

INTERIM REPORT

FOR THE 6 MONTH
PERIOD ENDED
31 DECEMBER 2021



Cobre Limited

(ASX: CBE)

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ASX: **CBE**

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Cobre Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were Directors of Cobre Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Martin Holland – *Executive Chairman and Managing Director*

Andrew Sissian – *Finance Director*

Michael Addison – *Non-Executive Director*

Michael McNeilly – *Non-Executive Director*

Principal activities

The principal activities of the Consolidated Entity during the financial half-year was the exploration and evaluation of the assets held by Cobre's 100% owned subsidiary Toucan Gold Pty Ltd (**Toucan**), primarily at the Perrinvale Project, which covers 345 km² of the Panhandle and Illaara Greenstone Belts in Western Australia.

The Company also continued to incur exploration expenditure under the Sandiman Farm-in Agreement. The Sandiman Tenement is located in the Gascoyne Province, approximately 85 km north of the town of Gascoyne Junction in Western Australia and spans across 202 km² on the eastern edge of the Carnarvon Basin.

The company also holds investments in ASX listed Armada Metals Limited (ASX: **AMM**, **Armada Metals**) and private unlisted UK entity, Kalahari Metals Limited (**KML**). Both companies are performing exploration activities.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$3,659,280 (31 December 2020: \$595,375).

Across the first half of the 2022 Financial Year, Cobre continued its dual strategy of exploration on its Perrinvale and Sandiman Projects in Western Australia as well as its active corporate and investment strategy through additional investments in the sector.

While exploration activities progressed in Western Australian with only limited impact from the effects of the COVID-19 pandemic, exploration also continued in Botswana through KML, in which Cobre holds a 51% equity interest. KML controls approximately 8,100 km² of tenements within the Kalahari Copper Belt (**KCB**) in Botswana (with 6,650 km² owned 100%, and 1,450 km² through Joint Venture arrangements).

In relation to the second limb of Cobre's strategy, on the corporate and investment front, Cobre made two significant investments during the half year. On 27 July 2021, the Company announced that it would be investing \$1.0m into the \$5.0m placement being conducted by Metal Tiger (**MTR**) at a price of \$0.37 per CHESS Depositary Interest (**CDI**). At the time of announcing the investment, Cobre's Executive Chairman and Managing Director, Martin Holland said:

"The Cobre Board believes this investment shows commercial alignment and gives Cobre shareholders additional interest in the Kalahari project and royalties MTR owns over the district. Cobre has a high level of confidence in the Metal Tiger Board and management team and believes this investment is one which will prove to be one of significant value for Cobre's shareholders. I look forward to continuing our relationship under the joint venture agreement – with the aim to discover a new Cu deposit in Botswana and seeing the MTR team execute on their strategy of making further strategic investments in the global resources sector."

The investment was completed on 27 September 2021 with Cobre being issued 2,702,703 CDIs, a holding of approximately 1.6% of MTR.

DIRECTORS' REPORT continued

Cobre also announced on 29 November 2021 that it had subscribed for \$1,000,000 as a cornerstone investor in the Initial Public Offering (IPO) of Armada Metals, pursuant to Armada's Prospectus lodged with the Australian Securities and Investments Commission on 9 November 2021. At the time of the announcement, Cobre held 18.5% of the shares on issue in Armada, having previously invested US\$750,000 in Armada in pre IPO funding (refer ASX announcement 22 March 2021). Following Cobre's investment in Armada Metal's IPO and subsequent listing on the ASX on 15 December 2021, Cobre now holds 14.42% of the shares on issue in Armada Metals.

Significant changes in the state of affairs

On 14 December 2021, the company issued 445,368 fully paid ordinary shares valued at 7.8 cents per share to increase its stake in KML to 51%.

On 17 December 2021, the company issued 8,311,765 fully paid ordinary shares valued at 17 cents per share raising \$1,413,000 before costs.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Martin Holland

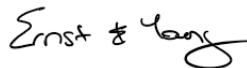
Executive Chairman and Managing Director
16 March 2022

Auditor's independence declaration to the directors of Cobre Limited

As lead auditor for the review of the half-year financial report of Cobre Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cobre Limited and the entities it controlled during the financial period.



Ernst & Young



Ryan Fisk
Partner
16 March 2022

FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD
ENDED 31 DECEMBER 2021

General information

The financial statements cover Cobre Limited as a Consolidated Entity consisting of Cobre Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Cobre Limited's functional and presentation currency.

Cobre Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7, 151 Macquarie Street
Sydney NSW 2000

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 March 2022.

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Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2021

	Note	Consolidated	
		Dec 2021 \$	Dec 2020 \$
Revenue	3	62,141	–
Other income		96,157	37
Interest revenue calculated using the effective interest method		698	3,687
Expenses			
Corporate expenses		(611,640)	(381,890)
Tenement expenses		382	(195)
Employee benefits expense		(158,400)	(157,680)
Depreciation and amortisation expense		(706)	(830)
Fair value loss on derivative financial asset	7	(72,374)	–
Share of equity accounted losses	5	(1,296,776)	–
Fair value loss on loan with joint venture	4	(1,621,432)	–
Other expenses		(60,324)	(66,159)
Loss before income tax benefit		(3,662,274)	(603,030)
Income tax benefit		2,994	7,655
Loss after income tax benefit for the half-year attributable to the owners of Cobre Limited		(3,659,280)	(595,375)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		8,981	(13,425)
Other comprehensive income/(loss) for the half-year, net of tax		8,981	(13,425)
Total comprehensive loss for the half-year attributable to the owners of Cobre Limited		(3,650,299)	(608,800)
		Cents	Cents
Basic loss per share	15	(2.33)	(0.58)
Diluted loss per share	15	(2.33)	(0.58)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2021

	Note	Consolidated	
		Dec 2021 \$	Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		3,852,579	8,146,524
Trade and other receivables		136,609	77,364
Prepayments		93,994	27,850
Total current assets		4,083,182	8,251,738
Non-current assets			
Receivables and deposits		20,000	81,042
Investments accounted for using the equity method	5	5,125,815	5,387,852
Financial assets at fair value through other comprehensive income	6	1,092,940	80,965
Derivative financial instruments	7	151,224	223,598
Property, plant and equipment		4,602	5,309
Exploration and evaluation	8	4,951,184	4,229,648
Total non-current assets		11,345,765	10,008,414
Total assets		15,428,947	18,260,152
Liabilities			
Current liabilities			
Trade and other payables	9	583,777	1,205,966
Total current liabilities		583,777	1,205,966
Total liabilities		583,777	1,205,966
Net assets		14,845,170	17,054,186
Equity			
Issued capital	10	22,354,279	21,237,996
Reserves		1,020,223	686,242
Accumulated losses		(8,529,332)	(4,870,052)
Total equity		14,845,170	17,054,186

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the half-year ended 31 December 2021

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	11,932,725	(702,846)	(2,122,455)	9,107,424
Loss after income tax benefit for the half-year	–	–	(595,375)	(595,375)
Other comprehensive loss for the half-year, net of tax	–	(13,425)	–	(13,425)
Total comprehensive loss for the half-year	–	(13,425)	(595,375)	(608,800)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	306,925	–	–	306,925
Balance at 31 December 2020	12,239,650	(716,271)	(2,717,830)	8,805,549

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	21,237,996	686,242	(4,870,052)	17,054,186
Loss after income tax benefit for the half-year	–	–	(3,659,280)	(3,659,280)
Other comprehensive income for the half-year, net of tax	–	8,981	–	8,981
Total comprehensive income/(loss) for the half-year	–	8,981	(3,659,280)	(3,650,299)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	1,116,283	–	–	1,116,283
Share-based payments	–	325,000	–	325,000
Balance at 31 December 2021	22,354,279	1,020,223	(8,529,332)	14,845,170

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the half-year ended 31 December 2021

	Note	Consolidated	
		Dec 2021 \$	Dec 2020 \$
Cash flows from operating activities			
Interest received		698	3,687
Other income		96,157	–
Payments to suppliers (inclusive of GST)		(943,420)	(548,634)
Management fees received		56,165	–
Net cash used in operating activities		(790,400)	(544,947)
Cash flows from investing activities			
Payments for investments in listed entities		(1,000,000)	–
Payments for investments in associates		(1,532,057)	–
Payments for property, plant and equipment		–	(2,682)
Payments for exploration and evaluation		(699,729)	(1,995,896)
Transactions costs paid for acquisition of Kalahari Metals Limited		–	(144,839)
R&D tax offset received relating to exploration		22,754	–
Payments to fund activities of joint venture		(1,701,058)	–
Net cash used in investing activities		(4,910,090)	(2,143,417)
Cash flows from financing activities			
Proceeds from issue of shares	10	1,413,000	310,000
Share issue transaction costs		(6,455)	–
Net cash from financing activities		1,406,545	310,000
Net decrease in cash and cash equivalents		(4,293,945)	(2,378,364)
Cash and cash equivalents at the beginning of the financial half-year		8,146,524	7,171,872
Cash and cash equivalents at the end of the financial half-year		3,852,579	4,793,508

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into one operating segment: exploration for precious metals within Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 3. Revenue

	Consolidated	
	Dec 2021 \$	Dec 2020 \$
Management fees	62,141	–

Note 4. Fair value loss on loan with joint venture

The consolidated entity is required to recognise its contributions to the KML joint venture at fair value. These have been recognised at nominal value at 31 December 2021, as their realisation is dependent on positive results on KML's exploration program. An expense of \$1,621,432 has been recognised during the current financial half-year.

Note 5. Non-current assets – investments accounted for using the equity method

	Consolidated	
	Dec 2021 \$	Jun 2021 \$
Investment in associate – Armada Metals Limited	3,854,194	4,689,079
Investment in joint venture – Kalahari Metals Limited	1,271,621	698,773
	5,125,815	5,387,852

Reconciliations

Reconciliation of the carrying amounts at the beginning and end of the current and financial half-year are set out below:

	Dec 2021 \$
Consolidated	
Opening balance	5,387,852
Additions	1,034,739
Share of associate losses accounted for using the equity method	(1,296,776)
Closing balance	5,125,815

Note 6. Non-current assets – financial assets at fair value through other comprehensive income

	Consolidated	
	Dec 2021 \$	Jun 2021 \$
Ordinary shares	1,092,940	80,965

Reconciliations

Reconciliation of the carrying amounts at the beginning and end of the current and financial half-year are set out below:

	Dec 2021 \$
Consolidated	
Opening balance	80,965
Additions	1,000,000
Revaluations	11,975
Closing balance	1,092,940

The above investment relates to shares held in Metal Tiger PLC.

On 24 September, the company acquired an additional 2,703,702 fully paid ordinary shares in MTR valued at 37 cents per share taking the company's total interest to 1.6%.

Note 7. Non-current assets – derivative financial instruments

	Consolidated	
	Dec 2021 \$	Jun 2021 \$
Derivative financial assets	151,224	223,598

Reconciliations

Reconciliation of the carrying amounts at the beginning and end of the current and financial half-year are set out below:

Consolidated	Dec 2021 \$
Opening balance	223,598
Fair value movements during the half-year	(72,374)
Closing balance	151,224

As part of its investment in Armada Exploration Limited made on 29 April 2021, the company received 3,333,333 options exercisable at US 22.5 cents per share with a 3 year expiry term.

The derivative financial asset is required to be remeasured at fair value each reporting period. The fair value movement of \$72, 374 is recognised as an expense through profit and loss.

Note 8. Non-current assets – exploration and evaluation

	Consolidated	
	Dec 2021 \$	Jun 2021 \$
Exploration and evaluation – at cost	4,951,184	4,229,648

Reconciliations

Reconciliation of the carrying amounts at the beginning and end of the current and financial half-year are set out below:

Consolidated	Exploration & evaluation \$
Balance at 1 July 2021	4,229,648
Additions	744,290
R&D tax incentive received	(22,754)
Balance at 31 December 2021	4,951,184

Note 9. Current liabilities – trade and other payables

	Consolidated	
	Dec 2021 \$	Jun 2021 \$
Trade payables	288,701	176,268
Directors' fee accrual	107,000	113,000
Promissory note payable	–	532,056
Funds held on behalf of joint venture – Kalahari Metals Limited	77,995	218,663
Other payables	110,081	165,979
	583,777	1,205,966

Note 10. Equity – issued capital

	Consolidated			
	Dec 2021 Shares	Jun 2021 Shares	Dec 2021 \$	Jun 2021 \$
Ordinary shares – fully paid	165,407,010	156,649,877	22,354,279	21,237,996

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	156,649,877		21,237,996
Share issued to increase stake in KML	14 December 2021	445,368	\$0.0780	34,738
Issue of shares	17 December 2021	8,311,765	\$0.1700	1,413,000
Cost of capital raised		–	–	(331,455)
Balance	31 December 2021	165,407,010		22,354,279

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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.

Share buy-back

There is no current on-market share buy-back.

Note 11. Equity – dividends

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

Note 12. Contingent liabilities and commitments

Under the Metal Tiger subscription letter dated 19 November, the company will fully indemnify Metal Tiger for any capital gains tax (or other tax) charge that it incurs on the disposal of the Pre-IPO Shares following the offer, up to a capped aggregate amount of \$30,000.

On 4 March 2021 the Company was informed that Western Australian Government, via RevenueWA, is conducting a routine review of the Company's acquisition of 100% of the shares in Toucan Gold Pty Ltd in order to determine whether the transactions are liable for landholder duty in Western Australia. The Company engaged valuation experts in performing the assessment and does not believe that this matter will result in any material adverse outcome based on information currently available and no provision has been made for any potential adverse outcome. Since 31 December 2021, the company has received notification that the review is complete and that there is no liability for landholder duty.

There are no additional commitments or contingent liabilities held by the consolidated entity.

Note 13. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	Dec 2021	Dec 2020
	\$	\$
Sale of goods and services:		
Management fees from Kalahari Metals joint venture	62,141	–
Payment for goods and services:		
Payment for services from those related to key management personnel	12,000	10,200

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	Dec 2021	Jun 2021
	\$	\$
Current receivables:		
Management fee receivable from Kalahari Metals joint venture	31,677	25,702
Current payables:		
Fees payable to directors and related entities	12,000	27,999
Funds held on behalf of joint venture – Kalahari Metals	77,995	218,663
Trade payables to those related to key management personnel	2,000	2,200

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 15. Earnings per share

	Consolidated	
	Dec 2021 \$	Dec 2020 \$
Loss after income tax attributable to the owners of Cobre Limited	(3,659,280)	(595,375)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	157,371,045	103,088,623
Weighted average number of ordinary shares used in calculating diluted earnings per share	157,371,045	103,088,623
	Cents	Cents
Basic loss per share	(2.33)	(0.58)
Diluted loss per share	(2.33)	(0.58)

DIRECTORS' DECLARATION

31 DECEMBER 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- 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 Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Martin Holland

Executive Chairman and Managing Director

16 March 2022

Independent auditor's review report to the members of Cobre Limited

Conclusion

We have reviewed the accompanying half-year financial report of Cobre Limited (the Company) and its subsidiaries (collectively the Group), which comprises of the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

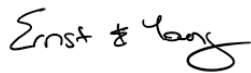
Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

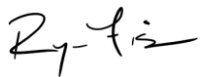
Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Ryan Fisk
Partner
16 March 2022