



KOBA RESOURCES LIMITED

A.B.N. 59 650 210 067

**Financial Report from 14 May 2021 (date of incorporation) to
31 December 2021**

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CORPORATE INFORMATION

Directors Michael Haynes (Non-Executive Chairman) Benjamin Vallerine (Managing Director) Scott Funston (Non-Executive Director) Company Secretary Ian Cunningham Registered Office & Principal Place of Business 1/100 Railway Road Subiaco Perth WA 6008 Telephone: (08) 9226 1356	Auditor Stantons Level 2, 40 Kings Park Road West Perth WA 6005 Telephone: (08) 9481 3188 Facsimile: (08) 9321 1204
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DIRECTORS' REPORT

The Directors of Koba Resources Limited ("Koba" or "the Company") submit the financial report of the Group (comprising the Company and its controlled entity) for the financial period from 14 May 2021 (date of incorporation) to 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of Directors who held office during or since the financial period from 14 May 2021 (date of incorporation) to 31 December 2021 and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Michael Haynes	Non-Executive Chairman – appointed 14 May 2021
Benjamin Vallerine	Managing Director – appointed 21 December 2021
Scott Funston	Non-Executive Director – appointed 21 December 2021
Richard Hill	Non-Executive Director – appointed 14 May 2021, resigned 22 December 2021
Anthony Polglase	Non-Executive Director – appointed 14 May 2021, resigned 22 December 2021

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial period from 14 May 2021 (date of incorporation) to 31 December 2021, were related to mineral exploration and development.

As at 31 December 2021, the Group had cash and cash equivalents of \$nil, a loss for the period of \$15,007 and net cash inflows/outflows from operating, investing and financing activities of \$nil.

REVIEW OF OPERATIONS

The Company is pleased to provide the following review of operations for the financial period from 14 May 2021 (date of incorporation) to 31 December 2021.

The Company was incorporated on 14 May 2021, as a wholly owned subsidiary of New World Resources Limited (**NWC**), with the intention that the Group would acquire NWC's portfolio of cobalt assets (**NWC Cobalt Assets**) via a demerger.

During the period, the Group entered into an agreement with Jervois Global Limited and Jervois Mining (USA) Limited (collectively **Jervois**), pursuant to which the Group may acquire a 100% interest in the Blackpine Cobalt-Copper Project in Idaho, USA. This asset was considered complimentary to the cobalt assets which the Group was proposing to acquire from NWC.

EVENTS SUBSEQUENT TO REPORTING DATE

On 21 January 2022, the Company entered into a subscription agreement with NWC (**Subscription Agreement**), pursuant to which the Company issued 19,999,999 ordinary shares to NWC at an issue price of \$0.1175 per share. The net proceeds will predominantly be used to acquire the NWC Cobalt Assets.

On 21 January 2022, the Group entered into a membership interest purchase agreement with NWC's US subsidiary, Liazus Inc., pursuant to which the Group will acquire the NWC Cobalt Assets for US\$1.66 million.

Apart from the above events there are no matters or circumstances that have arisen since the balance date which significantly affects or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue to implement its strategy of exploring and developing its North American mineral assets. The Group will also consider any suitable acquisition opportunities.

DIRECTORS' REPORT (continued)

ENVIRONMENTAL LEGISLATION

The Group carries out operations that are subject to environmental regulations under Federal and State legislation in the USA. The Group has procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

DIRECTORS MEETINGS

There were no Directors' meetings held during the financial period 14 May 2021 (date of incorporation) to 31 December 2021.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has made agreements indemnifying all the Directors and Officers of the Group against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Group to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence. The Group paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current Officers of the Group, including Officers of the Group's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

INDEMNIFICATION AND INSURANCE OF AUDITORS

No payment has been made to indemnify Stantons during or since the financial period.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or the Group or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditor, Stantons, to provide the directors of the company with an Independence Declaration in relation to the review of the financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the financial period from 14 May 2021 (date of incorporation) to 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



.....
Michael Haynes

Chairman

28 January 2022



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28 January 2022

Board of Directors
Koba Resources Limited
1/100 Railway Road
Subiaco WA 6008

Dear Directors

RE: KOBA RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Koba Resources Limited.

As Audit Director for the audit of the financial statements of Koba Resources Limited as at 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 14 MAY 2021 (DATE OF INCORPORATION) TO 31
DECEMBER 2021**

	Note	Consolidated 14 May 2021 to 31 December 2021 \$
Continuing operations		
Consulting fees		(8,000)
Other expenses		(7,007)
Loss before income tax		(15,007)
Income tax	2	-
Net loss for the period		(15,007)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations		-
Other comprehensive loss for the period		-
Total comprehensive loss for the period		(15,007)

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	Consolidated 31 December 2021 \$
Assets		
Current Assets		
Cash and cash equivalents		-
Prepaid IPO Costs		74,033
Total Current Assets		74,033
Non-Current Assets		
Deferred exploration and evaluation expenditure	3	380,922
Total Non-Current Assets		380,922
Total Assets		454,955
Liabilities		
Current Liabilities		
Trade and other payables		26,836
Loan from parent company	4	443,125
Total Current Liabilities		469,961
Net Assets		(15,006)
Equity		
Issued capital	5	1
Accumulated losses		(15,007)
Total Equity		(15,006)

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO
31 DECEMBER 2021**

Consolidated

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance at 14 May 2021 (date of incorporation)	1	-	1
Loss for the period	-	(15,007)	(15,007)
Total comprehensive loss for the period	-	(15,007)	(15,006)
Balance at 31 December 2021	1	(15,007)	(15,006)

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL FROM PERIOD 14 MAY 2021 (DATE OF INCORPORATION) TO
31 DECEMBER 2021**

	Consolidated 14 May 2021 to 31 December 2021 \$
	<hr/>
Cash flows from operating activities	
Payments to suppliers and employees	(62,204)
Net cash (used) in operating activities	<hr/> (62,204) <hr/>
Cash flows from investing activity	
Payments for exploration and evaluation expenditure	(380,922)
Net cash (used) in investing activity	<hr/> (380,922) <hr/>
Cash flows from financing activities	
Proceeds from shares issued	1
Proceeds from loans given	443,125
Net cash provided by financing activities	<hr/> 443,126 <hr/>
Net increase in cash held	-
Cash and cash equivalents at the beginning of the period	<hr/> - <hr/>
Cash and cash equivalents at the end of the period	<hr/> - <hr/>

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, accounting interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

The accounting policies and methods of computation adopted are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated financial statements were authorised for issue on 28 January 2022.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for when applicable, the revaluation of certain financial assets and liabilities. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

Significant accounting judgments and key estimates

The preparation of financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial report are outlined below:

- Exploration expenditure: the carrying forward of acquisition costs and expenditure is based on the assessment of an area of interest's viability and for existence of economically recoverable reserves.
- Deferred taxation: deferred tax assets in respect of tax losses have not been brought forward as it is not considered probable that future taxable profits will be available against which they could be utilised.

Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's assets and the discharge of its liabilities in the normal course of business.

As at 31 December 2021, the Group had cash and cash equivalents of \$nil, a loss for the period of \$89,040 and a net cash inflow from operating, investing and financing activities of \$nil.

The Group's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors consider the basis of going concern to be appropriate for the following reasons:

- the quality of the Group's exploration assets and underlying prospects to raise additional equity capital;
- the discretionary nature of a significant proportion of the Group's planned exploration spend; and
- the potential to farm-down or dispose of its mineral interests.

Accordingly, the Directors believe that Koba will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the 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.

(c) 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 income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(d) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(e) Impairment of non-financial assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation (continued)

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(f) 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 proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(g) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets at amortised cost includes trade and other receivables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO
31 DECEMBER 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

i) Financial assets

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

i) Financial assets

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

i) *Financial assets*

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) *Financial Liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

ii) Financial Liabilities

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTE 2: INCOME TAX

	Consolidated 14 May 2021 to 31 December 2021
Numerical reconciliation between tax expense and loss before income tax	\$
Loss before income tax	(15,007)
Income tax calculated at 20%	(3,001)
Future income tax benefit not brought to account	3,001
Income tax	-

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2021
Costs carried forward in respect of areas of interest in the following phases:	\$
Exploration and evaluation phase – at cost	
Expenditure incurred	380,922
	380,922
Net exchange differences on translation	-
Total deferred exploration and evaluation expenditure	380,922

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 4: LOAN FROM PARENT ENTITY

	Consolidated 31 December 2021 \$
Loan from NWC	443,125

In October 2021, the Company entered into a loan agreement with NWC whereby NWC agreed to provide a sum of \$500,000 together with any amounts that enables the Company to cover costs associated with (i) initial public offering of the securities of the Company and the quotation of its securities on the ASX; and (ii) the acquisition of mineral properties.

The loan is unsecured, interest-free and repayable on the earlier of (a) no later than 10 business days after the listing occurring; and (b) the date being 18 months from the execution date or such later date as NWC approves in writing.

NOTE 5: ISSUED CAPITAL

	Consolidated 31 December 2021 \$
Issued capital	1
	1

	Period to 31 December 2021 No.	Period to 31 December 2021 \$
Share issued on incorporation ⁽ⁱ⁾	1	1
At the end of the period	1	1

(i) The Company issued 1 Share in May 2021 at an issue price of \$1 on incorporation.

NOTE 6: SEGMENT REPORTING

During the financial period from 14 May 2021 (date of incorporation) to 31 December 2021, the Group's exploration and evaluation activities focussed solely on its projects in North America.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 7: COMMITMENTS AND CONTINGENCIES

On 29 October 2021, the Company entered into an agreement with Jervois Global Limited and Jervois Mining (USA) Limited (collectively **Jervois**), pursuant to which the Group may acquire a 100% interest in the Blackpine Cobalt-Copper Project in Idaho, USA (**Acquisition Agreement**). The Blackpine Project comprises:

- four patented mining claims covering an area of approximately 70 acres and 36 unpatented mining claims covering a further 720 acres (**Optioned Claims**), which are subject to an option agreement with a third party (**Option Agreement**); and
- 23 unpatented mining claims covering an area of 460 acres, which are owned by Jervois (**Owned Claims**).

Remaining commitments related to the Acquisition Agreement at reporting date but not recognised as liabilities include the following:

1. within 5 business days of the Company being admitted to the official list of the ASX and ASX granting approval for official quotation of its securities on ASX, the Company will pay Jervois an additional US\$1,250,000, and Jervois will transfer the Owned Claims to Koba.
2. In relation to the Optioned Claims, which may be acquired pursuant to the terms of the Option Agreement, the Company will have the right to acquire 100% of those claims before May 2037 by either:
 - (i) paying the underlying patent owners a 2.0% NSR royalty on production from the patented claims, to a maximum amount of US\$1,500,000; or
 - (ii) paying US\$1,500,000 (less the sum of any previous royalties paid) in cash.
3. Jervois will have the right, but not the obligation, to match any terms offered to the Group for mineral products from the Blackpine Project (excluding gold only ore or concentrate).

There are no other known commitments or contingent liabilities as at 31 December 2021.

NOTE 8: FINANCIAL INSTRUMENTS

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

Risk and sensitivity analysis

At present, the Group is not exposed to foreign exchange risk or commodity price risk. The loan from parent company is denominated in AUD.

The Company does not have customers and consequently does not have credit exposures to outstanding receivables.

The Company is not exposed to changes in market interest rates.

The Board is confident that the funding requirements of the Company and the liquidity risk can be fulfilled and managed through the continuous support from its parent entity.

NOTE 9: RELATED PARTY TRANSACTIONS

New World Resources Limited, provided the Company with a loan totalling \$443,125 during the financial period from 14 May 2021 (date of incorporation) to 31 December 2021. \$443,125 was outstanding at the period end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

NOTE 10: CASH FLOW INFORMATION

	Consolidated 14 May 2021 to 31 December 2021
	\$
Operating loss after income tax Loss before income tax	(15,007)
Increase in trade receivables	(74,033)
Increase in trade payables	26,836
Net cash outflow from operating activities	62,204

NOTE 11: AUDITORS' REMUNERATION

The auditor of Koba Resources Limited is Stantons

	Consolidated 14 May 2021 to 31 December 2021
	\$
<i>Amounts received or due and receivable by Stantons for:</i>	
An audit or review of the financial report of the entity and any other entity in the Group	6,000

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On 21 January 2022, the Company entered into a subscription agreement with NWC, pursuant to which the Company issued 19,999,999 ordinary shares to NWC at an issue price of \$0.1175 per share. The net proceeds will predominantly be used to acquire the NWC Cobalt Assets.

On 21 January 2022, the Group entered into a membership interest purchase agreement with NWC's US subsidiary, Liazus Inc., pursuant to which the Group will acquire the NWC Cobalt Assets for US\$1.66 million.

Apart from the above events there are no matters or circumstances that have arisen since the balance date which significantly affects or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Koba Resources Limited:

1. The attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - b. complying with International Financial Reporting Standards as issued by International Accounting Standards Board; and
 - c. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial period from 14 May 2021 (date of incorporation) to 31 December 2021; and
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Michael Haynes
Chairman
28 January 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
KOBAS RESOURCES LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Koba Resources Limited ("the Company"), and its subsidiary ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial period from 14 May 2021 (date of incorporation) to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the period from 14 May 2021 (date of incorporation) to 31 December 2021; 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 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report as at 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

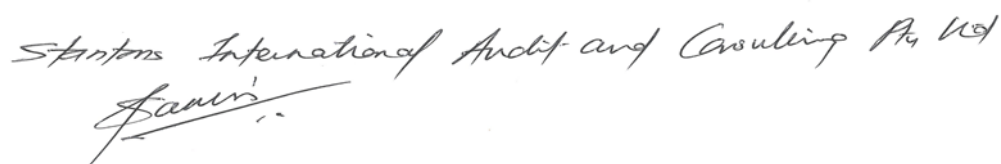
We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)



Samir Tirodkar
Director
West Perth, Western Australia
28 January 2022