COBOLD METALS LTD
AND CONTROLLED ENTITIES
ACN 623 245 205

FINANCIAL STATEMENTS

FOR THE PERIOD ENDING

30 JUNE 2018

COBOLD METALS LTD
AND CONTROLLED ENTITIES
ACN 623 245 205
DIRECTORS REPORT

The directors present their report together with the financial report of Cobold Metals Ltd ('the company') and its controlled entities ('the group') for the period ended 30 June 2018 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 period are:

Gregory Duncan
Paul Dickson
Anthony McGrady
Richard Sandner

The Hon. Anthony McGrady AM – Chairman and Non-Executive Director

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.

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 currently non-executive chairman of the ASX listed Terrain Minerals Ltd and non-executive director 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.

Directors have been in office since the date of incorporation to the date of this report unless otherwise stated.

Directors Meetings

There have been three directors meetings held during the period and all directors have attended all of these meetings.

Company Secretary

Evan Hughes

Evan is a chartered accountant with 30 years' experience in the mining industry. His previous positions include chief executive officer of CH Warman Dubai and managing director of L&M Mining Ltd in New Zealand. Evan has acted as company secretary for Alligator Energy Ltd.
Evan is a member of Chartered Accountants Australia & New Zealand.

2. Principal activities

The company was incorporated on 8 December 2017. The principal activities of the group during the course of the period 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 period.

3. Operating and financial review

Following the incorporation of the Company it acquired the shares of Eastern Prospector Pty Ltd which held rights to acquire the Young nickel-cobalt project in New South Wales.
The company raised $3,000,000 capital in February 2018 to fund the acquisition and progress the company toward a public listing on the ASX.
In June the acquisition of the company, FUA Resources Pty Ltd, which held the Young project tenements was completed by Cobold's subsidiary, Eastern Prospector Pty Ltd.
The operating loss of the group for the period ended 30 June 2018 was $352,343.

4. Dividends

No dividends have been paid, and the directors do not recommend the payment of a dividend for the period ending 30 June 2018.

5. Events subsequent to reporting date

The company held a shareholders meeting on 10 August 2018 and approved a resolution to change the company's share capital by way of a 2 shares for every 3 shares held share consolidation.

Other than the matters disclosed above, 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.

6. Likely developments

The company plans to finalise an IPO on the Australian stock exchange.
The company will also progress the evaluation and exploration of the Young Project tenements.

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 group 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 group'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

The company was incorporated on 8 December 2017. 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 period.

9. Share options

No options over issued shares or interests in the company were granted during the period. 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.

No directors and officers indemnity insurance policies were held up to the period ended 30 June 2018, and no premiums were paid during the year by the company. However, a policy has been entered into by the company subsequent to 30 June.

11. Auditor's independence declaration

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the period ended 30 June 2018.

This report is made with a resolution of the directors:

G Duncan
Director
Dated at Brisbane this 27 th day of September 2018

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

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2018, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF Hacketts

PKF HACKETTS AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

27 SEPTEMBER 2018
BRISBANE

PKF Hacketts Audit
ABN 33 873 151 348

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COBOLD METALS LTD
AND CONTROLLED ENTITIES
ACN 623 245 205

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	Note	Period Ended 30 June 2018 $
Interest Income		1,152
Accountancy fees		(29,365)
Directors fees		(58,330)
Consultant fees		(122,688)
Rent		(18,000)
Other general and administrative expenses		(125,112)
Results from operating activities		(352,343)
Profit/(Loss) before income tax expense		(352,343)
Income tax expense	3	-
Net profit/(loss) for the period – attributable to Shareholders of the parent company		(352,343)
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		(352,343)

The accompanying notes form part of these financial statements.

COBOLD METALS LTD
AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 $
Current assets		
Cash and cash equivalents	6	1,736,422
Receivables	7	287,011
Other current assets	8	150,176
Total current assets		2,173,609
Non-current assets		
Plant & equipment	9	5,050
Financial assets		22,800
Mineral properties	10	1,578,564
Total non-current assets		1,606,414
Total assets		3,780,023
Current liabilities		
Accounts payable & accruals	11	1,092,863
Total current liabilities		1,092,863
Total liabilities		1,092,863
Net assets		2,687,160
Equity		
Share capital	13	3,039,503
Accumulated losses		(352,343)
Total Equity		2,687,160

The accompanying notes form part of these financial statements.

COBOLD METALS LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018

	Issued capital	Reserves	Accumulated losses	Total equity
Balance at 8 December 2017	4	-	-	4
Issue of shares for Eastern Prospector Pty Ltd	239,667	-	-	239,667
Issue of shares	3,000,000	-	-	3,000,000
Costs of issue	(200,168)	-	-	(200,168)
Profit (loss) for the period	-	-	(352,343)	(352,343)
Balance at 30 June 2018	3,039,503	-	(352,343)	2,687,160

The accompanying notes form part of these financial statements.

COBOLD METALS LTD
AND CONTROLLED ENTITIES
ACN 623 245 205

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	Note	Period Ended 30 Jun 2018 $
Cash flows from operating activities		
Cash paid to suppliers and employees		(325,394)
Interest Received		1,152
Net cash used in operating activities	19	(324,242)
Cash flows from investing activities		
Payments for financial assets (security deposits)		(22,800)
Purchase of plant and equipment		(5,594)
Payments for exploration and project evaluation expenses		(117,097)
Acquisition of subsidiary and costs of acquisition		(518,465)
Net cash used in investing activities		(663,956)
Cash flows from financing activities		
Proceeds from issue of shares		3,049,755
Proceeds from share subscriptions in advance		(325,135)
Net cash provided by financing activities		2,724,620
Net increase in cash and cash equivalents held		1,736,422
Cash and cash equivalents at 8 December 2017		-
Cash and cash equivalents at 30 June 2018	6	1,736,422

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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 company was incorporated on 8 December 2017.

The financial report was authorised for issue by the directors on 27th September 2018.

(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 company'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 company.

(c) Basis of measurement

The financial report is presented in Australian dollars, which is the company'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 "Group").

Subsidiaries
Subsidiaries are entities controlled by the company. Control exists when the company 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 company.

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

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, available for sale financial assets and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss statement, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Share capital
Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

Dividends are recognised as a liability in the period in which they are declared.

(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 company 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 company 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.

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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

Financial asset
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For investment in equity securities, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, and the current fair value, less any impairment loss previously recognised in profit or loss. If there is any subsequent recovery in the fair value of an impaired available-for-sale equity security it is recognised in other comprehensive income.

Non-financial assets
The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the profit or loss statement. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

1. SIGNIFICANT ACCOUNTING POLICIES

(k) Asset acquisitions

In assessing the requirements of IFRS 3 Business Combinations, the Group 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 company 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.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant are set out below.

AASB 9 Financial Instruments
AASB 9, published July 2014, replaces existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139.

1. SIGNIFICANT ACCOUNTING POLICIES

AASB 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The company does not plan to adopt this standard early and the extent of the impact has not been determined.

(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 ability of the company to continue as a going concern is principally dependent upon raising additional capital to fund exploration expenditure, other principal activities and working capital. Subsequent to period-end the company intends to raise capital by undertaking an IPO and listing on the Australian Stock Exchange. 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.

2. FINANCIAL RISK MANAGEMENT

(a) Overview

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

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

This note presents information about the company'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 company's risk management system and to this end has adopted risk management policies to protect the assets and undertakings of the company.

Risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities.

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

Financial risk is managed by the whole board.

(b) Credit risk

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

2. FINANCIAL RISK MANAGEMENT

(c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company'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 company's reputation. The company 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 company'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 company 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 company's exposure to market risk is minimal.

3. TAXATION

	30 June 2018 $
Numerical reconciliation of income tax expense	
(a) Income tax expense recognised in the income statement	
Loss before tax	352,343
Prima facie income tax using the domestic corporation tax rate (27.5%)	96,894
Deferred tax assets not recognised:	
Current period losses	96,894
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	358,201
Potential tax benefit @ 27.5%	98,505

4. ASSET ACQUISITION

During the 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 8th June 2018.

The Group 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.

4. ASSET ACQUISITION

A summary of the consideration and other contingent payments are as follows:

- $100,000 Deposit which was paid in December 2017.
- $200,000 Payable on Completion following ministerial approval for the change in ownership of the tenements.
- $250,000 Payable 3 months after completion.
- $700,000 Payable 6 months after completion, or 10 days after completion of an IPO.

Further consideration:
In addition to the contracted payment amounts noted above, 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.
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.

Relative fair value of assets acquired and liabilities assumed as at 8th June 2018 are as follows:	**30 June 2018**
	$
Purchase consideration paid or raised as an account payable	1,250,000
Acquisition costs	213,728
Total Purchase consideration	1,463,728
Net assets acquired	
Cash	4,218
Financial Assets (security deposits)	20,000
Liabilities – loans outstanding	(21,957)
Exploration and evaluation assets	1,461,466
Net assets acquired	1,463,778

5. AUDITOR'S REMUNERATION

Audit Services are provided by PKF Hacketts Audit	**30 June 2018**
	$
Audit and review of the financial statements	15,000
Other services - IPO	43,000
	58,000

6. CASH AND CASH EQUIVALENTS

	30 June 2018 $
Cash at bank and on hand	1,736,522

7. TRADE AND OTHER RECEIVABLES

	30 June 2018 $
GST receivable	86,762
Other	200,249
	287,011

8. OTHER CURRENT ASSETS

	30 June 2018 $
Capital raising costs	150,176

Capital raising costs are costs incurred relating to the proposed IPO which will be transferred against Capital raised when the transaction has been completed.

9. PLANT AND EQUIPMENT

	30 June 2018 $
Plant and equipment at cost	5,593
Depreciation accrued	(543)
	5,050

10. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2018 $
Mining tenements	
Asset acquisition	1,461,466
Expenditure for the period	117,098
	1,578,564

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

11. ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2018 $
Accounts Payable	111,864
Accruals	31,000
Payable to vendors of FUA Resources Pty Ltd (see Note 4)	950,000
	1,092,864

12. COMMITMENTS

Exploration tenement expenditure requirements

In order to maintain current rights to tenure of exploration tenements, the Group 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 Company 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 2018 $
Not longer than 1 year	70,000
Longer than 1 year and not longer than 5 years	470,000
Longer than 5 years	-
	540,000

13. 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	Share capital $
Opening Balance at 8 December 2017	-	-
Shares Issued upon incorporation	4	4
Shares issued in share for share swap with Eastern Prospector vendors	25,000,000	239,667
Shares Issued upon capital raising	40,000,000	3,000,000
Capital Raising costs	-	(200,168)
Balance at 30 June 2018	65,000,004	3,039,503

The company acquired the shares of Eastern Prospector Pty Ltd through a share swap with the Eastern Prospector shareholders by means of a rollover of shares in equal proportions into Cobold Metals Ltd.

Cobold Metals Ltd raised capital of $3,000,000 in February 2018 in order to progress the plans of the Group.

Following the end of the period there was a consolidation of the number of shares approved by shareholders at a general meeting. For more detail refer to note 18.

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

14. 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 Group. The proportion of ownership interest held equals the voting rights held by the Group. 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%

15. RELATED PARTY TRANSACTIONS

During the period the following related party transactions occurred

Directors fees were paid to non-executive Directors. The company Chairman the Hon A.M McGrady was paid $22,830 and each of the other directors, Mr P Dickson and Mr R Sandner received $15,220. Statutory superannuation was paid in addition to these amounts.

Following the period ended 30 June 2017 Mr P Dickson was engaged ona consulting basisby Henslow Markets Pty Ltd. Henslow have been contracted since December 2017 as Lead Manager for the proposed Cobold IPO. Mr Dickson's role, responsibility and remuneration at Henslow is not related to Cobold.

A company associated with Director, Mr G Duncan invoiced $86,950 for managerial and geological services provided to the company.

The company had a loan owing to Mr Duncan as at 30 June 2018 of $6,318. The funds have been utilised to pay the operating expenses of the company. The loan is interest free with no fixed term of repayment.

16. 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.

17. 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 2018**
	$
ASSETS	
Current assets	2,098,789
Non-current assets	909,814
Total assets	3,008,603
LIABILITIES	
Current Liabilities	136,621
Total liabilities	136,621
EQUITY	
Issued capital	3,039,503
Accumulated losses	(167,521)
Total Equity	2,871,982
Statement of profit or loss and other comprehensive income	
Total loss	(167,521)
Total comprehensive losses	(167,521)

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 2018.

18. SUBSEQUENT EVENTS

The company held a shareholders meeting on 10 August 2018 and approved a resolution to change the company's share capital by way of a 2 shares for every 3 shares held share consolidation.

Other than the matters disclosed above, 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.

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

	30 June 2018 **$**
Loss after income tax expense for the year	(352,343)
Non-cash items in profit and loss	
- Depreciation	543
Change in operating assets and liabilities:	
(Increase) in receivables	(28,291)
Increase in payables	56,479
Net cash used in operating activities	(324,242)

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 10 to 16 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 2018 and of its performance for the period 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 this 27th day of September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COBOLD METALS LTD

Opinion

We have audited the accompanying financial report of Cobold Metals Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 2018 and of its performance for the period 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period ended 30 June 2018, but does not include the financial report and our auditor's report thereon. The other Information we obtained prior to the date of this Auditor's Report was the Directors' Report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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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.

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 a 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 responsibility is to express an opinion on the financial report based on our audit. 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 http://www.auasb.gov.au/Home.apsx. This description forms part of our auditor's report.

PKF Hacketts

PKF HACKETTS AUDIT

C Bradley

CAMERON BRADLEY
PARTNER
DATED THIS 27TH DAY OF SEPTEMBER 2018
BRISBANE