NORTHERN COBALT

ACN 617 789 732

2018

ANNUAL REPORT

Corporate Information

Northern Cobalt Ltd ACN 617 789 732

Directors

Leonard Dean
NON-EXECUTIVE CHAIRMAN

Michael Schwarz
MANAGING DIRECTOR

Duncan Chessell
EXECUTIVE DIRECTOR

Andrew Shearer
NON-EXECUTIVE DIRECTOR

CFO/Company Secretary

Jaroslaw (Jarek) Kopias

Registered & Principal Office

67 Goodwood Road
Wayville SA 5034

Postal Address:

67 Goodwood Road
Wayville SA 5034

Telephone: +61 8 7200 3137

Auditors

Grant Thornton Audit Pty Ltd
Level 3
170 Frome Street
Adelaide SA 5000

Solicitors

Andreyev Lawyers
Level 4, 29 King William Street,
ADELAIDE SA 5000

Home Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Codes

N27 – fully paid ordinary shares

N27O – quoted options exercise price $0.20 and expiry 14 September 2019

Share Registry:

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: +61 8 9315 2333

This Annual Report covers Northern Cobalt Ltd ("Northern Cobalt", "N27" or the "Company"). The financial report is presented in the Australian currency.

The Company is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Northern Cobalt Ltd
67 Goodwood Road
WAYVILLE SA 5034

Contents

Chairman's Letter

Dear fellow Shareholders,

It is with great pleasure that I write this Chairman's letter for Northern Cobalt (ASX: N27). In the past 12 months, your company has progressed its objectives in line with its IPO prospectus, having been admitted to the official list of ASX on 20 September 2017 and commenced trading on Friday 22 September 2017. We thank you all for your support of our IPO as well as the support you have shown us during the year and in our subsequent share placement and SPP. The board is focussed on growing value in its existing projects as well as assessing other opportunities in the battery metals space.

Upon listing, we immediately commenced drilling, focusing on expanding the existing JORC resource. Following completion of this drill program we were very pleased to increase the size of our Stanton resource by 88% from 500,000 tonnes at 0.17% Co to 942,000 tonnes at 0.13% Co. Additionally, we have increased our footprint at the Wollogorang project area (hosting the Stanton Mineral Resource) from approximately 1,130 km^2 to 4,990 km^2, with further tenements under application in the area.

The increase in the tenement holding in the area demonstrates the board's commitment to the Wollogorang project and the target of identifying and defining additional Stanton style deposits. We have recently completed a helicopter aeromagnetic survey to expand coverage to 19 times the current area with an expectation to extend the current aircore program with new zones of interest from the survey (the new survey of 1,720 km^2 will expand 2017 survey of 90 km^2). Additionally, our existing reconnaissance shallow air core drilling program has identified numerous targets that will be tested with deeper drilling during the current field season.

In addition to the Wollogorang project, prospective for cobalt, N27 acquired nine tenements, funded via the issue of shares, in the Arunta region of the Northern Territory, prospective for lithium and rare earth elements. These tenements cover approximately 400 km^2 and a further four tenements, covering approximately 2,320 km^2, are currently under application. A soil sampling program is underway in this region to assess its potential.

The fundamentals of the battery metals market and more specifically, the cobalt market, remain highly positive. The projected demand for cobalt, particularly from the electric vehicle sector suggests a long term, sustained demand for cobalt. Northern Cobalt is committed to developing low cost, high value projects with short lead times. This underpins a very favourable position for the Company as we move forward.

I thank you for your support and look forward to you continuing to be a part of the N27 story as we move forward.

Regards and best wishes

Leonard (Len) Dean
CHAIRMAN

Adelaide

17 August 2018

Review of Operations

WOLLOGORANG COBALT PROJECT

Location

The Wollogorang Cobalt Project covers 1131.44 km^2 located on pastoral land, wholly within NT pastoral lease No 1113, Wollogorang Station, in the north-eastern corner of the Northern Territory. The Project area is most readily accessible from the Wollogorang Station Roadhouse 70 km to the south and via the population centre of Borroloola 180 km to the north-west. 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. Access to the area is via all-weather gravel roads and station tracks. Beyond this, access within the tenements is via partially rehabilitated station and exploration tracks. The area is seasonally inaccessible due to rain and wet ground, with work possible in the dry season between the start of June and the end of October in most years.

Regional geology

The Wollogorang Cobalt Project occurs on the "Wearyan Shelf" of the Paleoproterozoic to Mesoproterozoic McArthur Basin, a 5–12 km thick unmetamorphosed sedimentary succession containing dolostone, sandstone and shale units with minor felsic and mafic volcanics. The McArthur Basin unconformably overlies various Paleoproterozoic terrains, such as the Pine Creek Orogen, and is host to mineral deposits such as the McArthur River zinc-silver-lead mine. The main geological units of interest in the Project area are the Wollogorang Formation (carbonaceous shales, sandstone and dolostone) and Gold Creek Volcanics (interlayered basalt lavas and sediments). In the west, these formations are overlain by the flat-lying 250 m-thick Pungalina Member-Echo Sandstone couplet and, in turn, by the Karns Dolomite.

Historic exploration

The Wollogorang Cobalt Project consists of the Stanton-Running Creek Co-Cu-Ni prospects and Stanton Cobalt Deposit, which occur within EL31272. From the period 1987 to 1996, W.J. Fisher and CRAE identified about 10 individual breccia pipes, up to 100 m diameter, in a "cluster".

The first mineralisation was discovered in the area by Mt Isa Mines Limited who mined secondary copper from a small open pit in the 1930s. Other companies explored in the region for various commodities, including uranium and diamonds, but it was not until the late 1980s that W.J. Fisher, a consultant geologist, identified breccia pipes in the region. CRA Exploration Pty Ltd (CRA) joint ventured into the Project between 1990 and 1996 undertaking an extensive amount of exploration including 21,468 m in 257 drill holes, various geophysical surveys, soil geochemistry and metallurgical testing. When CRA merged with Rio Tinto, in 1997, the Project was no longer a focus for the company and it was divested to Chemmet Pty Ltd. The company commissioned a resource calculation between 1999 and 2000 along with a scoping study for development options. In 2000 Mineral Estates Pty Ltd, a wholly subsidiary of Hydromet Ltd, acquired the Project and undertook an independent Mineral Resource estimate. The company also commissioned a scoping study of mining and processing options by Resource Engineers Pty Ltd. The tenements were then acquired by Toro Energy Ltd then Coolabah Group Pty Ltd and now Northern Cobalt Ltd holds the tenements over the Project area.

Recent developments – New tenements granted at the Wollogorang Cobalt Project

Northern Cobalt has been granted an additional five (5) tenements surrounding its existing three (3) tenements at the Wollogorang Cobalt Project in the Northern Territory. This increases the company's tenure from 1,131 km^2 to 4,986 km^2, an increase of approximately 341% of the existing tenure, covering ground prospective for cobalt. The company originally applied for the ground in March 2017, which covers the same prospective geology that hosts the Stanton Cobalt Deposit and the Selby Cobalt Prospects.

Northern Cobalt has applied for an additional two (2) tenements across the border in Queensland. The Gold Creek Volcanics, which are host to the Stanton Cobalt Deposit, extend across the Northern Territory/Queensland border into the area covered by applications EPM 26756 and EPM 26757. Two rock chip samples taken by historical explorers show elevated cobalt values of more than 800 ppm Co within the application area.

Exploration and drilling programs

The Stanton Cobalt Deposit contains an Indicated and Inferred Resource of 942,000t @ 0.13% Co, 0.06% Ni and 0.12% Cu (JORC 2012). This deposit occurs within one of many breccia pipes known to occur within EL31272. During the last financial year the Company undertook the following drilling described in table 1.

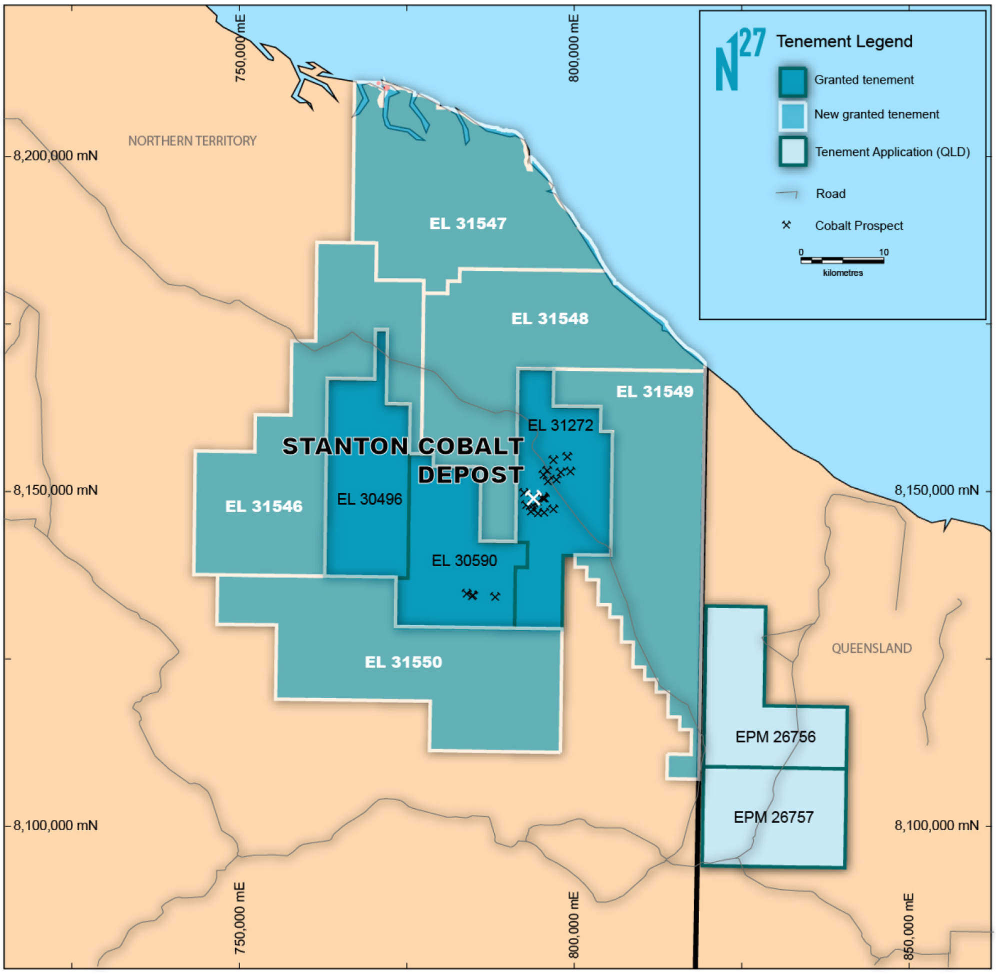

Figure 1 *Wollogorang Cobalt Project tenement location diagram.*

Table 1 Summary of drilling undertaken on the Wollogorang Cobalt Project in the 2017-2018 financial year

Drilling Completed Wollogorang Cobalt Project, NT 2017		
RC drill prospects	**Holes completed**	**Metres completed**
Stanton	70	6,529
Stanton SW	3	240
Stanton NE	6	474
Running Creek	34	2,716
Stanton SE	3	240
Felix (East Felix)	11	884
Total	127	11,083
Diamond drill prospects	**Holes completed**	**Metres completed**
Stanton Deposit	10	773
Total drilled to date	137	11,856

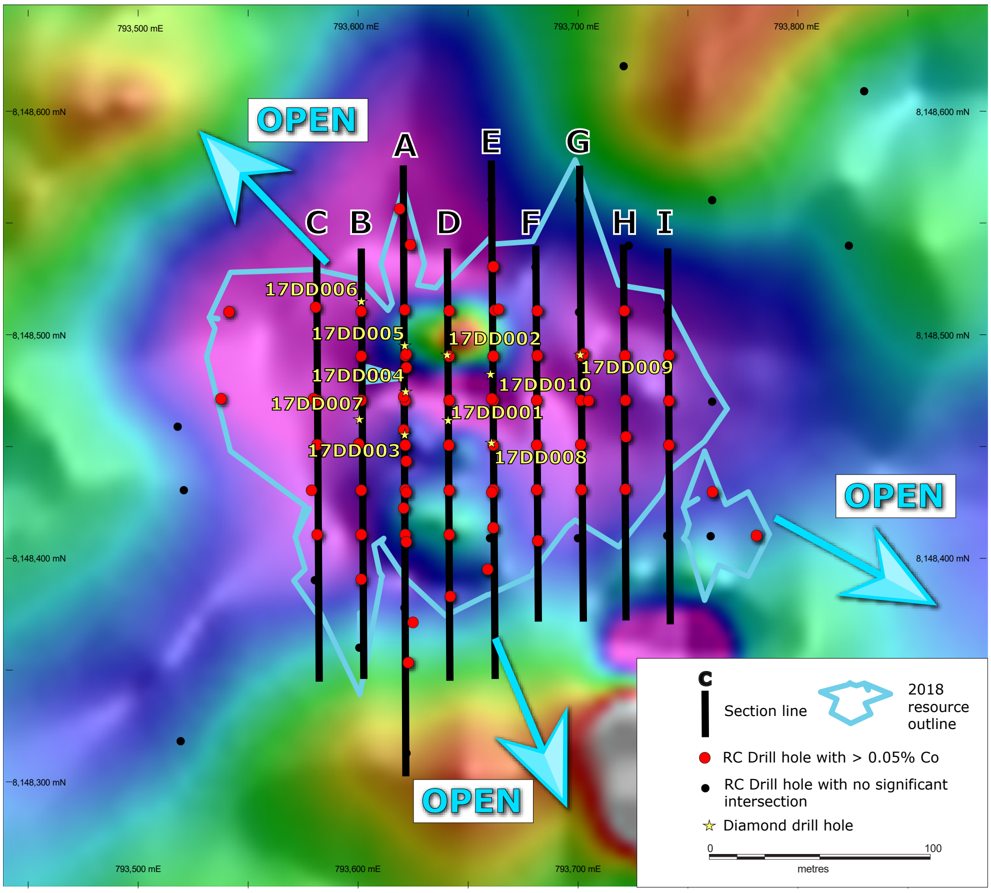

Figure 2 *Location of Stanton resource drill holes and sections on RTP total magnetic intensity image.*

Significant drill intersections

RC drilling

- 37 metres of 0.28% Co from 25m (Drill hole 17RC003)
- 14 metres of 0.11% Co from surface (Drill hole 17RC004)
- 30 metres of 0.17% Co of from 20m (Drill hole 17RC004); including
  - ¬ 10 metres of 0.33% Co
- 6 metres of 0.11% Co from 22m, (Drill hole 17RC005)
- 18 metres of 0.33% Co of from 32m (Drill hole 17RC005); including
  - ¬ 1 metre of 2.13% Co at 32 metres; and
  - ¬ 1 metre of 1.5% Co at 44 metres
- 9 metres of 0.25% Co from 1m (Drill hole 17RC006)
- 15 metres of 0.21% Co from 69m, (Drill hole 17RC011)
- 6 metres of 0.40% Co from 3m, (Drill hole 17RC018); including
  - ¬ 1 m of 1.10% Co from 4m
- 3 metres of 0.49% Co from 27m, (Drill hole 17RC018)
- 5 metres of 0.37% Co from 10m (Drill hole 17RC020)
- 9 metres of 0.35% Co from 5m, (Drill hole 17RC021)
- 7 metres of 0.29% Co from 16m, (Drill hole 17RC021)
- 20 metres of 0.31% Co from 27m, (Drill hole 17RC021)
- 4 metres at 0.11% Co from 80m (Drill hole 17RC057)
- 5 metres at 0.19% Co from 5m (Drill hole 17RC126) and
- 19 metres at 0.29% Co from 11m (Drill hole 17RC126); including
  - ¬ 1 metre of 1.31% Co
- 2 metres at 0.19% Co from 1m, (Drill hole 17RC127)

Diamond drilling

- 25.4 metres at 0.24% Co from 33.6m (17DD004)
- 20.8 metres a 0.31% Co from 29m (17DD002)
- 13 metres at 0.33% Co from 25m (17DD010)
- 13 metres at 0.25% Co from 83m (17DD006)
- 11 metres at 0.21% Co from 24m (17DD007)
- 9.6 metres at 0.22% Co from 36m (17DD005)
- 7.9 metres at 0.26% Co from 7.1m (17DD004)
- 1m @ 2.51% Co from 19 m (17DD003)

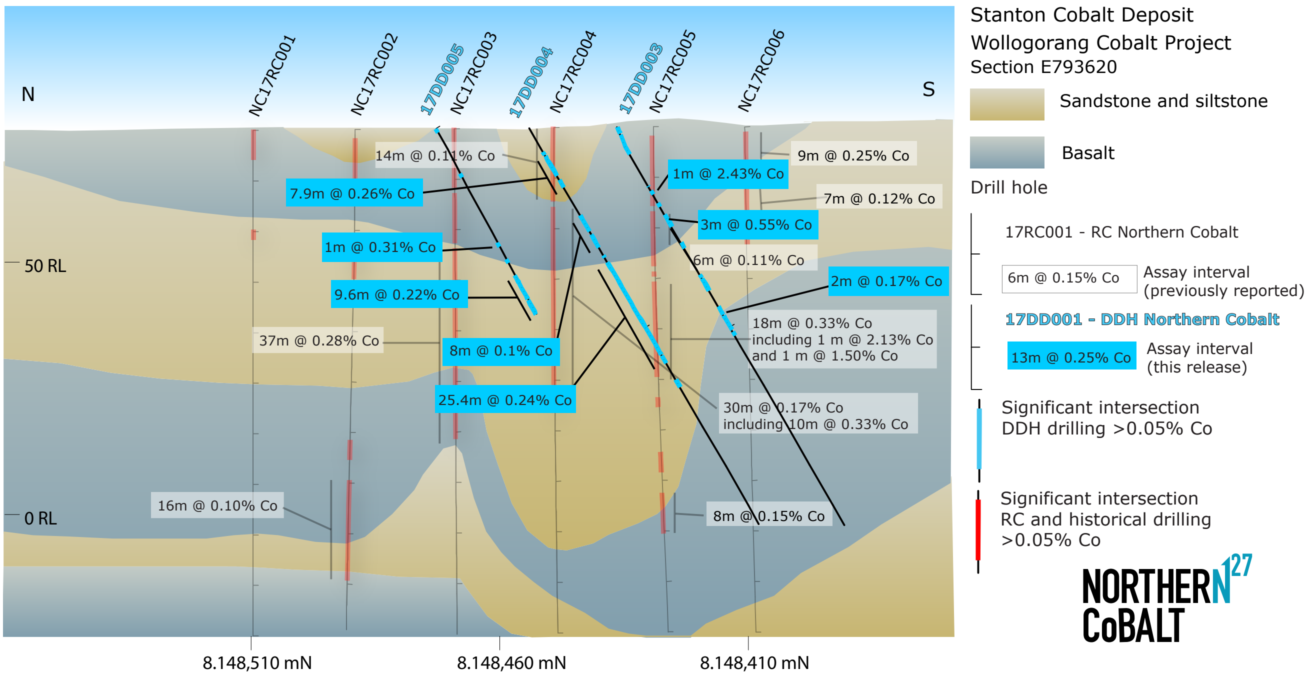

Figure 3 *Section A – showing Northern Cobalt drill holes without historic drill holes.*

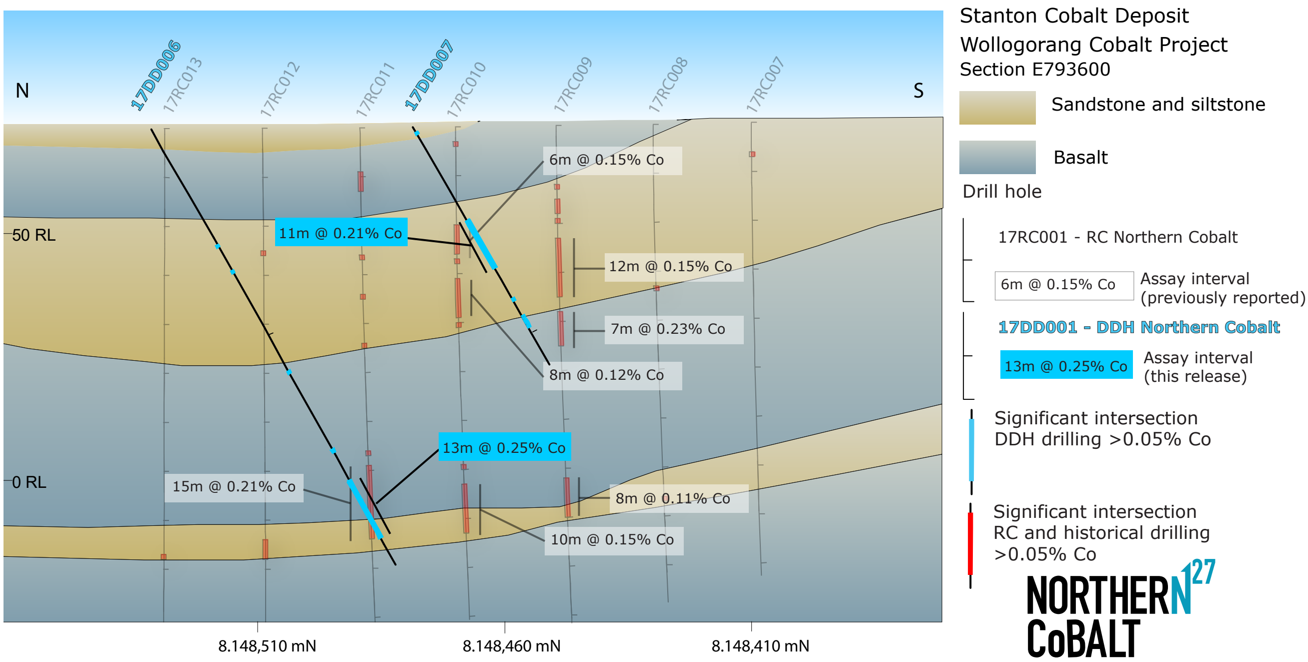

Figure 4 *Section B – showing Northern Cobalt drill holes.*

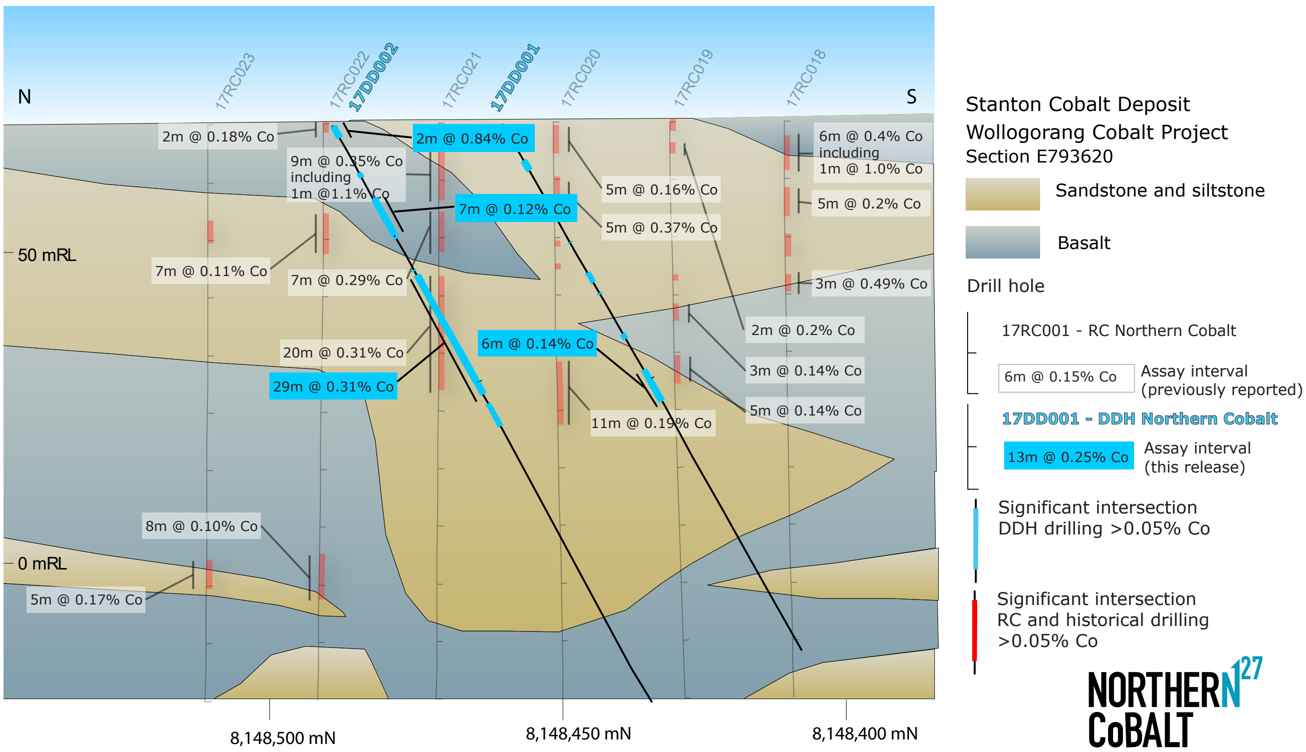

Figure 5 *Section D – showing Northern Cobalt drill holes.*

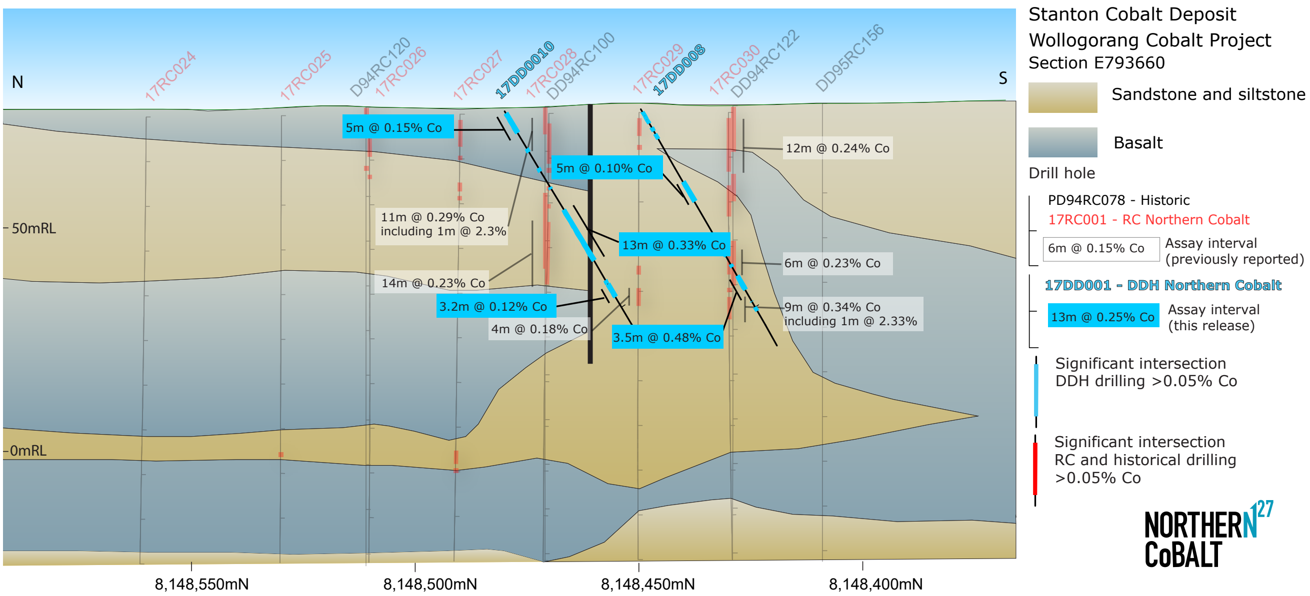

Figure 6 *Section E – showing Northern Cobalt drill holes with historic drill holes.*

Northern Cobalt Ltd commissioned Dr Graeme McDonald of to undertake an independent assessment of the Co-Ni-Cu resource at the Stanton Cobalt Deposit and upgrade it to JORC 2012 compliance following the completion of additional resource drilling by the Company.

The upgraded JORC 2012 compliant Indicated and Inferred Resource comprises 942,000t @ 0.13% Co, 0.06% Ni and 0.12% Cu.

Table 2 Stanton Cobalt Deposit Mineral Resource, reported above a 300 ppm cut-off grade (subject to rounding) and a top cut-off grade of 10,000 ppm Co (1%)

Mineral Resource Estimate for the Stanton Cobalt Deposit – 9th April 2018							
	Oxidation	Tonnes	Co ppm	Ni ppm	Cu ppm	S ppm	Contained Co t
Inferred	Oxide	8,000	500	300	2,100	100	5
	Transition	242,000	800	400	800	4,000	190
Indicated	Oxide	406,000	1,200	500	1,600	100	490
	Transition	286,000	1,800	900	900	4,200	520
Total		942,000	1,300	600	1,200	2,400	1,200

Detailed magnetic survey over the Stanton Cobalt Deposit

The Company has flown a new aeromagnetic and radiometric survey which covers the Stanton Cobalt Deposit and surrounding cobalt prospects at a 25 m flight line spacing in a N-S direction with a terrain clearance of 30 m. It covers over 90 square kilometres of ground, highly prospective for sedimentary hosted cobalt mineralisation. A total of 3,685 line-km of high quality magnetic and radiometric data were acquired by helicopter by Aerosystems Australia Pty Ltd.

The Stanton Cobalt Deposit appears to have a characteristic magnetic signature with the following features:

- The deposit overlies an anomalous magnetic low (blue-purple colour)
- The magnetic low appears to be controlled by a NE-SW trending regional structure
- The deposit looks like it occurs within a structural zone that has been pulled apart (dilatant)
- The magnetic low appears to cross cut a pre-existing magnetic fabric.

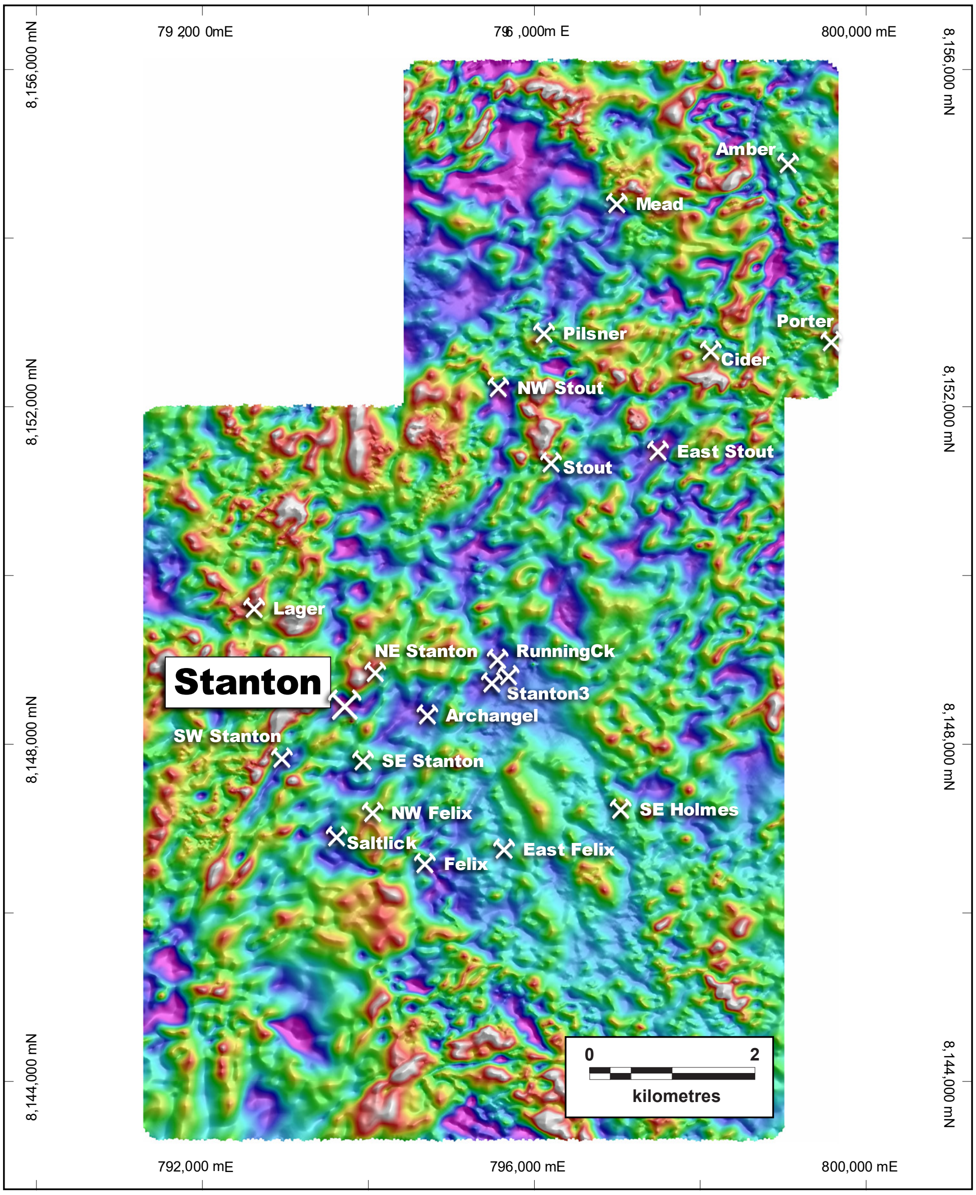

Figure 7 *RTP total magnetic intensity image of the Stanton.*

Infrastructure

The Wollogorang Project is in a semi-remote location (Figure 1). There is, however, the advantage of proximity to two major ports. Bing Bong, the major port servicing the McArthur River Mine, lies approximately 200 km to the north-west and Karumba lies approximately 340 km to the east-south-east across the border in Queensland. A network of maintained unsealed roads connects Wollogorang Station Homestead to Bing Bong via Borroloola and a combination of maintained unsealed roads and all weather sealed roads connect the homestead with Karumba in Queensland. Electricity and water infrastructure is limited in the region and would need to be provisioned.

ARUNTA LITHIUM PROJECT, NT

Northern Cobalt has acquired 100% interest in nine (9) prospective tenements in the Northern Arunta Pegmatite Province, Northern Territory and applications made for four (4) adjoining tenements. The tenements are prospective for lithium and strategic metals, Li-Cs-Ta, REE (La-Ce)-Y-Nb and Co, used in the production of electric vehicles. The acquisition is complementary to the Wollogorang Cobalt Project and allows exploration during the wet season.

These new hard rock lithium tenements in central Australia are also prospective for other strategic metals used in electric vehicles such as the permanent magnets in electric motors and wind generators; typically, lithium-caesium-tantalum pegmatites and associated rare earth elements and niobium can be found in the project area. Ultramafic copper-cobalt (Cu-Co) mineralisation has also been identified in the region which further enhances the attractiveness of this prospective package as cobalt is the company's number one target commodity. The Company has commenced mapping, soils, and rock chipping to work up drill targets in 2018. We see this project as complementary to the advanced Wollogorang Cobalt Project further to the north. It aligns with our company strategy to pursue commodities essential to the renewable future.

Acquisition of the Arunta project

- Northern Cobalt issued 600,000 fully paid ordinary shares to Gempart (NT) Pty Ltd (or nominee) to acquire a 100% interest in the nine tenements
- Complementary project to the advanced Wollogorang Cobalt Project
- Prospective for strategic metals including Li-Cs-Ta, REE (La-Ce)-Y-Nb and Co.

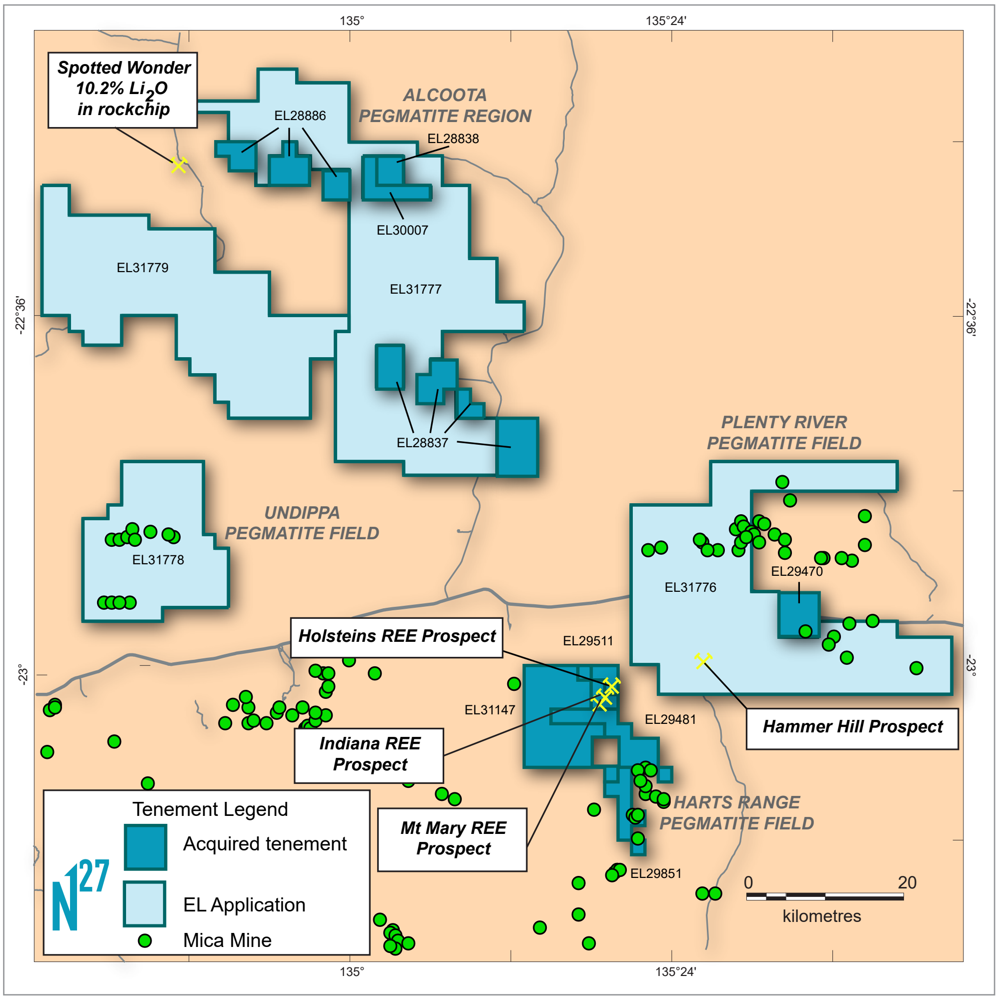

Figure 8 *Tenement locations.*

MINERAL RESOURCE STATEMENT AT 30 JUNE 2017
Stanton Cobalt Mineral Resource, Northern Territory

Weathering	Tonnage (Tonnes)	Cobalt (ppm)	Nikckel (ppm)	Copper (ppm)
Inferred				
Sulphide	180,000	2,000	1,200	900
Oxide	320,000	1,600	700	1,300
TOTAL	500,000	1,700	900	1,100

MINERAL RESOURCE STATEMENT AT 30 JUNE 2018
Stanton Cobalt Mineral Resource, Northern Territory

Weathering	Tonnage (Tonnes)	Cobalt (ppm)	Nikckel (ppm)	Copper (ppm)
Inferred				
Oxide	8,000	500	300	2,100
Transition	242,000	800	400	800
Indicated				
Oxide	406,000	1,200	500	1,600
Transition	286,000	1,800	900	900
TOTAL	942,000	1,300	600	1,200

The information in this report that relates to Mineral Resources at 30 June 2017 is based on, and fairly represents, information and supporting documentation compiled by Mr David Reid, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Reid is an employee of Ravensgate. Mr Reid 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 JORC Code (2012 edition). Mr Reid consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this release that relates to the Estimation and Reporting of Mineral Resources at 30 June 2018 is based on, and fairly represents, information and supporting documentation compiled by Dr Graeme McDonald. Dr McDonald acts as an independent consultant to Northern Cobalt Limited on the Stanton Deposit Mineral Resource estimation. Dr McDonald is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Dr McDonald consents to the inclusion in this report of the contained technical information relating to the Mineral Resource Estimation in the form and context in which it appears.

The information related to the Stanton Project Mineral Resource Estimate at 30 June 2017 was detailed in the market announcement "Prospectus" released on 20 September 2017. Since the announcement of 20 September 2017, the Mineral Resource Estimate has been upgraded per the table above at 30 June 2018 as detailed in the market announcement "Stanton Resource Upgrade Increases Contained Cobalt" released on 9 April 2018. Northern Cobalt confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Northern Cobalt relies on drilling results from accredited laboratories in providing assay results used to estimate Mineral Resources.

The Stanton Project Mineral Resource Estimate at 30 June 2018 has undergone a change of categories with respect to the Stanton Project Mineral Resource Estimate at 30 June 2017. The difference between the two Estimates is a change in category from Sulphide to Transition. A significant amount of both reverse circulation and diamond drilling was undertake on the resource between the announcement of the two resource statements. This drilling added significantly to the understanding of the oxidation state and the mineralogy of the cobalt minerals at depth within the deposit. The lower zone of mineralisation is now interpreted to be a combination of oxide and sulphide cobalt minerals as opposed to being dominated by sulphides. This zone has now been called the Transition zone to account for the significant presence of oxide material in what was previously thought to be a sulphide dominant zone.

The Company ensures that all Mineral Resource estimates are subject to appropriate levels of governance and internal controls. Exploration results are collected and managed by an independent competent qualified geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management. Mineral Resource estimates are prepared by qualified independent Competent Persons. If there is a material change in the estimate of a Mineral Resource, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Persons. The Company reports its Mineral Resources on an annual basis in accordance with JORC Code 2012.


W.D.A.
DD17DD001

Tenement Schedule

At 30 June 2018

Tenement name	Tenement number	Status	Equity
Northern Territory			
WOLLOGORANG			
Karns	EL30496	Granted	100%
Selby	EL30590	Granted	100%
Stanton / Running Creek	EL31272	Granted	100%
Calvert	EL31546	Granted	100%
Stinking Lagoon	EL31547	Granted	100%
Sandy Creek	EL31548	Granted	100%
Camel Creek	EL31549	Granted	100%
Madulgina Creek	EL31550	Granted	100%
ARUNTA			
Alcoota Pegmatite Field	EL28837	Granted	100%
Alcoota Pegmatite Field	EL28838	Granted	100%
Alcoota Pegmatite Field	EL28886	Granted	100%
Plenty River Pegmatite Field	EL29470	Granted	100%
Harts Range Pegmatite Field	EL29481	Granted	100%
Harts Range Pegmatite Field	EL29511	Granted	100%
Harts Range Pegmatite Field	EL29851	Granted	100%
Harts Range Pegmatite Field	EL30007	Granted	100%
Harts Range Pegmatite Field	EL31147	Granted	100%

Directors' Report

Northern Cobalt's Directors have pleasure in submitting their report on the Group for the year ended 30 June 2018.

DIRECTORS

The names and details of Directors in office at any time during the reporting period are:

Leonard Dean – Non-Executive Chairman (appointed 6 March 2017)
BSc Metallurgy, MAICD

Experience and expertise

Mr Dean has over 50 years' experience across various operational, marketing and management roles in the resources industry covering a number of jurisdictions.

Mr Dean has previously held senior roles with BHP Billiton including as Marketing Director Iron Ore and Group General Manager Minerals Marketing. Following his career at BHP Billiton, Mr Dean consulted to a number of companies providing marketing, commercial and technical services to the iron ore industry.

Mr Dean has held a number of board positions including Managing Director of Sesa Goa Ltd, Indian's largest publicly listed iron ore company, Non-Executive Director of WPG Resources Limited and Northern Cobalt Limited.

Other current directorships of listed companies

None

Other directorships held in listed companies in the last three years

WPG Resources Ltd (ASX:WPG) from 20 August 2007 to 30 November 2016.

Interest in shares

292,858 Ordinary Shares held directly and by an entity in which Mr Dean has a beneficial interest.

Interest in options

1,000,000 unquoted options with exercise price of $0.25 and expiry of 21 March 2021.

Michael Schwarz – Managing Director (appointed 6 March 2017)
BSc (Hons) Geology, AIG

Experience and expertise

Mr Schwarz has over 20 years' senior experience in mineral exploration spanning industry and government as a geologist and director of several exploration companies. Mr Schwarz has extensive experience both at a senior corporate level and in the hands-on roles of a geologist. He has high level negotiation and communication skills, and has managed competing stakeholder interests successfully, specifically balancing the needs of shareholders, land owners, corporate financiers, joint venture partners and government to ensure a positive outcome for his organisations. Mr Schwarz has significant technical knowledge and experience in South Australian and Northern Territory geology and mineralisation styles and has led research projects with State Governments, Geoscience Australia and various universities.

As a founding Director and Executive Director Exploration for Core Exploration Limited (ASX:CXO), Mr Schwarz established exploration programs for iron-oxide copper-gold (IOCG) mineralisation in the Olympic Dam Copper-Gold Province in South Australia and in silver and base metal mineralisation in the Arunta Inlier in the Northern Territory.

As Managing Director of Monax Mining Ltd (ASX:MOX), Mr Schwarz was responsible for building a solid portfolio of highly prospective tenements with a focus on iron-oxide copper-gold and uranium. This strong foundation enabled the company to list on the ASX in 2005.

Mr Schwarz was also a founding Director of Marmota Energy Ltd (ASX:MEU), a role he performed concurrently while Managing Director of Monax Mining Ltd, where Mr Schwarz built a strong portfolio of prospective uranium tenements and successfully managed the company's oversubscribed listing on the ASX.

Other current directorships of listed companies
None

Other directorships held in listed companies in the last three years
Core Exploration Limited (ASX:CXO) from 10 September 2010 to 28 February 2015.

Interest in shares
214,286 Ordinary Shares held directly and by an entity in which Mr Schwarz has a beneficial interest.

Interest in options
3,000,000 unquoted options with exercise price of $0.25 and expiry of 21 March 2021.

Duncan Chessell – Executive Director (appointed 6 March 2017)
BSc, GAICD, MAusIMM

Experience and expertise
Mr Chessell is a geologist with over 20 years' experience in business and in oil, gas and mineral exploration. He was Managing Director of Endeavour Group from 2010 to 2016 during which time he raised over $5,000,000 and made new gold discoveries at the Double Dutch, Minos and Ariadne prospects in the Gawler Craton in South Australia.

He is a Graduate of the Australian Institute of Company Directors and a Member of the Australian Institute of Mining & Metallurgy. He was the founding Chairman of the Himalayan Development Foundation Australia Inc, a not-for-profit entity delivering assistance to the people of Nepal. He is currently a non-executive Director of Coolabah Group, the project Vendor of the Wollogorang Project. Coolabah Group is a project generation team which advances mineral exploration projects towards development.

Mr Chessell also has a decade of international business experience in adventure tourism, founding companies DCXP and PNG Expeditions in New Zealand, Australia and Papua New Guinea. He is also a triple Mt Everest summiter and leader of numerous adventures including 'world firsts' in Antarctica and has guided the "Seven Summits" – the highest peak on each continent.

Other current directorships of listed companies
None

Other directorships held in listed companies in the last three years
None

Interest in shares
4,908,750 Ordinary Shares held directly and by an entity in which Mr Chessell has a beneficial interest.

Interest in options / performance shares
697,500 unquoted options with exercise price of $0.25 and expiry of 21 March 2021.

1,800,000 class A performance shares subject to exploration based performance hurdles expiring on 6 September 2022.

658,125 class B performance shares subject to exploration based performance hurdles expiring on 6 September 2022.

Andrew Shearer – Non-executive Director (appointed 6 March 2017)
BSC (Geology), Hons (Geophysics), MBA

Experience and expertise
Mr Shearer is an experienced Geologist and has been involved in the mining and finance industries for 24 years. With a geoscientific and finance background he has experience in the resources industry from exploration through to development. As a Resources Analyst, Mr Shearer has been exposed to the global resources sector covering small to mid-cap resource stocks across a broad suite of commodities. Prior to moving into the finance sector he spent over a decade working in the minerals exploration industry in technical and senior management roles. Mr Shearer brings to Northern Cobalt strong professional skills and experiences in equity research, investor relations, valuations, supply and demand analysis and capital markets.

Mr Shearer's experience includes roles with PAC Partners Pty Ltd, PhillipCapital, Austock, South Australian Government, Mount Isa Mines Limited and Glengarry Resources Limited. He is currently Senior Resource Analyst at PAC Partners Pty Ltd.

Other current directorships of listed companies
Andromeda Metals Limited (ASX:ADN) (from 27 October 2017)

Other directorships held in listed companies in the last three years
None

Interest in shares
840,000 Ordinary Shares held directly and by an entity in which Mr Shearer has a beneficial interest.

Interest in options / performance shares
450,000 unquoted options with exercise price of $0.25 and expiry of 21 March 2021.

800,000 class A performance shares subject to exploration based performance hurdles expiring on 6 September 2022.

325,000 class B performance shares subject to exploration based performance hurdles expiring on 6 September 2022.

COMPANY SECRETARY

Jaroslaw (Jarek) Kopias – Company Secretary / Chief Financial Officer
(appointed 6 March 2017)
BCom, CPA, AGIA, ACIS

Mr Kopias is a Certified Practising Accountant and Chartered Secretary. Mr Kopias has over 20 years' industry experience in a wide range of financial and secretarial roles within the resources industry. As an accountant, Mr Kopias worked in numerous financial roles for companies, specialising in the resource sector – including 5 years at WMC Resources Limited's Olympic Dam operations, 5 years at Newmont Mining Corporation - Australia's corporate office and 5 years at oil and gas producer and explorer, Stuart Petroleum Limited (prior to its merger with Senex Energy Limited).

He is currently the CFO and Company Secretary of Core Exploration Limited (ASX: CXO) and Company Secretary of Iron Road Limited (ASX: IRD) and Lincoln Minerals Limited (ASX: LML). Mr Kopias has held similar roles with other ASX entities in the past and has other business interests with numerous unlisted entities.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period was the admission to the official list maintained by ASX on 20 September 2017 and commencement of trading on 22 September 2017 having raised $4.2 million at IPO. Immediately following listing, the Group commenced resource and exploration drilling.

Northern Cobalt's ongoing principal activities are the exploration for cobalt and other battery metals in the Northern Territory and Queensland.

OPERATING AND FINANCIAL REVIEW

The net loss of the Group for the period after providing for income tax amounted to $1,122,572 (2017: $296,046) primarily due to administrative costs and employee benefit expense and preliminary exploration expenditure not capitalised.

During the year, the Group raised a further $3.58 million through a share placement and share purchase plan to progress its newly acquired exploration tenements.

The risks associated with the projects listed below are those common to exploration activities generally. Exploration targets are conceptual in nature such that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

The main environmental and sustainability risks that Northern Cobalt currently faces are through ground disturbance when undertaking sampling or drilling activities. The Group's approach to exploration through environmental, heritage and other clearances allows these risks to be minimised.

The financial impact of the projects listed below is a requirement for further expenditure where successful exploration leads to follow-up activities. All exploration activities may be funded by the Company's own cash reserves or through joint venture arrangements.

Further technical detail on each of the prospects listed below is in the Review of Operation in the Annual Report.

The Wollogorang Cobalt Project, as detailed in the Group's IPO prospectus, covers 1,131 km^2 of pastoral land, wholly within NT pastoral lease No 1113, Wollogorang Station, in the north-eastern corner of the Northern Territory – NT Exploration Licences EL30496, EL30590 and EL31272. The Project area lies 15 km west of the Queensland border and 80 km north of Wollogorang Station Homestead. The Project is approximately 1,000 km by road from Darwin and a similar distance from Cairns in Queensland. The MacArthur River Mine is approximately 200 km to the west and the large mining service centre of Mount Isa lies 500 km to the southeast in Queensland. Other smaller service centres are Borroloola and Burketown, 150 km to the west and east respectively.

Since listing on ASX, Northern Cobalt has been granted a further five exploration licences surrounding the Wollogorang Cobalt Project in the Northern Territory and has applied for two adjacent exploration licences in Queensland.

The Stanton Cobalt Mineral Resource Estimate has been upgraded since initial listing on ASX on 20 September 2017 in the market announcement "Stanton Resource Upgrade Increases Contained Cobalt" released on 9 April 2018.

The future strategy at the Wollogorang Cobalt Project is for Northern Cobalt to focus on increasing the global Mineral Resource inventory and to assess further exploration targets in the vicinity of the resource.

In December 2017, Northern Cobalt acquired nine exploration licences in the Northern Arunta Pegmatite Province, Northern Territory and applied for four adjoining tenements prospective for lithium and rare earth elements. The acquisition was funded via the issue of 600,000 shares in the Company and resulted in an exploration area of approx. 399 km^2 and applications for a further 2,319 km^2.

The future strategy at the Arunta Lithium Project is for Northern Cobalt to focus on assessing exploration targets in the region.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the reporting period that has not otherwise been disclosed in this report or the financial statements.

DIVIDENDS

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

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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS

The Group continues its exploration program focussed on battery metals and will assess other complementary projects.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the reporting period and the number of meetings attended by each Director is as follows:

	Board meetings		Audit and Risk Committee meetings	
Directors	Meetings attended	Meetings entitled to attend	Meetings attended	Meetings entitled to attend
L A Dean	8	8	1	1
M P Schwarz	8	8	1	1
D C Chessell	8	8	1	1
A N Shearer	8	8	1	1

At this time there are no separate Board committees, other than the Audit and Risk Committee, as all matters usually delegated to such committees are handled by the Board as a whole.

UNISSUED SHARES UNDER OPTION

Unissued ordinary Shares of Northern Cobalt under option at the date of this report are:

Date options granted	Expiry date	Exercise price of options	Number under option
21 March 2017	21 March 2019	$0.25	6,450,000
4 September 2017	4 September 2021	$0.25	5,800,000
TOTAL UNQUOTED OPTIONS			12,250,000
14 September 2017	14 September 2019	$0.20	6,323,337
TOTAL QUOTED OPTIONS			6,323,337
TOTAL OPTIONS ON ISSUE			18,573,337

Options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the year 450,000 unlisted options were issued to the Company Secretary as remuneration.

PERFORMANCE SHARES

Upon completion of the acquisition of Mangrove Resources Pty Ltd, and admission to the official list maintained by ASX, the Company issued 13,175,000 class A and class B performance shares as detailed in the table below:

Class of performance shares	Grant date	Expiry date	Exercise price of shares	Number on issue
Class A	4 September 2017	4 September 2022	$Nil	9,600,000
Class B	4 September 2017	4 September 2022	$Nil	3,575,000
TOTAL PERFORMANCE SHARES				13,175,000

There were no performance shares converted or cancelled during the reporting period and no vesting conditions were met during the reporting period.

Terms associated with performance shares:

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

    a) (**Conversion on achievement of Class A Milestone**)

    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, 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 5:00 pm on the date that is one 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, 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 5:00 pm on the date that is one 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

If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:

a) the Milestone will be deemed to have been achieved; and

b) 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

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 ASX 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 ASX 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.

REMUNERATION REPORT (AUDITED)

The Directors of Northern Cobalt Limited present the Remuneration Report in accordance with the *Corporations Act 2001* (Cth) and the *Corporations Regulations 2001* (Cth).

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share-based remuneration

E. Other information

A. Principles used to determine the nature and amount of remuneration

The Group's remuneration policy has been designed to align objectives of key management personnel with objectives of shareholders and the business, by providing a fixed remuneration component and offering specific long-term incentives through the issue of options and / or performance rights. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel and Directors to run and manage the Group. The key management personnel of the Group are the Board of Directors, Company Secretary and Executive Officers.

The Board's policy for determining the nature and amount of remuneration for its members and key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and key management personnel, was developed by the Board. All key management personnel are remunerated on a consultancy or salary basis based on services provided by each person. The Board annually reviews the packages of key management personnel by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses, options and performance rights. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.
- Key management personnel are also entitled to participate in the Company's Share Option Plan and Performance Share Plan as disclosed to shareholders in the Company's IPO prospectus and announced on ASX.
- The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $400,000). Fees for non-executive Directors are not linked to the performance of the Group, except in relation to exploration based KPI performance shares issued as part of the IPO process. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the Company's Share Option Plan and Performance Share Plan, which may exist from time to time.

During the reporting period, performance reviews of senior executives were not conducted. There were no remuneration consultants used by the Group during the period.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board will have regard to a number of key performance metrics such as profitability, shareholders' equity and the Company's share price.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and other key management personnel. Currently, this is facilitated through the issue of options and/or performance rights to key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

Voting and comments made at the Company's 2017 Annual General Meeting

Northern Cobalt received 100% "yes" votes on its remuneration report for the 2017 financial year. The Group did not receive any specific feedback at the AGM on its remuneration report.

B. Details of remuneration

Details of the nature and amount of each element of the remuneration of the Group's key management personnel (KMP) are shown below:

Director and other key management personnel remuneration

2018	Short term benefits			Post-employment benefits	Share-based payments		
	Salary and fees $	Contract payments $	Other benefits $	Superannuation $	Options[1] $	Total $	At risk[3] %
Non-executive directors							
L Dean	-	46,833	-	-	-	46,833	-
A Shearer	24,949	-	-	2,370	-	27,319	-
Executive directors							
M Schwarz[4]	137,587	-	-	13,071	-	150,658	-
D Chessell[5]	103,189	-	-	9,803	-	112,992	-
Other key management personnel							
J Kopias[2]	-	98,663	-	-	53,410	152,073	35
TOTAL	265,725	145,496	-	25,244	53,410	489,875	

1 *Options issued in October 2017.*

2 *Contract payments are made to Kopias Consulting – an entity associated with Mr Kopias.*

3 *Represents share based payments linked to performance conditions.*

4 *Remuneration commenced on 20 September 2017 – upon admission to ASX.*

5 *Remuneration as non-executive director commenced on 20 September 2017 – upon admission to ASX – and on 15 December 2017 as executive director.*

2017		Short term benefits		Post-employment benefits	Share-based payments		
	Salary and fees $	Contract payments $	Other benefits $	Superannuation $	Options[6] $	Total $	At risk[8] %
Non-executive directors							
L Dean	-	-	-	-	741	741	-
D Chessell	-	-	-	-	517	517	-
A Shearer	-	-	-	-	334	334	-
Executive directors							
M Schwarz	-	-	-	-	2,224	2,224	-
Other key management personnel							
J Kopias[7]	-	-	-	-	-	-	-
Total	-	-	-	-	3,816	3,816	

6 *Options issued in 2017.*

7 *Contract payments are made to Kopias Consulting – an entity associated with Mr Kopias.*

8 *Represents share based payments linked to performance conditions.*

All KMP were appointed on 6 March 2017. All directors were issued with vested options during the 2016/17 year.

C. Service agreements

Remuneration and other terms of employment for the Executive Directors and other KMP are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below:

Name	Base remuneration	Unit of measure	Term of agreement	Notice period	Termination benefits
M Schwarz Managing Director	$192,720	Salaried employee	Indefinite	Six months	Six months
D Chessell Executive Director	$192,720	Salaried employee	Indefinite	Six months	Six months
J Kopias CFO & Company Secretary	Variable	Hourly rate contract	Unspecified	One month	None

D. Share-based remuneration

Details of options convertible to ordinary shares in the Company that were granted as remuneration to each KMP during the year are set out below:

2018 Granted	Number granted	Grant date	Fair value at grant date		First vesting date	Last vesting date
			per option	Full value $		
J Kopias	450,000	6/10/2017	$0.11869	53,410	6/10/2017	21/03/2021
TOTAL	450,000					

Share holdings of key management personnel

The number of ordinary shares of Northern Cobalt Limited held, directly, indirectly or beneficially, by each Director and Company Secretary, including their personally-related entities as at reporting date:

2018 Directors and company secretary	Held at 30 June 2017	Movement during year	Options / rights exercised	Held at 30 June 2018
L Dean	100,000	142,858[1]	50,000	292,858
M Schwarz	200,000	14,286[2]	-	214,286
D Chessell	4,908,750	-	-	4,908,750
A Shearer	840,000	-	-	840,000
J Kopias	400,000	-	-	400,000
TOTAL	6,448,750	157,144	50,000	6,655,894

1 *Movement represents participation in the Company's IPO (100,000 shares) and participation in the Company's SPP (42,858 shares).*

2 *Movement represents participation in the Company's SPP.*

Option holdings of key management personnel

The number of options over ordinary shares in Northern Cobalt Limited held, directly, indirectly or beneficially, by each specified Director and KMP, including their personally-related entities as at reporting date, is as follows:

Unquoted options

2018 Directors and company secretary	Held at 30 June 2017	Granted during year[1]	Disposed during year	Exercised	Held at 30 June 2018	Vested and exercisable at 30 June 2018
L Dean	1,000,000	-	-	-	1,000,000	1,000,000
M Schwarz	3,000,000	-	-	-	3,000,000	3,000,000
D Chessell	697,500	-	-	-	697,500	697,500
A Shearer	450,000	-	-	-	450,000	450,000
J Kopias	-	450,000	-	-	450,000	450,000
TOTAL	5,147,500	450,000	-	-	5,597,500	5,597,500

1 *Movement represents issue of remuneration options.*

Quoted options

2018 Directors	Held at 30 June 2017	Granted during year[1]	Disposed during year	Exercised	Held at 30 June 2018	Vested and exercisable at 30 June 2018
L Dean	-	50,000	-	(50,000)	-	-
TOTAL	-	50,000	-	(50,000)	-	-

1 *Movement represents participation in the Company's IPO.*

Performance share holdings of key management personnel

The number of performance shares over ordinary shares in Northern Cobalt Limited held, directly, indirectly or beneficially, by each specified Director and KMP, including their personally-related entities as at reporting date, is as follows:

2018 Directors	Held at 30 June 2017	Acquired during Year[1]	Disposed during year	Exercised	Held at 30 June 2018	Vested and exercisable at 30 June 2018
Class A						
D Chessell	-	1,800,000	-	-	1,800,000	-
A Shearer	-	800,000	-	-	800,000	-
Class B						
D Chessell	-	658,125	-	-	658,125	-
A Shearer	-	325,000	-	-	325,000	-
TOTAL	-	3,583,125	-	-	3,583,125	-

1 *Issued upon completion of acquisition of Mangrove Resources Pty Ltd on 6 September 2017.*

E. Other information

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.

Duncan Chessell

Northern Cobalt has entered into an agreement with Coolabah Resources Pty Ltd to acquire all shares in Mangrove Resources Pty Ltd. Mr Chessell is a director and ultimate shareholder of both companies. The transaction is further detailed in note 8.

Northern Cobalt has entered into an agreement with Coolabah Resources Pty Ltd to provide consultancy services related to project management, geological services and business management services. The agreement commenced on 14 April 2017 at a rate of $11,500 per month and ceasing on 30 June 2018. During the year $138,000 + GST has been paid in relation to these services. The total amount of fees due to Coolabah Resources Pty Ltd as at 30 June 2018 was $Nil (2017: $Nil).

Northern Cobalt has sought the provision of consultancy services and hire of a vehicle and equipment from Magill Consulting Pty Ltd – Mr Chessell is a director and shareholder of the company. During the year $33,626 + GST has been paid in relation to these services. The total amount of fees due to Magill Consulting Pty Ltd as at 30 June 2018 was $Nil (2017: $Nil).

Andrew Shearer

Northern Cobalt has entered into an agreement with PAC Partners Pty Ltd, the employer of Mr Shearer, as sole lead manager of the Company's listing on ASX and in relation to broker support services. During the year PAC has been paid fees of $423,462 + GST. The total amount of fees due to PAC Partners Pty Ltd as at 30 June 2018 was $10,000 (2017: $Nil).

Jarek Kopias

Kopias Consulting, a business of which Jarek Kopias is a Director, was paid consulting fees in relation to the year totalling $98,663 (2017: $Nil) and is disclosed in the remuneration report. The total amount of fees due to Kopias Consulting as at 30 June 2018 was $12,188 (2017: $Nil).

END OF AUDITED REMUNERATION REPORT

ENVIRONMENTAL LEGISLATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Group's operations are subject to various environmental regulations under the Commonwealth and State Laws of Australia. The majority of its activities involve low level disturbance associated with exploration drilling programs. Approvals, licences, hearings and other regulatory requirements are performed, as required, by the Group's management for each permit or lease in which the Group has an interest.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the reporting year, the Company paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all officers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified, or agreed to indemnity any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

NON-AUDIT SERVICES

During the reporting period Grant Thornton performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the reporting period by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group and its related practices for audit and non-audit services provided during the reporting period are set out in note 14 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* (Cth) is included on page 33 of this Financial Report and forms part of this Directors' Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave 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.

CORPORATE GOVERNANCE

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its development status.

A summary of the Company's ongoing corporate governance practices is set out annually in the Company's Corporate Governance Statement and can be found on the Company's website at *www.northerncobalt.com*.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Signed in accordance with a resolution of the Directors.

Michael Schwarz
MANAGING DIRECTOR

Adelaide

17 August 2018

Auditor's Independence Declaration

Grant Thornton Audit Pty Ltd
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5000

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Auditor's Independence Declaration

To the Directors of Northern Cobalt Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Northern Cobalt Ltd for the year ended 30 June 2018, 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, 17 August 2018

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	Consolidated 30 June 2018 $	Company Period to 30 June 2017 $
Interest income		45,383	682
Other income		11,000	-
Broker and investor relations		(281,515)	-
Employee benefits expense	17	(377,898)	(8,645)
Exploration expense	7	(118,581)	(85,041)
Depreciation	9	(29,661)	(211)
Other expenses	2	(371,300)	(202,831)
Profit / (loss) before tax		(1,122,572)	(296,046)
Income tax (expense) / benefit	3	-	-
Loss for the year from continuing operations attributable to owners of the parent		(1,122,572)	(296,046)
Other comprehensive income attributable to owners of the parent		-	-
Total comprehensive loss for the year attributable to owners of the parent		(1,122,572)	(296,046)
Earnings per share from continuing operations			
Basic and diluted profit / (loss) – cents per share	4	(3.17)	(3.26)

The comparative financial information is from 6 March 2017 (the date of registration of the Company) to 30 June 2017.

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

Statement of Financial Position

As at 30 June 2018

	Notes	Consolidated 30 June 2018 $	Company 30 June 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	5	3,991,941	327,885
Trade and other receivables	6	192,131	129,376
TOTAL CURRENT ASSETS		4,184,072	457,261
Non-current assets			
Exploration and evaluation expenditure	7	4,467,108	-
Financial asset	8	-	28,000
Plant and equipment	9	181,152	1,061
Total non-current assets		4,648,260	29,061
TOTAL ASSETS		8,832,332	486,322
LIABILITIES			
Current liabilities			
Trade and other payables	10	551,495	171,751
Employee provisions		20,499	-
Total current liabilities		571,994	171,751
TOTAL LIABILITIES		571,994	171,751
NET ASSETS		8,260,338	314,571
EQUITY			
Issued capital	11	8,958,098	606,170
Reserves	12	720,858	4,447
Accumulated losses		(1,418,618)	(296,046)
TOTAL EQUITY		8,260,338	314,571

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

Statement of Changes in Equity

For the year ended 30 June 2018

2018	Issued capital $	Option reserve $	Accumulated losses $	Total equity $
Opening balance	606,170	4,447	(296,046)	314,571
IPO shares	4,213,500	-	-	4,213,500
Fair value of shares issued for the acquisition of projects	954,000	-	-	954,000
Share placement and share purchase plan	3,581,548	-	-	3,581,548
Exercise of quoted options	842,083	-	-	842,083
Fair value of shares issued in consideration for services	38,500	-	-	38,500
Issue costs (including IPO promoter options)	(1,277,703)	663,001	-	(614,702)
KMP remuneration options	-	53,410	-	53,410
Transactions with owners	8,351,928	716,411	-	9,068,339
Comprehensive income:				
Total profit or loss for the reporting year	-	-	(1,122,572)	(1,122,572)
Total other comprehensive income for the reporting year	-	-	-	-
Balance 30 June 2018	8,958,098	720,858	(1,418,618)	8,260,338

2017	Issued capital $	Option reserve $	Accumulated losses $	Total equity $
As at registration – 6 March 2017	-	-	-	-
Founder and seed shares	643,070	-	-	643,070
Capital raising costs	(36,900)	-	-	(36,900)
Founder and KMP options	-	4,447	-	4,447
Transactions with owners	606,170	4,447	-	610,617
Comprehensive income:				
Total profit or loss for the reporting period	-	-	(296,046)	(296,046)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 30 June 2017	606,170	4,447	(296,046)	314,571

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

Statement of Cash Flows

For the year ended 30 June 2018

	Notes	30 June 2018 $	30 June 2017 $
Operating activities			
Interest received		40,247	682
Other receipts		11,000	-
Payments to suppliers and employees		(711,490)	(26,087)
Net cash used in operating activities	13	(660,243)	(25,405)
Investing activities			
Acquisition of financial assets		-	(28,000)
Payments for capitalised exploration expenditure		(3,393,768)	(85,041)
Payments for plant and equipment		(224,487)	(1,061)
Net cash used in investing activities		(3,618,255)	(114,102)
Financing activities			
Proceeds from issue of share capital		7,795,047	643,070
Proceeds from issue of exercise of options		842,083	-
Payments for capital raising costs		(694,576)	(175,678)
Net cash from financing activities		7,942,554	467,392
Net change in cash and cash equivalents		3,664,056	327,885
Cash and cash equivalents, beginning of reporting period		327,885	-
Cash and cash equivalents, end of year	5 (a)	3,991,941	327,885

The comparative financial information is from 6 March 2017 (the date of registration of the Company) to 30 June 2018.

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

Notes to the Financial Statements

For the year ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial statements of the Group 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). Northern Cobalt Ltd is a listed public company, registered and domiciled in Australia. Northern Cobalt Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial statements for the reporting period ended 30 June 2018 were approved and authorised by the Board of Directors on 17 August 2018.

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.

Comparatives

The comparative information is for the period 6 March 2017 to 30 June 2017 as the Company was registered on 6 March 2017.

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

a) Principles of consolidation

Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2018. Subsidiaries are all entities (including structured entities) over which the Group control. The Group controls an entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is fully transferred to the Group. They are deconsolidated from the date that control ceases. All subsidiaries have a reporting date of 30 June.

A list of controlled entities is contained in note 18 to the Financial Statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Profit or loss of subsidiaries acquired or disposed of during the reporting period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) Operating segments

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 Group 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.

c) 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).

d) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to profit or loss during the reporting period in which they were incurred.

Depreciation is calculated using the diminishing value method to allocate asset costs over their estimated useful lives, as follows:

Exploration equipment	6 years
Office equipment	5 years
IT equipment	3 years

The assets residual values and useful lives are reviewed and adjusted at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. The method was changed from the straight-line method in the prior year.

e) 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.

Accumulated costs, in relation to an abandoned area, are written off in full against profit in the period in which the decision to abandon the area is made.

f) 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 Group 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 effective interest method. 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. 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 Group assesses whether there is objective evidence that a financial instrument has been impaired.

g) Impairment of assets

At each reporting date, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h) 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 Group 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 reporting 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.

i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group 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.

j) 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 Group 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 Group 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.

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

k) 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.

l) Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease. All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

n) Share-based payments

The Group has provided payment to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black and Scholes methodology depending on the nature of the option terms.

The Black and Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of options that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

o) Employee benefits

The Group provides post-employment benefits through various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result on the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of the reporting period. Annual leave liability is still presented as a current liability for presentation purposes under AASB 101 *Presentation of Financial Statements*.

p) 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.

q) 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 Group.

i) Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group 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 Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors with reference to quoted market prices or using the Black-Scholes valuation method taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in note 17. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

r) Adoption of the new and revised accounting standards

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position.

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

The accounting standards that have not been early adopted for the year ended 30 June 2018 but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods but are considered insignificant to the Group.

Standard / Interpretation	Nature of change	Effective for annual periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments'	New requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially changed approach to hedge accounting.	1 January 2018	30 June 2019
AASB 15 'Revenue from contracts with customers'	AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: • establishes a new revenue recognition model • changes the basis for deciding whether revenue is to be recognised over time or at a point in time • provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) • expands and improves disclosures about revenue.	1 January 2018	30 June 2019
AASB 16 'Leases'	Requires all leases to be accounted for 'on-balance sheet' for lessees other than short-term and low value asset leases.	1 January 2019	30 June 2020

We do not expect these accounting standards will have any material impact on our financial results upon adoption except for AASB 16 'Leases' that will result in the recognition of the Group's office lease on the balance sheet.

2. ADMINISTRATION COSTS

	2018 $	2017 $
Compliance	76,529	12,305
Office expenses	100,547	667
Legal, insurance and registry	65,951	11,429
IPO costs expensed	35,378	173,387
Other expenses	92,895	5,043
Total other expenses	371,300	202,831

3. INCOME TAX BENEFIT / (LOSS)

	2018 $	2017 $
a) The components of income tax expense comprise:		
Current income tax expense / (benefit)	-	-
b) The prima facie tax loss before income tax is reconciled to the income tax (benefit) / expense as follows:		
Net gain / (loss)	(1,122,572)	(296,046)
Income tax rate	27.5%	27.5%
Prima facie tax benefit on loss from activities before income tax	(308,707)	(81,413)
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	(958,405)	32,783
Deferred tax asset not realised as recognition criteria not met	1,267,112	48,630
Subtotal	-	-
c) Deferred tax assets have not been recognised in respect of the following:		
Deferred tax liabilities	2,745,995	173,203
Deferred tax asset not recognised	755,149	47,631

A net deferred tax asset of $755,149 (2017: $47,631) has not been recognised as it is not probable that within the immediate future that taxable profits will be available against which temporary differences and tax losses can be utilised.

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision of income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4. 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:

	2018 \#	2017 \#
Weighted average number of shares used in basic earnings per share	35,463,593	9,076,923
Weighted average number of shares used in diluted earnings per share	35,463,593	9,076,923
Profit / (loss) per share – basic and basic (cents)	(3.17)	(3.26)

There were 31,748,337 options and performance shares outstanding at the end of the year (2017: 6,000,000) that have not been taken into account in calculating diluted EPS due to their effect being anti-dilutive.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	2018 $	2017 $
Cash at bank and in hand	3,991,941	327,885
Cash and cash equivalents	3,991,941	327,885

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	3,991,941	327,885

6. TRADE AND OTHER RECEIVABLES

Other current assets include the following:

	2018 $	2017 $
Prepaid IPO costs	-	126,794
Exploration bond deposits	137,007	-
GST receivable	41,722	2,582
Other current assets	13,402	-
Total receivables	192,131	129,376

No receivables are considered past due and / or impaired.

7. EXPLORATION AND EVALUATION EXPENDITURE

	2018 $	2017 $
Opening balance	-	-
Expenditure on exploration during the year/ period	3,503,897	85,041
Acquisition of projects[1] – refer note 8	1,053,792	
Transfer of prior year expenditure classified as financial assets	28,000	-
Exploration expenditure expensed	(118,581)	(85,041)
Closing balance	4,467,108	-

1 *Includes fair value of share based payments detailed in note 8 of $954,000 as well as stamp duty and other incidental costs of acquisition.*

Exploration expenditure incurred during the year relates to preliminary exploration on mineral licences to be acquired.

8. FINANCIAL ASSET

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

The fair value of the acquisition of Mangrove was 3,510,000 shares in the Company at $0.20 per share (IPO share issue price) totalling $702,000. This amount accounted for the three exploration licences acquired upon ASX listing.

During the year, Northern Cobalt acquired nine exploration licences in the Arunta region of the Northern Territory. The fair value of the acquisition of these exploration licences was 600,000 shares in the Company at $0.42 per share totalling $252,000.

9. PLANT AND EQUIPMENT

2018	Exploration equipment $	Office equipment $	Software and IT equipment $	Total $
Gross carrying amount				
Opening balance	-	-	1,272	1,272
Additions	128,584	19,793	76,110	224,487
Closing balance	128,584	19,793	77,382	225,759
Depreciation and impairment				
Opening balance	-	-	(211)	(211)
Depreciation[1]	(14,735)	(2,154)	(27,507)	(44,396)
Closing balance	(14,735)	(2,154)	(27,718)	(44,607)
Carrying amount 30 June	113,849	17,639	49,664	181,152

1 *Exploration equipment depreciation is charged to exploration assets. The remaining depreciation of $29,661 is charged to the statement of profit or loss.*

2017	Software $	Total $
Gross carrying amount		
Opening balance	-	-
Additions	1,272	1,272
Closing balance	1,272	1,272
Depreciation and impairment		
Opening balance	-	-
Depreciation	(211)	(211)
Closing balance	(211)	(211)
Carrying amount 30 June	1,061	1,061

10. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Trade creditors	384,809	30,060
Payroll liabilities	29,592	1,050
Accrued expenses	137,094	140,641
Total trade and other payables	551,495	171,751

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

11. ISSUED CAPITAL

	2018 $	2017 $
a) Issued and paid up capital		
Fully paid ordinary shares	8,958,098	606,170
	8,958,098	606,170

	Number	$
b) Movements in fully paid shares		
Balance at registration - 6 March 2017	-	-
Capital issued	11,000,000	643,070
Capital raising costs	-	(36,900)
Balance as 30 June 2017	11,000,000	606,170
Initial Public Offering	21,067,500	4,213,500
Fair value of shares issued for the acquisition of projects	4,110,000	954,000
Exercise of quoted options	4,210,413	842,083
Fair value of shares issued in consideration for services	192,500	38,500
Share placement	8,568,674	2,999,036
Share purchase plan	1,664,319	582,512
Capital raising costs	-	(1,277,703)
Balance as 30 June 2018	50,813,406	8,958,098

The share capital of Northern Cobalt 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 Northern Cobalt 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 Group's capital by assessing the Group'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 Group's capital is shown as issued capital in the statement of financial position.

12. RESERVES

Share based payments are in line with the Northern Cobalt Ltd remuneration policy. Listed below are summaries of options granted:

Share option reserve	Number of options	$	Weighted average exercise price
Balance as at registration - 6 March 2017	-	-	-
Granted	6,000,000	4,447	$0.25
Lapsed	-	-	-
Balance at 30 June 2017	6,000,000	4,447	$0.25
Granted – IPO shareholders	10,533,750	-	$0.20
Granted – IPO promoters	5,800,000	663,001	$0.25
Granted – KMP	450,000	53,410	$0.25
Exercised	(4,210,413)	-	$0.20
Balance at 30 June 2018	18,573,337	720,858	$0.23

All options vested upon issue except as stated above.

	2018 $	2017 $
Options issued to directors / employees	53,410	3,816
Options issued to IPO promoters	663,001	631
Total share based payments	716,411	4,447
Options recognised in equity	(663,001)	(631)
Net share based payments recognised in statement of financial position	53,410	3,816
Share based payment classified as employee benefit expense in profit or loss	(53,410)	(3,816)
Net share based payment expense in profit or loss	-	-

During the 2017/18 year:

- 450,000 unquoted options were issued to the Company Secretary as remuneration; and
- 5,800,000 unquoted options were issued to IPO promoters as remuneration.

The options have an exercise price of $0.25 and fair value range between 11.43 cents each and 11.87 cents. The options expire between 21 March 2021 and 6 September 2021.

During the 2016/17 year:

- 4,900,000 unquoted options were issued to directors as remuneration; and
- 1,100,000 unquoted options were issued to IPO promoters as remuneration.

During the year, 4,210,413 listed options were exercised. No fair value has been allocated to the quoted options exercised as the options were issued under the IPO in conjunction the IPO shares.

Nature and purpose of reserves

The share option reserve and performance rights reserve is used to recognise the fair value of all options and performance rights.

13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Operating activities

	2018 $	2017 $
Profit / (loss) after tax	(1,122,572)	(296,046)
Share based payments	91,910	3,633
Depreciation	29,611	211
IPO capital raising costs expensed	35,378	173,387
Exploration costs expensed	118,581	85,041
Net change in working capital	340,808	8,369
Net cash used in operating activities	(660,243)	(25,405)

14. AUDITOR REMUNERATION

	2018 $	2017 $
Audit services		
Auditors of Northern Cobalt Limited – Grant Thornton		
Audit and review of Financial Reports	29,700	11,635
Audit services remuneration	29,700	11,635
Other services		
Auditors of Northern Cobalt Limited – Grant Thornton		
Taxation compliance	4,100	-
Total other services remuneration	4,100	-
Total remuneration received by Grant Thornton	33,800	11,635

15. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Group has entered into a two year operating lease in relation to its head office premises at 67 Goodwood Road, Wayville commencing 25 September 2017. Minimum lease payments recognised as an expense during the year amount to $28,500 (2017: $Nil). Remaining amounts due are:

	2018 $	2017 $
Within one year	38,000	-
Within two years to five years	9,500	-
Greater than five years	-	-
	47,500	-

The Group's operating lease agreements do not contain any contingent rent clauses.

Exploration commitments

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

Due to the nature of the Group'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 Group to incur expenditure in order to retain present interests in exploration licences.

16. RELATED PARTY TRANSACTIONS

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

a) Transactions with key management personnel

Key Management Personnel remuneration includes the following are is disclosed in detail in the remuneration report:

	2018 $	2017 $
Short-term benefits	411,221	-
Post-employment benefits	25,244	-
Share based payments	53,410	3,816
Total remuneration	489,875	3,816

The following transactions occurred with KMP:

Payment for professional services to entities associated with entities associated with KMP as listed below	681,563	28,000
Payables for professional services at reporting date	22,188	-

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.

Duncan Chessell

Northern Cobalt has entered into an agreement with Coolabah Resources Pty Ltd to acquire all shares in Mangrove Resources Pty Ltd. Mr Chessell is a director and ultimate shareholder of both companies. The transaction is further detailed in note 8.

Northern Cobalt has entered into an agreement with Coolabah Resources Pty Ltd to provide consultancy services related to project management, geological services and business management services. The agreement commenced on 14 April 2017 at a rate of $11,500 per month and ceasing on 30 June 2018. During the year $138,000 + GST has been paid in relation to these services. The total amount of fees due to Coolabah Resources Pty Ltd as at 30 June 2018 was $Nil (2017: $Nil).

Northern Cobalt has sought the provision of consultancy services and hire of a vehicle and equipment from Magill Consulting Pty Ltd – Mr Chessell is a director and shareholder of the company. During the year $33,626 + GST has been paid in relation to these services. The total amount of fees due to Magill Consulting Pty Ltd as at 30 June 2018 was $Nil (2017: $Nil).

Andrew Shearer

Northern Cobalt has entered into an agreement with PAC Partners Pty Ltd, the employer of Mr Shearer, as sole lead manager of the Company's listing on ASX and in relation to broker support services. During the year PAC has been paid fees of $423,462 + GST. The total amount of fees due to PAC Partners Pty Ltd as at 30 June 2018 was $10,000 (2017: $Nil).

Jarek Kopias

Kopias Consulting, a business of which Jarek Kopias is a Director, was paid consulting fees in relation to the year totalling $98,663 (2017: $Nil) and is disclosed in the remuneration report. The total amount of fees due to Kopias Consulting as at 30 June 2018 was $12,188 (2017: $Nil).

17. EMPLOYEE REMUNERATION

a) Employee benefits expense

	2018 $	2017 $
Expenses recognised for employee benefits are analysed below:		
Salaries / contract payments for Directors and employees	650,429	2,832
Share based payments – Director and employee options	53,410	3,633
Defined contribution superannuation expense	34,367	217
Other employee expenses	49,421	1,963
Less: Transfer to exploration assets	(409,729)	-
	377,898	8,645

b) Share based employee remuneration

As at 30 June 2018 the Group maintained a share option plan and performance share plan for employee and director remuneration. There were 5,800,000 options granted to brokers for participation in the Company's IPO and 450,000 options granted to the Company Secretary as remuneration.

The table below outlines the inputs used in the Black and Scholes fair value calculation for the options:

	Range of values
Exercise price	$0.25
Option life	3.5 years to 4.0 years
Underlying share price	$0.20 to $0.215
Expected share price volatility	84%
Risk free interest rate	2.18% to 2.21%
Weighted average fair value	$0.12
Weighted average contractual life	3.46 years

Details of options issued to KMP are provided in the remuneration report.

Share options and weighted average exercise prices are as follows:

2018	Number of options	Weighted average exercise price ($)
Opening balance – remuneration options	4,900,000	0.25
Granted as remuneration during 2017/18	450,000	0.25
Outstanding as at 30 June 2018	5,350,000	0.25

2017	Number of options	Weighted average exercise price ($)
Opening balance – remuneration options	-	-
Granted as remuneration during 2016/17	4,900,000	0.25
Expired	-	-
Outstanding as at 30 June 2017	4,900,000	0.25

Fair value of options granted

The fair value at grant date of the Director options has been determined using a Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

18. CONTROLLED ENTITIES

The Company has the following subsidiaries:

Name of subsidiary	Country of incorporation	Class of shares	Percentage held 2017	Percentage held 2018
Mangrove Resources Pty Ltd[1]	Australia	Ordinary	0%	100%
Xavier Resources Pty Ltd[2]	Australia	Ordinary	0%	100%

1 *Acquired on 6 September 2017.*

2 *Registered on 6 December 2017.*

19. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

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

	Note	2018 $	2017 $
Financial assets			
Cash and cash equivalents	5	3,991,941	327,885
Trade and other receivables	6	192,131	129,376
		4,184,072	457,261
Financial liabilities			
Trade and other payables	10	551,495	171,751
		551,495	171,751

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 Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group 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) Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates. Cash is the only asset affected by interest rate risk as cash is the Group's only financial asset exposed to fluctuating interest rates.

The Group is exposed to interest rate risk on cash balances and term deposits held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2018 approximates the value of cash and cash equivalents.

c) Sensitivity analysis

Interest rate

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

2018	Sensitivity*	Effect on profit $	Effect on equity $
Interest rate	+ 1.30%	+35,765	+35,765
	- 1.30%	-35,765	-35,765

2017	Sensitivity*	Effect on profit $	Effect on equity $
Interest rate	+ 1.30%	+2,110	+2,110
	- 1.30%	-2,110	-2,110

* *The method used to arrive at the possible change of 130 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, interest rate movements ranged between 0 to 130 basis points. It is considered that 130 basis points a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.*

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

d) 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 Group 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.

20. PARENT ENTITY INFORMATION

Information relating to Northern Cobalt Limited (the parent entity).

	2018 $	2017 $
Statement of financial position		
Current assets	4,184,072	457,261
Total assets	8,832,332	486,322
Current and total liabilities	571,994	171,751
Issued capital	8,958,098	606,170
Retained losses	1,418,618	296,046
Share based payments reserve	720,858	4,447
Statement of profit of loss and other comprehensive income		
Loss for the period	1,122,572	296,046

21. OPERATING SEGMENTS

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

22. 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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In the opinion of the Directors of Northern Cobalt Ltd:

a) the consolidated financial statements and notes of Northern Cobalt Ltd are in accordance with the *Corporations Act 2001* (Cth), including:

   i) giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year 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 Northern Cobalt Ltd will be able to pay its debts when they become due and payable.

Note 1 confirms that the consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Michael Schwarz
MANAGING DIRECTOR

Adelaide

17 August 2018

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Independent Auditor's Report

To the Members of Northern Cobalt Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Northern Cobalt Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 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 Group in accordance with the auditor independence requirements of 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.

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets – Note 7	

At 30 June 2018, the carrying value of exploration and evaluation assets was $4,467,108.
 	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.
 	
The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.
 	
This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.
	Our procedures included, amongst others:
	
	• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
	• reviewing management's area of interest considerations against AASB 6;
	• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;
	  o tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;
	  o enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;
	  o understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
	• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
	• assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, 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 we do not express any form of assurance conclusion thereon.

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' for the financial report

The Directors 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* and for such internal control as the Directors 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 are responsible for assessing the Group'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 the Directors either intend to liquidate the Group or to cease operations, or have 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: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Northern Cobalt Ltd, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 17 August 2018

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 July 2018.

The Company is listed on the Australian Securities Exchange.

The Company confirms that it has used its cash (and assets in a form readily convertible to cash) that it had at the time of admission to ASX in a way consistent with its business objectives.

SUBSTANTIAL SHAREHOLDERS

There substantial shareholders at 31 July 2018 are:

Coolabah Group Pty Ltd	4,875,000

VOTING RIGHTS

Ordinary shares	On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
Performance Shares – Class A and B	No voting rights.
Options	No voting rights.

DISTRIBUTION OF EQUITY BY SECURITY HOLDERS

Holding	Ordinary Shares (Quoted)	Options (Quoted)	Performance Shares Class A (Unquoted)	Performance Shares Class B (Unquoted)	Options (Unquoted)
1 – 1,000	75	2	-	-	-
1,001 – 5,000	509	59	-	-	-
5,001 – 10,000	267	15	-	-	-
10,001 – 100,000	490	89	-	1	-
100,001 and over	92	12	7	6	10
Number of holders	1,433[1]	177	7	7	10
Securities on issue	50,813,406	6,323,337	9,600,000[2]	3,575,000[3]	12,250,000[4]
Restricted securities	8,510,000[5]	-	9,600,000[5]	3,575,000[5]	11,800,000[5]

1 *There were 420 holders of less than a marketable parcel of ordinary shares ($500 amounts to 3,125 shares at $0.16).*

2 *Ms Michelle Braham holds 2,600,000 Class A Performance shares.*

3 *Ms Michelle Braham holds 950,625 Class B Performance shares.*

4 *6,450,000 unlisted options with an exercise price of 25 cents each and expiry of 21 March 2021 – 3,000,000 held by Mr Michael Peter Schwarz <Michael Schwarz Family A/C>. 5,800,000 unlisted options with an exercise price of 25 cents each and expiry of 6 September 2021 – 5,000,000 held by PAC Partners Pty Ltd.*

5 *Securities restricted to 22 September 2019.*

TWENTY LARGEST HOLDERS OF ORDINARY SHARES – N27

		No. of shares held	% held
1	Coolabah Group Pty Ltd	4,875,000	9.59
2	PAC Partners Pty Ltd	1,775,000	3.49
3	Mr Roger Scott Alter	891,165	1.75
4	AG-Richfoods Pty Ltd <Granet Family A/C>	842,000	1.66
5	Valas Investments Pty Ltd <Valas Investments A/C>	840,000	1.65
6	Mr Rex Seager Harbour	800,000	1.57
7	Mr Nigel Robert Strong	678,964	1.34
8	J P Morgan Nominees Australia Limited	664,719	1.31
9	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP A/C>	651,099	1.28
10	Varley Nominees Pty Ltd <Varley Super Fund A/C>	542,600	1.07
11	Gempart (NT) Pty Ltd	525,000	1.03
12	Westwood KBE Pty Ltd <Westwood KBE Investment A/C>	476,700	0.94
13	Fairborn Holdings Pty Ltd	453,572	0.89
14	Citicorp Nominees Pty Ltd	443,091	0.87
15	EMS Arcadia Pty Ltd <CB Films Superfund No2 A/C>	429,928	0.85
16	Defender Equities Pty Ltd <Defender Aus Opportunity Fund A/C>	405,714	0.80
17	DJ Coughlan Drilling Pty Ltd	400,000	0.79
18	Ginga Pty Ltd	400,000	0.79
19	Mrs Cassandra Kopias	400,000	0.79
20	Badgeworth Super Pty Ltd <Badgeworth Super Pty Ltd A/C>	361,672	0.71
		16,856,224	33.17
	Total ordinary shares on issue	50,813,406	100.00

TWENTY LARGEST HOLDERS OF QUOTED OPTIONS – N27O

		No. of options held	% held
1	Mr Nigel Robert Strong	500,000	7.91
2	J P Morgan Nominees Australia Limited	468,305	7.41
3	UBS Nominees Pty Ltd	322,500	5.10
4	Fareview Pty Ltd <The A&M Family A/C>	250,000	3.95
5	Mr Ian Douglas Phelan & Mrs Helen Emily Phelan <ID Phelan Super Fund A/C>	212,500	3.36
6	Mr Rowan Crosbie-Goold	170,000	2.69
7	International Business Network Services Pty Ltd <International Business Services Super Fund A/C>	150,000	2.37
8	International Business Network Services Pty Ltd	150,000	2.37
9	Kevenn Pty Ltd <Venn Super Fund A/C>	140,000	2.21
10	Mr Steven Ray Blair	110,139	1.74
11	A P O'Brien Advisory Services Pty Ltd <The Filli A/C>	108,000	1.71
12	54697 Pty Ltd <54697 Super Fund A/C>	105,000	1.66
13	Ms Kerry Stevenson & Mr John Stevenson <KAS Superannuation Fund A/C>	100,000	1.58
14	Mr Darien Livingstone Cassidy & Mrs Joyce Lilian Cassidy	100,000	1.58
15	Mrs Joanne Rachel Callaghan	100,000	1.58
16	AG-Richfoods Pty Ltd <Granet Family A/C>	100,000	1.58
17	Ms Fatema Nasreen	95,833	1.52
18	Mr Craig Christie	90,000	1.42
19	Clarkson's Boathouse Pty Ltd <Clarkson Super Fund A/C>	80,100	1.27
20	Samal Holdings Pty Ltd <Samal Family A/C>	75,000	1.19
		3,427,377	54.2
	Total quoted options on issue	6,323,337	100.00