

## **In-Principle Advice in Relation to Performance Shares**

Northern Cobalt Limited (**Company**) provides the below extract from the ASX Conditional letter of Approval which relates to In-Principle Advice in Relation to Performance Shares.

5. Confirms that the terms of the 9,600,000 Class A performance shares and 3,575,000 Class B performance shares (together, the "Performance Shares"), that the Company proposes to issue to the vendors of Mangrove Resources Pty Ltd ("Mangrove") are appropriate and equitable for the purposes of listing rule 6.1, subject to the following conditions.
  - 5.1. The Performance Shares are not quoted.
  - 5.2. The Performance Shares are not transferable.
  - 5.3. The Performance Shares do not have voting rights, subject to those required by law.
  - 5.4. The Performance Shares do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues.
  - 5.5. The Performance Shares do not carry an entitlement to a dividend.
  - 5.6. The Performance Shares do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
  - 5.7. Each Performance Share is converted into one fully paid ordinary share in the Company's issued capital ("Share") on achievement of a relevant milestone.
  - 5.8. If a Performance Share has not converted into a Share by the relevant expiry date, then all such unconverted Performance Shares held by each holder will automatically consolidate into one Performance Share which will then convert into one fully paid ordinary Share.
  - 5.9. The Company makes an announcement immediately upon the satisfaction of any performance milestone, the conversion of any Performance Shares and the expiry of the Performance Shares.
  - 5.10. The terms and conditions of the Performance Shares, including without limitation the relevant performance milestones that have to be satisfied before any Performance Shares are converted into Shares, are not to be changed without the prior approval of ASX and the Company's shareholders.
  - 5.11. The prospectus issued in connection with the Company's initial public offering contains the full terms and conditions of the Performance Shares.
  - 5.12. Upon conversion of the Performance Shares into Shares, the Company will apply to the ASX for quotation of the shares within the requisite time period.

- 5.13. The Company discloses the following in each annual report, annual audited accounts, half-yearly report and quarterly cashflow report issued by the Company in respect of any period during which any of the Performance Shares remain on issue or were converted or cancelled.
- 5.13.1. The number of Performance Shares on issue during the relevant period.
  - 5.13.2. A summary of the terms and conditions of the Performance Shares, including without limitation the number of Shares into which they are convertible and the relevant performance milestones.
  - 5.13.3. Whether any of the Performance Shares were converted or cancelled during that period.
  - 5.13.4. Whether any vesting conditions were met during the period.
- 5.14. The Company discloses the following in item 9 of each Appendix 3B lodged by the Company while any of the Performance Shares remain on issue.
- 5.14.1. The number of Performance Shares on issue at the time of lodgement of the Appendix 3B.
  - 5.14.2. The conversion ratio of the Performance Shares into Shares upon achievement of a performance milestone.
- 5.15. The terms of this in-principle advice are clearly disclosed as pre-quotation disclosure to be released in conjunction with the Company's proposed admission to the official list of on ASX.
6. For the purposes of resolutions 1 to 5 inclusive, any decision to be made by or discretion to be exercised by ASX can be made by or exercised by the Manager Listings Compliance at the State office of ASX processing the application for admission or another authorised Manager Listings Compliance.

Jaroslav (Jarek) Kopias

**Company Secretary**