

Quarterly Report



18 October 2017

Cobalt Blue Holdings Ltd A Green Energy Exploration Company



ASX Code:

COB

Commodity Exposure: Cobalt & Sulphur

Directors & Management:

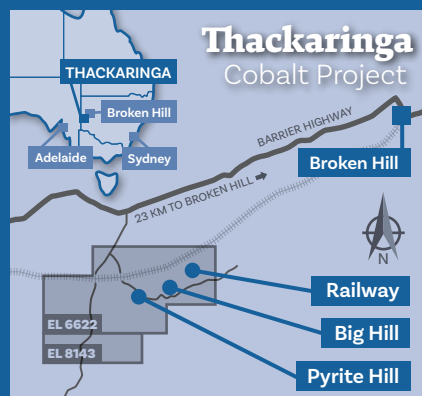
| | |
|-------------------------|---------------------|
| Robert Biancardi | Non-Exec Chairman |
| Hugh Keller | Non-Exec Director |
| Trangie Johnston | Non-Exec Director |
| Matt Hill | Non-Exec Director |
| Joe Kaderavek | CEO & Exec Director |
| Ian Morgan | Company Secretary |

Capital Structure:

| | |
|--------------------------------|--------------|
| Ordinary Shares at 18/10/2017: | 95m |
| Options (ASX Code: COBO): | 21m |
| Market Cap (undiluted): | \$16m |

Share Price:

| | |
|----------------------------|---------------|
| Share Price at 18/10/2017: | \$0.18 |
|----------------------------|---------------|



Cobalt Blue Holdings Limited

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September 2017 – Highlights

Projects

Thackaringa Project

- Commenced Pre-Feasibility Study (PFS).
- Aerial geophysical survey launched and subsequently completed over the entirety of the Thackaringa tenements (EL6622, EL8143, ML86 & ML87).
- Thackaringa Drilling Campaign – 40Mt Indicated Resource Target – rigs mobilised to site.
- PFS Metallurgical Testwork has now commenced. The testwork will be centred on treating ~800 kg of ore through the proposed process: concentration; thermal treatment; leaching; and product recovery.

Cobalt Trends

- **Thrifting** – Battery makers are “thrifting” (lowering) cobalt content in the cathode. This is a natural consequence in the face of stronger for longer cobalt pricing.
- **Energy Density** – Higher (cobalt based) energy density batteries are entering the market increasing Electric Vehicle (EV) range and usability.
- **Fast Charge/Discharge** – Battery makers are developing semi-solid and solid electrolytes supporting faster charge/discharge cycles – the goal is to fully charge an EV in 5 minutes.
- COB’s strategy is to produce a battery grade product required, not today, but rather where demand will be in the future, as these market and enabling technology trends rollout.

Corporate

- Amended JV Agreement announced. Stage One is due for completion by 1 April 2018 followed shortly after by Pre-Feasibility Study delivery (30 June 2018).

Projects

Thackaringa Cobalt – Broken Hill NSW

The Thackaringa project is located within the Broken Hill Block of the Curnamona Province and is composed of Willyama Super-group high grade regional metamorphic gneisses, schists and amphibolites. The local geology is dominated within the project area by quartz-albite-biotite gneiss, quartz-albite gneiss, and amphibolite dykes. The extensive stratabound cobalt-pyrite mineralisation at each deposit (Pyrite Hill, Big Hill and Railway) is hosted by quartz-albite gneiss.

Commenced Pre-Feasibility Study (PFS).

The recently delivered Scoping Study concluded that the optimal processing path tested during the study achieved a ~90% cobalt recovery from in-ground to payable metal in addition to producing elemental sulphur. That result is a significant achievement and forms a strong baseline to move forward.

PFS work has now commenced with an extensive site drilling program, bulk metallurgical test work, environmental, geotechnical and hydrogeological studies underway. Our timeline (further described later in this announcement) targets PFS delivery by 30 June 2018.

Aerial geophysical survey completed

An aerial geophysical survey over the entirety of the Thackaringa tenements (EL6622, EL8143, ML86 & ML87) was commenced over the September Quarter and subsequently completed. This work involves a helicopter-borne electromagnetic system acquiring high resolution data over approximately 655 line-kilometres at 100m line spacing.



Source: Cobalt Blue Holdings

Helicopter-borne geophysical survey being conducted over Thackaringa – September 2017

Processing and modelling of acquired data is then expected by mid-November. A 3D geological model will be completed in parallel and expected to be completed by the end of the year.

The survey represents a strong option to better understand Thackaringa's geological potential. The work could significantly expand the cobalt footprint currently mapped at Thackaringa. This additional potential could add further longevity and scale to an already world class project.

Thackaringa Drilling Campaign – 40Mt Indicated Resource Target – rigs mobilised to site.

Our Thackaringa drill campaign is about to recommence following a successful 1H CY17 campaign. A Diamond Drill (DD) and Reverse Circulation (RC) drilling rig have been mobilised to site at the end of the quarter. These rigs will shortly be joined by a further DD and RC rig, to begin a significant program consisting of a total 84 holes for 13,500m comprising the Railway, Pyrite Hill and Big Hill deposits. The Railway deposit will be the first priority with Pyrite Hill to follow.

Designed to underpin Mineral Resource and Ore Reserve estimation, this campaign will provide important geological and geotechnical information required for Pre-Feasibility studies. The drill program will dramatically improve geological confidence by reducing the average drill spacing to 50m along strike. The majority of holes will target shallow mineralisation to 150m below surface, although previous drilling confirmed extensions to at least 300m below surface.

We will release updates on this drilling program periodically as assay results become available. The current Total Mineral Resource estimate at Thackaringa is apportioned to the three main deposits as follows (minor rounding errors may have occurred in the compilation of this table):

Table One – **Thackaringa Total Mineral Resource – September 2017**

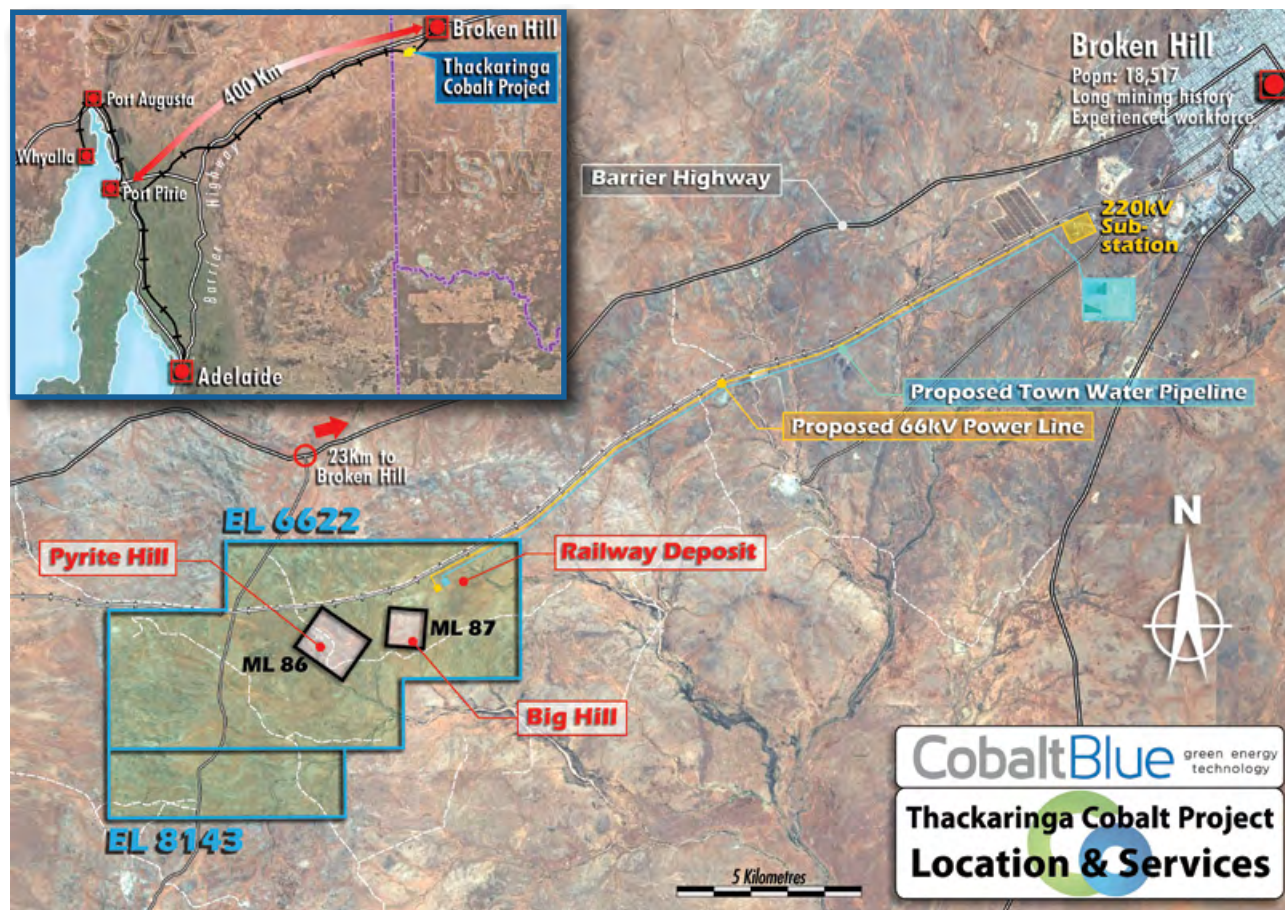
| Category | Mt | Co ppm | Fe % | S % | Pyrite % | Co Tonnes | Py Mt | Density |
|---|-------------|------------|--------------|--------------|--------------|---------------|-------------|-------------|
| Pyrite Hill (at a 500ppm Co cut-off) | | | | | | | | |
| Indicated | 2.8 | 1001 | 10.99 | 10.42 | 19.54 | 2,758 | 0.54 | 2.87 |
| Inferred | 20.8 | 948 | 11.03 | 10.22 | 19.16 | 19,710 | 3.98 | 2.87 |
| Total | 23.5 | 954 | 11.02 | 10.24 | 19.21 | 22,468 | 4.52 | 2.87 |
| Big Hill (at a 500ppm Co cut-off) | | | | | | | | |
| Indicated | 0.8 | 787 | 7.41 | 6.77 | 12.7 | 596 | 0.1 | 2.76 |
| Inferred | 7.4 | 760 | 7.42 | 7.19 | 13.49 | 5,638 | 1 | 2.78 |
| Total | 8.2 | 763 | 7.42 | 7.15 | 13.41 | 6,234 | 1.1 | 2.78 |
| Railway (at a 500ppm Co cut-off) | | | | | | | | |
| Indicated | 3 | 947 | 10.93 | 10.29 | 19.29 | 2,828 | 0.58 | 2.87 |
| Inferred | 20.2 | 913 | 10.23 | 9.63 | 18.05 | 18,456 | 3.65 | 2.85 |
| Total | 23.2 | 917 | 10.32 | 9.71 | 18.21 | 21,284 | 4.22 | 2.85 |
| Total (at a 500ppm Co cut-off) | | | | | | | | |
| Indicated | 6.5 | 951 | 10.54 | 9.93 | 18.63 | 6,182 | 1.21 | 2.86 |
| Inferred | 48.4 | 905 | 10.14 | 9.51 | 17.83 | 43,804 | 8.63 | 2.85 |
| Total | 54.9 | 910 | 10.19 | 9.56 | 17.92 | 49,986 | 9.84 | 2.85 |

(Pyrite grade generated stoichiometrically from sulphur assay using formula $\text{Pyrite} = (\text{sulphur}/53.333) * 100$)

In addition, a global exploration target comprising 18–26Mt at 800–1000ppm cobalt, 8.5–10.5% sulphur and 8–12% iron is defined. The potential quantity and grade of this target is conceptual in nature. There is insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in determination of a Mineral Resource.

The Thackaringa district map below shows the proximity to Broken Hill, the supporting rail and road network, as well as the availability of both power and water utilities to support future production.

Figure One – **Thackaringa Cobalt Project district map**



COB's activities relate to exploration, there were no activities relating to production or development. Following is a summary of the expenditure incurred on exploration activities during the quarter:

| Activity | \$'000 |
|----------------------------------|------------|
| JV exploration | 9 |
| Technical services & consumables | 54 |
| Concept study | 63 |
| PFS | 64 |
| Geophysics | 70 |
| Resource estimation | 44 |
| Tenure maintenance | 25 |
| General and administration | 31 |
| Total | 360 |

PFS Metallurgical testwork has now commenced

The metallurgical testwork will be centred on treating ~800 kg of ore through the proposed process: concentration; thermal treatment; leaching; and product recovery. The ore samples were collected in the 2016 diamond drilling program, and are representative of Railway and Pyrite Hill deposits

The program is designed to deliver 'reliable and repeatable' results at a scale 10-50 times larger than the tests used in the Scoping Study, where the 'proof-of-concept' was determined. The results will be used to conduct engineering studies and cost estimates for the PFS.

Table Two – PFS - Metallurgical Test work Breakdown/Schedule

| Unit Operation | Scoping Study Options Tested | Pre-Feasibility Study Selected Process Testing | Schedule 2017 Fourth Quarter |
|--------------------------|---|---|------------------------------|
| Concentration | <ul style="list-style-type: none"> 50-100 kg ore Flotation Gravity Magnetics | <ul style="list-style-type: none"> 800 kg ore Gravity, followed by scavenger float | October (in progress) |
| Thermal Treatment | <ul style="list-style-type: none"> 2 kg concentrate Roasting (SO₂ for acid) Decomposition (no acid) – elemental sulphur | <ul style="list-style-type: none"> 100 kg concentrate Decomposition (no SO₂) – elemental sulphur | Q4 |
| Leaching | <ul style="list-style-type: none"> 2 kg concentrate High temp POX Atmospheric leach 1 kg calcine Low temp POX Atmospheric leach | <ul style="list-style-type: none"> 80 kg calcine Low temp POX / Atmospheric leach | Q4 |
| Product Recovery | Not tested | <ul style="list-style-type: none"> IX + crystallisation 0.5 kg of cobalt | Q4 |

We expect to complete the majority of testwork by December. COB remains focused on proving up the processing and economics of our ore. Our goal is to prove a long-life mining operation capable of operating at cobalt cycle troughs, and of course generating substantial margins at current market pricing.

Cobalt trends in Lithium ion batteries

The cobalt market continues to provide a strong backdrop to our substantial development activities. Energy storage demand growth is driving investment in significant additional battery capacity, currently estimated to growth 3-5x by 2020F. Cobalt buyers are increasingly anxious and looking upstream to secure future supply, with investment markets witnessing a number of automotive manufacturers articulating such strategies. However, such deals are premised on delivering demanding technical specifications for the cobalt cathode material required.

Lithium ion battery development is simultaneously limiting and entrenching cobalt's role. Firstly, battery makers are "thrifting" cobalt content in the cathode. For example; the traditional NMC (Nickel Manganese Cobalt) cathode contains NMC in the ratio 1:1:1. Today the focus is increasingly upon a NMC 6:2:2 cathode as battery makers thrift out the expensive cobalt in favour of inexpensive nickel. Stronger cobalt pricing will inevitably accelerate this technological changeover.

Higher cobalt based energy density batteries coupled with fast charge/discharge technologies are beginning to enter the commercial market. Recently, Toyota (the world's 2nd largest car maker) announced it was nearing a technological breakthrough in Electric Vehicle (EV) batteries. The technology uses a solid electrolyte, which would allow lithium ion batteries to store larger amounts of energy and dramatically increase the range of the EV. These batteries would be able to withstand higher temperatures and more aggressive charging/discharging than conventional electrolytes. The prize is substantial. It would deliver EVs with extended range, similar to an internal combustion engine vehicle, that could charge in as little as 5 minutes.

Our view is to produce a cobalt product required, not today, but rather where demand will be in the future as these market and enabling technology trends rollout. Our metallurgical team is tasked to extract the maximum payable cobalt from our ore in a form that supports acceptance of Thackaringa cobalt against future specifications. We look forward to updating investors on our progress.

Importantly, our aim is to make this product on a globally significant scale at our Broken Hill site. This focus will enable Cobalt Blue to achieve attractive margins throughout the cobalt cycle whilst underpinning longevity by managing technological risks.

Australia has more than 16% of global cobalt resources, but produces only 6% of supply. There is little doubt that we have plenty of potential, particularly considering our stable jurisdiction and ethical credentials. Cobalt Blue looks forward to closing this cobalt gap.

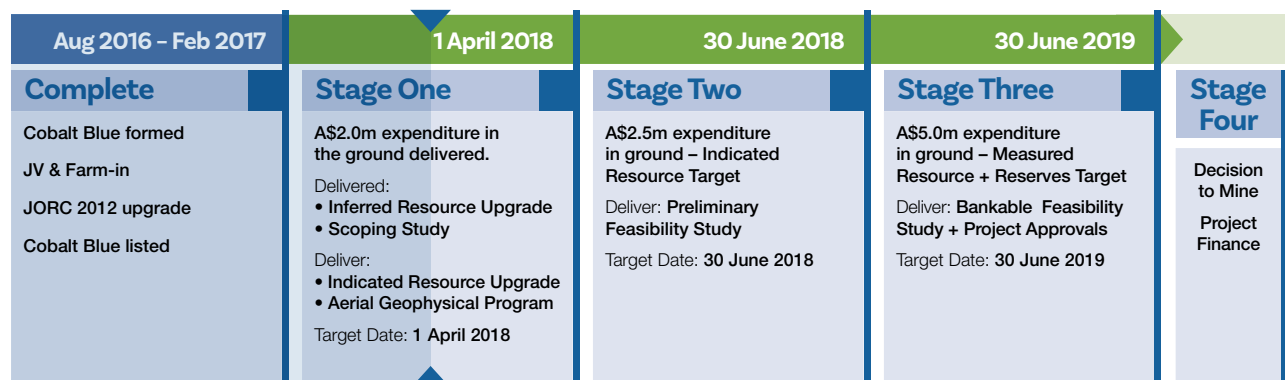
Corporate News

Amended JV Agreement announced. Stage One due for completion by 1 April 2018.

COB remains on track to complete Stage One. With the inclusion of the 40Mt Indicated Resource and the aerial geophysical program, the JV agreement between COB and Broken Hill Prospecting Limited (ASX: BPL) has been amended to reflect these targets. Stage One is due for completion by 1 April 2018 (with the deadline adjusted for these additional programs). Looking forward, we expect to deliver a Preliminary Feasibility Study by mid-2018 and a full Bankable Feasibility Study by mid-2019.

Our project timeline remains as below, with the 40Mt Indicated Resource target due to be declared by 1 April 2018, followed shortly thereafter by the completed PFS (30 June 2018). We will look for opportunities to accelerate these timelines where possible.

Figure Two – COB developmental timeline for the Thackaringa Cobalt Project



Cobalt Blue Background

Cobalt Blue (“COB”) is an exploration company focussed on green energy technology and strategic development to upgrade its mineral resource at the Thackaringa Cobalt Project in New South Wales from Inferred to Indicated status. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now being widely used in clean energy systems.

COB is undertaking exploration and development programs on the Thackaringa Cobalt Project pursuant to a farm-in joint venture agreement entered into with Broken Hill Prospecting Limited (“BPL”). Subject to the achievement of milestones, COB will be entitled to acquire 100% of the Thackaringa Cobalt Project.

The Thackaringa Project, 23km west of Broken Hill, with railway line passing through the project area, consists of four granted tenements (EL6622, EL8143, ML86 and ML87) with total area of 63km². The main targets for exploration are well known and document large tonnage cobalt-bearing pyrite deposits. The project area is under-explored, with the vast majority of historical exploration directed at or around the outcropping pyritic cobalt deposits at Pyrite Hill and Big Hill.

Potential to extend the Mineral Resource at Pyrite Hill, Big Hill, Railway and the other prospects is high. Numerous other prospects within COB’s tenement package are at an early stage and under-explored.

Looking forward, we would like our shareholders to keep in touch with COB updates and related news items, which we will post on our website, the ASX announcements platform, as well as social media such as Facebook (f) and LinkedIn (in). Please don’t hesitate to join the ‘COB friends’ on social media and also to join our newsletter mailing list at our website.



Joe Kaderavek
 Chief Executive Officer
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Previously Released Information

This ASX announcement refers to information extracted from the following report, which is available for viewing on COB's website <http://www.cobaltblueholdings.com>

- **12 July 2017:** Scoping Study update – Strong Potential for Commercialisation after Processing Testwork
- **3 July 2017:** Thackaringa Cobalt Project – Major Geophysical Survey – Positive news
- **5 June 2017:** Significant resource upgrade for the Thackaringa Cobalt Project
- **25 May 2017:** Stage One Drilling Program delivers robust results – resource upgrade to follow
- **4 May 2017:** 2017 Update – Strong Drilling Results Continue

COB confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. COB confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcement.

Competent Person's Statement

The information in this report that relates to exploration results, Mineral Resources and Targets is based on information compiled by Mr Anthony Johnston, BSc (Hons), who is a Member of the Australian Institute of Mining and Metallurgy and who is a non-executive director of Cobalt Blue Holdings Limited, the Chief Executive Officer of Broken Hill Prospecting Limited and the Technical Manager of the Joint Venture. Mr Johnston has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 & 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Johnston consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

About Cobalt Blue Holdings Limited

Cobalt Blue ("COB") is an exploration company focussed on green energy technology and a strategy of fast-tracking development of the Thackaringa Cobalt Project in New South Wales to achieve commercial production of cobalt. This strategic metal is in strong demand for new generation batteries, particularly lithium-ion batteries now widely used in clean energy systems.

COB has entered into a farm-in joint venture agreement with Broken Hill Prospecting Limited ("BPL") in which COB seeks to acquire an initial 51% interest in the Thackaringa Cobalt Project. COB will undertake exploration and development programs on the Thackaringa Cobalt Project and, subject to the achievement of milestones, will acquire 100% of the Thackaringa Cobalt Project.

Thackaringa Cobalt Project

The Thackaringa Cobalt Project is strategically located 23km South West of Broken Hill, New South Wales, adjacent to the main transcontinental railway line. Mineralised outcrop extends for over 10km, with less than a quarter of this trend having been drill tested. The large, near surface deposits at Thackaringa make the project suitable for large-scale, open cut mining methods.

Cobalt is a necessary metal for the production of the latest generation, high energy density lithium-ion batteries used for energy storage. Cobalt demand is rising materially as energy storage applications such as electric vehicles and solar storage batteries penetrate the global economy.

Tenement Holding

The beneficial interests in tenements held by Cobalt Blue Limited at the end of the quarter and the related percentage of ownership:

Table Three – **Thackaringa Cobalt Project – Tenement Holding**

| Tenement | Interest |
|----------|---------------------|
| EL 6622 | 51% Cobalt Blue Ltd |
| EL 8143 | 51% Cobalt Blue Ltd |
| ML 86 | 51% Cobalt Blue Ltd |
| ML 87 | 51% Cobalt Blue Ltd |

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin Appendix 8, Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity: **Cobalt Blue Holdings Limited**

ABN: **90 614 466 607**

Quarter ended ("current quarter"): **30 September 2017**

| | | Q1 FY18 | |
|---|---|-----------------|-------------------------|
| | | Current quarter | Year to date (3 months) |
| | | A\$ '000 | A\$ '000 |
| Consolidated statement of cash flows | | | |
| 1 | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for: | - | - |
| | (a) exploration and evaluation | (360) | (360) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (102) | (102) |
| | (e) administration and corporate costs | (128) | (128) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 29 | 29 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development funds | - | - |
| 1.8 | Other (share issue costs) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (560) | (560) |
| 2 | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| Consolidated statement of cash flows | | Current quarter A\$ '000 | Year to date (3 months) A\$ '000 |
|--------------------------------------|---|-----------------------------|--|
| 3 | Cash flows from financing activities | - | - |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (10) | (10) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | (10) | (10) |
| 4 | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 5,719 | 5,719 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (560) | (560) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (10) | (10) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of quarter | 5,149 | 5,149 |
| 5. | Reconciliation of cash and cash equivalents <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i> | Current quarter A\$ '000 | Previous quarter A\$ '000 |
| 5.1 | Bank balances | 1,648 | 1,419 |
| 5.2 | Call deposits | 3,501 | 4,300 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 5,149 | 5,719 |
| 6. | Payments to directors of the entity and their associates | | Current quarter A\$ '000 |
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | | (102) |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | | - |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | | |
| 6.1 | Directors' salary / fees | | (102) |
| 7. | Payments to related entities of the entity and their associates | | Current quarter A\$ '000 |
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | | - |
| 7.3 | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | | |
| | n/a | | - |

| 8. Financing facilities available | | Total facility amount at quarter end A\$ '000 | Amount drawn at quarter end A\$ '000 |
|--|--|---|--|
| 8.1 | Loan facilities | – | – |
| 8.2 | Credit standby arrangements | – | – |
| 8.3 | Other (please specify) | – | – |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| | n/a | – | – |

| 9. Estimated cash outflows for next quarter | | A\$ '000 |
|--|--|--------------|
| 9.1 | Exploration and evaluation | 3,586 |
| 9.2 | Development | – |
| 9.3 | Production | – |
| 9.4 | Staff costs | 106 |
| 9.5 | Administration and corporate costs | 78 |
| 9.6 | Other (remaining listing costs) | – |
| 9.7 | Total estimated cash outflows See Note 4 below | 3,770 |

10. Changes in tenements (items 2.1(b) and 2.2(b) above)

There was no change in tenement during the period. The Company has earned a 51% beneficial interest in the joint venture assets.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.


Ian Morgan
 Company Secretary

17 October 2017

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 The Company's operating cash outflows are \$560,000 actual (September 2017 quarter) and \$3,770,000 forecast (December 2017 quarter). Cash on hand at 30 September 2017 totalled \$5,149,000. September 2017 cash on hand is expected to cover cash outflows during the December 2017 quarter, with \$1,379,000 cash on hand expected at 31 December 2017. The Company expects that funds will be available to finance future operations, and that realisation of assets and settlement of liabilities will occur in the normal course of business. \$3,770,000 forecast operating cash outflow for December 2017 quarter is mainly discretionary. The Company would raise additional funds before committing to further operating cash outflows of the same scale. Whilst it develops the Thackaringa Project, the Company expects to continue to have negative operating cash flows. In order to commercialise Thackaringa and generate future revenues, additional funding will be required.