COBOLD METALS LTD
AND CONTROLLED ENTITIES
ACN 623 245 205

FINANCIAL STATEMENTS

FOR THE YEAR ENDING

30 JUNE 2020

COBOLD METALS LTD
AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

The directors present their report together with the financial report of Cobold Metals Ltd ('the company') and its controlled entities ('the consolidated entity') for the year ended 30 June 2020 and the auditor's report thereon.

1. Corporate Directory

Directors

The directors of Cobold Metals Ltd (the company) at any time during or since the end of the year are:

Gregory Duncan
Paul Dickson
Richard Sandner
Anthony McGrady (Resigned 28 November 2019)

Gregory Duncan – Chief Executive Officer and Executive Director

Greg has over 30 years' experience as a mine and exploration geologist with experience in base metals, gold, platinum, uranium, diamonds and commercial minerals. Greg has worked in the Fifield district exploring for platinum, gold and nickel and on the serpentinites on the Peel Fault. His experience includes management of company exploration and as a director of several ASX listed companies.

Greg's qualifications are B.Sc., MAusIMM, MSEG, MAICD.

Paul Dickson – Non-Executive Director

Paul has over 30 years' experience in the financial services industry. He has worked with a number of stockbroking firms including Ord Minnett Ltd, Colonial Stockbroking and BNP Paribas where Paul was Head of Desk in Wholesale Stockbroking.

Paul was a founding director and shareholder of Paradigm Capital which was a boutique corporate advisory firm which raised seed capital, private equity and was the corporate advisor to two companies that listed on the ASX along with many ASX listed small and mid-cap mining companies. Paradigm was very active and successful in raising money via share placements to both sophisticated investors and institutions until it was sold in July 2007.

Paul is a consultant with Henslow Markets Pty Ltd.

Paul is currently non-executive chairman of ASX-listed Alligator Energy Ltd. Paul was a director of Proserpine Partners Pty Ltd, which is a private equity business.

Paul's qualifications are B.Ed. Grad Dip TA. Grad Dip Applied Finance and Investments (SIA). Senior Fellow Fin.

Dick Sandner – Non-Executive Director

Dick has been involved in the exploration and mining industry for over 35 years in many roles from managing director to non-executive director being involved in taking companies from exploration to mining covering the convoluted permit processes.

Dick was involved in the Mineral Council of Australia - Victorian division having been a past President.

Dick has worked in the past in a boutique corporate advisory company DDM Capital Pty Ltd which provided a range of services.

Dick's qualifications are B. Juris, LLB.

The Hon. Anthony McGrady AM – Chairman and Non-Executive Director (Resigned 28 November 2019)

Tony has lived in Mount Isa since 1964. Initially working in Public Relations with MIM, he was elected to the Mount Isa City Council in March 1973 and became Mayor of the City in 1985. In 1989 he was elected to the Queensland Parliament as member for Mount Isa and remained in that position until he retired in 2006.

During his time in the Queensland Parliament he was:

(a) Minister for Mines and Energy;
(b) Minister assisting the Premier on the Carpentaria Minerals Province;
(c) Minister for State Development and Innovation; and
(d) Speaker of the Queensland Parliament.

Upon his retirement from the Parliament he was appointed as a member of the Advisory Board of Laramide Resources (a Toronto based mining company) with mining interests in Queensland.

In 2012, he was again elected as Mayor of Mount Isa until he retired in 2016 at the end of his term. In 2016, he was appointed Independent Chairman of the TerraCom Community Consultative Committee for the establishment and re-opening of the Blair Athol Coal Mine at Clermont.

Tony has a strong interest in the resources sector and supporting mining while in office and as an advocate in the private sector.

Directors have been in office during the financial year and until the date of this report unless otherwise stated.

Directors Meetings

During the year the Company held five meetings of directors. The attendance of the directors at meetings of the Board were:

	No. of meetings attended	**Maximum possible eligible to attend***
G Duncan	5	5
P Dickson	5	5
R.Sandner	5	5
A McGrady	1	1

*Number of meetings eligible to attend while a director.

Company Secretary

Wayne Kernaghan

Wayne is a member of the Institute of Chartered Accountants in Australia with a number of years' experience in various areas of the mining industry. He is also a Fellow of the Australian Institute of Company Directors and a Chartered Secretary.

2. Principal activities

The principal activities of the consolidated entity during the course of the year were the evaluation and acquisition of mineral exploration opportunities.

There was no significant change in the nature of the activities of the company during the year.

3. Operating and financial review

The operating loss of the consolidated entity for the year ended 30 June 2020 was $139,641 (2019:$611,686).

4. Dividends

The directors do not recommend the payment of a dividend for this financial year. No dividend has been declared or paid by the Company since the end of the previous financial year.

5. Events subsequent to reporting date

In the opinion of the directors of the company, no transaction or event of a material or unusual nature has arisen in the interval between the end of year and the date of this report that affects significantly the operations of the company, the results of those operations or the state of affairs of the company in future years other than:

- The Company has raised $228,547 with the issue of 4,570,934 ordinary shares at $0.05 each
- A joint venture to acquire 99% of EL 6302 (holding the majority of the Victorian Wedderburn Goldfield) from Ostract Pty Ltd, on expenditure of A$50,000, with the remaining 1% on payment of A$100,000 when work is complete.
- A three-year Option to Purchase, E63/1972 a W.A. Heavy Rare Earths Exploration Licence, for either A$500,000 cash or at Cobold's choice, A$250,000 cash and A$250,000 of shares in a publicly listed company at 10 day VWAP price. Cobold is meeting the expenditure covenant of A$80,000 p.a.

6. Likely developments

The company will progress the evaluation and exploration of the Young Project tenements and its other exploration projects. The IPO of the Company was planned to occur prior to 31 December 2019. However, as the IPO did not proceed by this date Cobold Metals Limited is required to transfer 51% ownership of Eastern Prospector to the FUA vendors.

The Company's legal advice is that that NSW Mines Department approval is required prior to the transfer of the 51% of the issued capital of Eastern Prospector. The FUA vendors have been inactive and our understanding is that they have not yet approached the NSW Mines Department in respect to getting the approval for the transfer of shares. The Company continues to try and resolve this issue however to date has been unsuccessful so the company will have to look at other avenues to solve this issue.

Further information about likely developments in the operations of the company has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the company and given the nature of exploration and evaluation it does not have sufficient certainty.

7. Environmental regulation and performance

The consolidated entity manages various exploration licences that regulate its exploration activities. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the consolidated entity's exploration activities.

There have been no significant known breaches of licence conditions and at the date of this report, no agency has notified the company of any environmental breaches during the financial year, nor are the Directors aware of any environmental breaches.

8. Changes in state of affairs

Other than disclosed in the operating and financial review above and in the following financial statements there were no significant changes in the company's state of affairs occurred during the year.

9. Share options

No options over issued shares or interests in the company were granted during the year. As at the date of this report there are no options outstanding.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

10. Officers' indemnities and insurance

Under the constitution of the company, to the extent permitted by law the directors and officers of the company may be indemnified by the company against any liability incurred as a result of their acting in their respective capacities provided the conduct does not involve a wilful breach of duty or a contravention of S 181-184 of the Corporations Act. The indemnity extends to costs and expenses incurred by the person defending proceedings, whether civil or criminal, in which judgement is given in favour of the person or in which the person is acquitted or in connection with any application in relation to such proceedings in which the court grants relief to the person under the law.

The Company has paid premiums totalling $15,125 (2019: $15,250) in respect of directors and officers' indemnity insurance policies which cover all Directors and Officers of the Company.

11. Auditor's independence declaration

The auditor's independence declaration is set out on page 7 and forms part of the directors' report for the year ended 30 June 2020.

This report is made with a resolution of the directors:

G Duncan
Director
Dated at Brisbane 3 December 2020

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF COBOLD METALS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cobold Metals Limited and the entities it controlled during the year.

PKF BRISBANE AUDIT

CAMERON BRADLEY
PARTNER

BRISBANE
3 DECEMBER 2020

COBOLD METALS LTD
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Interest Income		266	8,589
Accountancy fees		(30,170)	(47,900)
Directors fees		-	(95,414)
Consultant fees		(19,371)	(106,787)
Rent		(6,782)	(36,200)
IPO costs written off		-	(206,724)
Other general and administrative expenses		(83,494)	(127,250)
Results from operating activities		(139,641)	(611,686)
Profit/(Loss) before income tax expense		(139,641)	(611,686)
Income tax expense	3	-	-
Net profit/(loss) for the period – attributable to Shareholders of the parent company		(139,641)	(611,686)
Other comprehensive income			
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period – attributable to the Shareholders of the parent company		(139,641)	(611,686)

The accompanying notes form part of these financial statements.

COBOLD METALS LTD
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Current assets			
Cash and cash equivalents	6	17,775	217,710
Receivables	7	2,856	29,101
Total current assets		20,631	246,811
Non-current assets			
Plant & equipment	8	2,569	3,590
Financial assets		20,000	22,800
Mineral properties	9	2,074,991	1,993,345
Total non-current assets		2,097,560	2,019,735
Total assets		2,118,191	2,266,546
Current liabilities			
Accounts payable & accruals	10	182,358	191,072
Total current liabilities		182,358	191,072
Total liabilities		182,358	191,072
Net assets		1,935,833	2,075,474
Equity			
Share capital	12	3,039,503	3,039,503
Accumulated losses		(1,103,670)	(964,029)
Total Equity		1,935,833	2,075,474

The accompanying notes form part of these financial statements.

COBOLD METALS LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Issued capital	Reserves	Accumulated losses	Total equity
Balance at 1 July 2018	3,039,503	-	(352,343)	2,687,160
Profit (loss) for the year	-	-	(611,686)	(611,686)
Balance at 30 June 2019	3,039,503	-	(964,029)	2,075,474

	Issued capital	Reserves	Accumulated losses	Total equity
Balance at 1 July 2019	3,039,503	-	(964,029)	2,075,474
Profit (loss) for the year	-	-	(139,641)	(139,641)
Balance at 30 June 2020	3,039,503	-	(1,103,670)	1,935,833

The accompanying notes form part of these financial statements.

COBOLD METALS LTD
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(121,355)	(212,520)
Interest Received		266	8,589
Net cash used in operating activities	18	(121,089)	(203,931)
Cash flows from investing activities			
Payments for financial assets (security deposits)		2,800	-
Purchase of plant and equipment		-	-
Payments for exploration and project evaluation expenses	9	(81,646)	(414,781)
Acquisition of subsidiary and costs of acquisition	4	-	(900,000)
Net cash used in investing activities		(78,846)	(1,314,781)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from share subscriptions in advance		-	-
Net cash provided by financing activities		-	-
Net (decrease)/increase in cash and cash equivalents held		(199,935)	(1,518,712)
Cash and cash equivalents at the beginning of the period		217,710	1,736,422
Cash and cash equivalents at 30 June 2020	6	17,775	217,710

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Cobold Metals Ltd is a company domiciled in Australia. The address of the company's registered office is C/- Talbot Sayer, Level 27, 123 Eagle Street, Brisbane Qld 4000. The company is a for-profit entity and is primarily involved in exploration activities.

The financial report was authorised for issue by the directors on 3 December 2020.

(b) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report complies with International Financial Reporting Standards (IFRS's) adopted by the International Accounting Standards Board (IASB).

The consolidated entity's accounting policies have been applied consistently to all periods presented in the financial report. The accounting policies have been applied consistently by all entities in the consolidated entity.

(c) Basis of measurement

The financial report is presented in Australian dollars, which is the consolidated entity's functional currency. The financial report is prepared on the historical cost basis, except for investments, which are measured at fair value.

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cobold Metals Ltd (the parent entity) and its subsidiaries at the reporting date (the "consolidated entity").

Subsidiaries
Subsidiaries are entities controlled by the consolidated entity. Control exists when the consolidated entity has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the consolidated entity.

Transactions eliminated on consolidation
Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(e) Goods and services tax

Revenues, expenses and assets are recognised net of amounts of goods and services tax (GST), except where the amount of GST incurred is not recoverable or claimed from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. Cash flows are included in the statement of cash flows on a gross basis.

(f) Cash

For purposes of the statements of cash flows, cash includes cash on hand, deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of change in value.

(g) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

1. SIGNIFICANT ACCOUNTING POLICIES

(h) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables and trade payables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: Revenue from Contracts with Customers. Trade payables are initially measured at the transaction price.

Classification and subsequent measurement
Financial assets and liabilities other than trade receivables and trade payables are subsequently measured at fair value. Trade receivables and trade payables are subsequently measured at amortised cost.

Impairment
The consolidated entity recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.
Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

(i) Property, plant and equipment

Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in the profit or loss statement.

Subsequent costs
The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES

Depreciation

Depreciation is charged to the profit or loss on a straight-line or reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

(j) Impairment

At the end of each reporting period, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(k) Asset acquisitions

In assessing the requirements of AASB 3 Business Combinations, the consolidated entity has determined that the acquisition of FUA Resources Australia Pty Ltd does not constitute a business. The principal assets acquired consist of the Young nickel cobalt project in NSW. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

(l) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting 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.

1. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity related. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and development.

(m) New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of relevant new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, is not material and have minimal impact on the financial statements.

(n) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuation of the business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity has incurred net cash outflows from operating and investing activities for the year ended 30 June 2020 of $199,935 (2019: $1,518,712). At 30 June 2020 the consolidated entity had cash and cash equivalents of $17,775 (2019: $217,710), a net current asset surplus/(deficit) of ($161,727) (2019: $55,739).

The Directors have prepared cash flow projections that support the ability of the consolidated entity to continue as a going concern. These cash flow projections assume the consolidated entity will be successful in raising additional capital to fund its operations (the company performed a capital raise subsequent to year-end raising $228,547. See note 18). The Directors are satisfied that adequate cash is now available to meet all obligations, and on that basis are satisfied that the going concern basis of preparation is appropriate.

In the event the consolidated entity does not secure additional funding, the Directors have assumed that the consolidated entity will be able to manage its expenditure sufficiently so that it will be able to pay its debts as and when they fall due.

These conditions give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern. The ongoing operation of the consolidated entity is critically dependent upon raising additional capital to fund exploration expenditure, other principal activities and working capital. In the event that the consolidated entity is not able to raise additional capital, it may not be able to continue operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial report.

(o) New and Amended Accounting Standards Adopted by the Company

AASB 16 Leases - The Company has adopted AASB 16 with the date of initial application being 1 July 2019. This standard has no impact to the Company on transition on 1 July 2019 or for the year ended 30 June 2020. The Company has short-term lease for office space and has applied the recognition exemption to these leases. The short term lease is accounted for as operating expenses and included in rent expense within the statement of changes in comprehensive income.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

2. FINANCIAL RISK MANAGEMENT

(a) Overview

The consolidated entity has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the consolidated entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Executive Director has overall responsibility for the establishment and oversight of the risk management framework and policies. The Executive Director oversees the establishment, implementation and regular review of the consolidated entity's risk management system and to this end has adopted risk management policies to protect the assets and undertakings of the consolidated entity.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Executive Director oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

Financial risk is managed by the whole board.

(b) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The consolidated entity's exposure to credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation. The consolidated entity monitors its cash holdings on a regular basis in relation to actual cash flows, financial obligations and planned activities in order to manage liquidity risk.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices, will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The consolidated entity is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of its subsidiaries, which are Australian dollar (AUD). The consolidated entity's exposure to market risk is minimal.

3. TAXATION

	30 June 2020 $	30 June 2019 $
Numerical reconciliation of income tax expense		
(a) Income tax expense recognised in the income statement		
Loss before tax	139,641	611,686
Prima facie income tax benefit using the domestic corporation tax rate (27.5%)	38,401	168,214
Deferred tax assets not recognised:		
Current period losses	38,401	168,214
Income tax expense on pre-tax net profit	-	-
(b) Unrecognised deferred tax assets		
Unused tax losses for which no deferred tax asset has been recognised	1,109,528	969,887
Potential tax benefit @ 27.5%	305,120	266,719

4. ASSET ACQUISITION

During a previous financial period, the 100% owned subsidiary, Eastern Prospector Pty Ltd, finalised a Sale & Purchase agreement to purchase FUA Resources Pty Ltd to which Cobold Metals Ltd was a party. FUA Resources Pty Ltd owns two exploration permits which comprise the Young nickel-cobalt project. The agreement was completed on 8 June 2018.

The consolidated entity has determined that the assets acquired did not meet the definition of a business defined in the Australian Accounting Standards as at the date of acquisition and therefore is not a business combination. The acquisition has been accounted for as an asset acquisition.

Further consideration:
In addition to the contracted payment amounts already paid, the Sale and Purchase agreement provides for an issue of securities to the value of $2,000,000 to the vendors of FUA upon the completion of an IPO. The securities comprise one share and one option for every two shares. The IPO was to occur prior to 31 December 2019. However, as the IPO did not proceed by this date under the terms of the purchase agreement, Cobold Metals Limited is required to transfer 51% ownership of Eastern Prospector to the FUA vendors.

The Company's legal advice is that that NSW Mines Department approval is required prior to the transfer of the 51% of the issued capital of Eastern Prospector. The FUA vendors have been inactive and our understanding is that they have not yet approached the NSW Mines Department in respect to getting the approval for the transfer of shares. The Company continues to try and resolve this issue however to date has been unsuccessful so the company will have to look at other avenues to solve this issue.

Royalties of 1% NSR on Nickel and 2% NSR on Cobalt are also payable on any future production from the areas covered by the agreement

Contingent consideration:
There are a number of contingent payments to be made to the vendors of FUA on the occurrence of certain events. The amounts and events are detailed below.

$250,000	Contingent payment upon the announcement of a JORC Resource of 40m lb Co of inferred category on the EL's owned by FUA,
$500,000	Contingent payment upon the announcement of a JORC Resource of 40m lb Co of indicated category on ELs owned by FUA,
$2,000,000	Contingent payment by way of the issue of shares and options to this value upon the announcement of a JORC Resource of 80m lb Co of indicated category on EL's owned by FUA.
$3,000,000	Contingent payment upon the commencement of commercial production from the tenements.

The items classed as Further consideration and Contingent consideration have not been taken into account in calculating the cost of the asset acquisition as at the date of this report.

5. AUDITOR'S REMUNERATION

Audit Services are provided by PKF Brisbane Audit	30 June 2020 $	30 June 2019 $
Audit and review of the financial statements	12,500	12,500
Other services - IPO	-	24,000
	12,500	36,500

6. CASH AND CASH EQUIVALENTS

	30 June 2020 $	30 June 2019 $
Cash at bank and on hand	17,775	217,710

7. TRADE AND OTHER RECEIVABLES

	30 June 2020 $	30 June 2019 $
GST receivable	2,318	28,563
Other	538	538
	2,856	29,101

8. PLANT AND EQUIPMENT

	30 June 2020 $	30 June 2019 $
Plant and equipment at cost	5,593	5,593
Depreciation accrued	(3,024)	(2,003)
	2,569	3,590

9. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2020	30 June 2019
Mining tenements		
Opening balance	1,993,345	1,578,564
Asset acquisition	-	-
Expenditure for the period	81,646	414,781
Closing balance	2,074,991	1,993,345

Acquisition of Young Nickel Cobalt Project
During the previous financial period the Young nickel-cobalt project was acquired within the consolidated entity. A further description of this transaction is in note 4.

The IPO of the Company was to occur prior to 31 December 2019. However, as the IPO did not proceed by this date, Cobold Metals Limited is required under the purchase agreement to transfer 51% ownership of Eastern Prospector to the FUA vendors.

The Company's legal advice is that that NSW Mines Department approval is required prior to the transfer of the 51% of the issued capital of Eastern Prospector. The FUA vendors have been inactive and our understanding is that they have not yet approached the NSW Mines Department in respect to getting the approval for the transfer of shares. The Company continues to try and resolve this issue however to date has been unsuccessful so the company will have to look at other avenues to solve this issue.

10. ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2020 $	30 June 2019 $
Accounts Payable	27,110	42,006
Accruals	155,248	149,066
Payable to vendors of FUA Resources Pty Ltd (see Note 4)	-	-
	182,358	191,072

11. COMMITMENTS

Exploration tenement expenditure requirements
In order to maintain current rights to tenure of exploration tenements, the consolidated entity will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. It is likely that variations to the terms of the current and future tenement holdings, the granting of new tenements and changes at renewal or expiry, will change the expenditure commitments for the consolidated entity from time to time.

These outlays (exploration expenditure and rent) which arise in relation to granted tenements inclusive of tenement applications granted subsequent to 31 December 2015 but not recognised as liabilities are as follows:-

	30 June 2020 $	30 June 2019 $
Not longer than 1 year	142,000	107,000
Longer than 1 year and not longer than 5 years	175,000	321,000
Longer than 5 years	-	-
	317,000	428,000

12. CAPITAL AND RESERVES

Ordinary shares
The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Ordinary shareholders have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

The company recorded the following amounts within shareholders' equity as a result of having issued ordinary shares.

	Number of ordinary shares 2020	Number of ordinary shares 2019	Share capital 2020 $	Share capital 2019 $
Opening Balance	43,333,372	65,000,004	3,039,503	3,039,503
Share consolidation on a 2 for 3 basis	-	(21,666,632)	-	-
Capital raising costs	-	-	-	-
Closing Balance	43,333,372	43,333,372	3,039,503	3,039,503

During the previous year there was a share consolidation on a 2 for 3 basis.

There were no options over ordinary shares during or at the end of the financial year.

13. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Cobold Metals Ltd) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the consolidated entity. The proportion of ownership interest held equals the voting rights held by the consolidated entity. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal Place of Business	Ownership Interest held
Eastern Prospector Pty Ltd	Australia	100%
FUA Resources Pty Ltd	Australia	100%

The IPO of the Company was to occur prior to 31 December 2019. However, as the IPO did not proceed by this date, Cobold Metals Limited is required under the purchase agreement to transfer 51% ownership of Eastern Prospector Pty Ltd to the FUA vendors. Eastern Prospector Pty Ltd owns 100% of FUA Resources Pty Ltd.

The Company's legal advice is that that NSW Mines Department approval is required prior to the transfer of the 51% of the issued capital of Eastern Prospector. The FUA vendors have been inactive and our understanding is that they have not yet approached the NSW Mines Department in respect to getting the approval for the transfer of shares. The Company continues to try and resolve this issue however to date has been unsuccessful so the company will have to look at other avenues to solve this issue.

14. RELATED PARTY TRANSACTIONS

During the year the following related party transactions occurred

Directors' fees were paid to non-executive Directors. The former company Chairman the Hon A.M McGrady was paid $Nil (2019: $38,750) with $28,750 (2019: $28,750) relating to current and/or prior year fees remaining outstanding at year end. Each of the other directors, Mr P Dickson and Mr R Sandner received $Nil (2019: $28,333) with $21,667 (2019: $21,667) relating to current and/or prior year fees remaining outstanding at year end. The amounts include statutory superannuation.

During the year Mr P Dickson became a consultant with a company, Henslow Markets Pty Ltd, that provides IPO services to Cobold. The arrangement with Henslow was in place prior to Mr Dickson becoming a consultant and Mr Dickson does not receive any benefits from Henslow in regard to their work with Cobold.

A company associated with Director, Mr G Duncan invoiced $58,210 (2019: $178,100) for managerial and geological services provided to the company. As at year end, $67,815 (2019: $75,350) relating to current and/or prior year fees remained outstanding.

The company had a loan owing to Mr Duncan as at 30 June 2020 of $Nil (2019: $6,318). It was utilised to pay the operating expenses of the company. The loan was interest free with no fixed term of repayment and was repaid during the 2020 financial year.

15. FINANCIAL INSTRUMENTS

Exposure to credit risk, currency risk and liquidity risk arises in the normal course of the company's operations.

Credit risk
At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk
At reporting date there were no significant concentrations of liquidity risk. The company's liquidity risk arises from its trade payables and other payables as presented in the statement of financial position. The maturity of these payables is less than 6 months.

16. PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of financial position	**30 June 2020**	**30 June 2019**
	$	**$**
ASSETS		
Current assets	15,842	181,573
Non-current assets	2,428,673	2,364,799
Total assets	2,444,515	2,546,372
LIABILITIES		
Current Liabilities	182,171	181,724
Total liabilities	182,171	181,724
EQUITY		
Issued capital	3,039,503	3,039,503
Accumulated losses	(777,160)	(674,855)
Total Equity	2,262,343	2,364,648
Statement of profit or loss and other comprehensive income		
Total loss	(102,305)	(507,334)
Total comprehensive losses	(102,305)	(507,344)

Guarantees
The parent entity has guaranteed the obligations of Eastern Prospector Pty Ltd in terms of the Share Purchase Agreement for the FUA Resources Pty Ltd acquisition.

Contingent liabilities
The parent entity had no contingent liabilities, other than those in terms of the Eastern Prospector Pty Ltd guarantee discussed above as at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17. SUBSEQUENT EVENTS

In the opinion of the directors of the company, no transaction or event of a material or unusual nature has arisen in the interval between the end of period and the date of this report that affects significantly the operations of the company, the results of those operations or the state of affairs of the company in future years other than:

- The Company has raised $228,547 with the issue of 4,570,934 ordinary shares at $0.05 each
- A joint venture to acquire 99% of EL 6302 (holding the majority of the Victorian Wedderburn Goldfield) from Ostract Pty Ltd, on expenditure of A$50,000, with the remaining 1% on payment of A$100,000 when work is complete.
- A three-year Option to Purchase, E63/1972 a W.A. Heavy Rare Earths Exploration Licence, for either A$500,000 cash or at Cobold's choice, A$250,000 cash and A$250,000 of shares in a publicly listed company at 10 day VWAP price. Cobold is meeting the expenditure covenant of A$80,000 p.a.

18. RECONCILIATION OF LOSS AFTER INCOME TAX TO CASH USED IN OPERATING ACTIVITIES

	30 June 2020 $	30 June 2019 $
Loss after income tax expense for the year	(139,641)	(611,686)
Non-cash items in profit and loss		
- Depreciation	1,021	1,460
- IPO costs written off	-	150,176
Change in operating assets and liabilities:		
Decrease/(Increase) in receivables	26,245	257,910
(Decrease)/Increase in payables	(8,714)	(1,791)
Net cash used in operating activities	(121,089)	(203,931)

Directors' declaration

1. In the opinion of the directors of Cobold Metals Ltd ("the company")

   (a) the financial statements and notes that are set out on pages 8 to 23 are in accordance with the *Corporations Act 2001*, including:

      i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

      ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (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.

2. The directors draw attention to Note 1(b) to the financial statements which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

G Duncan
Director

Dated at Brisbane 3 December 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COBOLD METALS LIMITED

Opinion

We have audited the accompanying financial report, of Cobold Metals Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity, comprising the company and entities it controls at year end or from time to time during the financial year.

In our opinion the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b) 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 Responsibility for the audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the audit 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 (Including Independence Standards)* (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.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1(n) in the financial report.

The ability of the consolidated entity to continue as a going concern is dependent upon raising additional funding from shareholders or other parties and/or reducing expenditure in line with available funding. These conditions, along with other matters as set forth in Note 1(n), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Directors' Responsibilities 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.

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In preparing the financial report, the Directors are responsible for assessing the company's ability 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 company or to cease operations, or have 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

PKF BRISBANE AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

3 DECEMBER 2020
BRISBANE