



NEW WORLD COBALT LIMITED

A.B.N. 23 108 456 444

Interim Financial Report

31 December 2018

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CORPORATE INFORMATION

Directors Richard Hill (Non-Executive Chairman) Michael Haynes (Managing Director) Scott Mison (Non-Executive Director) Company Secretary Ian Cunningham Registered Office & Principal Place of Business 45 Ventnor Avenue West Perth WA 6005 Telephone: (08) 9226 1356 Website: www.newworldcobalt.com	Auditors Stantons International Audit and Consulting Pty Ltd Level 2, 1 Walker Avenue West Perth WA 6005 Telephone: (08) 9481 3188 Facsimile: (08) 9321 1204 Share Registry Automic Registry Services Pty Ltd Level 2 267 St Georges Terrace Perth W.A. 6000 Telephone: (08) 9324 2099 Facsimile: (08) 9321 2337 Home Exchange Australian Securities Exchange Central Park 152-158 St Georges Terrace Perth WA 6000 ASX Code: NWC
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DIRECTORS' REPORT

The Directors of New World Cobalt Limited ("New World" or "the Company") submit the financial report of the Group (comprising the Company and its controlled entities) for the half-year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Richard Hill	Chairman
Michael Haynes	Managing Director
Scott Mison	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group during the half-year were exploration for mineral resources.

As at 31 December 2018, the Group had cash and cash equivalents of \$1,046,183, a loss for the half-year of \$1,507,690 and a net cash outflow from operating and investing activities of \$3,473,783.

REVIEW OF OPERATIONS

The Company is pleased to provide the following review of operations for the half-year ended 31 December 2018.

Colson Cobalt-Copper Project, Idaho

Background

In late 2017, New World secured an option to acquire a 100% interest in the historical high-grade Salmon Canyon Cobalt-Copper Deposit ("Salmon Canyon Deposit"), one of the most advanced prospects within the Idaho Cobalt Belt – the most endowed high-grade cobalt district in the western world (see Figure 1).

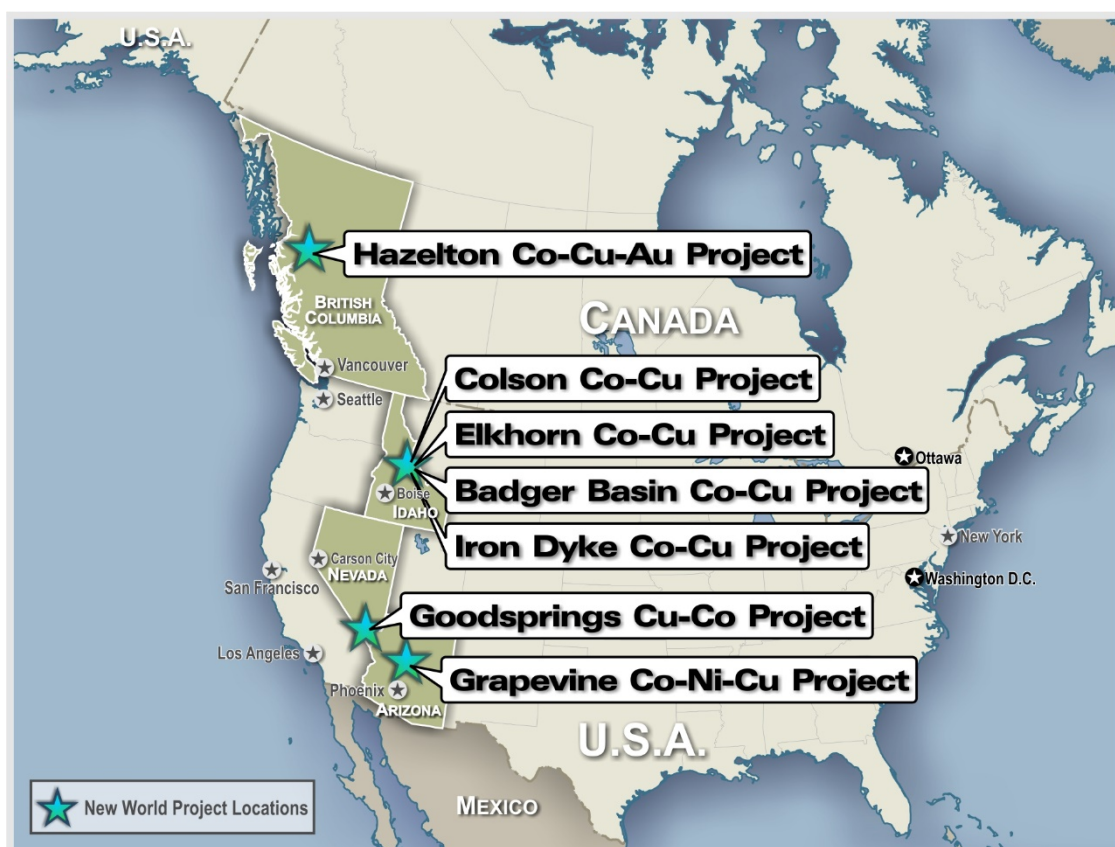


Figure 1. Location of the Company's Projects in North America.

The Company believed that the mineralisation at the Salmon Canyon Deposit was likely to be part of a much larger mineralised system; and that the deposit and surrounding area was heavily underexplored, with virtually all previous efforts focused on the deposit itself and the last significant work undertaken in the 1970s.

Since securing the rights to the Salmon Canyon Deposit, New World has been implementing a multi-pronged exploration and development program comprising:

- (i) drilling to test for the immediate extensions of the Salmon Canyon Deposit;
- (ii) systematic soil sampling to identify potential extensions of the mineralised system;
- (iii) strategic expansion of the project area; and
- (iv) ground geophysics surveying over the most prospective parts of the project area to fast track identification of thicker and/or higher grade areas of mineralisation.

As positive results from exploration programs have been received, the project area, which initially comprised just 200 acres covering the Salmon Canyon Deposit, has been progressively expanded to form the Colson Cobalt-Copper Project. In January 2019, the Company completed the acquisition of 100% of the Salmon Canyon Deposit, following which the Company now holds a 100% interest in more than 6,500 contiguous acres – covering more than 6km of prospective strike.

Maiden Drilling Program

In June 2018 the Company received all permits required to commence its maiden drilling program at the project. Drilling from four pads was permitted – allowing the Company to begin testing the potential strike extensions of the Salmon Canyon Deposit. After making repairs to the drill access road, drilling commenced in late July and continued through until October. A total of twelve diamond core holes were completed, for 4,953 metres (see Figure 2).

Multiple horizons of high-grade mineralisation were intersected, with better assay results including:

- 5.5m @ 0.20% Co and 0.69 g/t Au, including
 - 0.3m @ 1.26% Co, 0.17% Cu and 2.95 g/t Au; and
 - 0.7m @ 0.49% Co and 0.30 g/t Au (COLDD1811)
- 1.1m @ 0.18% Co, 1.43% Cu and 0.74 g/t Au (COLDD1810);
- 1.6m @ 0.12% Co, 1.42% Cu and 0.77 g/t Au (COLDD1810);
- 1.8m @ 0.13% Co, 0.56% Cu and 0.26 g/t Au (COLDD1801);
- 1.3m @ 0.15% Co, 1.18% Cu and 0.56 g/t Au (COLDD1806);
- 1.2m @ 0.15% Co, 1.47% Cu and 0.23 g/t Au (COLDD1803);
- 1.3m @ 0.11% Co, 0.45% Cu and 0.24 g/t Au (COLDD1812); and
- 3.4m @ 0.04% Co, 1.51% Cu and 0.31 g/t Au (COLDD1808)

All of the holes drilled during this maiden program were located on the margins of strong induced polarisation (“IP”) anomalies that were delineated after the drilling program commenced (see below and Figures 3 and 4). As the initial permits allowed drilling from only four pads (as illustrated in Figure 2), drill-testing what are now known to be the strongest parts of the IP anomalies was not possible during this initial program.

Notwithstanding this, the Company is very encouraged that considerable high-grade cobalt-copper mineralisation has been intersected on the margins of these IP anomalies. This:

- (i) validates that IP anomalies are arising from cobalt-copper mineralisation; and
- (ii) increases the Company's confidence that thicker and/or higher-grade mineralisation may be encountered when the stronger portions of the IP anomalies are tested in the next phase of drilling.

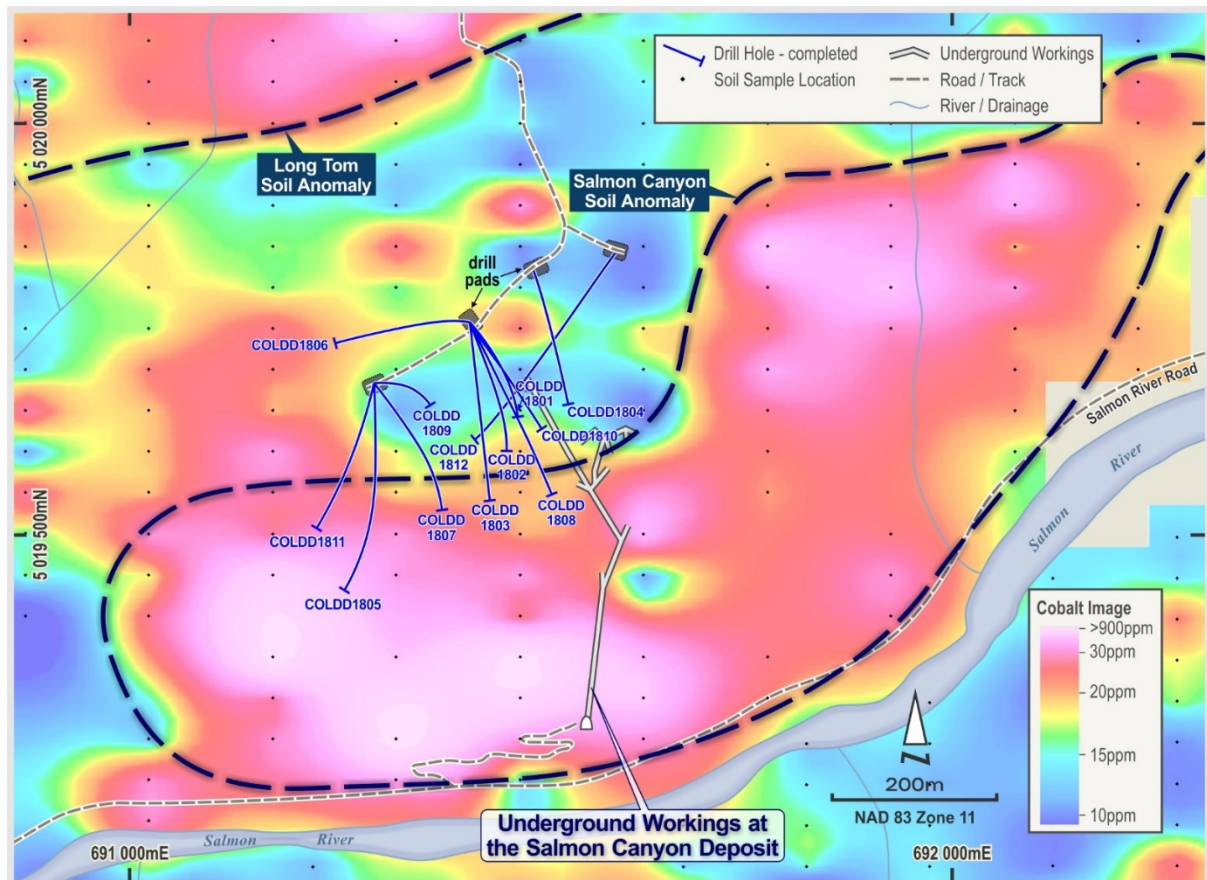


Figure 2. Location of holes drilled during the Company's maiden drilling program at the Colson Cobalt-Copper Project, relative to the historical underground workings at the Salmon Canyon Deposit and cobalt-in-soil geochemistry anomalism. Note that drilling from only four pads was permitted during this program (as illustrated).

Soil Sampling

An initial program of soil sampling, implemented in March 2018, to help identify the potential up-dip extension of the Salmon Canyon Deposit, proved extremely effective. Accordingly three more phases of systematic soil sampling have since been undertaken.

During the second half of 2018 systematic soil sampling on 150m x 50m spacing was extended to cover the area immediately along strike from the previously partially defined Long Tom Soil Anomaly. Assay results were returned for a further 191 soil samples (see Figures 3 and 4).

A coherent zone of highly anomalous cobalt and copper assays was delineated over a strike length of more than 2km (see Figure 3). Very high individual assay results, of up to **1,095 ppm (0.11%) Co**, were returned. By comparison, the soil samples collected over and around the Salmon Canyon Deposit returned a highest assay of 113 ppm Co. A high-grade core of samples assaying >100 ppm Co is evident at the Long Tom Prospect, with this cluster extending over a strike length of more than 1.3km (see Figure 4).

Other high priority soil anomaly targets include (see Figure 3):

1. a 1.3km long Co-Cu-As anomaly over the Salmon Canyon Deposit itself (with Co assays to 113 ppm and Cu to 5,160 ppm (0.52%));
2. a 1,600m long Co-Cu-As anomaly interpreted to arise from the up-dip extension of the Salmon Canyon Deposit (Co to 77 ppm and Cu to 509 ppm); and
3. the 700m-long “Shell Creek” Co-As anomaly located immediately southeast of the anomalous up-dip of the Salmon Canyon Deposit, where Co assays to 641 ppm have been returned from soil samples.

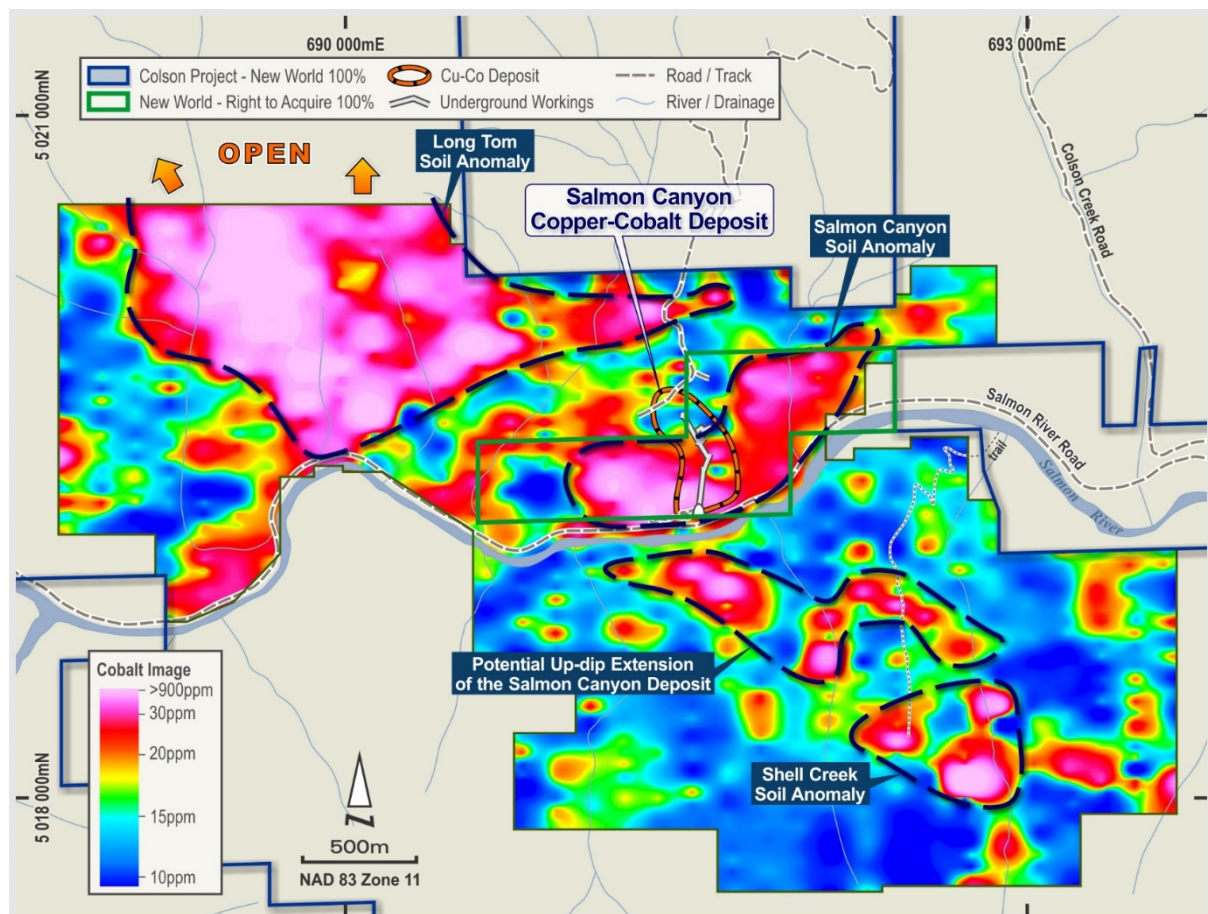


Figure 3. Cobalt-in-soil geochemistry anomalism at the Colson Cobalt-Copper Project, in the Idaho Cobalt Belt, USA.

The Long Tom Soil Anomaly remains open to the north and north-west. So a fourth phase of soil sampling was undertaken during late-2018 (see Figure 4). This comprised extending the soil sample coverage immediately north of the Long Tom Soil Anomaly (96 samples), together with some in-fill sampling within this anomaly itself, in order to better define drill targets (121 samples). Assay results are pending at the date of this report, but will be used to further refine plans for the Company's second drilling program.

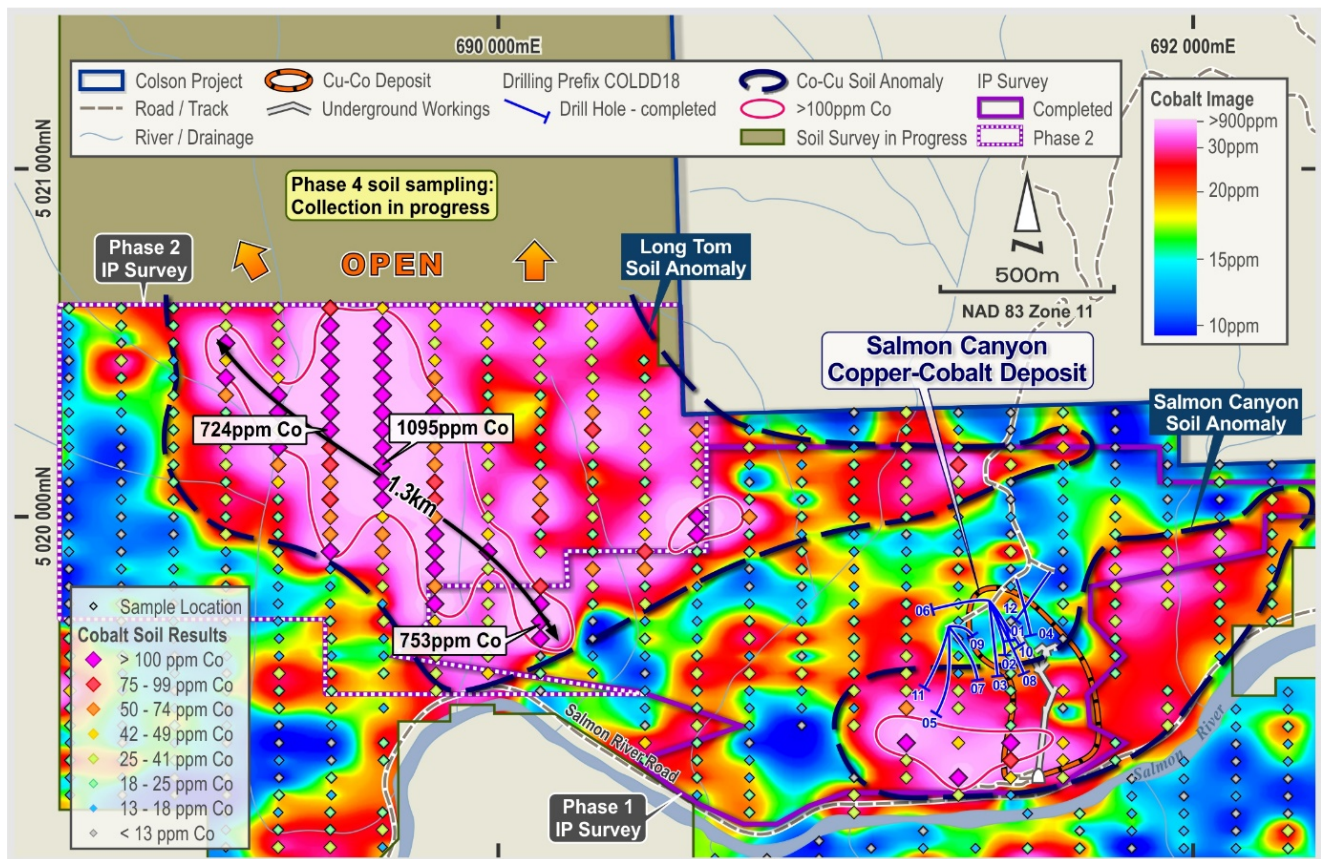


Figure 4. Cobalt-in-soil anomalism at the Long Tom and Salmon Canyon Soil Anomalies, also highlighting the area where further soil sampling has recently been undertaken (assay results pending).

IP Surveying

Mineralisation at the Salmon Canyon Deposit comprises predominantly cobaltite and chalcopyrite – cobalt and copper sulphides. Such mineralisation was expected to give rise to anomalous IP responses, with stronger IP responses expected to arise from thicker and/or higher-grade mineralisation. Accordingly, an IP survey was completed in June/July 2018. This survey was extremely successful – indicating that the Salmon Canyon Deposit lies on the margins of a much stronger IP anomaly (the “Salmon Canyon IP Anomaly”; see Figure 5). Additional drill pads are required to suitably drill test the stronger parts of this IP anomaly, so it will be targeted in the next phase of drilling (once new drill permits are approved).

In light of the success of the first IP survey, a second IP survey was completed during October and November 2018. This 3-dimensional IP survey covered the very strong Long Tom Soil Anomaly (see above).

Several very strong anomalies were delineated in the Phase 2 IP data, including:

- (i) a 750m x 750m anomaly that partially coincides with the Long Tom Soil Anomaly (see Figures 5 and 6). The strongest portion of the source of this “Long Tom IP Anomaly” is modelled to lie within about 250m of surface (see Figure 7; shallowest around 5,019,800N); and
- (ii) a shallower, smaller, strong “Shallow Long Tom IP Anomaly” that coincides with the strongest surface geochemistry assays (1,095 ppm Co and 724 ppm Co). This anomaly is modelled to lie within about 100m of surface and may be a shallow extension of the deeper Long Tom IP Anomaly (see Figures 5-7).

Both these anomalies will be targeted during the Company’s next drilling program.

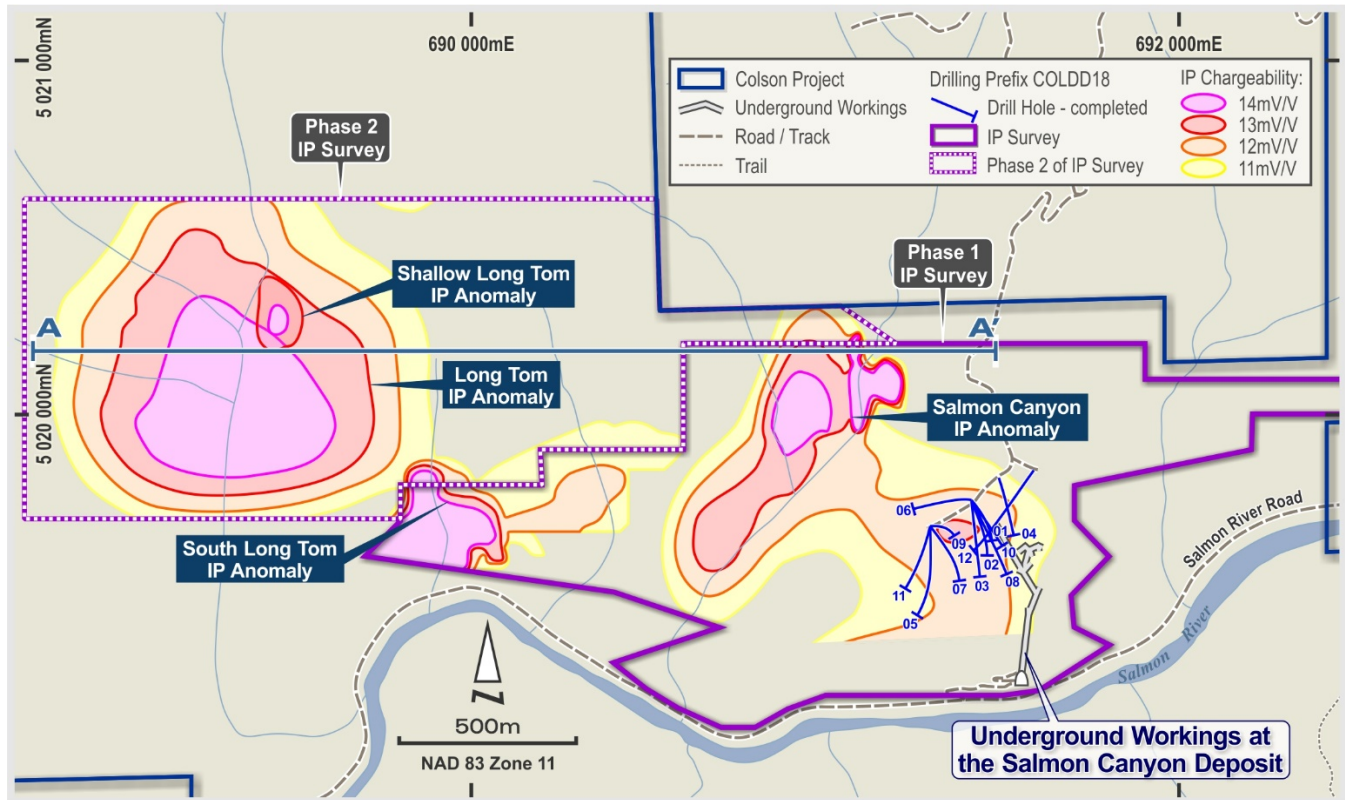


Figure 5. IP anomalies at the Colson Cobalt-Copper Project, relative to the historical underground workings at the Salmon Canyon Deposit and the traces of diamond core holes drilled during 2018 (illustrating the location of Cross Section 5,020,200N presented in Figure 7).

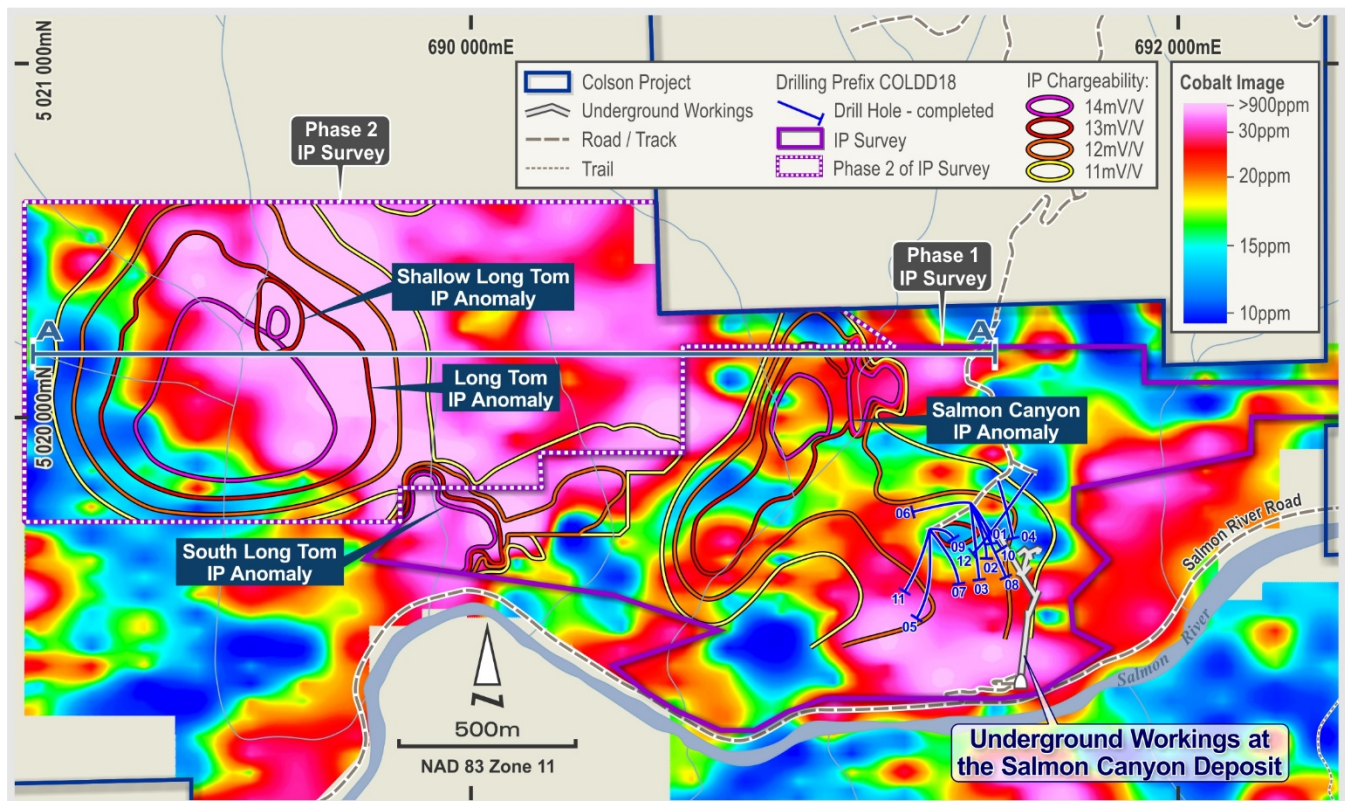


Figure 6. IP anomalies at the Colson Cobalt-Copper Project, relative to cobalt in soil geochemistry anomaly (illustrating the location of Cross Section 5,020,200N presented in Figure 7).

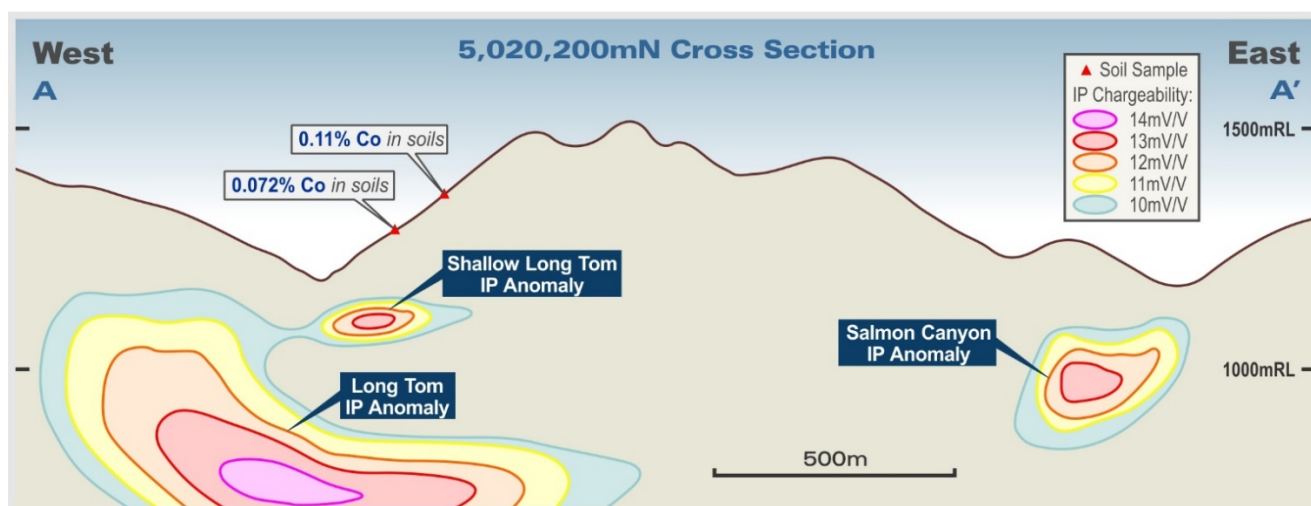


Figure 7. Cross-section 5,020,200N showing the Long Tom, Shallow Long Tom and Salmon Canyon IP anomalies at the Colson Cobalt-Copper Project.

Data collected during the second phase of IP surveying has also confirmed and refined the location of the undrilled Salmon Canyon IP Anomaly (see Figures 5-7). This is a very strong IP anomaly located in a very prospective position – immediately along strike from the Salmon Canyon Deposit. It will also be targeted during the Company's next drilling program.

Application for Permit to Undertake a Second Drilling Program

An application for a permit that will allow the Company to drill-test the recently defined strong IP anomalies and the Long Tom soil geochemistry anomaly was submitted to regulatory authorities in September 2018. Approval is expected in the first half of 2019.

Completion of the Acquisition of 100% of the Salmon Canyon Deposit

In September 2017 the Company entered into an option to acquire a 100% interest in 10 Federal mining claims that encompass the Salmon Canyon Deposit (covering 200 acres in the central portion of the Colson Cobalt-Copper Project).

On 25 January 2019 a final payment of US\$50,000 cash and US\$250,000 of NWC shares was made to complete the acquisition of these mineral rights. The Company now holds a 100% interest in the entire Colson Cobalt-Copper Project, which covers more than 6,500 contiguous acres – extending over more than 6km of prospective strike.

Future Work Program

Going forward, the Company intends continuing its multi-pronged approach, including:

- (i) in the near-term, once drill permits are approved, undertaking the first ever drill testing of the very high-priority Long Tom and Salmon Canyon IP anomalies. These are stronger IP anomalies than those evident over the Salmon Canyon Deposit itself, hence thicker and/or higher grade mineralisation is postulated;
- (ii) undertaking further drilling to follow up the extensions of the mineralisation at the Salmon Canyon Deposit; and
- (iii) continuing to undertake further soil and IP surveys – as these have proven to be extremely effective in identifying additional mineralisation within the project area.

Elkhorn Creek Project, Idaho

During 2018, the Company staked 28 Federal mining claims to secure a 100% interest in 575 acres at the Elkhorn Creek Prospect, located approximately 9km south-east of the Company's Colson Cobalt-Copper Project.

The Elkhorn Creek Prospect is located approximately 15km north-west of the Blackbird Deposit (see Figure 8), and has been described previously as "*the northwestern extension of the Blackbird cobalt-copper zone*".

Historical records indicate that copper-cobalt mineralisation was first discovered at the Elkhorn Prospect in the late 1800s, with prospect pits and trenches scattered over about 1.5km. Erythrite, azurite and malachite are reportedly present in fractured rocks with cobaltite present in fresh rocks. Noranda Exploration undertook the most recent exploration, in 1982.

In late-2018 the Company completed initial reconnaissance field work, including collection of 52 soil samples on two traverses together with limited mapping and rock-chip sampling. Significant Co-Cu-As-Ag anomalism is evident in assays returned from the Company's initial work program.

Further work is being planned for the 2019 field season.

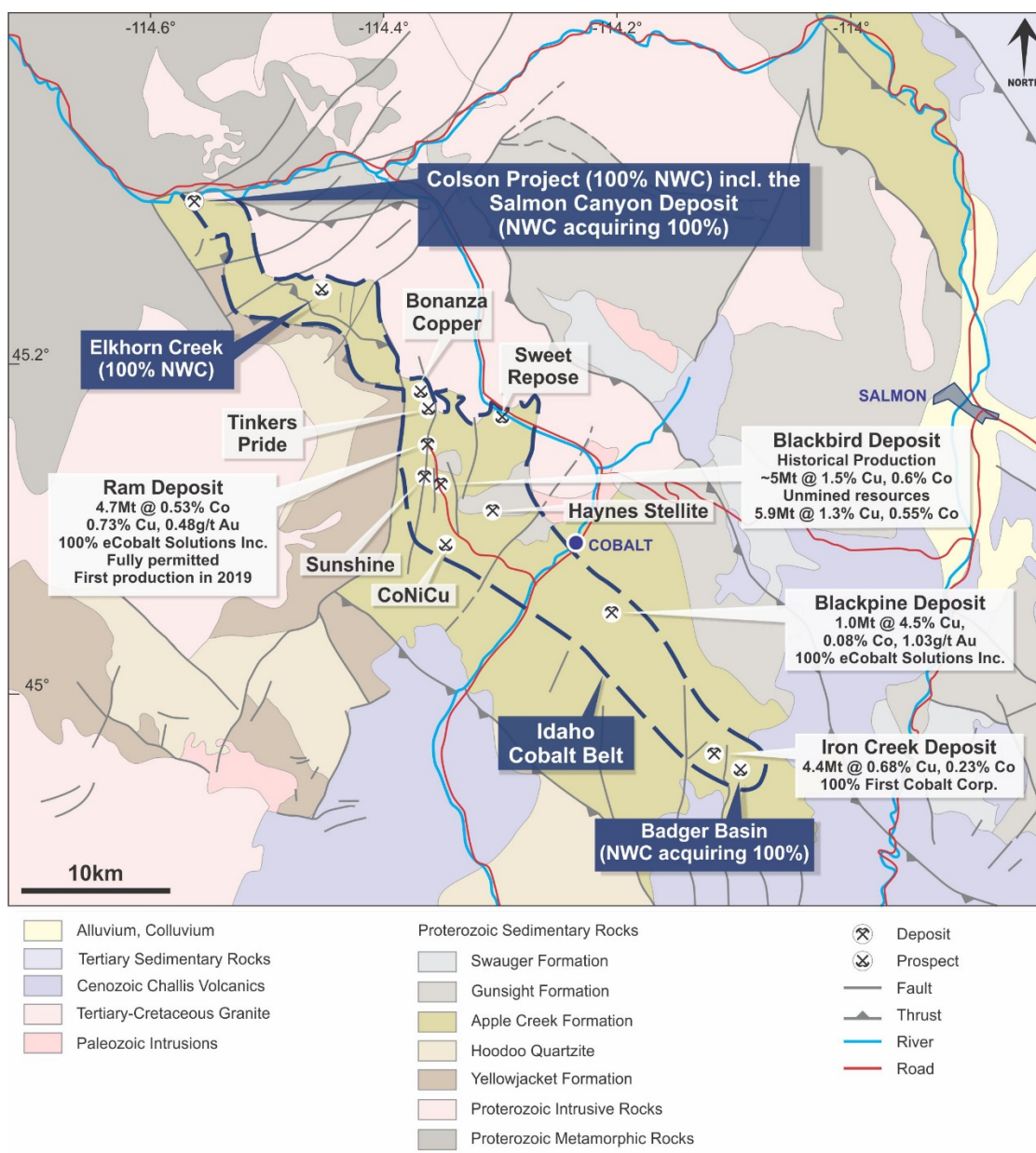


Figure 8. Geology of the Idaho Cobalt Belt, USA, including the location of New World Cobalt's projects

Badger Basin Project, Idaho

During 2018 the Company entered into an agreement that provides it the right to earn a 100% interest in 20 Federal mining claims, covering 400 acres, at Badger Basin. These claims are located several kilometres south-east of the Iron Creek Cobalt Deposit (First Cobalt Corporation), where NI 43-101 compliant resources currently comprise 4.4Mt at 0.23% Co and 0.68% Cu (see Figure 8).

The geological sequence that hosts the Iron Creek Deposit is mapped to extend through the Company's Badger Basin project area. No systematic exploration is known to have been undertaken at Badger Basin.

In late-2018 the Company completed initial reconnaissance field work, including collection of 167 soil samples on a systematic grid array. Moderate cobalt and copper anomalism is evident (maximum 35ppm Co and 256ppm Cu). Further evaluation of anomalous areas is planned for the 2019 field season.

Iron Dyke Project, Idaho

During 2018 the Company staked 60 Federal mining claims in the Iron Dyke area, securing a 100% interest in approximately 1,240 acres encompassing multiple cobalt-copper occurrences over >10km of strike, including:

- (i) the Irish Boy Mine – which includes a historical 150m x 90m open pit from which the USGS collected a 3m chip sample that assayed 2.05% Ni and 0.132% Co;
- (ii) the General MacArthur Mine – located 2km north-east of the Irish Boy Mine, where “significant” amounts of silver, copper, lead and zinc are reported to have been produced from open cuts and underground workings

- between 1949 and 1952. The USGS reports taking a sample from a waste dump at the mine in 1995 that assayed 0.248% Ni and 0.113% Co; and
- (iii) the Iron Dyke Mine – located 4km south-west of the Irish Boy Mine, where a 300m long adit and extensive dozer workings are evident. The USGS reports taking a 3m chip sample that assayed 32.7% Cu, 0.19% Zn and 0.07% Co.

This Project is located approximately 55km south-east of the Idaho Cobalt Belt (“ICB”), but includes the same geological sequence that hosts the mineralisation within the ICB. Significant cobalt mineralisation has been identified at Iron Dyke previously, which the Company believes may comprise an extension to the ICB.

In late-2018 the Company completed initial reconnaissance field work that included collection of 13 rock samples. Highly anomalous assay results were returned, with six of these samples assaying >1.0% Cu, including results to 38.7% Cu (other assays included 20.6% Cu, 9.99% Cu, 8.52% Cu, 3.96% Cu and 1.17% Cu).

The maximum cobalt assay returned was 0.22% Co (this sample assayed 1.17% Cu, 0.17% Ni and 1.1% Pb). Another sample assayed 0.11% Co, 8.5% Cu, 5.3 g/t Ag and 0.2% Zn.

Further work is being planned for the 2019 field season.

Goodsprings Copper-Cobalt Project, Nevada

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

- (i) 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 9); and
- (ii) 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 249 kg, 1,720 kg and 2,190 kg respectively). Historic workings at the Columbia mine extend over more than 500 metres of strike.

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.

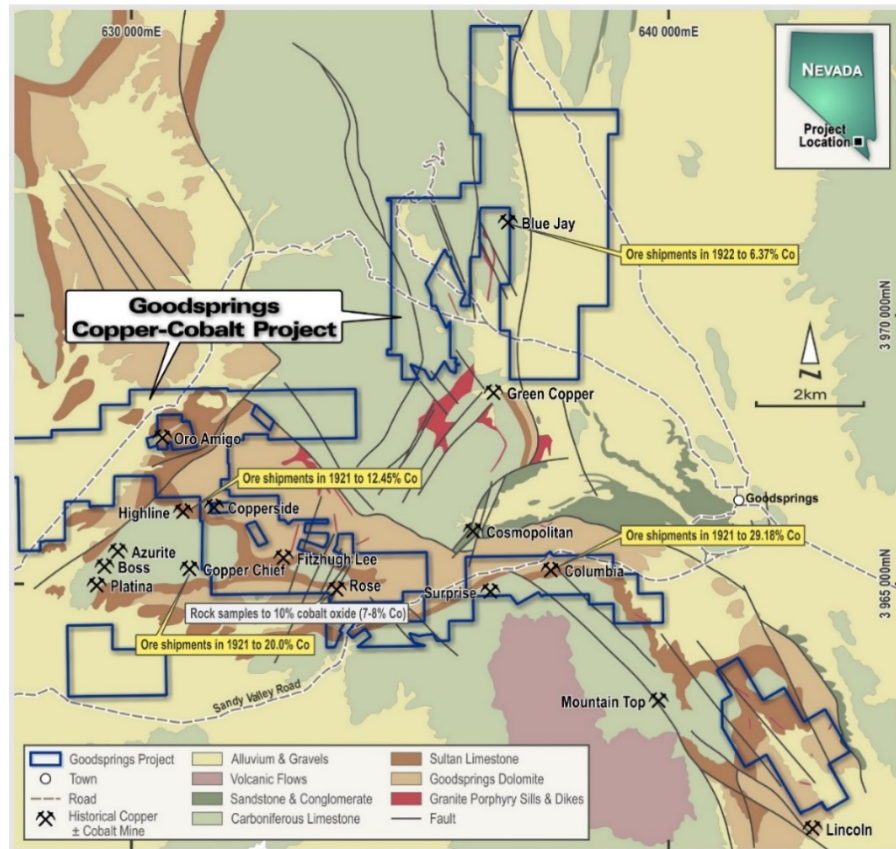


Figure 9. Geology of the Goodsprings Copper-Cobalt Project in Nevada, USA

Soil Sampling Program

During the first half of 2018 the Company completed a systematic surface geochemistry program that comprised the collection of soil samples on 200m x 50m centres (and 100m x 50m centres over and around the historical Columbia Mine). Samples were taken across the entire project area, except where transported cover is present. Approximately 2,350 samples were collected and assayed (see Figure 10).

The soil sampling program was undertaken to help delineate the lateral extent of the mineralised areas, so that ground geophysical surveys could be focused on these areas in advance of drill-testing.

Sixteen high-priority coincident cobalt-copper anomalies have been delineated, including:

- (i) five coherent cobalt-copper anomalies that extend over a strike of more than 5,000m either side of the historical Columbia Mine, **where shipments of ore grading up to 29.2% cobalt were recorded in 1921** (see Figure 9 – the Double Down, Surprise, Frederickson, Columbia and Mill anomalies). Significantly, previous mapping shows all these anomalies to be located in the same geological sequence as the Columbia Mine;
- (ii) a discrete coincident cobalt-copper anomaly immediately adjacent to the historical Rose Mine, **where rock samples assaying up to 7-8% cobalt have been recorded previously**;
- (iii) an 800m-long cobalt-copper anomaly immediately adjacent to the historical Fitzhugh Lee Mine, where shipments of ore grading up to 21.5% copper have been recorded previously;
- (iv) a 1,000m long coincident cobalt-copper anomaly over and along strike from the historical Blue Jay Mine, **where a shipment of ore grading 6.37% cobalt was recorded in 1922**; and
- (v) a 1,500m long cobalt anomaly at the northern end of the Project area that coincides with the major Contact Fault structural corridor (see Figures 9).

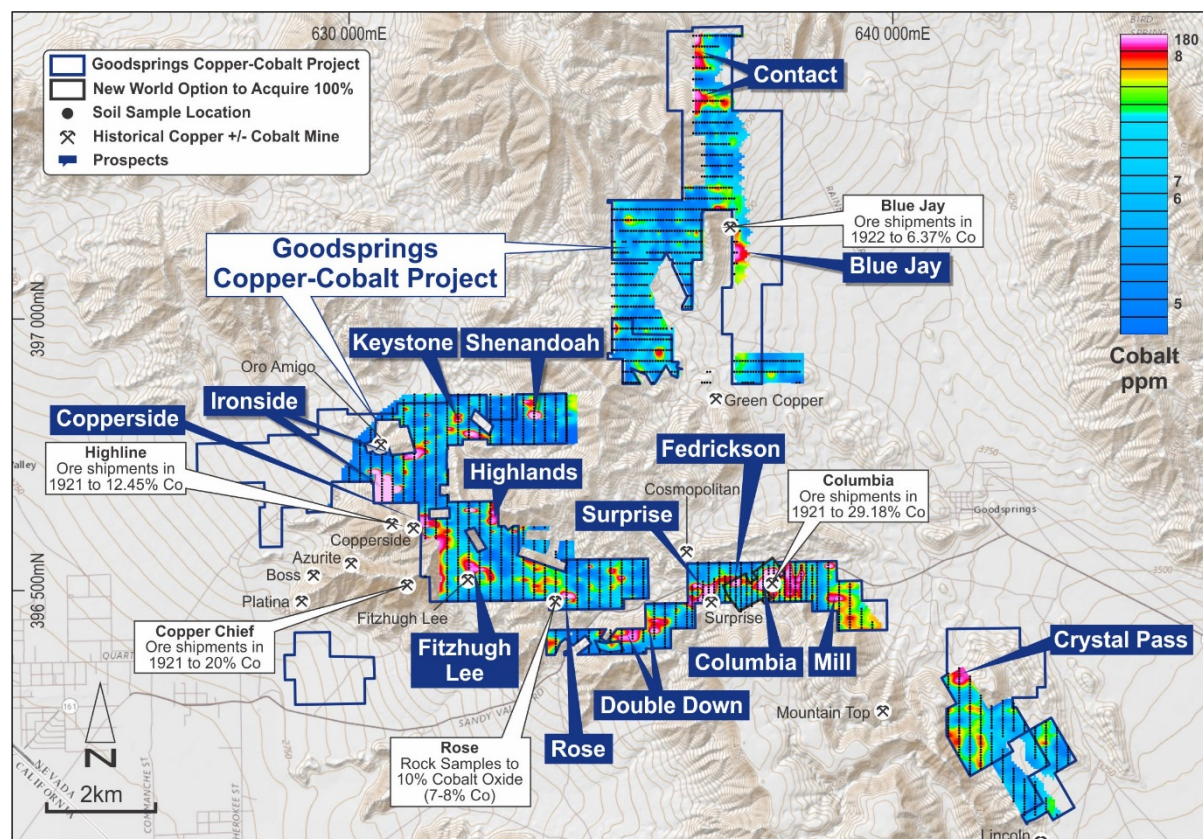


Figure 10. Image of cobalt-in-soil geochemistry data from the systematic soil sampling program conducted at the Goodsprings Project, Nevada, and location of the 16 high-priority anomalies delineated.

Ground Geophysics Survey

The Company subsequently conducted an IP survey over seven of the high-priority soil anomalies – Fitzhugh Lee, Rose, Double Down, Surprise, Fedrickson, Columbia and Mill. Results are being used to help plan for a maiden drilling program at the Project.

Reduction in Land-holding

Based on results of the systematic, project-wide soil sampling program undertaken during the first half of 2018, the Company elected not to renew 112 low-priority claims at the Project when annual renewal payments were due on 1 September, 2018.

Accordingly, the Company now holds a 100% interest in 414 Federal mining claims covering approximately 8,000 acres, together with the rights to earn a 100% interest in the Columbia Mine.

Hazelton Cobalt-Copper-Gold-Project, British Columbia

In November 2017, the Company announced it had entered into an agreement with American Manganese Inc. (AmMang") that provided it the right to earn an initial 60% interest in the high-grade Hazelton Project in British Columbia, Canada (see Figure 11).

The Hazelton Project covers 10km² 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.

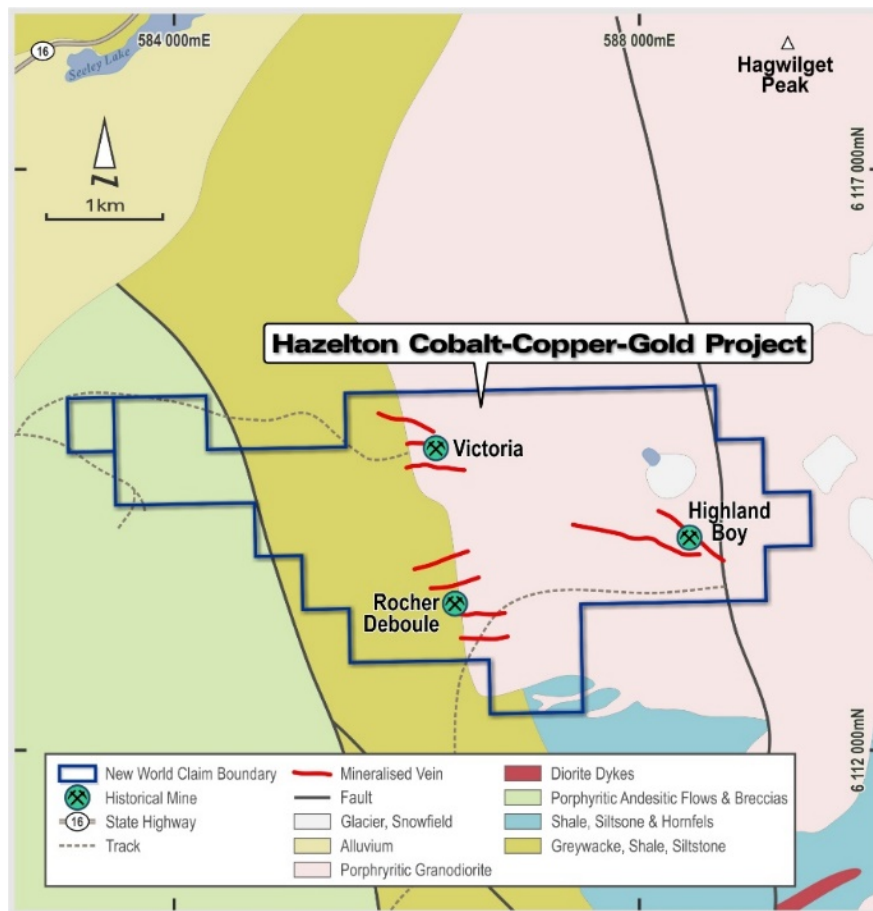


Figure 11. Location of known mineralised veins at the Company's Hazelton Project in British Columbia, Canada.

During August and September 2018 the Company completed a concerted mapping and sampling program at the Hazelton Project.

Following assessment of all results, the Company elected to relinquish its rights to the Project.

Grapevine Cobalt-Nickel-Copper Project, Arizona

In the first half of 2018 the Company announced it had secured a 100% interest in the high-grade Grapevine Cobalt-Nickel-Copper Project, located ~25km east of Prescott in central Arizona, USA (see Figure 12).

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.

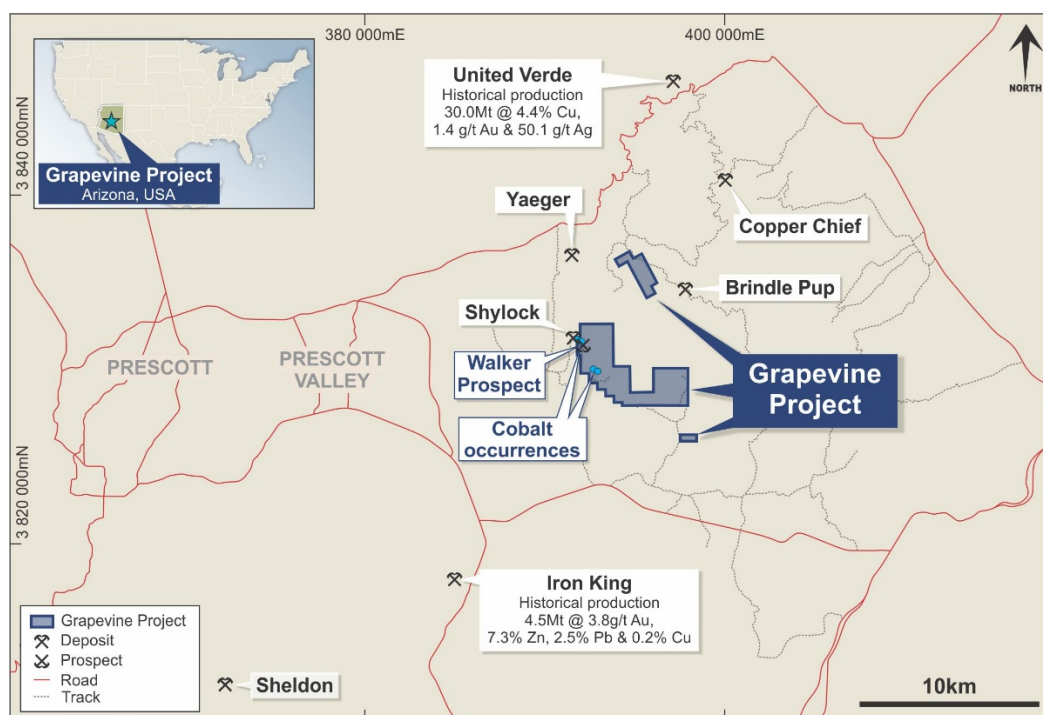


Figure 12. Location of New World Cobalt's Grapevine Project, Arizona, USA.

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

In late-2018 the Company collected 204 soil samples over the main corridor of historical workings. Maximum assays returned were 42 ppm Co, 516 ppm Cu and 38 ppm Ni.

With more encouraging results returned from its other Projects, the Company elected to relinquish its rights to this project in February 2019.

West Kimberley Project, Western Australia

In November 2018 the Company announced it had entered into an agreement with Buxton Resources Limited ("Buxton") whereby Buxton will acquire a 100% interest in New World's West Kimberley Project in Western Australia (the "WK Project").

Consideration payable to New World comprises:

- (i) the issue of 1,333,333 fully paid ordinary shares in the capital of the Buxton ("BUX Shares") on completion;
- (ii) within 5 days of Buxton announcing it has intersected in drilling on the WK Project, on a grade-thickness basis, $\geq 20\%$ Ni equivalent, providing the grade of the mineralisation intersected is $\geq 1.5\%$ Ni equivalent (e.g. $\geq 10\text{m}$ @ 2.0% Ni, or $\geq 13.33\text{m}$ @ 1.5% Ni), the issue of an additional number of BUX Shares equal to \$250,000;
- (iii) within 5 days of Buxton announcing that it has a JORC compliant resource (inferred, indicated and/or measured; of any size and/or grade; for any commodity) within the WK Project, the issue of an additional number of BUX Shares equal to \$250,000; and
- (iv) within 5 days of Buxton announcing that it has a JORC compliant resource that exceeds 15,000 tonnes of contained nickel equivalent within the WK Project, the issue of additional BUX Shares equal to \$500,000.

The divestment of the WK Project allows New World to focus on its other projects while retaining exposure to the WK Project by:

- (i) holding an equity interest in Buxton, which is focused on and actively exploring the adjacent high-grade Double Magic Nickel-Copper Prospect and the greater West Kimberley district; and
- (ii) being entitled to additional payments from Buxton in the event further exploration on the WK Project is successful.

EVENTS SUBSEQUENT TO REPORTING DATE

On 23 January 2019, the Company announced that it had negotiated reduced terms for the final acquisition payment to acquire 100% of the Salmon Canyon Deposit, whereby a final payment of US\$50,000 cash and US\$250,000 worth of Shares would now be due by 25 January 2019 (refer Note 11 for details on the previous final payment terms, which were due on or before 31 December 2018). Accordingly on 25 January 2019, 20,324,708 Shares were issued as final consideration for the acquisition of 100% of the Salmon Canyon Deposit.

On 25 January 2019 the Company issued 750,000 employee options, each exercisable at \$0.0225 on or before 24 January 2021.

In February 2019, the Company relinquished its interest in the Grapevine Project.

In March 2019, the Company completed the sale of its 100% interest in the WK Project.

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.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Stantons International Audit and Consulting Pty Ltd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page • and forms part of this directors' report for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



.....
Richard Hill
Chairman

15 March 2019

Additional Disclosure**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.

Forward Looking Statements

Any forward-looking information contained in this news release is made as of the date of this news release. 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.

Previously Reported Results:

There is information in this report relating to exploration results which were previously announced on 7 February, 22 March, 6 April, 23 May, 30 July, 5 September, 19 September 2018, 20 December 2018 and 23 January 2019. 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.

15 March 2019

Board of Directors
New World Cobalt Limited
45 Ventnor Avenue
WEST PERTH WA 6005

Dear Sirs

RE: NEW WORLD COBALT LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of New World Cobalt Limited.

As Audit Director for the review of the financial statements of New World Cobalt Limited for the period ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
	Note	31 December 2018 \$	31 December 2017 \$
Continuing operations			(as restated)
Other income		2,127	938
Administration		(137,137)	(147,880)
Depreciation and amortisation expense		-	(177)
Exploration costs written off	2	(179,515)	(6,225)
Directors' costs		(81,084)	(186,093)
Other expenses		(1,104,388)	(672,226)
Loss before income tax		(1,499,997)	(1,011,663)
Income tax benefit		-	-
Net loss for the period from continuing operations		(1,499,997)	(1,011,663)
Discontinued operations			
Loss from discontinued operation	10	(7,693)	(7,208,828)
Net loss for the period		(1,507,690)	(8,220,491)
Other comprehensive income:			
<i>Items reclassified to profit or loss</i>			
Foreign exchange reserve reclassified to profit or loss on disposal of subsidiary		-	-
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		237,416	(7,388)
Other comprehensive loss for the period		237,416	(7,388)
Total comprehensive loss for the period		(1,270,274)	(8,227,879)
Basic and diluted loss per share from continuing operations (cents per share)		(0.30)	(0.32)
Basic and diluted profit per share from discontinued operation (cents per share)		(0.002)	(2.27)
Basic and diluted loss per share from continuing and discontinued operation (cents per share)		(0.25)	(2.58)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2018**

	Notes	Consolidated	
		31 December 2018 \$	30 June 2018 \$
Assets			
Current Assets			
Cash and cash equivalents		1,046,183	2,468,135
Trade and other receivables		199,326	145,415
Assets held for sale	12	734,981	-
Total Current Assets		1,980,490	2,613,550
Non-Current Assets			
Other financial assets	12	186,667	-
Deferred exploration and evaluation expenditure	2	18,023,456	15,401,460
Total Non-Current Assets		18,210,123	15,401,460
Total Assets		20,190,613	18,015,010
Liabilities			
Current Liabilities			
Trade and other payables		445,434	360,451
Total Current Liabilities		445,434	360,451
Net Assets		19,745,179	17,654,559
Equity			
Issued capital	3	80,759,026	75,805,015
Reserves		11,239,263	12,594,964
Accumulated losses		(72,253,110)	(70,745,420)
Total Equity		19,745,179	17,654,559

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Accumulated Losses	Option Reserve	Share-based Payment Reserve	Performance Rights Reserve	Foreign Exchange Reserve	Total Equity
	\$	\$	\$	\$		\$	\$
Balance at 1 July 2017	61,419,547	(60,418,683)	8,378,799	878,750	58,860	-	10,317,273
Loss for the period	-	(8,220,491)	-	-	-	-	(8,220,491)
Exchange differences on translation of foreign operations	-	-	-	-	-	(7,388)	(7,388)
Total comprehensive loss for the period	-	(8,220,491)	-	-	-	(7,388)	(8,227,879)
Perf. rights lapsed during the year	-	-	-	-	(58,860)	-	(58,860)
Perf. rights issued during the year	-	-	-	-	400,000	-	400,000
Options issued during the half-year	-	-	-	1,576,266	-	-	1,576,266
Shares issued during the half-year	12,726,912	-	-	-	-	-	12,726,912
Balance at 31 December 2017	74,146,459	(68,639,174)	8,378,799	2,455,016	400,000	(7,388)	16,733,712
Balance at 1 July 2018	75,805,015	(70,745,420)	8,378,799	2,479,560	1,640,000	96,605	17,654,559
Loss for the period	-	(1,507,690)	-	-	-	-	(1,507,690)
Exchange differences on translation of foreign operations	-	-	-	-	-	237,416	237,416
Total comprehensive loss for the period	-	(1,507,690)	-	-	-	237,416	(1,270,274)
Options issued during the half-year	-	-	-	46,883	-	-	46,883
Perf. rights converted to shares during the half-year	-	-	-	-	(1,640,000)	-	(1,640,000)
Shares issued during the half-year	5,074,214	-	-	-	-	-	5,074,214
Share issue costs during the half -year	(120,203)	-	-	-	-	-	(120,203)
Balance at 31 December 2018	80,759,026	(72,253,110)	8,378,799	2,526,443	-	334,021	19,745,179

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Consolidated	
	31 December 2018	31 December 2017
Notes	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(209,308)	(676,752)
Interest received	2,127	938
Net cash used in operating activities	(207,181)	(675,814)
Cash flows from investing activities		
Cash acquired from acquisition of Liaz	-	22,761
Payments for exploration and evaluation expenditure	(3,266,602)	(1,299,106)
Net cash used in investing activities	(3,266,602)	(1,276,345)
Cash flows from financing activities		
Transaction costs of issue of shares	(120,203)	-
Proceeds from exercise of options	2,172,034	2,689,051
Net cash generated from financing activities	2,051,831	2,689,051
Net (decrease)/increase in cash held	(1,421,952)	736,892
Cash and cash equivalents at the beginning of the period	2,468,135	3,215,840
Cash and cash equivalents at the end of the period	1,046,183	3,952,732

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by New World and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements were authorised for issue on 15 March 2019.

Basis of preparation

The interim financial statements have been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2018.

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's assets and the discharge of its liabilities in the normal course of business.

As at 31 December 2018, the Group had cash and cash equivalents of \$1,046,183, a loss for the half-year of \$1,507,690 and a net cash outflow from operating and investing activities of \$3,437,783.

The Board considers that New World 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 next twelve months from the date of this report. The following actions either singularly or in combination have been considered by the Board as a way to derive further funding for the Company:

- alliance with brokers for raising additional capital on market to fund the Group's ongoing exploration and development program together with providing working capital requirements;
- the farm-down or sale of its mineral interests; and/or
- the successful commercial exploitation of the Group's mineral interests.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

Accordingly, the Directors believe that New World will 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.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations of the group and effective for annual reporting periods beginning on or after 1 January 2018.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. As a result of this review and other than as disclosed below, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

Management is currently assessing the impact of the new financial instruments standard - AASB 9 and any impact will be reflected in the financial statements for the year ended 30 June 2019.

Restatement of 31 December 2017 Comparatives

The financial report for the half-year ended 31 December 2017 ("HY2018 Report") included the recognition of a deferred tax liability ("DTL") of \$6,367,568, arising from the acquisition of Liaz Pty Ltd in November 2017 ("Liaz Acquisition"), as disclosed in notes 2 and 11 in the HY2018 Report.

As disclosed in note 14 to the 2018 Annual Financial Report, it was determined that the acquisition of Liaz was accounted for as an acquisition of asset rather than business combination. As a result, no deferred tax liability was recognised. Accordingly, for comparative purposes, New World has restated the comparatives for the half-year ended 31 December 2017 to derecognise the DTL of \$6,367,568, as disclosed in notes 2 and 11 of the HY2018 Report, and reverse the impairment of exploration costs – Liaz of \$6,367,568 in the consolidated statement of comprehensive income. This also resulted in an increase in Net Assets of \$6,367,568 and a corresponding decrease in accumulated losses to those reported in the HY2018 Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Six months to 31 December 2018	Year to 30 June 2018
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	15,401,460	7,252,332
Acquisition of tenements ⁽ⁱ⁾	-	11,819,081
Exploration assets held for sale (Note 12)	(734,981)	-
Expenditure incurred	3,420,887	3,743,440
	18,087,366	22,814,853
Expenditure impaired ⁽ⁱⁱ⁾	(187,208)	(7,458,709)
Net exchange differences on translation	123,298	45,316
Total deferred exploration and evaluation expenditure	18,023,456	15,401,460

(i) The acquisition of tenements for the prior period includes amounts arising from the acquisition of Liaz Pty Ltd ("Liaz Acquisition") in November 2017.

(ii) 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. Accordingly the costs associated with both of these projects, which amounted to \$179,515, were written off.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: ISSUED CAPITAL

	Consolidated	
	31 December 2018 \$	30 June 2018 \$
Issued capital	83,789,331	78,715,117
Share issue costs	(3,030,305)	(2,910,102)
	<u>80,759,026</u>	<u>75,805,015</u>

	Six months to 31 December 2018 No.	Year to 30 June 2018 No.	Six months to 31 December 2018 \$	Year to 30 June 2018 \$
<i>Movements in ordinary shares on issue (prior to share issue costs)</i>				
At the beginning of the period	456,024,105	276,781,885	78,715,117	64,329,649
Shares issued on exercise of options	43,440,683	91,011,832	2,172,034	3,950,601
Shares issued in consideration for Liaz ⁽ⁱ⁾	-	80,000,000	-	9,600,000
Shares issued in consideration for Salmon Canyon ⁽ⁱⁱ⁾	9,962,449	6,434,140	412,087	665,486
Shares issued in consideration for Hazelton ⁽ⁱⁱⁱ⁾	-	250,000	-	25,950
Shares issued in consideration for Columbia Mine ^(iv)	-	638,310	-	66,256
Shares issued in consideration for Grapevine Project ^(v)	-	907,938	-	77,175
Shares issued in consideration for Badger Basin Prospect ^(vi)	1,371,213	-	70,093	-
Shares issued in consideration for West Kimberley ^(vii)	394,477	-	20,000	-
Conversion of performance rights ^(viii)	20,000,000	-	2,400,000	-
At the end of the period	<u>531,192,927</u>	<u>456,024,105</u>	<u>83,789,331</u>	<u>78,715,117</u>

- (i) The Company issued 80,000,000 Shares in November 2017 as consideration for the Liaz Acquisition.
- (ii) The Company issued 6,434,140 Shares in November 2017 and 9,962,449 Shares in August 2018 being the acquisition of Salmon Canyon Deposit.
- (iii) The Company issued 250,000 Shares in December 2017 in relation to the acquisition of the Hazelton Project.
- (iv) The Company issued 638,310 Shares in December 2017 in relation to the acquisition of the Columbia Mine.
- (v) The Company issued 907,938 Shares in May 2018 in relation to the acquisition of the Grapevine Project.
- (vi) The Company issued 1,371,213 Shares in October 2018 in relation to the acquisition of the Badger Basin Prospect.
- (vii) The Company issued 394,477 Shares in October 2018 in relation to the acquisition of the West Kimberley Project.
- (viii) The Company issued 20,000,000 Shares in November 2018 in relation to the conversion of Performance Rights.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: ISSUED CAPITAL (continued)

	Six months to 31 December 2018 No.	Year to 30 June 2018 No.
Performance Shares		
Movements in performance shares on issue		
At the beginning of the period	1,133,333	1,133,333
Cancellation of performance shares	(1,133,333)	-
At end of period	-	1,133,333

Following receipt of shareholder approval on 30 November 2018, 566,667 unlisted Class A performance shares and 566,667 unlisted Class B performance shares were cancelled.

NOTE 4: SEGMENT REPORTING

The Group has ceased involvement in its Western Australian projects as well as the Keel Project. As a result of the Liaz Acquisition in the prior period, the Group's exploration and evaluation activities relate to the cobalt projects in North America.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 5: OPTION AND SHARE-BASED PAYMENTS RESERVE

	Consolidated	
	31 December 2018 \$	30 June 2018 \$
Option Reserve	8,378,799	8,378,799
Share-Based Payments Reserve	2,526,443	2,479,560
	Six months to 31 December 2018 No.	Year to 30 June 2018 No.
Movements in number of options over ordinary shares on issue		
At the beginning of the period	56,574,557	30,833,334
Issue of bonus shareholder options ⁽ⁱ⁾	-	94,453,055
Issue of advisor options ⁽ⁱⁱ⁾	-	20,000,000
Issue of employee options ⁽ⁱⁱⁱ⁾	-	750,000
Issue of director options ^(iv)	-	1,050,000
Issue of consultant options ^(v)	-	500,000
Options exercised ^(vi)	(43,440,683)	(91,011,832)
At end of period	13,133,874	56,574,557

- (i) The Company issued bonus options to shareholders – 94,453,055 options were issued on 14 August 2017, each of which was exercisable at \$0.05 on or before 31 July 2018.
- (ii) The Company issued options to advisors for assistance in the Liaz Acquisition – 20,000,000 options were issued on 1 November 2017.
- (iii) The Company issued options to the exploration manager – 750,000 options were issued on 13 December 2017.
- (iv) The Company issued options to non-executive director, in five tranches – 1,050,000 options were issued on 13 December 2017.
- (v) The Company issued options to a consultant – 500,000 options were issued on 13 December 2017.
- (vi) The Company issued fully paid ordinary shares on the exercise of options, each of which was exercisable at \$0.05.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 5: OPTION AND SHARE-BASED PAYMENTS RESERVE (continued)

The fair value of the equity settled share options granted during the prior period 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:

The following share options were issued during the period prior 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.

NOTE 6: PERFORMANCE RIGHTS

	Consolidated	
	Six months to 31 December 2018 \$	Year to 30 June 2018 \$
At beginning of period	1,640,000	-
Vested during the period	760,000	1,640,000
Director performance rights converted to shares	(2,400,000)	-
At end of period	-	1,640,000
	No.	No.
Movements in options over ordinary shares on issue		
At start of period	20,000,000	1,875,000
Director performance rights lapsed (a)	-	(1,875,000)
Director performance rights issued (b)	-	20,000,000
Director performance rights converted to shares (c)	(20,000,000)	-
At end of period	-	20,000,000

- (a) In October and 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.
- (b) 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 were to vest over a 12-month period and were subject to these directors remaining employed by the Company. The Performance Rights were valued at the Company's share price on the date of issue and are being brought to account over the vesting period.
- (c) In November 2018, 20,000,000 Shares were issued in the Company on the conversion of Performance Rights. On conversion, the fair value has been transferred to issued capital.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 7: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 8: FINANCIAL INSTRUMENTS

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

On 23 January 2019, the Company announced that it had negotiated reduced terms for the final acquisition payment to acquire 100% of the Salmon Canyon Deposit, whereby a final payment of US\$50,000 cash and US\$250,000 worth of Shares would now be due by 25 January 2019 (refer Note 11 for details on the previous final payment terms, which were due on or before 31 December 2018). Accordingly on 25 January 2019, 20,324,708 Shares were issued as final consideration for the acquisition of 100% of the Salmon Canyon Deposit.

On 25 January 2019 the Company issued 750,000 employee options, each exercisable at \$0.0225 on or before 24 January 2021.

In February 2019, the Company relinquished its interest in the Grapevine Project.

In March 2019, the Company completed the sale of its 100% interest in the WK Project.

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 10: 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 31 December 2017 (\$2,617,555) were included in loss from discontinued operation in the consolidated statement of profit or loss and other 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 \$4,598,966) have been included in loss from discontinued operation in the consolidated statement of profit or loss and comprehensive income.

Loss from discontinued operations comprises the following:

	Six months to 31 December 2018 \$	Six months to 31 December 2017 \$
Exploration expenditure impaired:		
- Fraser Range	7,693	4,591,273
- Keel	-	2,617,555
	<u>7,693</u>	<u>7,208,828</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 11: COMMITMENTS

As at 31 December 2018, New World Cobalt held the rights to acquire interests in the Salmon Canyon Deposit, Columbia Mine, Grapevine Project and Badger Basin Prospect as summarised below.

Salmon Canyon Deposit

Remaining commitments to acquire a 100% interest in the 10 Federal mining claims that encompass the Salmon Canyon Deposit comprised a final cash payment of US\$300,000 and US\$550,000 in cash or Shares (10-day volume weighted average price), at New World Cobalt's election, on or before 31 December 2018, further extended to 25 January 2019 (refer Note 9 for the subsequent amendments to these final acquisition terms).

Columbia Mine

Remaining commitments for the rights to explore and develop the Columbia Mine include:

- completion of sufficient work to calculate a JORC Inferred Resource estimate by 2 October 2019;
- application for mine permits by no later than 2 October 2022;
- the Company will have 10 years from receipt of mine permits to complete its mining activities;
- 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;
- 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;
- the Company is required to pay Columbia Summit a 2.0% net smelter return royalty on all production from the lease area; and
- 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.

Grapevine Project

Remaining commitments to acquire a 100% interest in 40 BLM mineral claims in Arizona from Grapevine Resources LLC ("GRL") comprised:

- commencing February 2019, 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; and
- GRL will retain a 1.0% royalty on any production within two (2) miles of GRL's 40 BLM mineral claims.

Refer Note 9 for subsequent developments in relation to the Grapevine Project.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 11: COMMITMENTS (continued)

Badger Basin Prospect

The terms to acquire a 100% interest in 20 Federal mining claims at Badger Basin that cover 400 acres ("Badger Basin Prospect") are:

- upfront payment of US\$15,000 cash for the exclusive right (completed);
- a further payment of US\$15,000 cash and issue US\$50,000 worth of Shares, following satisfactory completion of due diligence (completed);
- the issue of a further US\$100,000 of Shares on or before 5 September 2019 to complete the acquisition; and
- following completion of the acquisition, the vendors would retain a 2.0% NSR royalty; which could be reduced to 1.0% by paying US\$500,000.

The Group 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.

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

NOTE 12: ASSETS HELD FOR SALE

In November 2018, the Company entered into an agreement with Buxton Resources Limited ("Buxton") whereby Buxton agreed to acquire a 100% interest New World's West Kimberley Project in Western Australia ("the WK Project"), subject to conditions.

Consideration payable to New World comprises:

- the issue of 1,333,333 fully paid ordinary shares in the capital of Buxton ("BUX Shares") on completion;
- within 5 days of Buxton announcing it has intersected in drilling on the WK Project, on a grade-thickness basis, $\geq 20\%$ Ni equivalent, providing the grade of the mineralisation intersected is $\geq 1.5\%$ Ni equivalent (e.g. $\geq 10\text{m} @ 2.0\% \text{ Ni}$, or $\geq 13.33\text{m} @ 1.5\% \text{ Ni}$), the issue of an additional number of BUX Shares equal to \$250,000;
- within 5 days of Buxton announcing that it has a JORC compliant resource (inferred, indicated and/or measured; of any size and/or grade; for any commodity) within the WK Project, the issue of an additional number of BUX Shares equal to \$250,000; and
- within 5 days of Buxton announcing that it has a JORC compliant resource that exceeds 15,000 tonnes of contained nickel equivalent within the WK Project, the issue of additional BUX Shares equal to \$500,000.

In each case the number of BUX Shares to be issued to New World will be based on the 10-day VWAP prior to the date on which each relevant milestone is met.

On 15 November 2018, Buxton issued 1,333,333 fully paid ordinary shares at \$0.14 per share. Management recognised this as 'other financial assets' in the consolidated statement of financial position. As at 31 December 2018, the fair value of other financial assets remain unchanged. The market value was determined using level 1 category (measurement based on quoted prices in an active market).

As at 31 December 2018, the carrying value of the deferred exploration and evaluation expenditure for the West Kimberley Project amounted to \$734,981. This amount has been reclassified as 'asset held for sale' in accordance with AASB 5: *Non-current assets held for sale and discontinued operation*.

In March 2019, the Company completed the sale of its 100% interest in the WK Project.

DIRECTORS' DECLARATION

In the opinion of the Directors of New World Cobalt Limited:

1. The attached condensed financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard *AASB 134: Interim Financial Reporting* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Richard Hill

Chairman

15 March 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NEW WORLD COBALT LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of New World Cobalt Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for New World Cobalt Limited ("the consolidated entity"). The consolidated entity comprises both New World Cobalt Limited ("the Company") and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of New World Cobalt Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of New World Cobalt Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

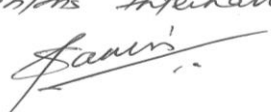
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of New World Cobalt Limited on 15 March 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New World Cobalt Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
15 March 2019