

Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**To Company Name/Scheme **Northern Cobalt Limited**ACN/ARSN **617 789 732****1. Details of substantial holder (1)**Name **Coolabah Group Pty Ltd, Duncan Chessell, William McKinnon-Matthews, David Rawlings, Andreyev (Adelaide) Pty Ltd and Andrea McKinnon-Matthews**ACN/ARSN (if applicable) **Coolabah Group Pty Ltd ACN 166 770 896; Andreyev (Adelaide) Pty Ltd ACN 162 624 213**The holder became a substantial holder on **06/09/2017****2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Coolabah Group Pty Ltd Ordinary Shares	4,875,000	4,875,000	13.70% (based on 35,577,500 ordinary shares on issue)
Refer Annexure A			

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Coolabah Group Pty Ltd	Refer Annexures A and B	4,875,000 ordinary shares
Refer Annexure A		

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Coolabah Group Pty Ltd	Coolabah Group Pty Ltd	Coolabah Group Pty Ltd	4,875,000 ordinary shares
Refer Annexure A			

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Refer Annexure A				

--	--	--	--	--

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Coolabah Group Pty Ltd	Level 3, 29 King William Street, Adelaide, South Australia
Refer Annexure A	

Signature

print name **Duncan Chessell**

capacity **Director**

sign here



date **21/09/2017**

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Northern Cobalt Limited

ACN 671 789 732

This is Annexure A of 4 pages referred to in Form 603 Notice of Initial Substantial Holder signed by me and dated 21st of September 2017.



Duncan Chessell

2. Details of Voting Power

Class of securities	Number of securities	Person's votes	Voting power
Duncan Chessell Ordinary shares	4,908,750	4,908,750	13.79% (based on 35,577,500 ordinary shares on issue)
William McKinnon-Matthews Ordinary shares	4,908,750	4,908,750	13.79% (based on 35,577,500 ordinary shares on issue)
David Rawlings Ordinary shares	4,923,750	4,923,750	13.84% (based on 35,577,500 ordinary shares on issue)
Andreyev (Adelaide) Pty Ltd Ordinary shares	4,908,750	4,908,750	13.79% (based on 35,577,500 ordinary shares on issue)
Andrea McKinnon-Matthews Ordinary shares	4,908,750	4,908,750	13.79% (based on 35,577,500 ordinary shares on issue)

3. Details of Relevant Interests

Holder of relevant interest	Nature of relevant interest	Class and number of securities
Coolabah Group Pty Ltd (Coolabah)	Relevant interest under section 608(1)(a) of the <i>Corporations Act 2001</i> as registered holder of the shares. The shares were acquired by Coolabah from founding shareholders.	1,365,000 ordinary shares
Coolabah	Relevant interest under section 608(1)(a) of the <i>Corporations Act 2001</i> as registered holder of the	3,510,000 ordinary shares

	shares. The shares were issued to Coolabah as vendor of 100% of the share capital in Mangrove Resources Pty Ltd pursuant to Option and Share Sale Agreement dated 16 June 2017 and attached to this form as Annexure B.	
Duncan Chessell	Relevant interest under section 608(1)(b) and (c) of the <i>Corporations Act 2001</i> , as controller of Lobuje Pty Ltd, registered holder of the shares.	33,750 ordinary shares
William McKinnon-Matthews	Relevant interest under section 608(1)(b) and (c) of the <i>Corporations Act 2001</i> due to nature of relationship with Andrea McKinnon-Matthews, registered holder of the shares.	33,750 ordinary shares
David Rawlings	Relevant interest under section 608(1)(b) and (c) of the <i>Corporations Act 2001</i> due to nature of relationship with Michelle Braham, registered holder of the shares.	48,750 ordinary shares
Andreyev (Adelaide) Pty Ltd	Relevant interest under section 608(1)(a) of the <i>Corporations Act 2001</i> as registered holder of the shares (founding shareholder).	33,750 ordinary shares
Andrea McKinnon-Matthews	Relevant interest under section 608(1)(a) of the <i>Corporations Act 2001</i> as registered holder of the shares (founding shareholder).	33,750 ordinary shares
Duncan Chessell, William McKinnon-Matthews, David Rawlings, Andreyev (Adelaide) Pty Ltd and Andrea McKinnon-Matthews	Relevant interest under section 608(3)(a) of the <i>Corporations Act 2001</i> , being a relevant interest held through a body corporate (Coolabah) in which the person has voting power above 20%.	4,875,000 ordinary shares

4. Details of Present Registered Holders

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder	Class and number of securities
Duncan Chessell	Lobuje Pty Ltd	Lobuje Pty Ltd	33,750,000 ordinary shares
William McKinnon-Matthews	Andrea McKinnon-Matthews	Andrea McKinnon-Matthews	33,750,000 ordinary shares
David Rawlings	Michelle Braham	Michelle Braham	48,750 ordinary shares
Andreyev (Adelaide) Pty Ltd	Andreyev (Adelaide) Pty Ltd	Andreyev (Adelaide) Pty Ltd	33,750,000 ordinary shares

Andrea McKinnon-Matthews	Andrea McKinnon-Matthews	Andrea McKinnon-Matthews	33,750,000 ordinary shares
Duncan Chessell, William McKinnon-Matthews, David Rawlings, Andreyev (Adelaide) Pty Ltd and Andrea McKinnon-Matthews	Coolabah	Coolabah	4,875,000 fully paid ordinary shares

5. Consideration

Holder of relevant interest	Date of acquisition	Consideration		Class and number of securities
		Cash	Non-cash	
Coolabah	14 August 2017	\$13,650		1,365,000 ordinary shares
Coolabah	6 September 2017		\$702,000 in consideration as vendor of 100% of the share capital in Mangrove Resources Pty Ltd pursuant to Option and Share Sale Agreement dated 16 June 2017 and attached to this form as Annexure B.	3,510,000 ordinary shares
Duncan Chessell, William McKinnon-Matthews, David Rawlings, Andreyev (Adelaide) Pty Ltd and Andrea McKinnon-Matthews	6 September 2017		N/A (given by Coolabah as registered holder)	4,875,500

7. Addresses

Name	Address
Duncan Chessell	567 The Parade, Magill, South Australia
William McKinnon-Matthews	29 Shelley Avenue, Fulham Gardens, South Australia
David Rawlings	27 Rudd Parade, Bridgewater, South Australia
Andreyev (Adelaide) Pty Ltd	Level 4, 29 King William Street, Adelaide, South Australia
Andrea McKinnon-Matthews	29 Shelley Avenue, Fulham Gardens, South Australia

Northern Cobalt Limited

ACN 671 789 732

This is Annexure B of 58 pages referred to in Form 603 Notice of Initial Substantial Holder, being a copy of the Option and Share Sale Agreement dated 16 June 2017, signed by me and dated 21st September 2017.

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

Duncan Chessell

Option and Share Sale Agreement

Coolabah Group Pty Ltd ACN 166 770 896

Coolabah

Northern Cobalt Limited ACN 617 789 732

Northern Cobalt

Mangrove Resources Pty Ltd ACN 612 043 240

Mangrove

Table of Contents

1.	Definitions and interpretation	1
1.1	Definitions	1
1.2	Interpretation.....	3
2.	Status of Agreement and HOA.....	4
3.	Acknowledgement of Grant of Option.....	4
4.	Conditions	5
4.1	Conditions to exercise of Option.....	5
4.2	Effect of non-fulfilment.....	5
4.3	Fulfilment by waiver	5
4.4	Co-operation	5
5.	Exercise of Option	5
6.	Obligations during Option Period.....	5
6.1	Northern Cobalt's obligations	5
6.2	Obligations of Coolabah and Mangrove	6
6.3	No material adverse impact.....	6
6.4	Access to the Mining Assets.....	6
6.5	Assistance	7
6.6	indemnity	7
7.	Sale and purchase.....	7
8.	Consideration Shares	7
8.1	Shares and Performance Shares	7
8.2	Terms and conditions of Performance Shares	7
9.	Completion	8
9.1	Completion Date	8
9.2	Obligations of Coolabah and Mangrove at Completion.....	8
9.3	Obligations of Northern Cobalt at Completion	9
9.4	Title	9
9.5	Restricted securities	9
9.6	Simultaneous Completion.....	9
10.	Post-Completion	10
10.1	Obligations.....	10
10.2	Access to Records after Completion	10
11.	Warranties	10
11.1	Coolabah Warranties	10
11.2	Northern Cobalt Warranties.....	10
11.3	Mutual indemnities.....	11
11.4	Tax indemnity	11
11.5	Nominees.....	11
12.	Limitation of liability.....	11
12.1	Disclosures	11
12.2	Notice of Claims and Warranty Expiry Date	11

12.3	Maximum amount	12
12.4	Minimum amount	12
12.5	Exception for indirect or consequential loss	13
12.6	Recovery.....	13
12.7	Mitigation of loss	13
13.	Confidentiality and announcements.....	13
13.1	Confidentiality and announcements	13
13.2	Legal requirements	13
13.3	Disclosure to officers and professional advisers	13
14.	Exclusivity	13
15.	GST	14
15.1	Sale of a going concern.....	14
15.2	General	14
15.3	Terms.....	14
16.	Duty, costs and expenses	15
16.1	Duty	15
16.2	Costs and expenses	15
17.	General	15
17.1	Notices	15
17.2	Governing law and jurisdiction.....	16
17.3	Prohibition or enforceability	16
17.4	Waivers.....	16
17.5	Variation.....	16
17.6	Non-merger and survival of warranties	16
17.7	Indemnities	17
17.8	Further assurances.....	17
17.9	Third party rights.....	17
17.10	Entire agreement.....	17
17.11	Assignment.....	17
17.12	Counterparts	17
	Schedule 1 – Securities	18
	Schedule 2 – Tenements	19
	Schedule 3 – Conditions	20
	Schedule 4 – Coolabah Warranties	21
	Schedule 5 – Northern Cobalt Warranties	25
	Schedule 6 – Terms and Conditions of Performance Shares	26
	Schedule 7 – Accounts of Mangrove	30
	Schedule 8 – Management Accounts of Mangrove	31
	Signing Page	32

This Agreement is made this 16th day of June 2017

Parties

Coolabah Group Pty Ltd ACN 166 770 896 of 567 The Parade, Magill SA 5072 (Coolabah)

Northern Cobalt Limited ACN 617 789 732 of Level 3, 29 King William Street, Adelaide SA 5000 (Northern Cobalt)

Mangrove Resources Pty Ltd ACN 612 043 240 of 567 The Parade, Magill SA 5072 (Mangrove)

Recitals

- A. On or about 31 March 2017, the Parties entered into a binding heads of agreement in which Coolabah granted Northern Cobalt the option to acquire 100% of the issued share capital of Mangrove (**Acquisition**), subject to certain terms and conditions (**HOA**).
- B. Pursuant to clause 17 of the HOA, the Parties agreed to enter into a formal share sale agreement to more fully document the terms of the Acquisition.
- C. This Agreement constitutes the formal share sale agreement referred to in clause 17 of the HOA.

This Agreement provides

1. Definitions and interpretation

1.1 Definitions

In this Agreement, unless the context otherwise requires:

Accounts means the audited financial statements of Mangrove for the period from the date of incorporation to the Accounts Date, as set out in Schedule 7.

Accounts Date means 31 March 2017.

Acquisition has the meaning set out in Recital A.

Agreement means this deed including the Recitals, any Schedules and any Annexures.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the listing rules of the ASX.

Business Day means a day which is not a Saturday, Sunday or public holiday in South Australia.

Claim means, in relation to any person, a claim, action, proceeding, judgment, damage, loss, cost, expense or liability incurred by or to or made or recovered by or against the person, however arising and whether present, unascertained, immediate, future or contingent and whether made at law, in equity or under statute.

Class A Performance Share means a performance share that converts into one Share on the terms and conditions set out in Schedule 6.

Class B Performance Share means a performance share that converts into one Share on the terms and conditions set out in Schedule 6.

Completion means completion of the Acquisition pursuant to clause 9 of this Agreement.

Completion Date means the date Completion occurs in accordance with clause 9.1.

Conditions means the conditions set out in Schedule 3.

Consideration Shares means the Ordinary Share Consideration and the Performance Share Consideration.

Coolabah Warranties means the warranties and representations given by Coolabah as set out in Schedule 4.

Corporations Act means the *Corporations Act 2001* (Cth).

Department means the Department of Primary Industry and Resources in the Northern Territory.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Authority and includes any interest, fine, penalty, charge or other amount imposed in respect of the above.

Encumbrance means any mortgage, charge, pledge, lien, encumbrance, assignment, hypothecation, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person.

End Date means 31 December 2017.

Environmental Law means any law, statute, regulation, or official directive (whether federal or commonwealth, state, or local) concerning environmental matters (whether in effect prior to, at, or after Completion) which regulates or affects the Tenements (including the land over which the Tenements apply) or use or operation of the Mining Assets, and includes but is not limited to laws, statutes, regulations, and official directives concerning land use, development, pollution, waste disposal, emissions to the air or water, toxic and hazardous substances, conservation of natural or cultural resources and resource allocation including any law, statute, regulation, or official directive relating to exploration for or development of any natural resource.

Execution Date means the date of this Agreement.

Government Authority means any government or governmental, semi-government, administrative, statutory, fiscal or judicial body, department, commission, authority, tribunal, agency, entity or person (whether autonomous or not) charged with administration of any applicable law, which specifically includes the Department.

HOA has the meaning set out in Recital A.

Management Accounts means the unaudited balance sheet and profit and loss statement of Mangrove for the period from 1 April 2017 to the Management Accounts Date, as set out in Schedule 8.

Management Accounts Date means 31 May 2017.

Mangrove Share means one fully paid ordinary share in the capital of Mangrove.

Mineral Titles Act means the *Mineral Titles Act 2010* (NT) under which the Tenements are granted and administered and includes the regulations to that Act.

Mining Information means all technical information including (without limitation) geological, geochemical and geophysical reports, feasibility studies, surveys, mosaics, aerial photographs, samples, drill core, drill logs, drill pulp, assay results, maps and plans, production statistics and processing facility operating manuals relating to the Tenements whether in physical, written or electronic form and including any software, data or other intellectual property or intellectual property rights in the possession or under the control of Coolabah and Mangrove.

Mining Assets means all the assets owned by Mangrove and related to the Tenements and includes:

- (a) the Mining Information; and
- (b) the Tenements.

Native Title means a right, interest or entitlement to the occupation or use of land by indigenous

inhabitants in accordance with the laws and customs of the indigenous inhabitants that is recognised in the place where the Tenements are situated by statute or common law.

Northern Cobalt Warranties means the warranties and representations given by Northern Cobalt as set out in Schedule 5.

Option means the option granted by Coolabah to Northern Cobalt pursuant to the HOA and referred to in clause 3.

Option Fee means the amount of \$28,000 paid by Northern Cobalt to Coolabah pursuant to the HOA in consideration for the grant of the Option under the HOA, constituting reimbursement of expenditure incurred by or on behalf of Coolabah in developing the Tenements.

Option Period means the period specified in clause 3(a).

Ordinary Share Consideration means 6,500,000 Shares, as set out in item 2 of Schedule 1.

Outgoings means rates, taxes, charges, rents, bonds, insurances and Territory government royalties chargeable or payable in respect of the Tenements.

Party means a Party to this Agreement.

Performance Share means a Class A Performance Share or a Class B Performance Share.

Performance Share Consideration means 10,000,000 Class A Performance Shares and 4,500,000 Class B Performance Shares, as set out in item 2 of Schedule 1.

Prospectus means a prospectus for the initial public offering of Northern Cobalt and its proposed admission to the Official List of the ASX.

Share means a fully paid ordinary share in the capital of Northern Cobalt.

Tax means all forms of present and future taxes, excise, stamp or other duties, imposts, deductions, charges, withholdings, rates, levies or other governmental impositions imposed, assessed or charged by any Government Authority, together with all interest, penalties, fines, expenses and other additional statutory charges relating to any of them, imposed or withheld by a Government Authority.

Tax Claim means any assessment, notice or demand or any other document issued or action taken by or on behalf of any Government Authority in respect of Tax.

Tax Claim Amount means the amount Northern Cobalt or Mangrove is required to pay in respect of Tax to a Government Authority as a result of a Tax Claim plus any associated fines, additional Tax, interest or penalties.

Tenements means:

- (a) those tenements listed in the table in Schedule 2;
- (b) any other tenement or tenements which may be granted in lieu of, or which relate to, the same ground as the tenements referred to in paragraph (a); and
- (c) includes all rights to mine and other privileges appurtenant to the tenements referred to in paragraph (a).

Warranty Expiry Date means the date that is 6 months after the date of Completion.

1.2 Interpretation

In this Agreement headings and bold type are for convenience only and do not affect the interpretation of this Agreement and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) other parts of speech and grammatical forms of a word or phrase defined in this Agreement have a corresponding meaning;

- (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Authority;
- (d) a reference to any thing (including any right) includes a part of that thing;
- (e) a reference to any legislation includes any change to, consolidation or replacement of it, whether passed by the same or another Government Authority with legal power to do so, and any delegated legislation or proclamation issued under it;
- (f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (g) a reference to a Party to a document includes that Party's successors and permitted assigns;
- (h) no provision of this Agreement will be construed adversely to a Party solely on the ground that the Party was responsible for the preparation of this Agreement or that provision;
- (i) a reference to a document includes any agreement in writing, or any certificate, notice, instrument or other document of any kind;
- (j) unless otherwise stated, 'including' means 'including but not limited to' and 'include' and 'includes' have corresponding meanings;
- (k) an obligation or liability assumed by, or a right conferred on, two or more parties binds or benefits all of them jointly and each of them severally;
- (l) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement, and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (m) references to payments to any party to this Agreement will be construed to include payments to another person upon the direction of such party;
- (n) all payments to be made under this Agreement must be made by unendorsed bank cheque or other immediately available funds;
- (o) a reference to '\$' or 'dollar' is to Australian currency; and
- (p) where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. Status of Agreement and HOA

- (a) This Agreement shall, with effect from the Execution Date, replace the HOA in its entirety, so that the rights and obligations of the Parties shall be solely governed by, and construed in accordance with, the terms and conditions of this Agreement.
- (b) The operation of clause 2(a) does not affect any right or Claim of the Parties that accrued under the HOA prior to the Execution Date, which rights and Claims shall continue to be governed by, and construed in accordance with, the terms and conditions of the HOA.

3. Acknowledgement of Grant of Option

- (a) The Parties acknowledge and agree that, in consideration of payment of the Option Fee (receipt of which is acknowledged by Coolabah), Coolabah granted to Northern Cobalt an option to acquire the Mangrove Share between the date of execution of the HOA and the End Date or such later date as the Parties agree in writing (**Option Period**), on the terms and conditions previously set out in the HOA and now set out in this Agreement.
- (b) The Parties agree that Northern Cobalt may lodge such caveats pursuant to the Mineral Titles Act as it thinks fit to protect its interest in the Tenements arising pursuant to this Agreement and each of Coolabah and Mangrove agree to provide reasonable assistance to Northern Cobalt in registering its interest in the Tenements.

- (c) The Parties agree that, in the event that the Option Fee is found not to comply with ASX Listing Rule 1.2, condition 11, Coolabah will refund the Option Fee to Northern Cobalt and may elect to require Northern Cobalt to issue such number of Shares to Coolabah at the issue price per Share under the Prospectus as is equivalent to the Option Fee and in lieu thereof, or come to such other arrangement with Northern Cobalt as is agreed between the Parties and which complies with the ASX Listing Rules..

4. Conditions

4.1 Conditions to exercise of Option

Exercise of the Option is conditional upon and subject to satisfaction (or waiver) of the Conditions.

4.2 Effect of non-fulfilment

If the Conditions are not satisfied (or waived pursuant to clause 4.3) on or before the End Date or such later date as the Parties may agree, then this Agreement automatically terminates and is of no further force or effect and no Party will have any further obligations under this Agreement, but the termination will not affect any right or Claim in respect of this Agreement of any Party which has arisen before termination.

4.3 Fulfilment by waiver

- (a) A Condition can only be waived if, where the Condition is expressed to be for the benefit of a particular Party, that Party gives notice of waiver of the Condition to the other Party.
- (b) Where a Condition is expressed to be for the benefit of more than one Party, any waiver of the Condition must be unanimously exercised by the relevant Parties.

4.4 Co-operation

- (a) The Parties must use their respective best endeavours to ensure that the Conditions are satisfied prior to the End Date.
- (b) Each Party must promptly notify the other Parties if it becomes aware that any Condition has not been satisfied or has become incapable of being satisfied.

5. Exercise of Option

- (a) Subject to the satisfaction (or waiver) of the Conditions, Northern Cobalt may exercise the Option at any time during the Option Period by giving written notice to Coolabah.
- (b) On exercise of the Option, Coolabah shall be deemed to sell and Northern Cobalt shall be deemed to purchase the Mangrove Share on the terms and conditions of this Agreement.
- (c) If the Option is not exercised during the Option Period, it shall lapse.

6. Obligations during Option Period

6.1 Northern Cobalt's obligations

During the Option Period and until Completion, Northern Cobalt agrees, at its own cost, to:

- (a) maintain the Tenements in full force and keep the Tenements in good standing and free from any liability to forfeiture or non-renewal in accordance with the Mineral Titles Act;
- (b) meet all Outgoings in respect of the Tenements;
- (c) comply with any requirement or meet any liability of the Tenements arising with respect to any Environmental Law; and
- (d) observe and perform all stipulations and conditions relating to the Tenements (including expenditure conditions prescribed under the Mineral Titles Act) and all statutory obligations

relating to activities on the Tenements.

6.2 Obligations of Coolabah and Mangrove

During the Option Period and until Completion, without the prior written consent of Northern Cobalt (which may not be unreasonably withheld):

(a) Mangrove must not:

- (i) dispose of, nor agree to dispose of, any Tenement, or any interest in the Mining Assets;
- (ii) create, nor agree to create, any Encumbrance over any Tenement, or any interest in the Mining Assets;
- (iii) enter into any material contract or incur any material liability;
- (iv) declare any dividends;
- (v) vary its capital structure; or
- (vi) do anything which would adversely affect or hinder Northern Cobalt from performing its obligations under clause 6.1; and

(b) Coolabah must:

- (i) not dispose of, nor agree to dispose of, any interest in the Mining Assets;
- (ii) not create, nor agree to create, any Encumbrance over the Mangrove Share or the Mining Assets; and
- (iii) ensure that:
 - (A) all exploration results in respect of the Mining Assets;
 - (B) a copy of any written communication made by it to, or received by it from, a Government Authority, ASX, or any other party in connection with the Mining Assets;
 - (C) all feasibility studies concerning the Mining Assets or any proposal regarding the commencement of mining or processing of any material and progress reports in relation to such matters; and
 - (D) all other matters that Northern Cobalt reasonably requires to be disclosed, are immediately disclosed to Northern Cobalt.

6.3 No material adverse impact

Other than as contemplated in this Agreement, Coolabah and Mangrove must ensure that nothing is done which is likely to have a material adverse impact on Mangrove, the Mangrove Share, the Tenements or the Mining Assets and must not undertake any corporate transaction or activity affecting any of them during the period commencing on the Execution Date and ending on the earlier to occur of Completion and the End Date.

6.4 Access to the Mining Assets

During the period commencing on the Execution Date and ending on the earlier to occur of Completion and the End Date, Coolabah and Mangrove must, with respect to the Mining Assets:

- (a) provide access to, and copies of, all available Mining Information, exploration information and data to Northern Cobalt and its staff and consultants;
- (b) allow Northern Cobalt and its staff and consultants full and unrestricted access to any available data to ensure the satisfactory status of the tenure of the Tenements;
- (c) allow Northern Cobalt and its staff and consultants full and unrestricted access to the Mining

Assets; and

- (d) provide all assistance as reasonably requested by Northern Cobalt.

6.5 Assistance

Coolabah and Mangrove must each provide such assistance to Northern Cobalt with respect to the Tenements as is reasonably required from time to time, until Completion with respect to:

- (a) dealings with the Department and other Government Authorities; and
- (b) any other environmental, Native Title or regulatory matters.

6.6 indemnity

- (a) Northern Cobalt agrees to indemnify, and to keep indemnified, Coolabah and Mangrove against any Claim to the extent that any Claim arises from, or is connected with:
 - (i) any negligence of Northern Cobalt or its officers, agents or employees; or
 - (ii) a breach by Northern Cobalt or its officers, agents or employees of its obligations in clause 6.1(a).
- (b) With effect from the date of execution of this Agreement and with respect to the period prior to Completion, Northern Cobalt agrees to:
 - (i) Release Coolabah and Mangrove; and
 - (ii) Indemnify and keep indemnified Coolabah and Mangrove and their officers, agents and employees,

from all Claims caused by or in any way connected with
 - (iii) Northern Cobalt's use (or its officers', agents' or employees' use) of the Mining Assets;
 - (iv) The presence of Northern Cobalt or its officers, agents, employees or invitees in or about the Tenements; and
 - (v) Any personal injury or death occurring on the Tenements.

7. Sale and purchase

Subject to exercise of the Option, Northern Cobalt agrees to buy and Coolabah agrees to sell the Mangrove Share free from Encumbrances and other third party interests or rights, on the terms and conditions set out in this Agreement.

8. Consideration Shares

8.1 Shares and Performance Shares

In consideration for the sale and purchase of the Mangrove Share, Northern Cobalt agrees to issue to Coolabah (or its nominee/s):

- (a) the Ordinary Share Consideration, subject to applicable escrow restrictions pursuant to the ASX Listing Rules; and
- (b) the Performance Share Consideration, subject to applicable escrow restrictions pursuant to the ASX Listing Rules.

8.2 Terms and conditions of Performance Shares

- (a) The respective terms and conditions applicable to the Class A Performance Shares and the Class B Performance Shares are detailed in Schedule 6.

- (b) The Parties acknowledge and agree that the terms and conditions applicable to the Class A Performance Shares and/or the Class B Performance Shares are subject to the approval of the ASX for the purposes of ASX Listing Rule 6.1, and may need to be amended to comply with the ASX Listing Rules; and in such case, the resulting amendments to the terms and conditions shall be subject to the reasonable satisfaction of the Parties.

9. Completion

9.1 Completion Date

Completion shall take place at a venue to be agreed by the Parties and, in default of agreement, at Northern Cobalt's registered office on the date that is five Business Days following exercise of the Option, provided that the last Condition has been satisfied or waived.

9.2 Obligations of Coolabah and Mangrove at Completion

The obligations of Coolabah and Mangrove at Completion are to confer on Northern Cobalt title to the Mangrove Share and to place Northern Cobalt in effective possession and control of Mangrove and the Mining Assets and to this end each of Coolabah and Mangrove must:

- (a) deliver or cause to be delivered to Northern Cobalt:
- (i) the share certificate in respect of the Mangrove Share or a deed of indemnity in a form prescribed by Northern Cobalt acting reasonably in respect of a missing or destroyed share certificate;
 - (ii) an instrument of transfer of the Mangrove Share in favour of Northern Cobalt, which has been duly executed by Coolabah and is in registrable form;
 - (iii) all corporate and other records of Mangrove, including:
 - (A) Mining Information and Instruments of title for the Tenements;
 - (B) available original copies of the constitution of Mangrove;
 - (C) all tax, financial and accounting records of Mangrove;
 - (D) the minute books and other records of meetings or resolutions of members and directors of Mangrove;
 - (E) the registers of Mangrove (including the register of members, register of directors, registers of directors' shareholdings, register of charges) all in proper order and condition and fully entered up to the date of Completion;
 - (F) the ASIC corporate key for Mangrove; and
 - (G) all current permits, licences and other documents issued to Mangrove under any legislation or ordinance relating to its business activities;
 - (iv) the written resignations of each of those officers of Mangrove as nominated by Northern Cobalt to resign, to take effect from the date of appointment of the officers to be appointed at the board meeting to be convened under clause 9.2(b)(i) confirming that they each have no claim for loss of office or otherwise against Mangrove. For the avoidance of doubt, nothing in this clause requires any officers who are not nominated by Northern Cobalt to resign to remain as directors of Mangrove;
 - (v) a duly completed authority for the alteration of the signatories of the bank account(s) of Mangrove in the same manner required by Northern Cobalt by written notice no later than three Business Days before the Completion Date; and
 - (vi) if required by ASX, executed restriction agreements pursuant to clause 9.5 in respect of securities in Northern Cobalt issued as Consideration Shares;
- (b) duly convene a meeting of the directors of Mangrove and procure at that meeting or, in the alternative, obtain a circulating resolution signed by all directors of Mangrove confirming:

- (i) approval of the registration (subject to payment of Duty) of the transfer of the Mangrove Share and the issue of a new share certificate for the Mangrove Share in the name of Northern Cobalt;
 - (ii) subject to execution of consents to act from nominees of Northern Cobalt, the appointment as additional directors and secretary of Mangrove of those persons nominated by Northern Cobalt by written notice before the Completion Date; and
 - (iii) the acceptance of the resignations of such officers of Mangrove as notified by Northern Cobalt prior to Completion; and
- (c) do and execute all other acts and documents as are reasonably required to give full effect to the transactions contemplated by this Agreement.

9.3 Obligations of Northern Cobalt at Completion

At Completion, subject to Coolabah and Mangrove completing their obligations under clause 9.2, Northern Cobalt must:

- (a) allot and issue the Consideration Shares to Coolabah and/or its nominees; and
- (b) register Coolabah (or its nominee/s) as the holder of the Consideration Shares, in the relevant proportions as the case may be.

9.4 Title

- (a) On Completion, legal and beneficial title to, and risk in, the Mangrove Share will pass to Northern Cobalt.
- (b) If any of the rights of Northern Cobalt as owner of the Mangrove Share are for any reason whatsoever not capable of being legally transferred to, conferred upon or exercised by Northern Cobalt in Northern Cobalt's name upon Completion then, until Coolabah transfers such rights, they will be exercised by Coolabah in the name of Northern Cobalt as and with effect from Completion and Coolabah shall hold such rights on trust for Northern Cobalt.

9.5 Restricted securities

- (a) Coolabah acknowledges that some or all of the Consideration Shares may be the subject of escrow restrictions imposed by ASX under the ASX Listing Rules.
- (b) Northern Cobalt must provide to Coolabah at least 10 Business Days prior to Completion copies of any restriction agreement(s) in respect of the Consideration Shares as may be required by the ASX.
- (c) At or prior to Completion, Coolabah agrees to execute, or procure the execution of, such form of restriction agreement(s) in respect of the Consideration Shares as may be required by the ASX.

9.6 Simultaneous Completion

- (a) Subject to clause 9.6(b), the actions to take place under clauses 9.2 and 9.3 are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any Party as a consequence:
 - (i) there is no obligation on any Party to undertake or perform any of the other actions;
 - (ii) to the extent that such actions have already been undertaken, the Parties must do everything reasonably required to reverse those actions; and
 - (iii) each Party must return to the other all documents delivered to it under clauses 9.2 and 9.3, and must each repay to the other all payments received by it under this clause 9, without prejudice to any other rights any Party may have in respect of that failure.
- (b) Northern Cobalt may, in its sole discretion, waive any or all of the actions that Coolabah and/or Mangrove is required to perform under clause 9.2.

10. Post-Completion

10.1 Obligations

Subject to Completion occurring, Northern Cobalt must undertake the following as soon as possible after Completion:

- (a) in accordance with the ASX timetable for the admission of Northern Cobalt to the Official List of ASX, procure the delivery of holding statements to Coolabah (or its nominee/s) for the issue of the Consideration Shares under clause 9.3; and
- (b) appoint to its board of directors, Coolabah's nominee director, provided that Coolabah's nominee is not precluded from acting as a director and delivers a duly executed consent to act to Northern Cobalt.

10.2 Access to Records after Completion

Northern Cobalt must provide Coolabah reasonable access to the tax, accounting and business records of Mangrove with respect to the period prior to Completion for a period of 24 months after Completion to permit Coolabah to prepare any tax return or accounts for the period prior to Completion.

11. Warranties

11.1 Coolabah Warranties

- (a) Coolabah gives the Coolabah Warranties in favour of Northern Cobalt on the date of this Agreement and on the date of Completion as separate warranties.
- (b) Coolabah does not give any warranties or representations to Northern Cobalt except the Coolabah Warranties and all other representations and warranties (other than the Northern Cobalt Warranties, which are given by Northern Cobalt) are excluded to the maximum extent permitted by law.
- (c) Coolabah acknowledges and agrees that Northern Cobalt has entered into this Agreement in reliance on the Coolabah Warranties.
- (d) Northern Cobalt acknowledges and agrees that:
 - (i) any statement, representation, term, conduct, warranty, condition, promise or undertaking made, given, implied or agreed to by Coolabah or any representatives or advisers of Coolabah in any prior negotiation, arrangement, understanding, discussion, correspondence or agreement has no effect, except to the extent expressly set out in this Agreement; and
 - (ii) except for the Coolabah Warranties, no other statement, representation or other conduct of Coolabah or any representatives or advisers of Coolabah have been relied on by Northern Cobalt or has induced or influenced Northern Cobalt to enter into this Agreement.

11.2 Northern Cobalt Warranties

- (a) Northern Cobalt gives the Northern Cobalt Warranties in favour of Coolabah on the date of this Agreement and on the date of Completion as separate warranties.
- (b) Northern Cobalt does not give any warranties or representations to Coolabah except the Northern Cobalt Warranties and all other representations and warranties (other than the Coolabah Warranties, which are given by Coolabah) are excluded to the maximum extent permitted by law.
- (c) Northern Cobalt acknowledges that Coolabah has entered into this Agreement in reliance on the Northern Cobalt Warranties.
- (d) Coolabah acknowledges and agrees that:

- (i) any statement, representation, term, conduct, warranty, condition, promise or undertaking made, given, implied or agreed to by Northern Cobalt or any representative or adviser of Northern Cobalt in any prior negotiation, arrangement, understanding, discussion, correspondence or agreement has no effect except to the extent expressly set out in this Agreement; and
- (ii) except for the Northern Cobalt Warranties, no other statement, representation or other conduct of Northern Cobalt or any representative or adviser of Northern Cobalt has been relied on by Coolabah or has induced or influenced Coolabah to enter into this Agreement.

11.3 Mutual indemnities

- (a) Subject to the limitations in clause 12, Coolabah must indemnify, and keep indemnified, Northern Cobalt against any Claim to the extent that the Claim arises from or is connected with any breach of any of the Coolabah Warranties in clause 11.1.
- (b) Subject to the limitations in clause 12, Northern Cobalt must indemnify and keep indemnified Coolabah against any Claim to the extent that the Claim arises from or is connected with any breach of any of the Northern Cobalt Warranties in clause 11.2.

11.4 Tax indemnity

Coolabah must indemnify Northern Cobalt and Mangrove for the Tax Claim Amount in respect of any Tax Claim to the extent that it:

- (a) relates to any period or part period that ends on or before Completion; and
- (b) arises as a result of or in respect of, or by reference to, any event, act or failure to act that occurs, or is deemed to occur, on or before or because of Completion.

11.5 Nominees

If Coolabah advises Northern Cobalt before Completion to issue all or part of the Consideration Shares to a nominee or nominees of Coolabah, Coolabah must procure that each nominee agrees, in a form reasonably satisfactory to Northern Cobalt, that this clause 11 and clause 12 of this Agreement apply to each nominee as if the nominee was Coolabah under this Agreement.

12. Limitation of liability

12.1 Disclosures

- (a) Coolabah is not liable for any breach of any Coolabah Warranty or under the indemnity under clause 11.3, to the extent that the facts, matters and circumstances giving rise to the breach:
 - (i) are disclosed in this Agreement; or
 - (ii) disclosed in writing prior to the date of execution of this Agreement.
- (b) Northern Cobalt is not liable for any breach of any Northern Cobalt Warranty or under the indemnity under clause 11.3, to the extent that the facts, matters and circumstances giving rise to the breach:
 - (i) are disclosed in this Agreement; or
 - (ii) disclosed in writing prior to the date of execution of this Agreement.

12.2 Notice of Claims and Warranty Expiry Date

Despite any other provision of this Agreement:

- (a) Coolabah, in respect of the Coolabah Warranties and the indemnity under clause 11.3, is not liable for any breach of the Coolabah Warranties or any Claim under the indemnity in clause 11.3; and

- (b) Northern Cobalt, in respect of the Northern Cobalt Warranties and the indemnity under clause 11.3, is not liable for any breach of Northern Cobalt Warranties or any Claim under the indemnity in clause 11.3,

unless a notice of the Claim has been given by the Party with the Claim (Claimant) to the other Party (setting out all details then known to the Claimant in respect of the Claim) within six months after the Claimant becomes aware of any fact, matter or circumstance giving rise to the Claim and, in any event, on or before the Warranty Expiry Date.

12.3 Maximum amount

- (a) If a breach of warranty in clauses 11.1 or 11.2 is due to or the result of fraud, dishonesty, or wilful or grossly negligent conduct by the Party who gave the warranty, then the provisions regarding the limitation of liability for Claims in this clause 12.3 do not apply.
- (b) Notwithstanding any other provision in this Agreement, in respect of any breaches of the Coolabah Warranties and under the indemnity in clause 11.3, Coolabah will only be liable to compensate Northern Cobalt as follows:

- (i) if a Claim in relation to a breach of a Coolabah Warranty or indemnity is agreed by the Parties or finally adjudicated by a court, Northern Cobalt shall only have recourse to:
 - (A) first, the Shares issued to Coolabah as Ordinary Share Consideration and any Shares which result from a conversion of any Performance Share Consideration; and
 - (B) secondly, Performance Share Consideration which has not converted into Shares (if required),

to settle such Claim, and Coolabah shall only be obligated to compensate Northern Cobalt or otherwise to settle any liabilities in respect of the Claim by Coolabah agreeing to Northern Cobalt cancelling that part of the Consideration Shares previously issued to Coolabah equal to the value of the Claim as agreed or finally adjudicated;

- (i) solely for determining the number of Shares and Performance Shares to be cancelled under this clause, each Share and Performance Share shall be valued at the volume weighted average price of a Share for the 20 trading days prior to the date that the Claim is settled or adjudicated by a court;
- (ii) Northern Cobalt shall be responsible for preparing all documentation for the cancellation, for all fees incurred by its advisors and for obtaining approval from its shareholders;
- (iii) Coolabah shall vote in favour of any resolutions to effect the cancellation of the relevant Shares and Performance Shares issued as Consideration Shares and shall be obligated to execute documentation that is mandatory to give effect to the cancellation;
- (iv) to the extent that Coolabah fails to meet its obligations pursuant to clause 12.3(b)(iv), Coolabah by this clause grants Northern Cobalt a power of attorney to do all things necessary, including to execute any document or vote on any resolution to give effect to the cancellation of the Shares and Performance Shares issued as Consideration Shares, on Coolabah's behalf; and
- (v) any cancellation of Northern Cobalt Shares and Performance Shares issued as Consideration shall be in full and final satisfaction of all liability that Coolabah has in relation to a Claim.

12.4 Minimum amount

- (a) Coolabah is not liable for any Claims for breach of the Coolabah Warranties or the indemnity under clause 9.3, until the total of all amounts finally agreed or adjudicated to be payable in respect of the Claims exceeds \$25,000.
- (b) Northern Cobalt is not liable for any Claim for breach of Northern Cobalt Warranties or the indemnity under clause 11.3, until the total of all amounts finally agreed or adjudicated to be

payable in respect of the Claims exceeds \$25,000.

12.5 Exception for indirect or consequential loss

Coolabah in respect of Coolabah Warranties and the indemnity in clause 11.3, and Northern Cobalt in respect of Northern Cobalt Warranties and the indemnity in clause 11.3, will not be liable for a Claim for breach of warranty or the indemnity in clause 9.3 for any indirect or consequential loss which does not flow directly, naturally or in the usual course of things from that breach, whether or not the loss was in the reasonable contemplation of the parties at the date of this Agreement.

12.6 Recovery

- (a) Northern Cobalt must reimburse Coolabah in respect of the Coolabah Warranties and the indemnity in clause 11.3, an amount equal to any sum paid to Northern Cobalt in respect of any Claim or portion of a Claim for breach of the Coolabah Warranties or the indemnity in clause 11.3 which is subsequently recovered or paid to Northern Cobalt by any third party (including any insurer).
- (b) Coolabah must reimburse Northern Cobalt in respect of the Northern Cobalt Warranties and the indemnity in clause 11.3, an amount equal to any sum paid to Coolabah in respect of any Claim or portion of a Claim for breach of the Northern Cobalt Warranties or the indemnity in clause 11.3 which is subsequently recovered or paid to Coolabah by any third party (including any insurer).

12.7 Mitigation of loss

Nothing in this Agreement affects the obligations of the parties to mitigate any loss suffered as a result of any breach of warranty in accordance with common law mitigation principles.

13. Confidentiality and announcements

13.1 Confidentiality and announcements

Subject to clauses 13.2 and 13.3, no Party may disclose the provisions of this Agreement or the terms on which the Mangrove Share is sold without the prior written consent of the other Party.

13.2 Legal requirements

A Party may disclose anything in respect of this Agreement as required by applicable law (including the ASX Listing Rules).

13.3 Disclosure to officers and professional advisers

A Party may disclose anything in respect of this Agreement or the terms of the sale of the Mangrove Share to the officers, employees, consultants, advisers and financiers of that Party and its related companies but it must use its best endeavours to ensure all matters disclosed are kept confidential.

14. Exclusivity

Unless Coolabah obtains Northern Cobalt's prior written approval, each of Coolabah and Mangrove must not, during the Option Period or such later date as is agreed:

- (a) sell, offer to sell or commence negotiations with a view to selling or granting any rights in respect of any interest in Mangrove, the Mining Assets or the Tenements;
- (b) provide any information concerning Mangrove, the Mining Assets or the Tenements to any prospective investor or grantee of rights, or
- (c) directly or indirectly solicit or initiate or respond or undertake or be involved in any negotiations or discussions or enter any agreement or communicate any intention to do any of the matters in paragraphs (a) or (b) above.

15. GST

15.1 Sale of a going concern

The Parties acknowledge and agree that:

- (a) the sale of the Mangrove Share is a supply of a going concern for the purposes of the GST Law;
- (b) Coolabah supplies to Northern Cobalt all of the things necessary for the continued operation of Mangrove;
- (c) Coolabah will carry on the business of Mangrove until the date of the supply of the Mangrove Share to Northern Cobalt; and
- (d) the sale of the Mangrove Share constitutes a GST free supply.

15.2 General

- (a) Notwithstanding clause 15.1, if any amount payable under this Agreement is subject to GST in addition to any other amounts payable under this Agreement, the recipient of a Taxable Supply made under or in connection with this Agreement (**Recipient**) must pay to the Party making the Taxable Supply (Supplier) the amount of GST in respect of the Taxable Supply. This subclause does not apply if the consideration specified for the Taxable Supply is expressly agreed to be GST inclusive.
- (b) If the amount paid by the Recipient to the Supplier in respect of GST (whether because of an Adjustment or otherwise):
 - (i) is more than the GST on the Taxable Supply, then the Supplier shall refund the excess to the Recipient; or
 - (ii) is less than the GST on the Taxable Supply, then the Recipient shall pay the deficiency to the Supplier.
- (c) The Recipient is not obliged to pay any amount in respect of GST to the Supplier unless and until the Supplier issues a Tax Invoice to the Recipient in respect of the Taxable Supply. If an Adjustment has occurred, the Supplier must issue an Adjustment Note to the Recipient.
- (d) The amount of a Party's entitlement under this Agreement to recovery or compensation for any of its costs, expenses or Liabilities is reduced by the Input Tax Credits to which that Party (or the Representative Member of a GST Group of which the Party is a member) is entitled in respect of such costs, expenses or liabilities.
- (e) In this Agreement, amounts which are calculated by reference to revenue or profits are calculated on the GST-exclusive component of that revenue or those profits unless expressly provided to the contrary.

15.3 Terms

For the purposes of this clause:

- (a) **GST Law** has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999;
- (b) **Adjustment, Adjustment Note, GST, GST Group, Input Tax Credits, Representative Member and Tax Invoice** have the meanings given to them in the GST Law; and
- (c) **Taxable Supply** has the meaning given to it in the GST Law, excluding section 84-5 of *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

16. Duty, costs and expenses

16.1 Duty

Northern Cobalt must pay any Duty in respect of the execution, delivery and performance of this Agreement and any agreement or document entered into or signed in relation to this Agreement.

16.2 Costs and expenses

The Parties must bear their own costs:

- (a) in respect of the execution, delivery and performance of this Agreement and any agreement or document entered into or signed in relation to this Agreement; and
- (b) any action to be taken by any Party in performing its obligations under this Agreement, unless otherwise provided in this Agreement.

17. General

17.1 Notices

- (a) Any notice or other communication including, any request, demand, consent or approval, to or by a party to this Agreement:
 - (i) must be in legible writing and in English addressed as shown below:
 - (A) if to Coolabah:

Address: PO Box 446, Magill SA 5072
567 The Parade Magill SA 5072 (in person delivery)

Attention: Duncan Chessell

Facsimile: none available

Email: duncan.chessell@me.com
 - (B) if to Mangrove:

Address: PO Box 446, Magill SA 5072
567 The Parade Magill SA 5072 (in person delivery)

Attention: Duncan Chessell

Facsimile: none available

Email: duncan.chessell@me.com
 - (C) if to Northern Cobalt:

Address: Level 3, 29 King William Street, Adelaide SA 5000

Attention: Michael Schwarz

Facsimile: 08 8465 0749

Email: mschwarz@northerncobalt.com.au
 - or as specified to the sender to the other Parties by notice;
 - (ii) where the sender is a company, must be signed by an officer or under the common seal of the sender;
 - (iii) is regarded as being given by the sender and received by the addressee:

- (A) if by delivery in person, when delivered to the addressee;
- (B) if by post, three Business Days from and including the date of postage;
- (C) if by facsimile transmission, when a facsimile confirmation receipt is received indicating successful delivery, or
- (D) if by email, on the date and time shown in the email, unless the sender receives advice that the email has not been sent,

but if the delivery or receipt is on a day that is not a Business Day or is after 5.00 pm (addressee's time) it is regarded as received at 9.00 am on the following Business Day; and

- (iv) can be relied on by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.
- (b) A facsimile transmission is regarded as legible unless the addressee telephones the sender within two hours after the transmission is received or regarded as received under clause 17(a)(iii) and informs the sender that it is not legible.
- (c) In this clause 17.1, reference to an addressee includes a reference to an addressee's officers, agents or employees.

17.2 Governing law and jurisdiction

- (a) This Agreement is governed by the laws of South Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of South Australia.

17.3 Prohibition or enforceability

- (a) Any provision of, or the application of any provision of, this Agreement which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of this Agreement, which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Agreement in that or any other jurisdiction.
- (c) The application of this clause 17.3 is not limited by any other provision of this Agreement in relation to severability, prohibition or enforceability.

17.4 Waivers

- (a) Any waiver or election in relation to a provision of, or a right or remedy arising under, this Agreement must be in writing and signed by the party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of a right, power, authority, discretion or remedy arising from a breach of or default under this Agreement, does not result in a waiver of that right, power, authority, discretion or remedy.

17.5 Variation

A variation of any term of this Agreement must be in writing and signed by the Parties.

17.6 Non-merger and survival of warranties

- (a) Neither the Northern Cobalt Warranties, the Coolabah Warranties, nor any other provision of this Agreement merges on Completion.
- (b) The Northern Cobalt Warranties and the Coolabah Warranties survive Completion.

17.7 Indemnities

- (a) Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the Parties, and survives termination, completion or expiration of this Agreement.
- (b) It is not necessary for a Party to incur expense or to make any payment before enforcing a right of indemnity conferred by this Agreement.

17.8 Further assurances

Each Party must do all things necessary to give full effect to this Agreement and the transactions contemplated by this Agreement.

17.9 Third party rights

No person other than the Parties have, or are intended to have, any right, power or remedy, or derives, or is intended to derive, any benefit under this Agreement.

17.10 Entire agreement

To the extent permitted by law, this Agreement embodies the entire Agreement between the Parties with respect to the subject matter of this Agreement and supersedes any prior negotiation, arrangement, understanding or agreement with respect to the subject matter of any term of this Agreement.

17.11 Assignment

A Party may not assign its rights or obligations under this Agreement without the consent of the other Party other than to a wholly owned subsidiary, provided that the wholly own subsidiary assumes all of the assignor's obligations under this Agreement.

17.12 Counterparts

This Agreement may be executed in any number of counterparts. All of those counterparts taken together constitute one and the same instrument.

Schedule 1 – Securities

Item 1 – Capital structure of Mangrove

Security	Number	% of total capital
Mangrove Share	1	100%
Total	1	100%

Item 2 – Consideration Shares

Coolabah's entitlement to Shares and Performance Shares pursuant to this Agreement is:

Security	Entitlement	Note
Shares	6,500,000	Subject to the applicable escrow restrictions of the ASX Listing Rules pursuant to clause 9.5.
Class A Performance Shares	10,000,000	Subject to the applicable escrow restrictions of the ASX Listing Rules pursuant to clause 9.5 and the terms and conditions detailed in Schedule 6.
Class B Performance Shares	4,500,000	Subject to the applicable escrow restrictions of the ASX Listing Rules pursuant to clause 9.5 and the terms and conditions detailed in Schedule 6.

Schedule 2 – Tenements

Area Name	Tenement	Grant Date	Expiry Date	Size (Blocks / km ²)	Location
Wollogorang Project	Exploration Licence 31272	9/04/2016	8/04/2022	125 / 411.17	Northern Territory
Wollogorang Project	Exploration Licence 30496	28/05/2015	27/05/2021	112 / 368.45	Northern Territory
Wollogorang Project	Exploration Licence 30590	28/05/2015	27/05/2021	107 / 351.82	Northern Territory

Schedule 3 – Conditions

Item	Condition	Benefit
1.	Receipt of ASX conditional approval to admit Northern Cobalt to the Official List of ASX on terms and conditions reasonably acceptable to Northern Cobalt.	Northern Cobalt and Coolabah
2.	ASX approval of the terms of the Performance Shares for the purposes of ASX Listing Rule 6.1.	Northern Cobalt and Coolabah
3.	The Parties obtaining all consents and approvals (including shareholders' and regulatory or third party approvals) necessary to give effect to the sale and purchase of the Mangrove Share pursuant to this Agreement.	Northern Cobalt and Coolabah
4.	Northern Cobalt receiving valid applications for the minimum subscription of Shares under its Prospectus.	Northern Cobalt and Coolabah
5.	No breach of any Coolabah Warranty occurring between the Execution Date and the earliest to occur of Completion and the End Date.	Northern Cobalt
6.	No event, occurrence or other matter, which individually or when aggregated with all such events, occurrences or matters of a similar kind, taking place at any time which has a material adverse effect with respect to Mangrove or the Tenements between the Execution Date and the earliest to occur of Completion and the End Date.	Northern Cobalt
7.	Coolabah, or its nominee/s, entering in such form of restriction agreements in respect of the Consideration Shares as is required by the ASX.	Northern Cobalt
8.	Written confirmation in a form reasonably acceptable to Northern Cobalt that Coolabah has forgiven the shareholder loan to Mangrove in the amount set out in note 6 in the Accounts.	Northern Cobalt

Schedule 4 – Coolabah Warranties

The representations and warranties given by Coolabah are as follows:

1. Power and authority

- (a) **Power and capacity:** Coolabah and Mangrove have full power and lawful authority to execute and deliver this Agreement and to observe and perform or cause to be observed and performed all of their obligations in and under this Agreement.
- (b) **Authority:** The execution and delivery of this Agreement has been duly and validly authorised by all necessary action on behalf of Mangrove and Coolabah.
- (c) **No legal impediment:** The execution, delivery and performance by Coolabah and Mangrove of this Agreement complies with:
 - (i) each law, regulation, authorisation, ruling, judgement, order or decree of any Government Authority;
 - (ii) the constitution or other constituent documents of Coolabah and Mangrove; and
 - (iii) any security interest or document,which is binding on Coolabah or Mangrove, as the case may be, in relation to the Mangrove Share.

2. Share capital and title

- (a) **Title:** Coolabah is the legal and beneficial owner of 100% of the issued capital of Mangrove which is free of all Encumbrances and other third party interests or rights.
- (b) **No options to subscribe:** No person has any outstanding option, contract, call, first refusal, commitment, right or demand of any kind relating to the issued or unissued capital of Mangrove.
- (c) **No other issues:** Mangrove is not under any obligation to allot any securities to any person or persons, or otherwise to alter the structure of any part of its unissued share capital, and Mangrove is not under any obligation to give any option over any part of its unissued share capital nor has Mangrove offered to do any of the matters stated in this paragraph.
- (d) **Consents:** Coolabah is able to sell and transfer the Mangrove Share without the consent of any other person and free of any pre-emptive rights or rights of first refusal.
- (e) **Fully paid:** 100% of the issued capital of Mangrove is owned by Coolabah, is fully paid and no money is owing in respect of it.

3. Solvency

- (a) **No event of insolvency:** No event of insolvency has occurred in relation to Coolabah or Mangrove, nor is there any act which has occurred or any omission made which may result in an event of insolvency occurring in relation to Coolabah or Mangrove.
- (b) **Winding up:**
 - (i) no petition or other process for winding up has been presented or threatened against Coolabah or Mangrove and there are no circumstances justifying such a petition or other process;
 - (ii) no writ of execution has been issued against Coolabah or Mangrove;
 - (iii) neither Coolabah nor Mangrove has gone into liquidation or passed a winding up resolution; and
 - (iv) no receiver or receiver and manager of any part of the undertaking or assets of Coolabah or Mangrove has been appointed.

- (c) **No litigation:** Coolabah, Mangrove and their respective directors are not involved in any litigation, arbitration or administrative proceeding relating to Claims or amounts relating to Coolabah or Mangrove, as the case may be, nor is any such litigation, arbitration or administrative proceeding pending or threatened.
- (d) **Investigations:** Coolabah, Mangrove and their respective directors are not the subject of any investigation by any regulatory body of any country nor is any such investigation pending or threatened.

4. Compliance

- (a) **Compliance with laws:** Mangrove and its directors are not in material breach of any provision of any relevant laws.
- (b) **Consistency:** The terms of this Agreement are not inconsistent with and do not contravene the provisions of any other agreements or contract to which Mangrove is a party.
- (c) **Contracts:** Every material contract, instrument or other commitment to which Mangrove is a party has, or will be, provided to Northern Cobalt and is valid and binding according to its terms and no party to any such commitment or contract is in material default under the terms of that commitment or contract.
- (d) **Records properly kept:** All books of accounts and other records of any kind of Mangrove:
 - (i) have been fully, properly and accurately kept on a consistent basis and completed in accordance with proper business and accounting practices and all applicable statutes;
 - (ii) have not had any material records or information removed from them;
 - (iii) do not contain or reflect any material inaccuracies or discrepancies;
 - (iv) give and reflect a true and fair view of the trading transactions, or the financial and contractual position of Mangrove and of its assets and liabilities; and
 - (v) are in the possession of Mangrove.
- (e) **Anti-money laundering/counter-terrorism:** The operations of Mangrove are and have been conducted at all times in compliance with all financial recordkeeping and reporting requirements imposed by law or regulation and in compliance with the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency (collectively, the **Money Laundering Laws**) and no action, suit or proceeding by or before any court or Governmental Authority or body or any arbitrator involving Mangrove with respect to the Money Laundering Laws is pending or, to the best knowledge of Coolabah, threatened.

5. Assets and liabilities

- (a) **Liabilities:** Mangrove does not have any liabilities whatsoever.
- (b) **Assets owned by Mangrove:** All the fixed assets, current assets and other assets and property owned by Mangrove:
 - (i) have been fully and accurately described to Northern Cobalt;
 - (ii) are legally and beneficially owned by Mangrove free of Encumbrances (and, in particular, no such assets are the subject of any hire purchase agreement or credit purchase agreement or any agreement for payment of deferred terms); and
 - (iii) are not used by any person, other than Mangrove.

6. Tenements

- (a) Mangrove is the legal and beneficial owner of the Tenements;
- (b) no person except Mangrove has any rights of any nature in respect of the Tenements;

- (c) the Tenements are free from all mortgages, charges, liens and other Encumbrances of whatsoever nature;
- (d) the Tenements are in full force and effect and in good standing and not liable to cancellation or forfeiture for any reason and Mangrove is not in breach or contravention of any terms and conditions upon which the Tenements were granted;
- (e) there are no outstanding Outgoings;
- (f) there are no agreements or dealings in respect of the Tenements;
- (g) there is not in existence any current compensation agreement with the owner or occupier of any land which is subject to the Tenements nor any royalty arrangement of whatever nature in respect of the Tenements;
- (h) all provisions of the Mining Acts and other relevant laws have been complied with in so far as they apply to the Tenements;
- (i) there are no unsatisfied writs of execution relating to the Tenements;
- (j) neither Coolabah nor Mangrove is engaged in litigation, arbitration, prosecution or other legal proceedings relating to the Tenements and, having made reasonable enquires, there are no facts known or which ought to be known to Coolabah or Mangrove and which are not known to Northern Cobalt which are likely to give rise to the same;
- (k) Mangrove (and its officers, employees and agents in the course of their business) have complied with all applicable Environmental Laws and have never received any notification under Environmental Law requiring it to take or omit to take any action;
- (l) there are no environmental liabilities relating to or affecting the Tenements nor are there any circumstances relating to the Tenements which may reasonably be expected to give rise to future environmental liabilities;
- (m) Mangrove has not been threatened with any investigation or enquiry by any organisation, or received any complaint, in connection with the environment; and
- (n) all information provided to Northern Cobalt in respect of the Tenements is complete and accurate in all material respects.

7. Accounts

The Accounts:

- (a) have been prepared in accordance with all relevant legislation and generally accepted accounting principles and standards applied on a consistent basis;
- (b) show a true and fair view of the financial position and assets of Mangrove as at the balance date and of its income, expenses and results of operations for the financial period ended on the balance date;
- (c) are not affected by any unusual or non-recurring items;
- (d) include all reserves and provisions for taxes necessary to cover all tax liabilities (whether or not assessed) of Mangrove up to the balance date; and
- (e) make disclosure of all liabilities (whether actual, prospective, contingent or otherwise) and of every financial commitment of Mangrove as at the balance date.

8. Management Accounts

The Management Accounts have been prepared with due care on a consistent basis with the same principles, standards and practices adopted for the Accounts and give a view that is reasonable and not misleading of the profit and loss of Mangrove for the period commencing on 1 April 2017 and ending on the Management Accounts Date and the assets and liabilities of Mangrove as at the Management Accounts Date having regard to the purpose for which they have been prepared.

9. Material disclosure

- (a) Any information known, or which should be known, to Coolabah concerning Mangrove which might reasonably be regarded as material to Northern Cobalt for value of the Mangrove Share has been disclosed in writing to Northern Cobalt.
- (b) All information concerning Mangrove or concerning the Mangrove Share supplied to Northern Cobalt or its agents, employees or advisers by Coolabah or its agents, employees or advisers is true, complete and accurate in all respects, and is not misleading or deceptive.
- (c) No representation, warranty or document made or furnished by Coolabah in connection with this Agreement contains any material error or mis-statement, nor does it omit to state any material fact.
- (d) Nothing has been done or omitted to be done in relation to the Mangrove Share or Mangrove which might materially adversely affect the interests of Northern Cobalt as an intending Northern Cobalt of the Mangrove Share.
- (e) Other than as disclosed to Northern Cobalt in writing, Mangrove is not party to any contract (including any corporate services or management agreement).
- (f) Coolabah has specifically disclosed in writing to Northern Cobalt all liabilities (actual and contingent), including tax liabilities, of Mangrove and there are no other liabilities (actual or contingent) of Mangrove other than as disclosed to Northern Cobalt.

10. Taxation

- (a) There are no outstanding disputes, or questions or demands between Mangrove and any taxation authority (whether in Australia, any State of Australia or elsewhere).
- (b) Other than as provided in the Accounts, Mangrove has no liabilities in respect of unpaid or unassessed taxes.

Schedule 5 – Northern Cobalt Warranties

The representations and warranties given by Northern Cobalt are as follows:

1. **No event of insolvency:** No event of insolvency has occurred in relation to Northern Cobalt nor is there any act which has occurred or any omission made which may result in an event of insolvency occurring in relation to Northern Cobalt.
2. **No litigation:** Northern Cobalt and the directors of Northern Cobalt are not involved in any litigation, arbitration or administrative proceeding relating to claims or amounts relating to Northern Cobalt nor have any knowledge of any material litigation, arbitration or administrative proceeding pending or threatened, unless otherwise disclosed.
3. **Authorisation:** the execution and delivery of this Agreement has been duly and validly authorised by all necessary corporate action on behalf of Northern Cobalt.
4. **Authority:** Northern Cobalt has full corporate power and lawful authority to execute and deliver this Agreement and to observe and perform or cause to be observed and performed all of its obligations in and under this Agreement.
5. **Investigations:** Northern Cobalt and its directors are not the subject of any investigation by any regulatory body of any country nor is any such investigation pending or threatened.
6. **Compliance with laws:** to the best of Northern Cobalt's knowledge and belief, Northern Cobalt and its directors are not in material breach of any provision of any relevant laws.
7. **Consistency:** The terms of this Agreement are not inconsistent with and do not contravene the provisions of any other agreements or contract to which Northern Cobalt is a party.
8. **Anti-money laundering/counter-terrorism:** The operations of Northern Cobalt and any of its subsidiaries are and have been conducted at all times in compliance with all financial recordkeeping and reporting requirements imposed by law or regulation and in compliance with the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency (collectively, the **Money Laundering Laws**) and no action, suit or proceeding by or before any court or Governmental Authority or body or any arbitrator involving Northern Cobalt or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of Northern Cobalt, threatened.
9. **Liabilities:** to the best of Northern Cobalt's knowledge and belief, Northern Cobalt does not have any liabilities, actual, contingent or otherwise.
10. **Ranking:** The Northern Cobalt Shares will be credited as fully paid and rank pari passu in all respects with other fully paid ordinary shares on issue in the capital of Northern Cobalt.
11. **All material information:** Any information known to Northern Cobalt or its directors concerning Northern Cobalt which might reasonably be regarded as material to a purchaser for value of Northern Cobalt Shares has been disclosed to Coolabah and Mangrove and is true and accurate in all material respects.

Schedule 6 – Terms and Conditions of Performance Shares

For the purpose of these terms and conditions:

A Expiry Date means the date determined under paragraph 1(b) of this Schedule.

ASX means ASX Limited (ACN 008 624 691) or, as the context permits, the Australian Securities Exchange operated by that entity.

B Expiry Date means the date determined under paragraph 1(d) of this Schedule.

Change of Control Event means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional; or
- (b) the announcement by the Company that:
 - (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement.

Cobalt equivalents will be calculated taking into account, in addition to cobalt, credits for copper, nickel, zinc, lead, gold, silver, and platinum group elements making up part of the relevant polymetallic deposit that have a reasonable potential to be recovered and sold, according to a formula that will be used and published in accordance with clause 50 of the JORC Code.

Company means Northern Cobalt Limited (ACN 617 789 732).

Completion means the date of completion of the acquisition by the Company of all of the issued capital in Mangrove Resources.

Expiry Date means the A Expiry Date and B Expiry Date, as applicable.

Holder means a holder of a Performance Share.

JORC Code means The Australian Code for Reporting of Mineral Resources and Ore Reserves (2012 Edition) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, The Australian Institute of Geoscientists, and the Minerals Council of Australia.

Listing Rules means the Listing Rules of the ASX.

Mangrove Resources means Mangrove Resources Pty Ltd (ACN 612 043 240).

Performance Share means a Class A Performance Share or Class B Performance Share (as applicable).

Share means a fully paid ordinary share in the Company.

Tenements means 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.

1. **Conversion and expiry of Class A Performance Shares and Class B Performance Shares**

(Conversion on achievement of Class A Milestone)

- (a) Each Class A Performance Share will convert into a Share on a one for one basis upon the earlier of:
- (i) 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 (**Class A Resource Estimate Milestone**); or
 - (ii) 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 Resources, or 100% of the Company's legal or beneficial interest in the Tenements (**Class A Disposal Milestone**)

within 5 years after Completion (each a **Class A Milestone**).

- (b) (**A Expiry**) A Class A Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is 1 month after the conclusion of the time period for satisfaction set out in paragraph 1(a) (**A Expiry Date**).

(c) **(Conversion on achievement of Class B Milestone)**

Each Class B Performance Share will convert into a Share on a one for one basis upon the earlier of:

- (i) 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 higher (reported in accordance with clause 50 of the JORC Code), on the Tenements (**Class B Resource Milestone**); or
- (ii) 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 Resources, or 100% of the Company's legal or beneficial interest in the Tenements, (**Class B Disposal Milestone**)

within 5 years after Completion (each a **Class B Milestone**).

- (d) (**B Expiry**) A Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is 1 month after the conclusion of the time period for satisfaction set out in paragraph 1(c) (**B Expiry Date**).

- (e) (**No conversion**) To the extent that Performance Shares in a Class have not converted into Shares on or before the Expiry Date applicable to that Class, then all such unconverted Performance Shares in that Class held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.

- (f) (**Conversion procedure**) The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.

- (g) (**Ranking of shares**) Each Share into which a Performance Share will convert will upon issue:

- (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;

- (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges, and encumbrances, whether known about or not, including statutory and other pre-emptive rights and any transfer restrictions.
- (h) **(Disposal exclusions)** Entering into a joint venture, farm-in or other similar transaction relating to the Tenements, or any disposal or relinquishment of the Tenements due to failure to renew, failure to comply with conditions of grant, or any government action, will not be capable of constituting a Class A Disposal Milestone or a Class B Disposal Milestone.

2. Conversion on change of control

- (a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:
- (i) the Milestone will be deemed to have been achieved; and
 - (ii) each Performance Share will automatically and immediately convert into Shares,
- however, if the number of Shares to be issued as a result of the conversion of all Performance Shares due to a Change in Control Event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be pro-rated so that the aggregate number of Shares issued upon conversion of all Performance Shares is equal to 10% of the entire fully diluted share capital of the Company.

3. Rights attaching to Performance Shares

The following rights are the rights attaching to Performance Shares until they convert to Shares:

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.
- (e) **(Rights on winding up)** A Performance Share does not entitle a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (f) **(Not transferable)** A Performance Share is not transferable.
- (g) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
- (h) **(Quotation of shares on conversion)** An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.

- (i) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (j) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Schedule 7 – Accounts of Mangrove

MANGROVE RESOURCES PTY LTD

ACN 612 043 240

2017 FINANCIAL REPORT

for the period ended
31 March 2017

MANGROVE RESOURCES PTY LTD
ACN: 612 043 240

Contents

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION.....	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8
DIRECTORS' DECLARATION	15
INDEPENDENT AUDIT REPORT.....	16

The financial report is presented in Australian dollars.

Registered Office:
c/-McCormack Accountants & Advisors
Level 3, 29 King William Street,
ADELAIDE SA 5000

Directors' Report

Mangrove Resources' Directors have pleasure in submitting their report on the Company for the period ended 31 March 2017.

DIRECTORS

The names of the directors in office at any time during the reporting period and since the end of the period are:

William James McKinnon-Matthews (appointed 26/4/2016)

Timothy John McCormack (appointed 26/4/2016, resigned)

OPERATING RESULTS

The net loss of the Company for the period after providing for income tax amounted to \$835 primarily due to tenement administration.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was exploration on three licences in the Northern Territory, EL31272, EL30496 and EL30590.

On 31 March 2017, the Company entered into a binding HoA with Northern Cobalt Pty Ltd (NC) to acquire all issued shares in the Company. NC is required to pay an option fee of \$28,000 (subject to ASX approval) and may exercise the option to acquire all shares in the Company subject to various due diligence conditions and approval to list on ASX. As consideration for the acquisition of shares in the Company, NC will issue 6,500,000 ordinary shares and 14,500,000 performance shares to the Company's parent company (or nominees), Coolabah Group Pty Ltd – performance shares will vest subject to meeting certain exploration based conditions.

EVENTS ARISING SINCE THE END OF THE REPORTING YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS

The Company is currently in the process of sale of all of its shares to NC subject to a successful ASX listing by NC.

ENVIRONMENTAL LEGISLATION

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

DIVIDENDS

There were no dividends paid or declared during the reporting period or to the date of this report.

UNISSUED SHARES UNDER OPTION

There are no unissued ordinary shares under option.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the reporting period, the Company has not paid a premium to insure officers of the Company

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company 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.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 3 and forms part of this directors' report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'J. McKinnon-Matthews'.

Jim McKinnon-Matthews
Director

Adelaide
15 May 2017

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au


**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MANGROVE RESOURCES PTY LTD**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Mangrove Resources Pty Ltd for the year ended 31 March 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants


J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 May 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

MANGROVE RESOURCES PTY LTD
ACN: 612 043 240

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2017

	Notes	31 March 2017 \$	30 June 2016 \$
Exploration expense	5	(835)	(37,296)
Profit / (loss) before tax		(835)	(37,296)
Income Tax (expense) / benefit		-	-
Loss for the period from continuing operations attributable to owners of the parent		(835)	(37,296)
Other Comprehensive income attributable to owners of the parent		-	-
Total Comprehensive loss for the period attributable to owners of the parent		(835)	(37,296)
Earnings Per Share from Continuing Operations Basic and diluted profit / (loss) – dollars per share	2	(835)	(37,296)

This statement should be read in conjunction with the notes to the financial statements.

MANGROVE RESOURCES PTY LTD
ACN: 612 043 240

Consolidated Statement of Financial Position
As at 31 March 2017

	Notes	31 March 2017 \$	30 June 2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	1	1
Other current assets	4	544	544
Total current assets		545	545
TOTAL ASSETS		545	545
LIABILITIES			
Current liabilities			
Trade and other payables	6	38,675	37,840
Total current liabilities		38,675	37,840
TOTAL LIABILITIES		38,675	37,840
NET ASSETS		(38,130)	(37,295)
EQUITY			
Issued capital	7	1	1
Accumulated losses		(38,131)	(37,296)
TOTAL EQUITY		(38,130)	(37,295)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity
For the period ended 31 March 2017

2017 – 31 March

	Share capital	Accumulated losses	Total equity
	\$	\$	\$
As at 1 July 2016	1	(37,296)	(37,295)
Issue of securities	-	-	-
Transactions with owners	-	-	-
Comprehensive income:			
Total profit or loss for the reporting period	-	(835)	(835)
Total other comprehensive income for the reporting period	-	-	-
Balance 31 March 2017	-	(38,129)	(38,130)

2016 – 30 June 2016

	Share capital	Accumulated losses	Total equity
	\$	\$	\$
As at 26 April 2016 (incorporation date)	-	-	-
Issue of securities - incorporation	1	-	1
Transactions with owners	1	-	1
Comprehensive income:			
Total profit or loss for the reporting period	-	(37,296)	(37,296)
Total other comprehensive income for the reporting period	-	-	-
Balance 30 June 2016	1	(37,296)	(37,295)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
For the period ended 31 March 2017

	Notes	31 March 2017 \$	30 June 2016 \$
Operating activities			
Payments to suppliers and employees		-	-
Net cash used in operating activities		-	-
Investing activities			
Payments for capitalised exploration expenditure		(835)	(37,296)
Net cash used in investing activities		(835)	(37,296)
Financing activities			
Proceeds from issue of shares		-	1
Loan from parent company		835	37,296
Net cash from financing activities		835	37,296
Net change in cash and cash equivalents		-	1
Cash and cash equivalents, beginning of reporting year		1	0
Cash and cash equivalents, end of period	3 (a)	1	1

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements

For the period ended 31 March 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Mangrove Resources Pty Ltd is an unlisted private company, registered and domiciled in Australia. Mangrove Resources Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial statements for the reporting period ended 31 March 2017 were approved and authorised by the Board of Directors on 15 May 2017.

The Financial Report has been prepared on an accruals basis, and is based on historical costs, modified by the measurement at fair value of selected on-current assets, financial assets and financial liabilities.

The significant policies which have been adopted in the preparation of this financial report are summarised below.

a) Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Board in allocating resources have concluded that at this time there are no separately identifiable segments.

b) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. All income is stated net of goods and services tax (GST).

c) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Refer key judgements – note 1(k)(ii)

d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets, this is equivalent to date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss', in which case the costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the interest method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settle, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at cost.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not probable to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

g) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently amortised cost using the effective interest rate method. Trade and other payables are stated at amortised cost.

h) Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set-off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

k) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Company.

i) Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

ii) Key judgements – exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

In preparing the financial statements, the directors have had regard for the limited financing available to progress exploration at this time. As a consequence, costs associated with exploration have been expensed as incurred. Should available funds for exploration become available this approach may change.

l) Adoption of the new and revised accounting standards

The Company has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 July 2016:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;

- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 1057 Application of Australian Accounting Standards;
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010); and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

Management has reviewed the requirements of the above standards and has concluded that there was no effect on the classification or presentation of balances.

m) Recently issued accounting standards to be applied in future accounting periods

The accounting standards that have not been early adopted for the period ended 31 March 2017, but will be applicable to the Company in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future reporting periods, however they have been considered insignificant to the Company.

Standard / Interpretation	Effective Date
AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards (Part E- Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).	1 January 2018
AASB 16 'Leases'	1 January 2019
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31 March 2017 #	30 June 2016 #
Weighted average number of shares used in basic earnings per share	1	1
Weighted average number of shares used in diluted earnings per share	1	1
Profit / (loss) per share – basic and basic (dollars)	(835)	(37,296)

In accordance with AASB 133 'Earnings per Share', there are no dilutive securities.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	31 March 2017 \$	30 June 2016 \$
Cash at bank and in hand	1	1
Cash and cash equivalents	1	1

(a) Reconciliation of cash at the end of the period.

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents	1	1
---------------------------	---	---

4. OTHER CURRENT ASSETS

Other current assets include the following:

Prepaid expenses	544	544
Total current assets	544	544

No receivables are considered past due and / or impaired.

5. EXPLORATION AND EVALUATION EXPENDITURE

Opening balance	-	-
Expenditure on exploration during the year	835	37,296
Exploration expenditure expensed	(835)	(37,296)
Closing balance	-	-

6. TRADE AND OTHER PAYABLES

	31 March 2017	30 June 2016
	\$	\$
Parent entity loan – Coolabah Group Pty Ltd	38,675	37,840
Total trade and other payables	38,675	37,840

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

7. ISSUED CAPITAL

	31 March 2017	30 June 2016
	\$	\$
(a) Issued and paid up capital		
Fully paid ordinary shares	1	1
(b) Movements in fully paid shares	Number	\$
Balance at 26 April 2016 – issue on incorporation	1	1
Balance at 30 June 2016	1	1
Balance as 31 March 2017	1	1

The share capital of Mangrove Resources Pty Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Mangrove Resources Pty Ltd. The shares do not have a par value and the Company does not have a limited amount of authorised capital. In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(c) Capital management

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure accordingly. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market

confidence and to sustain future development of the business. The Company's capital is shown as issued capital in the statement of financial position.

8. COMMITMENTS AND CONTINGENCIES

Exploration commitments

In order to maintain rights of tenure to exploration permits, the Company has certain obligations to perform minimum exploration work and expend amounts of money.

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure. It will be necessary for the Company to incur expenditure in order to retain present interests in exploration licences.

9. RELATED PARTY TRANSACTIONS

The Company's related party transactions include its key management personnel.

(a) Transactions with key management personnel

Transactions with key management personnel are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash (all amounts are exclusive of GST).

Duncan Chessell

Mangrove Resources has entered into an agreement with Coolabah Group Pty Ltd (the Company's parent company) and Northern Cobalt Pty Ltd (NC) for NC to acquire all shares in Mangrove Resources. Mr Chessell is a director and shareholder of Coolabah Group and NC.

10. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Company's financial instruments consist mainly of accounts receivable and payable.

The total for each category of financial instruments are as follows:

	Note	31 March 2017 \$	30 June 2016 \$
Financial assets			
Cash and cash equivalents	3	1	1
		<hr/> 1	<hr/> 1
Financial liabilities			
Trade and other payables	6	38,675	37,840
		<hr/> 38,675	<hr/> 37,840

Financial risk management policy

Risk management is carried out by the Managing Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate and credit risk.

a) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the board. Financial liabilities are expected to be settled within 12 months.

b) Net fair values of financial assets and financial liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The net fair values of financial assets and liabilities are determined by the Company based on the following:

- i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value.
- ii) Non-monetary financial assets and financial liabilities are recognised at their carrying values recognised in the statement of financial position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

11. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

12. GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of a going concern.

The consolidated entity incurred a net loss before tax of \$835 during the period ended 31 March 2017, and had a net cash outflow of \$835 from operating and investing activities. The consolidated entity continues to be reliant upon financial support from its parent entity for continued operations and the provision of working capital.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the annual financial report.

Directors' Declaration

In the opinion of the Directors of Mangrove Resources Pty Ltd:

- a) the consolidated financial statements and notes of Mangrove Resources Pty Ltd are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - i. giving a true and fair view of its financial position as at 31 March 2017 and of its performance for the financial period ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001 (Cth)*; and
- b) there are reasonable grounds to believe that Mangrove Resources Pty Ltd will be able to pay its debts when they become due and payable.

The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Jim McKinnon-Matthews
Director

Adelaide
15 May 2017

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANGROVE RESOURCES PTY LTD

Auditor's Opinion

We have audited the financial report of Mangrove Resources Pty Ltd (the Company), which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 Mangrove Resources Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the financial position as at 31 March 2017 and of its performance for the year ended on that date; and
- b 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 *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.

Information other than the Financial Report and Auditor's Report

Those charged with governance are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2017, 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 conclusion thereon.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

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 of the Responsible Entity for the Financial Report

The Directors of the Responsible Entity 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*. The Directors of the Responsible Entity responsibility also includes such internal control as the Directors of the Responsible Entity 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 of the Responsible Entity are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

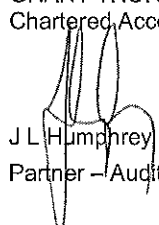
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: . This description forms part of our auditor's report.

Emphasis of Matter regarding Going Concern

Without qualification to the audit opinion expressed above, we draw attention to Note 13 in the financial report which indicates that the company incurred a net loss of \$835 during the year ended 31 March 2017 and, as of the date, had a current asset deficiency of \$38,131. These conditions, along with other matters as set forth in Note 13, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants


J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 May 2017

Schedule 8 – Management Accounts of Mangrove

Balance Sheet
Mangrove Resources Pty Ltd
As at 31 May 2017

31-May-17

Assets

Current Assets

Cash on Hand \$1.00

Total Current Assets \$1.00

Non-current Assets

Formation Costs \$544.00

Total Non-current Assets \$544.00

Total Assets \$545.00

Liabilities

Current Liabilities

Loan - Coolabah Group Pty Ltd \$38,975.48

Total Current Liabilities \$38,975.48

Total Liabilities \$38,975.48

Net Assets -\$38,430.48

Equity

Current Year Earnings -\$1,135.00

Issued Capital \$1.00

Retained Earnings -\$37,296.48

Total Equity -\$38,430.48

Profit & Loss
Mangrove Resources Pty Ltd

1 April 2017 to 31 May 2017

31-May-17

Less Cost of Sales	
Tenement Management	\$300.00
Total Cost of Sales	\$300.00
<hr/>	
Gross Profit	-\$300.00
<hr/>	
Net Profit	-\$300.00
<hr/>	

Signing Page

Executed as a deed.

Executed as a deed by

NORTHERN COBALT LIMITED

ACN 617 789 732 in accordance with section 127 of the *Corporations Act*:

Signature of Director

Michael Schwarz

Name of Director

Signature of Secretary/company secretary*

Jarek Kopias

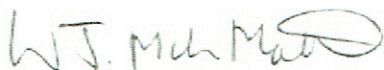
Name of Secretary/company secretary*

**Please delete as applicable*

Executed as a deed by

COOLABAH GROUP PTY LTD

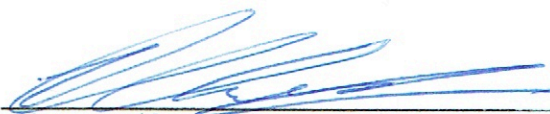
ACN 166 770 896 in accordance with section 127 of the *Corporations Act*:



Signature of Director

William James ("Jim") McKinnon-Matthews

Name of Director



Signature of Secretary/company secretary*

Duncan Charles Chessell

Name of Secretary/company secretary*

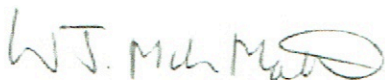
**Please delete as applicable*

Executed as a deed by

MANGROVE RESOURCES PTY LTD

ACN 612 043 240

in accordance with section 127 of the *Corporations Act 2001 (Cth)*:



Signature of sole director/company secretary

William James ("Jim") McKinnon-Matthews

Name of sole director/company secretary

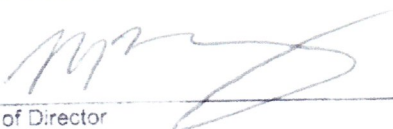
Signing Page

Executed as a deed.

Executed as a deed by

NORTHERN COBALT LIMITED

ACN 617 789 732 in accordance with section
127 of the *Corporations Act*:



Signature of Director

Michael Schwarz


Name of Director

**Please delete as applicable*

Executed as a deed by

COOLABAH GROUP PTY LTD

ACN 166 770 896 in accordance with section
127 of the *Corporations Act*:



Signature of Director

William James ("Jim") McKinnon-Matthews

Name of Director


**Please delete as applicable*

Executed as a deed by

MANGROVE RESOURCES PTY LTD

ACN 612 043 240

in accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of sole director/company secretary

William James ("Jim") McKinnon-Matthews

Name of sole director/company secretary



Signature of Secretary/company secretary*

Jarek Kopias

Name of Secretary/company secretary*

JAROSLAW KOPIAS
Company Secretary



Signature of Secretary/company secretary*

Duncan Charles Chessell

Name of Secretary/company secretary*