

Quarterly Report – For the period ending 30 September 2017

Northern Cobalt Ltd

ACN 617 789 732

ASX Code(s)

Fully Paid Shares: **N27**

Options: **N27O**

Share Price

\$AUD 0.27

Market Capitalisation

\$AUD 9.67 M

Capital Structure

Ordinary Shares

Issued 35.8 M

Options

Listed 10.5 M @20c

Unlisted 12.3 M @25c

Performance Shares

Class A 9.6 M

Class B 3.6 M

Substantial Holder(s)

13.7% Coolabah Group

5.8% PAC Partners

Last Capital Raise

20 Sept 2017

\$4.2M @ 20c (IPO)

Board

Len Dean - Chair

Michael Schwarz - MD

Duncan Chessell -

NED

Andrew Shearer - NED

Jarek Kopias - Co Sec

Address

67 Goodwood Road

Wayville SA 5034

(South Australia)

Contact

Michael Schwarz

0402 101 790

Managing Director

Website

northerncobalt.com.au

- **Drilling commenced at the Stanton Cobalt Deposit, Northern Territory**
- **Two RC drill rigs currently focussed on upgrading the current mineral resource**
- **Diamond drill rig to commence metallurgical drilling in early November**

Northern Cobalt Ltd has the 100% owned Stanton Cobalt Deposit in the Northern Territory, and has embarked on a planned 20,000m drilling program, scheduled to be completed before the end of 2017. Initial drilling will focus on upgrading the current JORC 2012 resource with more than 40 drill holes to be completed near the current resource. Once completed the rigs will move on to test a further 21 nearby prospects, 11 of which have historic mineralised drill intersections.

To complete the planned drilling program before the end of the year and the onset of the wet season, two drilling RC rigs have been contracted. A further diamond drill rig is expected to arrive on site in early November to commence diamond drilling and will initially drill 5-6 diamond drill holes through the resource for metallurgical test work.



**RC drill rig at the Stanton Cobalt Deposit
Initial observations from drilling to date**

Cobalt mineralisation at the Stanton Cobalt Deposit is observed as fine grained black disseminations primarily in sandstone and siltstone layers. Historical petrology and metallurgy has confirmed the main cobalt mineral as siegenite, a Co-Ni sulphide, below the main zone of weathering and as cobalt oxide within the weathering zone.

The company considers that the reporting of visually determined intersections of cobalt sulphide mineralisation is not practical for several reasons.

- The cobalt sulphide mineral (siegenite) can be very fine grained and black in colour and indistinguishable from the host rocks in places.
- It is only readily identifiable visually when coarse grained and the host rock is light in colour.
- Because the drilling method consists of RC drill chips the distribution (massive, vein, disseminated) of mineralisation is difficult to determine.

Therefore, any attempt to quantify the length and concentration of sulphide mineralisation is problematic. Geochemical assays are required to undertake a quantitative analysis.

In addition to cobalt mineralisation, copper mineralisation has been observed as malachite (copper-oxide) within the weathered zone and chalcopyrite (copper sulphide) in fresh rock. The main chalcopyrite intersection of significance occurs in DDRC011 from 73-75m. The abundance is estimated at ~5-10% chalcopyrite over this interval.

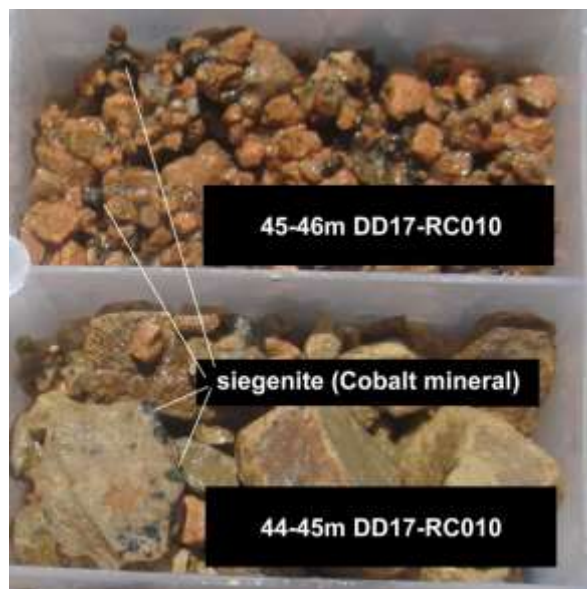


Photo 1. Cobalt mineralisation occurs as black spots of siegenite, a Co-Ni sulphide, in sandstone and siltstone layers – is from drill hole DD17RC010 44-46m. Photo 2 Chalcopyrite mineralisation in drill hole DDRC011 from 73-75m. The abundance is estimated at ~5-10% chalcopyrite.

Corporate

Cash position

The Company had a cash position of \$4.20 million as of the 30th of September.

Exploration and evaluation expenditure by the Company during the September 2017 Quarter was \$100,000.

Exploration Tenements

During the quarter, Northern Cobalt acquired EL30496, EL50590 and EL31272 upon completion of the process to admit the Company to ASX on 20 September 2017.

Share capital changes

The Company was admitted to the official list maintained by ASX on 20 September 2017 and issued 24,577,500 shares, 10,533,750 quoted options, 5,800,000 unquoted options and 13,175,000 unquoted performance shares.

Subsequent to the end of the quarter, the Company issued 192,500 shares as settlement of an invoice and 450,000 unquoted options with an exercise price of 25 cents and expiry of 21 March 2021 as remuneration.

A summary of movements and balances of equity securities between 1 July 2017 and this report are listed below (* issued subsequent to the end of the quarter):

	Ordinary shares	Quoted Options	Unquoted Options	Unquoted performance shares
On issue at start of the Quarter	11,000,000	0	6,000,000	0
Issued in relation to IPO	24,577,500	10,533,750	5,800,000	13,175,000
Officer remuneration*	-	-	450,000	-
Settlement of invoice*	192,500	-	-	-
Total securities on issue at the date of this report	35,770,000	10,533,750	12,250,000	13,175,000

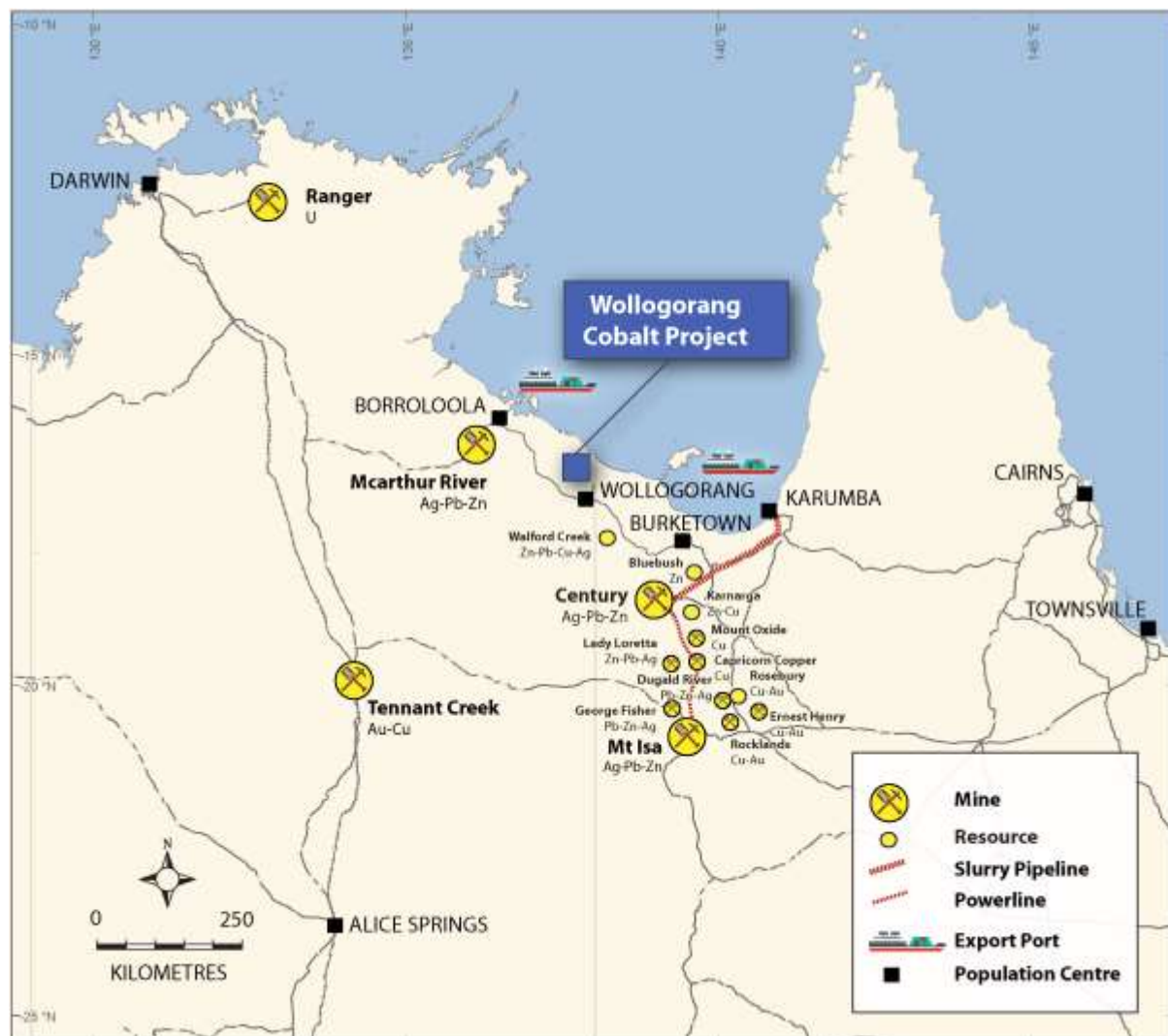
Tenement table

Tenement number	Tenement name	Beneficial Interest at the end of the Quarter	Changes during Quarter
Northern Territory			
EL30496	Karns	100%	Acquisition of tenement upon completion of process to admit the Company to ASX.
EL30590	Selby	100%	Acquisition of tenement upon completion of process to admit the Company to ASX.
EL31272	Running Creek	100%	Acquisition of tenement upon completion of process to admit the Company to ASX.

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Michael Schwarz who is a member of the Australian Institute of Geoscientists. Mr Michael Schwarz is a full-time employee of the company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Michael Schwarz consents to the inclusion in the report of the matters based on his information in the form in which it appears.

This report includes results that have previously recently been released under JORC 2012 by the Company as "Drilling Progress Report - Wollongorang Cobalt Project" on 27 October 2017.



Project Location

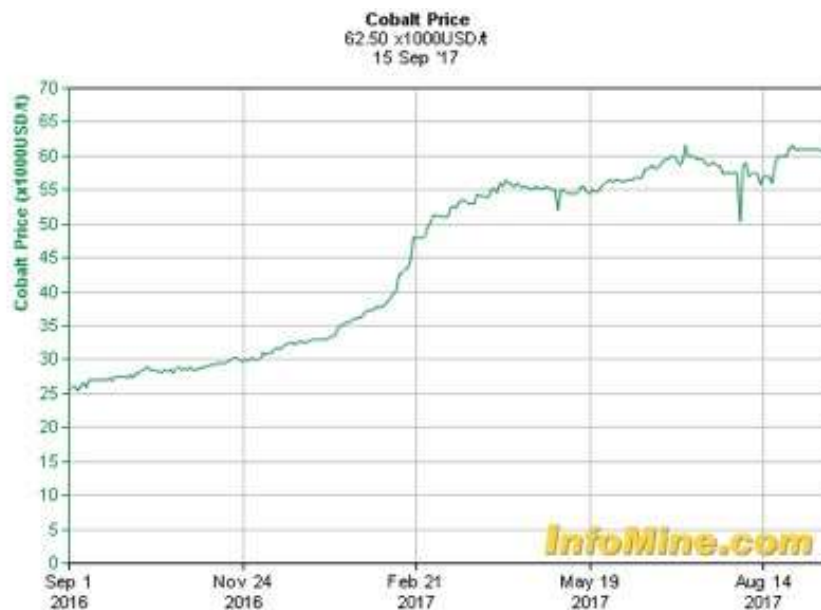
The Wologorang Cobalt Project occurs in the far north-eastern corner of the Northern Territory, a mining friendly jurisdiction. The Project area is 180 km to the south-east of the population centre of Borroloola. The capital city of Darwin is 870 km to the north-west and the McArthur River Mine is approximately 150 km to the west-northwest.

About Northern Cobalt Ltd

Northern Cobalt Ltd is an emerging resource company engaged in the acquisition, exploration and development of cobalt mineral projects. The company is led by an experienced and diverse board of directors and management team with proven success in corporate finance, operational management, engineering and exploration project management. Their combined experience and commitment provides Northern Cobalt with the tools to capitalise on the growing demands of the cobalt and energy storage markets.

Cobalt Sector

Cobalt is an important metal used in the production of batteries and is favoured in end uses such as electric vehicles and mobile phones. The price of Cobalt has doubled over the last 12 months (reference-www.infomine.com). Cobalt demand continues to be tipped as the driver for the cobalt sector as supply remains constrained.



For further information please contact:

Michael Schwarz,
Managing Director, Northern Cobalt Ltd
M: +61 402 101 790
E: mschwarz@northerncobalt.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Northern Cobalt Limited

ABN

99 617 789 732

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(100)	(100)
(b) development	-	-
(c) production	-	-
(d) staff costs	(3)	(3)
(e) administration and corporate costs	(5)	(5)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(107)	(107)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,214	4,214
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(233)	(233)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,981	3,981

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	328	328
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(107)	(107)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,981	3,981
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,202	4,202

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	4,202	328
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,202	328

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
-
-

Director fees to commence in December 2017 quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Not applicable

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,300
9.2 Development	-
9.3 Production	-
9.4 Staff costs	70
9.5 Administration and corporate costs	110
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,480

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Not applicable		
10.2 Interests in mining tenements and petroleum tenements acquired or increased	NT EL30496 EL30590 EL31272	All beneficially held	0% 0% 0%	100% 100% 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Company secretary

Date: 31 October 2017

Print name: Jaroslaw (Jarek) Kopias

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.