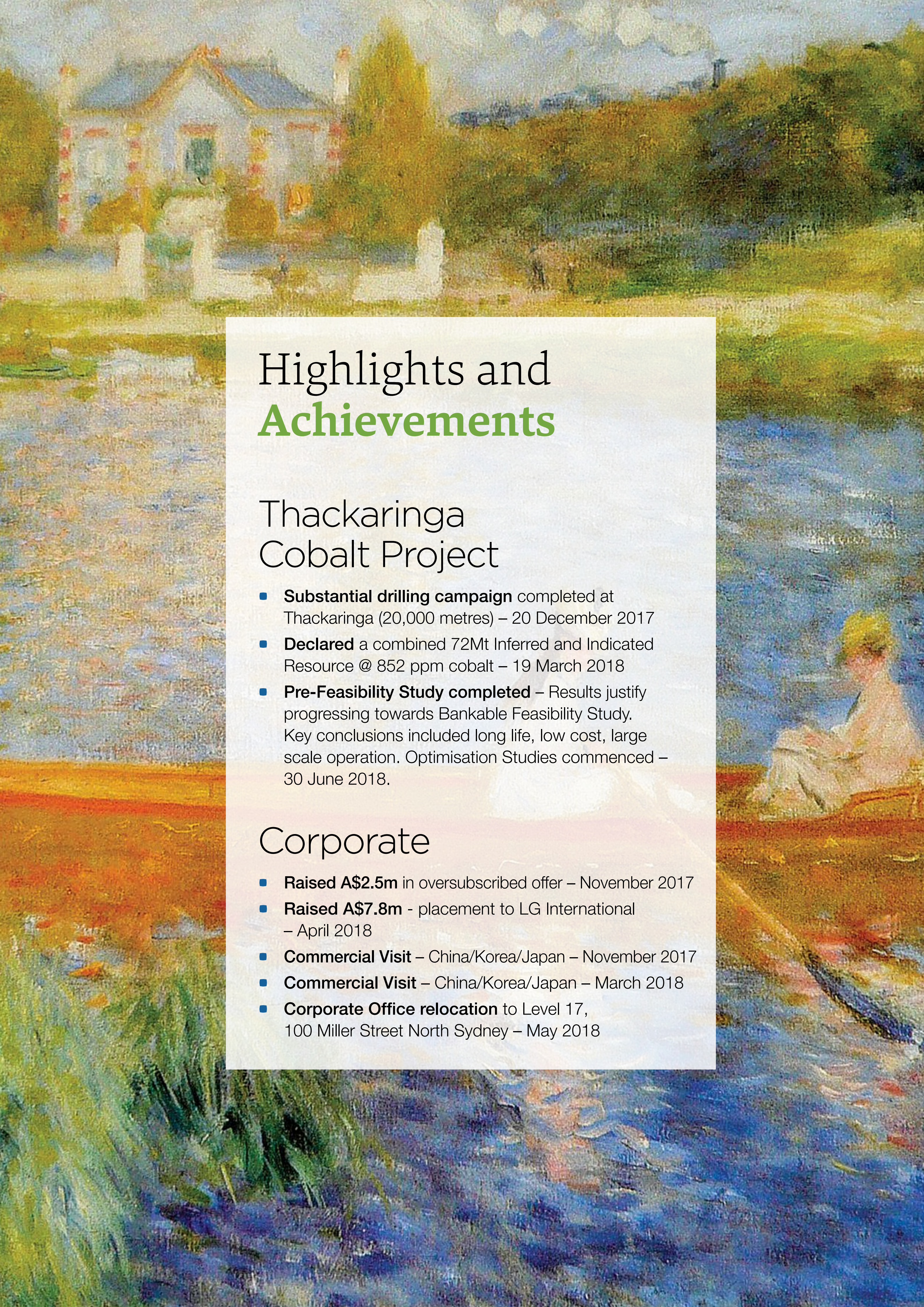
CobaltBlue
green energy technology

COBALT BLUE HOLDINGS LIMITED
(ABN 90 614 466 607)

ANNUAL REPORT 2018



Highlights and **Achievements**

Thackaringa Cobalt Project

- **Substantial drilling campaign** completed at Thackaringa (20,000 metres) – 20 December 2017
- **Declared** a combined 72Mt Inferred and Indicated Resource @ 852 ppm cobalt – 19 March 2018
- **Pre-Feasibility Study completed** – Results justify progressing towards Bankable Feasibility Study. Key conclusions included long life, low cost, large scale operation. Optimisation Studies commenced – 30 June 2018.

Corporate

- **Raised A$2.5m** in oversubscribed offer – November 2017
- **Raised A$7.8m** - placement to LG International – April 2018
- **Commercial Visit** – China/Korea/Japan – November 2017
- **Commercial Visit** – China/Korea/Japan – March 2018
- **Corporate Office relocation** to Level 17, 100 Miller Street North Sydney – May 2018

CobaltBlue
green energy technology

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Chairman's **Review**

Dear Fellow Shareholders,

We can look back with pride on our achievements during the past year. The business completed substantial drilling and metallurgical test work campaigns that culminated in delivery of a Pre-Feasibility Study (PFS). The results of the PFS, in turn, are generating significant interest in the world class Thackaringa Cobalt Project.

Commercially, our relationships continue to grow, particularly within the key cobalt refining countries of Asia. The Cobalt Blue team has developed a detailed understanding of the battery market and the cobalt specifications required to service that market. Our commercial vision remains ambitious, namely to create the largest new source of cobalt (ex-Africa) globally and supply future generations of electric vehicles and renewable storage batteries.

Our testwork continues to produce positive results, with Thackaringa pyrite separated into elemental sulphur (as a basis for further marketing) and successful conversion of the contained cobalt into a battery ready cobalt sulphate. Samples of this cobalt sulphate have been shipped to our partners globally for testing, confirming suitability as a battery pre cursor material. Our challenge remains in establishing a process to make a pre cursor product, as well as enhancing its purity, which will allow Cobalt Blue to capture further margin over the cycle. We will be conducting bulk scale test work over the next 12 months, and if successful, this will significantly derisk the project for further investment.

With over 15,000 metres of drilling planned to be conducted in the next six months, in parallel to a large-scale bulk testwork program, aimed to prove up our innovative processing technology, we believe that Cobalt Blue will have significantly derisked its project over the course of 2019. This will not go unnoticed within the global environment that remains hungry for our product.

In February we signed a technical co-operation agreement with Havilah Resources Limited, one of our Broken Hill neighbours'. The subsequent testing highlighted our ability to process their cobalt in pyrite/pyrrhotite with similar outcomes to our own ore. This underlines our ability to begin examining the wider Broken Hill district for new cobalt opportunities. This is particularly exciting and shareholders can look forward to updates as we progress. Based on publicly available information we believe that the Thackaringa Cobalt Project is in the centre of a potentially vast cobalt district.

In March we signed 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, for fixed storage and electric vehicles. Under the First Mover partnership LG will provide capital and technical assistance for Cobalt Blue to make a high purity battery grade cobalt sulphate. We look forward to keeping shareholders informed as this relationship progresses.

Chairman's Review continued

The Cobalt Blue executive team has now built out to 10 full time and 3 part time staff members. We have the appropriate technical, financial, legal, environmental and other skill sets to manage the delivery of the upcoming Bankable Feasibility Study. This will be an exciting period with regular updates for shareholders.

We remain positive on the long-term cobalt market despite the noise of the spot cobalt market and the risk off environment present in Q3 CY 2018. The cobalt sulphate market continues to trade in lock step with cobalt metal as refineries continue to arbitrage out the difference. Our commercial partners inform us that cobalt will remain "baked in" to the lithium ion battery for the next decade or so, and that the race for security of supply continues.

Technological advances in batteries continue. Last year we reported that Toyota (the world's 2nd largest car maker), amongst others, announced it was developing a solid electrolyte, which would allow lithium ion batteries to store larger amounts of energy and dramatically increase the range of the electric vehicle. Parallel to these studies the industry is evaluating lithium metal anodes (not to be confused with the overall lithium ion battery). We understand that, if successful, this battery will deliver 5-10x the energy storage of current technologies. Imagine a 1,000km+ range vehicle, ideal for extended range driving. Overall, we believe that whilst cobalt content will be naturally lower in the batteries of tomorrow, it has a strong place in the large-scale growth of electric vehicles in particular.

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. Cobalt Blue looks forward to closing this cobalt gap.

Robert Biancardi
Chairman

Dated 26 September 2018

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.'

Thackaringa origin
cobalt sulphate

CEO's **Review**

FY18 was a strong year with numerous milestones achieved for the Thackaringa Cobalt Project. We are particularly proud to have delivered our maiden ore reserve in conjunction with a comprehensive Pre-Feasibility Study (PFS). The recently delivered PFS concluded that the Thackaringa Cobalt Project was a long life, world class mine/refinery operation.

Studies have informed and shaped our strategy over the last 12 months. The Thackaringa Cobalt Project strategy is to develop an integrated mine/refinery concept. Traditionally, cobalt mines have sold cobalt as a by-product of either copper or nickel and received a fraction of the value of the contained cobalt. Cobalt Blue's strategic focus is upon the battery industry and producing a battery ready cobalt product (cobalt sulphate) at sufficient purity to enter the production chain directly. This allows Cobalt Blue to sell directly into the battery industry (specifically to cathode precursor manufacturers representing the front end of the industry).

This focus has created global attention. Investment quality cobalt opportunities, not reliant on aspirational nickel or copper pricing are indeed rare. The Thackaringa Cobalt Project is receiving international attention which will build as we continue to hit our development targets.

We understand that the project will need funding and offtake partner(s) going forward. Thus, we have been busy commercially building strong global relationships with key financial institutions, trading houses and battery makers. Of note we were able to sign a "First Mover" agreement with LG International, whose sister company LG Chem is amongst the largest lithium ion battery manufacturers in the world. LG International is providing financial as well as technical assistance for project development and we are proud to have them stand with us.

Work on our Bankable Feasibility Study (BFS) has begun. Our FY19 drilling campaign is underway, targeting over 15,000m of drilling which will deliver a Measured Resource as well as an Inferred Resource to promote extended mine life. Built into our BFS studies are key optimisation programs focussed upon revenue increases (mine life extension, cobalt recovery improvements) and cost reductions (power price/consumption and tailings processing). These programs will further improve the investment character of our project.

We look forward to keeping investors informed of our exciting journey.

Joe Kaderavek
Chief Executive Officer

Dated 26 September 2018


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THACKARINGA

Review of
Operations and Activities

Strategy

The Company's focus is upon the development and commercialisation of the Thackaringa Cobalt Deposit, Broken Hill, NSW. The work targets a series of accelerated milestones designed to create certainty over the size and quality of the deposit, in addition to identifying an optimal processing path. The Board remains open to examining assets outside of our current portfolio, should an opportunity arise.

In FY19 the Company will focus upon delivery of a Bankable Feasibility Study (BFS) in conjunction with defining a Measured Resource that will support the production targets identified in the Pre-Feasibility Study. Our FY19 drilling campaign is underway, targeting over 15,000m of drilling which will deliver a Measured Resource as well as an Inferred Resource to promote extended mine life. Built into our BFS studies are key optimisation programs focused upon revenue increases (mine life extension, cobalt recovery improvements) and cost reductions (power price/consumption and tailings processing). These programs will further improve the investment character of our project.

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

Future Capital Requirements – The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Thackaringa Cobalt Project is successfully developed and production commences. The Company will therefore be required to raise additional capital in order to meet its obligations under the Farm in Joint Venture Agreement.

Exploration risk – There can be no guarantee that planned exploration programs will lead to positive exploration results. Mineral exploration is a speculative endeavour and there can be no guarantee that the Company 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 Thackaringa iron pyrite ore. Further, changes in mineralogy may result in inconsistent recovery of cobalt.

Contractual risk – The Company holds its interest in the Thackaringa Cobalt Project through a Farm-In Joint Venture Agreement with Broken Hill Prospecting Limited. In the event the Company is unable to meet its obligations under that Agreement, the Company's ability to deliver its strategy may be impacted.

Summary of Financial Performance

The net loss of the Company for the 2018 financial year was $1,634,556 (2017*: $1,227,220)

During the financial year the Company received a refund of $281,337 relating to the Research and Development Tax Incentive Scheme and Interest Revenue of $110,142.

The Company also received $10,951,040 during the year from share placements and shareholders exercising their share options.

* For the period from incorporation on 26 August 2016 to 30 June 2017

Operating and Financial Review continued

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

Expenditure	$
Outflows directly related to the Thackaringa Cobalt Project	5,252,814
Corporate and Administration	1,633,947
Plant and Equipment	36,587
Costs of issuing shares	437,071
Total expenditure	**7,360,419**

At 30 June 2018 the Company had a cash position of $9,799,566 and no corporate debt. The Company's net assets increased during the financial year by $9,090,748 to $18,118,503.

Changes in Share Capital

During the 2018 financial year the Company issued:

- 18,457,594 new shares through share placements
- 2,599,164 new shares from the exercise of shareholder options

The Company also issued the following options:

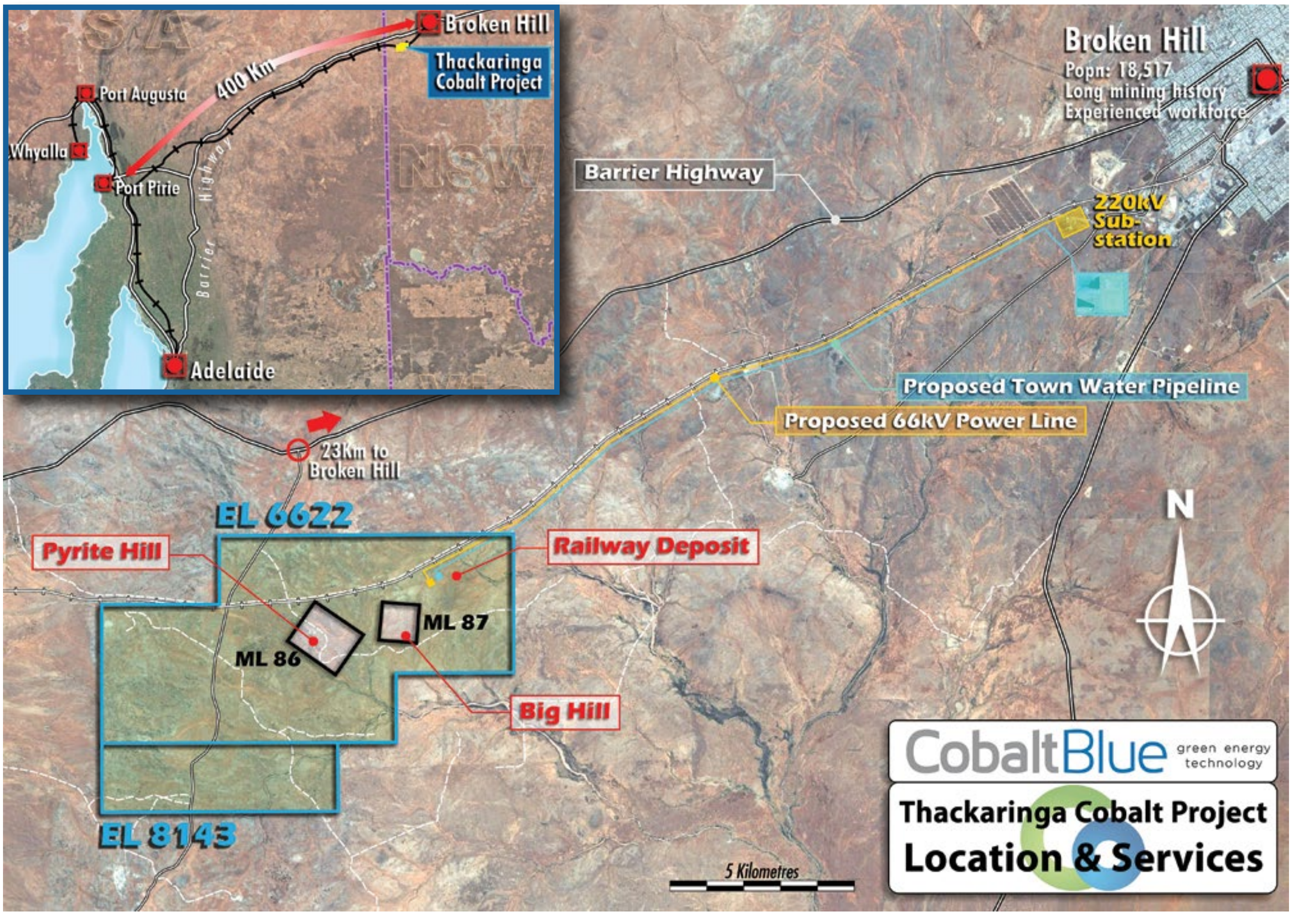
- 500,000 Director options
- 2,250,000 contractor options
- 2,840,911 options associated with new placements
- 154,461 options associated with the original IPO

Thackaringa Diamond Drill Core

Operating Review

The Thackaringa Cobalt Project is located within the Broken Hill Block of the Curnamona Province and is composed of Willyama Supergroup high grade regional metamorphic gneisses, schists and amphibolites. The local geology is dominated within the project area by quartz-albite-biotite gneiss, quartz-albite gneiss, and amphibolite dykes. The extensive stratabound cobalt-pyrite mineralisation at each deposit (Pyrite Hill, Big Hill and Railway) is hosted by quartz-albite gneiss.

Cobalt Blue demonstrated considerable exploration success during FY18 culminating in a significant resource upgrade at the Thackaringa Cobalt Project.



The global Mineral Resource estimate at Thackaringa now comprises 72Mt at 852ppm cobalt, 9.3% sulphur & 10.0% iron for 61.5Kt contained cobalt (at a 500ppm cobalt cut-off). Increased geological confidence has supported the classification of approximately 72% of the Mineral Resource as Indicated (refer to ASX Announcement 'Thackaringa – Significant Mineral Resource upgrade' released 19 March 2018).

Tenement Summary

Licence Number	Location	Percentage Interest 2018 (%)*
EL6622	NSW	70
EL8143	NSW	70
ML86	NSW	70
ML87	NSW	70

* *The Company's percentage interest reflects its beneficial interest as announced to ASX on 5 September 2018.*

Mineral Resources Summary as at 30 June 2018

Category	Mt	Co ppm	Fe %	S %	Pyrite %	Contained Co (t)	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 30 June 2018 Mineral Resource estimates for the Thackaringa Cobalt deposits (at a cut-off of 500ppm Co) detailed by Mineral Resource category and as released 19 March 2018. Note minor rounding errors may have occurred in the compilation of this table.

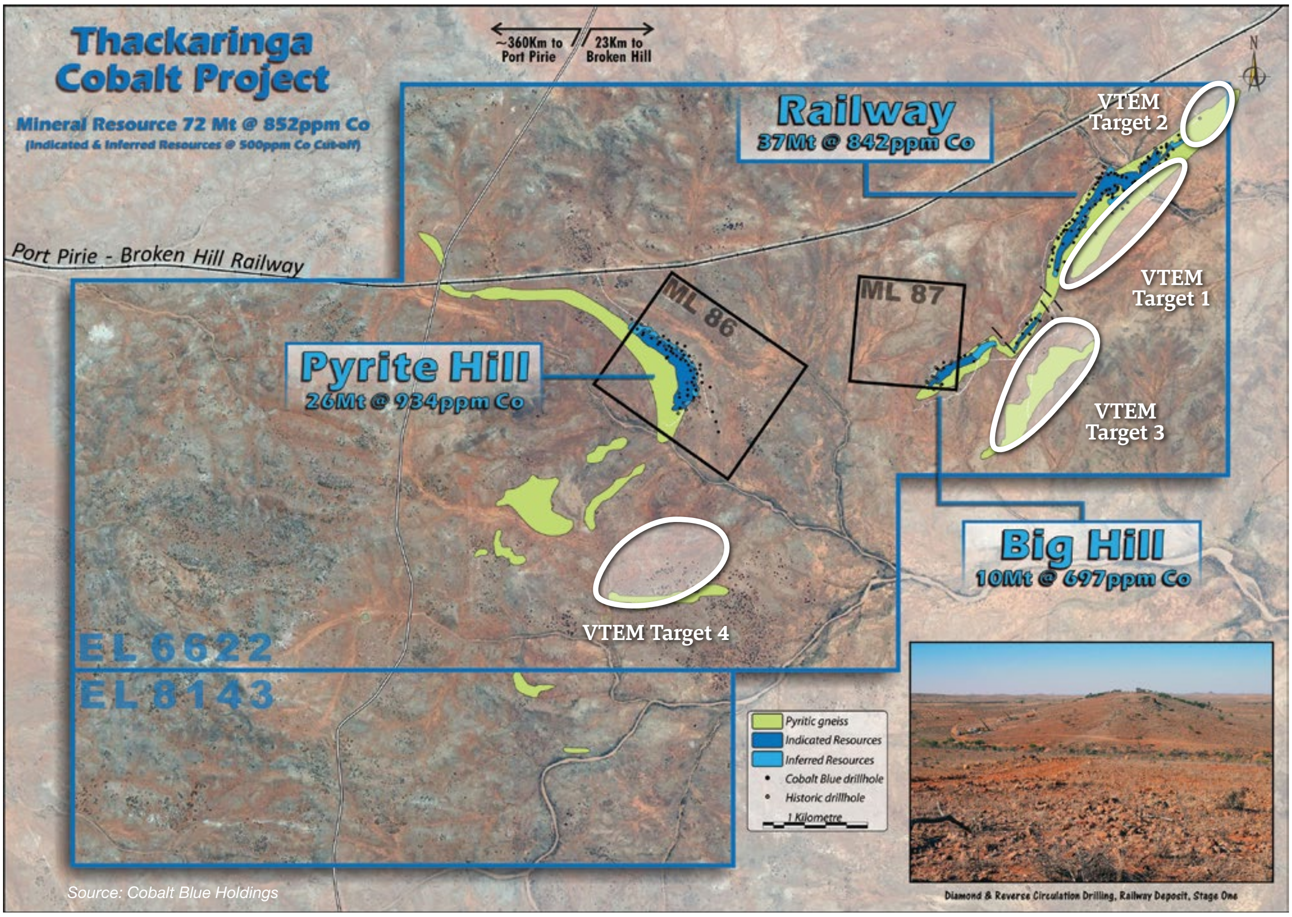
Mineral Resources Summary as at 30 June 2017

Category	Mt	Co ppm	Fe %	S %	Pyrite %	Co Tonnes	Py Mt	Density
Pyrite Hill (at a 500ppm Co cut-off)								
Indicated	2.8	1001	10.99	10.42	19.54	2,758	0.54	2.87
Inferred	20.8	948	11.03	10.22	19.16	19,710	3.98	2.87
Total	**23.5**	**954**	**11.02**	**10.24**	**19.21**	**22,468**	**4.52**	**2.87**
Big Hill (at a 500ppm Co cut-off)								
Indicated	0.8	787	7.41	6.77	12.7	596	0.1	2.76
Inferred	7.4	760	7.42	7.19	13.49	5,638	1	2.78
Total	**8.2**	**763**	**7.42**	**7.15**	**13.41**	**6,234**	**1.1**	**2.78**
Railway (at a 500ppm Co cut-off)								
Indicated	3	947	10.93	10.29	19.29	2,828	0.58	2.87
Inferred	20.2	913	10.23	9.63	18.05	18,456	3.65	2.85
Total	**23.2**	**917**	**10.32**	**9.71**	**18.21**	**21,284**	**4.22**	**2.85**
Total (at a 500ppm Co cut-off)								
Indicated	6.5	951	10.54	9.93	18.63	6,182	1.21	2.86
Inferred	48.4	905	10.14	9.51	17.83	43,804	8.63	2.85
Total	**54.9**	**910**	**10.19**	**9.56**	**17.92**	**49,986**	**9.84**	**2.85**

(Pyrite grade generated stoichiometrically from sulphur assay using formula Pyrite = (sulphur/53.333) * 100)

The 30 June 2017 Mineral Resource estimates for the Thackaringa Cobalt deposits (at a cut-off of 500ppm Co) detailed by Mineral Resource category and as released 5 June 2017. Note minor rounding errors may have occurred in the compilation of this table.

Stage Two activities were focused on the three known deposits - Pyrite Hill, Big Hill and the Railway. Resource definition work will continue during Stage Three of the JV, targeting conversion of exploration targets to Mineral Resources.



Note: *Priority exploration targets identified through processing of the heliborne electromagnetic ('EM') survey (VTEM-Max) completed during September 2017 (refer to ASX Announcement 'Bankable Feasibility Study Commences with Drilling Campaign and Project Optimisation Studies' released 13 September 2018).*

In September 2017, the entire project area (63km^2) was surveyed using a heliborne electromagnetic (EM) survey (VTEM-Max) at a nominal 100 metre line spacing. Several strong EM responses outside of the existing Mineral Resources (Pyrite Hill, Railway Deposit and Big Hill) were recorded and have now been cross-checked with coincident geophysical (Induced Polarisation) and geochemical anomalism. In the upcoming drilling campaign, COB will undertake some preliminary drilling at these targets.

FY18 also witnessed considerable progress in our metallurgical testwork program. Approximately 820 kg of ore, representing Railway Hill and Pyrite Hill deposits, was composited in August 2017, was used to test the preferred process for the PFS. The grade of the composite used in the testwork was only 607 ppm cobalt, which is lower than the average grade of the resource estimate.

Ore was processed by crushing to p100 @ 1.2 mm and passed through a gravity spiral circuit. The tails were screened, with the fines subjected to froth flotation. The gravity and flotation concentrates were combined into a single concentrate. Approximately 144 kg of concentrate was produced from 820 kg of ore composite, with a recovery of 92% of the cobalt to concentrate. Further work examining finer grind sizing was then conducted. Results indicated that varying the particle size down to 425um permitted 94% recovery of cobalt to concentrate.

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% to 40% in recent tests (refer to ASX Announcement 'PFS – Bulk Metallurgical Testwork – Progress Update' released 27 December 2017).

Annual Review of Mineral Resources

The material changes in the Thackaringa Mineral Resource estimates, inclusive of Railway, Big Hill and Pyrite Hill can be attributed to the inclusion of 74 new drill holes for approximately 12,500m completed in late 2017. This drilling program supported revision of the geological model and subsequent Mineral Resource update released to the Australian Securities Exchange (ASX) under the guidelines of the JORC Code (2012 edition) on 19 March 2018.

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

Mineral Resources estimates are subject to internal review and external review by independent and suitably qualified consultants (Competent Persons) in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition), using industry standard techniques and guidelines for the estimation and reporting of Mineral Resources. These estimates and the supporting documentation were reviewed by suitably qualified Competent Persons prior to inclusion in this Annual Report. The Company's Board approves revisions to Mineral Resources prior to public release.

Competent Persons Statement

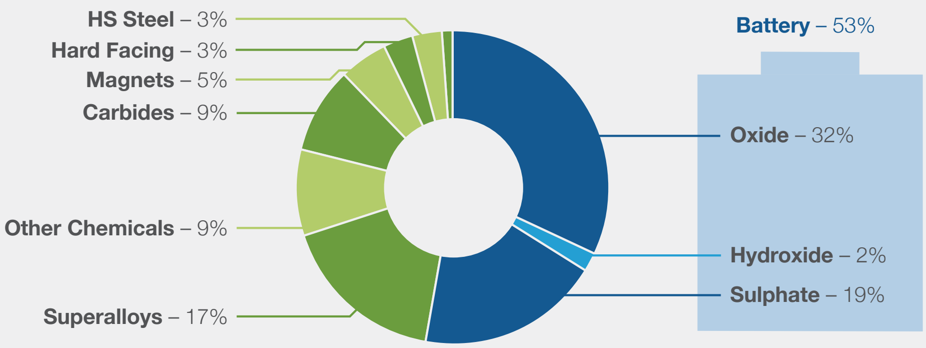
The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Peter Buckley, a Competent Person who is a Member of The Australian Institute of Geoscientists (MAIG). Mr Buckley is employed by Left Field Geoscience Services and engaged by Cobalt Blue on a consulting basis. Mr Buckley 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 Buckley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Market
Outlook

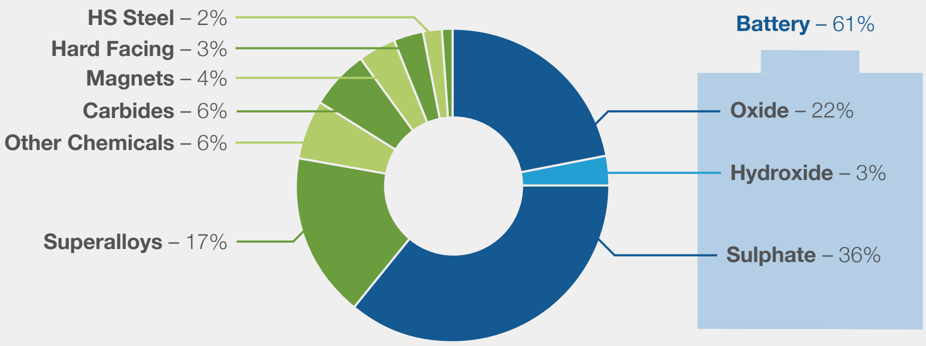
The global cobalt market continues to evolve rapidly with the rollout of lithium ion batteries creating a profound change in cobalt demand.

Today's demand for batteries is a far cry from humble beginnings in the late 1990s, namely consumer electronics such as laptops and mobile phones. A single Electric Vehicle (EV) today can contain more cobalt than 1,000 laptops and is part of a global +20% demand growth end market. Overall, we believe that cobalt demand growth will average over 9% in the coming decade. A breakdown of forecast cobalt demand over the period 2017A – 2026F shown below:

Cobalt demand 2017 (actual)



Cobalt demand 2026 (forecast)

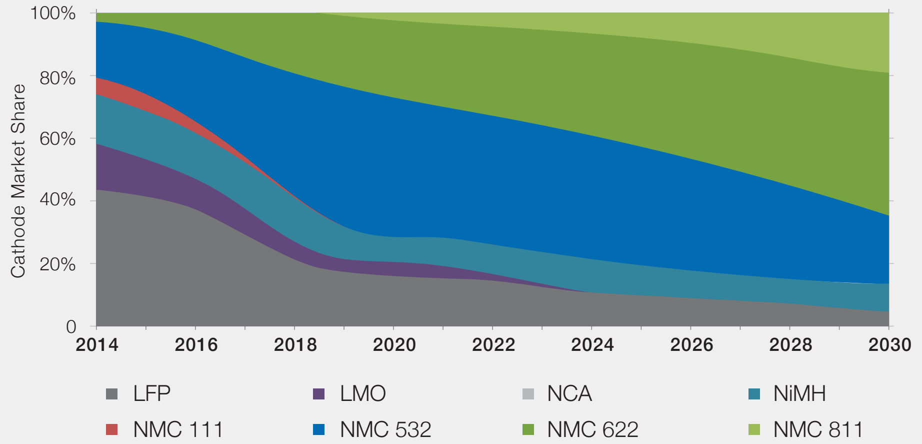


Source: CRU Internationsl

Lithium ion battery technology is well suited to applications where overall weight is important (such as consumer screen devices and EVs). For consumer devices the priority for the battery maker remains cathode stability (avoiding battery overheating), and with the cobalt cost (as a % of the total battery bill of materials) relatively small, phone, laptop and tablet makers can continue to utilise cobalt rich chemistries.

This is not the case for EV manufacturers where cobalt remains an expensive component of the bill of materials, largely given the size of the batteries involved. The EV industry is therefore highly incentivised to “thrift out” the cobalt content. Despite some market participants claiming to have achieved a cobalt free battery, our commercial partners (who represent the most advanced battery makers on the globe) are reaching a cobalt reduction limit, beyond which the battery may become unstable.

This limit is seen in the Nickel Manganese Cobalt (NMC) 8:1:1 cathode (Cobalt = 1) roll out in 2022 and beyond. We believe this is a natural market consequence driven by a desire to lower costs. Today batteries have 2–3x the cobalt content, but investors should remember the significant unit growth rates will materially overcome this lower of cobalt content per unit. We have shown the forecast rollout of different battery cathode chemistries below.

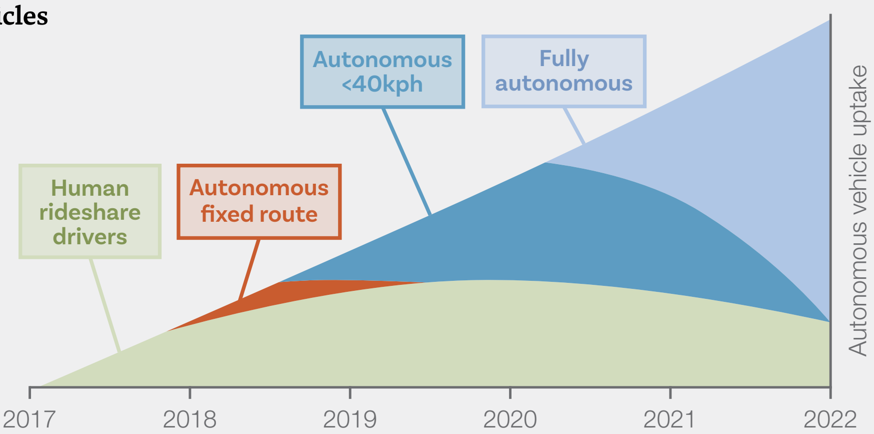


Source: CRU International

With the introduction of mass market EVs, cost parity is fast becoming a reality. This is occurring concurrently with a rollout of EV charging infrastructure, thus reducing consumer range anxiety. The world witnessed a parallel phenomenon with the introduction of the mass market Model T Ford in 1908. History has a habit of repeating itself.

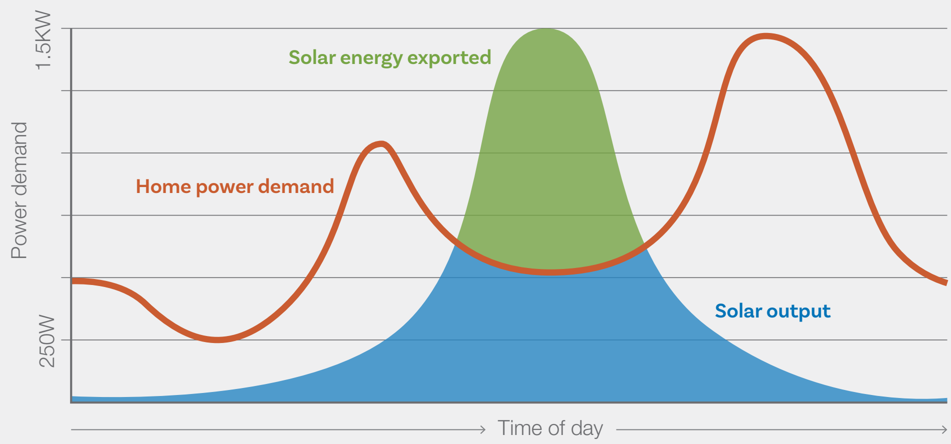
Looking forward, Cobalt Blue is excited by the increasing adoption of car pooling (or “ride sharing”). Ride sharing allows the costs of owning and maintaining the vehicle to be shared by larger numbers of owners. With >90% of people living in urban areas, travelling less than 100km on a daily basis, EVs become a strong solution and the vehicle can effortlessly charge while not being used. This market penetration will go hand in hand with the development of vehicular autonomous guidance systems.

Batteries enable rideshare and autonomous vehicles



Source: Lyft 2016

Peak solar energy can be stored



Source: Cobalt Blue

Cobalt Metal Hoarding

The market is beginning to see the beginnings of cobalt metal "hoarding". That is, the purchase and holding of physical metal, to sell later at a higher price. These anecdotes are causing some concern to investors, as it may be the sign of a bubble. We disagree. The London Metal Exchange (LME) quotes cobalt metal daily (which we believe is a useful sign of metal price direction rather than absolute value) but its global warehouse system contains only 690 tonnes of cobalt metal (versus a global annual market of ~110,000 tonnes). With monthly trading volumes of ~100 tonnes the LME does not represent the real (but opaque) company to company cobalt market.

It is not surprising that financial investors then purchase metal directly for hoarding purposes. This is a natural evolution for the cobalt market, indeed the beginning of a forward market for the metal. Every hoarder has a sell price and time horizon; therefore the sum of all hoarders represents a forward market. The only difference is that currently, other participants do not have direct visibility of this inventory. We welcome, rather than fear, such developments.

Supply

As always, cobalt supply remains fragile. 58% of global supply is from the Democratic Republic of Congo (DRC), a country at war with itself. Overall, DRC sovereign risk remains high, but the inclusion of non-ethical sources of cobalt, particularly that mined at the village level by women and children under duress, remains a cause for global concern. Over the course of 2018 we have witnessed the beginnings of a two-tier pricing structure, with the premium price attached to material that has a proven ethical origin. We are therefore pleased to report that the market is beginning to react to Western World battery consumers such as Apple Inc, who have insisted on such measures for some time now.

Beyond the near-term period of DRC supply growth, the market will again revert to chronic tightness. We believe this will occur over the next 12 months or so.

Source: Cobalt Blue


Joe Kaderavek
Hugh Keller
Robert Biancardi

Directors' **Report**

The Directors of Cobalt Blue Holdings Limited ("Cobalt Blue") present their report together with the financial statements for the year ended 30 June 2018.

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:

- **R Biancardi** (Chairman)
- **J Kaderavek** (Chief Executive Officer & Executive Director)
- **H Keller** (Independent Non-Executive Director)
- **M Hill** (Independent Non-Executive Director)
- **A Johnston** (resigned as a Director effective 18 June 2018)

Principal Activities

The Company's focus is upon the development and commercialisation of the Thackaringa Cobalt Deposit, 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' and 'Market Outlook' sections on pages 9 to 17.

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 9 to 14.

Significant changes in the state of affairs

During the financial year contributed equity increased by $10,523,634 due to share placements and the exercise of shareholder options. Details of the changes in contributed equity are disclosed in Note 17 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:	*BCom (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. Robert 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. Robert is a member of the Board of The Bread & Butter Project, a social enterprise. Robert 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:	3,227,035
Interest in options:	2,306,758

Name:	**Mr Joe Kaderavek**
Title:	***Executive Director and Chief Executive Officer***
Qualifications:	*BEng (Aeronautical Engineering) (University of Sydney);* *GCertEng (Reliability Engineering) (Monash University);* *Master of Business Administration (MBA) (Deakin University))*
Experience and Expertise:	Mr Kaderavek commenced his career as an 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. He 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. Joe 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:	2,625,000
Interest in options:	2,750,000

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 and Remuneration and Nomination Committees.
Interests in shares:	755,000
Interest in options:	1,582,500

Name:	**Mr Matthew Hill**
Title:	***Independent Non-Executive Director***
Qualifications:	*Graduate Diploma in Applied Finance (Securities Institute Australia);* *Master of Business Administration (University of South Pacific Suva, Fiji)*
Experience and Expertise:	Mr Hill is the Executive Director of New Talisman Gold Mines (ASX:NTL), and Managing Director of Asia Pacific Capital Group Limited. Matthew is an experienced merchant banker having worked previously at Potter Warburg (now UBS); Eventures (a joint venture between Newscorp and Softbank); Pitt Capital and Souls Private Equity Limited. Matthew specialises in resources and company listings on the ASX and NZX and acts for a number of multinational clients. He has been responsible for leading the company into the development phase at the Talisman mine since his appointment in late 2012 and is primarily responsible for day to day operations and capital raising initiatives of the company.
Other current directorships:	New Talisman Gold Mines Ltd; Asia Pacific Capital Group Limited; Broken Hill Prospecting Limited
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk committee.
Interests in shares:	1,184
Interest in options:	500,296

Name:	**Mr Anthony Johnston**
Title:	***Independent Non-Executive Director (Resigned effective 18 June 2018)***
Qualifications:	*BSc Hons 1st Class (Newcastle University) (AusIMM Charles Marshall Thesis Award); MSc (Economic and Mining Geology) (University of Tasmania – CODES)*
Experience and Expertise:	Mr Johnston is a geologist with 20 years' experience in exploration, project development and mining activities. His diversified career spans the private, public, consulting and government sectors, with experience extensively throughout Australia and internationally. Anthony is currently the Chief Executive Officer of Broken Hill Prospecting Limited (BPL), an exploration company focused on the development of strategic technology metals. His previous roles include corporate and senior management positions at KBL Mining Limited, MM Mining Limited, Compass Resources Limited and SRK Consulting Pty Ltd.
Other current directorships:	Broken Hill Prospecting Limited
Former directorships (last 3 years):	None
Special responsibilities:	Member, Audit and Risk and Remuneration and Nomination Committees (resigned effective 18 June 2018)
Interests in shares:	418,471
Interest in options:	807,742

Company Secretary

Mr Ian Morgan resigned as Company Secretary effective 30 June 2018. Mr Robert Waring was appointed to the position of Company Secretary on 29 June 2018. Mr Waring is a Chartered Accountant and has over 40 years' experience in financial accounting and company secretarial roles, principally in the resources industry and provides secretarial services to a number of public companies listed on the Australian Securities Exchange.

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 2018, 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	11	11	3	3	6	5
J Kaderavek	11	11	–	–	–	–
H Keller	11	11	3	3	6	5
A Johnston	11	11	3	3	5	5
M Hill	11	9	–	–	–	–

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:

A. Remuneration Policy
B. Details of Remuneration
C. Service Agreements
D. Share-based compensation
E. Additional information
F. Additional disclosures relating to key management personnel

A. Remuneration Policy

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

H Keller (Chair): Independent, non-executive director

R Biancardi: Independent, non-executive director

A Johnston: Non-executive director (to 18 June 2018)

The Committee has determined that formal policies are not appropriate given the Company's size, and therefore individual negotiation will be conducted as 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 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 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 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

Joe Kaderavek: Executive Director & Chief Executive Officer

Hugh Keller: Independent Non-Executive Director

Matt Hill: Independent Non-Executive Director

Anthony Johnston: Independent Non-Executive Director (resigned effective 18 June 2018)

Andrew Tong: Executive Manager (appointed 1 October 2017)

Fixed remuneration

Fixed remuneration consists of fees and benefits paid to Directors and Consultants and salary, paid leave benefits and fringe benefits awarded to executive Directors and employer contributions to superannuation funds.

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

Equity Settled based payment expense

These amounts represent the expense related to the participation of KMP in equity settled (options) benefit schemes as measured by the fair value of the options granted on grant date.

Performance-linked remuneration

Performance-linked compensation may include both short-term and long-term incentives and is designed to reward employees and Directors for meeting or exceeding their financial and personal objectives. The short-term incentive can be provided in the form of options or a cash bonus.

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' fee pool is $275,000 per annum and was approved by shareholders at the annual general meeting on 24 November 2017.

On an annualised basis, non-executive director fees are as follows:

Non-executive director	Position	2018	2017
R Biancardi	Chairman	$55,000	$50,000
H Keller	Head of Audit and Remuneration Committees	$49,500	$45,000
A Johnston	Non-executive director	$44,000	$40,000
M Hill	Non-executive director	$44,000	$40,000
Total		**$192,500**	**$175,000**

- All non-executive directors enter into a service arrangement with the Company in the form of a 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.

Voting and comments made at the Company's 24 November 2017 Annual General Meeting (AGM)

The company received 97.9% of 'for' votes in relation to the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

B. Remuneration

The following table outlines persons who are directors and other key management personnel ("KMP") of the Company at 30 June 2018 and the nature and amount of remuneration for those persons.

	Short-term benefits		Post-Employment Benefits	Long-term benefits	
	Short Term Cash (salary and fees)	Bonus	Superannuation	Equity Settled	Total
2018	$	$	$	$	$
Directors					
R Biancardi	52,496	–	–	–	52,496
J Kaderavek[3]	228,311	50,000	21,689	–	300,000
H Keller	47,250	–	–	–	47,250
A Johnston[1]	40,533	–	–	–	40,533
M Hill[2]	41,667	–	–	60,000	101,667
Subtotal	**410,157**	**50,000**	**21,689**	**60,000**	**541,946**
Other Key Management Personnel					
A Tong[4]	138,750	–	–	141,670	280,420
Total	**549,007**	**50,000**	**21,689**	**201,670**	**822,366**

1 *Mr Johnston resigned effective 18 June 2018. In addition, Broken Hill Prospecting Limited ("BHPL") was paid $53,460 (2017: $165,825) in relation to the financial period for services rendered to the company. Mr Johnston is the Chief Executive Officer of BHPL.*

2 *On 24 November 2017 Shareholders agreed to the issue of 500,000 options to Mr Hill or his nominee. The terms and conditions of the Options are the same as the Company's quoted Options (ASX: COBO). The granting of Options to Mr Hill, or his nominee, were in consideration of his services to the Company in the future and to incentivise his contribution to efforts to lift the Company's share price.*

3 *Bonus refers to a discretionary cash bonus.*

4 *Mr Tong was appointed Executive Manager on 1 October 2017. On 24 November 2017 Shareholders agreed to the issue of 2,250,000 options to Mr Tong or his nominee. The grant of these options was to incentivise his contribution to achieving critical milestones for the Company. Apart from certain vesting conditions, the Options have the same terms and conditions as the Company's quoted options. The vesting conditions are as follows:*

	Number of Options
Pre-feasibility study is delivered on or before 30 April 2018 or such later date reasonably determined by the Company's Board due to events outside his control[5].	*300,000*
On the earlier of 31 October 2018 or the date on which 1,000 tonnes of Thackaringa ore has been fully processed or such later date as reasonably determined by the Company's Board due to events outside his control.	*300,000*
On the earlier of 31 December 2018 or the date on which a targeted mass (Board approved) of Thackaringa ore has been fully processed, and completion of bulk metallurgical testing as required to support a bankable feasibility study that will be delivered as part of the Company's Stage 3 obligations or such later date as reasonably determined by the Company's Board due to events outside his control.	*650,000*
If the bankable feasibility study is delivered on or before 30 June 2019 or such later date reasonably determined by the Company's Board due to events outside his control.	*1,000,000*
Total	***2,250,000***

5 *This date was later extended by the Board to 20 July 2018 to reflect events outside the control of Mr Tong.*

	Short-term benefits		Post-Employment Benefits	Long-term benefits	
	Short Term Cash (salary and fees)	Bonus	Superannuation	Equity Settled	Total
2017	$	$	$	$	$
Directors					
R Biancardi[1]	41,662	–	–	100,000	141,662
J Kaderavek[2]	218,721	–	11,279	137,500	367,500
H Keller[2]	30,000	–	–	75,000	105,000
A Johnston[2]	26,667	–	–	37,500	64,167
M Hill	–	–	–	–	–
Subtotal	**317,050**	**–**	**11,279**	**350,000**	**678,329**
Other Key Management Personnel					
I Morgan[3]	38,721	–	–	–	38,721
Total	**355,771**	**–**	**11,279**	**350,000**	**717,050**

1 *Appointed 2 September 2016.*

2 *Appointed 24 October 2016.*

3 *Appointed Company Secretary on 24 October 2016. Mr Morgan was not considered a KMP for the 2018 financial year and accordingly no remuneration has been disclosed for 2018.*

C. Service Agreements (audited)

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	Joe Kaderavek
Title	Chief Executive Officer and Executive Director
Agreement commenced	1 November 2016
Term of agreement	No fixed term
Remuneration	Remuneration as of 1 July 2018: $375,000 per annum including superannuation. Annualised salary for the year ended 30 June 2018 was $250,000 including superannuation. The contract includes a three-month notice period for termination.

Name	Andrew Tong
Title	Executive Manager
Agreement commenced	1 October 2017
Term of agreement	No fixed term
Remuneration	Dr Tong's services are provided through a management services agreement with Minerals & Residues Pty Ltd, of which Dr Tong is a Director. The agreement can be terminated with reasonable notice. The Agreement provides for an annual fee of $185,000 plus GST, payable monthly in arrears. The Company may also terminate the agreement where the other party commits a material breach or persistent breach or non-observance of a term of this agreement.

D. Share-based compensation

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018. The terms and conditions of each grant of options 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	Vesting date	Exercisable date	Expiry Date	Exercise Price	Fair value per option at grant date
R Biancardi	31/10/2016	2,000,000	2/5/2017	2/05/2019	2/05/2020	$0.25	$0.05
J Kaderavek	31/10/2016	2,750,000	2/5/2017	2/05/2019	2/05/2020	$0.25	$0.05
H Keller	31/10/2016	1,500,000	2/5/2017	2/05/2019	2/05/2020	$0.25	$0.05
A Johnston	31/10/2016	750,000	2/05/2017	2/05/2019	2/05/2020	$0.25	$0.05
M Hill	24/11/2017	500,000	24/11/2017	12/12/2017	2/05/2020	$0.25	$0.12
A Tong	24/11/2017	2,250,000	Various. See section B above.	Various. See section B above.	2/05/2020	$0.25	$0.12

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 2018 is set out below:

Directors and Other KMP	Number of options granted during the year		Number of options vested during the year	
	2018	2017	2018	2017
R Biancardi	–	2,000,000	–	2,000,000
J Kaderavek	–	2,750,000	–	2,750,000
H Keller	–	1,500,000	–	1,500,000
A Johnston	–	750,000	–	750,000
M Hill	500,000	–	500,000	–
A Tong	2,250,000	–	–	–

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 2018 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 ($)
R Biancardi	–	–	–
J Kaderavek	–	–	–
H Keller	–	–	–
A Johnston	–	–	–
M Hill	60,000	–	–
A Tong	141,670	–	–

E. 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 options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at the end of the year
R Biancardi	3,227,035	–	–	–	3,227,035
J Kaderavek	2,625,000	–	–	–	2,625,000
H Keller	755,000	–	–	–	755,000
A Johnston	418,471	–	–	–	418,471
M Hill	1,184	–	–	–	1,184
A Tong	–	–	–	13,605	13,605

Other than for H Keller, A Johnston and M Hill, none of the shares above are held nominally by the Directors or any of the key management personnel.

Movement in options held

The number of options 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	Granted as part of remuneration	Exercised	Additions	Disposals	Balance at the end of the year
R Biancardi	2,306,758	–	–	–	–	2,306,758
J Kaderavek	2,750,000	–	–	–	–	2,750,000
H Keller	1,582,500	–	–	–	–	1,582,500
A Johnston	807,742	–	–	–	–	807,742
M Hill	296	500,000	–	–	–	500,296
A Tong	–	2,250,000	–	–	–	2,250,000

F. Other transactions with key management personnel

Details of other transactions with key management personnel are set out in Note 23.

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://www.cobaltblueholdings.com/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
31/10/2016	2/05/2020	$0.25	10,862,414
31/01/2017	9/05/2020	$0.25	10,664,883
24/11/2017	2/05/2020	$0.25	2,750,000
Total			**24,277,297**

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 $30,416 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.

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 29 and forms part of the Directors' Report for the year ended 30 June 2018.

Non-audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 5 to the financial statements.

The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 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 26 September 2018

Auditor’s **Independence Declaration**

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 period ended 30 June 2018, 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 Sydney Audit Pty Limited

Stephen Fisher
Director

Dated: 26 September 2018

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Financial **Statements**

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Notes $	**2018** $	**2017** $
Revenues from ordinary activities			
Revenue	2	105,055	35,498
Expenses from ordinary activities			
ASX and Registry Fees		(142,895)	(230,104)
Consultants / Public Relations		(365,713)	(99,295)
Depreciation and amortisation expense		(41,553)	–
Employee expenses	3	(585,206)	(687,237)
Interest expenses	16	(7,774)	–
Legal and professional costs		(405,375)	(165,032)
Occupancy expenses		(18,436)	(12,886)
Other expenses from ordinary activities		(172,659)	(68,164)
Loss before tax		**(1,634,556)**	**(1,227,220)**
Income tax expense	4	–	–
Loss from continuing operations		**(1,634,556)**	**(1,227,220)**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive loss for the year		**(1,634,556)**	**(1,227,220)**
		Cents	**Cents**
Basic and diluted earnings/(loss) per share	6	(1.6c)	(2.4c)

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 2018

	Notes $	2018 $	2017 $
Current Assets			
Cash and cash equivalents	7	9,799,566	5,719,337
Receivables	8	118,714	141,631
Other assets	9	110,252	78,970
Total Current Assets		**10,028,532**	**5,939,938**
Non-current Assets			
Property, plant and equipment	10	695,064	28,830
Intangibles	11	32,443	–
Security deposits		65,610	–
Exploration and evaluation assets	12	8,593,240	3,289,220
Total Non-current Assets		**9,386,357**	**3,318,050**
Total Assets		**19,414,889**	**9,257,988**
Current Liabilities			
Trade and other payables	13	587,425	221,785
Provisions	14	63,659	8,448
Lease liabilities	16	135,419	–
Total Current Liabilities		**786,503**	**230,233**
Non-current Liabilities			
Provisions	15	24,115	–
Lease liabilities	16	485,768	–
Total Non-current Liabilities		**509,883**	**–**
Total Liabilities		**1,296,386**	**230,233**
Net Assets		**18,118,503**	**9,027,755**
Equity			
Issued capital	17	20,428,609	9,904,975
Reserves	18	551,670	350,000
Accumulated losses		(2,861,776)	(1,227,220)
Total Equity		**18,118,503**	**9,027,755**

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 2018

	Ordinary Share Capital $	Options Reserve $	Accumulated Losses $	Total $
Balance at 26 August 2016	–	–	–	–
Total loss for the year	–	–	(1,227,220)	(1,227,220)
Issue of ordinary securities	10,567,106	–	–	10,567,106
Issue of options	–	350,000	–	350,000
Cost of issuing ordinary securities	(662,131)	–	–	(662,131)
Balance at 30 June 2017	**9,904,975**	**350,000**	**(1,227,220)**	**9,027,755**
Balance at 1 July 2017	9,904,975	350,000	(1,227,220)	9,027,755
Total loss for the year	–	–	(1,634,556)	(1,634,556)
Issue of ordinary securities	10,951,040	–	–	10,951,040
Issue of options	–	201,670	–	201,670
Cost of issuing ordinary securities	(427,406)	–	–	(427,406)
Balance at 30 June 2018	**20,428,609**	**551,670**	**(2,861,776)**	**18,118,503**

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

Statement of Cash Flows

FOR THE PERIOD ENDED 30 JUNE 2018

	Notes	2018	2017
	$	$	$
Cash flows from operating activities			
Payments to suppliers and employees		(1,493,263)	(1,029,608)
Interest received		110,142	19,184
Interest paid on leased assets		(7,774)	–
Other		3,084	–
Net cash flows used in operating activities	22	**(1,387,811)**	**(1,010,424)**
Cash flows from investing activities			
Payments for exploration expenditure		(5,243,047)	(3,156,049)
Research and development tax incentive refund		278,253	–
Payments for plant and equipment		(36,587)	(28,830)
Other non-current assets		(23,315)	–
Net cash flows used in investing activities		**(5,024,696)**	**(3,184,879)**
Cash flows from financing activities			
Gross proceeds from issue of shares		10,951,040	10,567,106
Cash used as security for bank guarantee		(98,129)	–
Costs related to issue of shares		(437,071)	(652,466)
Payment of lease liabilities		(21,233)	–
Net cash flows provided by financing activities		**10,394,607**	**9,914,640**
Net increase in cash held		3,982,100	5,719,337
Cash at beginning of financial period		5,719,337	–
Cash at end of financial period	7	**9,701,437**	**5,719,337**

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, incorporated and domiciled in Australia (Cobalt Blue or Company). The Company has no subsidiaries or controlled entities.

The Company was incorporated on 26 August 2016. The 2017 comparative is for the period from incorporation to 30 June 2017.

Basis of preparation

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

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

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

The financial statements were authorised for issue on 21 September 2018 by the Board of Directors.

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.

The Company also elected to adopt the following standards early for its annual reporting period commencing 1 July 2017.

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases

The adoption of these standards did not have any impact on the amounts recognised in prior periods.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at 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 are initially recognised as deferred income at fair value and when there is reasonable assurance that they will be received and that the company will comply with the conditions associated with the grant, they are then recognised in profit or loss as other income on a systematic basis over the life of the asset. Grants that compensate the company for expenditure capitalised are recognised as a reduction in the carrying value of the asset and grants that compensate the company for expenditure recognised in profit or loss is recognised as government grant income.

(c) 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 classified as operating cashflows included in receipts from customers or payments to suppliers.

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

(d) 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 Company 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.

(e) Earnings per share

Basic earnings per share (EPS) is calculated by dividing:

- the net profit or loss attributable to members of the Company for the reporting period, excluding any costs of servicing equity other than ordinary shares
- 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 figures 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.

(f) 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.

(g) Plant and equipment

Plant and equipment is 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 Company. 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 Company commencing from the time the asset is held ready for use.

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

Plant and equipment: 3–4 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.

(h) 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 Company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the Company's financial statements. Where the Company participates in, but does not have joint control of, a joint operation, the Company 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 Company 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.

(i) 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. These 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.

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 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.

(j) Leases

The Company leases property and 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 wide 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 Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss 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.

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 Company'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.

(k) 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.

(l) Impairment of Assets

At each reporting date, the Company 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 form continuing use that are largely independent of the cash inflows or 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 is 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.

(m) Issued 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.

(n) 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 impairment losses. Refer to Note 1 (w).

(o) Trade and other payables

These amounts represent liabilities for goods and services received by the Company that remain unpaid at the end of the financial year. Trade and other payables are stated at cost. Trade payables are non-interest bearing and are normally paid within 30 days of recognition.

(p) Financial Instruments

Initial recognition and measurement of financial assets and financial liabilities occurs when the company becomes a party to the contractual provisions to the instrument.

(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 employees and consultants. There were no cash settled share-based payments during the financial year.

Equity-settled transactions are awards of shares or options over shares that are provided to employees, Directors or consultants 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 the Black-Scholes option pricing model or available market prices. Option Pricing 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 dependant on whether the Company receives the services that entitle the employees to receive payment.

No account is taken of any other vesting conditions. The cost of equity-settled transactions 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 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 Company or grantee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company 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.

Notes to Financial Statements continued

(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) Comparatives

The Company was incorporated on 26 August 2016 and the 2017 comparatives reflect activity for the period from incorporation to 30 June 2017.

(w) 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 company.

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 Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company 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(i) exploration and evaluation expenditure is capitalised for an area of interest for which 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.

In respect of the expenditure recognised as an exploration and evaluation asset under AASB 6 ‘Exploration for and Evaluation of Mineral Resources’, the Company has assessed that the exploration activities are not yet sufficiently advanced to make an assessment about the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

Share based payment transactions

The company measures the cost of equity-settled transactions with employees, Directors or consultants by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using the Black Scholes option price model or market valuations. The related assumptions are detailed in Note 19. 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.

(x) New Accounting Standards and interpretations not early adopted

The Company has not yet adopted the below list of standards and amendments on issue but not yet effective that were available for early adoption and were applicable to the Company. The reported results and financial position of the Company are not expected to change on adoption of any of the amendments to current standards listed below:

Effective date	New Standards or Amendments	Reference
1 January 2018	Financial Instruments and the relevant amending standards	AASB 9 (2014)
1 January 2018	Classification and Measurement of Share-based Payment transactions (Amendments to AASB2)	AASB 2016-5

AASB 9 Financial Instruments (2014)

AASB 9 published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and re-recognition of financial instruments from AASB139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The impact on the financial statements of the adoption of this standard is not expected to be material.

2 Revenue from operating activities

	2018 $	2017 $
Interest received	102,241	35,498
Other Revenue	2,814	–
Total Revenue	**105,055**	**35,498**

3 Employee and contractor benefits expenses

Post-employment benefits:		
Accumulated benefit superannuation plans	24,545	11,279
Share-based payments		
Equity settled payments*	201,670	350,000
Non-executive director fees	181,946	98,329
Other employee benefits	318,715	227,629
Sub-total	**728,876**	**687,237**
Less amounts capitalised as part of exploration and evaluation	(141,670)	–
Total employee and contractor benefit expense	**585,206**	**687,237**

* *Equity-settled share-based payments expense relates to share options granted during the financial year and amortisation of share options granted in prior reporting periods. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.*

4 Income tax benefit

	2018 $	2017 $
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	**(1,634,556)**	**(1,227,220)**
Tax at the statutory rate of 27.5%	(449,503)	(337,485)

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Non-allowable items	16,500	119,018
Tax losses not brought to account	1,943,869	608,514
Exploration expenditure deductible	(1,450,717)	(354,179)
Other allowable items	(60,149)	(35,868)
Income tax expense	**–**	**–**
Unused tax losses for which no deferred tax loss has been recognised	8,426,166	1,529,345
Potential tax benefit @27.5%	2,317,196	420,570

Deferred tax assets (liability) not recognised are attributable to:

Exploration and evaluation expenditure	(1,738,555)	(187,943)
Prepayments	(30,319)	–
Interest receivable	(2,313)	–
Employee entitlements	19,286	–
Accrued expenses	19,481	–

The benefit of deferred tax assets and tax losses will only be obtained if the Company 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 affect the company in realising the benefit from the deductions for the losses.

5 Auditor's remuneration

Audit or review of the financial statements	39,000	19,000
Non-audit services by associated entities of the auditor:		
– tax advisory services	3,110	–
– share registry	20,031	81,786
– prospectus due diligence	–	41,950
	62,141	**142,736**

6 Earnings per share

Earnings/(Loss) for the year used to calculate basic and diluted earnings per share	(1,634,556)	1,227,220)
Weighted average number of shares outstanding during the year used for the calculation of basic and diluted earnings per share	103,706,056	50,177,995
Basic and diluted earnings/(loss) per share	(1.6c)	(2.4c)

7 Cash and cash equivalents

	2018 $	2017 $
Short term deposits	8,800,000	4,300,000
Cash at bank and on hand	999,566	1,419,337
	9,799,566	**5,719,337**

The effective interest rate on the short-term deposits are 1.44% and 2.24%.

The short-term deposits have a maximum maturity of 90 days.

Short term deposits disclosed above and in the statement of cashflows are subject to a security interest of $98,129 issued to the Company's Banker in regard to an office lease guarantee and is not therefore available for general use by the Company.

8 Trade and other receivables – current

Other receivables	**118,714**	**141,631**

9 Other assets – current

Prepayments	**110,252**	**78,970**

10 Property, plant and equipment

	Right of use assets	Leasehold Improvements	Furniture and Office Equipment	Site Buildings	Total
Year ended 30 June 2017					
Opening Balance	–	–	–	–	–
Additions	–	–	–	28,830	28,830
Depreciation expense	–	–	–	–	–
Closing Balance	**–**	**–**	**–**	**28,830**	**28,830**
At cost	–	–	–	28,830	28,830
Accumulated Depreciation	–	–	–	–	–
At 30 June 2017	**–**	**–**	**–**	**28,830**	**28,830**
Year ended 30 June 2018					
Opening Balance	–	–	–	28,830	28,830
Additions	579,124	80,645	40,174	7,205	707,148
Depreciation expense	(25,277)	(1,891)	(1,416)	(12,330)	(40,914)
Closing Balance	**553,847**	**78,754**	**38,758**	**23,705**	**695,064**
At cost	579,124	80,645	40,174	36,035	735,978
Accumulated Depreciation	(25,277)	(1,891)	(1,416)	(12,330)	(40,914)
At 30 June 2018	**553,847**	**78,754**	**38,758**	**23,705**	**695,064**

11 Intangibles

	Software	Patents	Total
Year ended 30 June 2018			
Opening Balance	–	–	–
Additions	23,315	9,767	33,082
Depreciation expense	(639)	–	(639)
Closing Balance	**22,676**	**9,767**	**32,443**
At cost	23,315	9,767	33,082
Accumulated Depreciation	(639)	–	(639)
At 30 June 2018	**22,676**	**9,767**	**32,443**

No expenditure was incurred on software and patents in the prior financial year.

12 Exploration and evaluation expenditure

	2018 $	2017 $
Balance at beginning of the financial year	3,289,220	–
Additions	5,582,543	3,289,220
R&D tax incentive on exploration asset off-set	(278,523)	–
Balance at end of the financial year	**8,593,240**	**3,289,220**

Recoverability of the carrying amount of the exploration asset is dependent on the successful development of the Thackaringa Cobalt Project, which is carried out through a joint operation as the parties are tenants in common in the assets and liabilities relating to the Project. The Company is the manager of, and holds a material interest in the joint operation. The objectives of the joint operation are to maintain the tenements held by the participants in good standing and to explore and evaluate the commerciality of minable mineral resources. The joint operation is titled the Thackaringa Joint Venture.

The Company is sole funder of the operation until the 4-stage Earning Obligations are completed. The Company currently holds a 70% beneficial interest (Stage 2 interest) in the joint operation. See Note 25 for further details. The joint arrangement agreement provides for the Company to move to 100% following the completion of all set milestones. The Company is a participant in, but does not have joint control over, the joint operation.

13 Trade and other payables – current

Trade payables	340,391	138,827
Other creditors and accruals	247,034	82,958
	587,425	**221,785**

14 Provisions – current

Employee benefits	**63,659**	**8,448**

15 Provisions – non-current

Make good provision	**24,115**	**–**

16 Leases

(i) Amounts recognised in the statement of financial position

Right of use assets

	2018 $	2017 $
Office Property	547,673	–
Office equipment	6,174	–
	553,847	**–**

Additions to leased assets: $579,124 (2017:Nil).

Lease Liabilities

	2018 $	2017 $
Current	135,419	–
Non-current	485,768	–
	621,187	**–**

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

	2018 $	2017 $
Depreciation charge of leased property assets	25,101	–
Depreciation of leased office equipment	176	–
	25,277	**–**
Interest expense	7,774	–

The lease terms are industry standard for the assets involved. The Office Property lease expires on 30 April 2022.

17 Issued capital

	2018		2017	
Fully paid ordinary shares	**Number**	**$**	**Number**	**$**
Balance at beginning of the financial year	95,000,000	9,904,975	10,000	10,000
Share split	–	–	34,990,000	–
In-specie distribution to Broken Hill Prospecting Limited shareholders	–	–	–	–
Shares issued for cash: seed investors	–	–	10,000,000	550,000
Shares issued for cash at IPO	–	–	50,000,000	10,000,000
Exercise of options – proceeds received	2,599,164	647,685	–	–
Share placement at $0.22 per share	11,363,635	2,500,000	–	–
Share placement at $1.10 per share	7,093,959	7,803,355	–	–
Capital raising costs	–	(427,406)	–	(662,131)
Share option exercise monies	–	–	–	2,106
Balance at end of the financial year	**116,056,758**	**20,428,609**	**95,000,000**	**9,904,975**
Unescrowed, listed on ASX	95,564,574		72,325,316	
Escrowed	20,492,184		22,674,684	
Total	**116,056,758**		**95,000,000**	

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.

Notes to Financial Statements continued

Options	Weighted average exercise price $	2018 Number	2018 $	2017 Number	2017 $
Balance at beginning of the financial year	0.25	21,207,865	350,000	–	–
Director Options issued for nil consideration	0.25	500,000	60,000	7,000,000	350,000
In-specie distribution to existing shareholders	0.25	–	–	8,749,793	–
Loyalty options issued at IPO	0.25	–	–	5,458,072	–
Exercised during the financial year	0.25	(2,599,164)	–	–	–
Options issued as part of placement at $0.22 per share	0.25	2,840,911	–	–	–
Options issued for nil consideration as part of prospectus	0.25	154,461	–	–	–
Options issued for nil consideration issued to contractor, subject to vesting conditions	0.25	2,250,000	141,670	–	–
Balance at the end of the financial year		**24,354,073**	**551,670**	**21,207,865**	**350,000**
Unescrowed, listed on ASX		11,241,659		10,345,451	
Escrowed		13,112,414		10,862,414	
Total		**24,354,073**		**21,207,865**	

Terms and Conditions of Options

All options expire on 2 May 2020 and have an exercise price of $0.25. All options have vested other than the contractor options, which vest on the achievement of milestones as set out below:

	Number of Options
Pre-feasibility study is delivered on or before 30 April 2018 or such later date reasonably determined by the Company's Board due to events outside his control*.	300,000
On the earlier of 31 October 2018 or the date on which 1,000 tonnes of Thackaringa ore has been fully processed or such later date as reasonably determined by the Company's Board due to events outside his control.	300,000
On the earlier of 31 December 2018 or the date on which: (a) A targeted mass (Board approved) of Thackaringa ore has been fully processed, and (b) Completion of bulk metallurgical testing as required to support a bankable feasibility study that will be delivered as part of the Company's Stage 3 obligations or such later date as reasonably determined by the Company's Board due to events outside his control.	650,000
If the bankable feasibility study is delivered on or before 30 June 2019 or such later date reasonably determined by the Company's Board due to events outside his control.	1,000,000
Total	**2,250,000**

* *This date was later extended by the Board to 20 July 2018 to reflect events outside the control of Mr Tong.*

Capital Management

Management effectively manages the Company's capital by assessing the Company'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 Company is not subject to externally imposed capital requirements.

Parent entity

The Company has no parent entity.

18 Share Based Payments Reserve

	2018 $	2017 $
Share based payments reserve	551,670	350,000
Movement in reserves		
Balance at beginning of the financial year	350,000	–
Share based payments	201,670	350,000
Balance at end of the financial year	**551,670**	**350,000**

19 Share-based payments

The Company has issued options to Directors and contractors of the Company. Set out below are summaries of options granted:

Options outstanding at the beginning of the financial year	7,000,000	–
Options granted	2,750,000	7,000,000
Options exercised during period	–	–
Options outstanding at the end of the financial year	**9,750,000**	**7,000,000**
Weighted average fair value of options granted per option	$0.12	$0.05
Total expense or asset recognised from share-based payments	$201,670*	$350,000

* *$141,670 of this amount was capitalised to Exploration and Evaluation Assets.*

All options have an exercise price of $0.25. All options have vested, other than 2,250,000 options which vest in accordance with performance criteria as disclosed in Note 17. For options granted during the current financial period, the market price of the Company's traded options at the date of grant was used to determine fair value. In the prior financial period the Black Scholes option pricing model was used based on the following inputs:

Grant date	31/10/2016
Exercise Price	$0.25
Option life	3.5 years
Risk free interest rate	1.74%
Underlying share price at grant date	$0.188
Expected volatility	58%

Historical volatility of a basket of similar entities was used to estimate expected volatility.

20 Capital and other Expenditure Commitments

The Company currently holds a 70% beneficial interest in the Thackaringa Joint Arrangement. The Company has commenced Stage 3 works under the Farmin Joint Venture Agreement ("JVA") which require it to carry out further feasibility studies and exploration work with a minimum expenditure of $5.0 million (GST inclusive).

The directors acknowledge that the Company will need to raise further funds to complete Stage 3 under the JVA. While the Company will retain its interest in the JVA, if the funds are not raised in 2018 or early 2019, the Company will defer the continuation of Stage 3 and consider alternative strategies.

21 Financial Instruments

Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

Liquidity Risk Management

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company 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 Company to meet its financial targets while minimising potential adverse effects on financial performance. The following tables detail the Company's remaining contractual maturity for its financial liabilities at the reporting date. The amounts are gross and undiscounted.

		Contractual cash flows			
	Carrying amount	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Total
	$	$	$	$	$
30 June 2018					
Non-derivatives					
Non-interest bearing					
Trade payables	340,391	340,391	–	–	340,391
Other creditors and accruals	247,034	247,034	–	–	247,034
Lease liabilities	621,187	176,508	183,904	354,557	714,969
Total	**1,208,612**	**763,933**	**183,904**	**354,557**	**1,302,394**
30 June 2017					
Non-derivatives					
Non-interest bearing					
Trade payables	138,827	132,827	–	–	138,827
Other creditors and accruals	82,958	82,958	–	–	82,958
Total	**221,785**	**221,785**	**–**	**–**	**221,785**

Financial Risk Exposure and Management

The main risk the company is exposed to through its financial instruments is interest rate risk. Interest rate risk is managed with a mixture of fixed and floating rate deposits. It is the policy of the Company to keep 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 Company.

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. Other receivables at 30 June 2018 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 totals for each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing 1 year or less	Fixed interest maturing 1 year to 5 years	Non-interest bearing	Total
		$	$	$	$	$	$
30 June 2018							
Financial Assets							
Cash & cash equivalents	7	2.15%	963,971	8,800,000	–	35,595	9,799,566
Receivables	8	n/a	–	–	–	118,714	118,714
Security Deposits		n/a	–	–	–	65,610	65,610
Total financial assets			**963,971**	**8,800,000**	**–**	**219,919**	**9,983,890**
Financial Liabilities							
Trade and other creditors	13	n/a	–	–	–	722,844	722,844
Lease liabilities	16	n/a	–	–	–	621,187	621,187
Total financial liabilities			**–**	**–**	**–**	**1,344,031**	**1,344,031**
Net Financial Assets							**8,639,859**
30 June 2017							
Financial Assets							
Cash & cash equivalents	7	1.93%	1,378,442	4,300,000	–	40,895	5,719,337
Receivables	8	n/a	–	–	–	141,631	141,631
Total financial assets			**1,378,442**	**4,300,000**	**–**	**182,526**	**5,860,968**
Financial Liabilities							
Trade and other creditors	13	n/a	–	–	–	221,785	221,785
Total financial liabilities			**–**	**–**	**–**	**221,785**	**221,785**
Net Financial Assets							**5,639,183**

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:

	2018	2017
	$	$
Increase in interest rate by 2%	4,220	2,212
Decrease interest rate by 2%	(4,220)	(2,212)

22 Cash Flow Information

(a) Reconciliation of loss after income tax to net cash inflow from operating activities

	2018 $	2017 $
Loss after income tax	(1,634,556)	(1,227,220)
Adjustments for:		
Issue of director options	60,000	350,000
Depreciation	41,552	–
Change in assets and liabilities:		
Increase in employee entitlements	55,211	8,448
Increase in receivables	43,129	(141,631)
Increase in other assets	(16,358)	(78,970)
Increase in payables – operating	63,211	78,949
Net cashflows used in operating activities	**(1,387,811)**	**(1,010,424)**

(b) Non-Cash financing and investing activities

Reconciliation of liabilities arising from financing activities

	30 June 2017 $	Cashflows $	Non-cash changes New leases $	30 June 2018 $
Lease liabilities	–	(21,233)	642,420	621,187

There were no non-cash investing activities during the financial period, other than the recognition of share based payments of $141,670 in Exploration and Evaluation Assets.

23 Related Party Transactions

i) 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.

	2018 $	2017 $
Short Term Benefits (Salaries & fees)	599,006	355,771
Post-Employment Benefits (Superannuation)	21,689	11,279
Equity Settled	201,670	350,000
	822,365	**717,050**

Short-term salary, bonus, fees and leave

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as salary, paid leave benefits and fringe benefits awarded to executive Directors and other KMPs.

Post-employment benefits

This amount represents the cost of providing for superannuation contributions made during the financial period.

Share based payment expense

These amounts represent the expense related to the participation of KMP in equity settled benefit schemes as measured by the fair value of the options granted on grant date.

ii) Other transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

Broken Hill Prospecting Limited ("BHPL") was paid $53,450 (2017: $165,825) in relation to the financial period for services rendered to the company by Mr Johnston, who is the Chief Executive Officer of BHPL and a former Director of the Company.

24 Operating Segments

Business segment

The Company 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.

25 Subsequent Events

On 5 September 2018 the Company received notice from Broken Hill Prospecting Limited (BPL) that BPL has accepted to its satisfaction the completion of the Stage Two earning obligations on the Thackaringa Cobalt Project in Broken Hill. Accordingly, the Company holds a 70% beneficial interest in the project tenements. See Note 12. No other matter or circumstance has arisen since 30 June 2018 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.

Directors' **Declaration**

In accordance with a resolution of the Directors of Cobalt Blue Holdings Limited, the Directors of the Company declare:

1 that the financial statements and notes set out in pages 31 to 51 are in accordance with the Corporations Act 2001, and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company; and

   (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2 that the Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001; and

   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial period give a true and fair view;

3 In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Robert Biancardi
Chairman

Dated 26 September 2018


Charging ...

Audit
Report

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), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Company is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Company's financial position as at 30 June 2018 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 Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

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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 12 (Exploration and Evaluation Expenditure)*** At 30 June 2018, the Company has capitalised exploration assets of $8.593m. The Company's accounting policy in respect of exploration and evaluation assets is outlined in Note 1(i). This is a key audit matter because the carrying value of the assets are material to the financial statements, the nature of the farm-in agreement entered into with a third party for the exploration of the mining tenements is complex and significant judgements have been applied in determining whether an indicator of impairment exists in relation to capitalized 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 assets in the Thackaringa Project area in which the Company has a contracted interest by obtaining confirmation of title. ▪ We obtained executed agreements evidencing the Company's interest in those exploration assets and confirmed the currency and good standing of those agreements. ▪ We determined that the classification of the Company's activities under the farm-in agreement continues to be appropriate. ▪ In assessing whether an indicator of impairment exists in relation to the Company's exploration assets in accordance with AASB 6 – *Exploration for and Evaluation of Mineral Resources*, we: • reviewed the minutes of the Company's board meetings, market announcements and management assessment. • checked that those Stage 2 deliverables to be achieved under the farm-in agreement by the Company by 30 June 2018 have been met. • tested the significant inputs in the Company's cash flow forecasts for consistency with their future activity regarding the exploration assets. • discussed with management the Company's ability and intention to undertake further exploration activities. ▪ We tested a sample of additions of capitalised exploration expenditure to supporting documentation.

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 2018, 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 Company'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 Company 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/auditors_files/ar2.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 22 to 27 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Cobalt Blue Holdings Limited for the year ended 30 June 2018, 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 Sydney Audit Pty Limited

Stephen Fisher
Director

Dated: 26 September 2018
Sydney


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Additional **Information**

The shareholder information set out below was applicable as at 21 September 2018.

A. Distribution of equity securities

Analysis of equity security holders by size of holding

Shares	Numbers of shareholders	Ordinary Shares Held	% Units
1–1,000	457	296,840	0.26
1,001–5,000	1,158	3,287,708	2.83
5,001–10,000	544	4,373,813	3.77
10,001–100,000	900	28,857,948	24.84
100,001 Over	152	79,342,225	68.30
Total	**3,211**	**116,158,534**	**100.00**

There were 637 holders of less than a marketable parcel of ordinary shares (33 cents each share).

Options	Number of option holders	Options Held	% Units
1–1,000	225	124,209	0.51
1,001–5,000	181	465,181	1.92
5,001–10,000	91	672,724	2.77
10,001–100,000	147	4,660,959	19.20
100,001 Over	34	18,354,224	75.60
Total	**678**	**24,277,297**	**100.00**

There were 385 of less than a marketable parcel of options (11 cents each option).

B. Equity security holders

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

Rank		Ordinary Shares Held	% Units
1	CITICORP NOMINEES PTY LIMITED	13,824,151	11.90
2	HILL FAMILY GROUP PTY LTD	8,140,741	7.01
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,221,139	2.77
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,849,934	2.45
5	ZACOB PTY LTD <R&L BIANCARDI SUPER FUND A/C>	2,218,874	1.91
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,996,259	1.72
7	MR JOSEF THOMAS KADERAVEK + MS ARIANE LOUISE KADERAVEK <KADERAVEK SUPERFUND A/C>	1,625,000	1.40
8	SAFARI CAPITAL PTY LTD	1,300,000	1.12
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,246,527	1.07
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,171,000	1.01
11	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,144,037	0.98
12	HORNET COMPUTER SYSTEMS PTY LIMITED	1,100,000	0.95
13	HAVELOCK MINING INVESTMENT LTD	1,086,364	0.94
14	SJSB PTY LTD	1,061,327	0.91
15	MR JOSEF THOMAS KADERAVEK + MS ARIANE LOUISE KADERAVEK <KADERAVEK FAMILY TRUST A/C>	1,000,000	0.86
15	SEAHORSE CHAMBERS ENTERPRISES PTY LTD <SEAHORSE FAMILY TRUST A/C>	1,000,000	0.86
17	JAMPLAT PTY LTD	953,000	0.82
18	HONG KONG FAR EAST CAPITAL LIMITED	918,974	0.79
19	SOON ENTERPRISES PTY LTD <LOH FAMILY SUPER FUND A/C>	891,813	0.77
20	SOON ENTERPRISES PTY LTD <LOH FAMILY A/C>	881,041	0.76
Total		**47,630,181**	**41.00**

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

Rank		Options Number Held	% Units
1	LIDO TRADING LTD	625,000	5.60
2	HAVELOCK MINING INVESTMENT LTD	568,182	5.09
3	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	520,592	4.66
4	MATTHEW GEOFFREY HILL	500,000	4.48
5	SJSB PTY LTD	487,500	4.37
6	MR DARREN JEFFERY HARGREAVES	315,442	2.83
7	MR ARTHUR EDWARD COOLEY + MRS BARBARA ANN COOLEY	308,900	2.77
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	292,519	2.62
9	MR RAJASHEKAR GOTTIPATI	271,725	2.43
10	SEAHORSE CHAMBERS ENTERPRISES PTY LTD <SEAHORSE FAMILY TRUST A/C>	250,000	2.24
11	SOON ENTERPRISES PTY LTD <LOH FAMILY SUPER FUND A/C>	187,236	1.68
12	NIMADE PTY LIMITED <BARD SUPER FUND A/C>	172,176	1.54
13	MOHAN REDDY PTY LTD	170,000	1.52
14	MS ELLIE BARIKHAN <BALLOTTA A/C>	143,030	1.28
15	MR SIMON ANDREW MCPHERSON	143,000	1.28
16	PERSHING AUSTRALIA NOMINEES PTY LTD <BLUE OCEAN EQUITIES A/C>	130,170	1.17
17	ARACAPITAL INVESTMENTS PTY LTD	125,000	1.12
17	GLOBAL CONSORTIUM HOLDINGS PTY LTD <FTW HOLDINGS A/C>	125,000	1.12
17	HAROLLIEQ PTY LTD	125,000	1.12
20	MRS SHARON LINDA MAROSA	123,750	1.11
Total		**5,584,222**	**50.02**

There are no other categories of securities on issue.

The name of the holder with more than 20% of unquoted shares is listed below:

	Shares Number held	Percentage of unquoted Shares
HILL FAMILY GROUP PTY LTD	8,140,741	39.73%

The names of the holders with more than 20% of unquoted options are listed below:

	Options Number held	Percentage of unquoted Options
MR JOSEF THOMAS KADERAVEK + MS ARIANE LOUISE KADERAVEK	2,750,000	20.97%

C. Restricted Securities

Ordinary Fully Paid Shares	Expiry of Restriction	Number of Share holders	Number of Shares held
ASX escrowed 24 months from Official Quotation	2/02/2019	31	20,492,184

Options each to acquire one fully paid share for $0.25 expiring 9 May 2020		Number of option holders	Number of options held
ASX escrowed 24 months from Official Quotation	2/02/2019	25	10,862,414

D. Substantial holders

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

Shareholder name	Number of Votes held	Percentage of total votes
LG International Corp.	7,093,959	6.19%
Hill Family Group Pty Ltd	8,145,477	7.06%

E. On market buy back

There is no current on market buy back.

F. 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 holders have no voting rights until the Options are exercised.

G. Securities Exchange Listing

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

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

H. Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 30 June 2018 is available for members to download and access from https://www.cobaltblueholdings.com/corporate-governance/.

I. Use of funds

During the financial year the Company used its cash and assets in a form readily convertible to cash, that it had at the time of admission to ASX in a way consistent with its business objectives as set out in its Replacement Prospectus dated 3 January 2017.

Corporate Directory

COMPANY

Cobalt Blue Holdings Limited
ABN 90 614 466 607

REGISTERED OFFICE

Suite 17.03, 100 Miller St
North Sydney NSW 2160

Telephone: +61 2 8287 0660

DIRECTORS

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

COMPANY SECRETARY

Robert Waring

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