COBALT BLUE HOLDINGS LIMITED
(ABN 90 614 466 607)

Annual Report 2022

Highlights and **Achievements**

Broken Hill Cobalt Project

- Construction and commissioning of Demonstration Plant
- Dispatch of Sample Partner Program samples
- Major Project Status recognition
- $15m Commonwealth Critical Minerals Accelerator Initiative grant
- Selection of DFS Engineering team

COB Partnerships

- Commencing of Cobalt in Waste Streams Project testwork

Corporate

- $16m of new capital raised
- Promotion of COB to senior South Korean and US government representatives
- COB website overhaul

Vincent Van Gogh brings his *Wheat Field with Cypresses* to life with an exuberant summer sky rendered in zinc white, viridian and **cobalt blue.** Van Gogh regarded it as one of his 'best' summer landscapes and made a replica as a gift for his mother and sister.

CobaltBlue

Table of **Contents**

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.

Chairman and CEO **Review**

Dear Fellow Shareholders,

We are again pleased to report on substantive progress over the past year.

Pilot & Demonstration Plants represent significant development milestones for the Broken Hill Cobalt Project (BHCP). During July – October 2021 we were proud to report that Pilot Plant operations were successfully completed and produced an intermediate cobalt/nickel Mixed Hydroxide Product (MHP) and battery ready cobalt sulphate. The Pilot Plant proved that COB could produce these cobalt products on a larger scale and the lessons learnt were vital to understanding the challenges to achieving commercial production quantities as well as producing consistent and marketable products.

The Pilot Plant produced, and COB subsequently dispatched, cobalt marketable products to over 20 global commercial partners. Feedback indicated that our MHP was readily saleable while cobalt sulphate specifications vary significantly between offtake partners. This knowledge "database" of global specifications will allow COB to trade off quality against costs to maximise margins for our business. Put another way, "what is the highest margin cobalt product that we can produce?". It's a strong outcome for our business.

During September 2021 we released a Mineral Resource estimate that included base metals, of which we specifically targeted nickel. The global Mineral Resource estimate now comprises 118 Mt at 859 ppm cobalt equivalent (CoEq) (687 ppm cobalt, 7.6% sulphur & 133 ppm nickel) for 81,100 t contained cobalt, (at a 275ppm CoEq cut-off)[1]. Measured and Indicated resources make up approximately 65% of the global Mineral Resource.

COB remains opportunistic regarding land acquisitions, with COB's footprint now 220 km^2, with the granting of EL9254 adding 58km^2 to our footprint. Ultimately, the life of the BHCP refinery may well extend beyond the resources currently identified, as our team continues to examine cobalt in resource opportunities within the broader Broken Hill District. We believe cobalt exploration across the region is in its infancy and are excited by the potential for resource growth.

COB has been a member of the Australian Government Future Battery Industries – Cooperative Research Centre (FBI-CRC) since its inception in 2019. One of the key projects is the flagship Cathode Precursor Pilot Plant in Perth. In August 2021 the FBI-CRC signed contracts for project expenditure of A$18m, with 19 project participants for the design and commissioning of the Cathode Precursor Pilot Plant. COB is a consortium member, with one of the key contributions being the provision of cobalt sulphate from the BHCP Pilot/Demonstration Plant. We strongly believe in the potential to establish an Australian Battery Industry.

COB has held quarterly shareholder webinars since October 2021. The aim is to provide a transparent understanding of our progress and commercial strategy and allow shareholders the opportunity to ask questions directly. Given the strong positive feedback received, we intend to maintain this platform going forward and encourage all shareholders to participate.

As our relationship with all levels of government have grown, we are being increasing asked to advocate on behalf of the Australian critical minerals industry. COB hosted the NSW Deputy Premier at our Demonstration Plant site in November 2021 – launching the NSW Critical Minerals and High-Tech Metals Strategy. We were then honoured to participate in meeting with the Korean President (Moon Jae In) in December 2021 as part of Australia/Korean trade discussions. During April 2022, COB Executives participated in an Australian/US critical minerals delegation to Washington DC and New York. These meetings included discussions with the Australian Trade Minister and the US Secretary of Commerce.

1 See Mineral Resource Summary for a breakdown of the estimate by classification and all parameters used for the cobalt equivalence calculation.

Chairman's Review continued

COB originally launched its Cobalt in Waste Streams Project in March 2021 seeking to examine the potential to commercialise cobalt and other metals currently locked in waste streams. Subsequently, in December 2021 COB executed a Memorandum of Understanding (MOU) with the State of Queensland, acting through the Department of Resources, to assess opportunities for the recovery of cobalt (and any coexisting base and precious metals) from mine waste. Under the MOU, COB will undertake testwork to evaluate minerals processing options, including the application of its proprietary minerals processing technology to recover target metals from feedstocks nominated and provided by the Department. Initial samples were subsequently received and are currently undergoing testwork assessment.

In February 2022 BHCP was granted Major Project Status by the Australian Government. Major Project Status extends for a three-year period to support the Project through its development phase. This acknowledges the strategic significance of the BHCP as a key national project. Major Project Status is formal recognition of the national economic implications of the BHCP through its contribution to growth, productivity, government revenue, industry and regional development.

COB was awarded a $15m grant through the Critical Minerals Accelerator Initiative (CMAI), providing funding towards BHCP development by the Australian Government. CMAI funding will enable COB to accelerate the development of the BHCP by expanding the scope of Feasibility Studies, bring forward infrastructure and services work. We are awaiting grant contracts from the Commonwealth Government, which we expect to receive by late October 2022.

COB held a Broken Hill Community Day and a Demonstration Plant Opening Ceremony in May 2022 at the plant site. At the same time, we were featured in an ABC Four Corners Report on the Future of Critical Minerals in Australia. The segment highlighted the strong relationship the company has with the community and showcased BHCP to a large Australian audience.

By the end of the financial year, we reported that the Demonstration Plant was nearing operations with mining well underway (2,200t out of an original target of 3,000t mined – with final extraction 4,000 – 4,500t) with key circuits built and being commissioned, and first MHP and cobalt sulphate expected during September 2022. Commercial partners and investors will visit the demonstration plant over the coming months.

Sustainable production of battery minerals remains a key industry thematic, and we have committed to the Cobalt Institute – Responsible Assessment Framework (CIRAF) as a means of assessing and implementing global best practice standards. The CIRAF provides a robust and well accepted methodology to assess our operations performance and risks, whilst providing a mechanism for sharing our assessment with global stakeholders.

COB is committed to working as part of the global cobalt industry and other stakeholders to further develop a robust framework for the delivery of sustainable and ethically sourced cobalt. Our efforts will support the decarbonisation of the global economy and provide an enduring legacy within the communities in which we operate. We look forward to producing cobalt in a responsible and transparent manner that is consistent with our corporate values of honesty, integrity, fairness and respect.

We are pleased to report that COB now has over 11,000 shareholders.

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 19 September 2022

Joe Kaderavek
Chief Executive Officer

Dated 19 September 2022

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.'

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Review of Operations and Activities

Cobalt Blue Holdings Limited (COB, or the Group) is a green energy cobalt development and technology group focusing on advancing and developing cobalt mining and refining operations in Australia. Our current primary project is the Broken Hill Cobalt Project (BHCP), located approximately 23 km west of Broken Hill, NSW.

The project forms part of the Group's broader tenement holding comprising five Exploration Licenses and two Mining Leases, for a total area of approximately 220 km^2. The project hosts three large tonnage cobalt-bearing pyrite deposits, Pyrite Hill, Big Hill and Railway.

Cobalt is a critical metal, in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

Financial Review

The net loss of the Group for the 2022 financial year was $5.23 million (2021: $2.68 million). The result reflects:

- higher employee benefits expenses due primarily to director and employee share-based payment awards and more staff.
- higher corporate costs, primarily associated with increased company promotion and financial advisory fees associated with COB's search for a project partner.
- higher ASX and registry fees reflecting share issues and an increase in total shareholders during the year.

During the financial year the Group received Industry Grants of $0.33 million (2021: $1.10 million) from the Australian Government's Cooperative Research Centre (CRC) for applied research and development of the processing of cobalt-pyrite ore to generate battery ready cobalt sulphate.

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

Expenditure	$ million
Exploration Expenditure	9.33
Plant and Equipment	0.30
Corporate and Administration (including lease payments)	3.90
Other	0.30
Cost of issuing shares	0.36
Total expenditure	**14.19**

The exploration expenditure was associated with the Broken Hill Cobalt Project, primarily Pilot Plant/Demonstration plant operations, the associated bulk sample extraction, engineering and technical studies, advancing project permit and approval works.

At 30 June 2022 the Group had a cash position of $10.53 million (2021: $9.44 million). The Group's net assets increased during the financial year by $11.47 million to $44.10 million (2021: $32.63 million).

During the 2022 financial year the Company issued a total of 47,463,736 new shares as follows:

Purpose	No of shares	Price per share	Issued $000
Share placement	24,100,000	$0.30	7,230
Shares issued on exercise of consultant options	2,000,000	$0.30	600
Shares issued on exercise of placement options	16,272,843	$0.45	7,323
Shares issued on exercise of staff and contractor options	787,187	Note 1	102
Shares issued on exercise of non-executive director options	656,250	Note 1	–
Shares issued to non-executive directors in lieu of directors' fees	163,026	$0.38	62
Shares issued to CEO and executive director as short-term incentive	336,692	$0.38	128
Shares issued to staff and contractors as short-term incentive	1,047,737	$0.38	396
Shares issued on exercise of non-executive director performance rights	2,000,001	–	–
Shares issued to services consultant	100,000	$0.50	50
Total	**47,463,736**		**15,891**

Note 1: A number of the staff and contractor options were exercised using a cashless exercise mechanism, whereby the option holder used a portion of the intrinsic value of the option to exercise the option. All of the non-executive director options were exercised using the cashless exercise mechanism. The cashless exercise mechanism resulted in fewer shares being issued than if the option holder exercised the option in cash.

During the 2022 financial year the Company issued a total of 8,792,184 performance rights as follows:

Nature	Number	Exercise Price	Expiry Date
Non-executive director performance rights	3,000,000	Nil	28/11/2024
Executive director, executive manager performance rights	4,266,932	Nil	30/6/2023
Executive director, executive manager performance rights	1,525,252	Nil	30/6/2024

12,050,000 placement options were also issued during August 2021 (Exercise Price $0.45, Expiry date 15/8/2022). This issue combined with the June 2021 issue of 12,950,000 placement options, resulted in 25,000,000 placement options ultimately being issued. Of the 25,000,000 placement options, 16,272,843 options were exercised during the financial year (see share issue table above), with an additional 8,201,169 options exercised after 30 June 2022, prior to option expiry.

Operating Review

The BHCP is located within the Broken Hill Domain of the Curnamona Province. The project covers portions of the Broken Hill and Thackaringa group successions of the Willyama Supergroup; a deformed and metamorphosed Proterozoic supracrustal rock succession. Mineralisation comprises moderate to steeply dipping stratabound zones of cobaltiferous pyrite that form three deposits referred to herein as Pyrite Hill, Railway and Big Hill.

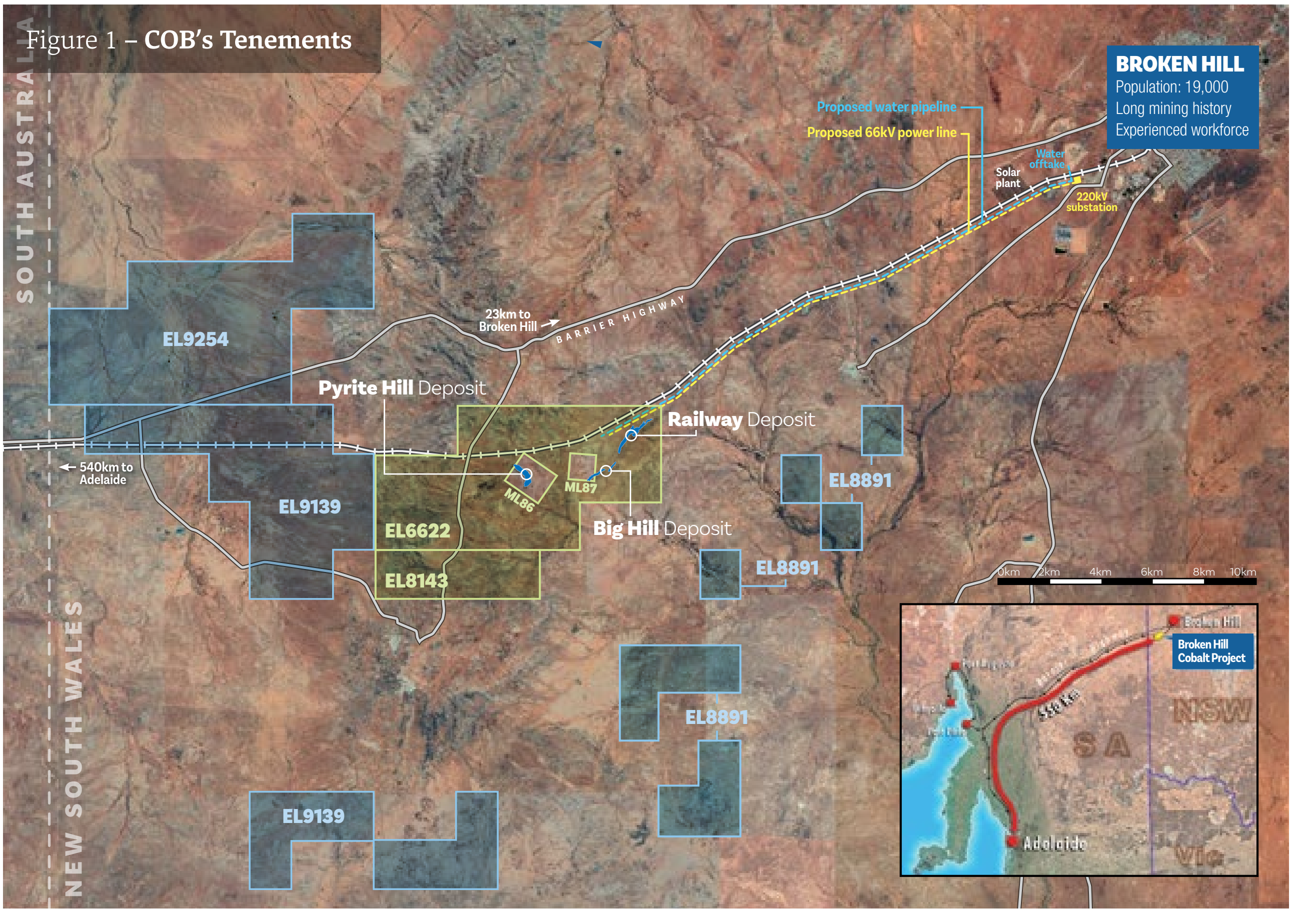


Figure 1 – COB's Tenements

BHCP Definitive Feasibility Study

COB is carrying out a Definitive Feasibility Study (DFS) for the BHCP, which is scheduled for completion by Q3-2023. During June 2022, COB announced that after an extensive process, the following team of leading engineering firms had been selected by COB to undertake the DFS:

- Process Plant – Worley Services Pty Ltd (Worley)
- Infrastructure/services/site – GHD Pty Ltd (GHD)
- Mining/Resource – SRK Consulting (Australasia) Pty Ltd (SRK)
- Integrated waste landform – GHD/SRK
- EIS – GHD
- Project Estimation – Worley (with support from GHD/SRK)

The DFS requires completion of a series of key work programs including the Demonstration Plant (see below), geological and resource drilling and studies, waste rock and tailings studies, metallurgical studies, engineering studies and project approvals.

Pilot Plant

During the year the Pilot Plant at Broken Hill was successfully installed and commissioned. The commissioning of the Pilot Plant represented a significant milestone for our business. The commercial aim of the Pilot Plant was to make MHP or battery ready cobalt sulphate on a scale sufficient to provide test samples for global commercial partners and to define a larger Demonstration Plant. MHP is a key feedstock supplying the global lithium-ion battery industry. Over 90% of samples requested by our more than 20 sample partners were for MHP. COB shipped samples to partners including cobalt trading companies and battery precursor manufacturers across EU, India, Korea, Japan, China, US and Australia.

The Pilot Plant processed nearly 90 tonnes of ore (from RC drilling chips), using existing samples collected in previous drilling campaigns, into an intermediate MHP or battery ready cobalt sulphate, with pilot plant operations ceasing during October 2021.

Demonstration Plant

Upon cessation of Pilot Plant operations, COB transitioned the Pilot Plant into a Demonstration Plant. The Demonstration Plant uses most of the equipment used in the Pilot Plant, along with additional equipment, but will operate on a continuous 24 hour, 7 days/week basis. The Demonstration Plant will include all unit operations for the proposed BHCP at nominally a 1:500 to 1:1000 scale.

The Demonstration Plant will focus on calcining cobalt-pyrite concentrate for production of sulphur, and an integrated hydrometallurgical circuit for leaching calcine and recovery of cobalt and sulphur. The Demonstration Plant will nominally treat 3,000 tonnes of ore, with a focus on representative ore from the first 10 years of the mining operations and produce circa 10 t of cobalt products (mixed hydroxide and/or cobalt sulphate).

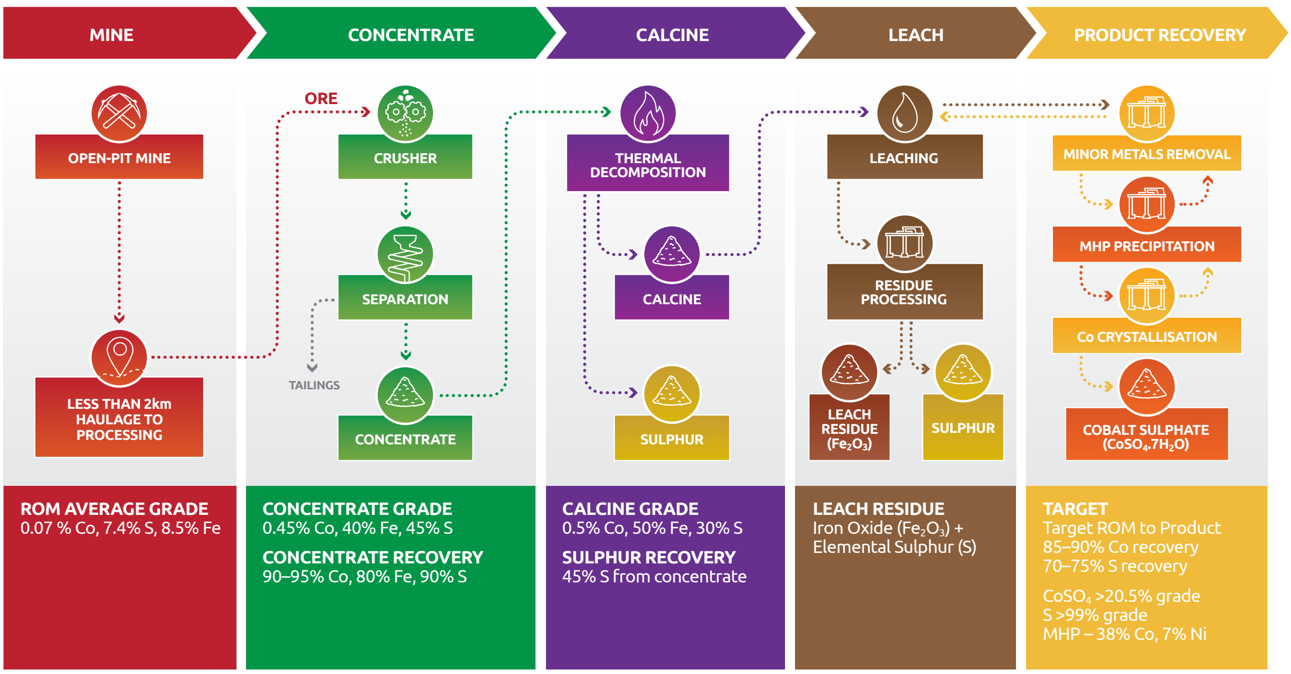
The Demonstration Plant will allow COB to test market larger scale samples (up to 100kgs) in which the partner is examining purity and repeatability of production results.

The Demonstration Plant program forms a key basis for the Broken Hill Cobalt Project DFS, with the data collected from operations used to confirm the process recoveries of cobalt and sulphur.

Once the ore is extracted, the ore is stage crushed, followed by dry milling in a roller mill to a top size of ~ 1 mm. The fine ore is being processed through the concentrator circuit. The concentrate circuit is comprised of rougher and cleaner gravity spirals, and a scavenger flotation cell. The target is to generate a minimum of 600 t of concentrate from 3,000 t of ore. The pyrite concentrate will be treated using the COB patented flowsheet to recover cobalt and elemental sulphur. The BHCP Process Diagram is shown in Figure 2. In addition to the milling and concentrator circuits, the Demonstration Plant also contains:

- a kiln for thermal decomposition of pyrite into pyrrhotite and elemental sulphur;
- an autoclave circuit for leaching pyrrhotite;
- an iron removal circuit;
- a MHP circuit and a refining circuit to produce cobalt sulphate (ion-exchange, solvent extraction, crystallisation); and
- an onsite production of oxygen for the leach, and nitrogen for the kiln.

Figure 2 – **BHCP Process Flowsheet**



The Demonstration Plant program is expected to operate in aggregate for 20 weeks. The program will be split into campaigns, to allow for analysis and optimisation of the plant performance.

Samples of MHP and cobalt sulphate will be provided to prospective offtake parties. Early supply of samples will assist with qualification into the battery manufacturing chain, ahead of future commercial operations at the BHCP.

Figure 3 – **Demonstration Plant. Left: Horizontal vacuum filter belt. Right: Pressure oxidation leach circuit.**

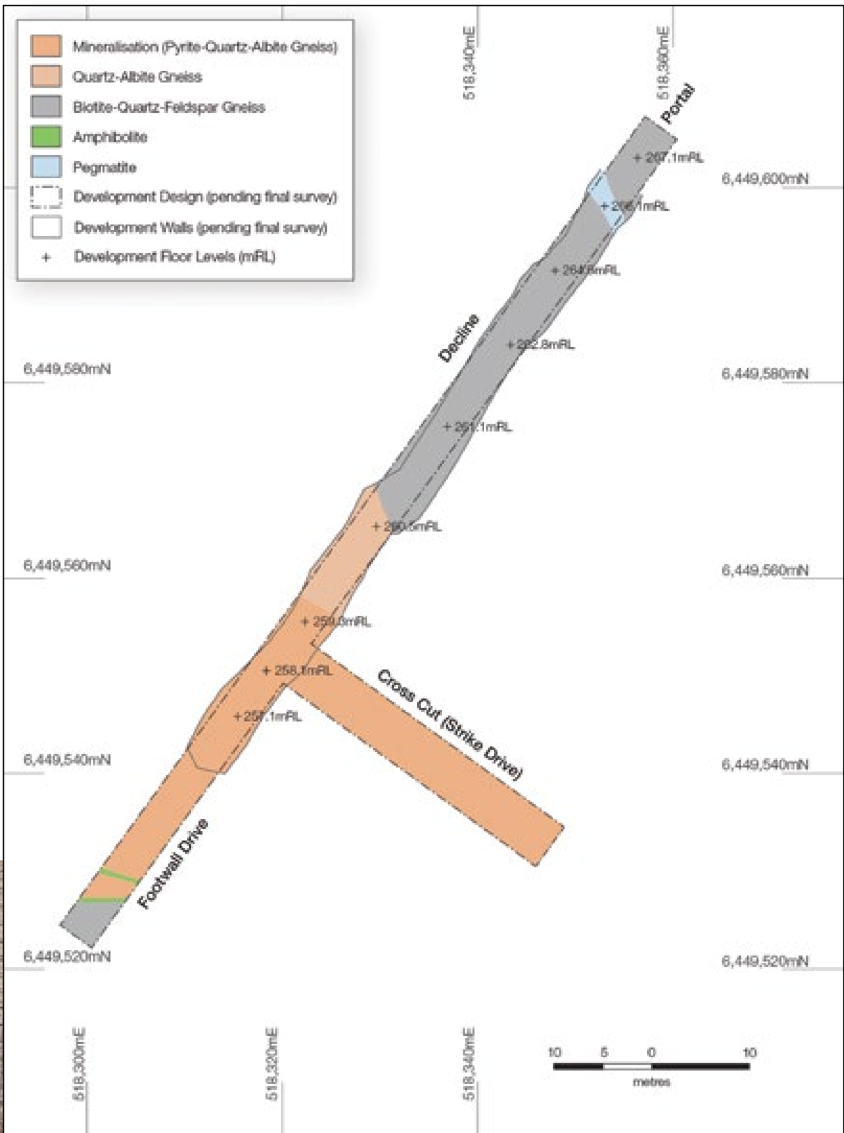
Figure 4 – **Demonstration Plant. Left: Iron oxidation and precipitation circuit. Right: Installation of iron polishing and MHP precipitation circuits.**

Bulk Sample for Demonstration Plant works

Ore for the plant is being sourced from the Pyrite Hill deposit. An underground portal to the deposit was established in late April 2022 and the decline subsequently advanced 85 m for commencement of ore drive development and extraction of the targeted ore tonnage.

With the decline intersecting mineralisation from approximately 68 m, mining has delivered some 4,000–4,500 t of ore for processing via the Demonstration Plant. Additional material will be utilised for scaled geometallurgical studies intended to support process plant optimisation.

Figure 5 – **Underground development at Pyrite Hill**



A multi-stage crushing plant was mobilised to site during the June 2022 quarter. Crushed ore is forwarded to the plant for final milling to reduce the ore feed to a desired particle size of -1 mm. This material is then being fed into the gravity concentrate circuit at a nominal rate of 9–10 t/hr.

The Pyrite Hill deposit extends over 1.2 km along strike, over 300 m down dip and varies in thickness from 10 to 100 m. Mineralisation is hosted by a quartz-albite gneiss and is characterised by the presence of disseminated pyrite concentrated parallel to primary foliation.

Ore drive development extracted material between 257 mRL and 262 mRL, approximately 40 to 50 m below surface and 3 to 6 m below the interpreted top of fresh rock.

The remaining development at Pyrite Hill is planned to extract material from 257 mRL (approximately 40 to 50 m below surface) where the orebody demonstrates an apparent thickness of approximately 65 m. The development is 3 to 6 m below the interpreted top of fresh rock surface.

Figure 6 – **First ore extracted from the decline development at Pyrite Hill.**

Figure 7 – **Pyrite Hill site concentrator including gravity spirals.**

Figure 8 – **Multi-stage crushing plant processing ore stockpile in preparation for milling.**

Community engagement

COB held another community day on 7 April 2022, welcoming 300 locals, to view the Demonstration Plant and to learn more about the Broken Hill Cobalt Project. With over 300 local shareholders, Broken Hill residents are the largest postcode of COB shareholders. Mr Roy Butler MP, Member for Barwon also visited during the community day.

Figure 9 – **Broken Hill Shareholder Open Day Group Photo**

Tenement Schedule

Licence Number	Location	Percentage Interest (%)
EL6622	Broken Hill region, NSW	100
EL8143	Broken Hill region, NSW	100
ML86	Broken Hill region, NSW	100
ML87	Broken Hill region, NSW	100
EL8891	Broken Hill region, NSW	100
EL9254	Broken Hill region, NSW	100
EL9139	Broken Hill region, NSW	100

Project timelines

Development schedule for the BHCP is shown below:

Figure 10 – **BHCP Development Schedule**

	PRE-2021	2021	2022	2023	2024	2025
Business Achievements	100% Project Ownership CRC-P Grant	Global Cobalt Sample Program Major Project Status and CMAI grant	Offtake Cobalt Qualification Program – 2022 Major Project Status and CMAI grant	Final Investment Decision	Construction Period Mine Development EPC Renewable Power Contracts	Refinery Commissioning First Commercial Production
Technical Studies	Project Update 2020 PFS 2018	Feasibility Study	Feasibility Study	Definitive Feasibility Study and Approvals		
Process Testing	Pilot Scale Testwork	Pilot Plant – 30 Tier 1 Partners Offtake Contract Negotiations (begin)	Larger scale (24/7) Operations Commercial Qualification Samples Bulk Sample			First On Specification Production
Environmental Approvals		EIS Field Studies	EIS Field Studies	EIS Submission SSD Determination	ESG/CO_2 Reporting	ESG/CO_2 Reporting Operating Permits (approved)
	PRE-2022		MILESTONES			

Technology Commercialisation

Last financial year COB announced its Cobalt in Waste Streams Project, a rollout of its existing technology and test facilities to examine cobalt recovery from waste streams.

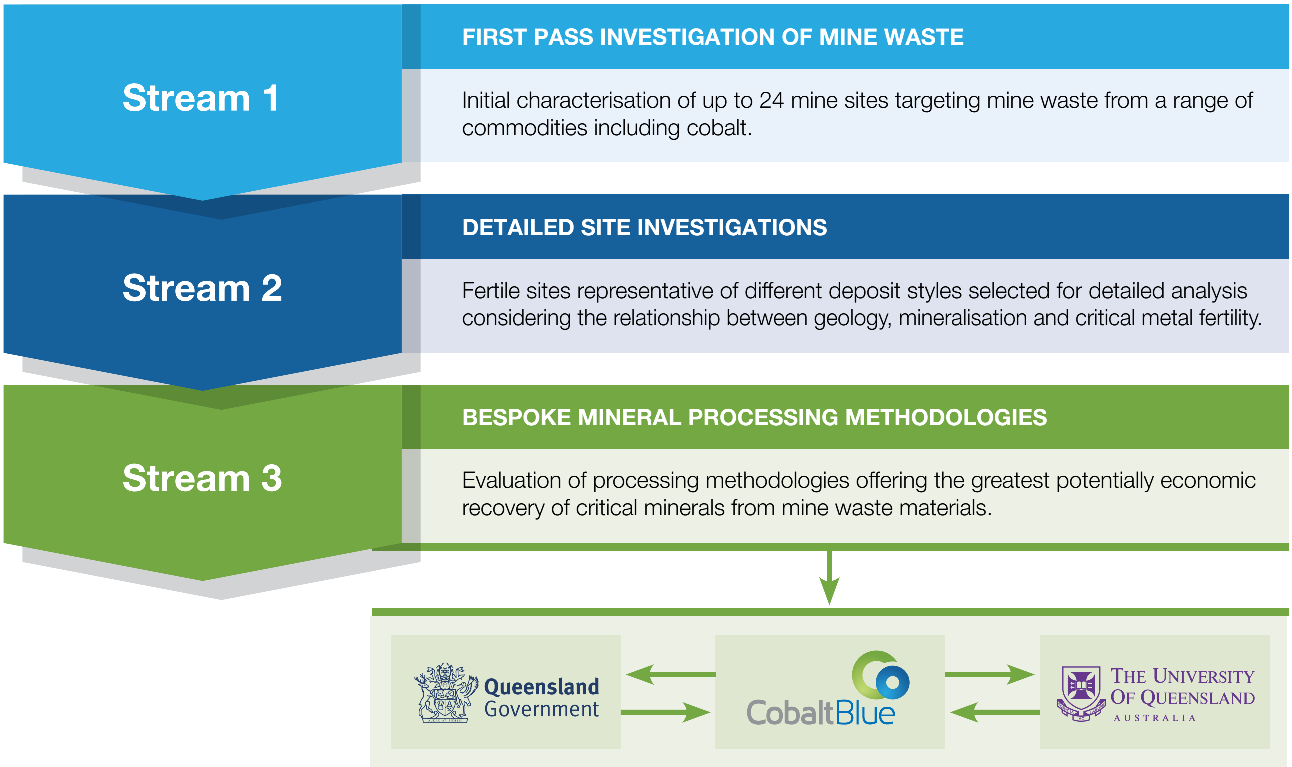
COB's research has identified substantial quantities of cobalt in sulphide mine tailings in Australia and is looking to apply its proprietary technology for recovery of cobalt from these waste streams. The existing Broken Hill based Demonstration Plant will likely provide the facilities for this project testwork.

During the year the Company executed a Memorandum of Understanding ('MOU') with the State of Queensland, acting through the Department of Resources ('Department'), to assess opportunities for the recovery of cobalt (and any coexisting base and precious metals) from mine waste.

In November 2019 the Queensland Government announced a $13m funding package to advance the discovery and development of 'new economy minerals' within Queensland. The 'New Economy Minerals Initiative' considers a number of targeted projects including a Secondary Prospectivity Project examining the potential of mine waste (tailings, stockpiles, waste dumps) for critical minerals, conducted in collaboration with researchers from the Sustainable Minerals Institute, The University of Queensland.

The Secondary Prospectivity Project comprises three primary work streams as illustrated below.

Figure 11– **Queensland Department of Resources Secondary Prospectivity Project**



The Project considers the evaluation of minerals processing options targeting the economic recovery of critical minerals from sources of mine waste (tailings, stockpiles, waste dumps). Under the MOU, COB will undertake metallurgical testwork for Stream 3. The MOU provides:

- COB will undertake testwork to evaluate minerals processing options, including though not limited to, the application of its proprietary minerals processing technology to recover target metals from feedstocks nominated and provided by the Department. There is no guarantee that feedstocks will be provided by the Department.
- On completion of any testwork, COB will provide the Department with a report detailing the testwork and results for each site.
- COB will retain sole ownership of any new intellectual property created during testwork subject to the MOU.

Testing of the first sample from the Queensland Department of Resources commenced in the June 2022 quarter.

Strategic Financial Advisor

Last year COB appointed Cutfield Freeman & Co Limited (Cutfield Freeman) to act as its Strategic Financial Advisor. The role of Strategic Financial Advisor includes:

- **Global Project Partner Search –** search for and engage with project partners
- **Financial Advisory –** identify potentially viable funding options and execution plans
- **Capital Raising –** identity and source providers of senior and junior debt, and alternative financial sources
- **Takeover Defence –** prepare and maintain a takeover defence strategy

During the year Cutfield Freeman assisted in the Global Project Partner Search process for the BHCP. This included developing and executing a process to identify and establish relationships with global partners, including project off-take partners and project equity investors. The program is now narrowing the search, with the off-take partner process expected to be completed within the next six months. Advisory services included detailed funding (equity/debt) advice to support BHCP development.

Cutfield Freeman brings global reach and solutions to COB's strategic financial needs.

Government Collaboration and Interaction

In 2020, COB was awarded $2.4 million of total Cooperative Research Centre (CRC) – Project Round 8 Funding from the Australian Government for applied research and development of the processing of cobalt-pyrite ore to generate battery ready cobalt sulphate. The grant is paid in stages over the life of the program, subject to satisfactory progress on the program. In partnership with the UNSW, ANSTO and furnace manufacturer Anergy Australia, COB will further develop and optimise at larger scale the processing of cobalt-pyrite ore at Broken Hill to produce battery grade cobalt sulphate and elemental sulphur products.

During April 2022 the Australian Government awarded COB a $15m grant through the "Critical Minerals Accelerator Initiative" (CMAI) for the BHCP. CMAI funding will enable COB to accelerate the development of the BHCP by expanding the scope of Feasibility Studies, bring forward infrastructure and services work packages, and decrease start-up commissioning risks.

The CMAI grant will deliver significant benefits and value:

- accelerate BHCP to "Execution Ready Status" for Project Finance. This is defined as having offtake agreements, approvals/permits, contracts, or deposits paid for long-lead items, and a defined schedule and contract for Engineering, Procurement, Construction & Management (EPCM).
- reduce BHCP implementation risks, by expanding the technical scope of DFS studies and commencing workforce planning and regulatory approvals earlier. In turn, this would improve investor or lending institution confidence to support the project.

COB plans to progress the BHCP through a DFS in 2023 for Project Financing. This will be based on Demonstration Plant outcomes.

The DFS will include bringing forward some work packages from an EPCM FEED Study as follows:

- power studies and connection application to NEM.
- expansion of Project Owner's team – with longer-term cross over into EPCM roles.
- progression of long-lead items to contract or deposit stage (e.g. autoclave, filters, mill, mine haul fleet, kiln).
- secondary project approvals and operating work plans.
- workforce planning, recruitment, and training.

The DFS will be expanded to include greater focus on:

- increasing drilling and field work for mine site design, waste management, geotechnical foundations, and groundwater studies.
- optionality to implement a fully electric mine haul fleet and reduce CO2 intensity by minimising diesel consumption.
- fast-tracking infrastructure and services connections for rail, road, water, and power, so that these are completed in parallel with the DFS, whereas these are typically done during the EPCM stage.
- strategic review and business case for expanding the cobalt sulphate refinery to include additional units of cobalt from sources outside of the BHCP open pit mine.
- additional metallurgical testwork beyond the initial Demonstration Plant program in 2022, to reduce scale-up and commissioning risks.

In order to access the grant monies, COB will need to enter into a grant agreement with the Commonwealth. The agreement will include standard industry conditions, including payment dates, reporting requirements and using monies only on eligible project expenditure. COB expects to receive the grant agreement by end October 2022.

During March 2022 the Australian Government granted Major Project Status to the BHCP. Major Project Status extends for a three-year period to support the project through its development phase.

The awarding of Major Project Status provides COB with extra support from the Major Project Facilitation Office Agency, including a single-entry point for Australian Government approvals, project support and coordination with State approvals.

The grant of Major Project Status by the Australian Government acknowledges the strategic significance of the BHCP as a key national project and is formal recognition of the national economic implications of the BHCP through its contribution to growth, productivity, government revenue, industry and regional development.

Participation in FBI- CRC cathode Precursor Pilot Plant

COB has been a member of the Australian Government Future Battery Industries – Cooperative Research Centre (FBI-CRC) since its inception in 2019. One key FBI-CRC project is the proposed Cathode Precursor Pilot Plant in Perth.

During December 2021, COB announced that the FBI-CRC had recently signed contracts totalling A$18m with 19 project participants for the design and commissioning of the Cathode Precursor Pilot Plant (https://fbicrc.com.au/fbicrc-signs-contract-for-18m-flagship-cathode-precursor-production-pilot-plant/).

COB will provide cobalt sulphate from the BHCP Demonstration Plant to the Cathode Precursor Pilot Plant.

The 19 participants in the FBI-CRC consortium include international organisations, smaller enterprises, research participants and the Minerals Research Institute of Western Australia on behalf of the WA Government.

Government meetings

During December 2021 COB's CEO Joe Kaderavek met with Korean President Moon Jae-in. COB participated in a critical minerals supply chain discussion with senior Korean government officials. The company was invited to attend the select meeting hosted by the Korean Embassy and Australia Korea Trade Commission in Sydney. During April 2022, COB Executives participated in an Australian/US critical minerals delegation to Washington DC and New York. These meetings included discussions with the Australian Trade Minister and the US Secretary of Commerce.

Figure 12 – **COB CEO with Korean President Moon Jae-in**

Key external and business risks

Availability of Finance – The Group has no material operating revenue and is unlikely to generate any material operating revenue unless and until the BHCP is successfully developed and production commences, or alternatively the Group acquires a revenue generating asset. The Group will therefore be required to raise additional capital or enter alternative development structures in order to meet its obligations and implement its strategy.

Commodity prices – The global cobalt market is subject to demand and supply fluctuations. These fluctuations, along with fluctuations in the A$:US$ exchange rate, will affect the project economics of the BHCP. Climate change risk may create additional demand for lithium-ion batteries as a means to store renewable energy as part of global 'decarbonisation' strategies. Such additional demand may create upside pressure to cobalt prices in the future.

Management retention – The Group is reliant on its team of employees and consultants. There is a risk that the Group may not be able to retain those key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel or any delay in their replacement, could have a negative impact on the Group's ability to achieve its strategy. To address this risk, the Group is developing a remuneration framework to provide competitive remuneration to retain key personnel.

Exploration risk – Whilst the Group has already established a global Mineral Resource estimate for the BHCP of 118 Mt at 859 ppm cobalt equivalent (CoEq) (687 ppm Co, 7.6% S and 133 ppm Ni at a 275 ppm CoEq cut-off) see Mineral Resource Summary for a complete breakdown of Mineral Resources by classification) there can be no guarantee that future exploration programs will lead to positive exploration results. Mineral exploration is a speculative endeavour and there can be no guarantee that the Group will achieve any of its mineral exploration objectives.

Metallurgical recoveries – The economic viability of cobalt recovery depends on a number of factors such as the development of an economic process for the treatment of the 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 is now completing commissioning of a Demonstration Plant to treat pyrite ore on a larger and continuous basis.

Government approvals/environmental standards – Advancing the BHCP is dependent on obtaining 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 levels of environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution, plant and wildlife protection, greenhouse gas emissions and the storage, treatment and disposal of wastes.

Water supply – The BHCP is located 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. In the event that this water is unable to be supplied or supplied at lower levels, whether due to climate change or not, the project would be significantly affected.

Power Supply – The project would also require significant power use. Increased pricing of electricity would increase project operating costs. In order to reduce this risk COB is working on power related studies, seeking to optimise waste heat capture and re-use, optimising the daily load profile and evaluating distributed energy generation and storage.

COVID-19 – COB has implemented a number of measures to ensure the safety of our people and continuity of our business operations during the COVID-19 pandemic. These measures include, on a case by case and business location basis, mandatory work from home policies. The Group has policies to control visitors to our Broken Hill operations. The Group actively monitors Government directives and recommendations in regard to COVID-19. COVID-19 has, at times, resulted in supply chains being slower than normal. A number of COB's staff and contractors have contracted COVID-19, which at times has disrupted operations. The Company's executives were also unable to travel internationally to meet potential partners for most of the financial year, however with the relaxation of international travel in February 2022, executives have been able to travel overseas. Overall, COVID-19 has had only modest impacts on the Company's operations to date.


IKA
848
IKA
821
E2
E3

Mineral Resources
and Ore Reserves

Mineral Resources Summary as at 30 June 2022

The Mineral Resource estimate for the BHCP at 30 June 2022 remains unchanged from last year. The estimate was 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') and comprises 118 Mt at 859 ppm cobalt-equivalent (CoEq) (687 ppm cobalt, 7.6% sulphur & 133 ppm nickel) for 81,100 t contained cobalt (at a 275ppm CoEq cut-off). The estimate is summarised below by classification.

The Mineral Resource is inclusive of the Ore Reserve estimate.

Classification	Mt	CoEq (ppm)	**Co** (ppm)	**S** (%)	**Ni** (ppm)	Contained **Co** (kt)	Contained **S** (kt)	Contained **Ni** (kt)
BHCP (inclusive of Pyrite Hill, Railway & Big Hill)								
Measured	18	1,276	1,030	10.9	191	18.3	1,935	3.4
Indicated	59	788	631	6.9	123	37.1	4,062	7.2
Inferred	41	781	619	7.2	123	25.6	2,979	5.1
Total	**118**	**859**	**687**	**7.6**	**133**	**81.1**	**8,968**	**15.7**

The Mineral Resource estimate for the BHCP (at a 275ppm CoEq cut-off) detailed by Mineral Resource classification (CoEq = Co + S % × 18.0078 + Ni ppm × 0.2639). Note minor rounding errors may have occurred in compilation of this table.

The Mineral Resource estimate has been reported at a cut-off of 275 ppm cobalt equivalent based on an assessment of material that has reasonable prospects of eventual economic extraction. In addition to cobalt, the cut-off grade incorporates revenue streams from elemental sulphur and nickel; economic by-products of the processing pathway defined in the 2018 PFS and subsequent 2020 Project Update. The cobalt equivalent grade has been derived from the following calculation: CoEq ppm = Co ppm + (S ppm × (S price / Co price) × (S recovery / Co recovery)) + (Ni ppm × (Ni price / Co price) × (Ni recovery / Co recovery)). This equates to CoEq = Co + S % × 18.0078 + Ni ppm × 0.2639. The parameters used for this calculation are listed below.

Assumption	Input
Cobalt Price	US$27.50/lb
Sulphur Price	US$145/t
Nickel Price	US$16,000/t
Cobalt Recovery	85%

Assumption	Input
Sulphur Recovery	64%
Nickel Recovery	85%
Exchange rate (A$ to US$)	0.70

The Company confirms all elements included in the metal equivalence calculation have reasonable potential to be recovered and sold.

Mineral Resources and Ore Reserves continued

2022 Ore Reserves

The Ore Reserve estimate for the BHCP at 30 June 2022 remains unchanged from last year. The estimate was reported in accordance with the guidelines of the 2012 JORC Code and comprises 71.8 Mt at 710 ppm cobalt for 51,000 t contained cobalt. The estimate is summarised below by classification.

Project	Classification	Tonnes Mt	Co ppm	S %
BHCP	Proved	–	–	–
(inclusive of Pyrite Hill, Railway & Big Hill)	Probable	71.8	710	7.6
Total		**71.8**	**710**	**7.6**

The Ore Reserve estimate is based on, and inclusive of the 2019 Mineral Resource initially released on 4 April 2019 and re-reported in 2020 (with an updated cut-off based on the results of the 2020 Project Update). No Inferred Mineral Resources have been used in the estimation of the Ore Reserve.

Annual Review of Mineral Resources and Ore Reserves

Mineral Resources

There were no changes to the Mineral Resource estimate from 2021 to 2022.

Ore Reserves

The BHCP Ore Reserve estimate, inclusive of Pyrite Hill, Railway and Big Hill was announced on 16 July 2020. The 30 June 2022 Annual Review indicates that the July 2020 reported reserves continue to be robust. The Company confirms that the material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

An update to the July 2020 Ore Reserve estimate is planned with completion of a Definitive Feasibility Study (DFS) including the assessment of applicable Modifying Factors.

Summary of governance arrangements and internal controls in place for the reporting of mineral resources and ore reserves

Ore Reserves and 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 Ore Reserves and 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 Ore Reserves and Mineral Resources prior to public release.

Competent Persons Statement

The information in this report that relates 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. Mr Porteous is employed by Xploremore Pty Ltd and engaged on a full-time basis by the Group as Exploration Manager. Mr Porteous has had sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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.

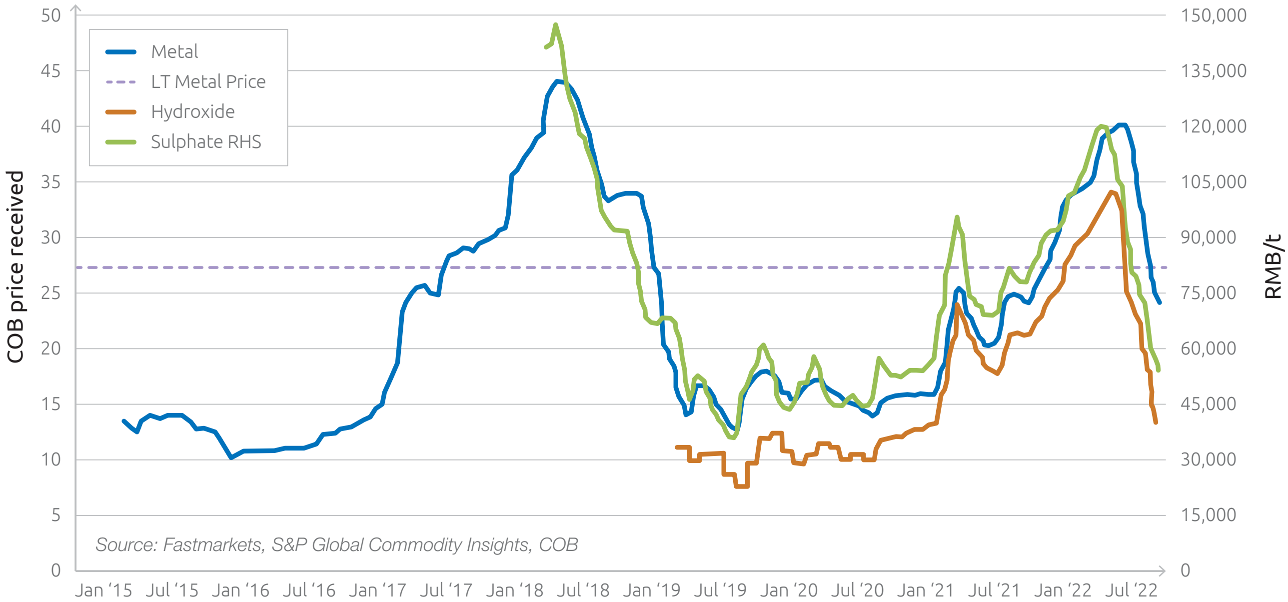
The Mineral Resources and Ore Reserves Statement (Statement) is based on and fairly represents information and supporting documentation prepared by Competent Persons. The Statement as a whole has been approved by Dr Andrew Tong, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgy (AusIMM). Dr Tong is an employee of Minerals and Residues Pty Ltd. Dr Tong has had sufficient experience that is relevant to the style of mineralisation and type of deposit and to 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 Ore Reserves and Mineral Resources have been estimated and reported in accordance with the guidelines of the 2012 JORC Code.

Cobalt Price Review

The cobalt metal price had a strong run from mid-2021, rising in a steady upward trajectory from just under $23/lb to just over $40/lb (+75%). However, prices were caught up in the broader market selloff that began in May 2022, weakening nearly all industrial commodities. Such volatility is common among metal prices given the relationship to the cyclical nature of global industrial production.

Figure 13 – **Cobalt metal, intermediate and sulphate prices**

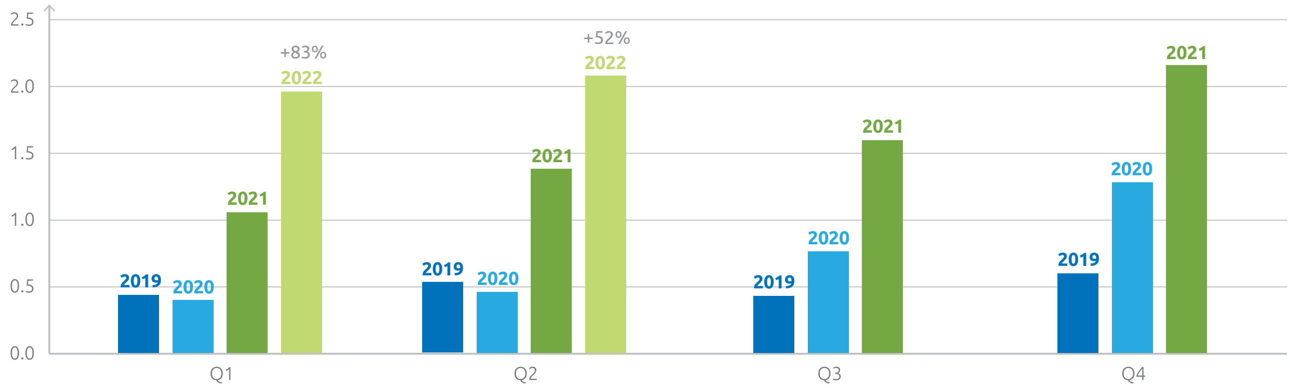


Source: Fastmarkets, S&P Global Commodity Insights, COB

The primary factor weighing on prices was diminished demand from China where extended Covid-19 lockdowns in Shanghai and other key industrial regions affected end use demand. Battery makers slowed raw material procurement and EV sales slowed while people remained at home. Although China's car industry began the March 2022 quarter much closer to full capacity, commentators are advising that China's low-tolerance Covid policy is likely to remain in place for quite some time – implying this may not have been the last major lockdown.

Nevertheless, even with China's June 2022 quarter soft patch, EV sales were up 6% quarter on quarter and 52% year on year (YoY). And that is following a strong March 2022 quarter in which sales in major markets were over 80% higher than the previous year. EV market expert, Rho Motion, forecast global full-year 2022 EV sales will rise 56% YoY to 10.3 million units.

Figure 14 – **Quarterly EV sales in China, Western Europe and North America (million units)**



The longer-term cobalt demand picture remains strong as the "Great Energy Transition" gains pace. According to the Cobalt Institute, demand will approach 320,000 t in the next 5 years vs 175,000 t in 2021 – and 70% of that growth will come from the EV sector. At the same time, supply is expected to keep pace with this demand this year and next, a consensus view that perhaps also contributed to the recent price declines. The price performance over the past 5 years suggests once a bottom is found, prices could move within a narrow range before starting another cyclical climb in order incentivise further investment. We remain comfortable with a US$27.50/lb (2022 real terms) long-term cobalt metal price assessment as used in our 2020 Market Update.

Robert
Biancardi

Hugh
Keller

Robert
McDonald

Joe
Kaderavek

Directors' **Report**

The Directors of Cobalt Blue Holdings Limited (COB or the Company) present their report together with the financial statements for the year ended 30 June 2022.

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, Independent
- **Hugh Keller,** Non-Executive Director, Independent
- **Robert McDonald,** Non-Executive Director, Independent
- **Joe Kaderavek,** Chief Executive Officer & Executive Director

Principal Activities

The Company's focus is upon the development and commercialisation of the Broken Hill Cobalt Project, Broken Hill, NSW.

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 19.

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 19.

Significant changes in the state of affairs

During the financial year issued capital increased by $15,531,000 net of capital raising costs, (2021: $16,157,000) due to share issues. Details of the changes in share capital are disclosed in Note 19 to the financial statements.

Dividends

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

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:	*B. Com (Management and Marketing) (Wollongong University)* *Diploma Corporate Management (AGSM – University of NSW)*
Experience and Expertise:	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. 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk and Remuneration and Nomination Committees
Interests in shares:	4,871,953
Interest in options:	333,333

Name:	**Mr Hugh Keller**
Title:	***Independent, Non-Executive Director***
Qualifications:	*LLB (University of Sydney)*
Experience and Expertise:	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. 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. 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.
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:	2,598,499
Interest in options:	333,333

Name:	**Mr Robert McDonald**
Title:	***Independent, Non-Executive Director***
Qualifications:	*B.Comm (University of Western Australia)* *MBA (Honours) (IMD)*
Experience and Expertise:	Mr McDonald is a seasoned mining industry executive who commenced his career with Rio Tinto before assuming senior roles in investment banking and private equity. He has a background in project development and optimisation, strategy and business development, transaction management and capital markets. He is an experienced board director, having held non-executive director roles with a number of listed mining companies at different stages of evolution.
Other current directorships:	New Century Resources Limited (Chairman)
Former directorships (last 3 years):	None
Special responsibilities:	Chair Remuneration and Nomination Committee and member, Audit and Risk Committee
Interests in shares:	1,527,555
Interest in options:	333,333

Name:	**Mr Joe Kaderavek**
Title:	***Executive Director & Chief Executive Officer***
Qualifications:	*B.Eng (Aeronautical Engineering) (University of Sydney)* *G.CertEng (Reliability Engineering) (Monash University)* *Master of Business Administration (MBA) (Deakin University).*
Experience and Expertise:	Mr Kaderavek commenced his career as a RAAF Engineering Officer before transitioning to Price-waterhouseCoopers, where he was responsible for preparing operational reviews and examining strategic options across 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:	6,779,837
Interest in options:	2,511,468

Company Secretaries

Danny Morgan *CA, GradDipAppFin, BCom, MAppFin*	Mr Morgan serves as the Company's Chief Financial Officer and a company secretary and has over 30 years' commercial experience, principally in the resources industry.
Grahame Clegg *ACG, CA, BCom*	Mr Clegg serves as a company secretary and has extensive experience in company secretary and corporate governance practices within Australia.

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 2022, and the number of meetings attended by each director were:

	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
DIRECTOR	Held	Attended	Held	Attended	Held	Attended
R Biancardi	8	8	4	4	6	6
H Keller	8	8	4	4	6	6
R McDonald	8	7	4	3	6	6
J Kaderavek	8	8	–	–	–	–

***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 remuneration report, which has been audited, outlines the Director and executive remuneration arrangements of the Company, in accordance with the requirements of the Corporations Act 2001 and Regulations. Remuneration is referred to as compensation throughout the Remuneration Report.

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

1. Remuneration Policy
2. Remuneration
3. Contractual Arrangements with executive KMPs
4. Share-based compensation
5. Additional information
6. Other transactions with key management personnel

1. Remuneration Policy

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

Robert McDonald Chairman, Independent, Non-Executive Director
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
Joe Kaderavek Executive Director & Chief Executive Officer
Danny Morgan Chief Financial Officer & Company Secretary
Andrew Tong Executive Manager

Remuneration Framework

Executive Remuneration

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

- **Fixed remuneration**

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

  Compensation levels are reviewed annually by the Board/Remuneration and Nominee Committee through a process that considers 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.

During the year the Company established a framework whereby senior executives were assigned a remuneration level which 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
STI – bonus	40%	25%	20%
LTI – performance rights	50%	35%	15%

The Board retains the right to apply higher incentive metrics.

During the year the Company issued two tranches of performance rights to senior executives. Two tranches were issued considering modest LTI awards over the past several years. The performance rights have a nil cost both at the time of grant and vesting. Tranche 1 has a vesting period expiring on 30 June 2023 and Tranche 2 has a vesting period expiring on 30 June 2024. 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%

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 relevant 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)	▪ Sheffield Resources Ltd (SFX) ▪ Sunrise Resources Ltd (SRL) ▪ Jervois Global Ltd (JRV) ▪ Australian Vanadium Ltd (AVL) ▪ Ardea Resources Ltd (ARL) ▪ American Pacific Borates Ltd (ABR) ▪ Aeon Metals Ltd (AML) ▪ Rex Minerals Ltd (RXM) ▪ Arafura Resources Ltd (ARU) ▪ Havilah Resources Ltd (HAV)	▪ 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) ▪ Venturex Resources Ltd (VXR)
2nd Comparator Group (50% weighting)	ASX listed mining companies making up the ASX 300 Mining and Metals index at 1 July 2020 (Tranche 1) and 1 July 2021 (Tranche 2). The Board has discretion to make changes to the Comparator group (for example if there is a corporate action at a comparator organisation).	

Non-executive Directors

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

Fees are reviewed annually by the board taking into account comparable roles and market data. The maximum aggregate directors' (cash) fee pool is $450,000 per annum and was approved by shareholders at the Company's 2020 AGM.

Non-executive director fees are tabled below:

	2022	2021
Base Director Fee	$70,000	$70,000
Board Chair	$25,000	$16,000
Audit & Risk Committee Chair	$10,000	$4,000
Nomination & Remuneration Committee Chair	$10,000	$4,000

In order to preserve the Company's cash reserves, Directors received part of their remuneration in the form of shares in the Company. On an annualised basis, non-executive cash director fees were as follows:

Non-executive director	Position	2022	2021
Robert Biancardi	Chairman	$75,000	$66,000
Hugh Keller	Chairman of Audit & Risk Committee	$60,000	$54,000
Robert McDonald	Chairman of Nomination & Remuneration Committee	$60,000	$54,000
Total		**$195,000**	**$174,000**

In addition to the 2022 cash remuneration noted above, at the Company's 2021 AGM, Shareholders approved the issue of 54,342 ordinary shares to each of the Non-Executive Directors as an additional payment of their Directors' Fees for the year ended June 2022.

All non-executive directors enter into 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 director. Non-executive directors are not entitled to receive retirement benefits.

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, which 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 interest of the shareholders.

At the Company's 2021 AGM, Shareholders approved the award of 1,000,000 performance rights to each of the non-executive directors. Each performance right had an expiry date of 28 November 2024 and a nil exercise price. The performance rights had the following milestones:

Tranche	Milestone Company share price performance during the Performance Period	Number of performance rights to vest upon achievement of milestone
1	10-day VWAP[2] – 50 cents	333,334
2	10-day VWAP – 75 cents	333,333
3	10-day VWAP – $1.00	333,333

2 VWAP: value weighted average price

Tranches 1 and 2 vested during the current financial year and a total of 666,667 new COB shares were issued to each of the Company's non-executive directors.

Voting and comments made at the Company's 26 November 2021 Annual General Meeting (AGM)

The Company received 97.27% of votes 'for' in relation to the remuneration report for the year ended 30 June 2021. 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 grant date and the fair value of shares issued.

Remuneration Changes for 2023

Executives

The Board continually reviews the Company's remuneration framework and is evaluating the appropriateness of remuneration and incentive plans for executives and KMPs for the forthcoming year.

Non-Executive Directors

The Board has decided to make no changes to Non-Executive Director remuneration for the 2023 financial year.

In-line with previous practice, the Non-Executive Directors also propose to take $20,000 of their annual remuneration in the form of Company ordinary shares, subject to shareholder approval, which will be sought at the Company's 2022 AGM, for the partial payment of Director fees in ordinary shares.

2. Remuneration

The following table outlines persons who are directors and other key management personnel ("KMP") of the Company at 30 June 2022 and the nature and amount of remuneration for those persons.

2022	Cash salary/ fees $	Cash bonus $	Accrued annual & long service leave $	Super-annuation $	Share based payments Shares $	Share based payments Options $	Share based payments Performance Rights $	Total $	Performance related
Directors									
R Biancardi	68,182	–	–	6,818	20,650^	–	203,714	299,364	68%
H Keller	54,545	–	–	5,455	20,650^	–	203,714	284,364	72%
R McDonald	60,000	–	–	–	20,650^	–	203,714	284,364	72%
Executive Director									
J Kaderavek	358,932	130,000	38,214	23,568	27,943	–	227,938	806,595	48%
Executive KMP									
D Morgan	271,432	–	(123)	23,568	77,900	6,239	119,514	498,530	41%
A Tong	260,000	–	11,631	–	77,900	9,856	112,209	471,596	42%
Total	**1,073,091**	**130,000**	**49,722**	**59,409**	**245,693**	**16,095**	**1,070,803**	**2,644,813**	

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

2021	Cash salary/ fees $	Cash bonus $	Accrued annual & long service leave $	Super-annuation $	Share based payments Shares $	Options $	Perfor-mance Rights $	Total $	Perfor-mance related
Directors									
R Biancardi	60,274	–	–	5,726	20,000^	–	–	86,000	–
H Keller	49,315	–	–	4,685	20,000^	–	–	74,000	–
R McDonald	54,000	–	–	–	20,000^	–	–	74,000	–
Executive Director									
J Kaderavek	338,582	100,000**	15,385	20,793	15,625	–	–	490,385	20%
Executive KMP									
D Morgan	251,789	–	12,460	21,398	50,813	8,236	–	344,696	15%
A Tong	215,625	–	22,369	–	54,375	23,144	–	315,513	22%
Total	**969,585**	**100,000**	**50,214**	**52,602**	**180,813**	**31,380**	**–**	**1,384,594**	

^ *Shares issued to Non-Executive Directors refers to value of shares issued, in lieu of cash, for base director's fee. Not performance related.*

** *Bonus was ultimately paid in equivalent value of shares and relates to services provided during the financial year.*

Performance based remuneration granted & forfeited during the year

2022	Total STI Total Opportunity $	Awarded %	Forfeited %
J Kaderavek	153,000	85	15
D Morgan	73,750	106*	–
A Tong	65,000	120*	–

* *In consideration of ongoing labour market risks for key personnel, the Board agreed that these executives would be eligible for an uplift in their overall STI outcome for 2022.*

3. Contractual Arrangements with executive KMPs

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, the agreement can be terminated summarily.	3 months
D Morgan	Chief Financial Officer	Ongoing	1 months' notice except in the case of serious misconduct. In the case of serious misconduct, the agreement can be terminated summarily.	1 month
A Tong	Executive Manager Dr Tong provides his services through Mineral and Residues Pty Ltd.	Ongoing	1 months' notice except in the case of serious misconduct. In the case of serious misconduct, the agreement can be terminated summarily.	1 month

4. Share-Based Compensation

The terms and conditions of each grant of options and performance shares over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grantee	Grant Date	Number of Options Granted	Vesting date	Exercisable date	Expiry Date	Exercise Price	Fair value per option at grant date
D Morgan	21/09/2020	300,000	24/08/2021	24/08/2021	24/08/2023	$0.14	$0.02
D Morgan	21/09/2020	300,000	24/08/2022[1]	24/08/2022	24/08/2023	$0.14	$0.02
A Tong	21/09/2020	650,000	16/7/2021[2]	On vesting	24/08/2023	$0.14	$0.02
A Tong	21/09/2020	1,000,000	24/06/2022[3]	On vesting	24/08/2023	$0.14	$0.02

1 *Subject to satisfactory performance as determined by the Board. On 31/08/2022 the directors determined that the vesting conditions had been met.*

2 *Vested subject to pilot trial processing agreed quantity of on-spec mixed hydroxide/cobalt sulphate by 30 June 2021 or alternative trials produce cobalt or sulphur for market assessment to levels satisfactory to the Board by 30 June 2021, or such later date as reasonably determined by the Board due to events outside of control of the option holder. Vesting also subject to continued employment. The Company's Board also reserved its right to waive the above conditions in its absolute discretion. On 16/7/2021, the directors determined that the vesting conditions had been met.*

3 *Vested subject to (i) the Company securing project equity co-investment from a third party by agreed date or (ii) the Company completes pilot/demonstration plant activities by 31 March 2022 or processing of ore not originating from the Broken Hill Cobalt Project through a pilot/demonstration plant by 31 March 2022, on a basis satisfactory to the Board. Vesting is also subject to continued employment. The Company reserves its rights to waive the above conditions in its absolute discretion. On 24/06/2022, the directors determined that the vesting conditions had been met.*

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	22/12/2021	333,334	17/1/2022	On vesting	28/11/2024	$nil	$0.320	1,4
R Biancardi	22/12/2021	333,333	1/04/2022	On vesting	28/11/2024	$nil	$0.252	2,4
R Biancardi	22/12/2021	333,333	Note 3	On vesting	28/11/2024	$nil	$0.201	3,4
H Keller	22/12/2021	333,334	17/1/2022	On vesting	28/11/2024	$nil	$0.320	1,4
H Keller	22/12/2021	333,333	1/04/2022	On vesting	28/11/2024	$nil	$0.252	2,4
H Keller	22/12/2021	333,333	Note 3	On vesting	28/11/2024	$nil	$0.201	3,4
R McDonald	22/12/2021	333,334	17/1/2022	On vesting	28/11/2024	$nil	$0.320	1,4
R McDonald	22/12/2021	333,333	1/04/2022	On vesting	28/11/2024	$nil	$0.252	2,4
R McDonald	22/12/2021	333,333	Note 3	On vesting	28/11/2024	$nil	$0.201	3,4
J Kaderavek	22/12/2021	1,867,529	30/06/2023	30/06/2023	30/06/2023	$nil	$0.290	5,6
J Kaderavek	22/12/2021	643,939	30/06/2024	30/06/2024	30/06/2024	$nil	$0.270	5,6
D Morgan	22/12/2021	972,610	30/06/2023	30/06/2023	30/06/2023	$nil	$0.290	5,6
D Morgan	22/12/2021	347,643	30/06/2024	30/06/2024	30/06/2024	$nil	$0.270	5,6
A Tong	22/12/2021	784,363	30/06/2023	30/06/2023	30/06/2023	$nil	$0.290	5,6
A Tong	22/12/2021	306,397	30/06/2024	30/06/2024	30/06/2024	$nil	$0.270	5,6

Notes

1. *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 50 cents or more.*
2. *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 75 cents or more.*
3. *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.*
4. *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.*
5. *The performance rights automatically vest according to the terms set out under the Performance Linked Remuneration section of the remuneration report on page 29.*
6. *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,*

The number of options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2022 is set out below:

Directors and Other KMP	Number of options granted during the year 2022	2021	Number of options vested during the year 2022	2021
R Biancardi	–	–	–	–
H Keller	–	–	–	–
R McDonald	–	–	–	–
J Kaderavek	–	–	–	
D Morgan	–	600,000	300,000	178,125
A Tong	–	1,650,000	1,650,000	–

The number of performance rights over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2022 is set out below:

Directors and Other KMP	Number of performance rights granted during the year 2022	2021	Number of performance rights vested during the year 2022	2021
R Biancardi	1,000,000	–	666,667	–
H Keller	1,000,000	–	666,667	–
R McDonald	1,000,000	–	666,667	–
J Kaderavek	2,511,468	–	–	–
D Morgan	1,320,253	–	–	–
A Tong	1,090,760	–	–	–

The number of shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2022 is set out below:

Directors and Other KMP	Number of shares granted during the year 2022	2021
R Biancardi	54,342[1]	208,333[1]
H Keller	54,342[1]	208,333[1]
R McDonald	54,342[1]	208,333[1]
J Kaderavek	336,692[5]	1,348,039[2]
D Morgan	205,000[6]	696 429[3]
A Tong	205,000[6]	841,837[4]

1 *These shares were issued to Directors as payment for $20,000 of their Directors' Fees.*

2 *These shares were issued to Mr Kaderavek as payment for $137,500 being the payment in shares of $62,500 owing to him to 'make up' for the reduction in salary in the period from 1 April to 31 July 2020 as agreed because of economic uncertainty during the COVID-19 pandemic and the payment in shares for the short-term incentive bonus of $75,000 relating to the 2020 financial year.*

3 *These shares were issued to Mr Morgan as payment for $68,250 being the payment in shares of $23,250 owing to him to 'make up' for the reduction in salary in the period from 1 April to 31 July 2020 as agreed because of economic uncertainty during the COVID-19 pandemic and the payment in shares for the short-term incentive bonus of $45,000 relating to the 2020/21 financial years.*

4 *These shares were issued to Mr Tong as payment for $82,500 being the payment in shares of $37,500 owing to him to 'make up' for the reduction in salary in the period from 1 April to 31 July 2020 as agreed because of economic uncertainty during the COVID-19 pandemic and the payment in shares for the short-term incentive bonus of $45,000 relating to the 2020/21 financial years.*

5 *These shares were issued in respect of Mr Kaderavek's 2021 short term incentive.*

6 *These shares were issued in respect of the recipient's short-term incentive relating to the 2021/22 financial years.*

Value of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Directors and Other KMP	Value of options granted during the year ($)	Value of options exercised during the year ($)	Value of options lapsed during the year ($)	Date of grant of lapsed options
J Kaderavek	–	–	–	27/11/2018
D Morgan	–	110,625	–	–
A Tong	–	–	–	–

Directors and Other KMP	Value of performance rights granted during the year ($)	Value of performance rights exercised during the year ($)	Value of performance rights lapsed during the year ($)	Date of grant of lapsed performance rights
R Biancardi	257,777	493,333	–	–
H Keller	257,777	493,333	–	–
R McDonald	257,777	493,333	–	–
J Kaderavek	690,975	–	–	–
D Morgan	363,421	–	–	–
A Tong	314,755	–	–	–

5. Additional Information

Movement in shares held

The number of shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties is set out below:

Ordinary Shares	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	Other changes during the year	Balance at the end of the year
R Biancardi	3,963,444	854,167	54,342	–	4,871,953
H Keller	1,689,990	854,167	54,342	–	2,598,499
R McDonald	525,296	947,917	54,342	–	1,527,555
J Kaderavek	6,085,547	–	336,692	357,598	6,779,837
D Morgan	746,429	389,062	205,000	–	1,340,491
A Tong	1,198,864	–	205,000	–	1,403,864

Movement in options and performance rights held

The number of options and rights in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties is set out below:

Options	Balance at the start of the year	Granted as part of remuneration	Exercised	Additions	Lapsed	Balance at the end of the year
R Biancardi	500,000	–	(500,000)	–	–	–
H Keller	500,000	–	(500,000)	–	–	–
R McDonald	750,000	–	(750,000)	–	–	–
J Kaderavek	750,000	–	–	–	(750,000)	–
D Morgan	956,250	–	(656,250)	–	–	300,000
A Tong	1,650,000	–	–	–	–	1,650,000

Performance Rights	Balance at the start of the year	Granted as part of remuneration	Exercised	Additions	Other changes during the year	Lapsed	Balance at the end of the year
R Biancardi	–	1,000,000	(666,667)	–	–	–	333,333
H Keller	–	1,000,000	(666,667)	–	–	–	333,333
R McDonald	–	1,000,000	(666,667)	–	–	–	333,333
J Kaderavek	–	2,511,468	–	–	–	–	2,511,468
D Morgan	–	1,320,253	–	–	–	–	1,320,253
A Tong	–	1,090,760	–	–	–	–	1,090,760

6. Other transactions with key management personnel

Details of other transactions with key management personnel are set out in Note 25.

END OF REMUNERATION REPORT

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, and corporate governance policies and charters can both be found at https://cobaltblueholdings.com/resources/corporate-governance/.

Shares under option

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

Grant Date	Expiry Date	Exercise Price	Number under option
28/09/2020	24/08/2023	$0.14	2,755,000

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 $114,000 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 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 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 39 and forms part of the Directors' Report for the year ended 30 June 2022.

Non-audit Services

No non-audit services were provided by the auditor during the financial year.

Matters subsequent to the end of the financial year

Subsequent to the end of the year the Company received $3,691,000 on the conversion of 8,201,169 placement options (45 cent exercise price), prior to the expiry of these options on 15 August 2022. The placement options converted into 8,201,169 ordinary shares (16,272,843 placement options were also exercised and converted into ordinary shares during the financial year).

Refer to the Review of Operations and Activities for a discussion of the ongoing impact of Covid-19.

No other matter or circumstance has arisen since 30 June 2022 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 19 September 2022

Auditor's
Independence Declaration

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To the Board of Directors of Cobalt Blue Holdings Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Cobalt Blue Holdings Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

Nexia Sydney Audit Pty Limited

Director

Date: 19 September 2022


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Financial
Statements

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
Revenues from ordinary activities			
Revenue	2	–	116
Expenses from ordinary activities			
ASX and registry fees		(262)	(162)
Administrative expenses		(363)	(241)
Corporate costs		(1,607)	(697)
Depreciation and amortisation expenses		(228)	(244)
Employee benefits expenses	3	(2,606)	(1,287)
Interest expense	4	(16)	(18)
Legal and professional costs		(151)	(147)
Loss before tax		**(5,233)**	**(2,680)**
Income tax expense	5	–	–
Loss from continuing operations		**(5,233)**	**(2,680)**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive loss for the year		**(5,233)**	**(2,680)**
		Cents	**Cents**
Basic and diluted earnings/(loss) per share	7	(1.7)	(1.1)

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

Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
Current Assets			
Cash and cash equivalents	8	10,530	9,439
Receivables	9	712	488
Other assets	10	184	118
Total Current Assets		**11,426**	**10,045**
Non-current Assets			
Property, plant and equipment	11	976	3,206
Intangibles	12	140	101
Security deposits		420	176
Exploration and evaluation assets	13	37,471	23,461
Total Non-current Assets		**39,007**	**26,944**
Total Assets		**50,433**	**36,989**
Current Liabilities			
Trade and other payables	14	2,749	1,451
Provisions	15	483	310
Lease liabilities	17	184	259
Total Current Liabilities		**3,416**	**2,020**
Non-current Liabilities			
Provisions	16	171	37
Lease liabilities	17	399	262
Borrowings	18	2,343	2,038
Total Non-current Liabilities		**2,913**	**2,337**
Total Liabilities		**6,329**	**4,357**
Net Assets		**44,104**	**32,632**
Equity			
Share capital	19	58,065	42,534
Reserves	20	2,107	933
Accumulated losses		(16,068)	(10,835)
Total Equity		**44,104**	**32,632**

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Ordinary Share Capital $'000	Other Equity $'000	Share-Based Payments Reserve $'000	Accumulated Losses $'000	Total $'000
Balance at 1 July 2020	26,377	205	889	(8,155)	19,316
Total loss for the year	–	–	–	(2,680)	(2,680)
Issue of ordinary shares	16,812	–	–	–	16,812
Issue of options	–	–	44	–	44
Value of conversion rights on convertible notes	–	(205)	–	–	(205)
Cost of issuing ordinary shares	(655)	–	–	–	(655)
Balance at 30 June 2021	**42,534**	**–**	**933**	**(10,835)**	**32,632**
Balance at 1 July 2021	42,534	–	933	(10,835)	32,632
Total loss for the year	–	–	–	(5,233)	(5,233)
Issue of ordinary shares	15,891	–	–	–	15,891
Issue of options/performance rights	–	–	1,174	–	1,174
Cost of issuing ordinary shares	(360)	–	–	–	(360)
Balance at 30 June 2022	**58,065**	**–**	**2,107**	**(16,068)**	**44,104**

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Payments to suppliers and employees		(3,495)	(2,224)
Interest received		–	5
Interest paid on leased assets		(16)	(18)
Other		39	127
Net cash flows (used in) / provided by operating activities		**(3,472)**	**(2,110)**
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(9,330)	(3,877)
Research and development tax incentive refunds		339	–
Industry Grants		325	1,097
Payments for plant and equipment		(307)	(2,485)
Cash used as security deposit		(244)	(20)
Other non-current assets		(45)	(25)
Net cash flows (used in) / provided by investing activities		**(9,262)**	**(5,310)**
Cash flows from financing activities			
Gross proceeds from issue of shares		14,550	15,099
Costs related to issue of shares		(360)	(580)
Share issue monies received in advance		–	704
Payment of convertible note interest		–	(60)
Payment of lease liabilities		(365)	(361)
Net cash flows provided by / (used in) financing activities		**13,825**	**14,802**
Net increase/ (decrease) in cash held		1,091	7,382
Cash at beginning of financial period		9,439	2,057
Cash at end of financial period	8	**10,530**	**9,439**

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

Notes to the Financial Statements

1 Statement of Significant 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 Consolidated Entity's functional and presentation currency.

The financial statements were authorised for issue on 19 September 2022 by the Board of Directors.

Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which Consolidated Entity has control. The consolidated entity controls an entity where the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that the control ceases. The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(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 2021 had a material financial impact.

(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 2022 the Consolidated Entity reported a loss of $5,233,000 (30 June 2021: loss of $2,680,000); net cash outflow from operating activities of $3,472,000 (30 June 2021: outflow $2,110,000) and net cash outflow from investing activities of $9,262,000 (30 June 2021: outflow $5,310,000). As at 30 June 2022, the Consolidated Entity had a working capital surplus of $8,010,000 (30 June 2021: surplus $8,025,000).

Subsequent to 30 June 2022, the Company received $3,691,000 following the exercise of 8,201,169 placement options (Exercise Price: $0.45 per option, Expiry Date 15 August 2022).

On the basis of the above, the directors consider that the Consolidated Entity remains a going concern and these financial statements have been prepared on this basis.

(c) Revenue recognition

Revenue is recognised when the consolidated entity fulfils its performance obligations to its customers and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable.

Interest Income

Interest income is recognised as it accrues, taking into account the effective yield on the financial assets.

Government Grants

Government Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they intend to compensate. Grants that compensate the Consolidated Entity for expenditure capitalised are recognised as a reduction in the carrying value of the asset and grants that compensate the Consolidated Entity for expenditure recognised in profit or loss are recognised as government grant income.

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST. The amounts of GST recoverable from, or payable to, the ATO are included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cashflows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax expense or benefit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the Consolidated Entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to members of the Consolidated Entity by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(g) 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 principle 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.

(h) 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 and equipment	3–10 years
Leasehold improvements	4 years
Leased 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.

(i) Interest in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Consolidated Entity's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the Consolidated Entity's financial statements. Where the Consolidated Entity participates in, but does not have joint control of, a joint operation, the Consolidated Entity recognises its beneficial interest in each of the assets, liabilities, revenues and expenses of that operation.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Consolidated Entity makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(j) 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.

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 production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(k) Leases

The Consolidated Entity leases properties and office equipment. Rental contracts are typically made for fixed periods of 3 to 4 years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Consolidated Entity. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss, (unless the costs are included in the carrying amount of another asset applying other applicable Accounting Standards) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amounts reflecting the consumption of assets used in exploration and evaluation activities are recognised in the exploration and evaluation asset.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The 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.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and restoration or make good requirements.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) 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 generates 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.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the equity proceeds.

(o) Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are stated at cost less expected credit losses. Refer to Note 1(y).

(p) Trade and other payables

These amounts represent liabilities for goods and services received by the Consolidated Entity that remain unpaid at the end of the financial year. Trade and other payables are measured at amortised cost and not discounted. Trade payables are non-interest bearing and are normally paid within 30 days of recognition.

(q) Provisions

Provision for legal claims, make good obligations and other claims are recognised when a legal or constructive obligation exists as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expected future payments are discounted using market yields at the reporting date on Australian Corporate bonds with terms to maturity and currency that match, as closely as possible, the estimate future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(s) 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.

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.

(t) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(u) Intangibles

The cost of purchased software is capitalised as an intangible asset and amortised over its effective life, usually between 3-5 years. Costs associated with maintaining software programmes are recognised as an expense as incurred.

The cost of separately acquired trademarks and licences are shown at historical cost. Costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefits, being 20 years.

(v) 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.

(w) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(x) 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.

(y) 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 assumptions.

Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences and tax losses only when management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised. Based on the uncertainty of the timing of future profits management have not recognised any deferred tax assets.

Exploration and evaluation asset

As set out in Note 1(j) 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 future exploitation or sale. The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available.

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 Convertible Notes and 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 21. 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the Consolidated Entity's business operations, supply chain and staffing. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

2 Revenue from operating activities

	2022 $'000	2021 $'000
Interest received	–	5
Operating Revenue	–	50
Other Revenue	–	61
Total Revenue	**–**	**116**

3 Employee benefits expenses

	2022 $'000	2021 $'000
Remuneration expenses	1,286	1,148
Post-employment benefits:		
Accumulated benefit superannuation plans	82	70
Share-based payments		
Equity settled payments	1,238	69
Total employee benefits expenses	**2,606**	**1,287**

4 Interest expense

	2022 $'000	2021 $'000
Lease liabilities interest	56	18
Convertible note – interest	–	65
Promissory note – interest	306	265
Sub-total	**362**	**348**
Less amounts capitalised as part of exploration and evaluation[1]	(346)	(330)
Total Interest expense	**16**	**18**

1 *The convertible note and promissory note are specific borrowings in respect of the acquisition of the exploration and evaluation asset and accordingly all of the interest is eligible to be capitalised.*

5 Income tax benefit

	2022 $'000	2021 $'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	**(5,233)**	**(2,680)**
Tax at the statutory rate of 25% (2021: 26%)	(1,308)	(697)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-allowable items	568	18
Tax losses not brought to account	3,111	1,606
Exploration expenditure deductible	(2,124)	(762)
Other allowable items	(247)	(165)
Income tax expense	**–**	**–**
Unused tax losses for which no deferred tax loss has been recognised	40,373	27,034
Potential tax benefit at 25% (2021: 26%)	10,093	7,029

Deferred tax assets (liability) not recognised on temporary differences are attributable to:		
Exploration and evaluation expenditure	(7,211)	(4,603)
Prepayments	–	(31)
Employee entitlements	68	63
Accrued expenses	101	20

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.

6 Auditor's remuneration

	2022 $	2021 $
Audit or review of the financial statements	78,000	45,750
Non-audit services by associated entities of the auditor:		
– other advisory services	–	–
	78,000	**45,750**

7 Earnings per share

	2022	2021
Earnings/(Loss) for the year used to calculate basic and diluted earnings per share ($'000)	(5,233)	(2,680)
Weighted average number of shares outstanding during the year used for the calculation of basic and diluted earnings per share	299,667,121	233,450,310
Basic and diluted earnings/(loss) per share	(1.7c)	(1.1c)

8 Cash and cash equivalents

	2022 $'000	2021 $'000
Short term deposits	1,833	1,765
Cash at bank and on hand	8,697	7,674
	10,530	**9,439**

9 Trade and other receivables – current

	2022 $'000	2021 $'000
Other receivables	205	110
Research and development tax incentive receivable	507	378
	712	488

10 Other assets – current

	2022 $'000	2021 $'000
Prepayments	184	118

11 Property, plant and equipment

	Right of use assets $'000	Leasehold Improvements $'000	Furniture and Office Equipment $'000	Plant $'000	Total $'000
Year ended 30 June 2021					
Opening Balance	710	37	23	271	1,041
Additions	29	–	43	2,527	2,599
Disposals & Terminations	(7)	–	(10)	–	(17)
Depreciation expense	(170)	(20)	(8)	–	(198)
Depreciation capitalised[1]	(107)	–	–	(112)	(219)
Closing Balance	**455**	**17**	**48**	**2,686**	**3,206**
At cost	1,099	80	89	2,798	4,066
Accumulated Depreciation	(644)	(63)	(41)	(112)	(860)
At 30 June 2021	**455**	**17**	**48**	**2,686**	**3,206**
Year ended 30 June 2022					
Opening Balance	455	17	48	2,686	3,206
Additions	371	149	41	239	800
Transfer to Exploration & Evaluation assets	–	–	–	(2,686)	(2,686)
Depreciation expense	(171)	(17)	(31)	–	(219)
Depreciation capitalised[1]	(107)	(2)	–	(16)	(125)
Closing Balance	**548**	**147**	**58**	**223**	**976**
At cost	897	229	130	239	1,495
Accumulated Depreciation	(349)	(82)	(72)	(16)	(519)
At 30 June 2022	**548**	**147**	**58**	**223**	**976**

1 *Depreciation capitalised as part of exploration and evaluation expenditure*

12 Intangibles

	Software $'000	Patents $'000	Total $'000
Year ended 30 June 2021			
Opening Balance	28	77	105
Additions	–	25	25
Disposals of assets	(23)	–	(23)
Amortisation expense	(1)	(5)	(6)
Closing Balance	**4**	**97**	**101**
At cost	53	104	157
Accumulated Amortisation	(49)	(7)	(56)
At 30 June 2021	**4**	**97**	**101**
Year ended 30 June 2022			
Opening Balance	4	97	101
Additions	–	49	49
Amortisation expense	(4)	(6)	(10)
Closing Balance	**–**	**140**	**140**
At cost	53	153	206
Accumulated Amortisation	(53)	(13)	(66)
At 30 June 2022	**–**	**140**	**140**

13 Exploration and evaluation expenditure

	2022 $'000	2021 $'000
Balance at beginning of the financial year	23,461	20,172
Transfer from plant	2,686	–
Additions	12,156	4,325
R&D tax incentive on exploration asset off-set	(507)	(339)
Government Grant off-set	(325)	(697)
Balance at end of the financial year	**37,471**	**23,461**
Comprising:		
Tangible exploration and evaluation expenditure	3,425	–
Intangible exploration and evaluation expenditure	34,046	23,461
Total	**37,471**	**23,461**

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation of the Broken Hill Cobalt Project (BHCP). The Consolidated Entity operates the BHCP as a wholly owned operation.

14 Trade and other payables – current

	2022 $'000	2021 $'000
Trade payables	1,485	432
Other creditors and accruals	1,264	315
Shares subscription monies in advance	–	704
	2,749	**1,451**

15 Provisions – current

	2022 $'000	2021 $'000
Employee benefits	483	310
	483	**310**

16 Provisions – non-current

	2022 $'000	2021 $'000
Provision for rehabilitation	103	13
Employee benefits	44	–
Make good provision	24	24
	171	**37**

17 Leases

	2022 $'000	2021 $'000
(i) Amounts recognised in the statement of financial position		
Right of use assets		
Office and Factory Properties	418	413
Residential Properties	10	39
Office equipment	2	3
	430	**455**

2022 additions to leased assets: $370,000 (2021: $29,000).

	2022 $'000	2021 $'000
Lease Liabilities		
Current	184	259
Non-current	399	262
	583	**521**

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

	2022 $'000	2021 $'000
Depreciation charge of leased office and factory properties	140	250
Depreciation charge of leased residential properties	30	31
Depreciation of leased office equipment	1	2
	171	**283**
Interest expense	**16**	**18**

The lease terms are industry standard for the assets involved.

18 Borrowings – non-current

	2022 $'000	2021 $'000
Non-current		
Fair value of promissory note issued	1,685	1,685
Accrued interest	658	353
Non-current liability	**2,343**	**2,038**

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.

19 Share Capital

	2022		2021	
Fully paid ordinary shares	**Number**	**$'000**	**Number**	**$'000**
Balance at beginning of the financial year	274,396,847	42,534	159,941,100	26,377
Share placement at $0.30 per share	24,100,000	7,230	25,900,000	7,770
Share placement at $0.095 per share			39,840,538	3,785
Shares issued on exercise of staff and contractor options	787,187	102		
Shares issued on exercise of non-executive Director options	656,250	–		
Shares issued to CEO and executive Director as short-term incentive	336,692	128		
Shares issued to staff and contractors as short-term incentive	1,047,737	396		
Shares issued on exercise of non-executive Director performance rights	2,000,001	–		
Shares issued on exercise of consultant options	2,000,000	600		
Shares issued on exercise of placement options	16,272,843	7,323		
Shares issued to services consultant	100,000	50		
Shares purchase plan issue at $0.095 per share			37,658,772	3,577
Shares issued to Non-Executive Directors in lieu of Directors' fees at $0.38 per share (2021:$0.096 per share). See Note 25.	163,026	62	624,999	60
Shares issued to CEO and Executive Director at $0.102 per share (see Note 25)			1,348,039	138
Shares issued to staff and contractors at $0.098 per share			3,808,399	373
Share issued to ARR on conversion of convertible note	–	–	5,000,000	1,059
Shares issued to services consultant at deemed price of $0.18 per share			275,000	50
Capital raising costs	–	(360)	–	(655)
Balance at end of the financial year	**321,860,583**	**58,065**	**274,396,847**	**42,534**
Unescrowed, listed on ASX	321,860,583		274,396,847	

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.

Options and rights	Weighted average exercise price $	2022 Number	2022 $'000	2021 Number	2021 $'000
Balance at beginning of the financial year	$0.36	21,722,500	933	5,592,500	889
Options issued attaching to Tranche two share placement	$0.45	12,050,000			
Amortisation of share-based payments			1,174		
Exercise of options by directors, staff and contractors	$0.25	(3,196,250)			
Issue of non-executive director performance rights	–	3,000,000			
Issue of CEO & executive director performance rights	–	2,511,468		–	–
Issue of performance rights to executive managers	–	3,280,716			
Exercise of non-executive director performance rights	–	(2,000,001)			
Exercise of consultant options	$0.30	(2,000,000)			
Exercise of placement options	$0.45	(16,272,843)			
Options issued to employees under Employee Share Option Plan				–	4
Options issued to contractors under Employee Share Option Plan				–	3
Expired lapsed	$0.30	(821,250)		–	–
Options issued to employees/ contractors under Employee Share Option Plan	$0.14			3,030,000	34
Options issued to contractors	$0.14			150,000	3
Options issued attaching to Tranche one ordinary shares issued	$0.45			12,950,000	–
Balance at the end of the financial year	**$0.24**	**18,274,340**	**2,107**	**21,722,500**	**933**
Options and rights not quoted on ASX		18,274,340		21,722,500	

Terms and Conditions of Options

Options have the terms set out in Note 21.

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.

20 Share Based Payments Reserve

	2022 $'000	2021 $'000
Share based payments reserve	2,107	933
Movement in reserve		
Balance at beginning of the financial year	933	889
Share based payments	1,174	44
Balance at end of the financial year	**2,107**	**933**

21 Share-based payments

The Company has issued options and performance rights to Directors, employees, consultants and third parties of the Consolidated Entity. Set out below is a summary of outstanding options:

	2022	2021
Options outstanding at the beginning of the financial year	8,772,500	5,592,500
Options granted	–	3,180,000^
Options exercised	(5,196,250)	–
Options lapsed during period	(821,250)	–
Options outstanding at the end of the financial year	**2,755,000**	**8,772,500**
Total expense or asset recognised from share-based payments*	$24,207	$ 43,680

* *$17,863 of this amount was capitalised to Exploration and Evaluation Assets (2021: $31,998).*

^ *12,950,000 options granted in June 2021 have been excluded from the 2021 comparative for the purpose of disclosure of share-based payments. These options were issued to shareholders as part of a capital raising, rather than being a share-based payment for goods and services.*

Set out below is a summary of outstanding performance rights:

	2022	2021
Rights outstanding at the beginning of the financial year	–	–
Rights granted	8,792,184	–
Rights exercised	(2,000,001)	–
Rights lapsed during period	–	–
Rights outstanding at the end of the financial year	**6,792,183**	**–**
Total expense or asset recognised from share-based payments**	$1,149,597	–

** *$190,997 of this amount was capitalised to Exploration and Evaluation Assets (2021: Nil).*

Set out below are summaries of options granted during the current or prior financial years.

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
27/11/2018	10/07/2021	$0.30	A	750,000	–	–	(750,000)	–
21/12/2018	21/12/2021	$0.30*	B	394,250	–	(394,250)	–	–
5/03/2019	21/12/2021	$0.25*	C	1,750,000	–	(1,750,000)	–	–
14/06/2019	26/06/2022	$0.30	A	2,000,000	–	(2,000,000)	–	–
14/06/2019	21/12/2021	$0.30*	B	698,250	–	(627,000)	(71,250)	–
28/09/2020	24/08/2023	$0.14*	D	1,380,000	–	(425,000)	–	955,000
28/09/2020	24/08/2023	$0.14*	E	1,650,000	–	–	–	1,650,000
28/09/2020	24/08/2023	$0.14*	A	150,000	–	–	–	150,000
				8,772,500^				2,755,000

^ *12,950,000 options granted in June 2021 have been excluded from the balance at the start of the year for the purpose of disclosure of share-based payments. These options were issued to shareholders as part of a capital raising, rather than being a share-based payment for goods and services.*

Vesting conditions are summarised below:

A. Vest immediately

B. Subject to continuous service and satisfactory performance, 50% vested on 21/12/2019, with the remainder vesting on 21/12/2020.

C. 50% vested on 1/04/2019, with the remainder vesting on 21/12/2019.

D. Subject to satisfactory performance, 50% vest on 24/08/2021; with the remainder vesting on 24/08/2022.

E. 650,000 options vest subject to (i) the achievement of milestones related to the production of agreed on-spec mixed hydroxide/ cobalt sulphate quantity by 30 June 2021, or such later date as reasonably determined by the Board due to events outside of control of the option holder and (ii) 1,000,000 options vest subject to the Company securing project equity co-investment from a third party by 30 December 2021 or (ii) the Company completes Pilot Plant/ Demonstration Plant activities by 31 March 2022 or processing of ore not originating from the BHCP through a Pilot Plant/Demonstration Plant) by 31 March 2022, on a basis satisfactory to the Board. Vesting is also subject to continued employment. The Company reserves its rights to waive the above conditions in its absolute discretion.

* *Cashless Option Exercise*

On 2 August 2021, Shareholders approved at a general meeting of shareholders, an amendment to the option terms to provide that an option holder may elect (with 2 business days' notice prior to the option expiry date) to pay the exercise price by 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 as are 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 5 business days prior to the option expiry date.

For options granted during 2021 and prior financial years a Black-Scholes pricing model was used to value options granted to employees, directors and consultants. 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
27/11/2018	10/07/2021	$0.22	$0.30	70%	–%	2.13%	$0.08
21/12/2018	21/12/2021	$0.20	$0.30	70%	–%	2.13%	$0.08
5/03/2019	21/12/2021	$0.15	$0.25	70%	–%	1.53%	$0.04
14/06/2019	26/06/2022	$0.15	$0.30	70%	–%	1.00%	$0.04
14/06/2019	21/12/2021	$0.15	$0.30	70%	–%	1.00%	$0.04
28/09/2020	24/08/2023	$0.095	$0.14	49%	–%	0.23%	$0.02

The Company's historical volatility was used to estimate expected volatility for options granted during the 2021 financial year. For options granted during the 2019 financial year the historical volatility of a basket of similar entities was used to estimate expected volatility.

Non-Executive Director performance rights – these securities were valued using a barrier option pricing model. Key valuation inputs: Dividend yield – Nil, Risk–free Interest rate – 0.9%, Expected volatility – 66%, Share price at grant date – $0.38. The Executive performance rights utilised the preceding key valuation inputs, in addition to historical volatility of the comparator group companies, in a combined Monte Carlo simulation and a trinomial lattice option model.

22 Capital and other Expenditure Commitments

	2022 $'000	2021 $'000
Not longer than 1 year	684	638
Longer than 1 year and not longer than 5 years	726	1,255
	1,410	**1,893**

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

23 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.

		Contractual cash flows			
	Carrying amount $'000	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total $'000
30 June 2022					
Non-derivatives					
Trade payables	1,485	1,485			1,485
Other creditors and accruals	1,264	1,264			1,264
Lease liabilities	583	305	257	133	695
Borrowings	2,343	–	180	3180	3,360
Total	**5,675**	**3,054**	**437**	**3,313**	**6,804**
30 June 2021					
Non-derivatives					
Trade payables	432	432	–	–	432
Other creditors and accruals	1,019	1,019	–	–	1,019
Lease liabilities	521	305	131	104	540
Borrowings	2,038	–	–	2,038	2,038
Total	**4,010**	**1,756**	**131**	**2,142**	**4,029**

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.

Credit risk

Exposure to credit risk relating to financial assets arises from the 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	Fixed interest maturing		Non-interest bearing	Total
				1 year or less	1 year to 5 years		
			$'000	$'000	$'000	$'000	$'000
30 June 2022							
Financial Assets							
Cash & cash equivalents	8	0.04%	1,833	–	–	8,697	10,530
Receivables	9	–	–	–	–	712	712
Security Deposits		0.07%	–			420	420
Total financial assets			**1,833**	**–**	**–**	**9,829**	**11,662**
Financial Liabilities							
Trade and other payables	14	n/a	–	–	–	2,749	2,749
Lease Liabilities	17	15%	–	23	560	–	583
Borrowings	18	6%	–	–	2,343	–	2,343
Total financial liabilities			**–**	**23**	**2,903**	**2,749**	**5,675**
Net Financial Assets							**5,987**
30 June 2021							
Financial Assets							
Cash & cash equivalents	8	0.07%	1,765	–	–	7,674	9,439
Receivables	9	n/a	–	–	–	488	488
Security Deposits		0.07%	98	–	–	78	176
Total financial assets			**1,863**	**–**	**–**	**8,240**	**10,103**
Financial Liabilities							
Trade and other payables	14	n/a	–	–	–	1,451	1,451
Lease liabilities	17	12%	–	305	235	–	540
Borrowings	18	6%	–	–	2,038	–	2,038
Total financial liabilities			**–**	**305**	**2,273**	**1,451**	**4,029**
Net Financial Assets							**6,074**

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:

	2022 $	2021 $
Increase in interest rate by 2%	–	141
Decrease interest rate by 2%	–	(141)

24 Cash Flow Information

	2022 $'000	2021 $'000
(a) Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities		
Loss after income tax	(5,233)	(2,680)
Adjustments for:		
Depreciation/amortisation	228	244
Share based payments	1,323	267
Issue of shares		
Change in assets and liabilities:		
Increase/ (Decrease) in employee entitlements		114
(Increase)/ Decrease in other receivables	(56)	146
(Increase)/ Decrease in other assets	(66)	(15)
Increase/ (Decrease) in payables/provisions – operating	332	(186)
Net cashflows used in operating activities	**(3,472)**	**(2,110)**

(b) Non-Cash financing and investing activities

	2022 $'000	2021 $'000
Acquisition of right of use assets by means of leases (note 17)	370	29
Conversion of Convertible Notes to Share Capital (note 19)	–	1,000
Share based payments in exploration and evaluation assets	489	32
	859	**1,061**

25 Related Party Transactions

Key Management Personnel compensation

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

	2022 $	2021 $
Short Term Benefits (Salaries, fees and bonuses)	1,252,813	1,119,799
Post-Employment Benefits (Superannuation)	59,409	52,602
Equity Settled Share Based Payments	1,332,591	212,193
	2,644,813	**1,384,594**

26 Operating Segments

Business segment

The Consolidated Entity is organised into one operating segment being the exploration and evaluation of early-stage Cobalt resources. Therefore, the segment details are fully reflected in the results and balances reported in the Statement of Profit or Loss and Statement of Financial Position. This is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

Segment accounting policies

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

27 Parent Entity Information

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

	Parent	
	2022	2021
	$'000	$'000
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(5,036)	(2,658)
Total comprehensive loss	**(5,036)**	**(2,658)**
Statement of Financial Position		
Total current assets	10,530	10,021
Total assets	47,125	34,444
Total current liabilities	2,298	1,568
Total liabilities	2,635	1,624
Equity		
Share capital	58,065	42,533
Share-based payments reserve	2,107	933
Accumulated losses	(15,682)	(10,646)
Total Equity	**44,490**	**32,820**

28 Interest in Subsidiary

		Ownership interest	
		2022	2021
Name	**Principal place of business/ Country of incorporation**	%	%
Broken Hill Cobalt Project Pty Ltd	Australia	100%	100%

29 Subsequent Events

Refer to Note 1(y) for a discussion of the ongoing impact of COVID-19.

Subsequent to the end of the year the Company received $3,691,000 on the conversion of 8,201,169 placement options (45 cent exercise price), prior to the expiry of these options on 15 August 2022. The placement options were converted into 8,201,169 ordinary shares (16,272,843 placement options were also exercised and converted into ordinary shares during the financial year).

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Directors' **Declaration**

In the directors' opinion:

(a) the financial statements and notes set out on pages 41 to 64 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 2022 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.

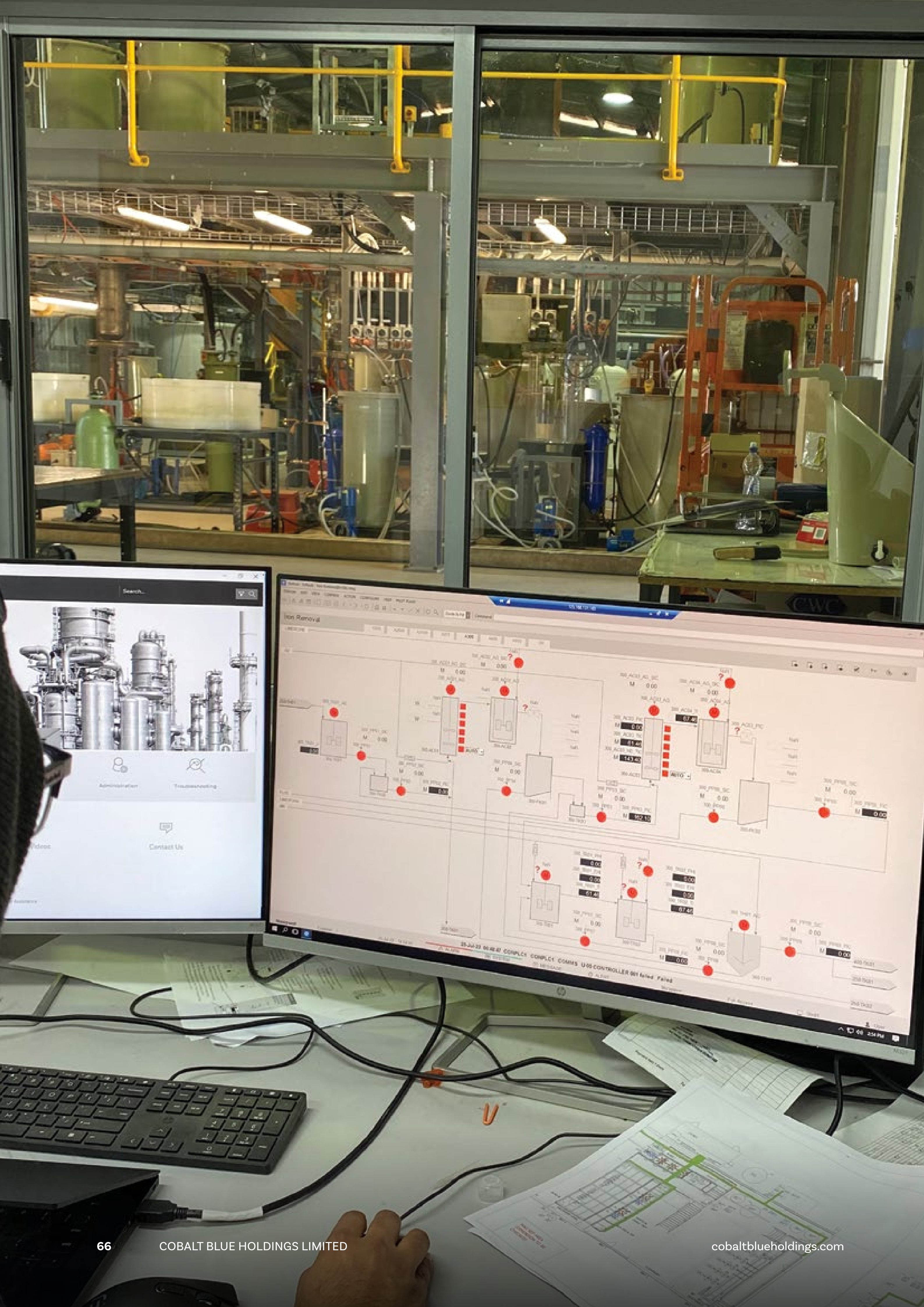
Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Robert Biancardi
Chairman

Dated 19 September 2022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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 GroupGroup)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2022 and of its financial performance for the year then ended; 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 & 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.

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

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.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation expenditure *Refer to note 13 (Exploration and Evaluation Expenditure), and Note 4 (Interest Expense)* At 30 June 2022, the Group has capitalised exploration assets of $37.471m, which include tangible assets of $3.425 million and intangible assets of $34.046 million. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1(j), in respect of borrowing costs at note 1(v). This is a key audit matter because the carrying value of the above assets are highly material to the financial statements. In addition, the significant development milestones with pilot & demo plants heightened the risk of misclassification between tangible and intangible components of the balance. Judgement has also been applied in determining whether an indicator of impairment exists in relation to capitalised expenditure assets in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources.	Our procedures included, amongst others: ▪ We confirmed the existence and tenure of the exploration and evaluation assets in the Broken Hill Cobalt Project area in which the Group has a sole ownership interest by obtaining confirmation of title. ▪ We performed substantive procedures including: i) testing a sample of additions of capitalised exploration and evaluation expenditure and plant & equipment assets to supporting documentation for accuracy and classification as either intangible or tangible exploration and evaluation assets; and ii) that those amounts met the recognition criteria in *AASB 6 Exploration for and Evaluation of Mineral Resources*. ▪ We performed a site visit to the Group's operations to sight a sample of plant and equipment recognised as assets and assessed whether they had been appropriately classified as tangible exploration and evaluation assets. ▪ We tested whether research and development tax incentives and other government grants received had been appropriately recognised as a reduction to exploration and evaluation assets in accordance with the Group's accounting policy and *AASB 120 Government Grants*. ▪ In assessing whether an indicator of impairment exists in relation to the Group's exploration and evaluation assets in accordance with *AASB 6 – Exploration for and Evaluation of Mineral Resources*, we: i) reviewed the minutes of the Group's board meetings, market announcements and management's assessment; ii) tested the significant inputs in the Group's cash flow forecasts for consistency with their future planned activity regarding the exploration and evaluation assets; and iii) discussed with management the Group's ability and intention to undertake further exploration and evaluation activities.

Other information

The directors are responsible for the other information. The other information comprises the information in Cobalt Blue Holdings Limited’s annual report for the year ended 30 June 2022, 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 the other information we are required to report that fact. We have nothing to report in this regard.

Directors’ responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group’s ability 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 have no realistic alternative but to do so.

Auditor’s responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/admin/file/content102/c3/ar2_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 in pages 28 to 36 of the directors’ Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Cobalt Blue Holdings Limited for the year ended 30 June 2022, 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.

Nexia

Nexia Sydney Audit Pty Ltd

Andrew Hoffmann
Director
Dated: 19 September 2022


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Additional **Information**

The shareholder information set out below was applicable as at 1 September 2022.

Distribution of equity securities

Analysis of equity security holders by size of holding:

Shares	Numbers of shareholders	Ordinary Shares Held	% Units
1–1,000	1,732	1,230,040	0.37
1,001–5,000	4,817	12,759,482	3.86
5,001–10,000	1,868	14,717,943	4.46
10,001–100,000	2,817	85,738,137	25.97
100,001 and over	402	215,734,735	65.34
Total	**11,636**	**330,180,337**	**100.00**
The number of shareholders holding less than a marketable parcel (a parcel of securities with a value of not less than $500)	**667**	**304,606**	

Unquoted Options

There are 9 holders of unquoted options. The holders of unquoted equity securities are listed below:

Name of Option Holder	Shares the Option Holder is Entitled to	Exercise Price	Option Expiry Date
7 participants under Employee Option Plan	2,605,000	$0.14	24 August 2023
Warinco Services Pty Ltd	100,000	$0.14	24 August 2023
Alice Jo Waring	50,000	$0.14	24 August 2023
Total	**2,755,000**		

Unquoted Performance Rights

There are 13 holders of unquoted performance rights. The holders of unquoted equity securities are listed below:

Name of Performance Rights Holder	Number of rights	Option Expiry Date
4 participants under Employee Option Plan	2,399,403	30/06/2023
4 participants under Employee Option Plan	881,313	30/06/2024
Mr Josef Thomas Kaderavek & Mrs Ariane Louise Kaderavek <Kaderavek Family A/C>	1,867,529	30/06/2023
Mr Josef Thomas Kaderavek & Mrs Ariane Louise Kaderavek <Kaderavek Family A/C>	643,939	30/06/2024
Mr Hugh Keller	333,333	28/11/2024
Mr Robert Biancardi	333,333	28/11/2024
The Minera Group Pty Limited	333,333	28/11/2024
Total	**6,792,183**	

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	21,694,500	6.57
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	8,143,708	2.47
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,291,751	1.91
4	PEARCE FINANCIAL SERVICES PTY LTD <TOM PEARCE SUPERFUND A/C>	5,140,000	1.56
5	BNP PARIBAS NOMS PTY LTD <DRP>	4,253,070	1.29
6	MR JOSEF THOMAS KADERAVEK + MRS ARIANE LOUISE KADERAVEK <KADERAVEK FAMILY A/C>	4,241,603	1.28
7	AMERICAN RARE EARTHS LIMITED	4,000,000	1.21
8	MRS KATIE ELIZABETH REECE	3,880,000	1.18
9	ZACOB PTY LTD <R&L BIANCARDI SUPER FUND A/C>	3,745,944	1.13
10	MR ROBERT THOMAS VIRGONA	3,562,166	1.08
11	HILL FAMILY GROUP PTY LTD	3,150,000	0.95
12	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,983,643	0.90
13	ALIGNED CAPITAL PARTNERSHIP PTY LTD <ALIGNED C PARTNERSHIP A/C>	2,714,561	0.82
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,602,159	0.79
15	MR JOSEF THOMAS KADERAVEK + MRS ARIANE LOUISE KADERAVEK <KADERAVEK SUPERFUND A/C>	2,569,866	0.78
16	MR PAUL STUART NICHOLS + MS THERESE MARY NICHOLS <NICHOLS SUPER FUND A/C>	2,535,000	0.77
17	COONAN FAMILY SUPERANNUATION FUND PTY LTD <COONAN FAMILY S/F A/C>	2,500,000	0.76
18	SEAHORSE CHAMBERS ENTERPRISES PTY LTD <SEAHORSE FAMILY A/C>	2,312,942	0.70
19	MR PETER JOHN BRUNTON	2,252,923	0.68
20	SOON ENTERPRISES PTY LTD <LOH FAMILY SUPER FUND A/C>	2,101,667	0.64
	Total: Top 20 holders of ORDINARY FULLY PAID SHARES	**90,675,503**	**27.46**
	Total Remaining Holders Balance	**239,504,834**	**72.54**

A. Substantial holders

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

Shareholder name	Number of Votes held	Percentage of total votes
Nil	–	–

B. On market buy back

There is no current on market buy back.

C. 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.

D. Securities Exchange Listing

The Company's securities are listed on the Australian Securities Exchange.

The Company's ASX code for ordinary shares is COB.

E. Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 30 June 2022 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

Robert Biancardi, Chairman, Independent

Hugh Keller, Independent, Non-Executive Director

Robert McDonald, Independent, Non-Executive Director

Joe Kaderavek, Chief Executive Officer & Executive Director

COMPANY SECRETARIES

Danny Morgan

Grahame Clegg

AUDITOR

Nexia Sydney Audit Pty Limited

Level 16, 1 Market Street
Sydney NSW 2000 Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone: +61 2 8234 5000

Design & Production › APM Graphics Management › 1800 806 930

Cobalt Blue Holdings Limited
(ABN 90 614 466 607)