



28 April 2022

Yushra Haniff  
Compliance Adviser, Listings Compliance (Sydney)  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Yushra

The below information reflects Koba Resources Limited's (ACN 650 210 067) (**Company**) intended use of funds and Pro Forma Consolidated Statement of Financial Position based on the actual amount of funds raised under the Prospectus (\$9,000,000).

The references to Sections in the notes to the tables are references to Sections of the Company's Prospectus.

#### Use of Funds

The Company intends to apply funds raised from the Offer over the first 2 years following admission of the Company to the Official List as follows:

| <b>Funds available</b>                            | <b>Amount<br/>(\$9,000,000<br/>capital raise)</b> | <b>%</b>    |
|---|---|-------------|
| Cash on hand <sup>1</sup>                         | \$2,350,000                                       | 20.7%       |
| Funds from the Offer (before costs)               | \$9,000,000                                       | 79.3%       |
| <b>Total</b>                                      | <b>\$11,350,000</b>                               | <b>100%</b> |
| Acquisition of the Blackpine Project <sup>2</sup> | \$1,760,563                                       | 15.5%       |
| Consideration to NWC under the MIPA <sup>3</sup>  | \$2,336,383                                       | 20.6%       |
| Exploration and Drilling Expenditure <sup>4</sup> | \$4,645,807                                       | 40.9%       |
| Repayment Loan <sup>5</sup>                       | \$739,450   | 6.5%        |
| Working Capital                                   | \$1,275,999                                       | 11.2%       |
| Estimated costs of the Offer <sup>6</sup>         | \$591,798   | 5.2%        |
| <b>Total</b>                                      | <b>\$11,350,000</b>                               | <b>100%</b> |

#### Notes:

- 1 Balance as at 31 December 2021. Refer to the financial information set out in Section 5 of the Prospectus for further details.
- 2 Final acquisition payment to Jervois of US\$1.25m. Assumes A\$:US\$ conversion rate of \$0.71. Please see Section 7.1 of the Prospectus for further details.
- 3 To be funded from cash reserves of \$2,336,383 held in a US dollar denominated account at a conversion rate of \$0.7105 (US\$1,669,675). Please see Sections 5 and 7.2 of the Prospectus for further information.

- 4 Please see Section 3.7 of the Prospectus for details on proposed exploration programs for the first 2 years (including the allocation of costs for each Project) and the Independent Geologist's Report in Annexure A. Since the date of the prospectus the Company has incurred exploration expenditure of \$54,193.20 in relation to securing contractors for the planned 2022 exploration program, which has been funded from the loan facility.
- 5 Loan facility was drawn-down to \$443,125 at 31 December 2021, with a further \$296,325 draw-down since then to fund costs of the Offer and exploration costs, incurred prior to listing.
- 6 Represents the remaining costs of the Offer, with \$61,719 having been funded from the Loan to 31 December 2021 and a further \$236,667 having been funded from the Loan since then. Please see Section 8.10 for further information on costs of the Offer.

## Pro Forma Consolidated Statement of Financial Position

The table below sets out the historical consolidated statement of financial position as at 31 December 2021, extracted without adjustment from the Company's audited financial statements, and the Pro Forma Statement of Financial Position, based on \$9,000,000 raised under the Offer.

|  | Audited as<br>at 31<br>December<br>2021<br>(\$) | Adjustments<br>(\$9,000,000<br>Raising)<br>(\$) | Pro Forma 31<br>December<br>2021<br>(\$9,000,000<br>Raising)<br>(\$) |
|--|---|---|--|
| <b>Current assets</b>                              |   |   |  |
| Cash and cash equivalents                          | -   | 5,922,107                                       | 5,922,107  |
| Prepaid IPO costs                                  | 74,033  | (74,033)  | -  |
| <b>Total current assets</b>                        | <b>74,033</b>                                   | <b>5,848,074</b>                                | <b>5,922,107</b>   |
| <b>Non-current assets</b>                          |   |   |  |
| Deferred exploration and evaluation<br>expenditure | 380,922   | 4,151,139                                       | 4,532,061  |
| <b>Total non-current assets</b>                    | <b>380,922</b>                                  | <b>4,151,139</b>                                | <b>4,532,061</b>   |
| <b>Total assets</b>                                | <b>454,955</b>                                  | <b>9,999,213</b>                                | <b>10,454,167</b>  |
| <b>Current liabilities</b>                         |   |   |  |
| Trade and other payables                           | (26,836)  | 12,314  | (14,522)   |
| Loan from parent company                           | (443,125)                                       | 443,125   | -  |
| <b>Total current liabilities</b>                   | <b>(469,961)</b>                                | <b>455,439</b>                                  | <b>(14,522)</b>  |
| <b>Total liabilities</b>                           | <b>(469,961)</b>                                | <b>455,439</b>                                  | <b>(14,522)</b>  |
| <b>Net assets/(liabilities)</b>                    | <b>(15,006)</b>                                 | <b>10,454,651</b>                               | <b>10,439,645</b>  |
| <b>Equity</b>                                      |   |   |  |
| Issued capital                                     | 1   | 10,136,845                                      | 10,136,846   |
| Reserves   | -   | 1,972,669                                       | 1,972,669  |
| Accumulates losses                                 | (15,007)  | (1,654,863)                                     | (1,669,870)  |
| <b>Total (deficiency) in equity</b>                | <b>(15,006)</b>                                 | <b>10,454,651</b>                               | <b>10,439,645</b>  |

The Pro Forma Statement of Financial Position has been derived from the audited historical statement of financial position as at 31 December 2021, after reflecting the Directors' pro forma adjustments for the following transactions which have occurred or are proposed to occur immediately following completion of the Offer, as if they had occurred at 31 December 2021:

- (a) A capital raising of \$2,350,000 via the issue of 19,999,999 Shares to NWC at an issue price of \$0.1175 per Share, under the Subscription Agreement.

- (b) The acquisition of 100% of the membership interests of Codaho LLC and Covada LLC from Liazus Inc., a subsidiary of NWC, for total consideration of \$2,336,383 (US\$1,660,000) in January 2022, with consideration payable on completion of the Offer.
- (c) The issue of 45,000,000 Shares at \$0.20 each, to raise \$9,000,000 (before costs) pursuant to the Offer (Maximum Subscription).
- (d) Acquisition of the Blackpine Project from a third party, Jervois Mining (USA) Limited, for US\$1,500,000. In accordance with the terms of the Blackpine Agreement, US\$250,000 has been paid by Koba. Based on an assumed exchange rate of AUD/USD 0.71, the remaining US\$1,250,000 estimated cash consideration is \$1,760,563.
- (e) Repayment of the loan from NWC, based on the balance as at 31 December 2021 of \$443,125 and subsequent drawdowns of \$296,325. Up to \$800,000 may be drawn down by Koba under the loan facility with the outstanding balance to be settled on completion of the Offer.
- (f) Costs of the Offer of \$890,184 (Maximum Subscription), of which \$74,033 had been recognised as prepaid IPO costs as at 31 December 2021. A total of \$236,667 of IPO costs have now been paid, with the remainder of \$591,798 to be settled on completion of the Offer.
- (g) Issue of 3,000,000 Options to the Joint Lead Managers at a subscription price of \$0.0001 per option, each exercisable at \$0.30 and expiring 3 years from the date of issue (the **Joint Lead Manager Options**). The Joint Lead Manager Options have been valued using the Black Scholes option valuation methodology.
- (f) Issue of 12,000,000 Options to Directors and management of the Company, each exercisable at \$0.30 and expiring 5 years from the date of issue. The Director and management options have been valued using the Black Scholes option valuation methodology. A further 1,500,000 Options will be issued to management on the same terms as above, but with vesting subject to service conditions. These 1,500,000 Options have not been recognised in the pro forma Statement of Financial Position as at 31 December 2021 due to the prescribed accounting treatment of vesting conditions under *AASB 2: Share Based Payments*. The expense relating to these options will be recognised over the expected vesting period.
- (g) There has been no adjustment for the 5,500,000 Performance Rights that will be issued to Directors and management and which are subject to vesting conditions (refer to Section 8.3 of the Prospectus). This is due to the prescribed accounting treatment of vesting conditions under *AASB 2: Share Based Payments* and so the Performance Rights have not been recognised in the pro forma Statement of Financial Position as at 31 December 2021 and will instead be recognised over the expected vesting period.

Defined terms in this announcement have the same meaning as in the Prospectus, unless stated otherwise.

Signed for and on behalf of the Company



**Ian Cunningham**  
**Company Secretary**