



NEW WORLD COBALT LIMITED

**ANNUAL REPORT
30 JUNE 2019**

A.B.N. 23 108 456 444

CONTENTS	PAGE
CORPORATE INFORMATION.....	3
DIRECTORS' REPORT.....	4
AUDITOR'S INDEPENDENCE DECLARATION.....	31
FINANCIAL STATEMENTS	
Consolidated Statement of Profit and Loss and Other Comprehensive Income	32
Consolidated Statement of Financial Position	33
Consolidated Statement of Changes in Equity	34
Consolidated Statement of Cash Flows	35
Notes to the Financial Statements.....	36
DIRECTORS' DECLARATION	68
INDEPENDENT AUDITOR'S REPORT.....	69
MINING TENEMENTS	73
ASX ADDITIONAL INFORMATION.....	74

CORPORATE INFORMATION

<p>Directors</p> <p>Richard Hill (Non-Executive Chairman)</p> <p>Michael Haynes (Managing Director)</p> <p>Scott Mison (Non-Executive Director)</p> <p>Company Secretary</p> <p>Ian Cunningham</p> <p>Registered Office & Principal Place of Business</p> <p>1/100 Railway Road, Subiaco W.A. 6008</p> <p>Telephone: (08) 9226 1356 Facsimile: (08) 9226 2027 Website: www.newworldcobalt.com</p>	<p>Country of Incorporation</p> <p>Australia</p> <p>Auditors</p> <p>Stantons International Audit and Consulting Pty Ltd Level 2, 1 Walker Avenue West Perth W.A. 6005</p> <p>Telephone: (08) 9481 3188 Facsimile: (08) 9321 1204</p> <p>Share Registry</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>Home Exchange</p> <p>Australian Securities Exchange Central Park 152-158 St Georges Terrace Perth WA 6000</p> <p>ASX Code: NWC</p>
--	--

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") and the entities it controlled (collectively the "Group" or "Consolidated Entity") for the financial year ended 30 June 2019.

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)
Michael Haynes (Managing Director)
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 Chairman of Genesis Minerals Limited, from 13 February 2013 to 23 November 2018 and a Director of Strandline Resources Limited, from 2 June 2017 to 1 November 2017. Mr Hill is currently serving as a Director of Sky Metals Limited (appointed 20 June 2019).

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.

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, Jupiter Energy Limited from 31 January 2011 to 20 April 2018 and Zyber Holdings Limited from 3 October 2017 to 31 October 2018. He is currently Company Secretary of Pensana Metals Limited (formerly Rift Valley Resources Limited). He is also a member of the board of Rebound WA Inc (formerly 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 15 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.

Directors	Number of options over ordinary shares	Number of performance rights	Number of fully paid ordinary shares
Richard Hill	-	-	25,951,682
Michael Haynes	-	-	37,667,305
Scott Mison	1,050,000	-	2,666,666

No share options or performance rights of the Company were granted to Directors during or since the end of the financial year as part of their remuneration.

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

<i>Expiry date</i>	<i>Exercise price</i>	<i>Number of options</i>
13 December 2019	12.5 cents	1,250,000
10 May 2020	9.95 cents	10,000,000
22 September 2020	12 cents	833,334
24 January 2021	2.25 cents	750,000
13 December 2021	12.45, 14.95, 17.45, 19.95 and 22.45 cents	1,050,000
30 June 2022	2 cents	35,000,000

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.

During the past twelve months the Company continued to advance exploration activities at its cobalt projects in North America. Considerable work was undertaken at the Colson Cobalt-Copper Project in the Idaho Cobalt Belt, where results continue to be very encouraging.

In April 2019 the Company announced the acquisition of the Tererro Cu-Au-Zn VMS Project in New Mexico, USA, which provides the Company a nearer-term development opportunity that also holds considerable exploration upside.



Figure 1. Location of New World's projects in the USA.

The Tererro Cu-Au-Zn VMS Project, New Mexico, USA

In April 2019 the Company announced it had:

- (i) Entered into agreements that provide it the right to acquire a 100% interest in 20 mining claims, covering 400 acres, over the Jones Hill VMS Deposit in New Mexico, USA; and
- (ii) Staked an additional 216 mining claims, covering approximately 4,300 acres, surrounding the Jones Hill Deposit (100% NWC). This area includes numerous historical workings within the same geological sequence that hosts the mineralisation at the Jones Hill Deposit.

These areas comprise the Tererro Cu-Au-Zn VMS Project ("Tererro VMS Project").

The Jones Hill Deposit is located 8km south-west of the historical Pecos Mine (also a VMS deposit; see Figure 2). Between 1927 and 1939 approximately 2 million tonnes of ore was mined from the Pecos Deposit at average grades of 13.1% Zn, 4.0% Pb, 0.78% Cu, 116 g/t Ag and 3.63 g/t Au. Mining operations ceased in 1939 due to problems managing water.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

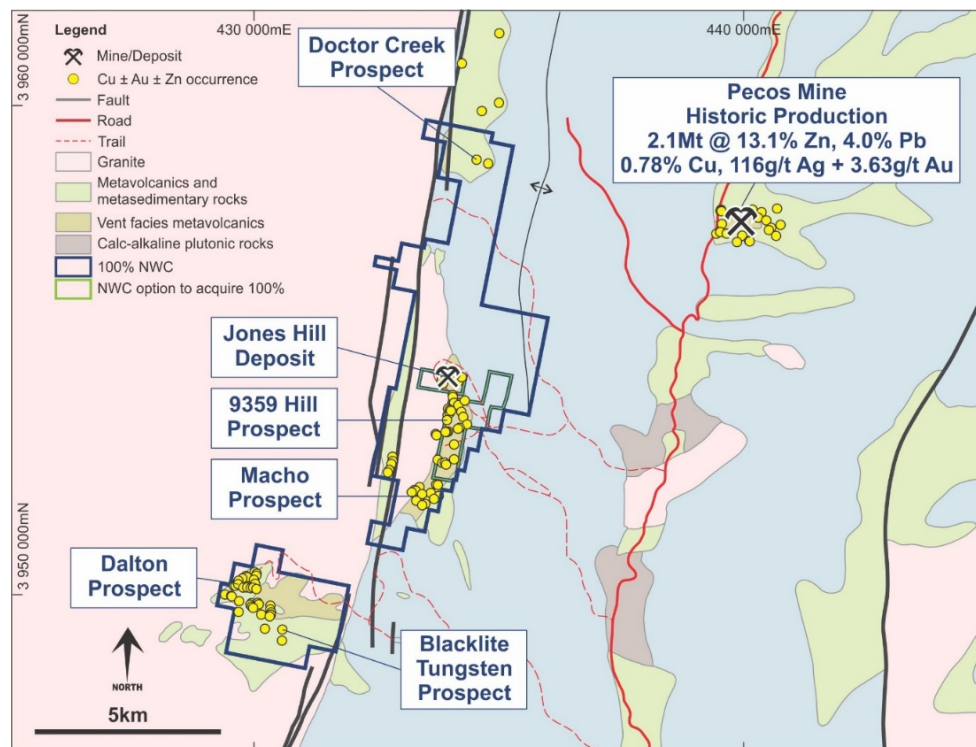


Figure 2. Geology of the Company's Tererro Cu-Au-Zn Project and surrounds, New Mexico, USA.

While mineralisation had been known to be present at the Jones Hill Deposit since the 1800s; with small scale workings active in the 1930s and 1940s; massive sulphide mineralisation was not discovered at the Deposit until 1977 when Conoco Inc. was implementing a concerted exploration program after optioning the Project in 1974.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

57 diamond core holes were drilled at the Jones Hill Deposit between 1977 and 1984 (see Figures 3 and 4). Thick mineralisation, which comes to surface, provides the potential for low mining costs, with significant intersections in historical diamond drilling including:

- 94.8m @ 5.24 g/t Au, 0.83% Cu, 0.32% Pb, 0.68% Zn and 24.3 g/t Ag from 203.9m (J25), including:
 - 5.5m @ 13.10 g/t Au, 1.37% Cu, 0.64% Zn and 24.6 g/t Ag from 210.3m;
 - 30.6m @ 7.73 g/t Au, 1.13% Cu, 0.47% Pb, 0.72% Zn and 32.7 g/t Ag from 249.8m; and
 - 8.0m @ 8.73 g/t Au, 1.90% Cu, 0.26% Pb, 0.58% Zn and 43.9 g/t Ag from 286.5m
- 33.2m @ 2.34 g/t Au, 2.76% Cu, 0.09% Pb, 6.01% Zn and 22.5 g/t Ag from 185.0m (J9)
- 48.6m @ 2.88 g/t Au, 1.00% Cu, 0.48% Pb, 0.49% Zn and 36.6 g/t Ag from 130.0m (J7), including:
 - 19.1m @ 3.52 g/t Au, 1.57% Cu, 0.63% Pb, 0.65% Zn and 48.7 g/t Ag from 145.8m
- 63.4m @ 3.05 g/t Au, 0.40% Cu, 0.21% Pb, 0.18% Zn and 17.2 g/t Ag from 284.4m (J27), including:
 - 10.8m @ 5.41 g/t Au, 0.27% Cu, 0.57% Pb and 42.3 g/t Ag from 337.0m
- 36.0m @ 3.69 g/t Au, 1.33% Cu, 0.43% Pb, 0.24% Zn and 36.9 g/t Ag from 152.7m (J10), including:
 - 24.4m @ 4.34 g/t Au, 1.61% Cu, 0.56% Pb, 0.28% Zn and 48.7 g/t Ag from 152.7m
- 27.6m @ 2.50 g/t Au, 1.15% Cu, 0.06% Pb, 5.84% Zn and 10.7 g/t Ag from 649.2m (J19)
- 40.3m @ 0.99 g/t Au, 1.15% Cu, 0.14% Pb, 1.88% Zn and 12.6 g/t Ag from 708.4m (J34), including:
 - 19.5m @ 1.42 g/t Au, 1.81% Cu, 1.75% Zn and 12.3 g/t Ag from 716.6m
- 42.1m @ 1.86 g/t Au, 0.71% Cu, 0.17% Pb, 1.26% Zn and 15.6 g/t Ag from 250.5m (J17), including:
 - 19.8m @ 3.12 g/t Au, 0.49% Cu, 0.31% Pb, 0.57% Zn and 20.2 g/t Ag from 250.5m; and
 - 19.2m @ 0.77 g/t Au, 0.96% Cu, 2.06% Zn and 12.0 g/t Ag from 271.9m
- 26.9m @ 3.21 g/t Au, 0.48% Cu, 0.22% Pb, 0.69% Zn and 16.1 g/t Ag from 303.8m (J25)
- 8.3m @ 7.07 g/t Au, 1.20% Cu, 0.81% Pb, 0.45% Zn and 56.2 g/t Ag from 158.6m (J2); and
- 7.8m @ 4.88 g/t Au, 2.11% Cu, 0.47% Pb, 0.59% Zn and 35.6 g/t Ag from 100.6m (J1)
- 34.4m @ 3.11 g/t Au, 1.18% Cu, 0.62% Pb, 0.30% Zn and 48.1 g/t Ag from 170.1m (J52), including:
 - 2.4m @ 5.96 g/t Au, 2.51% Cu, 0.74% Pb, 0.22% Zn and 76.0 g/t Ag from 170.1m;
 - 1.8m @ 4.97 g/t Au, 1.92% Cu, 1.02% Pb, 0.12% Zn and 73.8 g/t Ag from 181.1m;
 - 3.4m @ 4.72 g/t Au, 2.81% Cu, 0.75% Pb, 0.29% Zn and 81.9 g/t Ag from 185.3m; and
 - 3.0m @ 4.99 g/t Au, 1.51% Cu, 0.76% Pb, 0.32% Zn and 56.2 g/t Ag Au from 198.4m
- 14.2m @ 6.87 g/t Au, 1.72% Cu, 0.23% Pb, 0.89% Zn and 24.1 g/t Ag from 73.3m (J43), including:
 - 1.8m @ 9.89 g/t Au, 6.12% Cu, 0.56% Zn and 39.3 g/t Ag from 76.5m; and
 - 3.2m @ 14.02 g/t Au, 1.45% Cu, 0.56% Pb, 2.73% Zn and 44.5 g/t Ag from 82.1m
- 19.5m @ 2.26 g/t Au, 1.50% Cu, 0.26% Pb, 2.42% Zn and 27.3 g/t Ag from 145.1m (J53) and
- 14.9m @ 2.63 g/t Au, 0.93% Cu, 0.44% Pb, 0.30 % Zn and 32.5 g/t Ag from 124.4m (also in J53)
- 8.8m @ 4.94 g/t Au, 1.24% Cu, 0.83% Pb, 0.21% Zn and 67.1 g/t Ag from 171.0m (J55); and
- 10.7m @ 5.39 g/t Au, 0.27% Cu, 0.24% Pb, 0.06% Zn and 20.9 g/t Ag from 147.8m (also in J55)

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Following completion of the first 39 drill holes (22,129m), in 1981, Conoco Inc. calculated a historical Mineral Resource estimate for the Jones Hill Deposit which comprised:

5.7Mt @ 1.96 g/t Au, 1.02% Cu, 1.46% Zn, 0.24% Pb and 22.0 g/t Ag*

For further details on the historic mineral resource estimate, refer to the footnote on page 21 of this report. Refer also further below for details on the Company's proposed work programs, which will include activities aimed at evaluating the historical estimate and determining a mineral resource estimate for the Jones Hill Deposit in accordance with the JORC Code (2012).

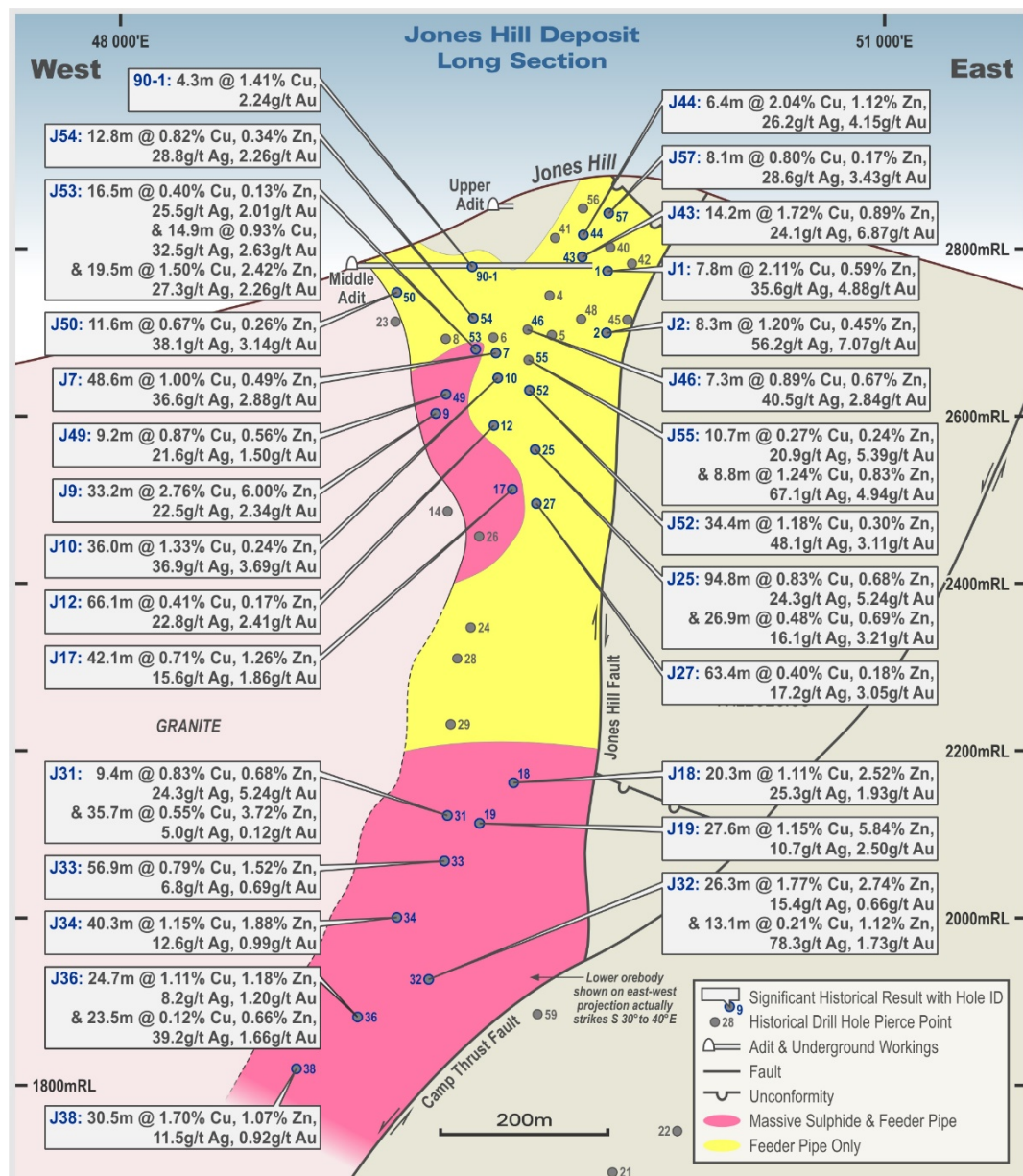


Figure 3. Long section illustrating mineralisation at the Jones Hill Deposit at the Company's Tererro Cu-Au-Zn Project. (Mineralised intervals are down-hole thicknesses and may differ from true thicknesses).

DIRECTORS' REPORT (continued)

Review of Operations (continued)

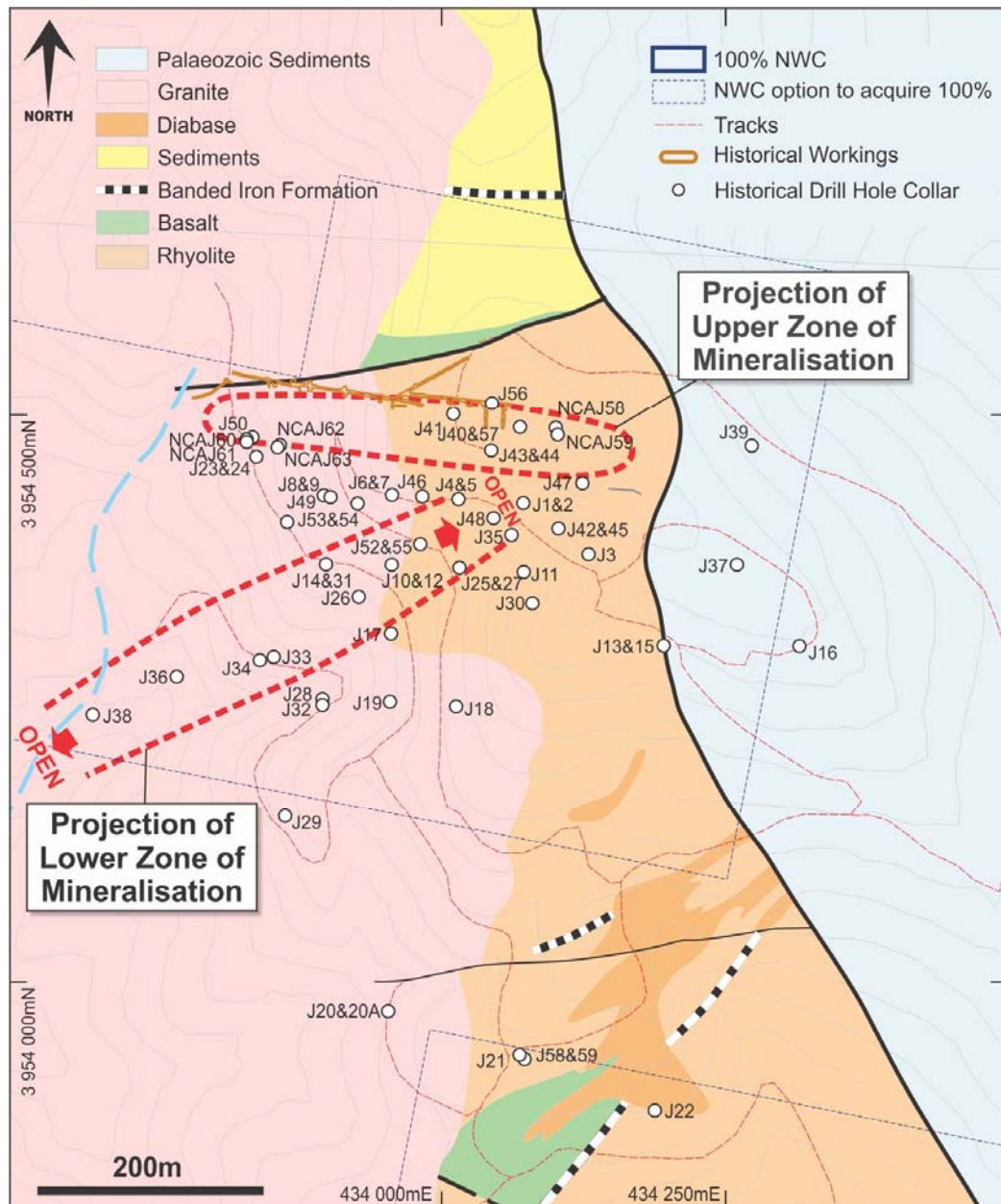


Figure 4. Plan view illustrating the location of mineralisation relative to mapped geology at the Jones Hill Deposit.

Despite mineralisation remaining open along strike in both directions and at depth, and the presence of an abundance of historical workings and mineralised occurrences along strike to the north and south of the Jones Hill Deposit over more than 15km of strike (see Figure 2), very little exploration has been undertaken since 1984.

DIRECTORS' REPORT (continued)**Review of Operations (continued)**

While the Tererro VMS Project can potentially be brought to production in the near term, because the mineralisation at the Jones Hill Deposit is of the Volcanogenic Massive Sulphide ("VMS") type – and VMS deposits usually occur in clusters, there is considerable potential to expand the resource base at the Project by discovering additional mineralisation along strike from the Jones Hill Deposit. This would likely enhance the economics of developing a mining operation. So the Company is implementing a two-pronged approach to advance the Project, targeting:

- (i) Rapid completion of work programs at the Jones Hill Deposit so that mine development can be advanced as quickly as practicable; and
- (ii) Aggressively exploring:
 - a. For the extensions of the Jones Hill Deposit; and
 - b. To discover additional mineralisation at adjacent prospects.

To achieve this, the Company is using a combination of surface geochemistry and ground geophysics to define the highest priority targets in advance of drilling.

Soil Geochemistry

Historical reports document that several soil sampling programs were completed between 1978 and 1989. These surveys delineated a strong copper-in-soil anomaly over the Jones Hill Deposit itself. Multiple other poorly- or untested soil geochemistry anomalies are also evident in the historical data, that were collected over 2.5km of strike immediately south of the Jones Hill Deposit.

In order to confirm the location, tenor and veracity of the historical soil sampling data prior to undertaking drilling programs, the Company recently collected 595 samples over, and beyond, the previously sampled areas.

A very strong, 350m long, Cu-Au-Zn-Ag-Pb soil anomaly is evident over the Jones Hill Deposit, with copper assays to 964 ppm (see Figure 5).

DIRECTORS' REPORT (continued)

Review of Operations (continued)

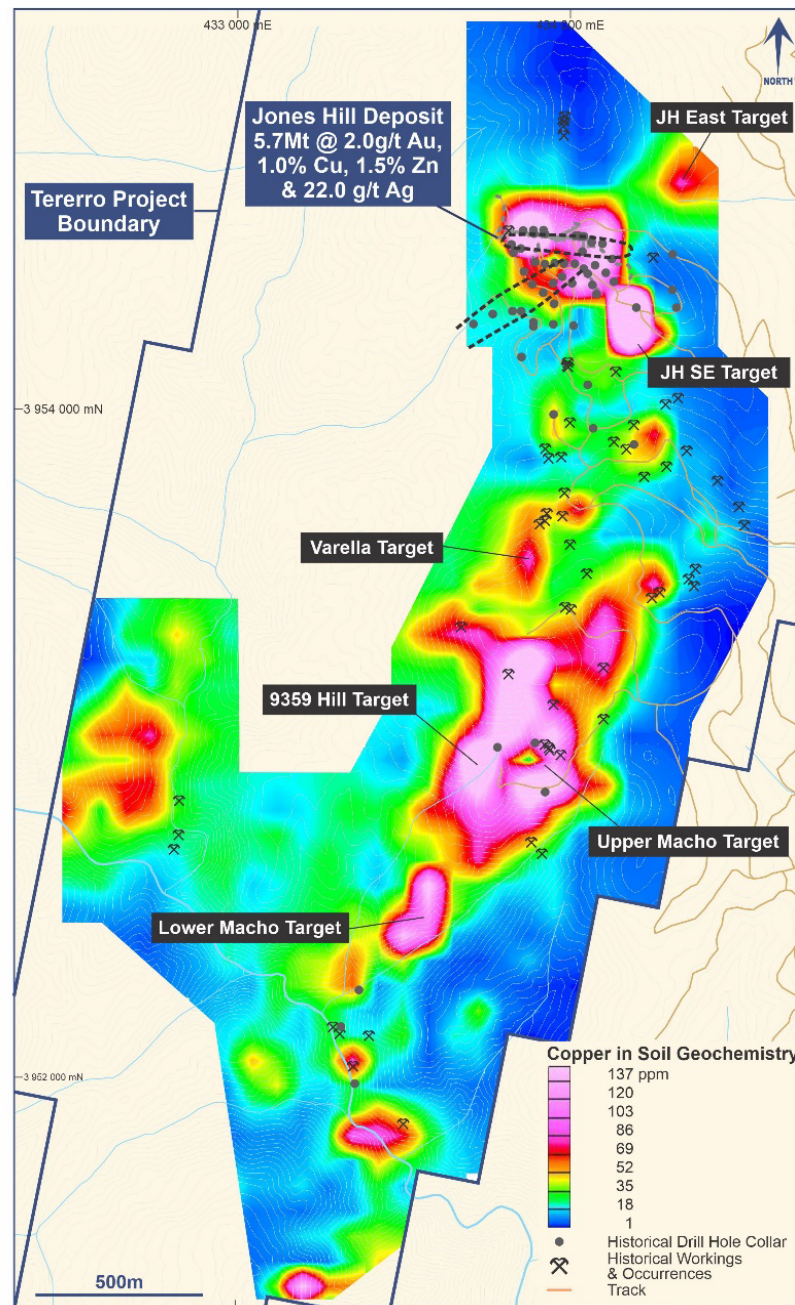


Figure 5. Copper-in-soil geochemistry data from the Tererro Cu-Au-Zn VMS Project.

Two very significant soil anomalies have been delineated in close proximity to the Jones Hill Deposit – both of which are interpreted to potentially arise from shallow strike extensions of the Deposit:

- (i) The “JH SE Anomaly” – A strong, 200m-long Cu-Au-Zn-Ag-Pb anomaly (copper assays to 776 ppm) located only 250m to the southeast of the Jones Hill Deposit, in the vicinity of historical drill holes J13 and J15. Both of these drillholes intersected multiple intervals of anomalous mineralisation, with results including 3m @ 0.22% Cu, 1.2m @ 0.51 g/t Au, 3m @ 0.1% Zn and 3m @ 11.7 g/t Ag. Yet no follow-up drilling was ever undertaken. The recent soil sampling program has highlighted that further drilling in this area is warranted.
- (ii) The “JH East Anomaly” – A significant 200m-long Cu-Au-Ag soil anomaly approximately 250m to the northeast of the Jones Hill Deposit (copper assays to 126 ppm). Anomalism in this area was unexpected – as historical mapping shows much younger sedimentary rocks outcrop here and overlie the prospective geological sequence that hosts the Jones Hill Deposit. The Company is hopeful that the younger cover sequence is only shallow here and that it might be masking the eastern extension of the Jones Hill Deposit. Further exploration in this area is being planned.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

To assist discovery of additional mineralisation along strike from the Jones Hill Deposit, approximately 3.8km of strike was covered in a recent soil sampling program, over areas where the geological sequence that hosts the Jones Hill Deposit outcrops; where there is a good chance of finding additional VMS deposits.

Strong copper anomalism has been delineated over much of this area, including a broad area of particularly strong anomalism over >1,000m of strike at the Varella, 9359 Hill, Upper Macho and Lower Macho Prospects (with copper assays up to 894 ppm). Multiple historical workings have been recorded in all of these areas, providing further encouragement that these anomalies may be associated with significant mineralisation (see Figure 5).

A number of significant but smaller anomalies are evident further south along strike. These will also be investigated further in due course.

Ground Geophysics Survey

Four electrical ground geophysical survey methodologies were previously successfully trialled at the Jones Hill Deposit – namely electromagnetics ("EM"); Induced Polarisation ("IP"); controlled source audio-frequency magnetotellurics ("CSAMT"); and mise-a-la-mass.

In August the Company commenced a CSAMT survey over the southern portion of the Project area. CSAMT was selected as the preferred initial electrical ground geophysical technique because:

- (i) A strong CSAMT anomaly is evident over the Jones Hill Deposit in the limited previous data acquired;
- (ii) CSAMT can resolve the lateral extent of targets well, which is advantageous when planning follow-up drilling;
- (iii) CSAMT can often detect deep targets better than the other methodologies; and
- (iv) A significant amount of ground can be covered relatively quickly with CSAMT, making it a fast, cost-effective methodology to rapidly identify new, "look-a-like" targets within the greater project area.

Coincident soil and CSAMT anomalies will be regarded very highly; with CSAMT surveying potentially fast-tracking location of massive sulphide mineralisation within sizeable soil anomalies.

Surveying is expected to be completed by early October, with final processed data expected to be available shortly thereafter.

Completion of the CSAMT survey will help to ensure that initial drilling is focused on the highest priority targets.

Baseline Environmental Data Acquisition

The Company has commenced collecting baseline environmental data across the broader project area.

Initial field programs are focused on cultural, wildlife, and water studies. The availability of this data will be essential as the Company systematically applies for permits to undertake further work programs, particularly as it seeks to advance targets outside the historically disturbed Jones Hill Deposit area and as it advances the Project towards development.

Maiden Drilling Program

Applications have been submitted to obtain permits required to commence a maiden drilling program at the Tererro VMS Project. The Company continues to work with regulators to advance these permit applications.

The initial applications are seeking permission to drill at and around the Jones Hill Deposit, utilising existing roads and historical drill pads in order to minimise disturbance. Drilling is scheduled to follow the completion of the ground geophysics survey (and subsequent prioritisation of targets arising).

DIRECTORS' REPORT (continued)**Review of Operations (continued)*****Acquisition Terms***

The Company has entered into option agreements with two unrelated parties, each of which hold 10 Federal mining claims over and around the Jones Hill Deposit (for a total of 200 acres each). The agreements provide the Company a five-year option to acquire a 100% interest in the vendors' mining claims. In summary:

1. The agreements provided New World the exclusive right to conduct due diligence by 16 June 2019. The Company paid each party US\$20,000 for this right;
2. On satisfactory completion of due diligence, the Company paid each party US\$20,000 to extend its option for a further 12 months;
3. The Company will have five years to conduct further exploration and to evaluate the development of a mining operation.
4. On each annual anniversary of the completion of due diligence, the Company is required to pay each party US\$25,000 to extend its option for a further 12 months;
5. To exercise its option to acquire a 100% interest in the mining claims, the Company is required to pay each party US\$500,000. This option can be exercised at any time during the five-year option period. Title in the mining claims will be transferred to New World at the time this payment is made;
6. On commencement of commercial production, the Company is required to pay each party US\$1,000,000; and
7. 24 months after commencement of commercial production, the Company is required to pay each party US\$1,000,000.

Colson Cobalt-Copper Project, Idaho, USA

In January 2019 New World completed the acquisition of 10 US Federal mining claims that encompass the historical high-grade Salmon Canyon Cobalt-Copper Deposit – one of the more advanced prospects within the Idaho Cobalt Belt – the most endowed high-grade cobalt district in the western world (see Figure 6).

Following the completion of this acquisition, the Company now holds a 100% interest in almost 5,000 acres at and around the under-explored Salmon Canyon Cobalt-Copper Deposit – covering more than 6km of prospective strike. Virtually all previous exploration work was focused on the Salmon Canyon Deposit itself; with the last significant work undertaken in the 1970s.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

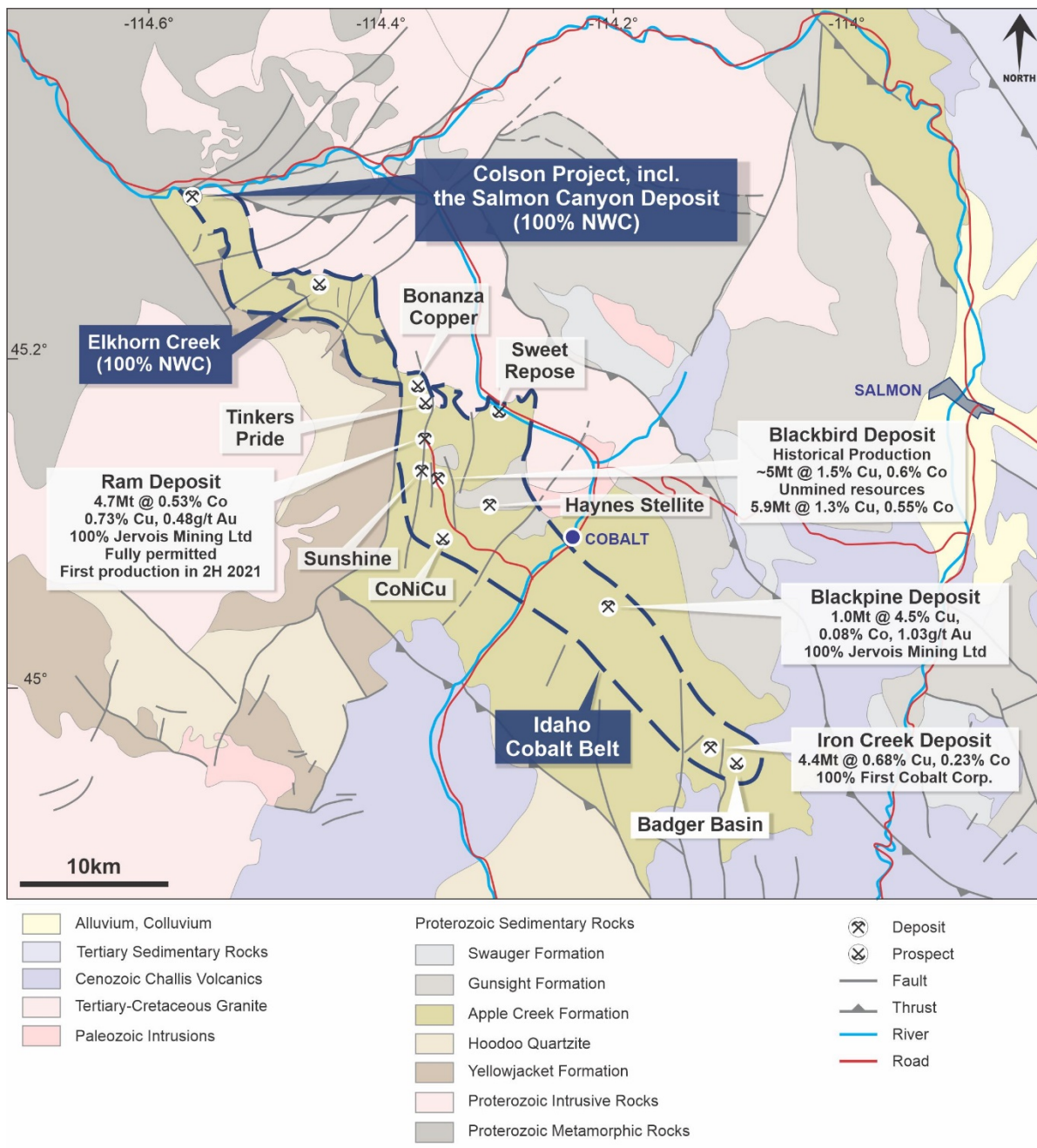


Figure 6. Geology of the Idaho Cobalt Belt, USA.

Since securing the rights to the Salmon Canyon Deposit in late 2017, New World has been implementing a multi-pronged exploration and development program comprising:

- Systematic soil sampling to identify potential extensions of the mineralised system;
- Strategic expansion of the project area;
- 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; and
- Drilling to test for the immediate extensions of the Salmon Canyon Deposit.

IP Surveying

A first phase of induced polarisation ("IP") surveying was completed over and around the Salmon Canyon Deposit in mid-2018. Several highly prospective targets were delineated during this survey.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Accordingly a second phase of IP surveying was undertaken in late 2018 – particularly to cover very strong soil geochemistry anomalism the Company had, by then, delineated at the Long Tom Prospect, which is located several kilometres west of the Salmon Canyon Deposit.

Several very strong IP anomalies were delineated in this second phase of surveying, including:

- (i) A 750m x 750m IP anomaly that partially coincides with the Long Tom Soil Anomaly (see Figures 7 and 8). The strongest portion of the source of this “Long Tom IP Anomaly” is modelled to lie within about 250m of surface (see Figure 9; 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 7-9).

Both these anomalies remain completely untested by drilling and will be targeted during the Company's next drilling program at the Project.

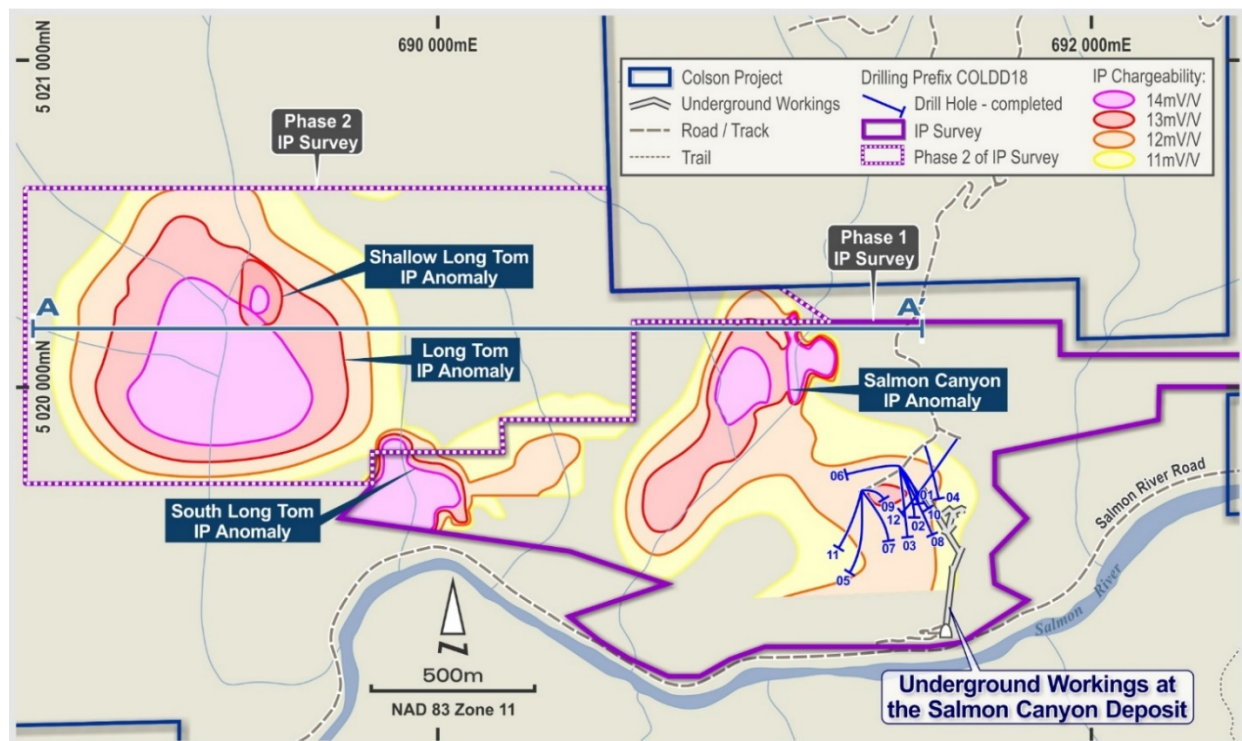


Figure 7. IP anomalies at the Colson Cobalt-Copper Project, relative to the historical underground workings at the Salmon Canyon Deposit and the traces of diamond core holes drilled during 2018 (illustrating the location of Cross Section 5,020,200N presented in Figure 9).

DIRECTORS' REPORT (continued)

Review of Operations (continued)

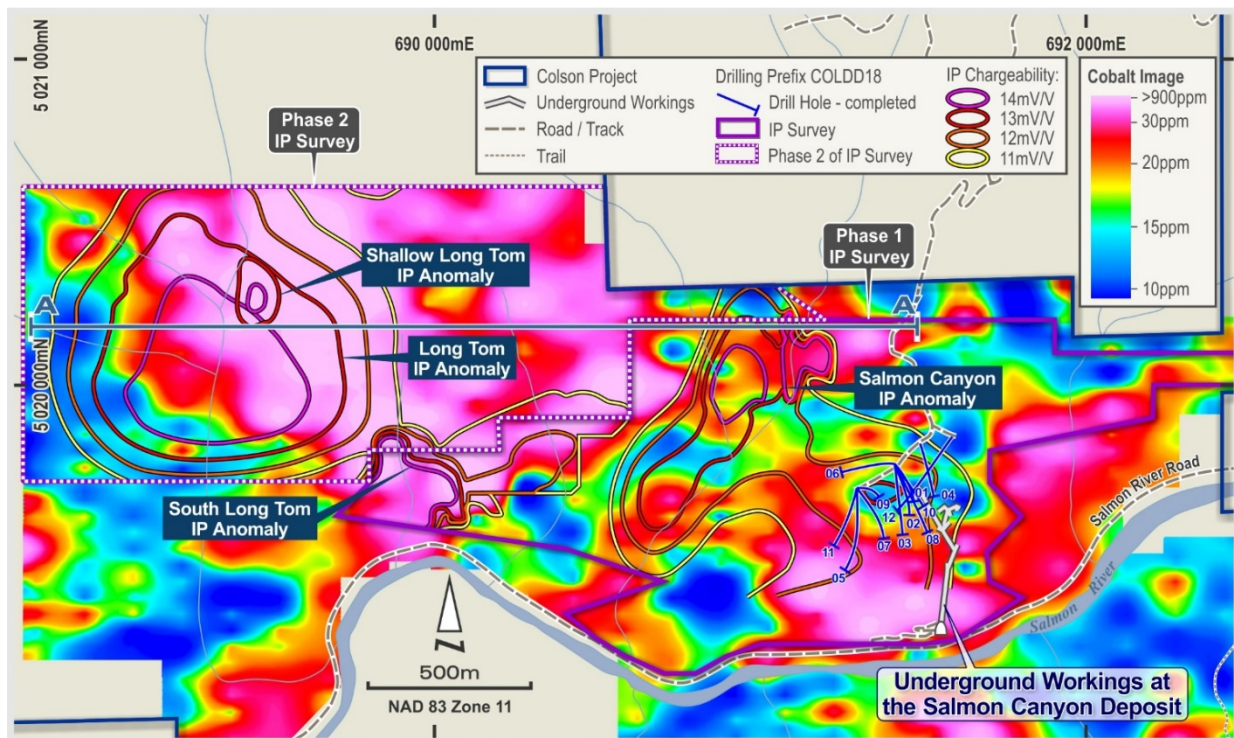


Figure 8. IP anomalies at the Colson Cobalt-Copper Project, relative to cobalt in soil geochemistry anomaly (illustrating the location of Cross Section 5,020,200N presented in Figure 9).

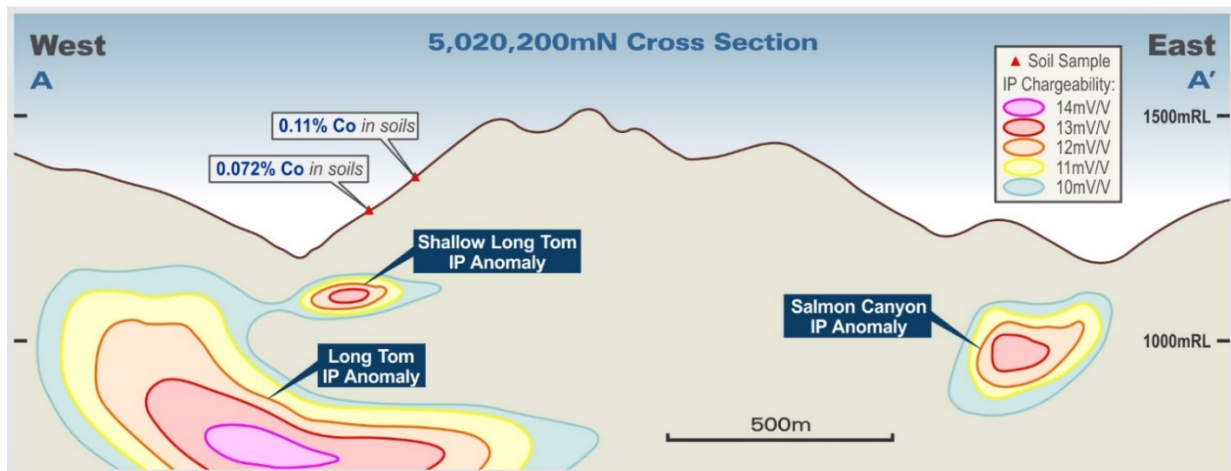


Figure 9. Cross-section 5,020,200N showing the Long Tom, Shallow Long Tom and Salmon Canyon IP anomalies at the Colson Cobalt-Copper Project.

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 7-9). 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.

Drilling

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. A total of twelve diamond core holes were drilled during a 4,953m drilling program (see Figure 10).

DIRECTORS' REPORT (continued)

Review of Operations (continued)

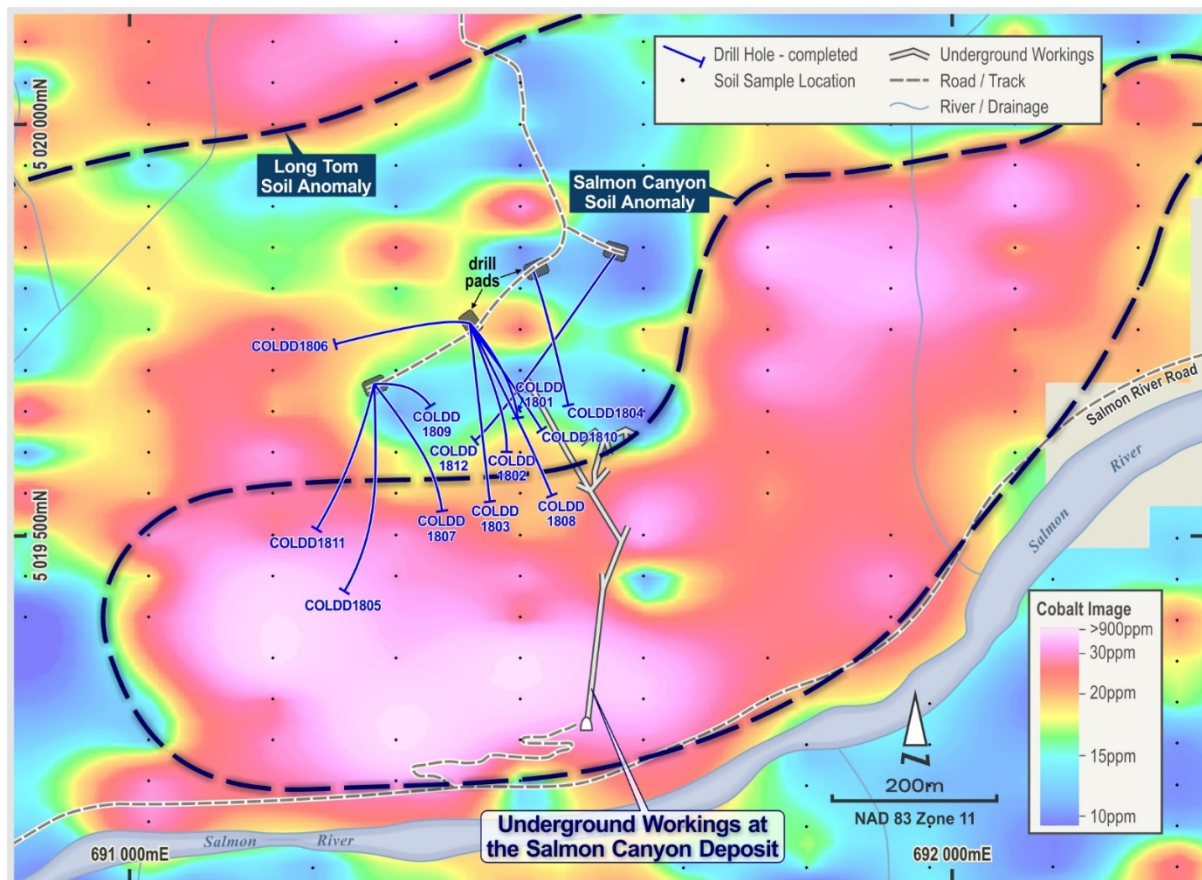


Figure 10. Location of holes drilled during the Company's maiden drilling program at the Colson Cobalt-Copper Project, relative to the historical underground workings at the Salmon Canyon Deposit and cobalt-in-soil geochemistry anomalism. Note that drilling from only four pads was permitted during this program (as illustrated).

Multiple horizons of high-grade mineralisation were intersected in the first drilling program, with significant 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);
- 1.3m @ 0.15% Co, 1.18% Cu and 0.56 g/t Au (COLDD1806);
- 1.8m @ 0.13% Co, 0.56% Cu and 0.26 g/t Au (COLDD1801);
- 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 Figures 7 and 8). As the initial permits allowed drilling from only four pads (as illustrated in Figure 10), drill-testing what are now known to be the strongest parts of the IP anomalies was not possible during this initial program.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

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.

In September 2019 the Company received permit approvals for its next phase of drilling – allowing it to drill-test the recently defined strong IP anomalies and the Long Tom soil geochemistry anomaly.

The Goodsprings Copper-Cobalt Project, Nevada, USA

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

- (i) a 100% interest in 227 Federal mining claims, covering approximately 4,500 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; 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 249kg, 1,720kg and 2,190 kg respectively). Historic workings at the Columbia mine extend over more than 500 metres of strike.

The Company's Project area also 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.

During 2017 and 2018 the Company completed systematic soil sampling over the majority of the project area. Extensive cobalt and copper anomalism is evident across the project. Sixteen coincident cobalt-copper anomalies were ranked "high-priority" targets for further work.

During the past 12 months the cobalt price has retraced considerably. In line with this, expenditure on the Goodsprings Project has been minimised, with no substantial field work completed.

The extents of the Project were rationalised recently, with some claims relinquished to reduce the project boundaries to primarily cover the high-priority target areas.

Further work will be implemented when the cobalt price improves.

Elkhorn Creek Cobalt-Copper Project, Idaho, USA

The Company holds a 100% interest in 28 Federal mining claims that cover 575 acres at the Elkhorn Creek Prospect, located approximately 9km south-east of the Company's Colson Cobalt-Copper Project and approximately 15km north-west of the Blackbird Deposit (see Figure 6). This area 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.

During the past year, the Company completed initial reconnaissance field work, including collection of 52 soil samples on two traverses. Significant Co-Cu-As-Ag anomalism is evident. Further work will be implemented when the cobalt price improves.

Badger Basin Cobalt-Copper Project, Idaho, USA

The Company had an option to acquire a 100% interest in the Badger Basin Project in the Idaho Cobalt Belt. During the year 165 soil samples were collected on a systematic grid that covered the Project. Moderate cobalt and copper anomalism was evident (maximum 35ppm Co and 256ppm Cu). Following assessment of the results, the Company elected to relinquish its rights to this Project.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Iron Dyke Cobalt-Copper Project, Idaho, USA

The Company held a 100% interest in 60 Federal mining claims at the Iron Dyke Project in Idaho, covering 1,200 acres.

During the year the Company completed reconnaissance mapping and sampling work at the project. 13 rock samples were collected and assayed, with six of these samples returning assays $>1.0\%$ Cu; with 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.

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

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. that provided it the right to earn an initial 60% interest in the Hazelton Project in British Columbia. The Project covers 10km² and includes the historic Victoria Mine that operated intermittently between 1918 and 1941.

During the year the Company compiled all historical technical information from the Project area into a digital database, then during August and September 2018, undertook a field mapping and sampling program. In light of the results from this work, the Company elected to relinquish its rights to this Project.

Grapevine Cobalt-Nickel-Copper Project, Arizona, USA

In early 2018 the Company secured a 100% interest in a 3,800 acre area comprising the Grapevine Cobalt-Nickel-Copper Project in central Arizona, USA.

During the year the Company completed a systematic soil geochemistry program, with 204 soil samples collected over the main corridor of historical workings at the Project. Maximum assays returned were 42ppm Co, 516ppm Cu and 38ppm Ni. Following assessment of the results, the Company elected to relinquish its rights to this Project.

Kimberley West Project, Western Australia

During November 2018, the Company agreed to sell 100% of its interest in the West Kimberley Project ("WK Project") to Buxton Resources Limited ("Buxton"). Consideration payable to New World Cobalt comprises:

- (i) The issue of 1,333,333 fully paid ordinary shares in the capital of Buxton ("Buxton Shares"; these have been issued);
- (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 Buxton 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 Buxton 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 Buxton Shares equal to \$500,000.

Corporate

In addition to the activities detailed above, key corporate activities undertaken by the Company during the reporting period were as follows:

- in May 2019 the Company completed a fully underwritten 2 for 5 non renounceable rights issue, pursuant to which the Company issued 220,606,290 Shares at an issue price of \$0.01 per Shares to raise gross proceeds of \$2.21 million.
- 19.3 million Shares were issued pursuant to the exercise of options with an exercise price of \$0.05 and expiry date of 31 July 2018 ("July 2018 Options") and a further 24.2 million Shares were issued pursuant to an underwriting agreement with Hartleys Limited in relation to unexercised July 2018 Options, to raise total proceeds of \$2.17 million; and
- 30,287,157 fully paid ordinary shares ("Shares") were issued as part consideration to complete the acquisition of the Salmon Canyon Deposit;
- 20,000,000 Shares were issued pursuant to the conversion of performance rights;
- 1,371,213 Shares were issued as part consideration for the acquisition of the option to acquire the Badger Basin Project; and
- 394,477 Shares were issued as part consideration to acquire an 80% interest in tenements E04/1972 and E04/2314, which form part of the WK Project that was subsequently sold to Buxton (refer above).

DIRECTORS' REPORT (continued)

Review of Operations (continued)

***Notes to Historical Mineral Resource Estimate for the Jones Hill Deposit:**

The historic resource estimate for the Jones Hill Deposit is detailed below:

Table 1. Historic (1981) Mineral Resource estimate for the Jones Hill Deposit.

Zone	Tonnes	Au (g/t)	Cu %	Pb %	Zn %	Ag (g/t)
Upper	3,649,666	2.74	0.81	0.33	0.62	27.1
Lower	2,134,642	0.62	1.39	0.08	2.89	11.7
Total	5,784,307	1.96	1.02	0.24	1.46	21.4

1. Readers are referred to the Company's initial market release dated 9 April 2019 which provides supporting information on the historical resource estimate.
2. The Company confirms that the supporting information disclosed in the initial market announcement continue to apply and has not materially changed.
3. Readers are cautioned that this estimate is a "historical estimate" under ASX Listing Rule 5.12 and is not reported in accordance with the JORC Code.
4. A Competent Person has not yet undertaken sufficient work to classify the historic estimate as mineral resources or ore reserves in accordance with the JORC Code.
5. It is uncertain that, following evaluation and/or further exploration work, it will be possible to report this historical estimate as mineral resources or ore reserves in accordance with the JORC Code.

Qualified and Competent Person

The information in this report that relates to exploration results and the historic resource estimate is based, and fairly reflects, information compiled by Mr Pat Siglin, who is the Company's Exploration Manager. Mr Siglin is a Registered Member of the Society for Mining, Metallurgy and Exploration. Mr Siglin 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 and Mineral Resources (JORC Code). Mr Siglin 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 7 February, 22 March, 6 April, 23 May, 30 July, 5 September, 19 September, and 20 December 2018 and 23 January and 9 April, 17 June, 31 July and 25 September 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.

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 Group for the financial year after providing for income tax amounted to \$7,640,907 (2018: \$10,326,737). The consolidated loss includes an impairment of exploration expenditure of \$5,552,517 (2018: \$224,318) and a loss from discontinued operations of \$Nil (2018: \$7,234,391 consisting of Fraser Range and Keel Zinc projects).

Review of financial conditions

The Company may need to raise further capital during the 2020 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 equity financings.

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

On 27 August 2019, 408,396 ordinary shares were issued by the Company as a final consideration for the Company's acquisition of an 80% interest in tenements E04/1972 and E04/2314 in Western Australia, which form part of the WK Project that has been sold to Buxton (refer Review of Operations).

On 30 September 2019, the Company announced that it has received commitments to subscribe for approximately 100 million Shares at an issue price of \$0.02 per Share, together with 25 million attaching unlisted options, each exercisable at \$0.04 on or before 27 September 2022. The placement will raise gross proceeds of \$2.0 million and completion is expected to take place on or around 3 October 2019. Subject to shareholder approval, an additional 40,000,000 unlisted options, each exercisable at \$0.04 on or before 27 September 2022, will be issued to the brokers and advisers to the placement.

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 its strategy of exploring its North American mineral assets. The Company will also consider any suitable acquisition opportunities.

Environmental legislation

The Group carries out operations that are subject to environmental regulations under Federal and State legislation in the USA. The Group has procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

DIRECTORS' REPORT (continued)**Indemnification and insurance of Directors and Officers**

The Company has made agreements indemnifying all the Directors and Officers of the Company against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Company to the extent permitted by the *Corporations Act 2001*. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current Officers of the Company, including Officers of the Company's controlled entities. The liabilities insured are damages and 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 Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

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 2019. 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 entities, 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)
Michael Haynes (Managing Director)
Scott Mison (Non-Executive Director)

Company Secretary

Ian Cunningham

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 2019.

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 2019 is detailed on page 26 of this report.

DIRECTORS' REPORT (continued)**Remuneration Report (continued)***Executive Director and Senior Manager Remuneration*

Remuneration consists of fixed and variable components (currently comprising a long-term incentive scheme).

Fixed remuneration currently consists of cash remuneration. Fixed remuneration levels are reviewed annually by the Board, taking into consideration past performance, time commitments, relevant market comparatives and the Company's stage of development. The Board has access to external advice if required.

The Board determines the appropriate form and levels of variable remuneration as and when they consider rewards are warranted. Variable remuneration currently consists of share option grants (long term incentives), which are currently considered to be the most effective and appropriate form of long-term incentives given the Company's financial resources and stage of development. The objective of the option grants is to link the variable remuneration to the achievement of key operational targets and shareholder value creation.

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 entered into a 12-month contract whereby he received fixed remuneration of \$160,000 per annum. There is currently no termination notice period as a new service agreement is being negotiated.

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

Mr Ian Cunningham was appointed Company Secretary on 6 February 2018 and consults to the Company at an average monthly rate of \$5,000 (excluding GST). The consulting agreement may be terminated with one months' notice.

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Remuneration of Directors

Table 1: Directors' remuneration for the years ended 30 June 2019 and 30 June 2018

		Short-term employee benefits		Equity					
		Salary and fees	Share options	Share options forfeited	Performance rights	Total	Fixed Remuneration	Remuneration linked to performance	
		\$	\$	\$	\$	\$	%	%	
Richard Hill	2019	64,375	-	-	380,000	444,375	14	86	
	2018	65,625	-	-	820,000	885,625	7	93	
Michael Haynes	2019	160,000	-	-	380,000	540,000	30	70	
	2018	106,667	-	-	820,000	926,667	12	88	
Scott Mison	2019	33,000	30,036	-	-	63,036	52	48	
	2018	80,400	25,698	-	-	106,098	76	24	
Ian Cunningham	2019	60,000	-	-	-	60,000	100	-	
	2018	29,500	-	-	-	29,500	100	-	
Neville Bassett*	2019	-	-	-	-	-	-	-	
	2018	10,000	-	-	-	10,000	100	-	
Bill Guy**	2019	-	-	-	-	-	-	-	
	2018	82,920	-	-	-	82,920	100	-	
Totals	2019	317,375	30,036	-	760,000	1,107,411	-	-	
	2018	375,112	25,698	-	1,640,000	2,040,810	-	-	

*Neville Bassett resigned as Chairman on 31 October 2017.

**Bill Guy resigned as Director on 8 December 2017.

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

Granted as compensation

No options or performance rights were granted as remuneration in the current year.

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	-	-	01/11/2018	-
Michael Haynes	10,000,000	01/11/2017	0.12	1,200,000	-	-	01/11/2018	-

Each Performance Right was convertible into a fully paid Ordinary Share on a 1 for 1 basis subject to a 12 month continuous service vesting condition. On 5 November 2018, the performance rights converted to ordinary shares on a 1 for 1 basis.

Exercised

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

Forfeited/lapsed during the year

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

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Option holdings of Key Management Personnel Granted as Remuneration

	Balance at beginning of period	Options exercised	Options expired	Allotment of Options	Balance at end of period	Vested as at end of period		
						Total	Exercisable	Not Exercisable
30 June 2019								
Directors								
Richard Hill	-	-	-	-	-	-	-	-
Michael Haynes	-	-	-	-	-	-	-	-
Scott Mison (i)	1,716,666	(666,666)	-	-	1,050,000	350,000	350,000	-
Ian Cunningham	-	-	-	-	-	-	-	-
Total	1,716,666	(666,666)	-	-	1,050,000	350,000	350,000	-

	Balance at beginning of period	Options exercised	Options expired	Allotment of Options	Balance at end of period	Vested as at end of period		
						Total	Exercisable	Not Exercisable
30 June 2018								
Directors								
Richard Hill	-	-	-	-	-	-	-	-
Michael Haynes	-	-	-	-	-	-	-	-
Scott Mison (i)	666,666	-	-	1,050,000	1,716,666	666,666	666,666	-
Ian Cunningham	-	-	-	-	-	-	-	-
Total	666,666	-	-	1,050,000	1,716,666	666,666	666,666	-

(i) Scott Mison was granted 1,050,000 options during the 2018 financial 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 \$0.1245 to \$0.2245 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 13 of the financial report.

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Shareholdings of Key Management Personnel

	Balance at beginning of year	Granted as remuneration	Net change other	Balance at end of year
30 June 2019				
Directors				
Richard Hill	13,451,682	-	12,500,000	25,951,682
Michael Haynes	24,667,305	-	13,000,000	37,667,305
Scott Mison	2,000,000	-	666,666	2,666,666
Ian Cunningham	3,870,192	-	1,548,076	5,418,268
30 June 2019	43,989,179	-	27,714,742	71,703,921
	Balance at beginning of year	Granted as remuneration	Net change other	Balance at end of year
30 June 2018				
Directors				
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
Ian Cunningham	-	-	3,870,192	3,870,192
30 June 2018	8,581,760	-	41,989,179	50,570,939

*Existing shareholdings held as at the date of their appointment

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.

Ian Cunningham was appointed as Company Secretary on 6 February 2018

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

	2019 \$	2018 \$
Directors' fees paid to Braeside Minerals Pty Ltd, a company in which Richard Hill is a director	60,000	40,000
Consulting fees paid to Braeside Minerals Pty Ltd, a company in which Richard Hill is a director	4,375	25,625
Directors' fees paid to Mandevilla Pty Ltd, a company in which Neville Bassett is a director	-	10,000
Directors' fees paid to Bullseye Geoservices Pty Ltd, a company in which Michael Haynes is a director	160,000	106,667
Directors' fees paid to Mineral Rock Pty Ltd, a company in which Bill Guy is a director	-	75,000
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
Directors' fees paid to Scott Mison	33,000	73,750
Superannuation contributions paid on behalf of Scott Mison	-	6,650
Company Secretary fees paid to Vickery Corporate Pty Ltd, a company of which Ian Cunningham is a director	60,000	29,500
Serviced office fees paid to MQB Ventures Pty Ltd, a company in which Michael Haynes is a director	111,000	74,000

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

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.

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	3	3
Michael Haynes	3	3
Scott Mison	3	3

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, Stantons International Audit and Consulting Pty Ltd, 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 31 and forms part of this Directors' Report for the year ended 30 June 2019.

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 2019, there were no non-audit services provided by the Company's auditors.

Corporate Governance Statement

The Company's 2019 Corporate Governance Statement has been released as a separate document and is located on our website at: www.newworldcobalt.com

Signed in accordance with a resolution of the Directors.



Richard Hill
Non Executive Chairman

Dated this 30th day of September 2019

30 September 2019

Board of Directors
New World Cobalt Limited
1/100 Railway Road
Subiaco, WA 6008

Dear Directors

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 audit of the financial statements of New World Cobalt Limited for the year ended 30 June 2019, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

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



Samir Tirodkar
Director

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	Consolidated 2018 \$
Revenue	2(a)	3,019	4,777
Depreciation expense	9	-	(177)
Write-off of exploration expenditure	10	(1,488,440)	(224,318)
Provision for impairment	10	(4,064,077)	-
Other expenses	2(b)	(2,091,409)	(2,872,628)
Loss before income tax expense		(7,640,907)	(3,092,346)
Income tax expense	3	-	-
Loss for the year from continuing operations		(7,640,907)	(3,092,346)
Discontinued Operations			
Loss from discontinued operation	10, 16	-	(7,234,391)
Net loss for the year		(7,640,907)	(10,326,737)
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Changes in fair value of financial assets – fair value OCI	8	(46,667)	-
<i>Items which may subsequently be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		483,050	96,605
Total comprehensive loss for the year		(7,204,524)	(10,230,132)
Loss attributable to:			
Owners of the parent		(7,640,907)	(10,326,737)
Non-controlling interest		-	-
Total loss for the year		(7,640,907)	(10,326,737)
Total comprehensive loss attributable to:			
Owners of the parent		(7,204,524)	(10,230,132)
Non-controlling interest		-	-
Total comprehensive loss for the year		(7,204,524)	(10,230,132)
Basic and diluted loss per share (cents per share) from continuing operations	5	(1.40)	(0.81)
Basic and diluted loss per share (cents per share) from discontinued operations	5	-	(1.90)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Notes	2019 \$	Consolidated 2018 \$
Current Assets			
Cash and cash equivalents	6	1,739,385	2,468,135
Trade and other receivables	7	186,264	145,415
Total Current Assets		1,925,649	2,613,550
Non-Current Assets			
Financial assets – fair value OCI	8	140,000	-
Property, plant and equipment	9	-	-
Exploration and evaluation expenditure	10	14,419,158	15,401,460
Total Non-Current Assets		14,559,158	15,401,460
Total Assets		16,484,807	18,015,010
Current Liabilities			
Trade and other payables	11	226,872	360,451
Total Current Liabilities		226,872	360,451
Total Liabilities		226,872	360,451
Net Assets		16,257,935	17,654,559
Equity			
Issued capital	12	82,960,305	75,805,015
Reserves	13	11,683,957	12,594,964
Accumulated losses	13	(78,386,327)	(70,745,420)
Total equity attributable to the owners of the parent		16,257,935	17,654,559
Non-controlling interests		-	-
Total Equity		16,257,935	17,654,559

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

Consolidated	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payment Reserve	Performance Rights Reserve	Fair Value Reserve	Foreign exchange Reserve	Attributable to owners of the parent	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2017	61,419,547	(60,418,683)	8,378,799	878,750	58,860	-	-	10,317,273	10,317,273
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
Total Comprehensive income/(loss) for the year	-	(10,326,737)	-	-	-	-	96,605	(10,230,132)	(10,230,132)
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
Balance as at 30 June 2018	75,805,015	(70,745,420)	8,378,799	2,479,560	1,640,000	-	96,605	17,654,559	17,654,559
Balance as at 1 July 2018	75,805,015	(70,745,420)	8,378,799	2,479,560	1,640,000	-	96,605	17,654,559	17,654,559
Loss for the year	-	(7,640,907)	-	-	-	-	-	(7,640,907)	(7,640,907)
Changes in fair value of financial assets – fair value OCI	-	-	-	-	-	(46,667)	-	(46,667)	(46,667)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	483,050	483,050	483,050
Total Comprehensive income/(loss) for the year	-	(7,640,907)	-	-	-	(46,667)	483,050	(7,204,524)	(7,204,524)
Perf. Rights converted to shares during the year	-	-	-	-	(1,640,000)	-	-	(1,640,000)	(1,640,000)
Options issued during the year	-	-	-	292,610	-	-	-	292,610	292,610
Shares issued during the year	7,631,894	-	-	-	-	-	-	7,631,894	7,631,894
Share issue costs	(476,604)	-	-	-	-	-	-	(476,604)	(476,604)
Balance as at 30 June 2019	82,960,305	(78,386,327)	8,378,799	2,772,170	-	(46,667)	579,655	16,257,935	16,257,935

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	Consolidated 2018 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,582,446)	(1,021,999)
Reclamation bond		(3,509)	(63,488)
Interest received		3,019	3,409
Net cash used in operating activities	6(ii)	(1,582,936)	(1,082,078)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(3,243,683)	(3,638,988)
Cash acquired from acquisition of Liaz Pty Ltd		-	22,761
Net cash used in investing activities		(3,243,683)	(3,616,227)
Cash Flows from Financing Activities			
Proceeds from issue of shares		4,378,097	3,950,601
Payment for share issue costs		(280,228)	-
Net cash provided by financing activities		4,097,869	3,950,601
Net decrease in cash and cash equivalents		(728,750)	(747,705)
Cash and cash equivalents at the beginning of the year		2,468,135	3,215,840
Cash and Cash Equivalents at the End of the Year	6(i)	1,739,385	2,468,135

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 controlled entities. For the purposes of preparing the consolidated financial statements, the Group 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 accounting standards and interpretations

Changes in accounting policies on initial application of Accounting Standards

Standards and Interpretations applicable to 30 June 2019

In the year ended 30 June 2019, 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.

AASB 15: Revenue from Contracts with Customers

This standard replaces the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The five-step process outlined in AASB 15 are as follows:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

As the Group is not revenue generating, the adoption of this standard had no effect on the reported results.

AASB 9 Financial Instruments

AASB 9 Financial instruments replaces AASB 139 Financial Instruments: Recognition and Measurement, bringing together all three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. The hedge accounting changes are not applicable to the Group.

Classification and measurement

Under AASB 9, the Group initially measures a financial asset as its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Financial assets are then subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

On adoption of AASB 9, the Group has reclassified its financial assets as subsequently measured at amortised cost or fair value depending on the business model for those assets and contractual cash flow characteristic. There was no change in the classification or measurement of financial liabilities. Under AASB 9 the Group's financial assets of cash and cash equivalents and trade and other receivables are classified as 'financial assets at amortised cost'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new and accounting standards and interpretations

Changes in accounting policies on initial application of Accounting Standards (continued)

The Standard is applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

There were no financial instruments which the Group has designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Group's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Group's financial instruments. In relation to the reclassification and measurement of financial assets and liabilities, there was no impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income; Consolidated Statement of Financial Position; or Consolidated Statement of Changes in Equity on adoption of AASB 9. Nor has there been any impact on basic or diluted earnings per share.

Impairment

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward looking expected credit loss ("ECL") approach.

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 2019. 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.

AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, AASB interpretation 115 Operating Leases-Incentives and AASB interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

- Leases are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for leases.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The directors anticipate that the adoption of AASB16 will not have a material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Statement of compliance

The financial report was authorised for issue on 30 September 2019.

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 controlled entities as at 30 June 2019 and the results of all controlled entities 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.

Controlled entities 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.

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 controlled entity. 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 controlled entities, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 13.

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 13.

Exploration and evaluation costs carried forward

In accordance with accounting policy note 1(v), 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.

(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 2019, the Group had cash and cash equivalents of \$1,739,385, a loss for the year of \$7,640,907 and a net cash outflow from operating activities of \$1,582,936.

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 2019, as disclosed in Note 12, and as occurred subsequent to balance date as disclosed in Note 20, 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 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.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(h) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian controlled entities 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 controlled entity, 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 when a performance obligation in the contract with customer is satisfied or when the control of the goods or services underlying the particular performance obligation is transferred to the customer.

Interest income

Income is recognised as the interest accrues (using the effective interest method, which is the rate exactly discounts estimated future cash flow receipts through the expected life of the financial instrument) to the net carrying amount of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 2019

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 non-financial 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 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of non-financial 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 initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

(p) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets at amortised cost includes trade receivables.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Derecognition

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) 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
---------------------	----------------------

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

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.

(r) 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.

(s) Share-based payment transactions

(i) Equity settled transactions:

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

The cost of equity-settled transactions with employees and consultants 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-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 Company's shares (market conditions) if applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Share-based payment transactions (continued)

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 or consultants become fully entitled to the award (the vesting period).

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.

(t) 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.

(u) 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 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) 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.

(w) Parent Entity Financial Information

The financial information for the parent entity New World Cobalt Limited, disclosed in Note 19 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 and consultants to 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 2019

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2019	2018
	\$	\$
(a) Revenue		
Interest income	3,019	4,777
	<u>3,019</u>	<u>4,777</u>
(b) Expenses		
Options issued	96,234	80,811
Performance rights issued	760,000	1,640,000
Performance rights lapsed	-	(58,860)
Administration costs	488,947	329,127
Auditor's remuneration	38,685	38,000
Marketing and travel costs	282,927	293,099
Other	424,616	550,451
	<u>2,091,409</u>	<u>2,872,628</u>

NOTE 3: INCOME TAX EXPENSE

	Consolidated	
	2019	2018
	\$	\$
The major components of tax benefit for the years ended 30 June 2019 and 30 June 2018 are:		
Income tax expense	-	-
Income tax expense reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 30 June 2019 and 30 June 2018 is as follows:

Loss before income tax expense	(7,640,907)	(10,326,737)
At the statutory income tax rate of 30% (2018: 27.5%)	(2,292,272)	(2,839,853)
Add:		
Non-deductible expenses	1,665,755	-
Current year tax loss not brought to account as a deferred tax asset	626,517	2,839,853
Income tax expense reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

Unrecognised deferred tax assets

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

Capital raising costs	105,345	78,881
Trade and other payables	6,000	5,500
Tax losses	4,957,666	3,294,637
	<u>5,069,011</u>	<u>3,379,018</u>

Unrecognised deferred tax liabilities

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

Capitalised exploration costs	4,325,747	4,235,617
	<u>4,325,747</u>	<u>4,235,617</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: INCOME TAX EXPENSE (continued)

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 Group can utilise the benefits.

NOTE 4: SEGMENT REPORTING

Description of segments

During the year, the consolidated entity operated predominantly in Australia and the USA 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 USA. 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 2019 and 30 June 2018.

	Australia \$	USA \$	Consolidated \$
Year ended 30 June 2019			
Revenue			
Other revenue	3,019	-	3,019
Total segment revenue	<u>3,019</u>	<u>-</u>	<u>3,019</u>
Segment net operating (loss) after tax	<u>(6,793,090)</u>	<u>(847,817)</u>	<u>(7,640,907)</u>
Write-off and Impairment of exploration expenditure	(4,831,937)	(720,580)	(5,552,517)
Share based payment	(96,234)	-	(96,234)
Segment assets	<u>8,941,275</u>	<u>7,543,532</u>	<u>16,484,807</u>
Segment liabilities	<u>(147,534)</u>	<u>(79,338)</u>	<u>(226,872)</u>
Acquisition of non-current assets	<u>58,941</u>	<u>3,851,872</u>	<u>3,910,813</u>
Year ended 30 June 2018			
Revenue			
Other revenue	4,777	-	4,777
Total segment revenue	<u>4,777</u>	<u>-</u>	<u>4,777</u>
Segment net operating (loss) after tax	<u>(2,958,338)</u>	<u>(134,008)</u>	<u>(3,092,346)</u>
Depreciation	(177)	-	(177)
Impairment of exploration expenditure	(7,458,709)	-	(7,458,709)
Share based payment	(1,581,140)	-	(1,581,140)
Performance rights	(760,000)	-	(760,000)
Segment assets	<u>14,577,572</u>	<u>3,437,438</u>	<u>18,015,010</u>
Segment liabilities	<u>(85,884)</u>	<u>(274,567)</u>	<u>(360,451)</u>
Acquisition of non-current assets	<u>881,322</u>	<u>14,681,199</u>	<u>15,562,521</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: LOSS PER SHARE

	Consolidated	
	2019	2018
	cents per share	cents per share
Basic loss per share:		
Continuing operations	(1.40)	(0.81)
Discontinued operations	-	(1.90)
Total basic loss per share	(1.40)	(2.71)
<i>Basic earnings/loss per share</i>		
	2019	2018
	\$	\$
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	(7,640,907)	(3,092,346)
Loss from discontinued operations	-	(7,234,391)
	No.	No.
Weighted average number of ordinary shares for the purposes of basic loss per share	547,038,966	380,855,691

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2019	2018
	\$	\$
Cash at bank and on hand	1,739,385	2,468,135
	<u>1,739,385</u>	<u>2,468,135</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 (if any).

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	
	2019	2018
	\$	\$
Cash and cash equivalents	1,739,385	2,468,135

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

(ii) Reconciliation of loss for the year to net cash flows used in operating activities

	Consolidated	
	2019	2018
	\$	\$
Loss after income tax	(7,640,907)	(10,326,737)
Depreciation	-	177
Write off of exploration expenditure	1,488,440	7,458,709
Provision for impairment of exploration expenditure	4,064,077	-
Share based payments	856,234	1,721,810
Foreign exchange loss	(176,352)	-
Increase in trade and other receivables	(40,849)	(43,108)
(Decrease/increase in trade and other payables	(133,579)	107,071
Net cash flows used in operating activities	<u>(1,582,936)</u>	<u>(1,082,078)</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2019	2018
	\$	\$
Other receivables		
- GST recoverable	48,260	41,824
- Other debtors	138,004	103,591
	<u>186,264</u>	<u>145,415</u>

Due to nature of the above receivables an aging is not presented. The receivables are not past their contractual terms nor past due.

NOTE 8: FINANCIAL ASSETS – FAIR VALUE OCI

	Consolidated	
	2019	2018
	\$	\$
At beginning of year	-	-
Additions	186,667	-
Changes in fair value	(46,667)	-
At end of year	<u>140,000</u>	<u>-</u>

Financial assets – fair value OCI, consist of investments in ASX listed company. The fair value of current financial assets has been determined directly by reference to published price quotations in an active market. This resulted in a net loss on revaluation of \$46,667 at 30 June 2019 (2018: Nil), recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment \$	Consolidated Total \$
At 30 June 2019		
Cost	62,212	62,212
Accumulated depreciation	(62,212)	(62,212)
Net carrying amount	-	-
Year ended 30 June 2018		
At 1 July 2017, net of accumulated depreciation	177	177
Depreciation charge for the year	(177)	(177)
At 30 June 2018, net of accumulated depreciation and impairment	-	-
At 30 June 2018		
Cost	62,212	62,212
Accumulated depreciation	(62,212)	(62,212)
Net carrying amount	-	-

The useful lives of the assets were estimated as follows for both 2019 and 2018:
Plant and equipment 2.5 to 8 years

All plant and equipment have been fully depreciated since prior year.

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	2019 \$	Consolidated 2018 \$
Costs carried forward in respect of:		
Exploration and evaluation phase - at cost		
Balance at beginning of the year	15,401,460	7,252,332
Expenditure incurred	3,910,813	3,743,440
Exploration expenditure on acquisition of asset (Note 15)	-	11,819,081
Expenditure written off (i)	(1,488,440)	(224,318)
Provision for impairment (ii)	(4,064,077)	(7,234,391)
Net exchange differences on translation	659,402	45,316
Total exploration expenditure	14,419,158	15,401,460

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

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

During 2018, exploration expenditure of \$224,318 for the Madison Mine has been included in expenditure written off.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE (continued)

During 2019, exploration expenditure of \$1,488,440 for Badger Basin, Hazelton, Grapevine, Iron Dyke, Kimberley and Fraser Range Projects has been included in expenditure written off.

(ii) During 2019, an impairment assessment on the Liaz acquisition resulted in a provision for impairment of \$4,064,077.

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated 2019 \$	2018 \$
Trade and other payables (i)	150,338	307,482
Sundry payables and accrued expenses	76,534	52,969
	<u>226,872</u>	<u>360,451</u>

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

NOTE 12: ISSUED CAPITAL AND UNISSUED CAPITAL

Issued Capital

Movements in issued capital were as follows:

	Consolidated 2019 \$	2018 \$
772,123,925 (2018: 456,024,105) ordinary shares issued and fully paid	86,347,011	78,715,117
Share issue costs	(3,386,706)	(2,910,102)
	<u>82,960,305</u>	<u>75,805,015</u>

	2019		2018	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Balance at beginning of financial year	456,024,105	78,715,117	276,781,885	64,329,649
Shares issued on exercise of options	-	-	91,011,832	3,950,601
Shares issued in consideration for Liaz (a)	-	-	80,000,000	9,600,000
Shares issued in consideration for Salmon Canyon (b)	-	-	6,434,140	665,486
Shares issued in consideration for Hazelton (c)	-	-	250,000	25,950
Shares issued in consideration for Columbia Mine (d)	-	-	638,310	66,256
Shares issued in consideration for Grapevine Project (e)	-	-	907,938	77,175
Shares issued on exercise of options (f)	43,440,683	2,172,034	-	-
Shares issued in consideration for Salmon Canyon (g)	30,287,157	763,704	-	-
Shares issued in consideration for Badger Basin (h)	1,371,213	70,093	-	-
Shares issued in relation to the acquisition of WK Project (i)	394,477	20,000	-	-
Shares issued in conversion of performance rights (j)	20,000,000	2,400,000	-	-
Shares issued pursuant to rights issue	220,606,290	2,206,063	-	-
Balance at end of the financial year	<u>772,123,925</u>	<u>86,347,011</u>	<u>456,024,105</u>	<u>78,715,117</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12: ISSUED CAPITAL AND UNISSUED CAPITAL (continued)

- (a) The Company issued 80,000,000 Shares in November 2017 as consideration for the Liaz Acquisition.
- (b) 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.
- (c) The Company issued 250,000 Shares in December 2017 in relation to the acquisition of the Hazelton Project.
- (d) The Company issued 638,310 Shares in December 2017 in relation to the acquisition of the Columbia Mine.
- (e) The Company issued 907,938 Shares in May 2018 in relation to the acquisition of the Grapevine Project.
- (f) The Company issued 43,440,683 Shares in July and August 2018 in relation to the exercise of options.
- (g) The Company issued (i) 9,962,449 Shares in August 2018; and (ii) a further 20,324,708 Shares in January 2019, in relation to the acquisition of the Salmon Canyon Deposit.
- (h) The Company issued 1,371,213 Shares in October 2018 in relation to the acquisition of the Badger Basin Project.
- (i) The Company issued 394,477 Shares in October 2018 in relation to the sale of West Kimberley Project.
- (j) The Company issued 20,000,000 Shares in November 2018 in relation to the conversion of performance rights.

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	
	2019 \$	2018 \$
Nil (2018: 1,133,334) performance shares issued and fully paid	-	1,133,334
	-	1,133,334

	2019		2018	
	No.	\$	No.	\$
<i>Movement in ordinary shares that are unissued</i>				
Balance at beginning of financial year	1,133,334	-	1,133,334	-
Performance shares cancelled	(1,133,334)	-	-	-
Balance at end of the financial year	-	-	1,133,334	-

The performance shares were forfeited during the 2019 financial year and subsequently cancelled on 30 November 2018, following receipt of requisite shareholder approval.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: ACCUMULATED LOSSES AND RESERVES

Accumulated Losses

Movements in accumulated losses were as follows:

	Consolidated	
	2019	2018
	\$	\$
Balance at the beginning of the financial year	(70,745,420)	(60,418,683)
Net loss for the year	(7,640,907)	(10,326,737)
Balance at the end of the financial year	(78,386,327)	(70,745,420)

	Consolidated	
	2019	2018
	No.	No.
<i>Option Reserve</i>		
<i>Movement in options over ordinary shares on issue</i>		
Balance at the beginning of the financial year	56,574,557	30,833,334
Issue of adviser options	-	20,000,000
Issue of bonus shareholder options	-	94,453,055
Issue of employee options	750,000	750,000
Issue of director options	-	1,050,000
Issue of consultant options	-	500,000
Issue of underwriter options	35,000,000	-
Options exercised	(43,440,683)	(91,011,832)
Rounding on options exercised	(540)	-
Balance at the end of the financial year	48,883,334	56,574,557

	Consolidated	
	2019	2018
	\$	\$
<i>Option Reserve</i>		
Balance at the beginning and end of the financial year	8,378,799	8,378,799

	Consolidated	
	2019	2018
	\$	\$
<i>Share Based Payments Reserve</i>		
Balance at the beginning of the financial year	2,479,560	878,750
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	41,595	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	30,036	24,931
500,000 unlisted consultant options exercisable at 12.5 cents on or before 13 December 2019	18,186	21,217
750,000 unlisted employee options exercisable at 2.25 cents on or before 24 January 2021	6,417	-
35,000,000 unlisted underwriter options exercisable at 2 cents on or before 30 June 2022	196,376	-
Balance at the end of the financial year	2,772,170	2,479,560

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: ACCUMULATED LOSSES AND RESERVES (continued)

	Consolidated	
	2019	2018
	\$	\$
<i>Foreign Currency Translation Reserve</i>		
Balance at the beginning of the financial year	96,605	-
Currency translation differences	483,050	96,605
Balance at the end of the financial year	579,655	96,605
<i>Performance Rights Reserve</i>		
Balance at the beginning of the financial year	1,640,000	58,860
Performance rights lapsed	-	(58,860)
Performance rights issued	760,000	1,640,000
Performance rights converted	(2,400,000)	-
Balance at the end of the financial year	-	1,640,000
<i>Fair Value Reserve</i>		
Changes in fair value of financial assets – fair value OCI	(46,667)	-
Total Reserves	11,683,957	12,594,964

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.

Fair value reserve

This reserve is used to record the value of changes in the financial assets that are classified as fair value through other comprehensive income. Amounts are not reclassified to profit or loss when the associated assets are sold.

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	1,050,000	13 December 2017	13 December 2021	0.1245, 0.1495, 0.1745, 0.1995 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
Advisor options	20,000,000	1 November 2017	31 July 2018	0.05	\$1,520,000
Class I unlisted options	750,000	25 January 2019	24 January 2021	0.0225	\$6,417
Underwriter options	35,000,000	27 May 2019	30 June 2022	0.02	\$196,377

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: ACCUMULATED LOSSES AND RESERVES (continued)

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:

2019

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

- 750,000 unlisted options were issued at 2.25 cents exercisable on or before 24 January 2021.
- 35,000,000 unlisted options were issued at 2 cents exercisable on or before 30 June 2022.

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 1.79% and 1.13%

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:

	2019 No.	2019 average exercise price	2018 No.	2018 Weighted average exercise price
Outstanding at the beginning of the year	56,574,557	6 cents	30,833,334	4.86 cents
Granted during the year	35,750,000	2 cents	116,753,055	6 cents
Exercised during the year	(43,440,683)	5 cents	(91,011,832)	5 cents
Expired during the year	(540)	5 cents	-	-
Outstanding at the end of the year	48,883,334	4 cents	56,574,557	6 cents

The weighted average remaining contractual life for the share options outstanding as at 30 June 2019 is 2.44 years (2018: 0.52 years).

43,440,683 options were exercised during the year (2018: 91,011,832).

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

	2019 No.	2018 No.
Outstanding at the beginning of the year	20,000,000	1,875,000
Granted during the year (c)	-	20,000,000
Lapsed during the year (b)	-	(1,875,000)
Converted during year (a)	(20,000,000)	-
Outstanding at the end of the year	-	20,000,000

(a) In November 2018, 20,000,000 Performance Rights were converted to Ordinary Shares to the Company's Non-Executive Chairman and Managing Director as part of their remuneration package.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: ACCUMULATED LOSSES AND RESERVES (continued)

	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:

	2019		2018	
<i>Movement in performance rights</i>	No.	\$	No.	\$
Balance at beginning of financial year	20,000,000	1,640,000	1,875,000	58,860
Performance rights lapsed	-	-	(1,875,000)	(58,860)
Managing Director performance rights issued	-	-	10,000,000	820,000
Non-Executive Chairman performance rights issued	-	-	10,000,000	820,000
Managing Director performance rights converted	(10,000,000)	(820,000)	-	-
Non-Executive Chairman performance rights converted	(10,000,000)	(820,000)	-	-
Balance at end of the financial year	-	-	20,000,000	1,640,000

NOTE 14: 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 2018.

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	
	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	1,739,385	2,468,135
Receivables	186,264	145,415
Financial assets – fair value OCI	140,000	-
Financial liabilities		
Trade and other payables	226,872	360,451

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14: FINANCIAL INSTRUMENTS (continued)

(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.

(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	
	2019	2018	2019	2018
	\$	\$	\$	\$
US Dollars	79,338	203,262	107,611	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 2019

NOTE 14: 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
	\$	\$	\$	\$	\$
2019					
Fixed interest rate loan	-	-	-	-	-
Non-interest bearing	226,872	-	-	-	-
	226,872	-	-	-	-
	Less than one month	1 – 3 months	3 months – 1 year	1 year – 5 years	5 + years
	\$	\$	\$	\$	\$
2018					
Fixed interest rate loan	-	-	-	-	-
Non-interest bearing	360,451	-	-	-	-
	360,451	-	-	-	-

(g) Fair value of measurement

Fair value hierarchy

The following table details the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14: FINANCIAL INSTRUMENTS (continued)

The following table details the Group's assets and liabilities measured or disclosed at fair value.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2019				
<i>Assets</i>				
Financial Assets - FVOCI	140,000	-	-	140,000
<i>Total assets</i>	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>140,000</u>
2018				
<i>Assets</i>				
Financial Assets - FVOCI	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Estimates of fair value take into account factors and market conditions evident at balance date. Uncertainty and changes in global market conditions in the future may impact fair values in the future.

Transfers between level 1 and 3

There were no movements between different fair value measurement levels during the financial year (2018: none).

NOTE 15: 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>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: ACQUISITION OF LIAZ PTY LTD (continued)

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	412,609
	<hr/>
Fair value of exploration assets recorded on consolidation	11,412,875
Total consideration	11,825,484
	<hr/>

NOTE 16: DISCONTINUED OPERATIONS

There were no discontinued operations in the current year.

On 28 February 2018, the Group terminated its option to acquire Keel Project, and as a result, the investment and exploration costs of \$2,634,139 have been included in loss from discontinued operation in the consolidated statement of comprehensive income in prior year.

On 7 March 2018, the Group relinquished its tenements at the Fraser Range Project, and as a result, the investment and exploration costs of \$4,600,252 have been included in loss from discontinued operation in the consolidated statement of comprehensive income in prior year.

NOTE 17: COMMITMENTS AND CONTINGENCIES

Jones Hill Deposit

The Company has entered into option agreements with two unrelated parties (Vendors), each of which hold 10 Federal mining claims over and around the Jones Hill VMS Deposit (Jones Hill Deposit), which forms part of the larger Tererro VMS Project. The agreements provide the Company with a five-year option to acquire a 100% interest in the Jones Hill Deposit. Remaining commitments related to the Jones Hill Deposit at reporting date but not recognised as liabilities, include the following:

1. The Company has until 16 June 2024 to conduct further exploration and to evaluate the development of a mining operation.
2. On each annual anniversary of the completion of due diligence, which occurred on 16 June 2019, the Company is required to pay each party US\$25,000 to extend its option for a further 12 months;
3. To exercise its option to acquire a 100% interest in the mining claims, the Company is required to pay each Vendor US\$500,000 (total US\$1,000,000). This option can be exercised at any time during the five-year option period. Title in the mining claims will be transferred to the Company at the time this payment is made;
4. On commencement of commercial production, the Company is required to pay each Vendor US\$1,000,000 (total US\$2,000,000); and
5. 24 months after commencement of commercial production, the Company is required to pay each Vendor US\$1,000,000 (total US\$2,000,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17: COMMITMENTS AND CONTINGENCIES (continued)

Other

The Company's US subsidiaries also own other 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	
	2019	2018
	\$	\$
Exploration expenditure commitments		
Within one year	245,850	1,637,249
After one year but not more than five years	983,400	2,963,068
Later than five years	-	-
	<u>1,229,250</u>	<u>4,600,317</u>

NOTE 18: RELATED PARTY DISCLOSURE

Controlled Entities

Name	Country of Incorporation	% Equity Interest	
		2019	2018
Acebell Holdings Pty Ltd	Australia	100	100
Fissure Exploration Pty Ltd	Australia	100	100
Langley Metals Pty Ltd	Australia	100	100
Liaz Pty Ltd	Australia	100	100
Longford Zinc Mining Ltd	Ireland	-	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 \$111,000 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 year.

The Company sold 100% of the issued share capital of Longford Zinc Mining Ltd on 24 April 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2019 \$	30 June 2018 \$
Assets		
Current assets	1,873,882	1,602,964
Non-current assets	15,142,175	16,171,692
Total assets	17,016,057	17,774,656
Liabilities		
Current liabilities	147,534	86,926
Total liabilities	147,534	86,926
Equity		
Issued capital	82,960,305	75,805,015
Accumulated losses	(77,196,085)	(70,615,644)
Reserves		
Share-based payments	2,772,170	2,479,560
Option reserve	8,378,799	8,378,799
Performance rights reserve	-	1,640,000
Fair value reserve	(46,667)	-
Total equity	16,868,522	17,687,730

Financial performance

Loss for the year	(6,580,441)	(2,962,570)
Loss from discontinued operations	-	(7,234,391)
Net loss for the year	(6,580,441)	(10,196,961)
Other comprehensive loss	(46,667)	-
Total comprehensive loss	(6,627,148)	(10,196,961)

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

On 27 August 2019, 408,396 ordinary shares were issued by the Company as a final consideration for the Company's acquisition of an 80% interest in tenements E04/1972 and E04/2314 in Western Australia, which forms part of the WK Project that has been sold to Buxton (refer Review of Operations).

On 30 September 2019, the Company announced that it has received commitments to subscribe for approximately 100 million Shares at an issue price of \$0.02 per Share, together with 25 million attaching unlisted options, each exercisable at \$0.04 on or before 27 September 2022. The placement will raise gross proceeds of \$2.0 million and completion is expected to take place on or around 3 October 2019. Subject to shareholder approval, an additional 40,000,000 unlisted options, each exercisable at \$0.04 on or before 27 September 2022, will be issued to the brokers and advisers to the placement.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 21: AUDITOR'S REMUNERATION

The auditor of New World Cobalt Limited is Stantons International Audit and Consulting Pty Ltd (2018: HLB Mann Judd)

	Consolidated	
	2019	2018
	\$	\$
<i>Amounts received or due and receivable by Stantons International Audit and Consulting Pty Ltd (2018: HLB Mann Judd) for:</i>		
An audit or review of the financial report of the entity and any other entity in the Group	38,685	38,000

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURE

(a) Details of Key Management Personnel

Directors

Richard Hill (Non-Executive Chairman)

Michael Haynes (Managing Director)

Scott Mison (Non-Executive Director)

Company Secretary

Ian Cunningham

(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:

	2019	2018
	\$	\$
Short term employee benefits	317,375	375,112
Share-based payments	30,036	25,698
Performance rights based payments	760,000	1,640,000
Total Key Management Personnel compensation	1,107,411	2,040,810

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 2019 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 2019.

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



Richard Hill
Non Executive Chairman

Dated this 30th day of September 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NEW WORLD COBALT 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 2019, 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:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) 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 Company 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1(f) to the financial report, which describes the financial report being prepared on a going concern basis. The Group incurred loss for the year of \$7,640,907, had cash and cash equivalents of \$1,739,385 and net cash outflows from operating activities of \$1,582,936.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Our opinion is not modified in respect of this matter.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

Key Audit Matters	How the matter was addressed in the audit
<p>Carrying Value of Exploration and Evaluation Assets</p> <p>As at 30 June 2019, Exploration and Evaluation Assets totalled \$14,419,158 (refer to Note 10 of the financial report).</p> <p>The carrying value of exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> The significance of the expenditure capitalised representing 87% of total assets; The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure. 	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6; Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: <ul style="list-style-type: none"> Minutes of the board and management; and Announcements made by the Group to the Australian Securities Exchange; and Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.
<p>Issued Capital</p> <p>The Group's contributed equity amounted to \$82,960,305. During the year, 316,099,820 ordinary shares were issued resulting in an increase in issued capital of \$7,155,290, net of share issue costs (refer to Note 12 to the financial report).</p> <p>Issued capital is a key audit matter due to:</p> <ul style="list-style-type: none"> the quantum of share capital issued during the year; and the varied nature of the movements during the year. <p>Significant amount of audit effort was spent on ensuring the Issued Capital was accounted for correctly and disclosed appropriately in the financial report.</p>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Obtaining an understanding of the underlying transactions; Verifying all issued capital movements to the relevant ASX announcements; Vouching proceeds from capital raisings to bank statements and other relevant supporting documentation; Verifying underlying capital raising costs and ensuring these costs were appropriately recorded; Ensuring consideration for services provided are measured in accordance with AASB 2 Share-Based Payments and agreed the related costs to relevant supporting documentation; and

- vi. Ensuring the requirements of the relevant accounting standards and disclosures achieve fair presentation and reviewing the financial statements to ensure appropriate disclosures are made.
-

Other Information

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 2019, 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 opinion 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.

Other matter

The financial report of New World Cobalt Limited for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that report 20 September 2018.

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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 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.

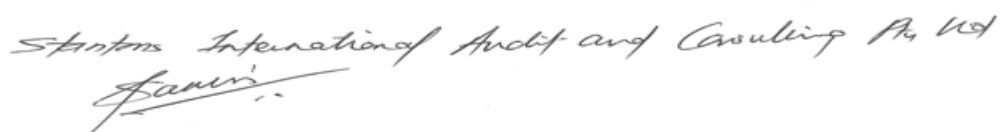
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 29 of the directors' report for the year ended 30 June 2019. 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.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of New World Cobalt Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

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



Samir Tirodkar
Director
West Perth, Western Australia
30 September 2019

DETAILS OF INTERESTS IN MINING TENEMENTS

Tenement	Project	Location	Ownership
USA			
10 x BLM claims: Jeep #1 – Jeep #10	Colson Cobalt-Copper Project	Idaho, USA	100%
46 x BLM claims: Codaho 1 – Codaho 46	Colson Cobalt-Copper Project	Idaho, USA	100%
83 x BLM claims: Codaho 49 – 75, 82, 84, 86-138	Colson Cobalt-Copper Project	Idaho, USA	100%
84 x BLM claims: Codaho 146 – 149, 166, 170, 174, 175, 178, 179, 182, 183, 186 – 188, 191 – 200, 215 – 222, 244 – 292, 296, 297	Colson Cobalt-Copper Project	Idaho, USA	100%
24 x BLM claims: Codaho 313 – Codaho 336	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%
146 x BLM claims: GS 1 - 9, 16 - 18, 29 - 46, 64, GS 66 - 89, GS 92 - GS 138, 151 - 160, 167 - 180, 197 - 199, 214 - 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
55 x BLM claims: GS 281, 283 - 287, 274, 289, 291, 307 - 312, 328, 346 - 354, 390 - 397, 399, 401, 403 - 409, 503 - 511, 522 - 525, 532	Goodsprings Copper-Cobalt Project	Nevada, USA	100%
26 x BLM claims: GS 605 – 613, 617, 619, 621, 623, 625 - 627, 633, 638, 640, 642, 644, 646, 648, 650, 652, 671	Goodsprings Copper-Cobalt Project	Nevada, USA	100%
10 x BLM claims: W 1 – 10	Tererro Copper-Gold-Zinc VMS Project	New Mexico, USA	Option to acquire 100%
10 x BLM claims: A 1 – 10	Tererro Copper-Gold-Zinc VMS Project	New Mexico, USA	Option to acquire 100%
216 x BLM claims: JH 1 – 17, JH 20 – 48, JH 50 – 108, JH 110, JH 112 – 114, JH 116 – 169, JH 205 – 209, JH 219 – 224, JH 232 – 268, JH 285 - 289	Tererro Copper-Gold-Zinc VMS Project	New Mexico, USA	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 20 September 2019.

Share Capital

There are 772,532,231 fully paid ordinary shares ("Shares") on issue held by 2,496 shareholders.

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

Holding	Number of shareholders	Number of Shares
1 - 1,000	1,056	157,078
1,001 - 5,000	339	1,018,287
5,001 - 10,000	162	1,235,866
10,001 - 100,000	519	21,645,101
100,001 and over	420	748,475,989
	2,496	772,532,321

There are 1,746 shareholders holding less than a marketable parcel of ordinary shares.

Statement of Restricted Securities

There are no restricted securities on issue.

Substantial Shareholders

The substantial shareholders of the Company are as follows:

Shareholder	Number of shares
Deck Chair Holdings Pty Ltd	43,430,000
Mahsor Holdings Pty Ltd <Rosham Family S/F No2 A/C>	41,999,999
Ransdale Investments Pty Ltd <The Viking S/F A/C>	40,000,000

Voting Rights

All Shares carry one vote per Share.

Options have no voting rights.

Quoted Equity Security Holders

The names of the twenty largest shareholders of the Company as at 20 September 2019 are as follows:

Shareholder	Number of Shares	% of Issued Capital
Deck Chair Holdings Pty Ltd	43,430,000	5.62
Mahsor Holdings Pty Ltd <Rosham Family S/F No2 A/C>	41,999,999	5.44
Ransdale Investments Pty Ltd <The Viking S/F A/C>	40,000,000	5.18
Bullseye Geoservices Pty Ltd <Haynes Family A/C>	37,667,305	4.88
Kea Holdings Pty Ltd	33,768,938	4.37
Holdrey Pty Ltd <Don Mathieson Family A/c>	31,778,235	4.11
Silverpeak Nominees Pty Ltd <RGM Hill A/c>	35,951,682	3.36
Citicorp Nominees Pty Limited	24,593,272	3.18
JP Morgan Nominees Australia Pty Limited	23,658,532	3.06
National Nominees Pty Limited <DB A/C>	15,230,250	1.97
Mr Geoffrey Kevin Campbell <Cammell Discretionary A/C>	11,420,000	1.48
Byrne Holdings Pty Ltd	10,549,704	1.37
FNL Investments Pty Ltd	10,000,000	1.29
Mrs Sara Jacob	10,000,000	1.29
Mr Murray John Jacob & Mrs Sara Caroline Jacob <Aquatica Superfund A/C>	8,500,000	1.10
Tialing Pty Ltd <Tialing Super Fund A/C>	7,766,278	1.01
Mr Faris Cassim	7,350,000	0.95
Rojul Nominees Pty Ltd	7,055,633	0.91
Mr Geoffrey Kevin Cammell	6,880,978	0.89
Greenlink Pty Ltd <The Debsago A/C>	6,673,957	0.86
	404,274,763	52.33

Unquoted Equity Securities

Class	Number of securities
Unlisted options exercisable at \$0.125 each on or before 13 December 2019	1,250,000
Unlisted options exercisable at \$0.0995 each on or before 9 May 2020 ²	10,000,000
Unlisted options exercisable at \$0.12 on or before 22 September 2020 ³	833,334
Unlisted options exercisable at \$0.1245, \$0.1495, \$0.1745, \$0.1995 and \$0.2245 on or before 13 December 2021 September 2020 ⁴	1,050,000
Unlisted options exercisable at \$0.10 each on or before 30 June 2022 ⁵	35,000,000

1. 750,000 (60%) held by Patrick Siglin and 500,000 (40%) held by Brian Brewer

2. All held by Zenix Nominees Pty Ltd

3. All held by Regency Mines Australasia Pty Ltd

4. All held by Scott Mison

5. 17,500,000 (50%) held by Zenix Nominees Pty Ltd, 8,750,000 (25%) held by Mahsor Holdings Pty Ltd <Rosham Family S/F No2 A/C> and 8,750,000 (25%) held by Deck Chair Holdings Pty Ltd