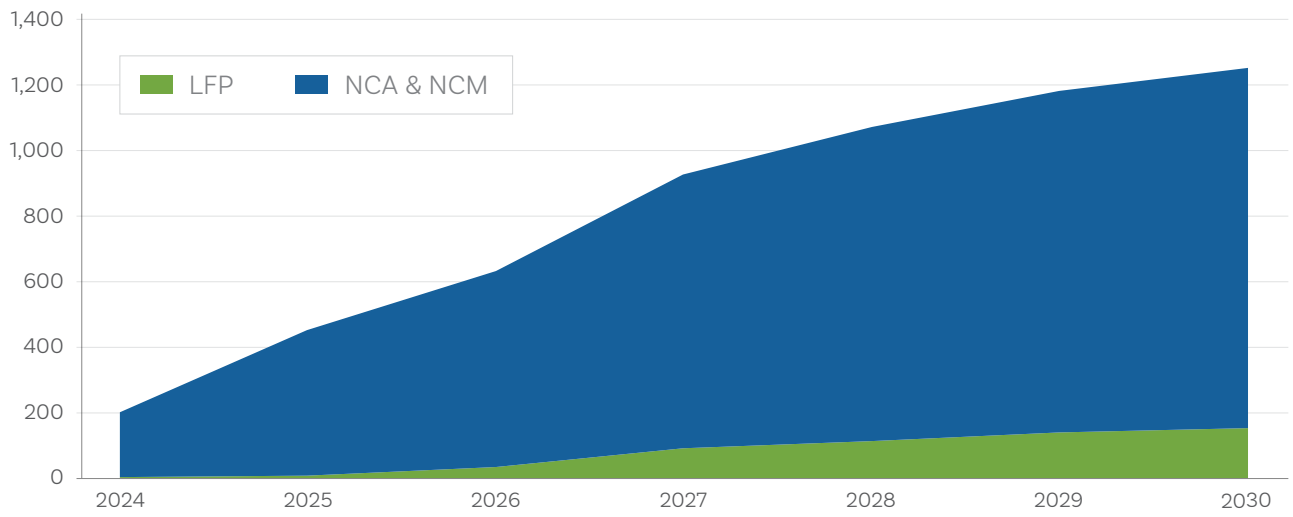
Gigafactory pipeline continues to expand

This year's global EV sales are expected to grow 25-30% from 13.9 million units to 17.6 million. North America's growth share is expected to be around 420,000 units or a 26% rise from 2023. By 2030, industry consultant Rho Motion forecasts sales to reach 8.6 million units.

To accommodate this growth and localise production since the implementation of the Inflation Reduction Act (**IRA**), most major car makers have either built, are in construction or have plans for gigafactories. In the past quarter, GM and Samsung SDI finalised a deal to build a gigafactory through a joint venture in Indiana, USA. This new plant and many others demonstrate car manufacturers' confidence in EV demand, despite a recent slowdown in sales growth from lofty expectations.

According to Benchmark Minerals Intelligence, USA gigafactory capacity by 2030 will reach over 1.3TWh. Nearly 90% of that capacity is nickel/cobalt-bearing cathode chemistries NCA or NCM, with the residual made up of lithium iron phosphate (**LFP**) cathodes, primarily used in energy storage systems.

Figure 5 – **Expected USA gigawatt capacity by cathode type**



Source: Benchmark Minerals Intelligence

Corporate

Commercial Partner Update

Multiple project partner and offtake discussions continued during the quarter.

Investor and marketing presentations

COB conducted an investor webinar during the quarter. The webinar provided an update on the KCR and the cobalt market. During the quarter, COB also presented at the AusIMM Critical Minerals conference on re-processing critical-metal-bearing waste for environmental gain. A copy of the presentation is available at COB's website.

Expenditure and grants

COB's activities primarily relate to the KCR and BHCP. There were no activities related to production or development. During the quarter, COB incurred[1] $0.8m on exploration and evaluation activities, primarily relating to technical services, including demonstration plant operations and other study costs.

The Critical Minerals Accelerator Initiative (**CMAI**) grant agreement term was extended during the quarter to account for the change in milestone deliverables associated with the BHCP and the Kwinana Cobalt Refinery. Subject to achieving project milestones, the remaining CMAI instalments will be paid in February and June 2025, totalling $1.5m.

During the quarter COB commenced preparation of its 2024 R&D Tax Incentive claim, with the claim expected to be finalised shortly.

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

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

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Previously Released Information

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

- 23 August 2024: Investor Webinar 28 August 2024
- 21 August 2024: AusIMM Critical Minerals Conference Presentation
- 08 July 2024: TetraTech Announcement

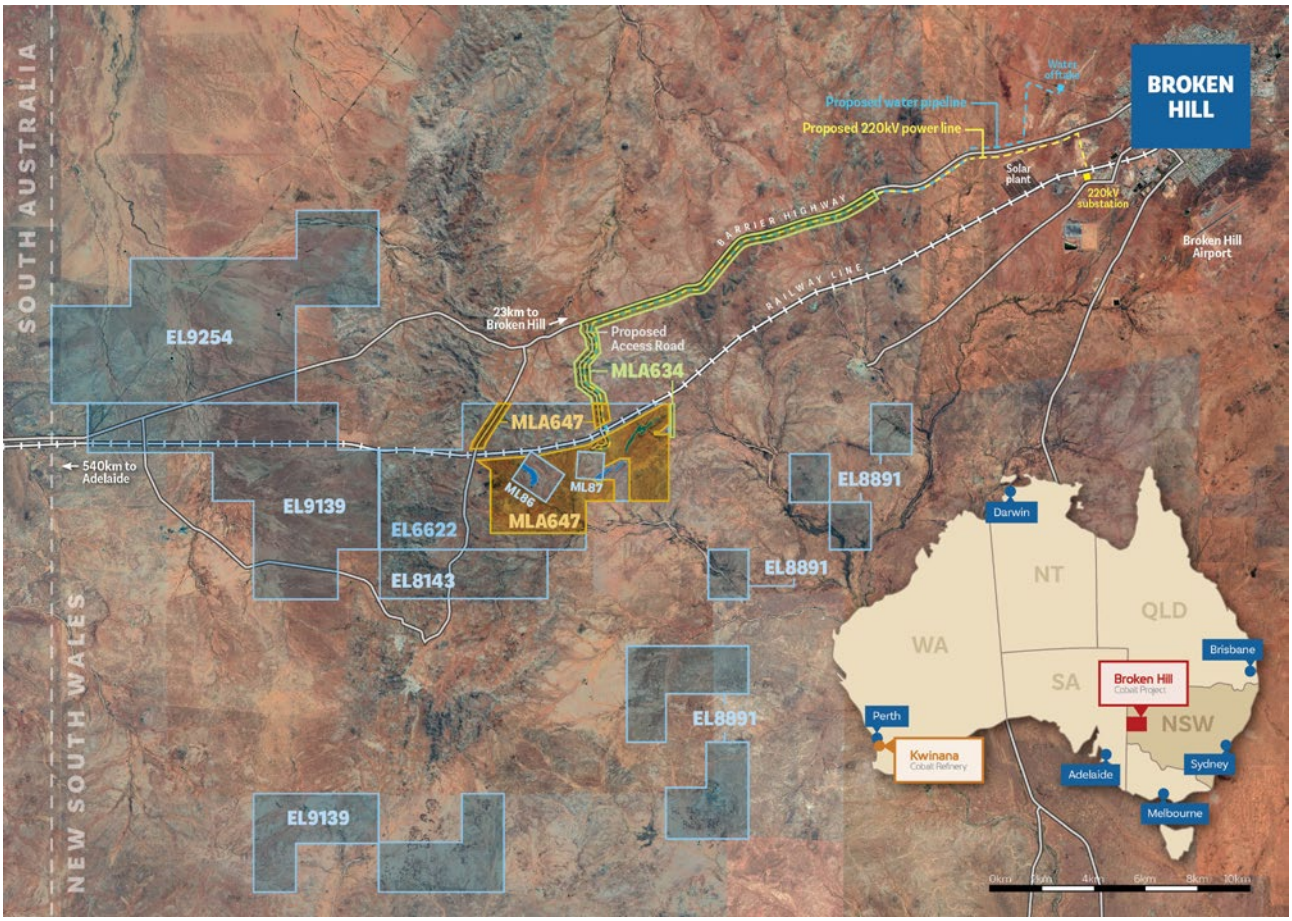
COB confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, where applicable in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the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

Tenement Holding

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

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

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



Cobalt Blue Background

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

This announcement contains "forward-looking statements". All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include but are not limited to cobalt metal price volatility, timely completion of project milestones, funding availability, and government and other third-party approvals. The Company is not obligated to release any revisions to any "forward-looking statement" publicly. To the maximum extent permitted by law, COB and its respective advisers, affiliates, related bodies corporate, directors, officers, partners and employees expressly exclude and disclaim all responsibility and liability, including, without limitation, for negligence or in respect of any expenses, losses, damages or costs incurred by any person as a result of their reliance on this ASX announcement and the information in this ASX announcement being inaccurate or incomplete in any way for any reason, whether by way of negligence or otherwise.

Looking forward, we would like our shareholders to keep in touch with COB updates and related news items, which we will post on our website, the ASX announcements platform, as well as social media such as Facebook (f) and LinkedIn (in). Please don't hesitate to join the 'COB friends' on social media and to join our newsletter mailing list at our website.

This announcement was approved by the Board of Directors.

For more information, please contact:

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

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Appendix 5B

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

Name of entity

COBALT BLUE HOLDINGS LIMITED

ABN	Quarter ended ("current quarter")
90 614 466 607	September 2024

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(572)	(572)
	(e) administration and corporate costs	(430)	(430)
	(f) Kwinana Refinery Project expenditure	(1,082)	(1,082)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	74	74
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST received/(paid))	(295)	(295)
1.9	**Net cash from / (used in) operating activities**	**(2,307)**	**(2,307)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(608)	(608)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Research and development incentive refund & government grants)	-	-
2.6	**Net cash from / (used in) investing activities**	**(608)**	**(608)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payment of lease liabilities)	(47)	(47)
3.10	**Net cash from / (used in) financing activities**	**(47)**	**(47)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,742	8,742
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,307)	(2,307)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(608)	(608)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(47)	(47)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**5,780**	**5,780**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	61	3,516
5.2	Call deposits	5,719	5,226
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,780**	**8,742**

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

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

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,307)
8.2	Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(608)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,915)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,780
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,780
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.98

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

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

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

Answer: Yes

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

Answer: The Company maintains dialogue with the investment community regarding its planned activities and believes that when the Board forms the view on when timing is appropriate, a capital raising would be supported.

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

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

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

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

Notes

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

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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

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

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