



29 November 2019

ASX Market Announcements

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

Dear Shareholders,

In May 2018, when we acquired projects for exploration of cobalt and base metals in emerging cobalt mining regions in New South Wales and Queensland there was great enthusiasm for battery minerals investment, based on general expectation of future demand from mega factories for electric vehicles.

However, the market for cobalt has since collapsed from a high of US\$90,000 a tonne to as low as mid US\$20,000 due to oversupply and a perception that demand will not rise as fast as expected with slower take up of electric vehicles worldwide. The price of cobalt has now recovered to mid \$30,000 following closure of certain mines in Africa.

We continue to believe there will be a greater use of electric vehicles worldwide over the next few years and a bright future for cobalt demand in the next 2 to 5 years.

The licences that we have in Broken Hill look promising for cobalt and zinc and we will continue exploration in those areas. We are also awaiting grant of the Brungle Creek licence in NSW which has potential for cobalt and chromium. Hopefully, we achieve success when the battery minerals market recovers.

The licences that we have been granted in Queensland during the year have not met our expectations following studies and exploration. Therefore, we have relinquished the Greenvale exploration licences this month rather than continue to burn cash in these areas. We are yet to decide on the future of the Mt Tewoo project. Our approach is to preserve capital and not continue in less than promising projects solely to satisfy work commitments of a licence to its full duration.



Our share market price has suffered like many others in cobalt exploration and development. Our low market capitalisation has attracted approaches from many promoters wishing to vend in their projects, varying in technology, medical devices, gold and minerals exploration. We consider all projects that are put to us on their merits that would benefit existing shareholders. To date all projects presented have been unsuitable, being overpriced and/or seeking a detrimental capital structure for our existing shareholders.

The licences that we hold are greenfield exploration that take time to develop. We will consider diversifying investment in sectors other than mineral exploration with shorter time frames for financial results subject to not making a significant change in the nature of business of the Company and satisfying the requirements of the ASX listing rules, provided that the cost of doing so is not excessive.

The recent share purchase plan offer to existing shareholders has been well supported providing adequate general working capital having regards to our low operations cash burn. The proposed motion seeking approval of shareholders at this Annual General Meeting for new equity capital raisings in the next 3 months is well supported based on the proxies that have been received.

I wish to thank our shareholders for their continued support and for attending today's meeting.

Boris Patkin,
Chairman.