# Quarterly Report

CobaltBlue
green energy technology

**30 Apr 2018**

## January to March 2018 – Highlights

**Cobalt Blue Holdings Ltd**

A Green Energy Exploration Company

ASX Code: **COB**

**Commodity Exposure:**
**Cobalt** & **Sulphur**

**Directors & Management:**

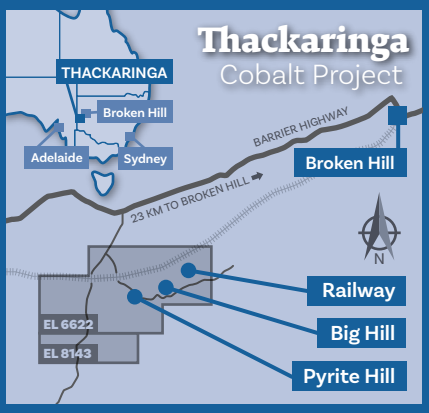
| | |
|---|---|
| **Robert Biancardi** | Non-Exec Chairman |
| **Hugh Keller** | Non-Exec Director |
| **Trangie Johnston** | Non-Exec Director |
| **Matt Hill** | Non-Exec Director |
| **Joe Kaderavek** | CEO & Exec Director |
| **Ian Morgan** | Company Secretary |

**Capital Structure:**

| | |
|---|---|
| **Ordinary Shares** at 30/04/2018: | **115.4m** |
| **Options** (ASX Code: COBO): | **26.1m** |
| **Market Cap** (undiluted): | **$152.3m** |

**Share Price:**

| | |
|---|---|
| **Share Price** at 30/04/2018: | **$1.32** |

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## Projects

### Thackaringa Project

- **Delivered** Indicated Resource Project.
- **Bulk Testwork** – Calcine and Leach Update.
- **COB on target** to deliver PFS by 30 June 2018.

## Cobalt Trends

- **Electric Vehicle Update** - battery costs remain key to uptake.

## Corporate

- **Stage One Achieved** – COB has retained 51% of the beneficial interest of the Thackaringa Project. Milestone announced 20 April 2018.
- **Asian Commercial Visit**
- **LGI Deal signed** – As announced on 23 March 2018, on 16 April 2018 a cash share placement totalling A$ 7.8 million (US$ 6.0 million equivalent) at A$1.10 each share was made by COB to LG International.
- **HAV MOU Signed**

Pyrite Hill Deposit – as seen from Broken Hill to Port Pirie railway line


*Source: Cobalt Blue Holdings*

# Projects

## Thackaringa Cobalt – Broken Hill NSW

### Successful Completion of Indicated Resource Program (19 March 2018)

Cobalt Blue announced a significant resource upgrade at the Thackaringa Cobalt Project. The global Mineral Resource estimate now comprises **72Mt at 852ppm cobalt (Co), 9.3% sulphur (S) & 10% iron (Fe)** for **61.5Kt contained cobalt** (at a 500ppm cobalt cut-off) compared to the June 2017 Mineral Resource estimate (detailed in ASX release of 5 June 2017) the upgrade reflects a 31% increase in total tonnes and a 23% increase in contained cobalt.

The new Mineral Resource estimate succeeds a substantial resource definition drilling program comprising some 74 holes for approximately 12,500m; the resultant improvement in geological confidence has supported the classification of approximately 72% of the Mineral Resource as Indicated.

These results reflect the strong conclusion of our CY17 drilling campaign with Stage One milestones subsequently agreed as completed. Looking forward, COB remains on schedule to deliver a Pre-Feasibility Study (PFS) by 30 June 2018 and satisfy obligations under Stage Two of the agreement to secure 70% beneficial interest.

Thackaringa remains on target to become a world class cobalt project with recent metallurgical testwork highlighting 88% cobalt recoveries from ore to payable product.

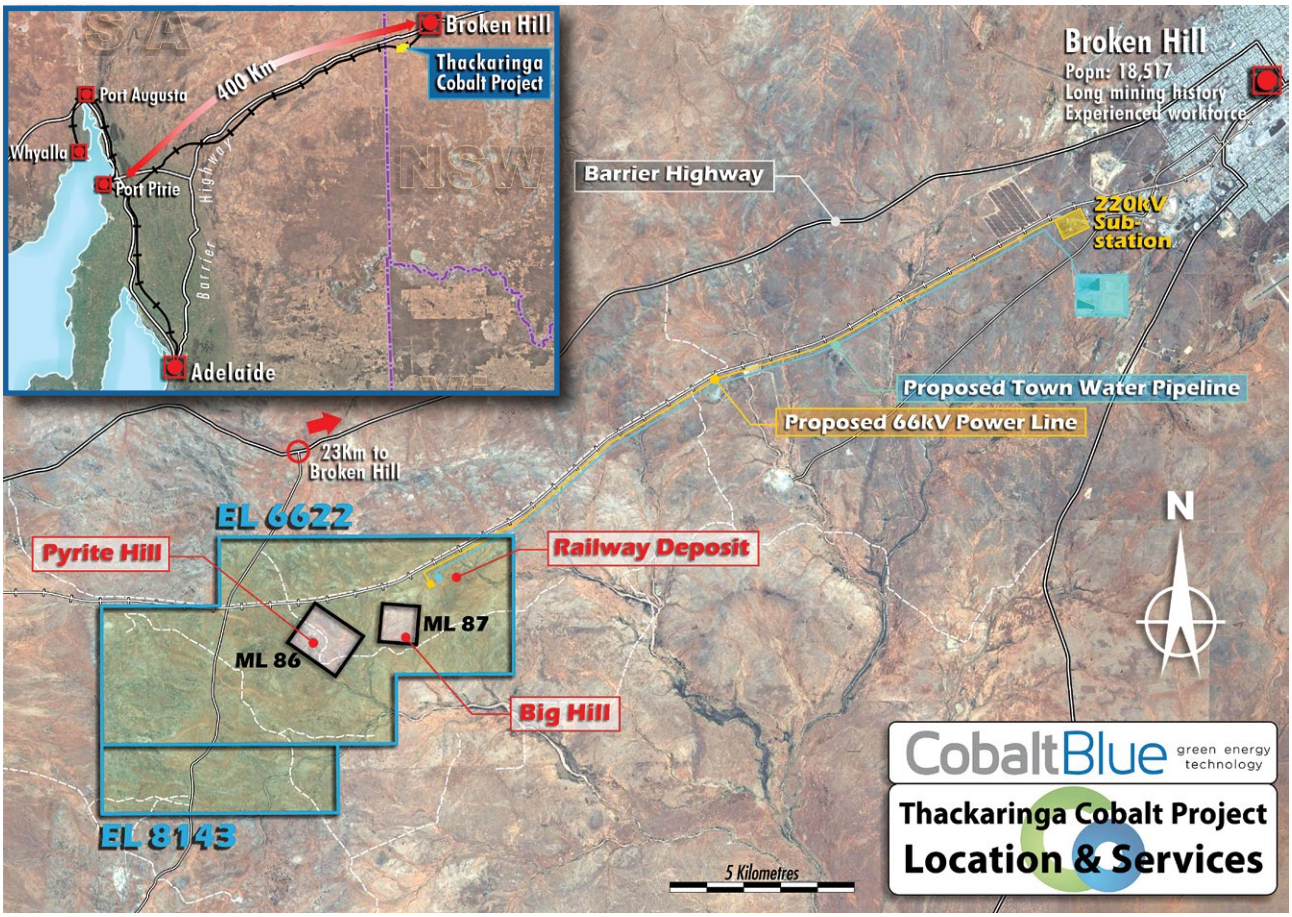
Cobalt Blue remains focussed on completion of a maiden Ore Reserve estimate as part of PFS. The updated Mineral Resource estimate at Thackaringa is apportioned to the three main deposits as detailed in Table 1.

Table 1. **The updated Mineral Resource estimates for the Thackaringa Cobalt deposits (at a cut-off of 500ppm Co) detailed by Mineral Resource category.**
*Note minor rounding errors may have occurred in the compilation of this table.*

| Category | Mt | Co ppm | Fe % | S % | Pyrite % | Co Tonnes | Py Mt | Density |
|---|---|---|---|---|---|---|---|---|
| **Railway (at a 500ppm Co cut-off)** | | | | | | | | |
| Indicated | 23 | 854 | 10.1 | 9.2 | 17 | 19,400 | 4 | 2.85 |
| Inferred | 14 | 801 | 10.4 | 9.2 | 17 | 11,100 | 2 | 2.85 |
| **Total** | **37** | **842** | **10.2** | **9.2** | **17** | **30,800** | **6** | **2.85** |
| **Big Hill (at a 500ppm Co cut-off)** | | | | | | | | |
| Indicated | 7 | 712 | 7.2 | 6.9 | 13 | 5,200 | 1 | 2.77 |
| Inferred | 2 | 658 | 6.7 | 6.3 | 12 | 1,500 | 0 | 2.76 |
| **Total** | **10** | **697** | **7.1** | **6.7** | **13** | **6,700** | **1** | **2.77** |
| **Pyrite Hill (at a 500ppm Co cut-off)** | | | | | | | | |
| Indicated | 22 | 937 | 10.9 | 10.3 | 19 | 20,300 | 4 | 2.87 |
| Inferred | 4 | 920 | 11.2 | 10.8 | 20 | 4,000 | 1 | 2.89 |
| **Total** | **26** | **934** | **10.9** | **10.3** | **19** | **24,200** | **5** | **2.88** |
| **Total (at a 500ppm Co cut-off)** | | | | | | | | |
| Indicated | 52 | 869 | 10.0 | 9.3 | 17 | 44,900 | 9 | 2.85 |
| Inferred | 20 | 810 | 10.1 | 9.2 | 17 | 16,600 | 4 | 2.85 |
| **Total** | **72** | **852** | **10.0** | **9.3** | **17** | **61,500** | **13** | **2.85** |

The Thackaringa district map below shows the proximity to Broken Hill, the supporting rail and road network, as well as the availability of both power and water utilities to support future production

Figure 1. **Thackaringa Cobalt Project district map**




COB's activities relate to exploration, there were no activities relating to production or development. Following is a summary of the expenditure incurred on exploration activities during the quarter:

| | $ '000 |
|---|---|
| JV exploration | 6 |
| Technical services & consumables | 159 |
| Drilling | 564 |
| Assaying | 256 |
| PFS | 403 |
| Geophysics | 29 |
| Resource estimation | 18 |
| Tenure maintenance | 2 |
| General and administration | 238 |
| **Total** | **1,675** |

## PFS Metallurgical testwork update – Calcine and Leach Results (5 March 2018)

PFS metallurgical testwork was conducted, centred on treating 820 kg of ore through the proposed process: concentration; thermal treatment; leaching; and product recovery. The ore samples were collected in the 2016 diamond drilling program, and are representative of Railway and Pyrite Hill deposits

The program is designed to deliver 'reliable and repeatable' results at a scale 10-50 times larger than the tests used in the Scoping

Study, where the 'proof-of-concept' was determined. The results will be used to conducted engineering studies and cost estimates for the PFS.

The PFS is examining the processing path shown below:


There are four stages to the metallurgical test work (post mining):

**A. Concentrate:** Preparation of a sulphide concentrate from the ore

**B. Calcine:** Calcination (thermal treatment) of the concentrate

**C. Leaching:** Leaching of the calcine

**D. Product Recovery:** purification of leach liquor, followed by crystallisation of cobalt sulphate

## Processing –Calcine and Leach


A total of 90 kg of gravity-float concentrate has been calcined by ALS Metallurgy in Perth, producing approximately 70 kg of calcine. Process conditions have been varied to determine the optimum parameters for selection as design criteria set-point for the PFS engineering design study. Importantly, the target conversion of >95% of the pyrite into pyrrhotite has been repeatedly achieved, with no loss of cobalt to the sulphur collected from the off-gas. Further, the typical removal of sulphur from the head feed has increased from 35% (27 Dec 2017) to 40% in recent tests. Potential equipment vendors are presently involved with the PFS engineering study. Preliminary marketing studies have now commenced for the elemental sulphur product.

A total of 56 leach tests have been completed on the calcine by ALS Metallurgy Burnie, systematically varying temperature, liquor composition, solids density, residence time, particle size, and oxygen uptake. The optimum conditions have achieved repeatable cobalt extractions of 95-98% with the average being 96%. The average data from 5 runs (~1 kg per test) is shown below:

Table 2. **Leach tests.**

| | Feed<br>*g* | Residue<br>*g* | Fe Feed Grade<br>*%* | Co Feed Grade<br>*%* | Fe Residue Grade<br>*%* | Co Residue Grade<br>*%* | Fe Extraction<br>*%* | Co Extraction<br>*%* |
|---|---|---|---|---|---|---|---|---|
| **Average** | **5198.4** | **6731.2** | **54.4** | **0.52** | **40.3** | **0.016** | **4%** | **96%** |
| Run 1 | 1000 | 1343.3 | 52.8 | 0.52 | 41.6 | 0.01 | -5.8%* | 97.4% |
| Run 2 | 1200 | 1567.4 | 54.8 | 0.52 | 38.8 | 0.02 | 7.5% | 95.0% |
| Run 3 | 1000.0 | 1287.6 | 54.8 | 0.52 | 40.2 | 0.02 | 5.5% | 95.0% |
| Run 4 | 1000.0 | 1283.2 | 54.8 | 0.52 | 40.7 | 0.02 | 4.7% | 95.1% |
| Run 5 | 998.4 | 1249.7 | 54.8 | 0.52 | 40.2 | 0.01 | 8.2% | 97.6% |

**(some Fe precipitated from solution).*

Equipment vendor packages for the autoclave are now being prepared as part of the PFS study.

The key outcomes to date are:

- Calcining the gravity concentrate typically removes ~40% of the sulphur from the pyrite.
- Elemental sulphur condensed from the gas phases averaged 97.5% sulphur with 1.5% silica as the main contaminant. Improved engineering design of the off-gas handling is expected to improve the quality of the sulphur in future testwork.
- There are no losses of cobalt to the gas phases during the thermal treatment step.
- Leaching of the calcine typically achieves cobalt recoveries of 96%.

The leach liquors were collected, and have been advanced to the product recovery stages, where cobalt sulphate will be produced. Testwork is ongoing, with the focus being on purifying the solutions to remove iron, copper, zinc, nickel, manganese, and calcium, which would otherwise contaminate the final cobalt sulphate product.

# Cobalt Trends

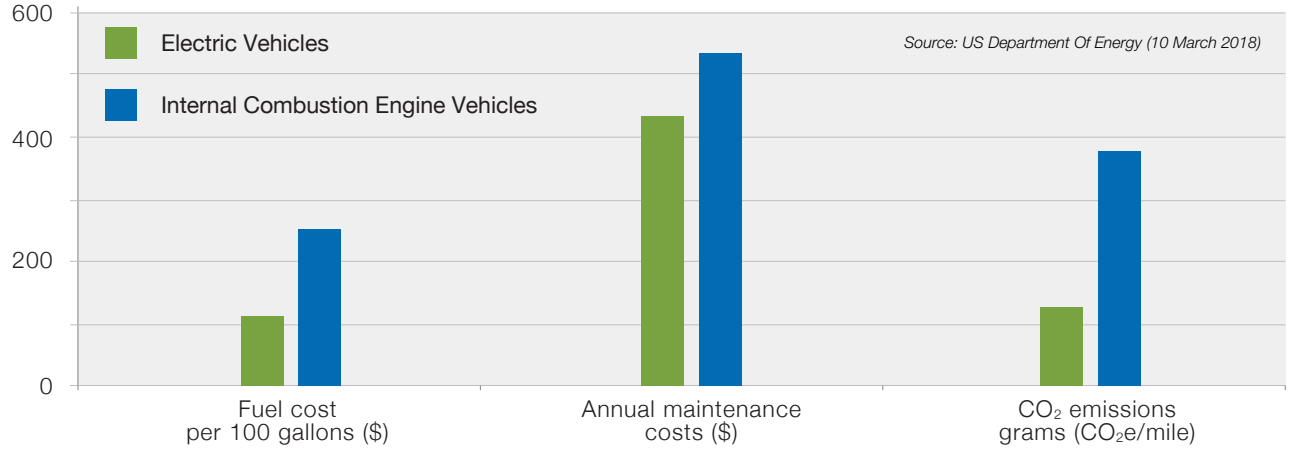
## Electric Vehicle (EV) Update

Whilst the technology enabling EVs is evolving rapidly, consumer demand on the other hand, is driven by a basic set of (slow changing) wants; namely: cost, range and privileges.

1. **Ownership Cost –** will the EV ownership cost be lower than the equivalent Internal Combustion Engine (ICE) vehicle? These costs include initial purchase price less residual value, as well as running costs.

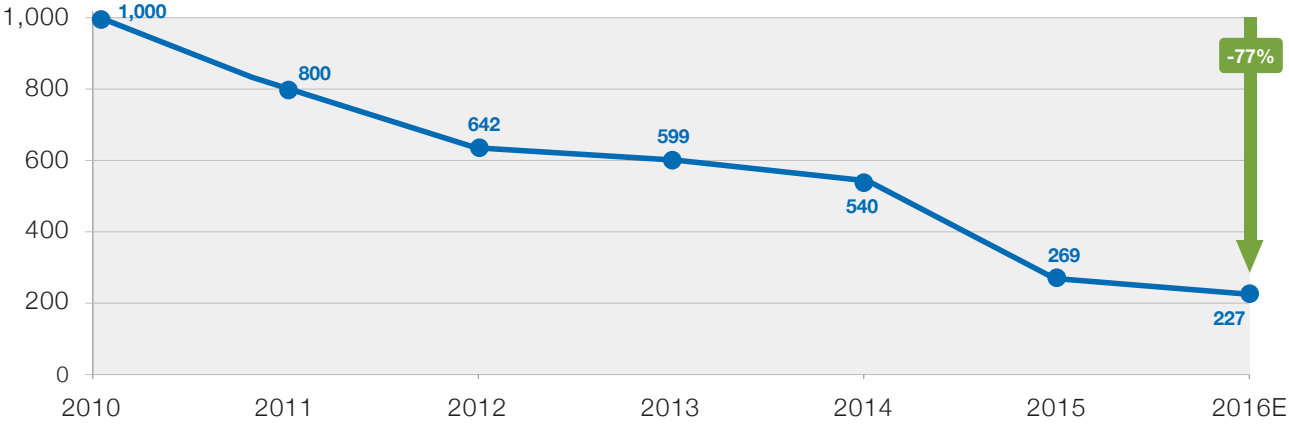
A recent study by the US Department of Energy highlights the lower running costs of EVs. The $CO_2$ comparison allows for EV charging from fossil fuel sources.

Figure 2. **Running costs – EVs vs ICE vehicles**




From 2010 to 2016, battery pack prices (US$/kWh) fell by approximately 80%. Despite this, battery packs continue to be the dominant cost component in an EV bill of materials. The key therefore to cost parity between EV and ICE vehicles remains in a low cost battery pack.

Figure 3. **Average battery pack price ($ per kWh)**




*Source: Bloomberg New Energy Finance*

Current projections put EV battery pack prices US $100/kWh by 2030F. If such battery costs trends are realised, EV and ICE vehicle prices will be at parity over the next decade.

2. **Range –** will the EV be able to reach my destination, with passengers and cargo, in a timeframe of my choosing? This question includes vehicle range, infrastructure (i.e.: availability of charging stations & equipment) and charging times.

EV range has increased significantly over the last 5 years. For example, ranges for the Nissan Leaf and Tesla Model S grew from (2013) 120 and 330 kilometres to (2017) 175 and 400 kilometres respectively. The range increase is primarily due to larger battery packs – the Nissan Leaf base battery pack (24 kWh to 30 kWh) and the Tesla Model S base battery pack (60 kWh to 75 kWh). The additional range helped offset some of the range concerns that consumers cite as a major deterrent to EV purchases.*

Analysis of public charging infrastructure shows that markets like the US and Germany have seen the ratio of EVs versus public charging stations worsen slightly (e.g., the US went from 12.4 EVs per charging station in 2015 to 13.2 in 2016). However, many new investments have been announced and these ratios will improve. In the US, automakers are planning to spend billions of dollars in new charging infrastructure over the next decade. In Europe, a group of automakers will work together to install numerous fast-charge points. In China, national government investments increased the total number of charging poles to ~110,000 (50% are public), up from only ~8,000 poles in 2011.*

*COB acknowledges that the data in the previous two paragraphs above is largely sourced from McKinsey - Electrifying insights: How automakers can drive electrified vehicle sales and profitability – January 2017.

3. **Privileges –** what other benefits will the EV provide? Globally, governments are providing significant benefits for EV adoption. Typically, these include express lane rights, access privileges and free/low cost parking/charging.

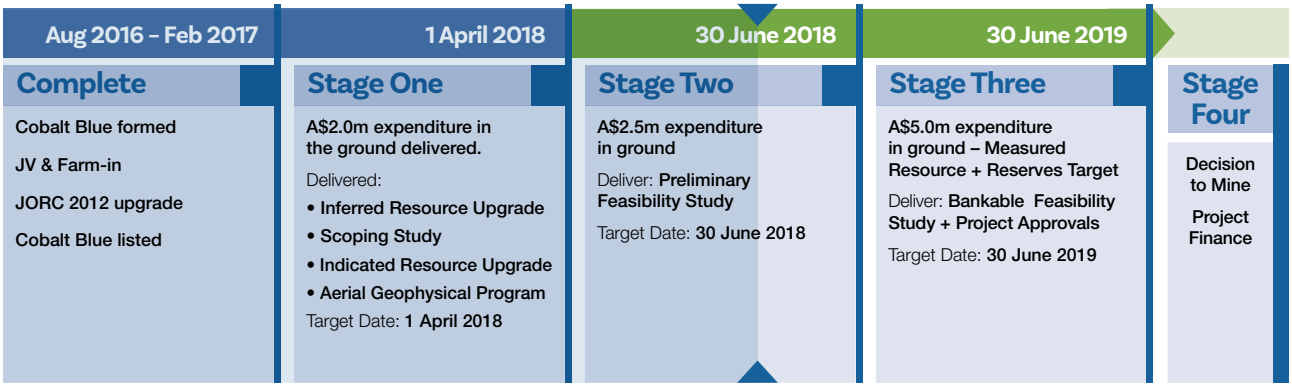
# Corporate News

## Thackaringa JV – Stage One Completed (20 April 2018)

Cobalt Blue retained the Stage One percentage share (51% beneficial ownership) under its Joint Venture Agreement with Broken Hill Prospecting Ltd (ASX:BPL).

COB remains on track to complete Stage Two and expect to deliver a Preliminary Feasibility Study by mid-2018 and a full Bankable Feasibility Study by mid-2019.

Figure 4. **COB developmental timeline for the Thackaringa Cobalt Project**




*Source: Cobalt Blue Holdings*

## Asian Commercial Visit (5–14 March 2018)

COB (CEO Joe Kaderavek and Executive Manager Dr Andrew Tong) visited Korea, Japan and China, representing the third round of commercial visits since listing in February 2017. The pace of technical development and positive feasibility outcomes to date have created strong interest in the world class Thackaringa Cobalt Project.

Robust commercial interest was expressed in the project across the three Asian countries visited (representing 90% of global cobalt processing). Our aim was to find a "First Mover" partner that would provide COB with technical and financial assistance to grow the project.

## LGI Strategic Partnership Announced (23 March 2018)

Cobalt Blue has announced a strategic First Mover partnership with LG International (LGI), the resources investment arm of LG Corporation, acting in cooperation with LG Chem.

- LG Chem is one of the largest lithium ion battery makers in the world. LG Chem possesses strong technical leadership in the development of next generation batteries, in particular for fixed storage and Electric Vehicles (EVs). LG Chem is one of the leading EV battery makers globally.
- Under the First Mover partnership LG will provide capital and technical assistance for Cobalt Blue to make a high purity battery grade cobalt sulphate.
- Cobalt Blue has executed a binding term sheet with LGI to raise gross proceeds of US$6.0m with the transaction to completed by Monday 16 April 2018. COB issued shares at A$1.10 per share for a total of 7,093,959 shares.

As a result of this capital raising COB remains well funded to progress to Stage Three of the Thackaringa Cobalt Project timeline.

### About LG International

LG International executes resources investment strategy for the LG Group. Historically, LG International has specialised in global mining investment and operations. LG International has now extended its focus to include 'Green Minerals', the raw materials of lithium-ion battery construction such as cobalt, nickel and lithium. LG International operates in close cooperation with LG Chem to secure Green Minerals for the LG Group.

### About LG Chem

LG Chem, Ltd. is Korea's largest diversified chemical company which operates three main business units: Petrochemicals, IT & Electronic Materials and Energy Solutions. The company was founded in 1947 and now employs over 29,000 staff globally. The chemical business manufactures a wide range of products, from petrochemical goods to high-value added plastics. It also extends its chemical expertise into high-tech areas such as electronic materials and lithium ion batteries. With over 20 years' experience of development and production of these batteries LG Chem has established themselves as one of the world's leading Lithium-ion manufacturers. The company is a primary supplier of lithium batteries throughout the world for the mobile phone and hybrid/ electric vehicle industries & Energy Storage System (ESS).

## HAV MOU Signed (1 February 2018)

Cobalt Blue and Havilah Resources (ASX:HAV) signed a Memorandum of Understanding (MOU). Key Points:

- COB will carry out due diligence on the Mutooroo mineral deposit by 30 April 2018.
- HAV will provide COB a representative 10kg Mutooroo ore sample. COB will perform laboratory test-work using proprietary technology including crushing, grinding, flotation, calcining and leaching. Full results to be provided to HAV by 30 April 2018.
- Looking forward, further cooperation involving larger scale samples and joint marketing of cobalt sulphate is possible.
- The MOU is non-binding and may be terminated by either party.

COB's positive metallurgical work to date has identified a potential processing path that is demonstrating strong cobalt recoveries, for its pyrite hosted cobalt at Thackaringa. Based on ASX releases and discussions between technical staff, the parties believe HAV may have similar metallurgical requirements to commercialise cobalt from Mutooroo. The key question is whether the COB process has the potential to unlock economic value for Mutooroo.

The 10kg of test material proposed will provide a simple proof of the COB process for Mutooroo ore. The aim is to demonstrate the ability of the process to perform the following steps:

1. Concentration/flotation,
2. Pyrolysis, including production of elemental sulphur, and
3. Cobalt extraction into solution

The test work will not optimise recoveries, which will be the subject of further studies.

## Cobalt Blue Background

Cobalt Blue ("COB") is an exploration company focussed on green energy technology and strategic development to upgrade its mineral resource at the Thackaringa Cobalt Project in New South Wales. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

COB is undertaking exploration and development programs on the Thackaringa Cobalt Project pursuant to a farm-in joint venture agreement entered into with Broken Hill Prospecting Limited ("BPL"). Subject to the achievement of milestones, COB will be entitled to acquire 100% of the Thackaringa Cobalt Project.

The Thackaringa Project, 23 km west of Broken Hill, with railway line passing through the project area, consists of four granted tenements (EL6622, EL8143, ML86 and ML87) with total area of 63km$^2$. The main targets for exploration are well known and document large-tonnage cobalt-bearing pyrite deposits. The project area is under-explored, with the vast majority of historical exploration directed at or around the outcropping pyritic cobalt deposits at Pyrite Hill and Big Hill.

Potential to extend the Mineral Resource at Pyrite Hill, Big Hill, Railway and the other prospects is high. Numerous other prospects within COB's tenement package are at an early stage and under-explored.

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

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# Previously Released Information

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

- 20 April 2018: Thackaringa JV – Stage One Complete
- 5 March 2018: PFS – Calcine and Leach Testwork Complete – Strong Results
- 24 January 2017: Significant Thackaringa Drilling Program complete – Resource Upgrade pending
- 27 December 2017: PFS – Bulk Metallurgical Testwork – Progress Update
- 4 December 2017: Railway Drilling Program confirms grade continuity at depth and strike
- 26 October 2017: Bulk Metallurgical Testwork – Strong Concentration Results
- 27 September 2017: CEO's Letter to Shareholders – September 2017
- 12 July 2017: Scoping Study update – Strong Potential for Commercialisation after Processing Testwork
- 3 July 2017: Thackaringa Cobalt Project – Major Geophysical Survey – Positive news

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

# Competent Person's 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 by Cobalt Blue Holdings as Exploration Manager. Mr Porteous has 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 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. 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 information in this report that relates to Metallurgical Testwork Results or Engineering Design Studies is based on information compiled by Dr Andrew Tong, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Andrew Tong is engaged by Cobalt Blue Holdings as Executive Manager. Dr Andrew Tong has 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 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Andrew Tong consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

# Mineral Resource Estimate Overview

The revised Mineral Resource was independently prepared by SRK Consulting using a Co-Kriging ('CK') method of estimation, suitable for the style of mineralisation. Mr Danny Kentwell, Principal Consultant (Resource Evaluation) at SRK Consulting, was engaged to estimate the Mineral Resource as the independent Competent Person. The Mineral Resource has been estimated and reported in accordance with the guidelines of the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves ('2012 JORC Code').

# About Cobalt Blue Holdings Limited

Cobalt Blue ("COB") is an exploration company focussed on green energy technology and a strategy of fast-tracking development of the Thackaringa Cobalt Project in New South Wales to achieve commercial production of cobalt. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now widely used in clean energy systems.

COB has entered into a farm-in joint venture agreement with Broken Hill Prospecting Limited ("BPL") in which COB has now acquired an initial 51% interest in the Thackaringa Cobalt Project. COB will undertake exploration and development programs on the Thackaringa Cobalt Project and, subject to the achievement of milestones, will acquire 100% of the Thackaringa Cobalt Project.

# Tenement Holding

The beneficial interests in tenements held by Cobalt Blue Limited at the end of the quarter and the related percentage of ownership:

Table 3. **Thackaringa Cobalt Project – Tenement Holding**

| Tenement | Interest |
|---|---|
| EL 6622 | 51% Cobalt Blue Holdings Ltd |
| EL 8143 | 51% Cobalt Blue Holdings Ltd |
| ML 86 | 51% Cobalt Blue Holdings Ltd |
| ML 87 | 51% Cobalt Blue Holdings Ltd |

Broken Hill Prospecting Limited and Cobalt Blue Holdings Limited have entered into a farm-in joint venture agreement in respect of the Thackaringa Project to finance and undertake exploration of the Thackaringa Project. Until Cobalt Blue's farm-in obligations have been satisfied, its interest in the tenements located at the Thackaringa Project is beneficial. Under the terms of the farm-in joint venture agreement, Cobalt Blue's beneficial interest in the Thackaringa Project will be increased in tranches on satisfaction of certain exploration and development milestones. When Cobalt Blue has completed its farm-in obligations, it will become the registered holder of the Thackaringa Project tenements. Broken Hill Prospecting remains the registered holder of the Thackaringa Project tenements until the farm-in is complete.

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin Appendix 8, Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

| | | Q3 FY18 | |
|---|---|---|---|
| | | **Current quarter** | **Year to date (9 months)** |
| | **Consolidated statement of cash flows** | A$ '000 | A$ '000 |
| **1** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | – | – |
| 1.2 | Payments for: | – | – |
| | (a) exploration and evaluation | (1,675) | (4,495) |
| | (b) development | – | – |
| | (c) production | – | – |
| | (d) staff costs | (106) | (314) |
| | (e) administration and corporate costs | (118) | (679) |
| 1.3 | Dividends received (see note 3) | – | – |
| 1.4 | Interest received | 17 | 71 |
| 1.5 | Interest and other costs of finance paid | – | – |
| 1.6 | Income taxes paid | – | – |
| 1.7 | Research and development funds | 281 | 281 |
| 1.8 | Other (share issue costs) | – | – |
| **1.9** | **Net cash from / (used in) operating activities** | **(1,599)** | **(5,137)** |
| **2** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | – | (7) |
| | (b) tenements (see item 10) | – | – |
| | (c) investments | – | – |
| | (d) other non-current assets | – | – |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | – | – |
| | (b) tenements (see item 10) | – | – |
| | (c) investments | – | – |
| | (d) other non-current assets | – | – |
| 2.3 | Cash flows from loans to other entities | – | – |
| 2.4 | Dividends received (see note 3) | – | – |
| 2.5 | Other (provide details if material) | – | – |
| **2.6** | **Net cash from / (used in) investing activities** | **–** | **(7)** |

| | Consolidated statement of cash flows | Current quarter A$ '000 | Year to date (9 months) A$ '000 |
|---|---|---|---|
| **3** | **Cash flows from financing activities** | 263 | 2,780 |
| 3.1 | Proceeds from issues of shares | – | – |
| 3.2 | Proceeds from issue of convertible notes | (12) | (12) |
| 3.3 | Proceeds from exercise of share options | – | – |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | – | (88) |
| 3.5 | Proceeds from borrowings | – | – |
| 3.6 | Repayment of borrowings | – | – |
| 3.7 | Transaction costs related to loans and borrowings | – | – |
| 3.8 | Dividends paid | – | – |
| 3.9 | Other (provide details if material) | – | – |
| **3.10** | **Net cash from / (used in) financing activities** | **251** | **2,681** |

| | | | |
|---|---|---|---|
| **4** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 4,604 | 5,719 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,599) | (5,137) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | – | (7) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 251 | 2,681 |
| 4.5 | Effect of movement in exchange rates on cash held | – | – |
| **4.6** | **Cash and cash equivalents at end of quarter** | **3,256** | **3,256** |

| **5.** | **Reconciliation of cash and cash equivalents** *at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts* | Current quarter A$ '000 | Previous quarter A$ '000 |
|---|---|---|---|
| 5.1 | Bank balances | 1,256 | 1,256 |
| 5.2 | Call deposits | 2,000 | 2,000 |
| 5.3 | Bank overdrafts | – | – |
| 5.4 | Other (provide details) | – | – |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **3,256** | **3,256** |

| **6.** | **Payments to directors of the entity and their associates** | Current quarter A$ '000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | (106) |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | – |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | – |
| | 6.1 Directors' salary / fees | (106) |

| **7.** | **Payments to related entities of the entity and their associates** | Current quarter A$ '000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | – |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | – |
| 7.3 | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |
| | n/a | – |

| 8. | Financing facilities available | Total facility amount at quarter end A$ '000 | Amount drawn at quarter end A$ '000 |
|---|---|---|---|
| 8.1 | Loan facilities | – | – |
| 8.2 | Credit standby arrangements | – | – |
| 8.3 | Other (please specify) | – | – |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| | n/a | – | – |

| 9. | Estimated cash outflows for next quarter | A$ '000 |
|---|---|---|
| 9.1 | Exploration and evaluation | 587 |
| 9.2 | Development | – |
| 9.3 | Production | – |
| 9.4 | Staff costs | 158 |
| 9.5 | Administration and corporate costs (net of $320k GST rebate) | 199 |
| 9.6 | Other (remaining listing costs) | – |
| **9.7** | **Total estimated cash outflows** | **944** |

### 10. Changes in tenements (items 2.1(b) and 2.2(b) above)

There was no change in tenements during the period. The Company has earned a 51% beneficial interest in the joint venture assets.

## Compliance statement

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

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

Ian Morgan
Company Secretary

30 April 2018

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.

   If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.