

NORTHERN COBALT LIMITED

ACN 617 789 732

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 30 June 2017 (**Prospectus**), issued by Northern Cobalt Limited (ACN 617 789 732) (**Company**).

This Supplementary Prospectus is dated 16 August 2017 and was lodged with ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on Company's website at www.northerncobalt.com.au.

The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Securities in the Prospectus to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. REASONS FOR SUPPLEMENTARY PROSPECTUS

1.1. Purpose of this document

The purpose of this Supplementary Prospectus is to:

- (a) advise you that the Board has resolved to change the Vendor consideration for the Acquisition and the capital structure of the Offer;
- (b) extend the Closing Date to 31 August 2017;
- (c) reduce the Minimum Subscription to applications for 21,000,000 Shares at \$0.20 per Share to raise a minimum of \$4,200,000, with the Maximum Subscription unchanged at \$6,000,000, assuming oversubscriptions of 9,000,000 Shares (a total of 30,000,000 Shares) at \$0.20 per Share are accepted;
- (d) advise you that the parties amended the Share Sale Agreement on 14 August 2017 so that the Consideration Shares are 3,510,000 Shares, 8,000,000 Class A Performance Shares and 2,925,000 Class B Performance Shares;
- (e) advise you that the parties amended the Lead Manager Mandate on 11 August 2017 so that the capital raising fee is 4% of the total funds raised under the Offer and that the Company will issue 5,800,000 Promoter Options, 1,600,000 Class A Performance Shares and 650,000 Class B Performance Shares to the Lead Manager (or its nominee) upon successful completion of the Offer; and
- (f) advise you that, as a result of the reduction in the Minimum Subscription and the changes to the structure of the Acquisition and the terms of the Lead Manager Mandate:
 - (i) Coolabah acquired 1,365,000 Shares from existing Shareholders on 14 August 2017; and
 - (ii) the proposed allocation of Performance Shares to nominees of Coolabah and the Lead Manager has been altered.

1.2. Extension of Closing Date

The Company advises that, after the opening of the Prospectus, the Company received applications for Securities of over \$5,000,000. The Board believes that reduced Vendor consideration for the Acquisition and a revised capital structure for the Offer are more appropriate for the Company and investors.

The Directors thus decided to reduce the Minimum Subscription (see Section 2.4 below) and to extend the Offer period to 31 August 2017 to provide additional time to achieve the reduced Minimum Subscription. The Directors may close the Offer as soon as practicable after the reduced Minimum Subscription is achieved.

1.3. Refund of Application Monies

Given the scope of change in disclosure that is set out in this Supplementary Prospectus, the Company has resolved, in accordance with section 724(2)(a) of the Corporations Act, to refund all moneys received by Applicants under the Prospectus.

1.4. Application Forms

The Company is to continue with the Offer and the Acquisition and will accept Applications for Securities using the Application Form attached to or accompanying this Supplementary Prospectus (**Supplementary Application Form**).

Applications for Securities under the Offer after the date of this Supplementary Prospectus **must** be made using the Supplementary Application Form. The Supplementary Application Form contains detailed instructions on how it is to be completed. Applications after the date of this Supplementary Prospectus **must not** be made on the Application Form attached to or

accompanying the Prospectus.

1.5. Issue of Securities under the Offer

Subject to satisfaction of the Conditions set out in Sections 2.1 and 8.1 of the Prospectus, the issue of Securities offered by the Prospectus (together with this Supplementary Prospectus) will take place as soon as practicable after the Closing Date.

Pending the issue of the Securities or payment of refunds pursuant to the Prospectus and Supplementary Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

2. AMENDMENTS TO THE PROSPECTUS

2.1. Introduction

As set out in Section 1.1 above:

- the Directors resolved to reduce the Minimum Subscription to applications for 21,000,000 Shares at \$0.20 per Share to raise a minimum of \$4,200,000; and
- the parties restructured the terms of the Acquisition and the Offer by amendments to the Share Sale Agreement and the Lead Manager Mandate.

Changes to the Prospectus are required to reflect these matters are set out in this Section 2.

2.2. Offer Information

The changes referred to in Section 2.1 above affect the "Offer Information" section in the Prospectus. The "Offer Information" section is deleted and replaced with the following:

KEY DATES - Indicative timetable*

Task	Indicative Date
<i>Lodgement of Supplementary Prospectus with ASIC</i>	<i>16 August 2017</i>
<i>Closing Date</i>	<i>31 August 2017</i>
<i>Issue of Securities</i>	<i>7 September 2017</i>
<i>Despatch of holding statements</i>	<i>7 September 2017</i>
<i>Expected date for quotation on ASX</i>	<i>12 September 2017</i>

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Securities to Applicants.*

Key Offer Details

Description	Minimum Subscription	Maximum Subscription ¹
Offer price per Share	\$0.20	\$0.20
Shares on issue before the Offer	11,000,000	11,000,000
Vendor Shares	3,510,000	3,510,000
Shares to be issued under the Offer	21,000,000	30,000,000
Total number of Shares following the Offer	35,510,000	44,510,000
Founder Options on issue before Offer	6,000,000	6,000,000
Investor Options to be issued under Offer	10,500,000	15,000,000
Promoter Options to be issued outside the Offer ²	5,800,000	5,800,000
Total number of Options following the Offer³	22,300,000	26,800,000
Performance Shares to be issued⁴	13,175,000	13,175,000
Gross proceeds of the Offer	\$4,200,000	\$6,000,000

Notes:

1. Maximum subscription assumes all oversubscriptions are accepted.
2. See Sections 3.7 and 8.3.
3. The total number of Options is made up of Founder Options, Investor Options and Promoter Options.
4. See Section 3.7.

The reference to the Closing Date in Section 2.6 of the Prospectus is amended accordingly to 31 August 2017.

2.3. Investment Overview

The changes referred to in Section 2.1 above include a number of changes to the key terms and conditions of the Offer. To address these, the items in Section 1 of the Prospectus with the following headings are amended by replacing the summaries next to them with the following:

<i>What are the Directors' interests in the Company?</i>	<p><i>Each Director's interest in the Company is as follows:</i></p> <p>(a) Mr Leonard (Len) Dean: 100,000 Shares and 1,000,000 Founder Options;</p> <p>(b) Mr Michael Schwarz: 200,000 Shares and 3,000,000 Founder Options;</p> <p>(c) Mr Andrew Shearer: 840,000 Shares, 450,000 Founder Options and 1,125,000 Performance Shares (through Valas Investments Pty Ltd) (subject to Completion occurring); and</p> <p>(d) Mr Duncan Chessell: 33,750 Shares, 697,500 Founder Options and 2,458,125 Performance Shares (subject to Completion occurring). Mr Chessell will be deemed to have a relevant interest in the 3,510,000 Shares to be issued by the Company to Coolabah Group Pty Ltd as consideration for the acquisition of 100% of Mangrove (and its existing holding of 1,365,000 Shares), due to Mr Chessell's current holding of 25% of the issued capital of Coolabah Group Pty Ltd.</p>	<i>Sections 7.2 and 13.7</i>
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Are there any relationships between the Company and parties involved in the Acquisition or the Offer that are relevant to investors?	<p>Duncan Chessell, a non-executive Director, is also a non-executive director and shareholder of Coolabah, the Vendor of the Project. Coolabah has entered into a Consultancy Agreement with the Company. Subject to Completion occurring, Mr Chessell is to receive 2,458,125 Performance Shares.</p> <p>Andrew Shearer, a non-executive Director, is Senior Resource Analyst at PAC Partners Pty Ltd, the Lead Manager. Subject to Completion occurring, Mr Shearer is to receive 1,125,000 Performance Shares (through Valas Investments Pty Ltd).</p>	Sections 3.3, 7.2 and 8.2
Who will be the substantial holders of the Company?	Coolabah Group Pty Ltd will hold 4,875,000 Shares. This represents 13.73% of the issued capital if the Minimum Subscription is raised and 10.95% of the issued capital if the Maximum Subscription is raised (on an undiluted basis).	Section 3.9
What is being offered?	<p>The Offer is an offer of 21,000,000 Shares at \$0.20 per Share to raise a minimum of \$4,200,000 (before costs).</p> <p>The Company may accept oversubscriptions for up to a further 9,000,000 Shares at \$0.20 per Share to raise a further \$1,800,000, being \$6,000,000 in total.</p> <p>For every 2 Shares subscribed for and issued there will be 1 free Investor Option exercisable at \$0.20 on or before the date which is 24 months from the date of issue.</p> <p>The Offer is not underwritten.</p> <p>The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List and to position the Company to seek to achieve the objectives stated at section B above.</p> <p>The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.</p>	Section 2
What will the Company's capital structure look like after completion of the Offer?	<p>The Company's capital structure on a post-Offer basis is as follows:</p> <p>Minimum Subscription</p> <p>35,510,000 Shares</p> <p>22,300,000 Options</p> <p>13,175,000 Performance Shares</p> <p>Maximum Subscription</p> <p>44,510,000 Shares</p> <p>26,800,000 Options</p> <p>13,175,000 Performance Shares</p>	Section 3.7

<p><i>Will any of the Securities issued under the Offer be subject to escrow?</i></p>	<p><i>None of the Securities offered under the Offer will be subject to ASX-imposed escrow.</i></p> <p><i>Subject to the Company being admitted to the Official List, certain Shares and 6,000,000 Founder Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for between 12 months from the date of issue of the securities and 24 months from the date of Official Quotation. This will also be the case for Shares issued to the Vendor as partial consideration for the Acquisition:</i></p> <p><i>(a) 3,510,000 Shares to be issued to the Vendor (or its nominees);</i></p> <p><i>(b) 10,925,000 Performance Shares to be issued to the Vendor (or its nominees) and 2,250,000 Performance Shares to be issued the Lead Manager (or its nominees); and</i></p> <p><i>(c) 5,800,000 Promoter Options to be issued to the Lead Manager (or its nominees).</i></p> <p><i>The Company will announce to ASX full details (quantity and duration) of the securities to be held in escrow prior to the Shares commencing trading on ASX.</i></p>	<p><i>Sections 2.7 and 6.15</i></p>
<p><i>What consideration is payable by the Company for the Acquisition?</i></p>	<p><i>Pursuant to the Share Sale Agreement, the Company must issue, subject to Completion occurring, 3,510,000 Shares, 8,000,000 Class A Performance Shares and 2,925,000 Class B Performance Shares to the Vendor (or its nominees) for the Acquisition.</i></p> <p><i>The Vendor already holds 1,365,000 Shares.</i></p>	<p><i>Section 8.1</i></p>

2.4. Details of the Offer

As set out in Section 2.1 above, the Company has reduced the Minimum Subscription to an offer of 21,000,000 Shares at \$0.20 per Share to raise a minimum of \$4,200,000. The references to the Offer in Section 2.1 of the Prospectus and to the Minimum Subscription in the Chairman's Letter and Section 2.3 of the Prospectus are amended accordingly.

Even though the Maximum Subscription of \$6,000,000 has not changed, the reduction in the Minimum Subscription (to \$4,200,000 through the offer of 21,000,000 Shares) has affected the amount of the oversubscriptions. As a consequence, the Company now reserves the right to accept oversubscriptions of up to a further 9,000,000 Shares at \$0.20 per Share to raise up to a further \$1,800,000. The references to oversubscriptions in the Chairman's Letter and Section 2.2 of the Prospectus are amended accordingly.

The changes referred to in Section 2.1 above affect how the Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first 2 years following admission of the Company to the Official List.

The table in Section 2.4 of the Prospectus is deleted and replaced with the following:

Funds available	Minimum Subscription (\$) (\$4,200,000)	Percentage of funds (%)	Maximum Subscription (\$) (\$6,000,000)	Percentage of funds (%)
<i>Existing cash reserves¹</i>	603,490	12.56	603,490	9.14
<i>Funds raised from the Offer</i>	4,200,000	87.44	6,000,000	90.86
Total	4,803,490	100.00	6,603,490	100.00
Allocation of funds²				
<i>Lead Manager</i>	168,000	3.50	240,000	3.63
<i>Expenses and fees of the Offer (audit, ASX listing)</i>	291,355	6.07	296,355	4.49
<i>Exploration expenditure³</i>	2,867,000	59.69	4,012,000	60.76
<i>Corporate, overheads, remuneration and other management expenses</i>	980,000 ⁴	20.40	980,000 ⁴	14.84
<i>Plant and equipment</i>	262,000	5.45	472,000	7.15
<i>Working capital</i>	100,000	2.08	100,000	1.51
<i>Reserve</i>	135,135	2.81	503,135	7.62
Total	4,803,490	100.00	6,603,490	100.00

Notes:

1. Refer to the Company's financial information set out in Section 12 for further details.
2. Refer to Section 13.10 for further details on the expenses of the Offer.
3. Estimated expenditure over the first 2 years following Official Quotation.
4. Annual expenses over the first 2 years following Official Quotation.

It is noted that, as a consequence of the reduction in the Minimum Subscription, the Directors have only reduced the proposed exploration expenditure by \$265,000. The principal changes are in the reduction of funds allocated to reserves (\$218,000) and to plant and equipment (\$210,000). The Directors do not consider the \$265,000 reduction to be a material change to the proposed exploration program or budget. The Directors have left unchanged the proposed exploration expenditure if the Maximum Subscription is reached.

The Directors still consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be re-iterated that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 6 of the Prospectus.

As stated in Section 1.4 above, applications for Securities must now be made using the Supplementary Application Form accompanying this Supplementary Prospectus. The references to the Application Form in Section H of the Investment Overview (in Section 1 of the Prospectus) and in Section 2.6 are amended accordingly.

As set out in Section 2.3 above, the changes referred to in Section 2.1 above have led to changes in the number of Shares, Performance Shares and Promoter Options to be escrowed as a result of the Acquisition. The references in Section 2.7 of the Prospectus to the number of securities to be escrowed should be amended (where they occur) to 13,175,000 Performance Shares and 5,800,000 Promoter Options.

2.5. Overview of the Company

The changes referred to in Section 2.1 above affect how the Company proposes to fund its

exploration activities over the first 2 years.

The table in Section 3.2(a) of the Prospectus is deleted and replaced with the following:

Project program / expense item	Minimum Subscription		Maximum Subscription	
	Year 1	Year 2	Year 1	Year 2
<i>Cash on hand prior to Offer</i>	\$603,490	N/A	\$603,490	N/A
<i>Capital raised under the Offer</i>	4,200,000	N/A	\$6,000,000	N/A
<i>Lead Manager fees</i>	\$168,000	N/A	\$240,000	N/A
<i>Expenses of offer</i>	\$291,355	N/A	\$296,355	N/A
<i>Exploration expenditure</i>	\$1,851,300	\$1,015,700	\$2,896,300	\$1,115,700
<i>Corporate, overheads, remuneration and other expenses</i>	\$491,500	\$488,500	\$491,500	\$488,500
<i>Plant and equipment</i>	\$178,000	\$84,000	\$388,000	\$84,000
<i>Working capital</i>	\$50,000	\$50,000	\$50,000	\$50,000
<i>Reserve</i>	\$67,567	\$67,568	\$251,567	\$251,568
Total expenditure	\$3,097,722	\$1,705,768	\$4,613,722	\$1,989,768

As stated in Section 2.4 above, the Directors do not consider the \$265,000 reduction in the proposed exploration expenditure on the basis of the Minimum Subscription to be a material change. The Directors still consider that, following completion of the Offer, the Company will have sufficient working capital to carry out its exploration program.

The changes referred to in Section 2.1 above affect the capital structure of the Company following completion of the Offer, the existing shareholdings in the Company and the current and future substantial Shareholders.

Sections 3.7, 3.8 and 3.9 of the Prospectus are deleted in their entirety and replaced with the following:

3.7. Capital structure

The capital structure of the Company following completion of the Offer is summarised below. The Investigating Accountant's Report (Section 12) provides further details.

Shares¹

Description	Number (Minimum Subscription)	Number (Maximum Subscription)
<i>Shares on issue before the Offer²</i>	11,000,000	11,000,000
<i>Shares to be issued pursuant to the Share Sale Agreement³</i>	3,510,000	3,510,000
<i>Shares to be issued pursuant to the Offer</i>	21,000,000	30,000,000
Total Shares on completion of the Offer	35,510,000	44,510,000

Notes:

1. The rights attaching to the Shares are summarised in Section 13.3.
2. Details of the Shares on issue before the Offer are provided in Section 3.8.
3. These Shares will be issued to the Vendor and its related parties pursuant to the Share Sale Agreement as part of the consideration for the Company's acquisition of 100% of Mangrove.

Options¹

Description	Number (Minimum Subscription)	Number (Maximum Subscription)
<i>Founder Options on issue before the Offer</i>	6,000,000	6,000,000
<i>Investor Options to be issued pursuant to the Offer</i>	10,500,000	15,000,000
<i>Promoter Options to be issued pursuant to the Lead Manager Mandate²</i>	5,800,000	5,800,000
Total Options on completion of the Offer	22,300,000	26,800,000

Notes:

1. The terms and condition of, and rights attaching to, all classes of Options are summarised in Section 13.4.
2. Further detailed in Section 8.3.

Performance Shares¹

Description	Number (Minimum Subscription)	Number (Maximum Subscription)
<i>Performance Shares on issue before the Offer</i>	Nil	Nil
<i>Class A Performance Shares to be issued outside the Offer²</i>	9,600,000	9,600,000
<i>Class B Performance Shares to be issued outside the Offer³</i>	3,575,000	3,575,000
Total Performance Shares on completion of the Offer	13,175,000	13,175,000

Notes:

1. The terms and condition of, and performance hurdles applicable to, all classes of Performance Shares are summarised in Section 13.5.
2. 8,000,000 Class A Performance Shares are to be issued to the Vendor and its related parties pursuant to the Share Sale Agreement and 1,600,000 Class A Performance Shares are to be issued to the Lead Manager or its nominees pursuant to the Lead Manager Mandate.
3. 2,925,000 Class B Performance Shares are to be issued to the Vendor and its related parties pursuant to the Share Sale Agreement and 650,000 Class B Performance Shares are to be issued to the Lead Manager or its nominees pursuant to the Lead Manager Mandate.

3.8. Shares currently on issue

The Shares currently on issue (before the Offer) comprise:

- (a) 3,485,000 Shares issued since incorporation to founders, Directors or related parties of the Company;
- (b) 150,000 Shares issued to related parties of the Vendor and 1,365,000 acquired by the Vendor; and
- (c) 6,000,000 Shares issued under a seed capital raising. The Shares issued under the seed capital raising were issued on 31 March 2017 at an issue price of \$0.10 each to seed capital investors to raise \$600,000 (before costs) and to fund listing costs and initial working capital requirements of the Company. These Shares were issued at a discount to the issue price of the Shares offered pursuant to the Offer to reflect the increased risk associated with an investment in the Company at the time of issue of the seed capital.

3.9. Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming Minimum Subscription and Maximum Subscription) are set out in the respective tables below.

- (a) As at the date of the Prospectus

Shareholder	Shares	Options	Performance Shares	% (undiluted)	% (fully diluted)
PAC Partners Pty Ltd	1,560,000	-	-	14.18	9.18
Valas Investments Pty Ltd ¹	840,000	450,000	-	7.64	7.59

Note 1: Valas Investments Pty Ltd is a company controlled by Mr Andrew Shearer.

On completion of the Offer with Minimum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares	Options	Performance Shares ¹	% (undiluted)	% (fully diluted) ¹
Coolabah Group Pty Ltd ²	4,875,000	-	8,000,000 Class A	13.73	6.87
			2,925,000 Class B		

Note 1: The number of Performance Shares are not taken into account for the holding of Coolabah on dilution because they will be distributed to nominees.

Note 2: Mr Duncan Chessell will be deemed to have a relevant interest in the 4,875,000 Shares to be held by Coolabah Group Pty Ltd on Completion, due to Mr Chessell's holding of 25% of the issued capital of Coolabah Group Pty Ltd.

- (b) On completion of the Offer with Maximum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares	Options	Performance Shares	% (undiluted)	% (fully diluted) ¹
Coolabah Group Pty Ltd ²	4,875,000	-	8,000,000 Class A 2,925,000 Class B	10.95	5.77

Note 1: The number of Performance Shares are not taken into account for the holding of Coolabah on dilution because they will be distributed to nominees.

Note 2: Mr Duncan Chessell will be deemed to have a relevant interest in the 4,875,000 Shares to be held by Coolabah Group Pty Ltd on Completion, due to Mr Chessell's holding of 25% of the issued capital of Coolabah Group Pty Ltd.

The Company will announce to ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Securities commencing trading on ASX.

2.6. Risk Factors

As a result of the reduced Minimum Subscription, the Company will receive \$800,000 less if Completion occurs. The risk regarding the need for future funding, outlined in Section C of the Investment Overview (in Section 1) and in Section 6.14 of the Prospectus, is accordingly exacerbated.

As the number of securities in the Company to be escrowed if Completion occurs will now be reduced (as set out in Sections 2.3 and 2.4 above), the risk posed by the potential impact of restricted securities on the liquidity of the Shares (as set out in Section 6.15 of the Prospectus) is unchanged.

2.7. Board, Management and Interests

The changes referred to in Section 2.1 above affect the relevant interests of the Directors in the securities of the Company as at the date of this Supplementary Prospectus.

The table in Section 7.2 of the Prospectus is deleted and replaced with the following:

Director	Remuneration ¹	Shares	Founder Options	Performance Shares ²
Mr Leonard (Len) Dean	\$60,000	100,000	1,000,000	Nil Class A Nil Class B
Mr Michael Schwarz	\$192,720	200,000	3,000,000	Nil Class A Nil Class B
Mr Andrew Shearer ³	\$35,000	840,000	450,000	800,000 Class A 325,000 Class B
Mr Duncan Chessell	\$35,000	4,908,750 ⁴	697,500	1,800,000 Class A 658,125 Class B

1. Includes statutory superannuation.

2. The issue of Performance Shares is subject to Completion occurring.

3. A. Shearer holds securities in the Company through Valas Investments Pty Ltd, a company he controls.

4. D Chessell will be deemed to have a relevant interest in the 4,875,000 Shares to be held by Coolabah Group Pty Ltd on Completion, due to Mr Chessell's holding of 25% of the issued capital of Coolabah Group Pty Ltd.

2.8. Share Sale Agreement

As set out in Section 2.1 above, the parties amended the Share Sale Agreement on 14 August 2017 to vary the Consideration Shares to be issued to the Vendor on Completion. The Consideration Shares now comprise 3,510,000 Shares, 8,000,000 Class A Performance Shares and 2,925,000 Class B Performance Shares. References to the Consideration Shares in the Chairman's Letter and Section 8.1 of the Prospectus are amended accordingly.

The summary of the Share Sale Agreement in Section 8.1 of the Prospectus is amended to include the following statement at the end of the first paragraph:

The Share Sale Agreement was amended by the parties on 14 August 2017 to vary the Consideration Shares (as defined below).

2.9. Lead Manager Mandate

As set out in Section 2.1 above, the Company and the Lead Manager amended the Lead Manager Mandate on 11 August 2017 to accommodate the revised terms of the Offer. This affects the summary of the Lead Manager Mandate set out in Section 8.3 of the Prospectus.

The summary is deleted and replaced with the following:

8.3 Revised Lead Manager Mandate

*The Company entered into a mandate agreement with PAC Partners Pty Ltd (**Lead Manager**) on 11 May 2017 pursuant to which the Lead Manager was appointed as lead manager to provide services to the Company with respect to the initial public offering of Shares (**IPO**) (**Lead Manager Mandate**).*

*On 11 August 2017, the Company and the Lead Manager varied the Lead Manager Mandate to reflect the reduction in the fees for the Lead Manager (including the Promoter Options) with respect to the IPO and the change in the Minimum Subscription (**Revised Lead Manager Mandate**).*

Under the terms of the Revised Lead Manager Mandate, the Company will pay to the Lead Manager:

(a) **Capital Raising Fee:**

Upon the successful completion of the IPO, a capital raising fee of 4% of the total funds raised under the IPO will be payable to the Lead Manager out of the aggregate proceeds of the IPO;

(b) **Securities in the Company:**

Upon the successful completion of the IPO, the Lead Manager or its nominee shall be entitled to receive:

- (i) *Promoter Options: up to 5,800,000 Options exercisable at \$0.25 (valid for 4 years); and*
- (ii) *Performance Shares: performance-based shares in the Company issued in two tranches as detailed below and otherwise on the same terms and conditions as apply to such performance-based shares in the Company to be issued to the Vendor and as are detailed in full in Section 13.5:*
 - (A) *1,600,000 Class A Performance Shares; and*
 - (B) *650,000 Class B Performance Shares.*

The capital raising fee shall be payable at completion of the IPO, out of the proceeds of the IPO, as appropriate.

The Lead Manager is entitled to be reimbursed for its reasonable costs and expenses associated with the performance of its services under the Lead Manager Mandate.

The Lead Manager has a right of first refusal, subject to completion of the Offer, to be appointed as lead or joint lead manager on any equity capital financing of the Company for a period ending 18 months after completion of the Offer.

References in the Prospectus to the Lead Manager Mandate are to be taken to refer to the Revised Lead Manager Mandate, wherever they occur.

2.10. Independent Geologist's Report

Due to the changes referred to in Section 2.1, the Company has reduced its proposed exploration expenditure as set out in Sections 2.4 and 2.5. The Independent Geologist confirms that it still considers that the exploration strategy and programs proposed by the Company are consistent with the mineral potential and status of the Wollogorang Projects, and that the proposed expenditure is sufficient to meet the costs of the exploration programs proposed and to meet statutory tenement expenditure requirements.

2.11. Investigating Accountant's Report

The Investigating Accountant has issued a further report in relation to the financial information of the Company as affected by the matters set out in Section 2.1 above. A copy of that report is set out at Annexure A of this Supplementary Prospectus. References in the Prospectus to the Investigating Accountant's Report in Section 12 of the Prospectus are to be taken to refer to this revised report.

2.12. Additional Information

Due to the changes in Section 2.1 above, the "Number issued" entry in the table set out in Section 13.4(a) of the Prospectus entitled "Terms of issue of each class of Options" is revised as follows:

- The number of Investor Options is *Between 10,500,000 and 15,000,000*; and
- The number of Promoter Options is *5,800,000*.

Due to the changes referred to in Section 2.1 above, the interests of certain advisers in Section 13.8 of the Prospectus have changed. These interests now are:

- Ravensgate International Pty Ltd (**Ravensgate**) has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 10 of the Prospectus. Ravensgate have also provided an Independent Resource Estimate of the Stanton Cobalt Deposit. The Company estimates it will pay Ravensgate a total of \$52,505 (excluding GST) for these services. During the 24 months preceding lodgement of this Supplementary Prospectus with ASIC, Ravensgate has not received fees from the Company for services other than preparation of the Independent Geologist's Report and the Independent Cobalt Industry Report.
- Pendragon Capital Ltd has acted as Investigating Accountant and prepared the Investigating Accountant's Report included in Section 12 of the Prospectus, and the revised Investigating Accountant's Report attached as Annexure A to this Supplementary Prospectus. The Company has paid, or agreed to pay, approximately \$19,000 (excluding GST) for these services up to the date of this Supplementary Prospectus. During the 24 months preceding lodgement of this Supplementary Prospectus with ASIC, Pendragon Capital Ltd has not received any fees from the Company for any other services.
- PAC Partners Pty Ltd has acted as the Lead Manager of the Offer. The Lead Manager will receive 4% of the total amount raised under the Prospectus (plus GST), as amended by this Supplementary Prospectus, following the successful completion of the Offer for its services as Lead Manager to the Offer. The Lead Manager will be responsible for paying all capital raising fees that the Lead Manager and the Company agree with any other financial service licensees. Further details in respect to the Lead

Manager Mandate are summarised in Section 8.3. Other than \$36,000 received as a 6% capital raising fee with respect to the seed capital raising in March 2017, PAC Partners Pty Ltd has not received any other fees for other services provided to the Company in the last 2 years.

- Edwards Mac Scovell Legal has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$90,000 (excluding GST) for these services up to the date of this Supplementary Prospectus. During the 24 months preceding lodgement of this Supplementary Prospectus with ASIC, Edwards Mac Scovell Legal has not received fees from the Company for any other services.

Section 13.8 of the Prospectus is amended accordingly.

The changes referred to in Section 2.1 above have resulted in a variation to the total expenses of the Offer outlined in Section 13.10 of the Prospectus.

The total expenses of the Offer (excluding GST) payable by the Company are now estimated at approximately \$459,355 (assuming the Minimum Subscription) to \$536,355 (assuming the Maximum Subscription). These expenses include legal, accounting and advisory fees, ASX listing fees, and printing and other costs.

Section 13.10 of the Prospectus is amended accordingly.

2.13. Defined Terms

The following definitions set out in the Defined Terms in Section 15 of the Prospectus are amended as follows:

Consideration Shares means the 3,510,000 Shares, 8,000,000 Class A Performance Shares and 2,925,000 Class B Performance Shares payable by the Company to the Vendor for the Acquisition pursuant to the terms and conditions of the Share Sale Agreement.

Lead Manager Mandate means the mandate agreement entered into between the Company and the Lead Manager on 11 May 2017, now replaced by the Revised Lead Manager Mandate and referred to in Section 8.3.

Maximum Subscription means the maximum amount to be raised under the Prospectus, being \$6,000,000 assuming oversubscriptions of 9,000,000 Shares (a total of 30,000,000 Shares) at \$0.20 per Share are accepted.

Minimum Subscription means the minimum amount to be raised under the Offer, being \$4,200,000.

Revised Lead Manager Mandate means the mandate agreement entered into between the Company and the Lead Manager on 11 August 2017 to replace the Lead Manager Mandate and which is further described in Section 8.3.

Share Sale Agreement means the Option and Share Sale Agreement between the Company, Coolabah and Mangrove dated 16 June 2017, as amended on 14 August 2017, pursuant to which, subject to exercise of the Mangrove Option, Coolabah has agreed to sell and the Company has agreed to buy the Mangrove Share on certain terms and conditions.

3. CONSENTS

Each of the parties referred to in this Section 3:

- (a) does not make, or purport to make, any statement in this Supplementary Prospectus other than those referred to in this Section 3; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Supplementary Prospectus other than a reference to its name and a statement included in this Supplementary Prospectus with the consent of that party as specified in this Section 3.

Independent Geologist

Ravensgate has given its written consent to being named as Independent Geologist in this Supplementary Prospectus and to the inclusion of statements contained in this Supplementary Prospectus in the form and context in which those statements are included. Ravensgate has not withdrawn its consent prior to lodgement of this Supplementary Prospectus with ASIC.

Investigating Accountant

Pendragon Capital Ltd has given its written consent to being named as Investigating Accountant in this Supplementary Prospectus and to the inclusion of the revised Investigating Accountant's Report included at Annexure A in the form and context in which the information and report is included. Pendragon Capital Ltd has not withdrawn its consent prior to lodgement of this Supplementary Prospectus with ASIC.

Lead Manager

PAC Partners Pty Ltd has given its written consent to being named as the Lead Manager to the Offer in this Supplementary Prospectus. PAC Partners Pty Ltd has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with ASIC.

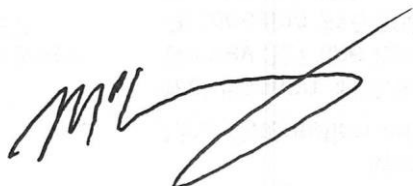
Australian legal adviser

Edwards Mac Scovell Legal has given its written consent to being named as Australian legal adviser to the Company in this Supplementary Prospectus. Edwards Mac Scovell Legal has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with ASIC.

4. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'MS', with a long horizontal stroke extending to the right.

Michael Schwarz
Managing Director
Northern Cobalt Limited

ANNEXURE A – INVESTIGATING ACCOUNTANT’S REPORT

16 August 2017

The Directors
Northern Cobalt Limited
Level 3
29 King William Street
ADELAIDE SA 5000

Dear Sirs

Investigating Accountant's Report – Northern Cobalt Limited

1. Introduction

This Investigating Accountant's Report ("Report") has been prepared at the request of the directors of Northern Cobalt Limited ACN 617 789 732 ("Northern Cobalt" or "the Company"). The Report has been prepared based on the historical financial information of the Company for inclusion in a Supplementary Prospectus dated on or around 16 August 2017 inviting participation in the issue of 21,000,000 ordinary shares at an issue price of 20 cents per share to raise \$4,200,000 ("Minimum Subscription"). The Company has the right to accept oversubscriptions of up to a further 9,000,000 ordinary shares at an issue price of 20 cents per share to raise up to a further \$1,800,000. The maximum amount which may be raised under the Offer is \$6,000,000 ("Maximum Subscription"). For every 2 ordinary shares subscribed for and issued there will be 1 free Investor Option exercisable at \$0.20 on or before the date which is 24 months from the date of issue.

All amounts are expressed in Australian Dollars unless otherwise stated. Unless otherwise stated, terms have the same meaning as in the Prospectus.

2. Background

The Company was incorporated as a proprietary company limited by shares on 6 March 2017. The focus of the Company will be on mineral exploration of resource opportunities.

On 4 May 2017, the Company converted to a public company limited by shares.

On or about 31 March 2017, the Company entered into a binding heads of agreement with Coolabah Group Pty Ltd ACN 166 770 896 ("Coolabah" or "Vendor") and Mangrove Resources Pty Ltd ACN 612 043 240 ("Mangrove") and paid a non refundable option fee of \$28,000.

On 16 June 2017, the Company entered into an option and share sale agreement with Coolabah and Mangrove pursuant to which, subject to satisfaction (or waiver) of certain conditions precedent, the Company will acquire 100% of the issued shares of Mangrove ("Share Sale Agreement"). On 14 August 2017, the parties amended the Share Sale Agreement to vary the vendor consideration for the acquisition. Mangrove is the sole holder of the tenements being Northern Territory Exploration Licences 30496, 30590 and 31272 and any Mineral Lease granted on an area contained within those tenements or any Exploration Licence or other tenement granted in substitution for any of those tenements or any part of them ("Tenements").

On 14 August 2017, Coolabah acquired 1,365,000 ordinary shares from the founding shareholders for \$0.01 cents per share.

A summary of the Share Sale Agreement is set out in Section 8.1 of the Prospectus (as amended by the Supplementary Prospectus). All subsequent references in this Report to the (undated) Prospectus are to be the amended Prospectus. .

Information on the Northern Cobalt activities can also be found in this Prospectus.

In consideration for the 100% acquisition of Mangrove, Northern Cobalt will issue to Coolabah:

Share category	Number of Shares
Ordinary Shares	<u>3,510,000</u>
Performance Shares	
Class A Performance Shares	8,000,000
Class B Performance Shares	<u>2,925,000</u>
	<u>10,925,000</u>

3. Capital Structure

The expected capital structure of the Company following the completion of the capital raising is as follows:

	Minimum Subscription	Maximum Subscription
Shares		
Existing shares in Northern Cobalt prior to lodgement of the Prospectus	11,000,000	11,000,000
Issued as consideration for acquisition of 100% of Mangrove's issued capital	3,510,000	3,510,000
Shares pursuant to this Offer – issued at \$0.20	<u>21,000,000</u>	<u>30,000,000</u>
Total shares	<u>35,510,000</u>	<u>44,510,000</u>

	Minimum Subscription	Maximum Subscription
Options		
Founder Options on issue before the Offer ¹	6,000,000	6,000,000
Investor Options to be issued pursuant to the Offer	10,500,000	15,000,000
Promoter Options to be issued outside the Offer ²	5,800,000	5,800,000
Total Options	22,300,000	26,800,000
Performance Shares		
Class A Performance Shares to be issued outside the Offer ³	9,600,000	9,600,000
Class B Performance Shares to be issued outside the Offer ⁴	3,575,000	3,575,000
Total performance shares	13,175,000	13,175,000

Note 1: Founder Options

The Company has issued 6,000,000 options to the vendors and founders ("Founder Options"). The Founder Options have the following conditions:

- Exercise price of \$0.25 each
- The Founder Options will expire on 21 March 2021 which is four years after their date of issue.

Note 2: Promoter Options

The Company has agreed to issue 5,800,000 options to the Lead Manager or its nominees ("Promoter Options"). The Promoter Options have the following conditions:

- Exercise price of \$0.25 each
- The Promoter Options will expire on the date which is four years after their date of issue.

Note 3: Class A Performance Shares

The Company has agreed to issue 8,000,000 Class A Performance Shares to the Vendor and its related parties pursuant to the Share Sale Agreement and 1,600,000 Class A Performance Shares to the Lead Manager or its nominees pursuant to the Lead Manager Mandate. Each Class A Performance Share will convert into one Share upon the earlier of:

- The Company announcing to ASX the delineation of an Inferred (or higher category) Mineral Resource in accordance with the JORC Code containing at least 6,000 tonnes Cobalt equivalent, at a grade of 0.12% Cobalt equivalent or greater (reported in accordance with clause 50 of the JORC code), on the Tenements; or
- The Company selling or transferring (directly or indirectly) for value of at least \$5 million to a third party (being any person or entity other than a wholly-owned subsidiary of the Company) 100% of the shares of Mangrove, or 100% of the Company's legal or beneficial interests in the Tenements.
- The Class A milestones must be determined to have been achieved within 5 years of Completion.

Note 4: Class B Performance Shares

The Company has agreed to issue 2,925,000 Class B Performance Shares to the Vendor and its related parties pursuant to the Share Sale Agreement and 650,000 Class B Performance Shares to the Lead Manager or its nominees pursuant to the Lead Manager Mandate. Each Class B Performance Share will convert into one Share upon either:

- The Company announcing to ASX the delineation of an Inferred (or higher category) Mineral Resource in accordance with the JORC Code containing at least 15,000 tonnes Cobalt equivalent, at a grade of 0.12% Cobalt equivalent or greater (reported in accordance with clause 50 of the JORC code), on the Tenements; or
- The Company selling or transferring (directly or indirectly) for value of at least \$20 million to a third party (being any person or entity other than a wholly-owned subsidiary of the Company) 100% of the shares of Mangrove, or 100% of the Company's legal or beneficial interests in the Tenements.
- The Class B milestones must be determined to have been achieved within 5 years of Completion.

4. Basis of Preparation

This Report has been included in this Prospectus to provide investors and their financial advisors with information on the pro forma financial statements of Northern Cobalt as set out in Appendix 1. The pro forma financial information is presented in a summarised form and does not reflect all the disclosure requirements of financial statements prepared using Australian Accounting Standards in accordance with the Corporations Act 2001 (Cth). This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment. Pendragon Capital Limited ("Pendragon") has not been engaged to report on the prospects of Northern Cobalt, the pricing of shares or the benefits and risks of becoming a shareholder in the Company. Risk factors are set out in Section 5 of the Prospectus. Pendragon bears no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report.

5. Scope

Pendragon has been requested to prepare a report covering the following financial information:

- Pro forma Unaudited Statement of Financial Position;
- Pro forma Unaudited Statement of Changes in Equity; and
- Notes to and forming part of the pro forma financial statements.

The pro forma unaudited financial information has been derived from historical financial information as at 31 March 2017 after adjusting for the following transactions as if they had occurred at the date of acquisition:

- the consolidation of Northern Cobalt and Mangrove historical financial information;
- the issue of a minimum of 21,000,000 fully paid ordinary shares at an issue price of \$0.20 each to raise \$4,200,000, with the right to oversubscription of up to a further 9,000,000 full paid ordinary shares to raise an additional \$1,800,000;
- the issue of 3,510,000 ordinary shares to Coolabah in consideration for the acquisition of 100% of the issued shares of Mangrove;
- the issue of 5,800,000 Promoter Options which the Directors have valued at \$660,722 using the Black Scholes method; and
- payment of estimated costs of the Offer of \$459,355 for the Minimum Subscription and \$536,355 for the Maximum Subscription.

The financial information for Northern Cobalt is set out in Appendix 1 to this Report.

6. Review

Pendragon has conducted an independent review of the financial information listed above as set out in Appendix 1 to this Report. The review has been conducted in accordance with auditing and assurance standard ASAE 3450 "Assurance engagement involving corporate fundraisings and/or prospective financial information".

Our review was limited primarily to the following procedures performed as our professional judgement considered reasonable in the circumstances:

- review of the audited financial report for Northern Cobalt for the period ended 31 March 2017;
- review of the audited financial report for Mangrove for the period ended 31 March 2017;
- review of the final Prospectus dated 30 June 2017;
- review of the draft Supplementary Prospectus;
- comparison of consistency in application of accounting standards and policies adopted by the Company; and
- enquiry of Company officeholders and other relevant employees or consultants.

These procedures do not provide all the evidence that would be required in an audit and, therefore, the level of assurance provided is less than that given in an audit. As we have not performed any audit activity, we do not express an audit opinion.

The Directors of Northern Cobalt are responsible for the preparation and presentation of financial information that has formed the basis of our review.

Pendragon disclaims any responsibility for any reliance on this Report or the financial information on which it is based for any purpose other than for which it was prepared.

7. Review Statement

Based on our review, which was not an audit, nothing has come to our attention which causes us to believe that the historical and pro forma financial information set out in Appendix 1 is not presented fairly, in accordance with the measurement and recognition requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by Northern Cobalt as disclosed in Note 1 of Appendix 1.

8. Subsequent Events

To the best of our knowledge and belief, there have been no other material items, transactions or events outside the Company's ordinary business subsequent to 31 March 2017 that require comment or adjustment to our Report or that would cause such information to be misleading or deceptive.

9. Declarations and Disclosures

- i) Pendragon is the holder of an Australian Financial Services Licence (number 237 549).
- ii) Pendragon will be paid a fee based upon normal charge out rates for professional time incurred in the preparation and compilation of this Report.
- iii) Pendragon has not been involved in any other aspect of the preparation of the Prospectus. Pendragon has issued its consent to include this Report in the Prospectus.
- iv) This Report has been prepared to provide general advice to investors only and does not take into account the specific financial needs, objectives and situation of individual investors. The giving of consent to include this Report in the Prospectus should not be taken as an endorsement by Pendragon of Northern Cobalt or the Offer.
- v) The Financial Services Guide from Pendragon is available to investors upon request.

Yours sincerely



Rick Hopkins
Director

APPENDIX 1 NORTHERN COBALT LIMITED
STATEMENT OF FINANCIAL POSITION

		Northern Cobalt	Mangrove	Minimum Subscription	Maximum Subscription
		Audited 31 March 2017 \$	Audited 31 March 2017 \$	Pro Forma Unaudited (Note 1i) \$	Pro Forma Unaudited (Note 1i) \$
Current Assets					
Cash and cash equivalents	2	603,490	1	4,316,136	6,039,136
Other assets and receivables	3	26,259	544	3,739	3,739
Total Current Assets		629,749	545	4,319,875	6,042,875
Non-Current Assets					
Financial asset	4	28,000	-	-	-
Property, plant and equipment		1,272	-	1,272	1,272
Tenement and exploration expenditure	5	-	-	729,455	729,455
Total Non-Current Assets		29,272	-	730,727	730,727
Total Assets		659,021	545	5,050,602	6,773,602
Current Liabilities					
Trade and other payables	6	59,014	38,675	7,950	7,950
Total Current Liabilities		59,014	38,675	7,950	7,950
Total Liabilities		59,014	38,675	7,950	7,950
Net Assets		600,007	(38,130)	5,042,652	6,765,652
Equity					
Issued capital	7	605,356	1	4,560,541	6,269,894
Reserves	8	4,447	-	665,169	665,169
Retained profits	9	(9,796)	(38,131)	(183,058)	(169,411)
Total Equity		600,007	(38,130)	5,042,652	6,765,652

The Statement of Financial Position is to be read in conjunction with the notes set out in this section.

APPENDIX 1 NORTHERN COBALT LIMITED
STATEMENT OF CHANGES IN EQUITY

(a) Minimum Subscription	Northern Cobalt	Mangrove	Minimum Subscription	Minimum Subscription
	Audited 31 March 2017	Audited 31 March 2017	Pro-forma adjustments (Note 1i)	Pro forma after issue (Note 1i)
	\$	\$	\$	\$
Balance at 1 July 2016	-	(37,295)	-	(37,295)
Profit/(loss) attributable to members of the Company	(9,796)	(835)	(135,131)	(145,762)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	(9,796)	(835)	(135,131)	(145,762)
Issue Shares				
Movement in reserves	4,447	-	660,722	665,169
Transactions with equity holders in their capacity as equity holders (note 7(b))	605,356	-	3,955,184	4,560,540
Balance	600,007¹	(38,130)¹	4,480,775	5,042,652

(b) Maximum Subscription	Northern Cobalt	Mangrove	Maximum Subscription	Maximum Subscription
	Audited 31 March 2017	Audited 31 March 2017	Pro-forma adjustments (Note 1i)	Pro forma after issue (Note 1i)
	\$	\$	\$	\$
Balance at 1 July 2016	-	(37,295)	-	(37,295)
Profit/(loss) attributable to members of the Company	(9,796)	(835)	(121,484)	(132,115)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	(9,796)	(835)	(121,484)	(132,115)
Issue Shares				
Movement in reserves	4,447	-	660,722	665,169
Transactions with equity holders in their capacity as equity holders (note 7(b))	605,356	-	5,664,537	6,269,893
Balance	600,007¹	(38,130)¹	6,203,775	6,765,652

¹ Balance as at 31 March 2017.

The Statement of Changes in Equity is to be read in conjunction with the notes set out in this section.

APPENDIX 1 NORTHERN COBALT LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the historical and pro forma historical financial information (collectively referred to as the “financial statements”) are:

a) Basis of preparation

The financial statements are a special purpose financial report which has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Standards Board and the Corporations Act 2001 (Cth).

They have been prepared on the basis of historical costs and do not take into account changing money values, or except when stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

c) Payables

Trade payables and other accounts payables are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

d) Receivables

Receivables are carried at amounts due. The collectability of debts is assessed throughout the year and a specific provision is made for any doubtful accounts.

APPENDIX 1 NORTHERN COBALT LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, that are recoverable from, or payable to, the ATO, are classified as operating cash flows.

f) Recoverable amount of non-current assets

The carrying amounts of all non-current assets other than exploration expenditure are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

g) Acquisition of assets

Assets acquired, other than goodwill, are initially recorded at their costs of acquisition at the date of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributed to the acquisition. When equity instruments comprising share and options are issued as consideration, their market price at the date of acquisition is used to determine a fair value except when the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received unless otherwise expensed.

h) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values for the business combination have been determined for measurement and/or disclosure purposes based on Note 1i. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

APPENDIX 1 NORTHERN COBALT LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Business combination

On 16 June 2017, Northern Cobalt Limited entered into a Share Sale Agreement to acquire 100% of the issued share capital of Mangrove Resources Pty Limited. On 14 August 2017, the parties amended the Share Sale Agreement to vary the vendor consideration for the acquisition. Under the principles of AASB 3 Business Combinations, Northern Cobalt Limited is the accounting acquirer in the business combination. Under the principles of AASB 3 Business Combinations, when an entity acquires a group of assets or net assets that does not constitute a business, it shall allocate the cost of the group between the individual identifiable assets and liabilities in the group based on their relative fair value at the date of the acquisition. As Mangrove Resources Pty Limited is not carrying on a business the acquisition will be accounted for as an asset acquisition and the purchase consideration will be allocated to the individual identifiable assets and liabilities based on their relative fair value.

Purchase consideration

The share price used to determine the consideration for the purchase of Mangrove Resources Pty Limited (\$0.20) is the offer price of Northern Cobalt Limited shares disclosed in the Prospectus dated on or about 30 June 2017.

	Shares	Price	Consideration
Issue of shares pursuant to Share Sale Agreement	3,510,000	\$0.20	\$702,000
Total	3,510,000	\$0.20	\$702,000

Northern Cobalt	Mangrove	Minimum Subscription	Maximum Subscription
Audited 31 March 2017	Audited 31 March 2017	Unaudited Pro Forma	Unaudited Pro Forma
\$	\$	\$	\$

NOTE 2 – CASH AND CASH EQUIVALENTS

Balance pre-acquisition	603,490	1	603,491	603,491
Proceeds from the issue of 21,000,000 shares at \$0.20			4,200,000	4,200,000
Proceeds from the issue of 9,000,000 shares at \$0.20 for oversubscriptions			-	1,800,000
Payment of estimated capital raising costs			(459,355)	(536,355)
Payment of option fee			(28,000)	(28,000)
Unaudited pro forma cash balance			4,316,136	6,039,136

APPENDIX 1 NORTHERN COBALT LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Northern Cobalt	Mangrove	Minimum Subscription	Maximum Subscription
	Audited 31 March 2017 \$	Audited 31 March 2017 \$	Unaudited Pro Forma \$	Unaudited Pro Forma \$
NOTE 3 – OTHER ASSETS AND RECEIVABLES				
Balance pre-acquisition	26,259	544	26,803	26,803
Re-allocation of prepaid IPO expenses to equity			(23,064)	(23,064)
Unaudited pro forma financial asset balance			3,739	3,739
NOTE 4 – FINANCIAL ASSET				
Balance pre-acquisition	28,000	-	28,000	28,000
Option to acquire Mangrove exercised			(28,000)	(28,000)
Unaudited pro forma financial asset balance			-	-
NOTE 5 – TENEMENT AND EXPLORATION EXPENDITURE				
Balance pre-acquisition	-	-	-	-
Acquisition of 100% of Mangrove			729,455	729,455
Unaudited pro forma tenement and exploration expenditure			729,455	729,455
NOTE 6 – TRADE AND OTHER PAYABLES				
Balance pre-acquisition	59,014	38,675	97,689	97,689
Loan written off as part of Mangrove acquisition			(38,675)	(38,675)
Payment of option fee			(28,000)	(28,000)
Payment of IPO fees			(23,064)	(23,064)
Unaudited pro forma trade and other payables			7,950	7,950

APPENDIX 1 NORTHERN COBALT LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Northern Cobalt	Mangrove	Minimum Subscription	Maximum Subscription
	Audited 31 March 2017	Audited 31 March 2017	Unaudited Pro Forma	Unaudited Pro Forma
	\$	\$	\$	\$

NOTE 7 – ISSUED CAPITAL (NET OF ISSUE COSTS)

(a) Reconciliation of contributed equity

Historical financial information:

Balance pre-acquisition	605,356	1	605,357	605,357
Issued capital				
Purchase consideration for 100% of Mangrove			702,000	702,000
Capital raising			4,200,000	6,000,000
Capital raising costs			(286,093)	(376,740)
Expenses of offer – Promoter Options			(660,722)	(660,722)
Elimination of book value of Mangrove shares			(1)	(1)
Unaudited pro forma issued capital balance			4,560,541	6,269,894

(b) Transactions with equity holders in their capacity as equity holders

Balance pre-acquisition	605,356	-	605,356	605,356
Issued capital				
Purchase consideration for 100% of Mangrove			702,000	702,000
Capital raising			4,200,000	6,000,000
Capital raising costs			(286,093)	(376,740)
Expenses of offer – Promoter Options			(660,722)	(660,722)
Elimination of book value Mangrove shares			(1)	(1)
Total			4,560,540	6,269,893

(c) Number of fully paid shares:

Original number of fully paid shares in Northern Cobalt	11,000,000	-	11,000,000	11,000,000
Purchase consideration for 100% of Mangrove			3,510,000	3,510,000
Issued pursuant to Prospectus			21,000,000	30,000,000
Total			35,510,000	44,510,000

APPENDIX 1 NORTHERN COBALT LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Northern Cobalt	Mangrove	Minimum Subscription	Maximum Subscription
Audited 31 March 2017 \$	Audited 31 March 2017 \$	Unaudited Pro Forma \$	Unaudited Pro Forma \$

NOTE 8 – OPTION RESERVE

(a) Reconciliation of option reserve

Balance pre-acquisition	4,447	-	4,447	4,447
Issue of Promoter Options ¹			660,722	660,722
Unaudited pro forma option reserve balance			665,169	665,169

¹Promoter Options have been valued by the Directors at \$660,722 using the Black Scholes method

(b) Number of options on issue

Options in Northern Cobalt	6,000,000	-	6,000,000	6,000,000
Issue of Investor Options			10,500,000	15,000,000
Issue of Promoter Options			5,800,000	5,800,000
Total			22,300,000	26,800,000

NOTE 9 – RETAINED PROFITS

Balance pre-acquisition	(9,796)	(38,131)	(47,927)	(47,927)
Loan written off as part of Mangrove acquisition			38,675	38,675
Elimination of pre acquisition accumulated losses			(544)	(544)
Expenses of the offer			(173,261)	(159,614)
Unaudited pro forma retained profit balance			(183,057)	(169,410)

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to 31 March 2017, there has not arisen any item or transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than those disclosed in and considered by these financial statements.

APPENDIX 1 NORTHERN COBALT LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11 – RELATED PARTIES

Directors

The directors in the office at the date of Prospectus are:

L Dean	Chairman
M Schwarz	Managing Director
A Shearer	Non-Executive Director
D Chessell	Non-Executive Director

Directors' interests in shares and options

The aggregate number of shares and options in the Company held by the current directors and their director related entities as at date of the Prospectus are:

Director	Shares	Options
L Dean	100,000	1,000,000
M Schwarz	200,000	3,000,000
A Shearer	840,000	450,000
D Chessell	33,750	697,000
Total	1,173,750	5,147,000

The aggregate number of shares and options in the Company in which the current directors and their director related entities will have a relevant interest on completion of the acquisition of all the shares of Mangrove are:

Director	Shares	Options	Performance Shares Class A	Performance Shares Class B
L Dean	100,000	1,000,000		
M Schwarz	200,000	3,000,000		
A Shearer ¹	840,000	450,000	800,000	325,000
D Chessell	4,908,750 ²	697,000	1,800,000	658,125
Total	6,048,750	5,147,000	2,600,000	983,125

¹A Shearer holds securities in the Company through Valas Investments Pty Ltd, a company he controls.

²D Chessell will be deemed to have a relevant interest in the 1,365,000 Shares currently held by Coolabah Group Pty Ltd and the 3,510,000 Shares to be issued by the Company to Coolabah Group Pty Ltd as consideration for the acquisition of 100% of Mangrove, due to Mr Chessell's current holding of 25% of the issued capital of Coolabah Group Pty Ltd.

SUPPLEMENTARY PROSPECTUS APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

All Correspondence to:

Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007
T: +1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

NORTHERN COBALT LIMITED

ACN: 617 789 732

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

This application relates to the offer of Fully Paid Ordinary Shares at the price of A\$0.20 per Share and free attaching Investor Options on the basis of one for every 2 Shares subscribed for.

No Securities will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print in BLOCK LETTERS.

I / We apply for:

 , ,

shares at AUD\$0.20 per Share (and Investor Options as set out in the Prospectus)

I/We lodge full application of monies of:

A \$, , .

or such lesser number of Shares and which may be allocated to me/us by the Directors.



www.securitytransfer.com.au

BPAY@ this payment via internet or phone banking.

Please visit our share registry's website: www.securitytransfer.com.au and complete the online application form.

If electronic payment cannot be made then cheque(s) or bank draft(s) can be used.

See reverse for further payment instructions.

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

< >

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored sub-register.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

()

Email Address

@

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
- (6) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON
UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 30 JUNE 2017 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

**This Application Form relates to the Offer of Fully Paid Shares and Investor Options in Northern Cobalt Limited
pursuant to the Prospectus dated 30 June 2017 as amended by the Supplementary Prospectus dated 16 August 2017.**

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus together with free attaching Investor Options on the basis of one for every two Shares subscribed for, and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares and Investor Options. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT



www.securitytransfer.com.au

**BPAY® your payment via internet or phone banking. Please visit our share registry's website:
www.securitytransfer.com.au and complete the online application form. All online applicants can BPAY their payments via
internet or phone banking. A unique reference number will be quoted upon completion of the application.**

© Registered to BPAY Pty Ltd ABN 69 079 137 518

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer.

BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return any documents if you have made payment via BPAY.

Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.

All cheques should be made payable to **NORTHERN COBALT LIMITED IPO ACCOUNT** and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:
NORTHERN COBALT LIMITED
C/- Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007

OR

Delivered to:
NORTHERN COBALT LIMITED
C/- Security Transfer Australia Pty Ltd
Suite 913, 530 Little Collins Street
Melbourne, VIC, 3000

**Applications must be received by no later than 5:00pm WST on the 31 August 2017 which may be changed immediately after the
Opening Date at any time and at the discretion of the Company.**

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS sub-register, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Northern Cobalt Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd
Superannuation Fund

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.