

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 JUNE 2018

- Substantial 15,000m drilling program commenced early June
- Assays received for 320 of 805 reconnaissance shallow air core drill holes completed this so far this season
- 53 of 320 (~17%) of the holes have anomalous cobalt in excess of 100 ppm Co. This compares favourably with the signature of 147ppm Co over the existing Stanton Cobalt Deposit
- Drilling is expected to continue till the commencement of the wet season in November
- Regional airborne magnetic survey completed
- Diamond drill assay results from 2017 drilling have been received and metallurgical samples sent for processing. Results expected later Q3 2018



CAPITAL STRUCTURE

Ordinary Shares
Issued 50.8 M

Options
Listed 6.3 M @ 20c
Unlisted 12.3 M @ 25c

Performance Shares
Class A 9.6 M
Class B 3.6 M

Last Capital Raise
24 April 2018 - SPP
\$0.6M @ 35c

BOARD

Len Dean - Chair
Michael Schwarz - MD
Duncan Chessell - Exec Dir
Andrew Shearer - NED
Jarek Kopias - Co Sec

N27's Wologorang Cobalt Project is a sediment hosted cobalt mineralisation system which has potential for low CAPEX and OPEX options due to:

- Non-refractory mineralisation (predominantly siegenite - a cobalt sulphide mineral)
- Cobalt dominant mineralisation occurs from surface
- Flat lying sediment hosted mineralisation - likely suitable for open pit operations

Wologorang Cobalt Exploration

Based on the successful drilling and geophysical campaigns undertaken last year, the Northern Cobalt exploration team has identified over 37 new drill targets that will be drilled tested as part of a **major 15,000m drilling program** currently underway at the Wologorang Cobalt Project.

The drilling is using smaller, lighter and more mobile drilling rigs, which will allow more prospects to be drilled in a shorter time and at significant cost savings. As of the 25 July 2018 ASX announcement, assays had been received for 320 of 805 reconnaissance shallow air core drill holes completed so far this season. Positively 53 of 320 (~17%) of the holes have anomalous cobalt in excess of 100 ppm Co (Figure 1). This compares favourably with the signature of 147ppm Co over the existing Stanton Cobalt Deposit.

Drilling is expected to continue for another 4 months until the onset of the wet season in late November. During this time the company plans to continue testing targets generated from both the 2017 and the recently completed 2018 aeromagnetic surveys. The 2018 aeromagnetic survey covers over 19 times the area of the 2017 survey allowing drilling to be undertaken over a significantly larger area (Figure 2).

Using this information, Northern Cobalt is now refining drill targets that indicate good potential for hosting mineralisation similar to that at the Stanton Cobalt Deposit. Once the first-pass drilling is complete, a second drill rig will return to prospects that have demonstrated good cobalt mineralisation. These prospects will be drilled out on a 25m grid, to depths of 30m-40m, to map the dimensions of the mineralised body. Those prospects that demonstrate the potential to host an economic resource will be drilled out with a large percussion reverse-circulation (RC) rig on 40m centres to a depth of 80m-100m. The first drill rig will continue to test regional drill targets based on the extended aeromagnetic survey.



Helicopter shown flying last year's aeromagnetic survey for Northern Cobalt

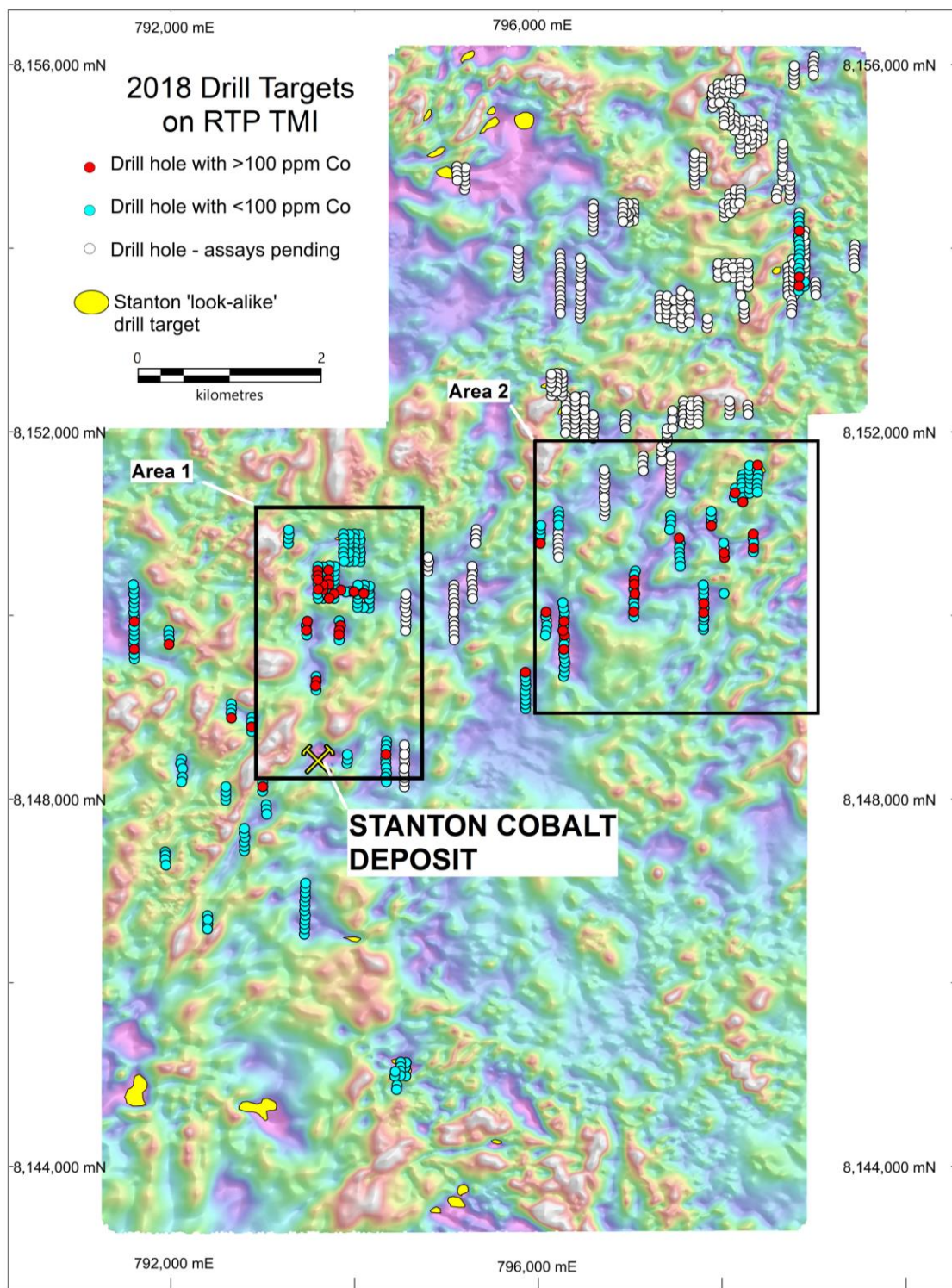


Figure 1. High priority drill targets on RTP magnetic image

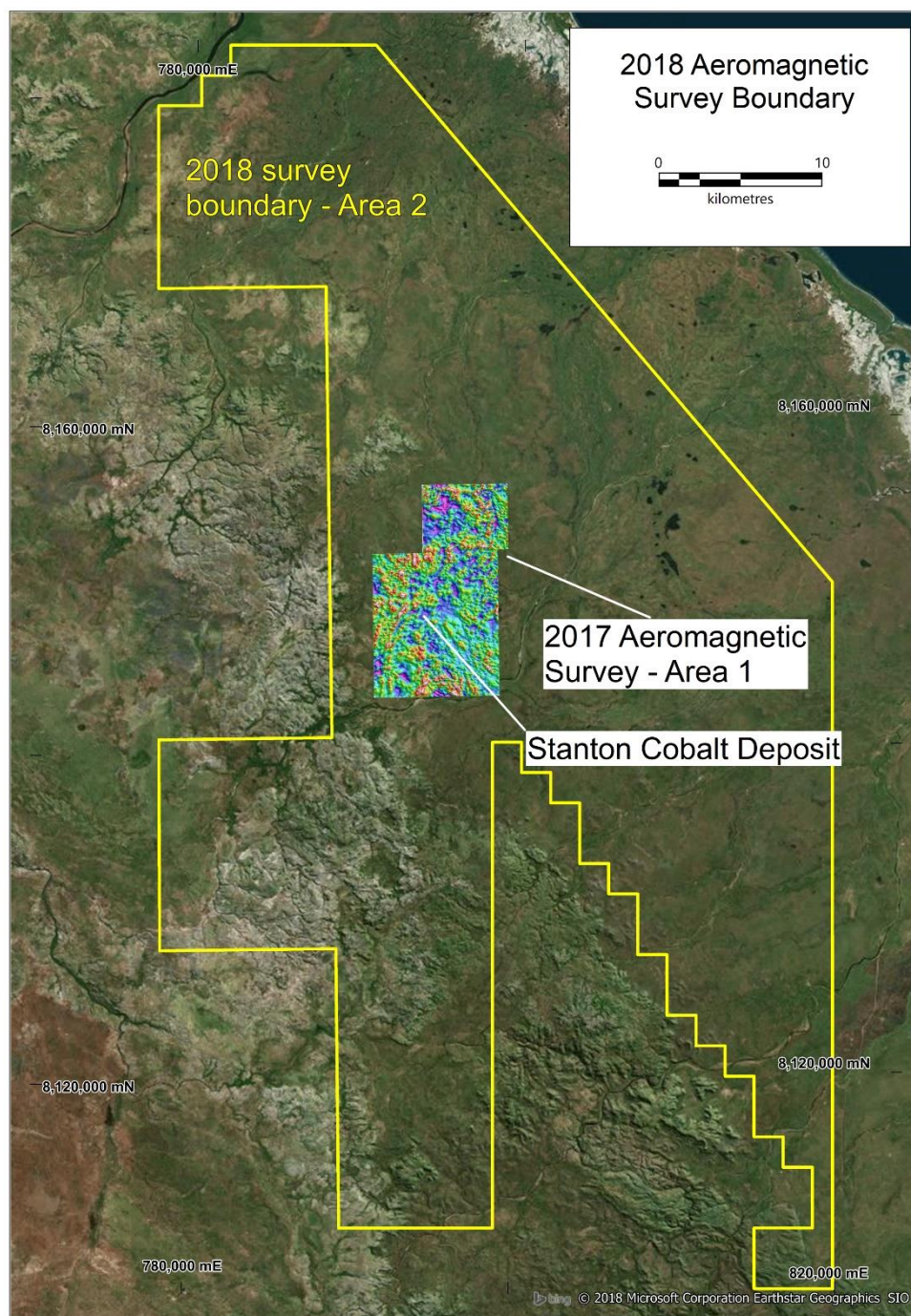


Figure 2. Area one and Area two aeromagnetic survey boundaries

The final assay results from the 2017 diamond drilling within the Stanton Cobalt Deposit have been received (Figure 3) (announced 7 May 2018).

Highlights include

- **25.4 metres at 0.24% cobalt (Co)**
- **20.8 metres at 0.31% Co**
- **13 metres at 0.33% Co**
- **13 metres at 0.25% Co**
- **11 metres at 0.21% Co**
- **9.6 metres at 0.22% Co**
- **7.9 metres at 0.26% Co**
- **1.0 metres at 2.51% Co**

The results reinforce the significant thick, high grade intersections of cobalt mineralisation that support the results obtained from reverse circulation drilling. The diamond holes confirm the shallow high-grade nature of cobalt mineralisation and the potential for low cost concentrate production. Metallurgical samples have been selected from the diamond core and have been sent to Germany for metallurgical testing, these results are expected in Q3 2018. The diamond holes have provided valuable information on the mineralisation style, geology and structure that has assisted in targeting new cobalt deposits.

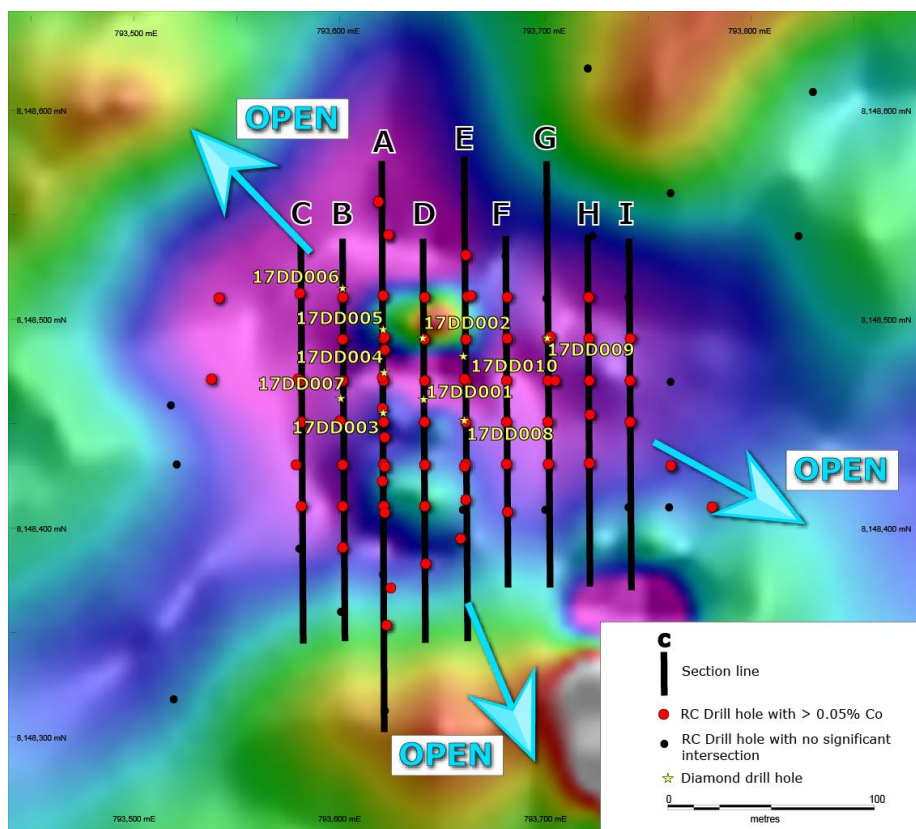


Figure 3. Location of diamond drill holes on RTP magnetic image

Corporate

Cash position

The Company had a cash position of \$3.99 million as of 30 June 2018.

Share capital changes

On 24 April 2018, N27 issued 1,664,319 shares to raise \$582,500 (before costs) from the Company's Share Purchase Plan.

During the quarter, 627,570 quoted options were exercised by option holders.

A summary of movements and balances of equity securities between 1 April 2018 and this report are listed:

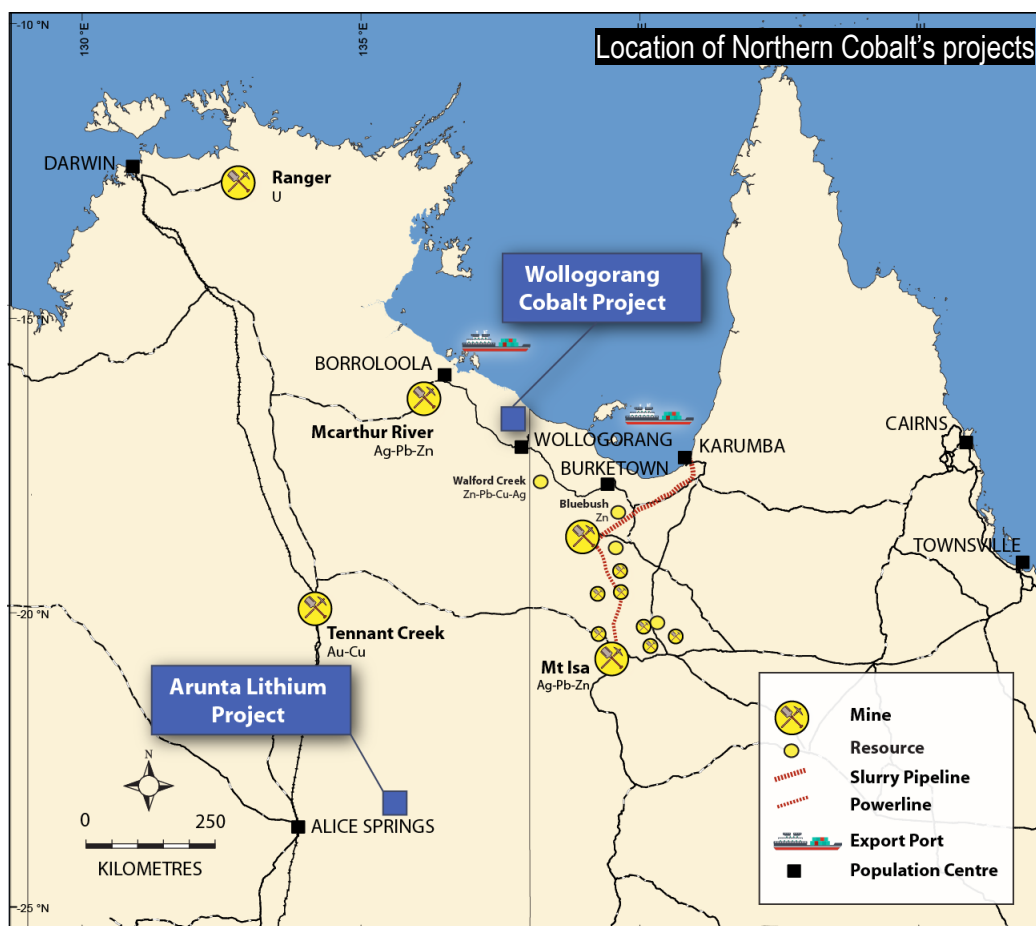
	Ordinary shares	Quoted Options	Unquoted Options	Unquoted performance shares
On issue at start of the Quarter	48,521,517	6,950,907	12,250,000	13,175,000
Share Purchase Plan	1,664,319	-	-	-
Exercise of options	627,570	(627,570)	-	-
Total securities on issue at the date of this report	50,813,406	6,323,337	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			
Wollogorang			
EL30496	Karns	100%	None
EL30590	Selby	100%	None
EL31272	Running Creek	100%	None
EL31546	Wollogorang	100%	None
EL31547	Wollogorang	100%	None
EL31548	Wollogorang	100%	None
EL31549	Wollogorang	100%	None
EL31550	Wollogorang	100%	None
Arunta			
EL28837	Alcoota Pegmatite Field	100%	None
EL28838	Alcoota Pegmatite Field	100%	None
EL28886	Alcoota Pegmatite Field	100%	None
EL29470	Plenty River Pegmatite Field	100%	None
EL29481	Harts Range Pegmatite Field	100%	None
EL29511	Harts Range Pegmatite Field	100%	None
EL29851	Harts Range Pegmatite Field	100%	None
EL30007	Harts Range Pegmatite Field	100%	None
EL31147	Harts Range Pegmatite Field	100%	None

Competent Person Statement

The information in this report that relates to exploration results is based on, and fairly represents, information and supporting documentation 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. The information in this announcement is an accurate representation of the available data and studies of the material mining project. This report includes results that have previously recently been released under JORC 2012 by the Company as "Stanton Cobalt Resource Diamond Assay Results" on 7 May 2018 and "Drilling Results – Wollogorang Cobalt Project" on 25 July 2018. The Company is not aware of any new information or data that materially affects the information included in this announcement and all material assumptions and technical parameters underpinning the Mineral Resource continue to apply and have not materially changed.



Project Location

The Wollogorang 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.

The Arunta Lithium Project occurs in the south-east of the Northern Territory, a mining friendly authority. The Project area is 180 km to the north-east of the population centre of Alice Springs. The capital city of Darwin is 1250 km to the north-west.

For further information please contact:

Michael Schwarz

Managing Director, Northern Cobalt Ltd

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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 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(972)	(3,394)
(b) development	-	-
(c) production	-	-
(d) staff costs	(69)	(316)
(e) administration and corporate costs	(76)	(395)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	40
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)	11	11
1.9 Net cash from / (used in) operating activities	(1,081)	(4,054)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(74)	(224)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(74)	(224)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	582	7,795
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	125	842
3.4	Transaction costs related to issues of shares, convertible notes or options	(227)	(695)
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	480	7,942

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,667	328
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,081)	(4,054)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(74)	(224)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	480	7,942
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,992	3,992

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	972	147
5.2 Call deposits	3,020	4,520
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)	3,992	4,667

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**

120

-

The amount above includes all payments to Directors and also includes payments to entities associated with Leonard Dean. The payments relate to executive services and directors' fees on commercial terms.

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	80
9.5 Administration and corporate costs	180
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,560

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		Not applicable		

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: 30 July 2018

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.