



25 October 2018

ASX Market Announcements

## CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

Dear Shareholders,

The 2018 financial year has been eventful with our acquisition in May of three projects for exploration of cobalt and base metals in emerging cobalt mining regions in New South Wales and Queensland. We chose to invest in Australia to avoid high sovereign risks and high costs of exploration and development usually associated with some overseas locations.

At that time, the battery minerals sector was drawing huge interest from investors with the price of cobalt having risen to over US\$90,000 a ton from around US \$23,000 a ton 2 years ago on the back of expected future demand from electric battery manufacturers and shortage of supply. The share prices of companies which were announcing positive results on their cobalt exploration were rising at very fast rate. Our tenements and application areas are reasonably close to the exploration areas of some of those successful companies such as Cobalt Blue Holdings Limited (COB.AX) and Australian Mines Limited (AUZ.AX). Consequently our Company also attracted very significant interest in the market and the share price rose from \$0.007 to over \$0.02 on high volume.

The battery minerals sector is currently in a dour mood having seen cobalt price dropped to US\$60,000 a ton and the share price of companies in that sector going back to levels before the enthusiasm in cobalt took off earlier this year. Unfortunately, the share price of our Company was not spared in that change of sentiment by investors and it is back to the price level before our acquisition in May.

We believe that there will be fast increase in take up of electric vehicles worldwide in the next few years. The reported future development of electric batteries with reduced intensity use of cobalt should not reduce the demand for cobalt because the sheer volume of batteries to be manufactured will see the current known sources not able to supply.



Other than Cobalt, Zinc has been identified in the tenements that we have in Broken Hill. The tenements that we are awaiting grant also have potential for Nickel and Manganese which are utilized in electric batteries.

Our tenements are located in good positions being in regions where larger companies are investing large amounts to prove and develop their resource and hopefully in time increase the value of tenements in the areas. Our investment is for the medium to long term and we plan to improve the value of the tenements by judicial exploration. We will conduct the exploration as committed in the grant conditions which are within our current financial capabilities. Any accelerated exploration will be dependent on availability of capital. When we have found grounds for high costs exploration we intend to seek joint venture partners to share the risks and provide capital.

The proposed motion seeking approval of shareholders at this Annual General Meeting for new equity capital raisings in the next 3 months is well supported based on the proxies that have been received. However, in the current market conditions for the minerals sector and our share price level, we would avoid raising large capital with high dilution to our existing shareholders. Presently, there is no urgency as we have approximately \$900,000 on hand and our cash burn remains low.

I wish to thank our shareholders for their continued support and for attending today's meeting.

Boris Patkin,  
Chairman.