

# Quarterly Activities Report

16 January 2025

**Cobalt Blue Holdings Limited**  
A Green Energy  
Exploration  
Company



ASX Code:

**COB**

#### Commodity Exposure:

**Cobalt & Sulphur**

#### Directors & Management:

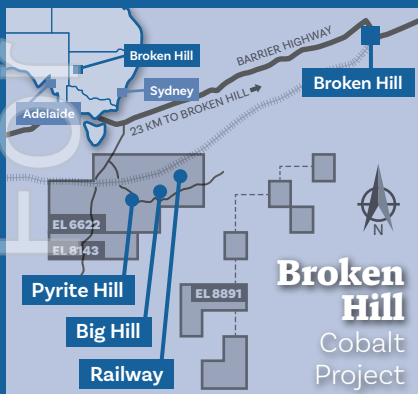
**Robert Biancardi** Non-Exec Chairman  
**Hugh Keller** Non-Exec Director  
**Joe Kaderavek** CEO & Exec Director  
**Danny Morgan** CFO & Company Secretary

#### Capital Structure:

Ordinary Shares at 16/01/2025: **429m**  
Unlisted Options/Rights  
Options (expiry 23/04/2027): **43.5m**  
Performance rights: **8.6m**  
Market Cap (undiluted): **\$28.78m**

#### Share Price:

Share Price at 16/01/2025: **\$0.067**



#### Cobalt Blue Holdings Limited

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[in cobalt-blue-holdings](https://www.linkedin.com/company/cobalt-blue-holdings)

## Highlights

# December 2024 Quarterly Activities Report

### Kwinana Cobalt Refinery (KCR)

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- Background

### Broken Hill Cobalt Project (BHCP)

- BHCP Review

### ReMine+

### Cobalt trends

- Cobalt price review

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- Entitlement Issue
- Operational Review
- Commercial Partner Update
- Investor and marketing presentations
- Expenditure and grants

## Kwinana Cobalt Refinery (KCR)

### Updated Project cost and revenue analysis

During the quarter, COB released updated project cost estimates and revenue analysis for the KCR. The KCR is a proposed cobalt-nickel facility representing Australia's first cobalt sulphate refinery that will produce high-quality, battery grade cobalt sulphate intended for US Inflation Reduction Act (IRA) and European Union (EU) markets.

### Base Case (Stage One)

The base case scenario is described as follows:

- Plant capacity set at 3,000 tonnes per annum (tpa) cobalt (as cobalt sulphate) and ~500 tpa nickel (as nickel metal), producing raw ingredients to supply the Precursor Cathode Active Material (pCAM) industry.
- Estimated capital cost: A\$60m inclusive of 15.5% contingency (A\$53m excluding contingency compared to A\$48m estimate released November 2023). Expansion options start at A\$23m, including EPCM.

- A Commissioning/Product Qualification period of up to twelve months at half throughput capacity and 75% of sales value. The extended commissioning time enables customers to validate the product, and any plant modifications required to meet their specifications.
- Pricing: Cobalt revenue assumes sulphate sales at a 10% discount to standard-grade cobalt metal. The benchmark Fastmarkets sulphate and metal price indices do not include regional or quality differential premiums. Note the analysis does not include any premiums associated with the US Inflation Reduction Act (**IRA**) or the EU Critical Raw Minerals Act (**CRMA**).

The capital estimates are considered at a Class 3 level, with an expected accuracy of  $\pm 15\%$ . These statements will support financing processes and the subsequent start of KCR construction in 2025. The financial metrics for the Stage One (base case) scenario are given in Table 1.

The project is estimated to generate (on a 100% owned basis):

- NPV<sub>s</sub> (post-tax): A\$90m, IRR (post-tax): 23%
- Average Annual EBITDA: A\$24m
- Project payback: 5.2 years

Table 1 – KCR Stage One EBITDA, NPV and IRR

Financials (100% owned) <sup>1</sup>		
Total Cobalt Revenue	A\$ M	4,454
Total Nickel Revenue	A\$ M	168
Total EBITDA	A\$ M	465
Total Operating Cash Flow	A\$ M	367
Valuation (100% owned)		
Net Present Value (8% discount rate, post tax)	A\$ M	90
Internal Rate of Return (post tax)	%	23
Total Capital Payback Period	Years	5.2
Assumptions (100% owned)		
Cobalt Price	US\$/lb	Up to US\$28.00/lb by 2031
Nickel Price	US\$/lb	7.50
Exchange Rate	AUD:USD	Up to 0.71 by 2029

<sup>1</sup> Cobalt Blue does not plan to hold 100% of the KCR project.

Table 2 – Sensitivities of EBITDA versus cobalt price and exchange rate

AUD:USD	Cobalt Price					
	Spot					LT
	<b>11</b>	<b>15</b>	<b>20</b>	<b>24</b>	<b>27.5</b>	<b>40</b>
<b>0.60</b>	24	25	26	27	28	32
<b>0.65</b>	21	21	22	23	24	28
<b>0.70</b>	18	18	19	20	21	25
<b>0.75</b>	16	16	17	18	18	22
<b>0.80</b>	13	14	15	15	16	19

## Value Engineering Study – Stage Two

Stage Two provides growth potential to expand the plant to treat Australian and International supplies of cobalt-nickel hydroxide or sulphides, or other intermediates (including black mass recycling). This would increase total throughput to potentially 6,000 tpa cobalt.

The additional capital expenditure for Stage Two is estimated at A\$23m, representing a significant reduction in capital to increase capacity compared to the initial build costs. Stage One has designed concrete and steel works to simplify incorporating later stages (capacity). For example, the current concrete and shed works will accommodate the installation of Stage Two equipment.

COB anticipates FID on Stage Two could follow at the end of the first full year of production (expected to be the end of 2027). Stage Two Expansion is expected to take 12 months to construct during 2028 and be operational from 2029.

The net result delivers significantly stronger total project returns due to more efficient deployment of capital versus cobalt production capacity. The Stage Two financial metrics are shown below:

Table 3 – Combined Stages EBITDA, NPV and IRR

Stage	Capital Expenditure (\$m)	Cobalt Processing Capacity (metal tpa)	Post Tax NPV (\$m)	IRR (Post Tax %)	Typical annual EBITDA (A\$m)
One	60	3,000	90	23	24
Two	23	+3,000	105*	64*	22*
<b>Combined Stage One + Stage Two</b>	<b>83</b>	<b>6,000</b>	<b>175**</b>	<b>29**</b>	<b>43**</b>

\* based on start date of expansion case EPCM

\*\* based on combined project from 2025 commencement date

## Capital Cost Estimate

Updated capital cost estimates have been prepared based on:

- Equipment quotes covering all major items of equipment – tanks, pumps, agitators, bins, solvent extraction vessels, crystalliser, product drying and bagging
- Installation estimates – concrete + steel + piping from 3D model
- Electricals and instrumentation from quotes and estimates from vendors/partners
- Process plant shed quote from construction/fabricator
- Site works for total footprint inclusive of container receivals/storage – estimated by Tetra Tech
- EPCM estimate by Tetra Tech

The estimates are  $\pm 15\%$ . Further detailed engineering will continue with a target of being 'construction-ready' by mid-2025. The capital and operating costs will then be finalised for 'construction budget purposes' ( $\pm 5-10\%$ ).

Table 4 – Detailed Capital Cost estimate

Item	\$A	
Process Plant Direct Equipment	14.6m	incl 10% contingency
Installation	21.6m	incl 17% contingency
Site Infrastructure	10.3m	incl 15% contingency
Engineering	9.7m	
First Fill Requirements	0.76m	incl 10% contingency
Sub-TOTAL	56.9m	
Growth	2.8m	5% contingency for growth
TOTAL	59.8m	Incl 15.5% contingency

# KCR – Background

## Government Policy

The KCR will significantly add to the sovereign capacity of Australia, by:

- being the first Australian cobalt refinery to produce cobalt sulphate;
- enabling development of a downstream battery industry, through supply of cobalt sulphate as a raw material into Precursor Cathode Active Material;
- lowering the economic hurdle for additional (primary and secondary) cobalt supply by providing an intermediate to cobalt sulphate refining capacity;

The Australian Government's Critical Minerals Strategy 2023–2030 includes the following objectives:

- To create diverse, resilient and sustainable supply chains through strong and secure international partnerships
- To build sovereign capability in critical minerals processing

The Western Australian Government's Battery and Critical Mineral Strategy 2024–2030 includes the following objectives:

- Become a destination of choice for critical minerals mining, processing and manufacturing.
- Decarbonise global economies by supplying high-ESG critical minerals, materials and products.

There is clear alignment between the objectives of the KCR and State/Federal Government policies. COB has been a recipient of Australian Government assistance via a \$15m award under the Critical Minerals Accelerator Initiative Grant (April 2022).

KCR financial support is currently being sought, with screening processes underway to encourage political decisions from both State and Federal governments.

## Strategic Rationale

Key industrialised and developed countries have identified cobalt as a critical mineral, reflecting its industrial importance as a key raw material used in the global electrification transition. There is also concern about the high level of concentration in extraction and processing and associated risks to supply chains. An 'Allied Supply Chain' is emerging to include the USA, Japan, South Korea, Canada, European Union and Australia to develop policies and strategies to ensure greater supply chain security.

With cobalt demand forecast to double before the end of the decade<sup>1</sup>, global policymakers are rapidly advancing legislation and incentives to ensure the security of supply amid a diversified supply chain. These initiatives provide an increasingly supportive environment to increase the supply of critical minerals through tangible and intangible assistance. Consequently, COB believes critical minerals' markets are set to bifurcate between products that qualify for legislated incentives (e.g., the USA's IRA electric vehicle tax credits) and products that are produced by a foreign entity of concern. Given Australia's relationship with strategically aligned nations and our responsibly sourced production process, our products should receive a premium on top of the prevailing pricing mechanism. These premiums have not been included in the economics presented above.

## Iwatani Corporation

COB is engaged with IWA as a partner for the KCR. IWA is a subsidiary of Iwatani Corporation, which:

- is a leading Japanese multinational specialising in producing and trading commodities.
- has a global presence with subsidiaries and affiliates in 15 countries, with established partnerships and collaborations with companies worldwide, to further advance its expertise in technologies and explore new markets.
- has a large trading arm seeking to supply its Japanese partners in major global Electric Vehicle markets, including the United States; and
- owns and operates the Doral Fused Materials (**DFM**) plant in the Kwinana industrial district. The site has sufficient space to support the operation of the KCR.

COB believes that partnering with an existing property owner would substantially reduce KCR development time. IWA is currently considering an investment structure in KCR via a funding contribution.

## Location

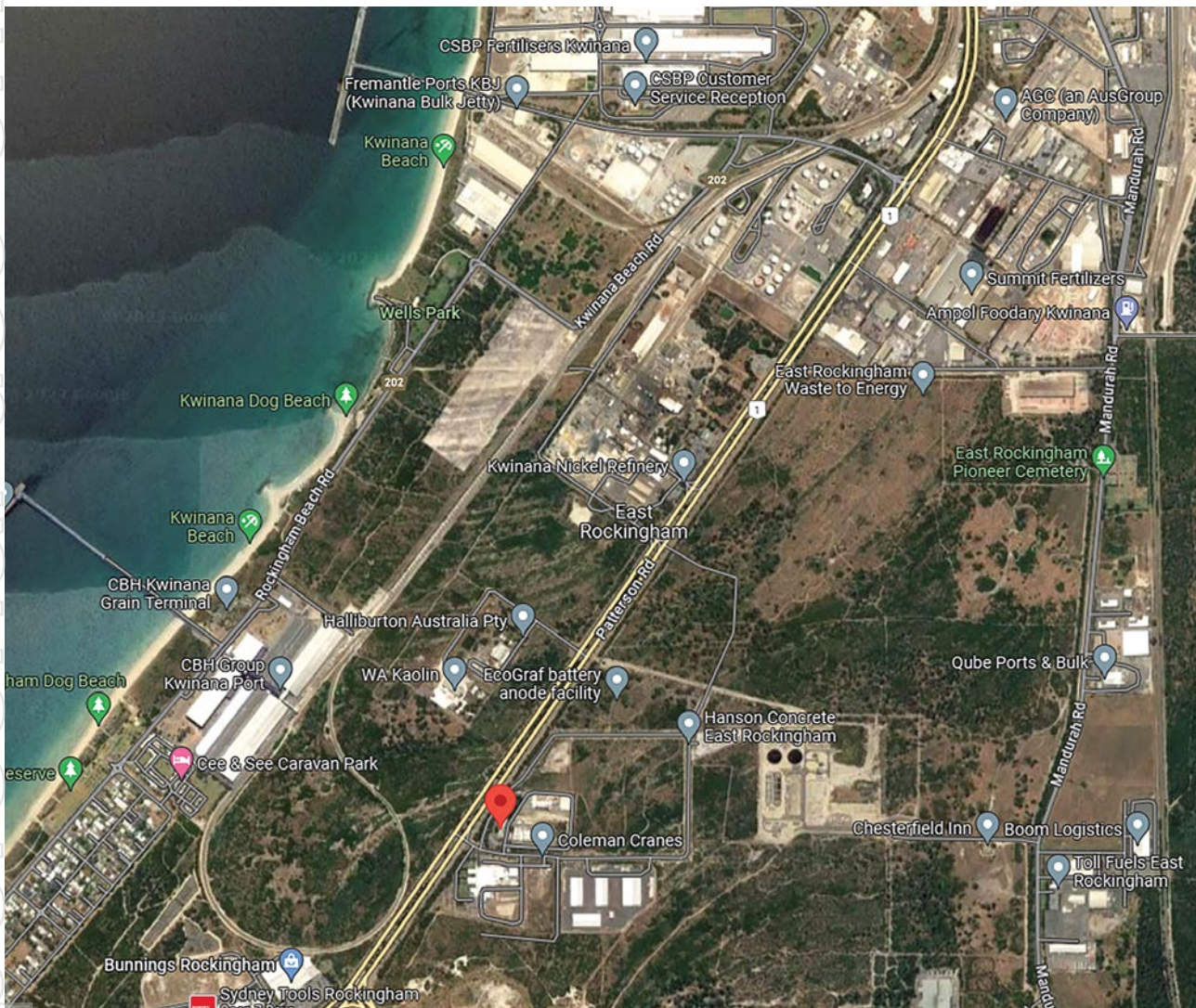
The proposed site for the KCR is at DFM's existing mineral processing facility located in East Rockingham, WA, near the Kwinana Bulk Terminal. DFM produces fused zirconia industrial minerals at the site.

This location will lead to lower site and construction costs, lower equipment delivery costs and reduced development period compared to constructing a refinery elsewhere. The Kwinana industrial district is a major chemical district, which provides ready access to chemicals with lower associated costs and lower logistical costs, providing a significant advantage given that typically >50% of the direct costs associated with the production of high purity cobalt sulphate come from reagents and chemical costs.

1 Benchmark Minerals Intelligence

Kwinana has ready access to Fremantle Ports and import/export facilities, which provide a meaningful advantage for importing third-party feedstock and exporting finished products compared to a more remote location. Domestic and international cobalt intermediate materials (e.g., mixed hydroxide precipitates (MHP), and mixed sulphide precipitates (**MSP**)) can be transported to KCR via containers from Fremantle Port or nearby rail intermodal.

Figure 1 – **Doral Fused Materials location**



## Refinery Facilities

KCR's process plant will comprise processing plant circuits for feed handling, leaching and residue filtration, trace metal recovery by precipitation and/or ion-exchange, cobalt-nickel separation by solvent extraction, product recovery by crystallisation and/or electrowinning, and product handling. Available land at the DFM site will be utilised for KCR.

KCR's layout contains one main shed, divided into three 'rooms' which contain different areas of the process for ease of operation, safety, and management:

- Area 1 will contain the feed handling, leaching, filtration, trace metal recovery, electrowinning.
- Area 2 will contain the cobalt and nickel solvent extraction.
- Area 3 will contain the crystallisation of cobalt sulphate, as well as drying and bagging.
- Ancillary equipment that will be required includes:
  - Lay down yard and storage of containers for feed and products.
  - VPSA oxygen plant.
  - Sulphuric acid storage.
  - Lime silo/hopper storage.
  - Weighbridge.

Reagents (e.g. limestone, sulphuric acid) will be variously delivered by bulka bags, tanker, isotainers, and/or intermediate bulk containers.

DFM's site has existing utility connections for power, water, stormwater, and sewerage, which will also be available for KCR. These include three-phase 415 V power along with a 132 KV switchyard. Stage One will require an estimated 4-5 MW of power. Further upgrades will be required for Stage Two.

### Feedstock Testwork and Evaluation

Refinery feedstock (cobalt intermediate products) is traded as a hydroxide precipitate containing 35–45% cobalt. Sulphide precipitates are also available, typically containing 25–35% cobalt and 15–25% nickel. Further feedstock can be sourced from recycling facilities associated with the battery supply chain, such as black mass from battery recycling or wastage from battery production.

In Stage One, the feed for KCR will be purchased from third parties. Supply must adhere to strict criteria, and COB will only source from suppliers that:

- do not contravene USA Foreign Entities of Concern (FEOC) definitions;
- meet appropriate environmental, labour and sustainable production standards; and
- permit traceability/authentication to validate origin and supply chain custody.

Large-scale samples from three operations have been obtained for refinery testwork at the COB Broken Hill Technology Development Centre. Throughout the year, the plant has operated in targeted campaigns, including on a continuous basis, with the ability to trial parameters and equipment settings. Approximately 150kg of cobalt sulphate has been produced, and a further 415kg of cobalt has been made in the circuit inventory (equivalent to 2,000 kg of cobalt sulphate).

Cobalt Blue is working to negotiate acceptable terms with potential financiers and is well-advanced to execute initial feedstock contracts.

Figure 2 – Cobalt sulphate produced at the Broken Hill Technology Development Centre Plant



### Demonstrated Metallurgical Processing

Cobalt Blue's process flowsheet has been developed at our Broken Hill Technology Development Centre. Significant test work has been completed since 2017. A dedicated pilot facility was constructed in 2020 and upgraded in 2022 to a demonstration facility. Depending on individual circuits, the scale of the demonstration plant is approximately 30–100 times smaller than that of the commercial plant.

Table 5 – Demonstration to Commercial Plant scale ratio

	Demonstration Plant	Commercial Plant	Scale Ratio
Feed Solids	300 kg/day cobalt	9000 kg/day cobalt	1:30
Solvent extraction	150 L/hr PLS flow	12,000 L/hr PLS flow	1:80
Crystalliser	50 L/hr feed flow	5000 L/hr feed flow	1:100

The plant is operated in discrete sections, with the ability to trial parameters and equipment settings. Process plant liquor is circulated from leach to trace metals, to solvent extraction, and back to leach. Each unit is operated for between 10 and 100 hours of continuous run time, with process liquor stored in tanks between circuits.

## Offtake

Cobalt Blue has progressed offtake/project partner discussions with approximately 30 international companies. Discussions with potential partners are ongoing. Over 20 partners globally, spanning Europe, South Korea, and the United States, received samples. Along with Japan, these represent the strategically aligned EV markets. The US Inflation Reduction Act (IRA) and the European Union's (EU's) Critical Raw Materials Act (CRMA) are providing a positive environment to support these discussions.

## Permitting

KCR is expected to be operated by a COB-IWA joint venture arrangement to utilise the existing DFM facilities and their Western Australian permits and licenses. The WA Department of Water and Environmental Regulation currently licenses the site for several activities, including metal smelting or refining. The license contains standard environmental monitoring, discharge limit, and reporting requirements. WA-based consultants (ABEC and GreenValues Australia) have been appointed to prepare permit applications for the refinery:

- A modification to the existing Works Approval was lodged with the Department of Water and Environmental Regulation (DWER) in November 2024.
- A Development Consent for the new refinery building will be required. In Q1 2025, an application covering detailed building and site plans and planning studies on traffic, bushfire, waste and stormwater, and car parking will be submitted to Rockingham City Council.

## Indicative Project Timeline

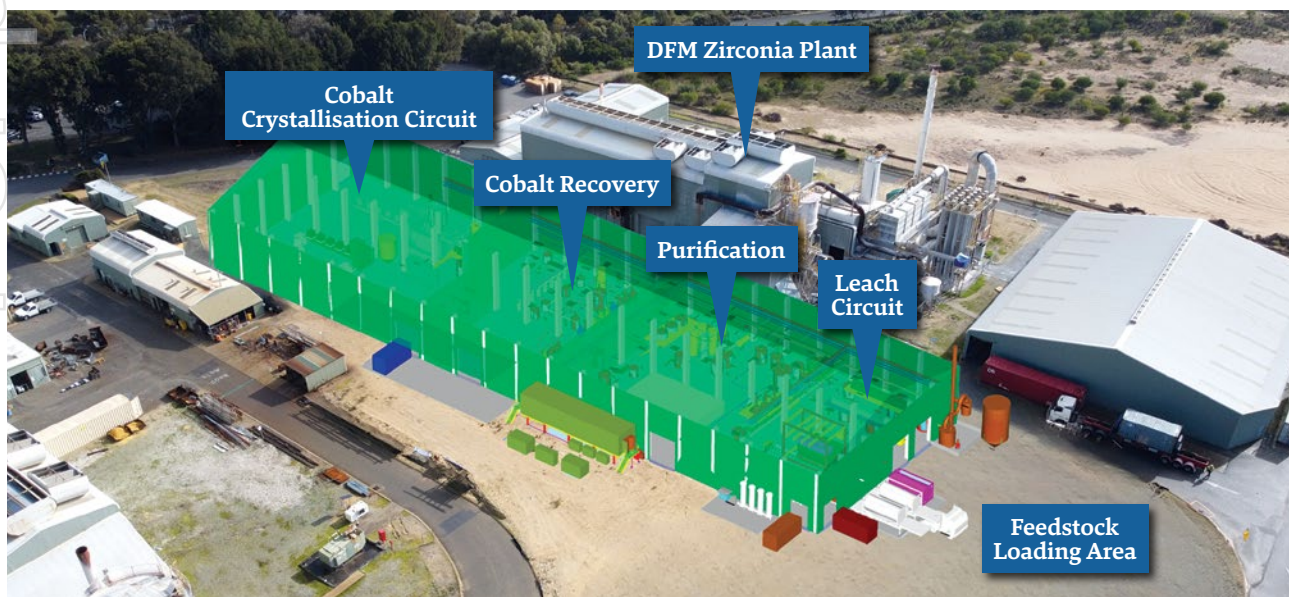
Subject to financing and permit approvals, Cobalt Blue is targeting the start of operations for Stage One of KCR in the second half of 2026. Commissioning and ramp-up are expected to take up to twelve months, with the annualised throughput during the validation period to be 50% of capacity. This will coincide with product validation by offtakers. Following successful validation of cobalt sulphate, the plant will ramp up to full-scale operations by the end of 2027, with nameplate production of 3,000 tpa cobalt sulphate and ~500 tpa nickel metal.

Cobalt Blue is currently working to the following indicative timeline:

Kwinana Cobalt Refinery	2024		2025		2026		2027	
	3Q	4Q	1H	2H	1H	2H	1H	2H
Testing Feedstock Samples	█		█		█		█	
Operating Permit Submission	█		█		█		█	
Third-Party Supply / Offtake Contracts	█		█		█		█	
Financing	█		█		█		█	
Construction*	█		█		█		█	
Validation	█		█		█		█	
Commercial Production Commencement	█		█		█		█	

\* Subject to financing and permit approvals

Figure 3 – Proposed plant site layout



## Sources of Funding

Possible sources of funding include:

- IWA contribution;
- COB contribution;
- Institutional investors, equity funds, family offices, and strategic investors;
- Concessional funding (eg: grant awards) from Federal or State agencies
- Project and/or debt financing from domestic export credit agencies and other Federal or State agencies; and
- Foreign government export and import credit agencies & other agencies e.g . Foreign government funding agencies.

## Offtake

During the quarter, COB continued off-take discussions with various international parties based in Asia and Europe.

Several of these parties are currently assessing COB's cobalt sulphate samples.

# Broken Hill Cobalt Project (BHCP) Activities

## BHCP – Review

During the quarter, COB continued to identify and assess options for equipment selection, including the definition of plant capacity thresholds optimised for operational and capital expenditure efficiency.

## Re-Mine+

COB seeks to leverage its patented flowsheet to re-mine sulphur and battery metals from mine waste. The sale of recovered products covers the cost of rehabilitation and provides a source of battery materials.

COB is actively engaging with project assessments on four continents—Australia, North America, South America, and Europe. Over ten projects have been assessed at a desktop level, and five are in negotiations for preliminary testwork.

## Mount Isa City Council

During the quarter, COB announced that it had entered a Memorandum of Understanding (**MOU**) with Mount Isa City Council (**MICC**) to develop a sulphuric acid supply solution. The MOU between MICC and COB aims to realise the opportunity and benefit from re-processing of sulphide-rich tailings. This aligns directly with Geoscience Australia's work on the Atlas of Australian Mine Waste<sup>2</sup>, which will be ongoing under the new \$3.4 billion Resource Australia's Prosperity initiative.<sup>3</sup>

In addition, the concept has support at state level, with COB's patented technology mentioned as a potential alternative to conventional roasting in the 2024 Acid Supply Study Report<sup>4</sup> released by the Queensland Department of State Development, Infrastructure and Planning.

The announced 2030 closure of the Glencore Mount Isa copper smelter will create a critical shortfall of sulphuric acid, a vital resource for numerous regional industries, including the fertiliser, metallurgical, and chemical sectors. This shortage threatens to impact thousands of jobs and hinder economic growth.

To mitigate this challenge, COB and MICC have agreed to collaborate on the assessment and feasibility of a potential Mt Isa-centred pyrite tailings re-processing operation to produce sulphuric acid. COB's ReMine+ technology is poised to play a crucial role in the collaboration. ReMine+ can recover valuable metals (including gold, cobalt, nickel, and copper) by reprocessing pyrite and other sulphide-rich mine tailings while simultaneously generating either elemental sulphur or sulphuric acid. COB has successfully evaluated the application of ReMine+ to pyrite feedstocks from various regions, including in Queensland<sup>5</sup> and Canada.<sup>6</sup>

Peta MacRae, Mayor of Mount Isa, said: *"This MOU with Cobalt Blue aligns with Council's commitment to a sustainable future for our industries, economy, environment, and communities. It demonstrates our commitment to developing a locally-made solution to the looming sulphuric acid shortage that will otherwise have a huge negative impact on many of our largest industries. Mount Isa already has expertise in the production of sulphuric acid and has existing air monitoring systems in place to ensure community safety. Cobalt Blue's technology solves the issue of dealing with old tailings as well as reinforcing the economics of the supply chain for the whole of Australia. It also reduces the sovereign risk of relying on international sulphuric acid supply."*

2 <https://www.ga.gov.au/news/news-archive/atlas-of-australian-mine-waste-puts-secondary-prospecting-on-the-map>

3 <https://www.ga.gov.au/scientific-topics/resourcing-australias-prosperity/about-the-program>

4 [https://www.statedevelopment.qld.gov.au/\\_data/assets/pdf\\_file/0018/94500/sulphuric-acid-supply-study.pdf](https://www.statedevelopment.qld.gov.au/_data/assets/pdf_file/0018/94500/sulphuric-acid-supply-study.pdf)

5 See AusIMM Critical Minerals Conference Presentation lodged with ASX on 21 August 2024 (pg 12)

6 See ASX Announcement dated 23 November 2023 "Positive Results – Preliminary Flin Flon Tailings Testwork"

Figure 4 – Cobalt Blue CEO Joe Kaderavek and Mount Isa City Mayor Peta MacRae Sign the MOU to Develop Sulphuric Acid Supply Solution



The next steps include assessing the commercial and operational viability of different technologies, feedstocks, and outputs. COB will aim to complete proof of concept testwork within 16 weeks of receipt of sample, with MICC assisting, where possible, to source samples. COB will also advise MICC on the requirements, challenges, and barriers to a potential pyrite tailings re-processing operation in the region to produce sulphuric acid.

During the assessment process, MICC intends to set aside land to build and operate a pilot-scale plant that would evaluate the amenability of technologies to process pyrite into sulphur and sulphuric acid and create associated business and community benefits. COB will provide advice and detailed information on the construction, power, and other consumables required for the plant.

By combining MICC's local knowledge and infrastructure with COB's advanced technology, this collaboration aims to deliver a sustainable and economically viable solution to the sulphuric acid supply challenge in Northwest Queensland. Developing a commercially viable, low-impact solution to acid supply whilst alleviating long-term environmental liabilities and generating critical and other metal revenue through tailings re-processing is in the interest of all stakeholders. The MOU shall remain in force until 31 December 2029 unless terminated earlier by a party. A party has the right to terminate the MOU with written notice.

### Ecobatt

COB also announced during the quarter that it entered an MOU with Ecocycle Pty Ltd (**Ecobatt**) to evaluate the feasibility of treating black mass from battery recycling (a mix of crushed metals produced from shredded battery scrap) within Australia. Ecobatt is the pre-eminent battery recycling company in Australia. It manages a national collection system to recycle and process battery products, based on proven world-class battery recycling technology.

There is increasing emphasis on creating a circular economy in Australia that can recover critical minerals from materials such as spent recycled batteries, minimises the necessity for new mining projects, and keeps these valuable resources here in Australia for reuse and out of landfills. According to the Battery Stewardship Council, up to 400 million batteries may be used in Australia, but less than 5% are recycled (excluding Lead Acid Batteries). Many of the used lithium-ion batteries find their way in kerbside bins to landfills, and the risks of fire and damage to recycling facilities around Australia are a daily problem, as are for companies and the community storing them at home or in factories.

Cobalt Blue has successfully tested samples of black mass provided by Ecobatt to extract cobalt, nickel and manganese. The testwork program is now expanding to cover the production of suitable forms of separate cobalt, nickel, manganese and lithium chemicals for onward sale for lithium-ion battery cathode manufacturing.

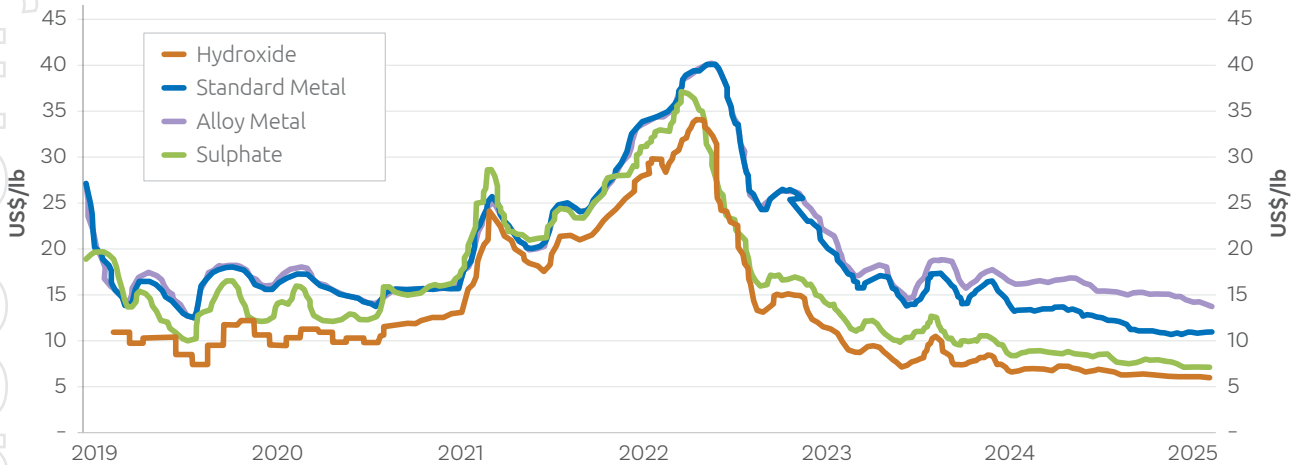
The two companies have agreed to collaborate to explore and evaluate opportunities around processing black mass into critical minerals to re-enter the battery supply chain. This partnership is built on the expectation that the result of the complementary functions will contribute to the growth of Australia's battery recycling ecosystem.

The MOU shall remain in force until 31 December 2025 unless terminated earlier by a party. A party has the right to terminate the MOU with written notice.

## Cobalt Trends

Cobalt prices ended around 20% lower over the year, once again due to global cobalt supply exceeding demand.

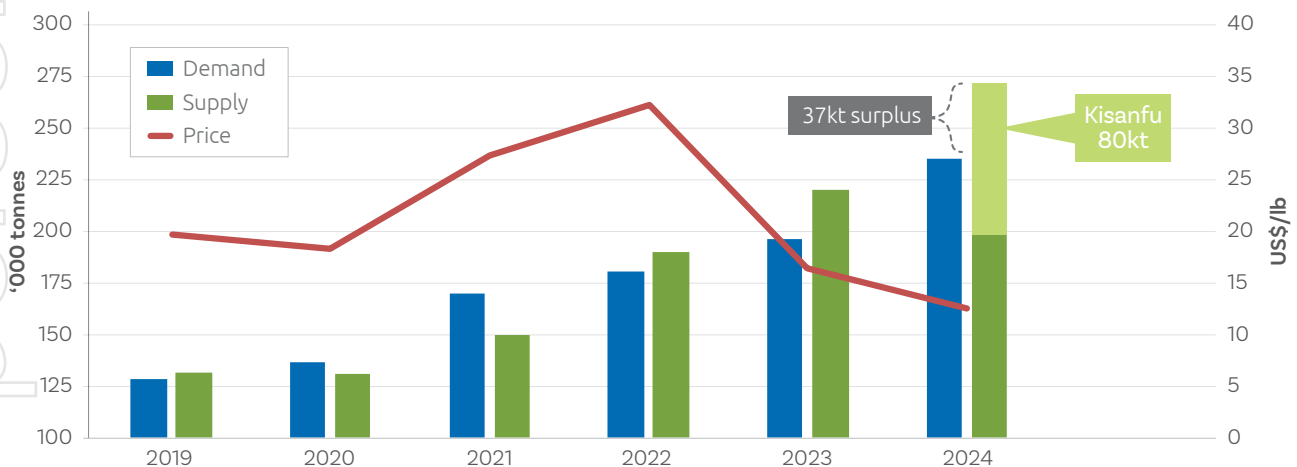
Figure 5 – Cobalt prices, US\$/lb



Source: Fastmarkets, COB

We believe the most influential factor in the ongoing price weakness was the significantly larger-than-expected supply growth from China's CMOC Group operations in the Democratic Republic of Congo (DRC). The total 2024 output of the Tenke Fungurume and Kisanfu operations was 114,165 tonnes of cobalt – vs the company's guidance of 70,000 tonnes. This 44kt 'overshoot' compares to Benchmark Mineral Intelligence's (BMI) estimated 2024 global market surplus of 37kt tonnes. This time last year, the market was expecting to enter 2025 with a much more balanced market but will now face a large supply overhang.

Figure 6 – Cobalt supply, demand and price, 2019–2024

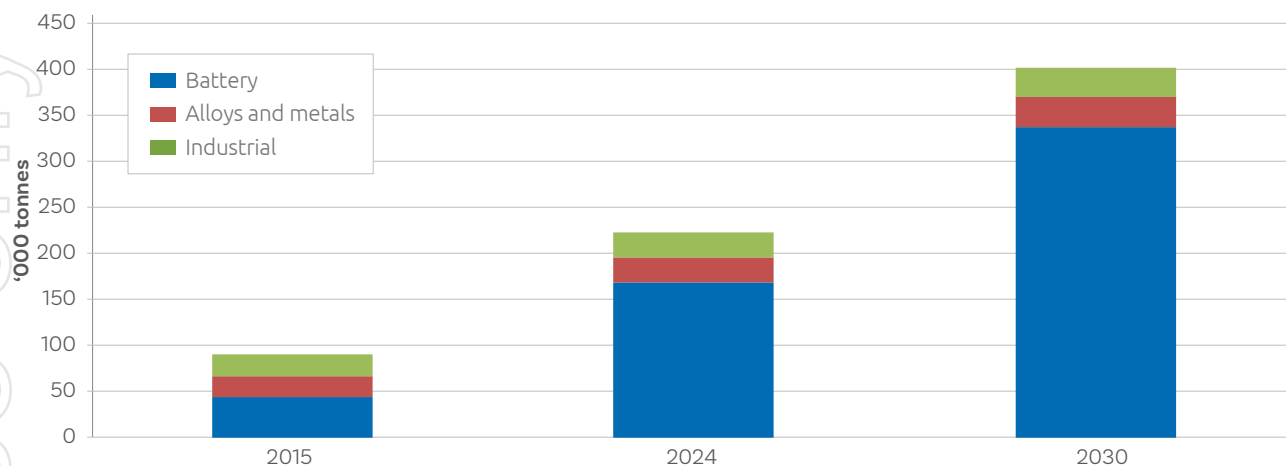


Source: Benchmark Minerals Intelligence, COB

The substantial supply growth has impacted prices over the past 1–2 years and influenced other trends. The spectre of Indonesia's large-scale cobalt supply has weighed on market sentiment since the country's expanding nickel HPAL industry rose over the last decade. However, with nickel prices also coming in much lower than expected, the pipeline of Indonesia's projects has significantly slowed as producers defer or cancel growth plans. Over the past year, BMI's forecast for Indonesian cobalt output by 2027 has dropped by almost 25kt.

From a demand perspective, 2024 was a strong year. According to BMI, global cobalt consumption rose 7%, powered by the dominant battery sector, with battery demand soaring 24%, the highest growth rate since 2021.

Figure 7– Cobalt demand by sector – demand from batteries is expected to double by 2030



Source: Benchmark Minerals Intelligence, COB

## 2025 outlook

2025 will mark the first since 2021 in which demand growth is forecast to outpace supply growth, an important transition in market dynamics. While the legacy of the past three years has left an inventory overhang that may continue to weigh on pricing, in our view growing consumption, especially in the lithium-ion battery sector, will eventually absorb the surplus and pressure prices back toward long-term averages.

## Corporate

### Entitlement Issue

On 18 November 2024, COB announced a 1:5 pro rata Entitlement Issue Offer at an offer price of \$0.072 per new share. If the Entitlement Issue is fully subscribed, approximately \$6.08m would be raised; however, given the current commodities environment, we expect a more modest outcome. The closing date for the Entitlement Issue Offer is 5:00 pm on 17 January 2025.

### Operational review

During the quarter, an operational review was undertaken, resulting in a decision to reduce the Company's current headcount. The review will result in annualised labour cost savings of approximately \$1.7m, after one-off redundancy costs of \$0.5m.

### Commercial Partner Update

Multiple project partner and offtake discussions continued during the quarter. We expect to update the market over the coming months.

### Investor and marketing presentations

COB conducted an investor webinar during the quarter. The webinar provided a business update on the Kwinana Cobalt Refinery and Remine+ activities. During the quarter, COB also presented at the International Mining and Resources Conference (IMARC). A copy of the presentation is available on COB's website.

### Expenditure and grants

COB's activities primarily relate to the KCR and BHCP. There were no activities related to production or development. During the quarter, COB incurred<sup>7</sup> \$0.8m on exploration and evaluation activities (before grant offsets), primarily relating to technical services, including demonstration plant operations and other study costs.

During the quarter, COB received a \$2.37m ATO Research and Development (R&D) rebate for the 30 June 2024 tax year. Looking forward, COB is evaluating R&D Tax incentive rebate financing to bring forward the receipt of part of its expected 2025 R&D claim.

A \$0.5m Critical Minerals Accelerator Initiative (CMAI) grant instalment is due in February 2025. The final CMAI grant instalment is due in June 2025. Subject to actual expenditure, up to \$1m is payable under the final CMAI instalment.

COB's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1, which constitutes directors' fees and salaries.

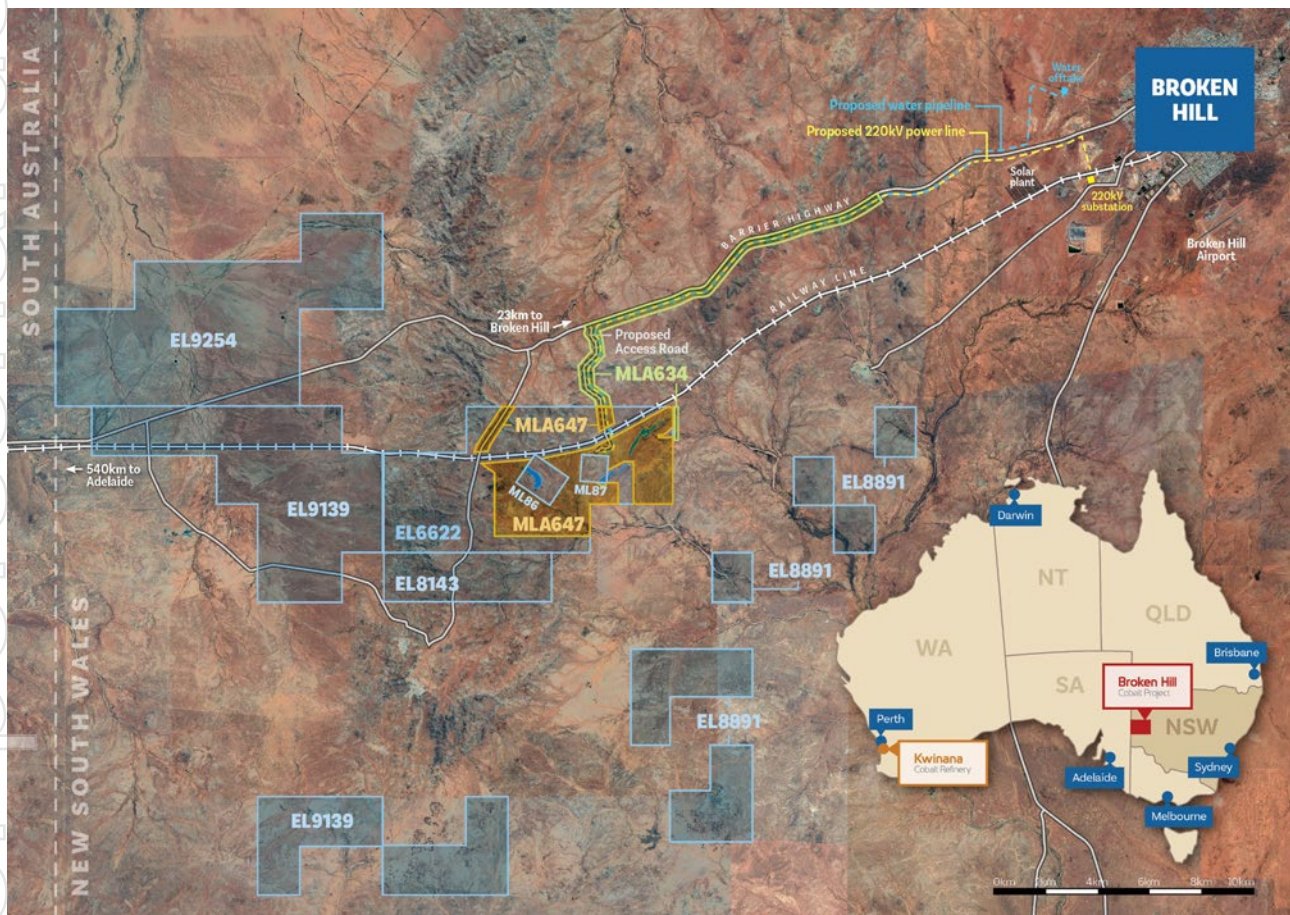
<sup>7</sup> Refers to expenditure incurred on an accounting accruals basis as distinct from expenditure reported in the Appendix 5B, which refers to expenditure on a cash basis. The amounts were extracted from the unaudited records of the COB Group.

## Tenement Holding

The COB Group held the following mining tenements at the end of the quarter:

Tenement	Location	Interest at end of quarter
EL 8891	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 6622	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 9254	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 8143	Broken Hill Region, New South Wales	100% legal and beneficial interest
EL 9139	Broken Hill Region, New South Wales	100% legal and beneficial interest
ML 86	Broken Hill Region, New South Wales	100% legal and beneficial interest
ML 87	Broken Hill Region, New South Wales	100% legal and beneficial interest

No tenements or farm-in or farm-out agreements were disposed of during the quarter.



## Cobalt Blue Background

Cobalt Blue is a mining and mineral processing company focussed on the development of a Cobalt-Nickel Refinery in Western Australia, the Broken Hill Cobalt Project in New South Wales, and Re-Mining opportunities with a view to global opportunities contained in mine waste.

This announcement contains “forward-looking statements”. All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include but are not limited to cobalt metal price volatility, timely completion of project milestones, funding availability, and government and other third-party approvals. The Company is not obligated to release any revisions to any “forward-looking statement” publicly. To the maximum extent permitted by law, COB and its respective advisers, affiliates, related bodies corporate, directors, officers, partners and employees expressly exclude and disclaim all responsibility and liability, including, without limitation, for negligence or in respect of any expenses, losses, damages or costs incurred by any person as a result of their reliance on this ASX announcement and the information in this ASX announcement being inaccurate or incomplete in any way for any reason, whether by way of negligence or otherwise.

**This announcement was approved by the Board of Directors.**

For more information, please contact:

**Joel Crane**

Investor Relations/Commercial Manager

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

COBALT BLUE HOLDINGS LIMITED

ABN

90 614 466 607

Quarter ended ("current quarter")

December 2024

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for	-	-
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(569)	(1,141)
(e) administration and corporate costs	(423)	(853)
(f) Kwinana Refinery Project expenditure	(1,107)	(2,189)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	55	129
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST received/(paid))	(16)	(311)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,060)</b>	<b>(4,367)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(638)	(1,246)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	(4)	(4)
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Research and development incentive refund & government grants)	2,379	2,379
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>1,737</b>	<b>1,129</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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 (payment of lease liabilities)	(66)	(113)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(66)</b>	<b>(113)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,780	8,742
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,060)	(4,367)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,737	1,129
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(66)	(113)

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## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,391</b>	<b>5,391</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	69	61
5.2	Call deposits	5,322	5,719
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,391</b>	<b>5,780</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	157
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

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## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>On 17 January 2020 the Company executed agreements with American Rare Earths Limited (ASX: ARR) to acquire 100% ownership and legal title of the Broken Hill Cobalt Project (including all tenements). The consideration included a \$3m secured promissory note (PN) issued to ARR. The PN is repayable as follows: \$2m on 17 January 2025 (plus interest) and \$1m (plus interest) on 1 October 2025. Once the PN is repaid in full, the security will be extinguished. The PN attracts interest at 6% pa from 17 January 2023 on the outstanding balance, payable annually in arrears or at end of term.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,060)
8.2	Payments for exploration & evaluation classified as investing activities (item 2.1(d))	(638)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,698)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,391
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,391
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.99
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer: The Company has undertaken an operational review that will result in annualised staff savings of approximately \$1.7m pa, after one-off redundancy costs of \$0.5m.</p>	

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**Appendix 5B**

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is currently conducting an Entitlement Issue to raise additional cash. In addition, the Company expects to receive additional Government Grant funding. The Company believes it will be successful in raising additional funding.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

### 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.

Date: ..16 January 2025.....

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.