



**NEW WORLD COBALT LIMITED**  
(FORMERLY LONGFORD RESOURCES LIMITED)

**ANNUAL REPORT**  
**30 JUNE 2018**

A.B.N. 23 108 456 444

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## CORPORATE INFORMATION

<p><b>Directors</b></p> <p>Richard Hill (Non-Executive Chairman)</p> <p>Michael Haynes (Managing Director)</p> <p>Scott Mison (Non-Executive Director)</p> <p><b>Company Secretary</b></p> <p>Ian Cunningham</p> <p><b>Registered Office &amp; Principal Place of Business</b></p> <p>Suite 9, 5 Centro Avenue, Subiaco W.A. 6008</p> <p>Telephone: (08) 9226 1356 Facsimile: (08) 9226 2027 Website: <a href="http://www.newworldcobalt.com">www.newworldcobalt.com</a></p>	<p><b>Country of Incorporation</b></p> <p>Australia</p> <p><b>Auditors</b></p> <p>HLB Mann Judd Level 4, 130 Stirling Street Perth W.A. 6000</p> <p>Telephone: (08) 9227 7500 Facsimile: (08) 9227 7533</p> <p><b>Share Registry</b></p> <p>Automic Registry Services Pty Ltd Level 2 267 St Georges Terrace Perth W.A. 6000</p> <p>Telephone: (08) 9324 2099 Facsimile: (08) 9321 2337</p> <p><b>Home Exchange</b></p> <p>Australian Securities Exchange Central Park 152-158 St Georges Terrace Perth WA 6000</p> <p><b>ASX Codes: NWC</b></p>
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## DIRECTORS' REPORT

In accordance with the provisions of the Corporations Act 2001, the Directors submit the annual financial report of the consolidated entity consisting of New World Cobalt Limited ("New World Cobalt" or the "Company"), formerly Longford Resources Limited, and the entities it controlled (collectively the "Group") for the financial year ended 30 June 2018.

### Directors

The names of Directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Richard Hill (Non-Executive Chairman)	Appointed 31/10/2017
Neville Bassett (Non-Executive Chairman)	Resigned 31/10/2017
Michael Haynes (Managing Director)	Appointed 31/10/2017
Bill (Charles) Guy (Managing Director)	Resigned 08/12/2017
Scott Mison (Non-Executive Director)	

**Names, qualifications, experience and special responsibilities of Directors holding office during or since the end of the financial year:**

#### Current Directors

**Mr Richard Hill, BSc (Hons), B.Juris, LLB.**  
**Non-Executive Chairman**

Mr Hill is a geologist and solicitor with over 25 years' experience in the resources industry. He has performed roles as commercial manager and geologist for several mid cap Australian mining companies and as founding director for a series of successful ASX-listed companies. Mr Hill has practical geological experience as a mine based and exploration geologist in a range of commodities.

In the three years immediately before the end of the financial year, Mr Hill served as a Director of Strandline Resources Limited, from 2 June 2017 to 1 November 2017. Mr Hill is currently serving as Chairman of Genesis Minerals Limited (appointed 13 February 2013).

**Mr Michael Haynes, BSc Geology, AIG**  
**Managing Director**

Mr Haynes has more than 25 years' experience in the international resources industry. He graduated from the University of Western Australia with an honours degree in geology and geophysics and has explored for a wide variety of ore deposit styles throughout Australia and extensively in Southeast and Central Asia, Africa, Europe, South and North America.

Mr Haynes has held technical positions with both BHP Minerals and Billiton plc. He has worked extensively on project generation and acquisition throughout his career. During the past 13 years he has been intimately involved in the incorporation and initial public offerings of numerous resources companies, and in the ongoing financing and management of those and other companies.

In the three years immediately before the end of the financial year, Mr Haynes served as Chairman of Overland Resources Limited, from 9 May 2005 to 23 June 2017 and as a Director of PolarX Limited, from 20 May 2014 to 13 December 2016 and Black Range Minerals Limited from 27 June 2005 to 16 September 2015.

**Mr Scott Mison, B.Bus, CA, ACSA**  
**Non-Executive Director**

Mr Mison holds a Bachelor of Business degree, majoring in Accounting and Business Law, is a Member of the Chartered Accountants in Australia & New Zealand and Chartered Secretaries in Australia. Mr Mison has more than 19 years of corporate and operational experience across Australia, UK, Central Asia, Africa and the US.

In the three years immediately before the end of the financial year, Mr Mison served as a Director of 1 Page Limited, from 17 January 2013 to 30 June 2016 and Jupiter Energy Limited from 31 January 2011 to 20 April 2018. He is currently Company Secretary of Rift Valley Resources Limited. He is also a member of the board of Wheelchair Sports WA Inc.

**DIRECTORS' REPORT (continued)**

**Mr Ian Cunningham, BCom, LLB, ICAA, FGIA**  
**Company Secretary**

Mr Cunningham is a Chartered Accountant and Chartered Secretary and holds a Bachelor of Commerce degree and Bachelor of Laws degree from the University of Western Australia. He has more than 14 years' experience in the resources industry in executive and senior management roles.

Mr Cunningham is currently Company Secretary of PolarX Limited.

**Interests in the shares, options and rights of the Company and related bodies corporate**

The following relevant interests in shares, options and rights of the Company or a related body corporate were held by the Directors as at the date of this report.

<b>Directors</b>	<b>Number of options over ordinary shares</b>	<b>Number of performance rights</b>	<b>Number of fully paid ordinary shares</b>
Richard Hill	-	10,000,000	13,451,682
Michael Haynes	-	10,000,000	24,667,305
Scott Mison	1,716,666	-	2,000,000

The following share options and performance rights of the Company were granted to Directors during or since the end of the financial year as part of their remuneration:

<b>Directors</b>	<b>Number of performance rights Granted during the year</b>	<b>Number of options over ordinary shares Granted during the year</b>
Richard Hill	10,000,000	-
Michael Haynes	10,000,000	-
Scott Mison	-	1,050,000

43,440,683 ordinary shares were issued by the Company since the end of the financial year as a result of the exercise of options.

At the date of this report, unissued ordinary shares of the Company under option are:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of options</b>
31 July 2018	5 cents	43,441,223
13 December 2019	12.5 cents	1,250,000
9 May 2020	10 cents	10,000,000
22 September 2020	12 cents	833,334
13 December 2021	12.5, 15, 17.5, 20 and 22.5 cents	1,050,000

At the date of this report, unissued ordinary shares of the Company over which performance rights have been granted are:

<b>Expiry date</b>	<b>Number of shares</b>
1 November 2018	20,000,000
	<u>20,000,000</u>

**Dividends**

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

**Principal Activities**

The principal activities of the Group during the year were exploration for mineral resources.

## DIRECTORS' REPORT (continued)

### Review of Operations

The Company is pleased to provide the following review of operations for the past year.

#### Change of Focus – To Exploration and Development of Cobalt Projects

On 1 November 2017 the Company's shareholders approved the acquisition of 100% of the issued capital of Liaz Pty Ltd. This transaction provided shareholders exposure to three high-grade cobalt projects in North America (see Figure 1):

- the Colson Cobalt-Copper Project in Idaho, USA ("Colson Project");
- the Goodsprings Copper-Cobalt Project in Nevada, USA ("Goodsprings Project"); and
- the Hazelton Cobalt-Copper-Gold Project in British Columbia, Canada ("Hazelton Project")

In early 2018 the Company further strengthened its portfolio of cobalt assets by acquiring a 100% interest in a fourth high-grade cobalt project:

- the Grapevine Cobalt-Nickel-Copper Project in Arizona, USA ("Grapevine Project")

The acquisition of these underexplored assets provides the Company considerable opportunity to realise exploration success at multiple, high-grade, potentially low OPEX/CAPEX cobalt projects, in stable jurisdictions; at a time when demand for cobalt is rapidly increasing due to the rapidly accelerating use of batteries in the electric vehicle sector.

#### Change of Name to New World Cobalt Limited

To better reflect the Company's new primary objective, being the exploration and development of cobalt assets in stable jurisdictions, on 10 April 2018, following shareholder approval, it changed its name to "New World Cobalt Limited".

Details of the Company's projects are set out below.



Figure 1. Location of Longford's cobalt projects in North America.

#### Colson Cobalt-Copper Project, Idaho, USA

The Colson Cobalt-Copper Project, is located at the northern end of North America's premier cobalt district – the 60km long Idaho Cobalt Belt ("ICB") (see Figure 2).

Between 1949 and 1960 approximately 30,000T of cobalt was mined from the Blackbird Deposit, which is located in the central part of the ICB. Unmined resources within the ICB exceed 60,000T of contained cobalt – making it one of the most well-endowed cobalt belts in the western world.

## DIRECTORS' REPORT (continued)

The Company is acquiring a 100% interest in 10 Federal Mining claims (covering 200 acres) that are centred on the historical Salmon Canyon Copper-Cobalt Deposit ("Salmon Canyon Deposit"). In addition, the Company holds a 100% interest in 311 Federal mining claims (covering ~6,000 acres) that surround the Salmon Canyon Deposit.

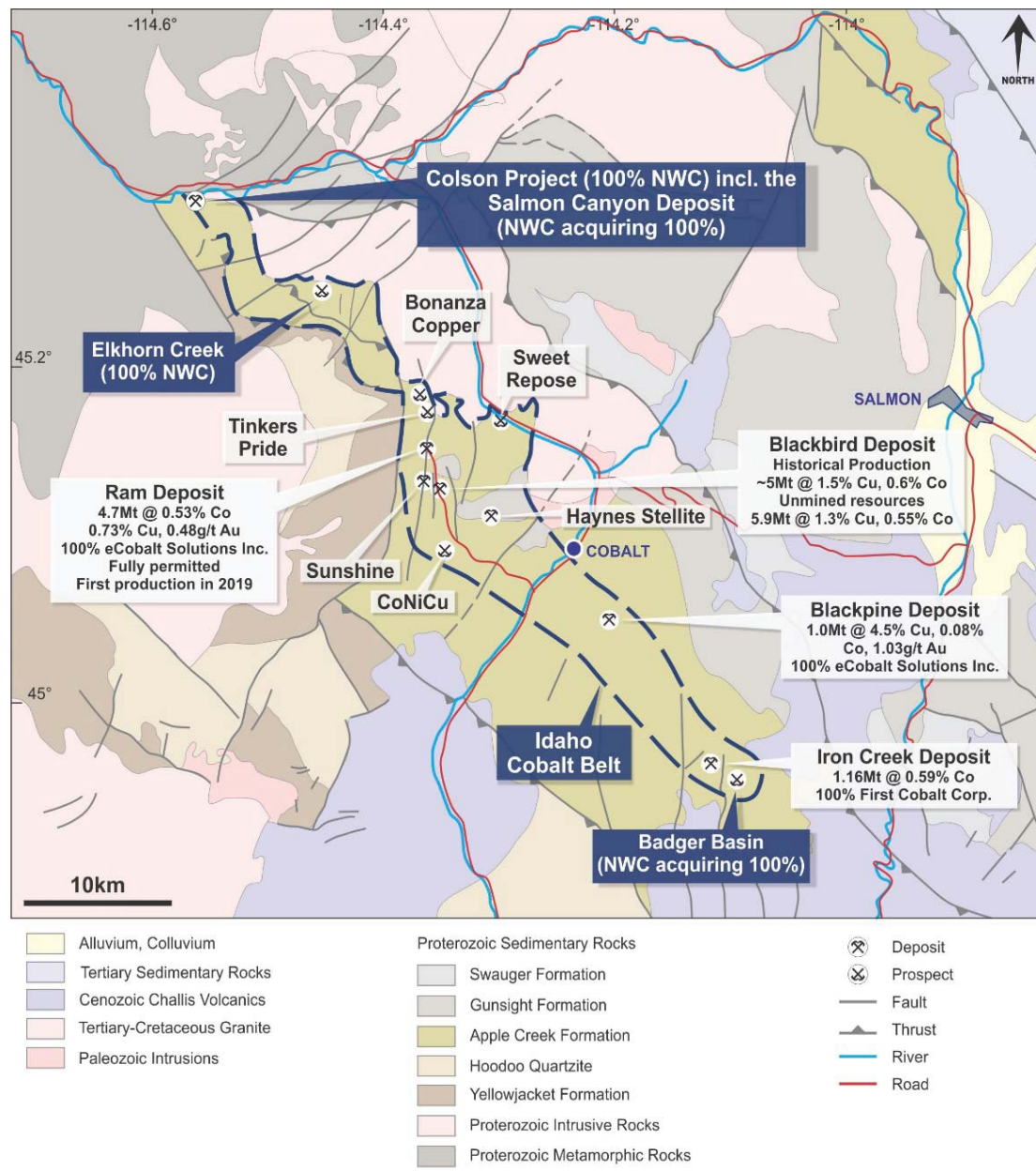


Figure 2. Geology of the Idaho Cobalt Belt, USA.

Outcropping copper-cobalt mineralisation was discovered at the Salmon Canyon Deposit in the early 1960s.

A 500m long adit and 3 raises (for about 200m) were installed to explore the mineralisation. Eighteen short diamond core holes were drilled from the adit, and a further two diamond core holes drilled from surface. Many of the initial drill holes weren't assayed for cobalt.



## DIRECTORS' REPORT (continued)



Adit at the Salmon Canyon Deposit

The underground exploration, in conjunction with surface mapping, delineated two parallel, sub-horizontal horizons of stratiform copper-cobalt mineralisation (chalcopyrite, cobaltite, arsenopyrite and pyrite) within metamorphosed sediments (garnet schist). These mineralised horizons extend over >300m of strike and more than 500m down-dip, and were reported to average 7-10m in thickness. Mineralisation remains open in both directions along strike, and down dip.

Better results from previous underground sampling programs include:

- 2.5m @ 5.33% Cu, 0.59% Co, 2.24 g/t Au
- 1.3m @ 6.16% Cu, 0.65% Co, 2.54 g/t Au
- 1.8m @ 2.99% Cu, 0.31% Co, 3.48 g/t Au and 27.7 g/t Ag

Prior to New World Cobalt's involvement, virtually no work had been undertaken since 1980.

#### Soil Sampling

During the past year the Company has conducted a multi-phase, systematic soil sampling program at the Colson Project.

Initially, 216 samples were collected on a 150m x 50m grid, to cover a 2km x 1.2km area immediately to the south of the Salmon Canyon Deposit. Strong Co-Cu-As anomalism was delineated, with this anomalism interpreted to probably arise from the up-dip extension of the Salmon Canyon Deposit (see Figure 3).

Soil geochemistry data were then collected over, and along strike from, the Salmon Canyon Deposit. A strong, 1.3km-long Co-Cu-As anomaly, with assays to 113ppm Co, was centred on the Salmon Canyon Deposit (the "Salmon Canyon Soil Anomaly"). This is interpreted to reflect the possible strike extensions of the known mineralisation at the Salmon Canyon Deposit.



## DIRECTORS' REPORT (continued)

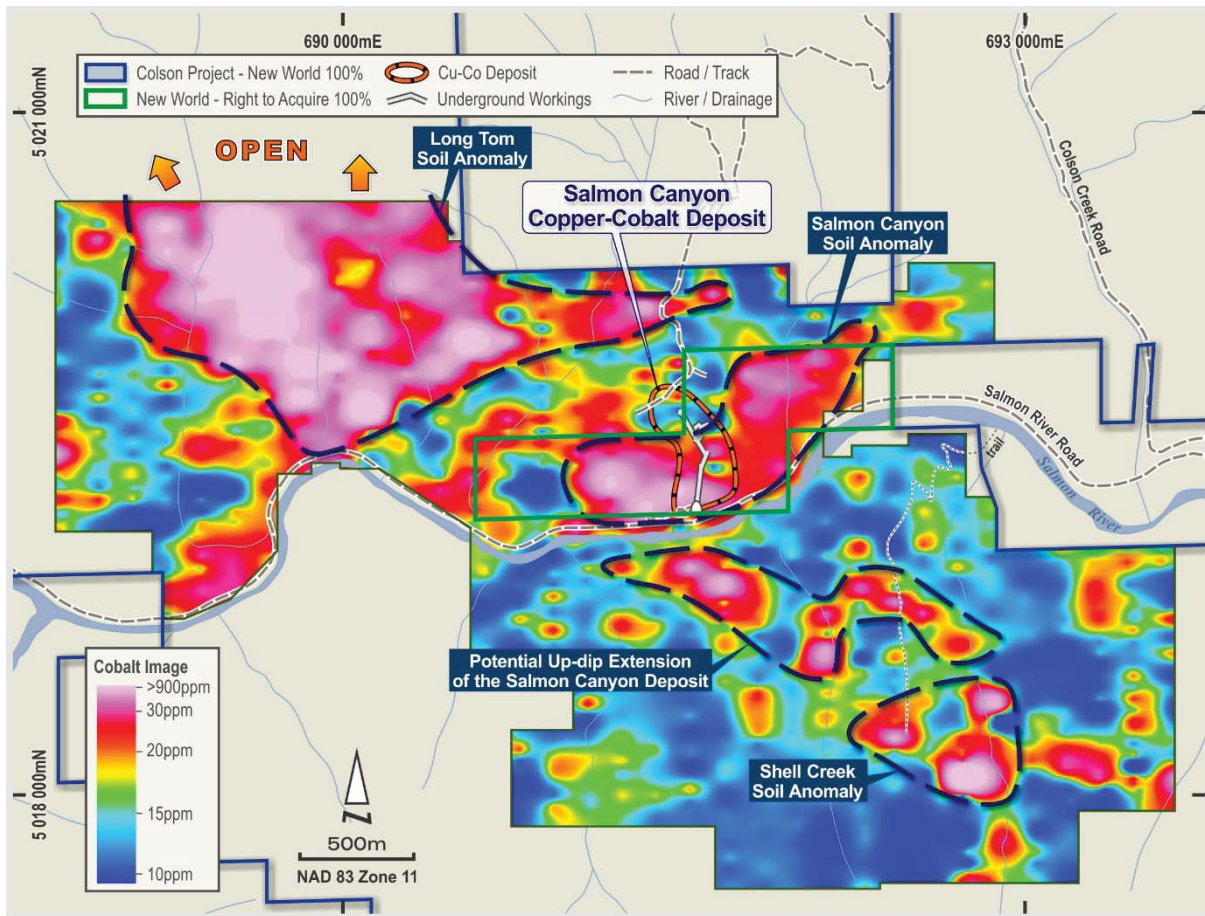


Figure 3. An image of cobalt-in-soil geochemical anomalism at the Company's Colson Project, and targets arising.

An even stronger Co-Cu-As anomaly, with assays to 753ppm Co, was evident 1.5km northwest of the Salmon Canyon Deposit, over a previously unexplored area. Additional soil samples were collected over the potential strike extents of this anomalism, with even higher tenor assays, up to 1,095ppm (0.11%) Co, returned from this "Long Tom Soil Anomaly" (see Figures 3 and 4). This anomaly extends over at least 2km of strike, with a high-grade coherent core of samples assaying >100ppm Co extending over more than 1.3km. Anomalism here remains "open" to the north and northwest, so further sampling will be completed in this area in due course.

## DIRECTORS' REPORT (continued)

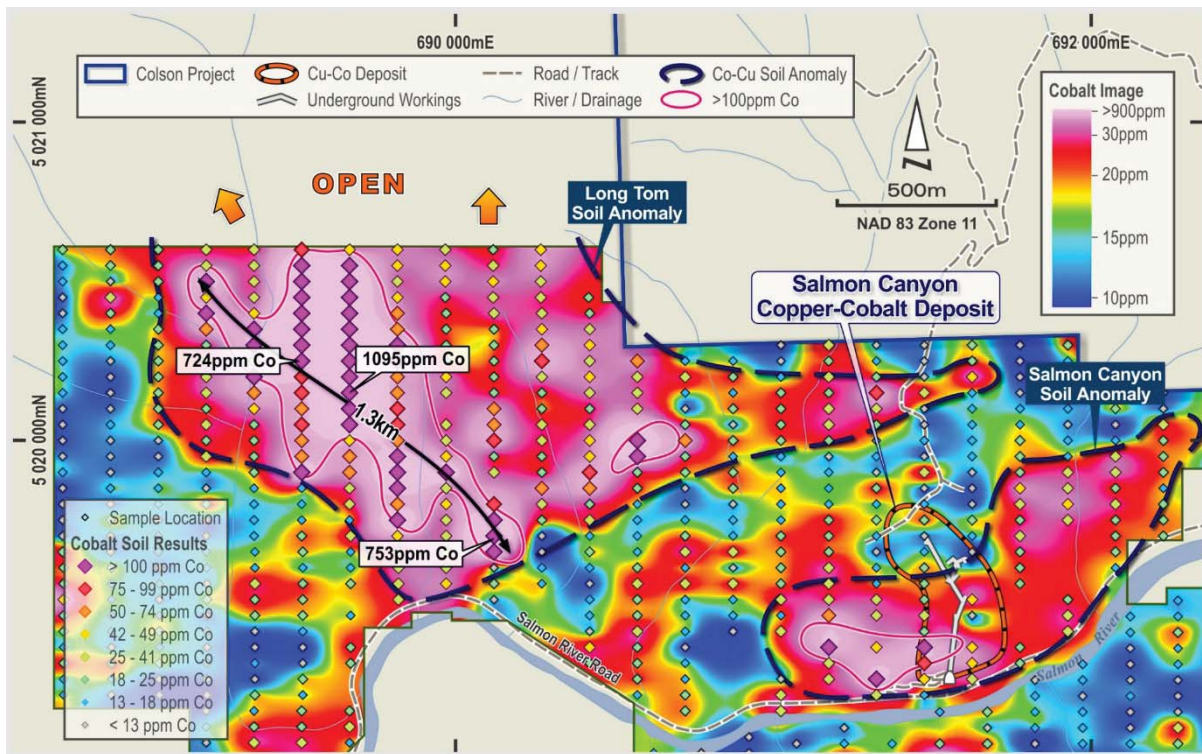


Figure 4. Cobalt-in-soil geochemical anomaly at the Long Tom and Salmon Canyon Soil Anomalies.

Another strong anomaly – the “Shell Creek Soil Anomaly”, which includes samples that assayed up to 641ppm (0.064%) Co, has been outlined in the south of the area surveyed to date (see Figure 3).

**All four of these anomalies are very significant and will be subject to further exploration.**

The Company has continued to expand its project area by staking additional claims as soil geochemistry data has been received.

#### Maiden Drilling Program

The Company commenced its maiden drilling program at the Colson Project in late-July 2018. The objective of this +5,000m diamond core drilling program is to begin evaluation of the strike extents of the Salmon Canyon Deposit, including the recently defined 1.3km-long soil geochemistry anomaly that is centred on the historical underground workings.

At the time of this report, the Company had announced that it had completed the first four holes (COLDD1801 – COLDD1804), which targeted extensions of mineralisation on step-outs spaced around 100m apart.

The first three holes (COLDD1801 - COLDD1803) were drilled to the west of the historical underground workings and all previous drilling at the Salmon Canyon Deposit (see Figure 5). All three holes intersected significant zones of mineralisation, including:

- (i) A 17m thick, variably mineralised, horizon from 311.9m depth in COLDD1801;
- (ii) Two variably mineralised horizons, 16m and 10m thick, from 306-322m and 331-342m depth respectively, in COLDD1802; and
- (iii) A 27m thick variably mineralised horizon from 318.9m depth in COLDD1803.

Apparent thicknesses are interpreted to closely approximate true thicknesses.

Mineralisation ranges from disseminated sulphides, to foliation parallel sulphide veinlets, to matrix and semi-massive sulphides. Sulphide minerals include chalcopyrite ( $\text{CuFeS}_2$ ), pyrite ( $\text{FeS}_2$ ), pyrrhotite ( $\text{Fe}_{(1-x)}\text{S}$  ( $x=0$  to  $0.2$ )) and cobaltite ( $\text{CoAsS}$ ). In places, sulphides comprise up to 25% of the drill core.

Analytical data for all holes was pending at the date of his report. The drilling program was continuing.

## DIRECTORS' REPORT (continued)

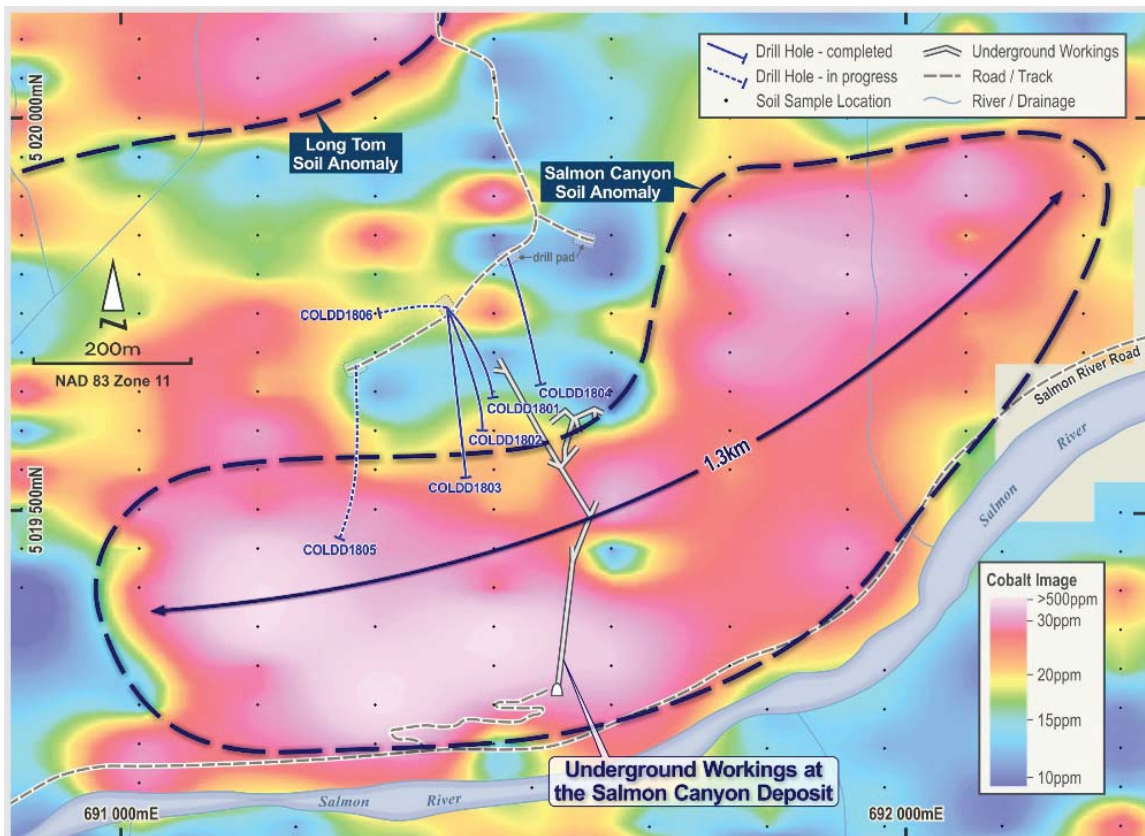


Figure 5. Location of drill holes completed to date (and in progress) during New World Cobalt's maiden drilling program at the Salmon Canyon Deposit within the Colson Cobalt-Copper Project, in the Idaho Cobalt Belt, USA.

### IP Survey

During June and July 2018 a contractor acquired Induced Polarisation ("IP") data over and around the Salmon Canyon Deposit, with a view to delineating areas that are enriched in sulphides. Two strong, sizeable, high-priority chargeability anomalies were delineated, comprising:

1. A strong chargeability anomaly that coincides with, but also extends considerably to the west and north-west of, the underground workings at the Salmon Canyon Deposit, over an area of approximately 1km x 1km (the "Salmon Canyon IP Anomaly"; see Figures 6 and 7); and
2. A strong chargeability anomaly that coincides with part of the recently delineated Long Tom Soil Anomaly, which is located several kilometres to the north-west of the Salmon Canyon Deposit (the "Long Tom IP Anomaly"; see Figures 6 and 7).

Both anomalies are located at depths similar to those expected for the projected down-dip extension of the horizon that hosts the mineralisation at the Salmon Canyon Deposit. **They are both very high-priority targets for further exploration.**



## DIRECTORS' REPORT (continued)

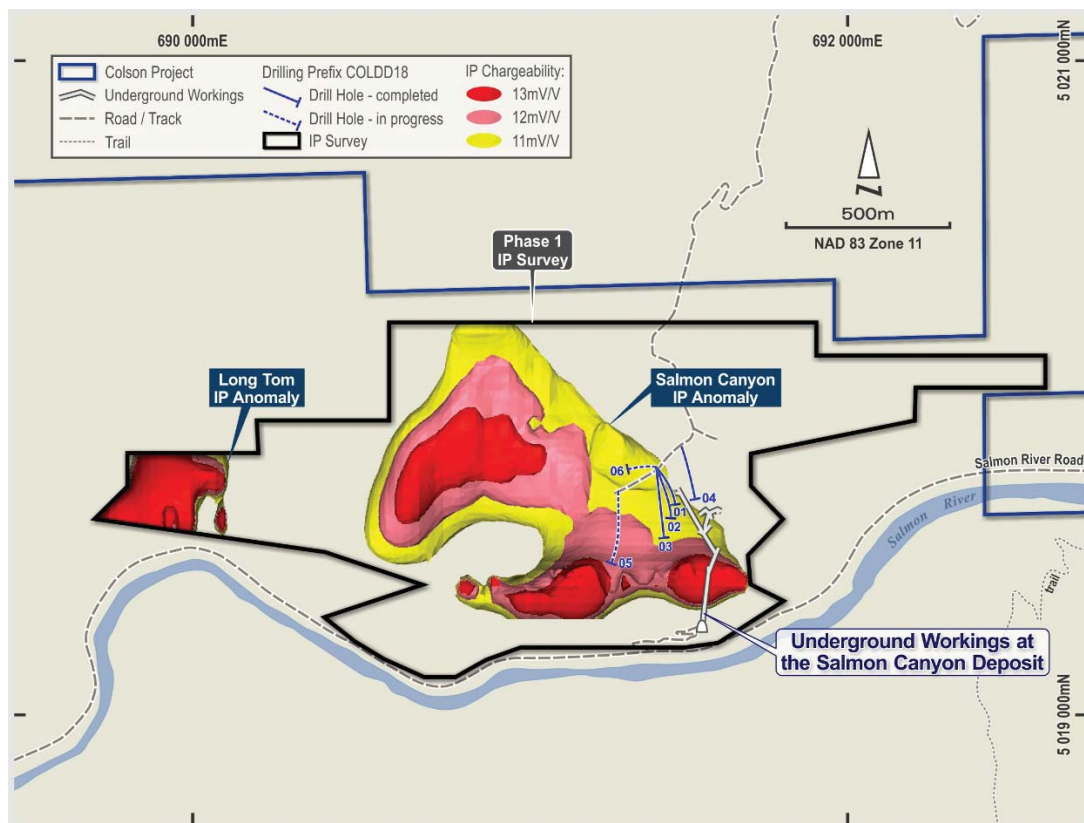


Figure 6. Chargeability anomalies delineated during recent IP surveying at the Colson Cobalt-Copper Project, in the Idaho Cobalt Belt, USA.

The Company's permits for its maiden drilling program only allow drilling from four specific locations, which were designated well before the IP data were acquired. Unfortunately it is not possible to drill test the strongest parts of the IP anomalies from these four locations. Hence, at the time of this report, the Company was pursuing additional permits to enable it to commence drill testing these strong IP targets.

A second phase of IP surveying, to cover the entire Long Tom Soil Anomaly, is scheduled to commence in early October 2018.

## DIRECTORS' REPORT (continued)

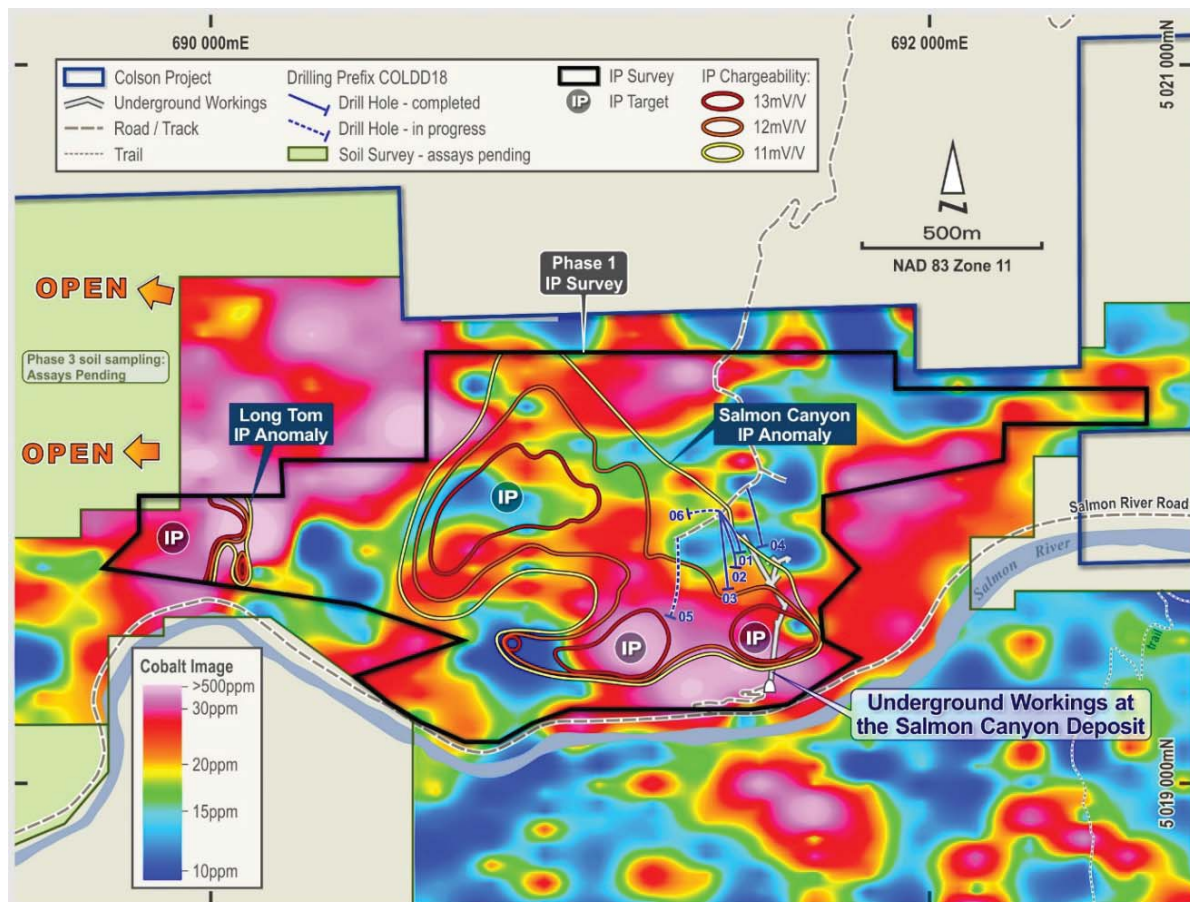


Figure 7. Location of IP anomalies in relation to cobalt in soil geochemistry anomalism at the Colson Cobalt-Copper Project, in the Idaho Cobalt Belt, USA.

### Forward Plans

The Company's near and medium-term activities at the Colson Project will include:

- Completing the current +5,000m drilling program and assessing results;
- Conducting a second phase of IP surveying to cover the entire Long Tom Soil Anomaly;
- Securing permits to drill test the Long Tom IP Anomaly and the Salmon Canyon IP Anomaly;
- Acquiring additional soil sampling data, particularly to the north and northwest of the Long Tom Soil Anomaly (where it remains "open"); and
- Conducting a second phase drilling program to begin to test the highest priority targets evident at the completion of the work outlined above.

### The Goodsprings Copper-Cobalt Project, Nevada, USA

The Goodsprings Copper-Cobalt Project, is located in the Goodsprings District of southern Nevada and currently comprises:

- a 100% interest in 414 Federal mining claims, covering approximately 8,000 acres, that encompass and include several historic copper-cobalt deposits as well as extensions of the geological sequences that host those and other copper-cobalt deposits (see Figure 8); and
- the rights to explore and develop a privately-owned 120 acre parcel of land that includes and encompasses the high-grade Columbia Copper-Cobalt Mine ("Columbia Mine"). Historic records indicate that shallow mining was undertaken intermittently at the Columbia Mine between 1880 and 1928. Ore was mined predominantly from two inclined shafts located approximately 250 metres apart. These shafts were developed to around 30 metres depth, with stopes up to 6 metres high. The average grade of the mined ore was 12.8% copper. During 1921, 3 parcels of cobalt ore were mined and sold – with individual ore parcels grading 29.18% Co, 13.42% Co and 5.13% Co (weighing 249kg, 1,720kg and 2,190 kg respectively). Historic workings at the Columbia mine extend over more than 500 metres of strike.

## DIRECTORS' REPORT (continued)

The Company's project area includes workings at the historical Blue Jay Mine, where, in 1922, more than 0.5 tonnes of ore that contained (on average) 6.37% cobalt were recovered from a waste dump.

Production of high-grade cobalt ore is recorded at several other historical mines within the Goodsprings District, all of which were mined previously with copper as the primary target.

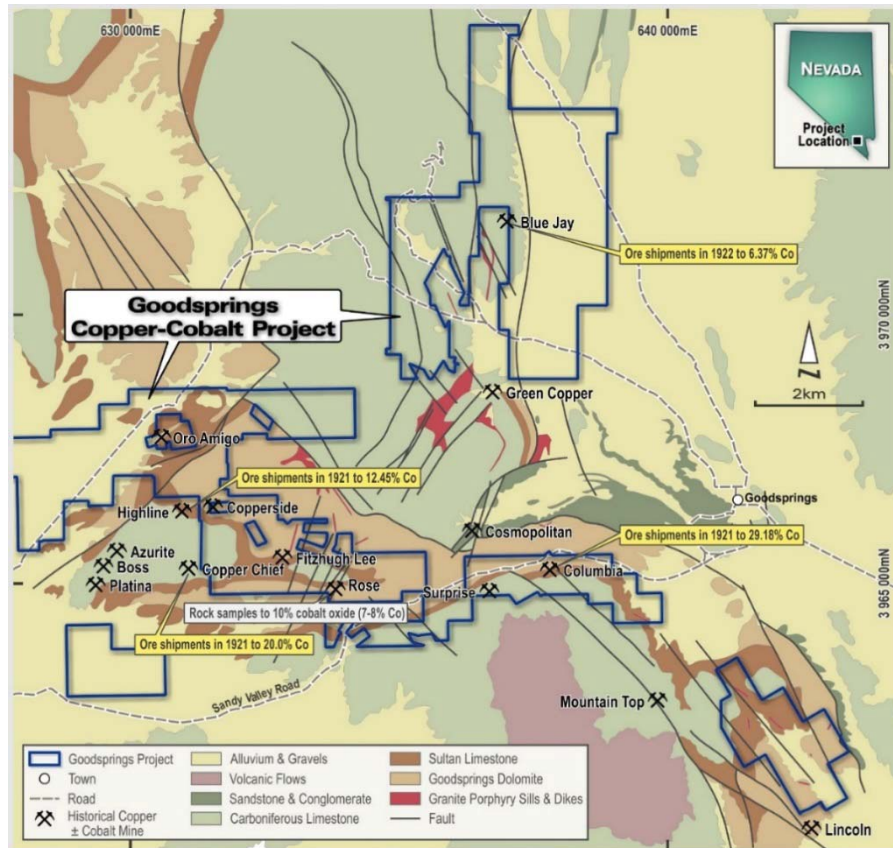


Figure 8. Geology of the Goodsprings Copper-Cobalt Project in Nevada, USA

### Systematic Soil Sampling Program

During the past year the Company completed a systematic soil geochemistry program that comprised the collection of samples on 200m x 50m centres across the majority of the Goodsprings Project area (sampling the entire Project area except where transported cover is present).

Extensive cobalt and copper anomalism is evident across the project area. Sixteen coincident cobalt-copper anomalies are considered "high-priority" for further work (see Figures 9 and 10).



## DIRECTORS' REPORT (continued)

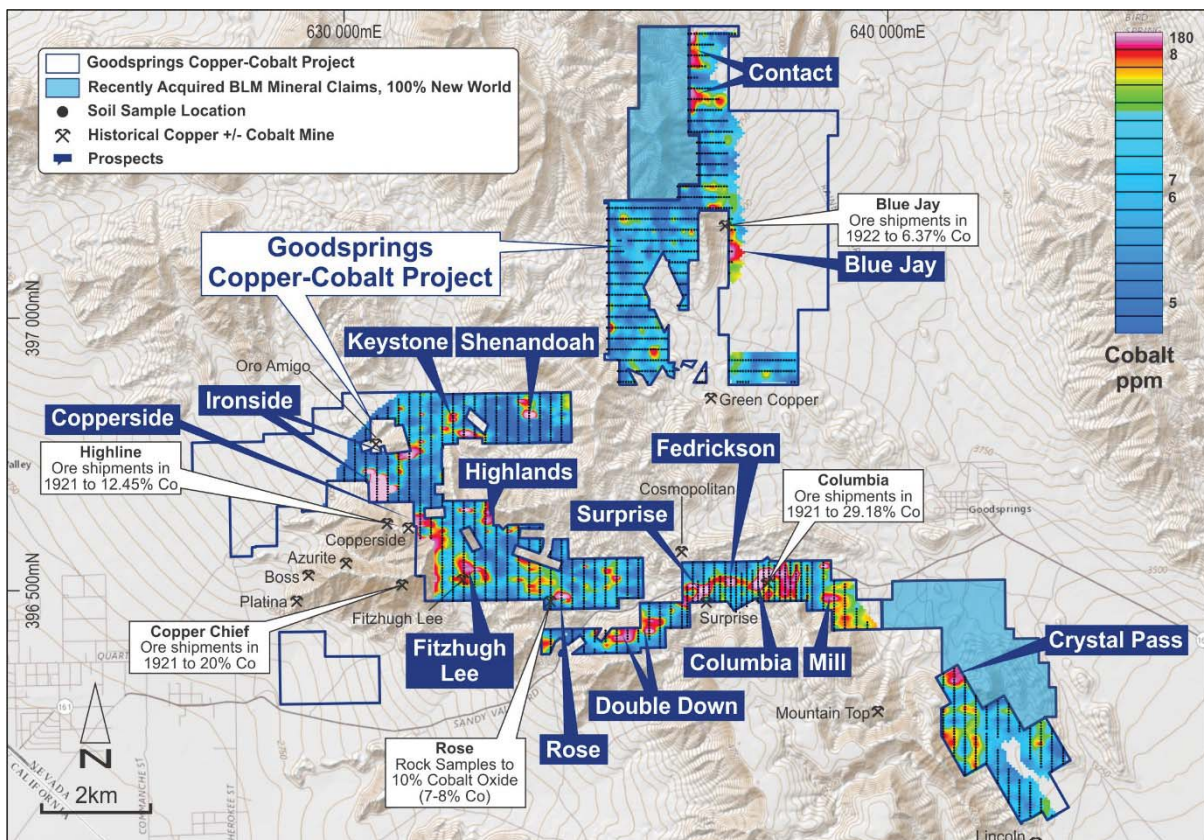


Figure 9. An image of cobalt-in-soil geochemical anomalism at the Company's Goodsprings Project, and targets arising.

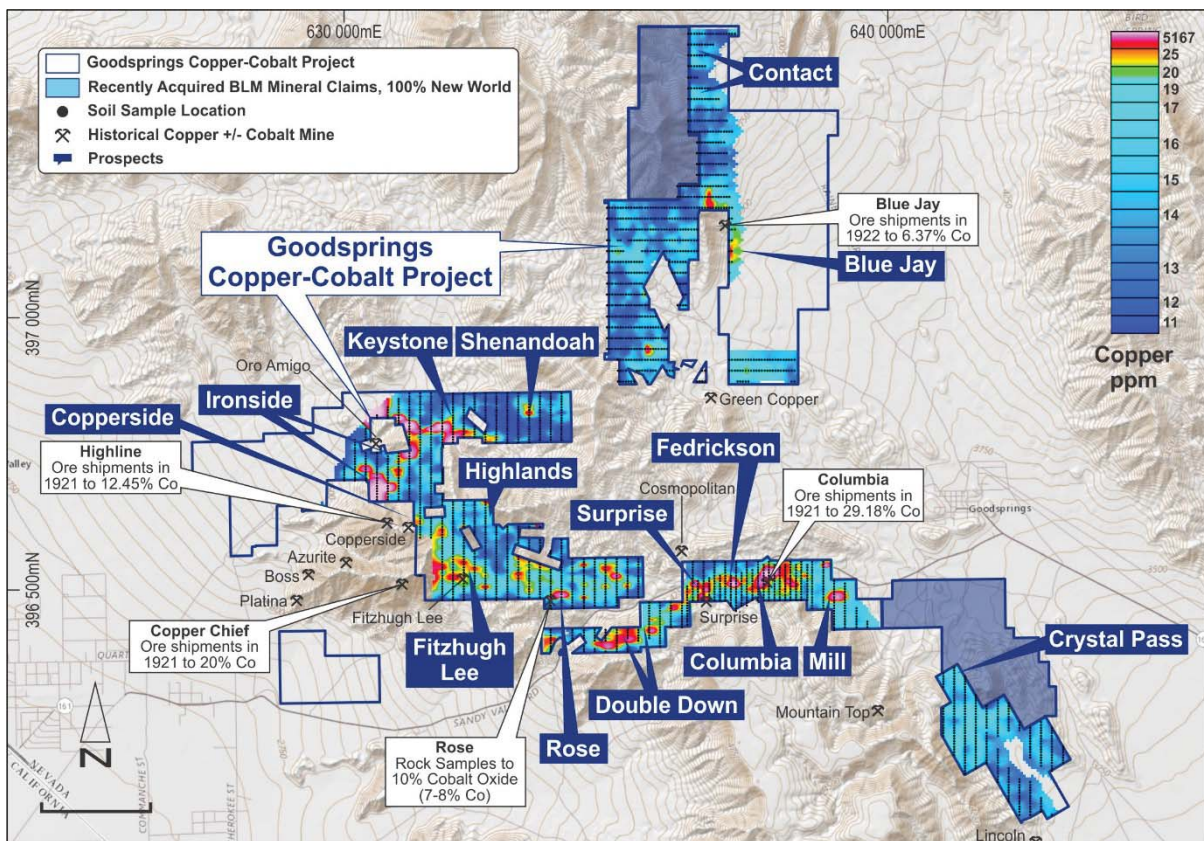


Figure 10. An image of copper-in-soil geochemical anomalism at the Company's Goodsprings Project, and targets arising.

## DIRECTORS' REPORT (continued)

IP Survey

During April and May 2018 a contractor conducted ground-based induced polarisation ("IP") surveys over seven of the high-priority target areas delineated during the soil geochemistry program.

The IP data will be integrated with the geochemistry data to help refine targets in advance of the Company's inaugural drilling program, which is scheduled to commence in the fourth quarter of 2018.

**The Hazelton Cobalt-Copper Gold Project, British Columbia, Canada**

In November 2017, the Company announced it had entered into an agreement with American Manganese Inc. (AmMang") that provides it the right to earn an initial 60% interest in the high-grade Hazelton Project in British Columbia, Canada (see Figure 1).

The Hazelton Project covers 10km<sup>2</sup> and includes the historic Victoria Mine that operated intermittently between 1918 and 1941. During this period ore grades averaged 123.4 g/t gold and 2.8% cobalt. The Project also includes the historic Rocher Deboule and Highland Boy Mines, where substantial high-grade copper-gold mineralisation was recovered (see Figure 11).

Mining at the Hazelton Project area ceased in 1952. Only limited exploration has been undertaken subsequently.

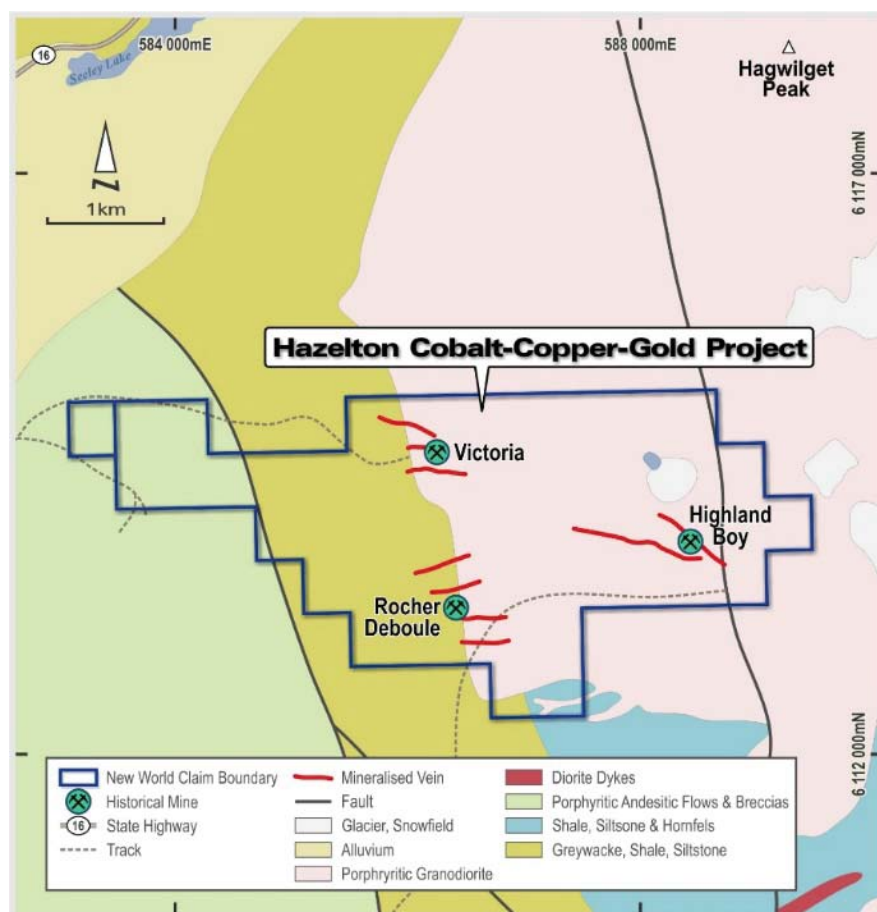


Figure 11. Location of known mineralised veins at the Company's Hazelton Project in British Columbia, Canada.

During the first half of 2018 the Company compiled all historical technical information from the project area into a digital database.

A field mapping and sampling program was then undertaken, during August and September. Results from this program are pending.



## DIRECTORS' REPORT (continued)

## Grapevine Cobalt-Nickel-Copper Project, Arizona, USA

During the first half of 2018 the Company announced it had secured a 100% interest in a highly prospective cobalt-nickel-copper project in central Arizona, USA.

The high-grade Grapevine Cobalt-Nickel-Copper Project, located ~25km east of Prescott in central Arizona, USA (see Figure 12), contains extensive historical cobalt workings.

The Company was attracted to the project when it identified (in a 1941 report) that samples of mineralisation from the area had assayed up to 7.5% Co. Further investigation revealed that at least five of the numerous historical workings in the area contain cobalt mineralisation, which extends over a strike length of more than 1.5km.

The geological sequence hosting the mineralisation is a gabbro – the same rock-type that hosts some of the world's largest Ni-Cu-Co deposits, including Voisey's Bay and Sudbury in Canada, and Norilsk in Russia.



Outcropping secondary cobalt mineralisation at the Walker Prospect.

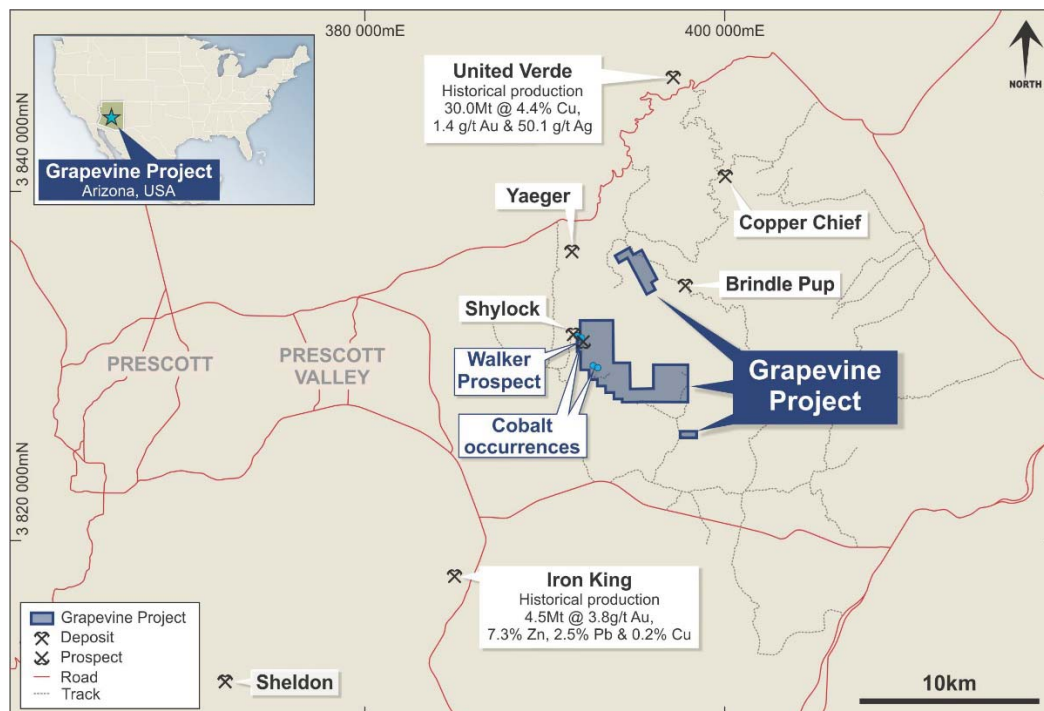


Figure 12. Location of New World Cobalt's Grapevine Project, Arizona, USA.

With no evidence of any modern exploration having been undertaken at the project previously, the Company has secured a 100% interest in the mineral rights covering approximately 3,800 acres; using available geochemistry data and targeting the prospective gabbro sequence (see below and Figure 13).

The Company intends undertaking low-cost, systematic geochemistry and geophysical programs over the coming months to rapidly advance its understanding of the mineralised system, with a view to bringing targets to drill-ready stage.

## DIRECTORS' REPORT (continued)

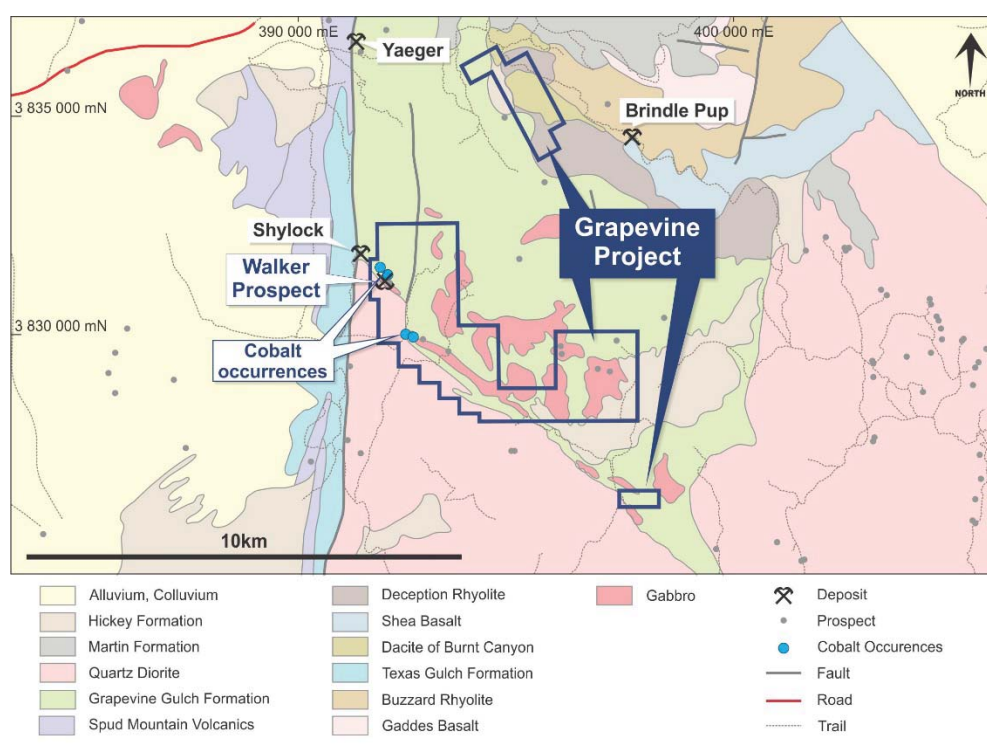


Figure 13. Geology of New World Cobalt's Grapevine Project, Arizona, USA.

**Non-Core Projects****Keel Zinc Project, Ireland**

On 28 February 2018 the Company announced it had elected not to exercise its option to acquire an 80% interest in the Keel Zinc Project in Ireland ("Keel Option"), thereby relinquishing all rights to the project. The decision not to exercise the Keel Option, which was to expire in March 2018, was made following consideration of:

- the substantial consideration payable to exercise the Keel Option, which comprised:
  - \$1,000,000 in cash; and
  - the issue of a further 120,000,000 New World Cobalt shares;
- the Company's focus on the exploration and development of its high-grade cobalt assets in North America;
- an assessment of results returned from the Keel Zinc Project during the Company's involvement; and
- the Company being unable to renegotiate suitable terms for the Keel Option.

The Company retains a 100% interest in six prospecting licenses that surround the two Keel Project licenses. It is exploring options to realise value from these licences.

**Kimberley West Project**

The Company holds an 80% interest in the Kimberley West Project, located in Western Australia. During the reporting period the Company reviewed previous work undertaken at the project in advance of determining further work programs.

**Fraser Range Project, Western Australia**

The Company has relinquished its interest in the Fraser Range Project in Western Australia.

**Corporate**

Key corporate activities undertaken by the Company during the reporting period were as follows:

- 80,000,000 shares were issued as consideration for the acquisition of Liaz Pty Ltd;
- on 31 October 2017, in conjunction with the completion of the acquisition of Liaz Pty Ltd, Michael Haynes and Richard Hill, were appointed Managing Director and Non-Executive Chairman. Both appointees are experienced resource development and capital market executives;

**DIRECTORS' REPORT (continued)**

- 6,434,140 shares were issued as part consideration for the acquisition of the Colson Project
- 638,301 shares were issued as part consideration for the acquisition of the rights to the Columbia Mine;
- 250,000 shares were issued as part consideration for the acquisition of the Hazelton Project;
- 20,000,000 shares were issued pursuant to the exercise of options with an exercise price of \$0.02 and expiry date of 31 December 2017, to raise proceeds of \$400,000; and
- 71,019,832 shares were issued pursuant to the exercise of options with an exercise price of \$0.05 and expiry date of 31 July 2018, to raise proceeds of \$3,550,992.

**Qualified and Competent Person**

The information in this report that relates to exploration results is based on information compiled by Mr Ben Vallerine, who is a consultant to, and shareholder of, the Company. Mr Vallerine is a Member of the Australian Institute of Geoscientists. Mr Vallerine has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results (JORC Code). Mr Vallerine consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

**Previously Reported Results**

There is information in this report relating to exploration results which were previously announced on 21 September 2017, 27 September 2017, 9 October 2017, 3 November 2017, 13 December 2017, 7 February, 22 March, 6 April, 23 May, 30 July and 5 September 2018. Other than as disclosed in those announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

**Forward Looking Statements**

Any forward-looking information contained in this report is made as of the date of this report. Except as required under applicable securities legislation, New World Cobalt does not intend, and does not assume any obligation, to update this forward-looking information.

**DIRECTORS' REPORT (continued)****Operating results for the year**

The consolidated loss of the consolidated entity for the financial year after providing for income tax amounted to \$10,326,737 (2017: \$3,485,703). The consolidated loss includes an impairment of exploration expenditure of \$224,318 (2017: \$443,597) and a loss from discontinued operations (consisting of the Fraser Range and Keel Zinc projects) of \$7,234,397 (2017: \$2,280,385 on winding up of Greenland Resources Limited).

**Review of financial conditions**

The Company is dependent upon equity markets to raise capital to fund its activities. As the Company intends carrying out exploration activities may be considered a speculative investment by potential investors.

The Company may need to raise further capital during the 2019 financial year in order to continue with its exploration activities and to cover corporate costs. The ability to access this capital will depend upon the state of financial markets at the time and Company performance. The Directors of the Company believe that they have the ability to raise additional capital as required through further placements to professional and sophisticated investors.

**Risk management**

The Company has a policy for the oversight and management of material business risks, which is available on the Company's website.

Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control, requiring management to appraise the Board of changing circumstances within the Company and within the international business environment.

**Significant changes in the state of affairs**

Significant changes in the state of affairs of the company during the financial year are detailed in the Review of Operations.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

**Significant events after balance date**

Subsequent to balance date:

- a further 19,278,510 Shares were issued pursuant to the exercise of 19,278,510 unlisted options, each exercisable at \$0.05 on or before 31 July 2018, for total proceeds of \$963,926; and
- on 10 August 2018, 24,162,173 Shares were issued pursuant to an underwriting agreement with Hartleys Limited in relation to the Company's remaining unlisted options, which were exercisable at \$0.05 and expired on 31 July 2018, for total proceeds of \$1,208,109.

On 30 August 2018, a further 9,962,449 Shares were issued as part consideration for the Colson Project.

On 5 September 2018, the Company announced that it had entered into an agreement to earn a 100% interest in 20 Federal mining claims at Badger Basin, Idaho, that cover 400 acres. The acquisition is subject to an initial 30 day due diligence period and commercial terms comprise:

- initial cash payment of US\$15,000 (completed);
- on satisfactory completion of due diligence, a further cash payment of US\$15,000 cash and issue US\$50,000 worth of Shares in order to maintain the right to acquire the claims;
- within 12 months of commencement of due diligence, the Company can acquire a 100% interest in the Badger Basin claims by issuing a further US\$100,000 of Shares to the vendors; and
- the vendors will retain a 2.0% NSR royalty; which can be reduced to 1.0% by paying US\$500,000.



**DIRECTORS' REPORT (continued)**

Apart from the above events there are no matters or circumstances that have arisen since the balance date which significantly affects or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Likely developments and expected results**

The Company will continue to implement strategy of exploring its high-grade North American cobalt projects. The Company will also consider any suitable acquisition opportunities.

**Environmental legislation**

Other than legislation and regulations governing its exploration licences, the consolidated entity is not subject to any significant environmental legislation.

**Indemnification and insurance of Directors and Officers**

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The total amount of insurance premiums paid in respect of a policy insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001 has not been disclosed due to confidentiality reasons.

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 entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from 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 or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

**DIRECTORS' REPORT (continued)****Remuneration report (Audited)**

This report outlines the remuneration arrangements in place for the key management personnel of the Company for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and certain executives.

**Key Management Personnel****Directors**

Richard Hill (Non-Executive Chairman)	Appointed 31/10/2017
Neville Bassett (Non-Executive Chairman)	Resigned 31/10/2017
Michael Haynes (Managing Director)	Appointed 31/10/2017
Bill (Charles) Guy (Managing Director)	Resigned 08/12/2017
Scott Mison (Non-Executive Director)	

**Remuneration philosophy**

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

In the absence of a remuneration committee, 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 Company did not employ a remuneration consultant during the year ended 30 June 2018.

**Remuneration structure**

In accordance with best practice Corporate Governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

**Non-executive Director remuneration**

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be as determined from time to time by a general meeting. The latest determination was at the meeting held on 22 March 2004 when shareholders approved an aggregate remuneration of \$200,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-Executive Directors of comparable companies when undertaking the annual review process.

The remuneration of Non-Executive Directors for the year ended 30 June 2018 is detailed on page 24 of this report.

**Senior manager and Executive Director remuneration**

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

## DIRECTORS' REPORT (continued)

### Remuneration Report (continued)

#### Fixed remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and where appropriate, external advice on policies and practices. The Board of Directors has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of key management personnel of the Company is detailed in Table 1.

#### Variable remuneration

The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the consolidated entity is reasonable in the circumstances.

Executive Directors and executives may also be paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. These bonuses will generally be set to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the consolidated entity.

The Board will review any performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

#### Service Contracts

Mr Richard Hill was appointed non-executive Chairman on 31 October 2017 and receives fixed remuneration of \$60,000 per annum for this role. Mr Hill also receives consulting fees of \$1,250 per day, based on a minimum of 8 hours service, for any additional executive support consultancy work that he provides.

Mr Michael Haynes was appointed Managing Director on 31 October 2017 and receives a fixed remuneration package of \$160,000 per annum. Termination notice period by the Company is one month or without notice in the event of serious misconduct or breach of consultancy agreement. Termination notice by the consultant is six months.

Other than Mr Richard Hill and Mr Michael Haynes' consulting contracts, there are no other service contracts currently in place for any of the directors.

## DIRECTORS' REPORT (continued)

## Remuneration Report (continued)

## Remuneration of Directors

Table 1: Directors' remuneration for the years ended 30 June 2018 and 30 June 2017

		Short-term employee benefits		Equity						
		Salary and fees	Salary and fees written off	Share options	Share options forfeited	Performance rights	Total	Fixed Remuneration	Remuneration linked to performance	
		\$	\$	\$	\$	\$	\$	%	%	
Richard Hill	2018	65,625	-	-	-	820,000	885,625	7	93	
	2017	-	-	-	-	-	-	-	-	
Neville Bassett	2018	10,000	-	-	-	-	10,000	100	-	
	2017	30,000	-	-	-	-	30,000	100	-	
Michael Haynes	2018	106,667	-	-	-	820,000	926,667	12	88	
	2017	-	-	-	-	-	-	-	-	
Bill Guy	2018	82,920	-	-	-	-	82,920	100	-	
	2017	133,846	-	60,000	-	-	193,846	100	-	
Scott Mison	2018	80,400	-	25,698	-	-	106,098	76	24	
	2017	32,266	-	-	-	-	32,266	100	-	
Edward Mead	2018	-	-	-	-	-	-	-	-	
	2017	12,500	-	-	-	-	12,500	100	-	

Richard Hill was appointed Chairman on 31 October 2017.

Neville Bassett resigned as Chairman on 31 October 2017.

Michael Haynes was appointed Managing Director on 31 October 2017.

Bill Guy resigned as Director on 8 December 2017.

Scott Mison was appointed Director on 2 November 2016.

Edward Mead resigned as Director on 2 November 2016.

Table 2: Performance rights compensation to key management personnel during the current financial year

## Granted as compensation

30 June 2018	Number granted	Grant date	Value per performance right at grant date \$	Value of performance right at grant date \$	Date exercised	Ordinary shares issued on exercise	Vesting and first exercise date	Last exercised date
Richard Hill	10,000,000	01/11/2017	0.12	1,200,000	-	-	-	-
Michael Haynes	10,000,000	01/11/2017	0.12	1,200,000	-	-	-	-

Each Performance Right will convert into a fully paid Ordinary Share on a 1 for 1 basis subject to a 12 month continuous service vesting condition (accelerated on a change of control event to allow the holder to participate in the relevant transaction). At balance date, it is considered probable that the vesting conditions will be met. As a result the value of the performance rights has been expensed over the vesting period and as at balance date, an amount of \$820,000 for each of the two directors has been expensed and reflected in their remuneration in the above table.

## Exercised

No options granted as compensation in the current and/or prior year were exercised.

## DIRECTORS' REPORT (continued)

## Remuneration Report (continued)

## Forfeited/lapsed during the year

No options granted as compensation in the current and/or prior year were forfeited / lapsed.

## Option holdings of Key Management Personnel Granted as Remuneration

	Balance at beginning of period	Capital Consolidation (1 for 20) (i)	Options expired	Allotment of Options	Balance at end of period	Total	Vested as at end of period Exercisable	Not Exercisable
<b>30 June 2018</b>								
<b>Directors</b>								
Richard Hill	-	-	-	-	-	-	-	-
Michael Haynes	-	-	-	-	-	-	-	-
Scott Mison (i)	666,666	-	-	1,050,000	1,716,666	1,716,666	1,716,666	-
<b>Total</b>	<b>666,666</b>	<b>-</b>	<b>-</b>	<b>1,050,000</b>	<b>1,716,666</b>	<b>1,716,666</b>	<b>1,716,666</b>	<b>-</b>

(i) Scott Mison was granted 1,050,000 options during the year, as approved at the Company's 2017 Annual General Meeting. These options are exercisable in five equal tranches of 210,000 options at prices ranging from \$0.125 to \$0.225 by 13 December 2021. Each tranche of 210,000 options vest in these stages:

- 70,000 after 1 year of employment
- 70,000 after 2 years of employment
- 70,000 after 3 years of employment

Details of the valuation basis of these options are disclosed in Note 12 of the financial report.

	Balance at beginning of period	Capital Consolidation (1 for 20) (i)	Options expired	Allotment of Options	Balance at end of period	Total	Vested as at end of period Exercisable	Not Exercisable
<b>30 June 2017</b>								
<b>Directors</b>								
Neville Bassett	2,000,000	(1,900,000)	(100,000)	-	-	-	-	-
Bill Guy	2,000,000	(1,900,000)	(100,000)	-	-	-	-	-
Edward Mead	83,330	(79,163)	(4,167)	-	-	-	-	-
Scott Mison	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,083,330</b>	<b>(3,879,163)</b>	<b>(204,167)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Shareholdings of Key Management Personnel

	Balance at beginning of period	Granted as remuneration	Net change other	Capital Consolidation (1 for 20)	Balance at end of period
<b>30 June 2018</b>					
<b>Directors</b>					
Richard Hill	-	-	13,451,682*	-	13,451,682
Neville Bassett	289,536	-	-	-	289,536
Michael Haynes	-	-	24,667,305*	-	24,667,305
Bill Guy	6,292,224	-	-	-	6,292,224
Scott Mison	2,000,000	-	-	-	2,000,000
<b>30 June 2018</b>	<b>8,581,760</b>	<b>-</b>	<b>38,118,987</b>	<b>-</b>	<b>46,700,747</b>

\*Existing shareholdings held as at the date of their appointment

## DIRECTORS' REPORT (continued)

## Remuneration Report (continued)

	Balance at beginning of period	Granted as remuneration (b)	Net change other (c)	Capital Consolidation (1 for 20) (a)	Balance at end of period
<b>30 June 2017</b>					
<b>Directors</b>					
Neville Bassett	5,790,695	-	-	(5,501,159)	289,536
Bill Guy	5,844,472	120,000,000	-	(119,552,248)	6,292,224
Edward Mead	1,111,111	-	-	(1,055,555)	55,556
Scott Mison	-	-	40,000,000	(38,000,000)	2,000,000
<b>30 June 2017</b>	<b>12,746,278</b>	<b>120,000,000</b>	<b>40,000,000</b>	<b>(164,108,962)</b>	<b>8,637,316</b>

- (a) Issued Capital was consolidated on a 1 for 20 basis ("Consolidation") after a resolution was passed at the shareholders' meeting on 2 November 2016.
- (b) The Company issued 6,000,000 post-Consolidation fully paid ordinary shares ("Shares"), on a post-consolidation basis, in November 2016 to Executive Director Charles Guy as consideration for unpaid salaries as approved by Shareholders at the General Meeting on 2 November 2016.
- (c) Scott Mison participated in Tranche 1 of the first Share Placement conducted on 2 November 2016.

## Other transactions and balances with Key Management Personnel (included in remuneration Table 1)

	2018 \$	2017 \$
Directors' fees paid to Braeside Minerals Pty Ltd, a company in which Richard Hill is a director	40,000	-
Consulting fees paid to Braeside Minerals Pty Ltd, a company in which Richard Hill is a director	25,625	-
Directors' fees paid to Mandevilla Pty Ltd, a company in which Neville Bassett is a director	10,000	30,000
Directors' fees paid to Bullseye Geoservices Pty Ltd, a company in which Michael Haynes is a director	106,667	-
Directors' fees paid to Mineral Rock Pty Ltd, a company in which Bill Guy is a director	75,000	120,000
Accrued annual leave for Director fees that have been accrued by Mineral Rock Pty Ltd, a company in which Bill Guy is a director	7,920	13,846
Directors' fees paid to Scott Mison	73,750	30,887
Superannuation contributions paid on behalf of Scott Mison	6,650	1,379

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

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

At the Company's 2017 AGM, the Company received approximately 100% of 'Yes' votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

There have been no other transactions with key management personnel.

End of Remuneration Report.



**DIRECTORS' REPORT (continued)****Directors' meetings**

The number of meetings of Directors' held during the year and the number of meetings attended by each Director was as follows:

Director	Board Meetings	
	Number Attended	Number eligible to attend
Richard Hill	5	5
Neville Bassett	1	1
Michael Haynes	5	5
Bill Guy	3	3
Scott Mison	6	6

**Proceedings on behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

**Auditor independence and non-audit services**

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the Annual Report. This Independence Declaration is set out on page 28 and forms part of this Directors' Report for the year ended 30 June 2018.

**Non-audit services**

The Company may decide to employ the auditors on assignments additional to their statutory duties where the auditors' expertise and experience with the Company are important.

During the financial year ended 30 June 2018, there were no non-audit services provided by the Company's auditors.

**Corporate Governance Statement**

The Company's 2018 Corporate Governance Statement has been released as a separate document and is located on our website at: [www.newworldcobalt.com](http://www.newworldcobalt.com)

Signed in accordance with a resolution of the Directors.



**Richard Hill**  
Non Executive Chairman

Dated this 28<sup>th</sup> day of September 2018

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of New World Cobalt Limited (formerly Longford Resources Limited) for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**  
**28 September 2018**



**L Di Giallonardo**  
**Partner**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	Consolidated 2017 \$
Revenue	2(a)	4,777	1,906
Depreciation expense	8	(177)	(1,429)
Impairment of exploration expenditure	9	(224,318)	(443,597)
Other expenses	2(b)	(2,872,628)	(762,198)
<b>Loss before income tax expense</b>		<b>(3,092,346)</b>	<b>(1,205,318)</b>
Income tax benefit	3	-	-
<b>Loss for the year from continuing operations</b>		<b>(3,092,346)</b>	<b>(1,205,318)</b>
<b>Discontinued Operations</b>			
Loss from discontinued operation	15	(7,234,391)	(2,280,385)
<b>Net loss for the year</b>		<b>(10,326,737)</b>	<b>(3,485,703)</b>
Items which may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		96,605	-
Foreign exchange reserve reclassified on disposal of subsidiary		-	(365,698)
<b>Total comprehensive loss for the year</b>		<b>(10,230,132)</b>	<b>(3,851,401)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(10,326,737)	(3,485,703)
Non-controlling interest		-	-
<b>Total loss for the year</b>		<b>(10,326,737)</b>	<b>(3,485,703)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent		(10,230,132)	(3,851,401)
Non-controlling interest		-	-
<b>Total comprehensive loss for the year</b>		<b>(10,230,132)</b>	<b>(3,851,401)</b>
Basic and diluted loss per share (cents per share) from continuing operations	5	(0.81)	(0.76)
Basic and diluted loss per share (cents per share) from discontinued operations	5	(1.90)	(1.44)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Notes	2018 \$	Consolidated 2017 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	2,468,135	3,215,840
Trade and other receivables	7	145,415	102,307
<b>Total Current Assets</b>		<b>2,613,550</b>	<b>3,318,147</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	-	177
Exploration and evaluation expenditure	9	15,401,460	7,252,332
<b>Total Non-Current Assets</b>		<b>15,401,460</b>	<b>7,252,509</b>
<b>Total Assets</b>		<b>18,015,010</b>	<b>10,570,656</b>
<b>Current Liabilities</b>			
Trade and other payables	10	360,451	253,383
<b>Total Current Liabilities</b>		<b>360,451</b>	<b>253,383</b>
<b>Total Liabilities</b>		<b>360,451</b>	<b>253,383</b>
<b>Net Assets</b>		<b>17,654,559</b>	<b>10,317,273</b>
<b>Equity</b>			
Issued capital	11	75,805,015	61,419,547
Reserves	12	12,594,964	9,316,409
Accumulated losses	12	(70,745,420)	(60,418,683)
Total equity attributable to the owners of the parent		17,654,559	10,317,273
Non-controlling interests		-	-
<b>Total Equity</b>		<b>17,654,559</b>	<b>10,317,273</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

Consolidated	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payment Reserve	Performance Rights Reserve	Foreign exchange Reserve	Attributable to owners of the parent	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>	<b>55,642,962</b>	<b>(56,932,980)</b>	<b>8,378,799</b>	<b>696,683</b>	<b>58,860</b>	<b>365,698</b>	<b>8,210,022</b>	<b>(2,810,141)</b>	<b>5,399,881</b>
Loss for the year	-	(3,485,703)	-	-	-	-	(3,485,703)	-	(3,485,703)
Reclassification of foreign exchange reserve on disposal of subsidiary	-	-	-	-	-	(365,698)	(365,698)	-	(365,698)
<b>Total Comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(3,485,703)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(365,698)</b>	<b>(3,851,401)</b>	<b>-</b>	<b>(3,851,401)</b>
Derecognition of non-controlling interest upon disposal of subsidiary	-	-	-	-	-	-	-	2,810,141	2,810,141
Options issued during the year	-	-	-	182,067	-	-	182,067	-	182,067
Shares issued during the year	6,207,485	-	-	-	-	-	6,207,485	-	6,207,485
Share issue costs	(430,900)	-	-	-	-	-	(430,900)	-	(430,900)
<b>Balance as at 30 June 2017</b>	<b>61,419,547</b>	<b>(60,418,683)</b>	<b>8,378,799</b>	<b>878,750</b>	<b>58,860</b>	<b>-</b>	<b>10,317,273</b>	<b>-</b>	<b>10,317,273</b>
<b>Balance as at 1 July 2017</b>	<b>61,419,547</b>	<b>(60,418,683)</b>	<b>8,378,799</b>	<b>878,750</b>	<b>58,860</b>	<b>-</b>	<b>10,317,273</b>	<b>-</b>	<b>10,317,273</b>
Loss for the year	-	(10,326,737)	-	-	-	-	(10,326,737)	-	(10,326,737)
Exchange differences on translation of foreign operations	-	-	-	-	-	96,605	96,605	-	96,605
<b>Total Comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(10,326,737)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,605</b>	<b>(10,230,132)</b>	<b>-</b>	<b>(10,230,132)</b>
Perf. Rights lapsed during the year	-	-	-	-	(58,860)	-	(58,860)	-	(58,860)
Perf. Rights issued during the year	-	-	-	-	1,640,000	-	1,640,000	-	1,640,000
Options issued during the year	-	-	-	1,600,810	-	-	1,600,810	-	1,600,810
Shares issued during the year	14,385,468	-	-	-	-	-	14,385,468	-	14,385,468
<b>Balance as at 30 June 2018</b>	<b>75,805,015</b>	<b>(70,745,420)</b>	<b>8,378,799</b>	<b>2,479,560</b>	<b>1,640,000</b>	<b>96,605</b>	<b>17,654,559</b>	<b>-</b>	<b>17,654,559</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	Consolidated 2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(1,021,999)	(624,046)
R & D rebate received		-	103,201
Reclamation bond		(63,488)	-
Interest received		3,409	1,356
Net cash used in operating activities	6(ii)	(1,082,078)	(519,489)
<b>Cash Flows from Investing Activities</b>			
Payments for exploration and evaluation		(3,638,988)	(813,066)
Payment for acquisition of Fraser Range		-	(100,000)
Cash acquired from acquisition of Liaz		22,761	-
Net cash used in investing activities		(3,616,227)	(913,066)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		3,950,600	4,689,985
Proceeds from issue of share options		-	4,000
Proceeds from borrowings		-	100,000
Repayment of borrowings		-	(100,000)
Payment for share issue costs		-	(210,000)
Net cash provided by financing activities		3,950,600	4,483,985
Net (decrease)/increase in cash and cash equivalents		(747,705)	3,051,430
Cash and cash equivalents at the beginning of the year		3,215,840	164,410
Effects of exchange rate fluctuations on cash held		-	-
<b>Cash and Cash Equivalents at the End of the Year</b>	6(i)	<b>2,468,135</b>	<b>3,215,840</b>

The accompanying notes form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial statements comprise the financial statements for the consolidated entity ("Group") consisting of the Company and its subsidiaries. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report has also been prepared on an historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies detailed below have been consistently applied to all years presented unless otherwise stated. The financial statements are for the Group.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia and North America. The entity's principal activities are exploration of mineral resources.

#### (b) Adoption of new and revised standards

##### Changes in accounting policies on initial application of Accounting Standards

##### Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the directors that there is no material impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and therefore no change is necessary to Group Accounting policies.

##### Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the directors have determined that there is no material impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change necessary to Group accounting policies.

#### (c) Statement of compliance

The financial report was authorised for issue on 28 September 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group consisting of the Company and its subsidiaries as at 30 June 2018 and the results of all subsidiaries for the year then ended.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Basis of consolidation (continued)

Business combinations have been accounted for using the acquisition method of accounting.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of New World Cobalt.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### (e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 12.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 12.

##### Exploration and evaluation costs carried forward

In accordance with accounting policy note 1(y), management determines when an area of interest should be abandoned. When a decision is made that an area is not commercially viable, all costs that have been capitalised in respect of those areas of interest are written off. In determining this, certain assumptions including the maintenance of title, ongoing expenditure and prospectivity are made.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Going concern**

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of New World Cobalt's assets and the discharge of its liabilities in the normal course of business.

As at 30 June 2018, the Group had cash and cash equivalents of \$2,468,135, a loss for the year of \$10,326,737 and a net cash outflow from operating, investing and financing activities of \$747,705.

The Board considers that New World Cobalt is a going concern and recognises that additional funding may be required to ensure that it can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this report. Such additional funding as occurred during the year ended 30 June 2018, as disclosed in Note 11, and as occurred subsequent to balance date as disclosed in Note 19, can be derived from either one or a combination of the following:

- Raising additional equity capital to fund the Group's ongoing exploration and development program and working capital requirements, as and when required;
- Alliance with institutional brokers for raising additional capital;
- The farm-down or sale of its mineral interests; or
- The successful commercial exploitation of the Group's mineral interests.

Accordingly, the Directors believe that subject to prevailing equity market conditions, New World Cobalt will be able to obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

**(g) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of New World Cobalt Limited.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

#### (i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In relation to interest income the interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

#### (j) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (k) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Income tax (continued)

##### Tax consolidation legislation

New World Cobalt Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

The Company recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

#### (l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and VAT except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST and VAT included.

The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST and VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority.

#### (m) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Impairment of assets (continued)

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### (n) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (o) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, reviews of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

#### (p) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Financial assets (continued)

##### (i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

##### (ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

##### (iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### (iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Derecognition of financial assets and financial liabilities

##### (i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### (ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (r) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

##### (i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

##### (ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

##### (iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

#### (s) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	2.5 years to 8 years
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The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

##### (i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Property, plant and equipment (continued)

##### (ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

#### (t) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

#### (u) Interest bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### (v) Share-based payment transactions

##### (i) Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model or the binomial option valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of New World Cobalt Limited (market conditions) if applicable.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Share-based payment transactions (continued)

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

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. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If 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 modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share.

#### (w) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

#### (x) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

#### (z) Parent Entity Financial Information

The financial information for the parent entity New World Cobalt Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as below;

##### (i) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

##### (ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2018	2017
	\$	\$
<b>(a) Revenue</b>		
Interest revenue	4,777	1,356
Other	-	550
	<u>4,777</u>	<u>1,906</u>
<b>(b) Expenses</b>		
Options issued	80,811	-
Performance rights issued	1,640,000	-
Performance rights lapsed	(58,860)	-
Administration costs	329,127	158,947
Auditor's remuneration – HLB Mann Judd	38,000	39,500
Marketing and travel costs	293,099	181,841
Other	550,451	381,910
	<u>2,872,628</u>	<u>762,198</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 3: INCOME TAX

	Consolidated 2018	2017
	\$	\$

The major components of tax benefit for the years ended 30 June 2018 and 30 June 2017 are:

R & D tax incentive

Income tax benefit reported in the statement of comprehensive income

-	-
-	-

A reconciliation of income tax benefit applicable to accounting loss before income tax at the statutory income tax rate to income tax benefit at the Company's effective income tax rate for the years ended 30 June 2018 and 30 June 2017 is as follows:

Accounting (loss) before tax from continuing operations	(3,092,346)	(1,205,318)
Loss from discontinued operations	(7,234,391)	(2,280,385)
Accounting loss before income tax	<u>(10,326,737)</u>	<u>(3,485,703)</u>

At the statutory income tax rate of 27.5% (2017: 27.5%)

Add:

Non-deductible expenses/(Non-assessable income)

Temporary differences not recognised

Current year tax loss not brought to account as a deferred tax asset

Change in tax rate

Adjustments in respect of current income tax of previous years

Income tax benefit reported in the statement of comprehensive income

(2,839,853)	(958,568)
-	4,478
-	32,211
2,839,853	846,614
-	268,700
-	(193,435)
-	-

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Business related expenses

Capital raising costs

Trade and other payables

Tax losses (current year excludes carried forward tax losses in relation to Greenland project)

-	-
78,881	232,873
5,500	14,574
3,294,637	3,735,207
<u>3,379,018</u>	<u>3,982,654</u>

#### Unrecognised deferred tax liabilities

Deferred tax liabilities have not been recognised in respect of the following items:

Capitalised exploration costs

Other deferred tax liabilities

4,235,617	506,132
-	398
<u>4,235,617</u>	<u>506,530</u>

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 4: SEGMENT REPORTING

#### Description of segments

During the year, the consolidated entity operated predominantly in Australia and the USA (2017 Australia) and in one business segment being, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose.

Reporting segments disclosed are Australia and Greenland. Reporting segments were determined based on areas of operation.

#### Segment information

The following tables present revenue and loss information and certain asset and liability information regarding business segments for the years ended 30 June 2018 and 30 June 2017.

	Australia \$	USA \$	Consolidated \$
<b>Year ended 30 June 2018</b>			
<b>Revenue</b>			
Other revenue	4,777	-	4,777
<b>Total segment revenue</b>	<b>4,777</b>	<b>-</b>	<b>4,777</b>
<b>Segment net operating (loss) after tax</b>	<b>(2,958,338)</b>	<b>(134,008)</b>	<b>(3,092,346)</b>
Depreciation	(177)	-	(177)
Impairment of exploration expenditure	(7,458,709)	-	(7,458,709)
Share based payment	(1,581,140)	-	(1,581,140)
<b>Segment assets</b>	<b>14,577,572</b>	<b>3,437,438</b>	<b>18,015,010</b>
<b>Segment liabilities</b>	<b>(85,884)</b>	<b>(274,567)</b>	<b>(360,451)</b>
Acquisition of non-current assets	881,322	14,681,199	15,562,521
	Australia \$	Greenland \$	Consolidated \$
<b>Year ended 30 June 2017</b>			
<b>Revenue</b>			
Other revenue	1,906	-	1,906
<b>Total segment revenue</b>	<b>1,906</b>	<b>-</b>	<b>1,906</b>
<b>Segment net operating (loss) after tax</b>	<b>(1,205,318)</b>	<b>-</b>	<b>(1,205,318)</b>
Depreciation	(1,429)	-	(1,429)
Impairment of exploration expenditure	(443,597)	-	(443,597)
<b>Segment assets</b>	<b>10,570,656</b>	<b>-</b>	<b>10,570,656</b>
<b>Segment liabilities</b>	<b>(253,383)</b>	<b>-</b>	<b>(253,383)</b>
Acquisition of non-current assets	2,213,056	-	2,213,056

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 5: LOSS PER SHARE

	Consolidated 2018 cents per share	Consolidated 2017 cents per share
Basic loss per share:		
Continuing operations	(0.81)	(0.76)
Discontinued operations	(1.90)	(1.44)
Total basic loss per share	(2.71)	(2.20)
Basic earnings/loss per share	2018 \$	2017 \$
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Loss from continuing operations	(3,092,346)	(1,205,318)
Loss from discontinued operations	(7,234,391)	(2,280,385)
	No.	No.
Weighted average number of ordinary shares for the purposes of basic loss per share	380,855,691	158,450,211

### NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated 2018 \$	Consolidated 2017 \$
Cash at bank and on hand	2,468,135	3,215,840
	<u>2,468,135</u>	<u>3,215,840</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### (i) Reconciliation to Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 2018 \$	Consolidated 2017 \$
Cash and cash equivalents	2,468,135	3,215,840



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 6: CASH AND CASH EQUIVALENTS (continued)

#### (ii) Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	
	2018	2017
	\$	\$
Loss after income tax	(10,326,737)	(3,485,703)
Depreciation	177	1,429
Write off of exploration expenditure	224,318	443,597
Loss from discontinued operations	7,234,391	2,280,385
Share based payments	1,721,813	242,067
(Increase)/decrease in trade and other receivables	(43,108)	66,854
Increase/(decrease) in trade and other payables	107,068	(68,118)
Net cash flows used in operating activities	(1,082,078)	(519,489)

#### (iii) Non-cash financing and investment activities

Acquisition of exploration interests	-	1,398,000
Capital raising fees	-	60,000

### NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018	2017
	\$	\$
Other receivables		
- GST recoverable	41,824	80,857
- Other debtors	103,591	21,450
	145,415	102,307

Due to nature of the above receivables an aging is not presented. The receivables are not past their contractual terms or past due.

### NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	Plant and equipment	Total
	\$	\$
<b>Year ended 30 June 2018</b>		
At 1 July 2017, net of accumulated depreciation	177	177
Additions	-	-
Disposals	-	-
Exchange differences	-	-
Depreciation charge for the year	(177)	(177)
At 30 June 2018, net of accumulated depreciation and impairment	-	-
<b>At 30 June 2018</b>		
Cost	62,212	62,212
Accumulated depreciation	(62,212)	(62,212)
Net carrying amount	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and equipment \$	Consolidated Total \$
<b>Year ended 30 June 2017</b>		
At 1 July 2016, net of accumulated depreciation	1,606	1,606
Additions	-	-
Disposals	-	-
Exchange differences	-	-
Depreciation charge for the year	(1,429)	(1,429)
At 30 June 2017, net of accumulated depreciation and impairment	<u>177</u>	<u>177</u>
<b>At 30 June 2017</b>		
Cost	62,212	62,212
Accumulated depreciation	(62,035)	(62,035)
Net carrying amount	<u>177</u>	<u>177</u>

The useful lives of the assets were estimated as follows for both 2018 and 2017:  
Plant and equipment 2.5 to 8 years

### NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE

	2018 \$	Consolidated 2017 \$
Costs carried forward in respect of:		
<b>Exploration and evaluation phase - at cost</b>		
Balance at beginning of the year	7,252,332	5,482,873
Expenditure incurred	3,743,440	367,146
Exploration expenditure on acquisition of asset (Note 14)	11,819,081	1,845,910
Expenditure written off (i)	(7,458,709)	(443,597)
Net exchange differences on translation	45,316	-
Total exploration expenditure	<u>15,401,460</u>	<u>7,252,332</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

(i) During the 2018 financial year the Company elected not to exercise its option to acquire an 80% interest in the Keel Zinc project, thereby relinquishing all rights to that project. The Company also decided to relinquish its interest in the Fraser Range tenement package (refer further Review of Operations). Accordingly the costs associated with both of these projects were written off.

### NOTE 10: CURRENT TRADE AND OTHER PAYABLES

	2018 \$	Consolidated 2017 \$
Trade and other payables (i)	307,482	229,883
Sundry payables and accrued expenses	52,969	23,500
	<u>360,451</u>	<u>253,383</u>

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 11: ISSUED CAPITAL AND UNISSUED CAPITAL

#### Issued Capital

Movements in issued capital were as follows:

	Consolidated	
	2018	2017
	\$	\$
456,024,105 (2017: 276,781,885) ordinary shares issued and fully paid	78,715,117	64,329,649
Share issue costs	(2,910,102)	(2,910,102)
	<u>75,805,015</u>	<u>61,419,547</u>

	2018		2017	
	No.	\$	No.	\$
Movement in ordinary shares on issue				
<b>Balance at beginning of financial year</b>	<b>276,781,885</b>	<b>64,329,649</b>	<b>1,053,332,751</b>	<b>58,122,165</b>
Share Placement for cash	-	-	141,333,247	70,666
Share Placement for cash	-	-	2,238,666,753	1,119,333
Shares issued in lieu of capital raising fees	-	-	119,000,000	59,500
Shares issued in lieu of unpaid salary (b)	-	-	120,000,000	60,000
	-	-	3,672,332,751	59,431,664
Capital consolidation (1 for 20) (a)	-	-	(3,488,715,423)	-
	-	-	188,617,328	59,431,664
Keel Project – options for 80% interest (c)	-	-	20,000,000	1,198,000
West Kimberley Project – options for 80% interest (d)	-	-	3,164,557	200,000
Share Placement for cash	-	-	22,739,000	1,136,950
Share Placement for cash	-	-	47,261,000	2,363,035
Shares issued on exercise of options	91,011,832	3,950,601	-	-
Shares issued in consideration for Liaz (e)	80,000,000	9,600,000	-	-
Shares issued in consideration for Salmon Canyon (f)	6,434,140	665,486	-	-
Shares issued in consideration for Hazelton (g)	250,000	25,950	-	-
Shares issued in consideration for Columbia Mine (h)	638,310	66,256	-	-
Shares issued in consideration for Grapevine Project (i)	907,938	77,175	-	-
<b>Balance at end of the financial year</b>	<b>456,024,105</b>	<b>78,715,117</b>	<b>276,781,885</b>	<b>64,329,649</b>

(a) Issued Capital was consolidated on a 1 for 20 basis ("Consolidation") after a resolution was passed at the shareholders' meeting on 2 November 2016. Subsequent references to securities are on a post-Consolidation basis.

(b) The Company issued 6,000,000 fully paid ordinary shares ("Shares") in November 2016 to Executive Director Charles Guy as consideration for unpaid salaries as approved by Shareholders at the General Meeting on 2 November 2016.

(c) The Company issued 20,000,000 Shares in March 2017 being an option for 80% interest in the new Keel Zinc Project.

(d) The Company issued 3,164,557 Shares in March 2017 being an option for 80% interest in the West Kimberley Project.

(e) The Company issued 80,000,000 Shares in November 2017 as consideration for the Liaz Acquisition.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 11: ISSUED CAPITAL AND UNISSUED CAPITAL (continued)

- (f) The Company issued (i) 2,880,458 Shares in November 2017; and (ii) a further 3,553,682 Shares in April 2018, in relation to the acquisition of the Salmon Canyon Deposit.
- (g) The Company issued 250,000 Shares in December 2017 in relation to the acquisition of the Hazelton Project.
- (h) The Company issued 638,310 Shares in December 2017 in relation to the acquisition of the Columbia Mine.
- (i) The Company issued 907,938 Shares in May 2018 in relation to the acquisition of the Grapevine Project.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

#### Performance Shares

Movements in performance shares were as follows:

	Consolidated	
	2018	2017
	\$	\$
1,133,334 (2017: 1,133,334) performance shares issued and fully paid	-	-
	-	-
	-	-
	2018	2017
	No.	No.
	\$	\$
Movement in ordinary shares that are unissued		
<b>Balance at beginning of financial year</b>	<b>1,133,334</b>	<b>22,666,669</b>
Capital consolidation (1 for 20) (a)	-	(21,533,335)
<b>Balance at end of the financial year (b)</b>	<b>1,133,334</b>	<b>1,133,334</b>

- (a) Issued Capital was consolidated on a 1 for 20 basis after a resolution was passed at the shareholders' meeting on 2 November 2016.
- (b) Conversion of the Class A Performance Shares will occur on the delineation of a JORC code compliance inferred resource of 300,000 ounce gold equivalent from the Fraser Range tenements with shares expiring after 4 years.

Conversion of the Class B Performance Shares will occur with a decision to mine on the Fraser Range tenements with shares expiring after 5 years.

As the Company is still in the process of progressing its activities, no value is currently attributed to these Performance Shares.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 12: ACCUMULATED LOSSES AND RESERVES

#### Accumulated Losses

Movements in accumulated losses were as follows:

	Consolidated	
	2018	2017
	\$	\$
Balance at the beginning of the financial year	(60,418,683)	(56,932,980)
Net loss for the year	(10,326,737)	(3,485,703)
Balance at the end of the financial year	<u>(70,745,420)</u>	<u>(60,418,683)</u>

	Consolidated	
	2018	2017
	No.	No.
Option Reserve		
Movement in options over ordinary shares on issue		
Balance at the beginning of the financial year	30,833,334	375,356,409
Issue of options as consideration for the remaining 4% interest in the Fraser Range Project	-	16,666,666
Issue of adviser options	-	400,000,000
	<u>30,833,334</u>	<u>792,023,075</u>
Capital consolidation (1 for 20)	-	(752,421,921)
	<u>30,833,334</u>	<u>39,601,154</u>
Director options expired	-	(4,167)
Issue of adviser options	20,000,000	10,000,000
Options expired	-	(18,763,653)
Issue of bonus shareholder options	94,453,055	-
Issue of employee options	750,000	-
Issue of director options	1,050,000	-
Issue of consultant options	500,000	-
Options exercised	<u>(91,011,832)</u>	<u>-</u>
Balance at the end of the financial year	<u>56,574,557</u>	<u>30,833,334</u>

	Consolidated	
	2018	2017
	\$	\$
Option Reserve		
Balance at the beginning of the financial year	8,378,799	8,378,799
Balance at the end of the financial year	<u>8,378,799</u>	<u>8,378,799</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 12: ACCUMULATED LOSSES AND RESERVES (continued)

	Consolidated 2018 \$	2017 \$
<b>Share Based Payments Reserve</b>		
Balance at the beginning of the financial year	878,750	696,683
20,000,000 post-consolidation unlisted adviser options exercisable at 2 cents on or before 31 December 2017	-	4,000
10,000,000 post-consolidation unlisted adviser options exercisable at 10 cents on or before 10 May 2020	-	161,400
833,333 post-consolidation unlisted options exercisable at 12 cents on or before 22 September 2020	-	16,667
20,000,000 advisor options exercisable at 5 cents on or before 31 July 2018	1,520,000	-
750,000 unlisted employee options exercisable at 12.5 cents on or before 13 December 2019	34,662	-
1,050,000 unlisted director options exercisable at 12.5, 15, 17.5, 20 and 22.5 cents on or before 13 December 2021	24,931	-
500,000 unlisted consultant options exercisable at 12.5 cents on or before 13 December 2019	21,217	-
Balance at the end of the financial year	<u>2,479,560</u>	<u>878,750</u>
<b>Foreign Currency Translation Reserve</b>		
Balance at the beginning of the financial year	-	365,698
Currency translation differences	96,605	-
Reclassification of foreign exchange reserve on disposal of subsidiaries	-	(365,698)
Balance at the end of the financial year	<u>96,605</u>	<u>-</u>
<b>Performance Rights Reserve</b>		
Balance at the beginning of the financial year	58,860	58,860
Performance rights lapsed	(58,860)	-
Performance rights issued	1,640,000	-
Balance at the end of the financial year	<u>1,640,000</u>	<u>58,860</u>
<b>Total Reserves</b>	<u>12,594,964</u>	<u>9,316,409</u>

#### Nature and purpose of reserves

##### Share based payments reserve

This reserve is used to record the value of equity benefits provided to third parties, employees and directors in consideration for the acquisition of assets or services.

##### Option reserve

This reserve is used to record the amounts received from option holders when the options are issued.

##### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to record the effect of foreign exchange variations or net investments in foreign operations on consolidation.

##### Performance rights reserve

This reserve is used to record the value of performance rights benefits provided to third parties, employees and directors in consideration for the acquisition of assets or services.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 12: ACCUMULATED LOSSES AND RESERVES (continued)

The following share based payment arrangements were in place during the current and prior periods:

	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date
Class I unlisted options (i)	83,334	30 November 2012	30 November 2016	0.90	\$1,655
Class I unlisted options	1,050,000	13 December 2017	13 December 2021	0.125, 0.15, 0.175, 0.20 and 0.225	\$72,088
Class I unlisted options	750,000	13 December 2017	13 December 2019	0.125	\$55,461
Class I unlisted options	500,000	29 March 2018	13 December 2019	0.125	\$21,217
Advsiior options	20,000,000	1 November 2017	31 July 2018	0.05	\$1,520,000

- (i) Class I unlisted options expired during the previous financial year unexercised. The options were issued as consideration for Directors' fees and not under an Employee Share Option Plan.

The fair value of the equity settled share options granted is estimated as at the date of grant using the Black and Scholes option valuation method taking into account the terms and conditions upon which the options were granted as follows:

#### 2018

The following share options were issued during the year in relation to the provision of services to the Company:

- 1,050,000 unlisted director options were issued at 12.5, 15, 17.5, 20 and 22.5 cents exercisable on or before 13 December 2021.
- 750,000 unlisted options were issued at 12.5 cents exercisable on or before 13 December 2019.
- 500,000 unlisted options were issued at 12.5 cents exercisable on or before 13 December 2019.
- 20,000,000 unlisted options were issued at 5 cents exercisable on or before 31 July 2018.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The options were valued using the Black and Scholes option valuation method with the following inputs:

- Expected volatility 100%
- Risk free interest rate 1.87% and 2%

All other inputs relate to the Company's share price at the date of grant and the expiry date of the options.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2018 No.	2018 average exercise price	2017 No.	2017 Weighted average exercise price
Outstanding at the beginning of the year	30,833,333	4.86 cents	83,334	90 cents
Granted during the year	116,753,055	6 cents	30,833,333	4.86 cents
Exercised during the year	(91,011,832)	5 cents	-	-
Expired during the year	-	-	(83,334)	90 cents
Outstanding at the end of the year	56,574,556	6 cents	30,833,333	4.86 cents

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is 0.52 years (2017: nil years).

91,011,832 options were exercised during the year (2017: nil).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 12: ACCUMULATED LOSSES AND RESERVES (continued)

The following table illustrates the number (No.) and movements in performance rights during the current and prior periods:

	2018 No.	2017 No.
Outstanding at the beginning of the year	1,875,000	50,000,000
Granted during the year (c)	20,000,000	-
Lapsed during the year (b)	(1,875,000)	(12,500,000)
Capital consolidation (1 for 20) (a)	-	(35,625,000)
Outstanding at the end of the year	20,000,000	1,875,000

- (a) Issued Capital was consolidated on a 1 for 20 basis after a resolution was passed at the shareholders' meeting on 2 November 2016.
- (b) In October & December 2017, 1,875,000 Performance Rights previously issued to the Company's Non-Executive Chairman and Managing Director as part of their remuneration package lapsed as a result of their resignation.
- (c) In November 2017, 20,000,000 Performance Rights were issued to the Company's Non-Executive Chairman and Managing Director as part of their remuneration package. These Performance Rights will vest over a 12-month period and are subject to these directors remaining employed by the Company. The Performance Rights have been valued at the Company's share price on the date of issue and are being brought to account over the vesting period.

	Number	Deemed grant date	Expiry date	Fair value at grant date
Managing Director performance rights	10,000,000	1 November 2017	1 November 2018	\$1,200,000
Non-Executive Director performance rights	10,000,000	1 November 2017	1 November 2018	\$1,200,000

Each Performance Right will convert into a fully paid Ordinary Share on a 1 for 1 basis subject to a 12 month continuous service vesting condition (accelerated on a change of control event to allow the holder to participate in the relevant transaction).

The following table illustrates the number (No.) and movements in performance rights issued during the year:

	2018		2017	
Movement in performance rights	No.	\$	No.	\$
<b>Balance at beginning of financial year</b>	<b>1,875,000</b>	<b>58,860</b>	<b>50,000,000</b>	<b>58,860</b>
Performance rights lapsed	(1,875,000)	(58,860)	(12,500,000)	-
Managing Director performance rights issued	10,000,000	820,000	-	-
Non-Executive Chairman performance rights issued	10,000,000	820,000	-	-
Capital consolidation (1 for 20) (i)	-	-	(35,625,000)	-
<b>Balance at end of the financial year</b>	<b>20,000,000</b>	<b>1,640,000</b>	<b>1,875,000</b>	<b>58,860</b>

- (i) Issued Capital was consolidated on a 1 for 20 basis after a resolution was passed at the shareholders' meeting on 2 November 2016.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 13: FINANCIAL INSTRUMENTS

#### (a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

#### (b) Categories of financial instruments

	Consolidated	
	2018	2017
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	2,468,135	3,215,840
Receivables	145,415	102,307
<b>Financial liabilities</b>		
Trade and other payables	360,451	253,383

At the balance date there are no significant concentrations of credit risk relating to loans and receivables at fair value through profit or loss.

#### (c) Financial risk management objectives

The Group is exposed to market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. Due to the size of the operations, the Group does not enter into derivative financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 13: FINANCIAL INSTRUMENTS (continued)

#### (d) Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates.

Due to the size of the operations, the Group does not enter into derivative financial instruments to manage its exposure to foreign currency risk. The foreign currency risk is immaterial in terms of possible impact on profit and loss and total equity and as such a sensitivity analysis has not been completed.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

#### (i) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Due to the size of the operations, the Group does not enter into derivative financial instruments to manage its exposure to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2018	2017	2018	2017
	\$	\$	\$	\$
UK Pounds	-	-	-	-
Danish Kroner	-	-	-	-
US Dollars	203,262	-	138,767	-

The foreign currency risk is immaterial in terms of possible impact on profit and loss and total equity and as such a sensitivity analysis has not been completed.

#### (ii) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates.

The Company and Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based upon the exposure to interest rates for non-derivative financial instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, there would be an immaterial impact on equity and profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 13: FINANCIAL INSTRUMENTS (continued)

#### (e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and as such, collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of any collateral obtained.

#### (f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The following table details the Company's and the Group's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay. The tables include both interest and principal cash flows.

#### Consolidated

	Less than one month \$	1 – 3 months \$	3 months – 1 year \$	1 year – 5 years \$	5 + years \$
<b>2018</b>					
Fixed interest rate loan	-	-	-	-	-
Non-interest bearing	360,451	-	-	-	-
	<u>360,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than one month \$	1 – 3 months \$	3 months – 1 year \$	1 year – 5 years \$	5 + years \$
<b>2017</b>					
Fixed interest rate loan	-	-	-	-	-
Non-interest bearing	253,383	-	-	-	-
	<u>253,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### (g) Fair value of financial instruments

The Group does not have any financial instruments measured subsequent to initial recognition at fair value. Therefore, the fair value disclosure required by AASB 7 Financial Instruments: Disclosures have not been presented.

The carrying amount of financial assets and liabilities recognised in the financial statements approximates their fair values.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 14: ACQUISITION OF LIAZ PTY LTD

On 27 October 2017, New World Cobalt's shareholders approved the acquisition of 100% of the issued capital in Liaz Pty Ltd ("Liaz Acquisition"). Liaz Pty Ltd ("Liaz") is an unlisted proprietary company with an interest in three high-grade cobalt projects in North America.

The consideration for the Liaz Acquisition, which completed on 1 November 2017, comprised:

	\$
Cash payment	50,000
80,000,000 shares issued at fair value (\$0.12 per share) to vendors of Liaz Pty Ltd	9,600,000
2,880,458 shares issued at fair value (\$0.12 per share) plus cash payment to vendors of Salmon Canyon Deposit	542,152
638,310 shares issued at fair value (\$0.10 per share) to vendors of the Columbia Mine	66,257
250,000 shares issued at fair value (\$0.10 per share) plus cash payment to vendors of Hazelton deposit	47,075
20,000,000 unlisted options issued to Cygnet Capital (or nominees)	1,520,000
	<u>11,825,484</u>

This acquisition has not been accounted for as a business combinations under AASB3: "Business Combinations" as Liaz's assets were not considered to constitute a business. Accordingly, the Liaz Acquisition has been accounted for as an acquisition of assets, at cost based on the fair value of shares issued and cash paid in relation to the acquisition.

The fair value of the identifiable assets and liabilities of Liaz as of the date of acquisition were as follows:

	\$
Cash	22,761
Receivables	26,954
Liabilities	(43,312)
Mineral exploration and evaluation rights	406,206
Provisional fair value of net assets acquired	<u>412,609</u>
Fair value of exploration assets recorded on consolidation	<u>11,412,875</u>
Total consideration	<u>11,825,484</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 15: DISCONTINUED OPERATIONS

On 28 February 2018, the Company terminated its option to acquire Keel Project, and as a result, the investment and exploration costs to balance date (total of \$2,634,139) have been included in loss from discontinued operation in the condensed consolidated statement of comprehensive income.

On 7 March 2018, the Company relinquished its tenements at the Fraser Range Project, and as a result, the investment and exploration costs to balance date (total of \$4,600,252) have been included in loss from discontinued operation in the condensed consolidated statement of comprehensive income.

During the 2017 financial year, the Company's 51% owned subsidiary Greenland Resources Limited was wound up, and as a result, the total of the non-controlling interest balance, foreign exchange reserve balance and the loan due from the subsidiary at the date the company was wound up (total of \$2,280,385) was shown as a loss from discontinued operations.

Loss from discontinued operations comprises the following:

	2018 \$	2017 \$
Exploration expenditure impaired:		
- Fraser Range	4,600,252	-
- Keel	2,634,139	-
Loss on winding up Greenland Resources Limited	-	2,280,385
	<u>7,234,391</u>	<u>2,280,385</u>

### NOTE 16: COMMITMENTS AND CONTINGENCIES

Pursuant to the Liaz Acquisition, New World Cobalt now holds rights to acquire interests in the Salmon Canyon Deposit, Columbia Mine and Hazelton Project.

#### Salmon Canyon Project

The acquisition terms to acquire a 100% interest in the 10 Federal mining claims that encompass the Salmon Canyon Deposit are:

- cash payment of US\$250,000 in October 2017 and the issue of 2,880,458 Shares to the underlying claim owner in November 2017 (completed);
- further cash payment of US\$150,000 and US\$250,000 in cash or Shares (at New World Cobalt's election) on or before 30 April 2018 (completed);
- further cash payment of US\$275,000 and US\$300,000 in cash or Shares (at New World Cobalt's election) on or before 30 August 2018 (completed); and
- further cash payment of US\$300,000 and US\$550,000 in cash or Shares (at New World Cobalt's election) on or before 31 December 2018.

For each payment instalment, the number of shares to be issued will be based on the 10-day volume weighted average price immediately prior to the date of each Share issue.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 16: COMMITMENTS AND CONTINGENCIES (continued)

#### Columbia Mine

The acquisition terms for the rights to explore and develop the Columbia Mine include:

- (a) the issue of 638,310 Shares to Columbia Summit LLC ("Columbia Summit") in December 2017 (completed);
- (b) completion of a soil sampling program and ground geophysics survey by 2 October 2018;
- (c) completion of sufficient work to calculate a JORC Inferred Resource estimate by 2 October 2019;
- (d) application for mine permits by no later than 2 October 2022;
- (e) the Company will have 10 years from receipt of mine permits to complete its mining activities;
- (f) prior to submitting mine permit applications, an annual payment of US\$20,000 is to be made on or before 2 October in order to extend the lease for a further 12 months. The annual lease payment will be increased to US\$100,000 once mine permit applications are submitted;
- (g) on the earlier of (i) approval of mine permit applications or (ii) 24 months from the making of such applications ("the Commencement Date"), the Company is required to make a one-off payment of US\$250,000;
- (h) the Company is required to pay Columbia Summit a 2.0% net smelter return royalty on all production from the lease area; and
- (i) from the Commencement Date, the annual lease payment will be increased to US\$250,000 per annum, inclusive of royalty payments. In the event royalty payments exceed US\$250,000 the full royalty will be payable but no additional payments will be required.

#### Hazelton Project

The acquisition terms for the 60% interest in the Hazelton Project comprise:

- (a) cash payment of C\$10,000 (paid in November 2017);
- (b) further cash payment of C\$10,000 and the issue of 50,000 Shares on satisfactory completion of due diligence (completed in December 2017);
- (c) expending C\$2,000,000 in qualifying expenditures over 4 years; with at least:
  - C\$100,000 to be expended by 25 October 2018; and
  - C\$200,000 (cumulative) to be expended by 25 October 2019; and
- (d) paying AmMang C\$10,000 in cash and issuing AmMang 50,000 Shares on or before each annual anniversary of the agreement until such time as New World Cobalt has earned its 60% equity interest.

Upon New World Cobalt earning a 60% equity interest in the Hazelton Project, New World Cobalt and AmMang shall establish a joint venture and contribute to subsequent expenditure on a pro-rata basis, or AmMang's equity interest in the project will be diluted by 1.0% for every C\$100,000 New World Cobalt spends on the Project. In the event AmMang's equity interest in the Hazelton Project is diluted below 5%, its project interest will convert to a 2% NSR royalty interest.

#### Grapevine Project

During the year, the Company entered into an agreement with Grapevine Resources LLC to acquire a 100% interest in 40 BLM mineral claims. The consideration payable comprises an initial cash payment of US\$40,000 and the issue of US\$60,000 worth of shares in the Company ("Shares") within 30 days, at an issue price equal to the 5 day VWAP prior to the date of issue. The Shares are subject to a four-month escrow period.

Grapevine Resources LLC ("GRL") will retain a 1.0% royalty on any production within two (2) miles of GRL's 40 BLM mineral claims, as well as be entitled to annual payments of US\$25,000 cash and US\$40,000 of Shares for as long as the Company holds an interest in mineral rights within the designated project area. The issue price for the annual Share payments will be based on the 5 day VWAP prior to the date of each issue.

The remaining payment obligations and work commitments outlined above in relation to the Salmon Canyon Deposit, Columbia Mine, Hazelton Project and Grapevine Project, are at the election of New World Cobalt. If at any stage New World Cobalt elects not to make further payments, New World Cobalt will relinquish tenure of the applicable project and any carried forward expenditure relating to that project will be fully impaired.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 16: COMMITMENTS AND CONTINGENCIES (continued)

Liaz also owns US mining claims which require annual renewal payments by 1 September each year. Failure to make a renewal payment would result in the forfeiture of the underlying claim. There are no additional minimum expenditure obligations in relation to these mining claims.

	Consolidated	
	2018	2017
	\$	\$
<b>Exploration expenditure commitments</b>		
Within one year	1,637,249	123,000
After one year but not more than five years	2,963,068	246,000
Later than five years	-	-
	<u>4,600,317</u>	<u>369,000</u>

### NOTE 17: RELATED PARTY DISCLOSURE

#### Controlled Entities

Name	Country of Incorporation	% Equity Interest	
		2018	2017
Acebell Holdings Pty Ltd	Australia	100	100
Fissure Exploration Pty Ltd	Australia	100	100
Langley Metals Pty Ltd	Australia	100	-
Liaz Pty Ltd	Australia	100	-
Longford Zinc Mining Ltd	Ireland	100	100

New World Cobalt Limited is the ultimate Australian parent entity and ultimate parent of the Group.

MQB Ventures Pty Ltd, a Company of which Mr. Michael Haynes is a Director, provided the Company with a fully serviced office including administration support for a fee totalling \$74,000 during the year. \$nil was outstanding at year end.

Langley Metals Pty Ltd was incorporated during the current year and has been dormant during the period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 18: PARENT ENTITY DISCLOSURES

#### Financial position

	30 June 2018 \$	30 June 2017 \$
<b>Assets</b>		
Current assets	1,602,964	3,318,147
Non-current assets	16,171,692	7,252,509
Total assets	<u>17,774,656</u>	<u>10,570,656</u>
<b>Liabilities</b>		
Current liabilities	86,926	253,383
Total liabilities	<u>86,926</u>	<u>253,383</u>
<b>Equity</b>		
Issued capital	75,805,015	61,419,547
Accumulated losses	(70,615,644)	(60,418,683)
Reserves		
Share-based payments	2,479,560	695,473
Option reserve	8,378,799	8,562,076
Performance rights reserve	1,640,000	58,860
Total equity	<u>17,687,730</u>	<u>10,317,273</u>
<b>Financial performance</b>		
Loss for the year	(2,962,570)	(1,205,318)
Loss from discontinued operations	(7,234,391)	(2,280,385)
Net loss for the year	<u>(10,196,961)</u>	<u>(3,485,703)</u>
Other comprehensive income	-	-
Total comprehensive loss	<u>(10,196,961)</u>	<u>(3,485,703)</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 19: EVENTS AFTER THE REPORTING PERIOD

Subsequent to balance date:

- a further 19,278,510 Shares were issued pursuant to the exercise of 19,278,510 unlisted options, each exercisable at \$0.05 on or before 31 July 2018, for total proceeds of \$963,926; and
- on 10 August 2018, 24,162,173 Shares were issued pursuant to an underwriting agreement with Hartleys Limited in relation to the Company's remaining unlisted options, which were exercisable at \$0.05 and expired on 31 July 2018, for total proceeds of \$1,208,109.

On 30 August 2018, a further 9,962,449 Shares were issued as part consideration for the Colson Project.

On 5 September 2018, the Company announced that it had entered into an agreement to earn a 100% interest in 20 Federal mining claims at Badger Basin, Idaho, that cover 400 acres. The acquisition is subject to an initial 30 day due diligence period and commercial terms comprise:

- initial cash payment of US\$15,000 (completed);
- on satisfactory completion of due diligence, a further cash payment of US\$15,000 cash and issue US\$50,000 worth of Shares in order to maintain the right to acquire the claims;
- within 12 months of commencement of due diligence, the Company can acquire a 100% interest in the Badger Basin claims by issuing a further US\$100,000 of Shares to the vendors; and
- the vendors will retain a 2.0% NSR royalty; which can be reduced to 1.0% by paying US\$500,000

Apart from the above events there are no matters or circumstances that have arisen since the balance date which significantly affects or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### NOTE 20: AUDITOR'S REMUNERATION

The auditor of New World Cobalt Limited is HLB Mann Judd.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
Amounts received or due and receivable by HLB Mann Judd for:				
An audit or review of the financial report of the entity and any other entity in the Group	38,000	39,500	38,000	39,500

### NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURE

#### (a) Details of Key Management Personnel

##### Directors

Richard Hilll (Non-Executive Chairman)	Appointed 31/10/2017
Neville Bassett (Non-Executive Chairman)	Resigned 31/10/2017
Michael Haynes (Managing Director)	Appointed 31/10/2017
Bill (Charles) Guy (Managing Director)	Resigned 08/12/2017
Scott Mison (Non-Executive Director)	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 24: DIRECTORS AND EXECUTIVES DISCLOSURE (continued)

(b) Summary of remuneration paid

The totals of remuneration paid to Key Management Personnel of the company and the Group during the year are as follows:

	2018 \$	2017 \$
Short term employee benefits	345,612	208,612
Share-based payments	25,698	60,000
Performance rights based payments	1,640,000	-
<b>Total Key Management Personnel compensation</b>	<b>2,011,310</b>	<b>268,612</b>

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of New World Cobalt Limited (the 'Company'):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

This declaration is signed in accordance with a resolution of the Board of Directors.



Richard Hill  
Non Executive Chairman

Dated this 28<sup>th</sup> day of September 2018

**Independent Auditor's Report**

to the Members of New World Cobalt Limited (formerly Longford Resources Limited)

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of New World Cobalt Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 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 financial performance for the year then ended; 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.

**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. We have determined the matters described below to be the key audit matters to be communicated in our report.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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Key Audit Matter	How our audit addressed the key audit matter
<b>Acquisition of Liaz Pty Ltd</b> Note 14 of the financial report	
<p>On 27 October 2017, the Company's shareholders approved the acquisition of 100% of the issued capital of Liaz Pty Ltd ("Liaz"). Liaz has an interest in three high-grade cobalt projects in North America.</p> <p>This is considered to be a key matter as it is a material transaction which is considered to be important to users of the financial statements. In addition, the accounting for the transaction is complex.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We read the acquisition agreement to understand its key terms and conditions;</li> <li>• We considered if the acquisition of Liaz is to be accounted for as business combination or an asset acquisition;</li> <li>• We obtained audit evidence that the acquisition date assets and liabilities of Liaz were fairly stated;</li> <li>• We agreed the fair value of the consideration paid to supporting information; and</li> <li>• We assessed the adequacy of the Group's disclosure with respect to the asset acquisition.</li> </ul>
<b>Carrying amount of exploration and evaluation expenditure</b> Note 9 of the financial report	
<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and applies the cost model after recognition.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation expenditure, because this is one of the most significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration and evaluation expenditure may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the key processes associated with management's review of the carrying value of the exploration and evaluation expenditure;</li> <li>• We considered the Directors' assessment of potential indicators of impairment;</li> <li>• We obtained evidence that the Group has current rights to tenure of its areas of interest;</li> <li>• We examined the exploration budget for the year ending 30 June 2019 and discussed with management the nature of planned ongoing activities;</li> <li>• We substantiated a sample of additions to exploration expenditure during the year;</li> <li>• We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at any area of interest; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul>

## **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 accordingly 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 ability of the Group 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **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 New World Cobalt Limited 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.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**28 September 2018**



**L Di Giallonardo**  
**Partner**

## DETAILS OF INTERESTS IN MINING TENEMENTS

Tenement	Project	Location	Ownership
<b>USA</b>			
10 x BLM claims: Jeep #1 – Jeep #10	Colson Cobalt-Copper Project	Idaho, USA	Right to acquire 100% from the Salmon Canyon Copper Company
46 x BLM claims: Codaho 1 – Codaho 46	Colson Cobalt-Copper Project	Idaho, USA	100%
96 x BLM claims: Codaho 47 – Codaho 142	Colson Cobalt-Copper Project	Idaho, USA	100%
169 x BLM claims: Codaho 143 – Codaho 242, Codaho 244 – 312	Colson Cobalt-Copper Project	Idaho, USA	100%
19 x BLM claims: Elk 2 – Elk 7, Elk 11 – Elk 19, Elk 26 – Elk 29	Elkhorn Project	Idaho, USA	100%
9 x BLM claims: Elk 8 – 10, Elk 20 – 25	Elkhorn Project	Idaho, USA	100%
60 x BLM claims Grizzly 1 – Grizzly 60	Iron Dyke Project	Idaho, USA	100%
165 x BLM claims: GS 1 – GS 9, GS 16 – GS 25, GS 29 – GS 46, GS 53 – GS 57, GS 62 – GS 64, GS 66 – 89, GS 92 – GS 138, GS 151 – GS 160, GS167 – GS185, GS 197 – GS 199, GS 214 – GS 230	Goodsprings Copper-Cobalt Project	Nevada, USA	100%
6 x Patented Mineral Claims: Columbia, St Anthony, St Patrick, Commercial, Frederickson, Dividend	Goodsprings Copper-Cobalt Project	Nevada, USA	Granted lease to explore for and process 100% of specific minerals
211 x BLM claims: GS 231 – GS 236, GS 243 – GS 274, GS 279 – GS 295 GS 303 – GS 316, GS 328 – GS 336 GS 345 – GS 354, GS 358 – GS 363 GS 390 – GS 397, GS 399, GS 401, GS 403 – GS 413, GS 416 – GS 431, GS 433, GS 435 GS 437, GS 439 – GS 446, GS 448 – GS 452, GS 454 – GS 468, GS 472 – GS 481, GS 503 – GS 515, GS 522 – GS 529, GS 532 – GS 533 GS 559, GS 563 – 577	Goodsprings Copper-Cobalt Project	Nevada, USA	100%
38 x BLM claims: GS 603 – GS 615 GS 617 – GS 627, GS 633, GS 638, GS 640, GS 642, GS 644, GS 646, GS 648, GS 650, GS 652, GS 671 – GS 675	Goodsprings Copper-Cobalt Project	Nevada, USA	100%
40 x BLM claims: GC 1 – GC 40	Grapevine Cobalt-Nickel-Copper Project	Arizona, USA	Right to acquire 100% from the Grapevine Resources LLC
104 x BLM claims: GC 41 – GC 54 GC 63 – GC 72, GC 81 – GC 118 GC 159 – GC168, GC 223 – GC 254	Grapevine Cobalt-Nickel-Copper Project	Arizona, USA	100%
44 x BLM claims: GC 255 – GC 283, GC 192 – GC 198 GC 200, GC 202 – GC 208	Grapevine Cobalt-Nickel-Copper Project	Arizona, USA	100%

Tenement	Project	Location	Ownership
<b>Canada</b>			
2 x Mining claims: 510469, 856170	Hazelton Cobalt-Copper-Gold Project	British Columbia, Canada	Right to earn a 60% interest
<b>Australia</b>			
E04/2423	West Kimberley	Western Australia	100% interest
E04/1972	West Kimberley	Western Australia	80% interest
E04/2314	West Kimberley	Western Australia	Option to acquire 80% of the Application
<b>Ireland</b>			
6 x Prospecting Licences for areas: 184, 580-581, 666-667, 3634	Longford Zinc	County Longford, Ireland	100%

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is detailed below. The information is current as at 21 September 2018.

### Share Capital

There are 509,427,237 fully paid ordinary shares ("Shares") on issue held by 2,586 shareholders.

Analysis of numbers of listed equity security holders by size of holding are:

Holding	Number of shareholders	Number of Shares
1 - 1,000	1,104	161,728
1,001 - 5,000	382	1,195,188
5,001 - 10,000	188	1,455,807
10,001 - 100,000	560	22,925,624
100,001 and over	342	483,688,890
	<b>2,586</b>	<b>509,427,237</b>

There are 1,612 shareholders holding less than a marketable parcel of ordinary shares.

### Statement of Restricted Securities

There are no restricted securities on issue. However there are 907,938 Shares subject to voluntary escrow expiring 30 September 2018.

### Substantial Shareholders

The substantial shareholders of the Company are as follows:

Shareholder	Number of shares
Ransdale Investments Pty Ltd <The Viking S/F A/C>	40,000,000
Mahsor Holdings Pty Ltd <Rosham Family S/F No2 A/C>	30,000,000

### Voting Rights

All Shares carry one vote per Share.

Options and performance shares / rights have no voting rights.

### Quoted Equity Security Holders

The names of the twenty largest shareholders of the Company as at 21 September 2018 are as follows:

Shareholder	Number of Shares	% of Issued Capital
Ransdale Investments Pty Ltd <The Viking S/F A/c>	40,000,000	7.87
Bullseye Geoservices Pty Ltd <Haynes Family A/c>	24,667,305	4.85
Kea Holdings Pty Ltd	24,120,670	4.74
Holdrey Pty Ltd <Don Mathieson Family A/c>	20,705,824	4.07
Mahsor Holdings Pty Ltd <Rosham Family S/F No2 A/c>	17,570,123	3.46
Salmon Canyon Copper Company	16,396,589	3.22
Silverpeak Nominees Pty Ltd <RGM Hill A/c>	13,451,682	2.65
Citicorp Nominees Pty Limited	13,093,730	2.57
Mahsor Holdings Pty Ltd <Rosham Family S/F No2 A/c>	12,429,877	2.44
National Nominees Pty Ltd	11,950,250	2.35
JP Morgan Nominees Australia Limited	9,224,616	1.81
White Swan Nominees Pty Ltd	8,795,525	1.73
Mrs Sara Jacob	8,000,000	1.57
Deck Chair Holdings Pty Ltd	7,750,000	1.52
Mrs Vivienne Drummond Jagger <The Poolside Investment A/c>	7,500,000	1.47
Mr Geoffrey Kevin Campbell <Cammell Discretionary A/c>	6,278,660	1.23
Byrne Holdings Pty Ltd	6,227,039	1.22
Matzo Holdings Pty Ltd	5,600,000	1.1
Mr Faris Cassim	5,250,000	1.03
FNL Investments Pty Ltd	5,000,000	0.98
	<b>264,011,890</b>	<b>51.92</b>

### Unquoted Equity Securities

Class	Number of securities
Unlisted options exercisable at \$0.10 each on or before 9 May 2020 <sup>1</sup>	10,000,000
Unlisted options exercisable at \$0.125 each on or before 13 December 2019 <sup>2</sup>	1,250,000
Unlisted options exercisable at \$0.12 on or before 22 September 2020 <sup>3</sup>	833,334
Unlisted options exercisable at \$0.125, \$0.15, \$0.175, \$0.20 and \$0.225 on or before 13 December 2021 September 2020	1,050,000
Unlisted performance shares <sup>4</sup>	1,133,334
Unlisted performance rights expiring 1 November 2018	20,000,000

1. All held by Zenix Nominees Pty Ltd

2. 500,000 (40%) held by Brian Brewer

3. All held by Regency Mines Australasia Pty Ltd

4. Applicable performance conditions have not been met and hence rights to these shares have been forfeited