



COLLERINA
Cobalt Limited

ABN 79 106 879 690

Interim Financial Report
for the half-year ended 31 December 2017

Corporate Information

ABN 79 106 879 690

Directors

Norman A. Seckold - Chairman
Justin C. Werner - Managing Director
Rimas Kairaitis - Director
Peter J. Nightingale - Director
Anthony Sgro - Director

Company Secretary

Richard J. Edwards

Principal Place of Business and Registered Office

Level 2, 66 Hunter Street
Sydney NSW 2000
Australia

Auditors

KPMG
Level 16, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

Bankers

Westpac Bank
Market & Clarence Streets
Sydney NSW 2000

Solicitors

DLA Piper Australia
No. 1 Martin Place
Sydney NSW 2000

Share Registry

Computershare
117 Victoria Street
West End QLD 4101

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Collerina Cobalt Limited and its controlled entities

Directors' Report

The Directors of Collerina Cobalt Limited ('Collerina' or 'the Company') and its subsidiaries ('the Group') submit their report for the half-year ended 31 December 2017 and the Audit report thereon.

DIRECTORS

The names of the Directors of the Company in office during the half-year period and until the date of this report were:

Norman A. Seckold – Director since 30 November 2009
Peter J. Nightingale – Director since 30 November 2009
Justin C. Werner – Director since 23 December 2010
Rimas Kairaitis – Director since 1 November 2017
Anthony Sgro – Director since 1 November 2017

RESULTS

The loss of the Group for the half-year after providing for income tax amounted to \$1,325,532 (2016 - loss of \$505,103).

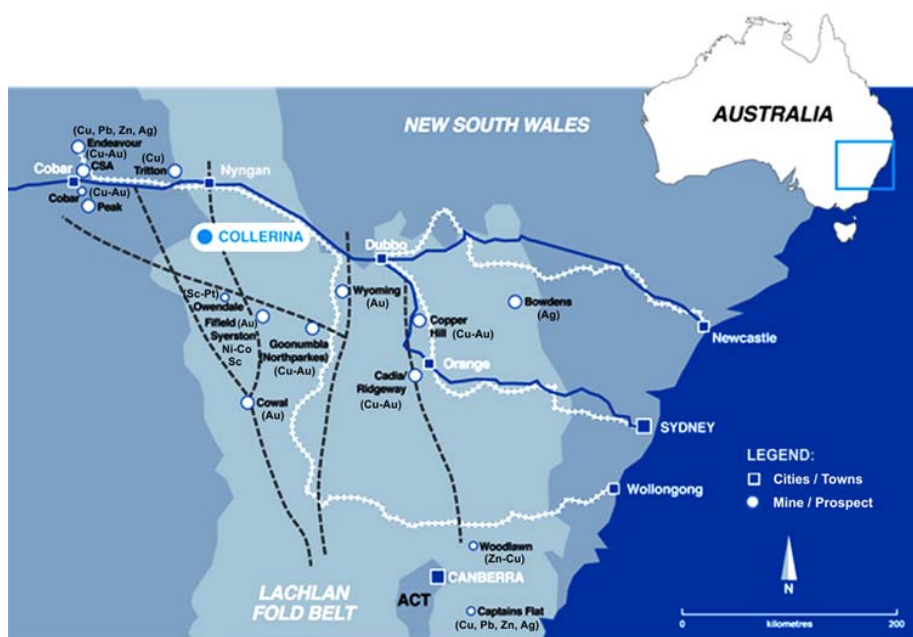
REVIEW OF OPERATIONS

COLLERINA COBALT

Collerina Cobalt ('Collerina Cobalt' or 'the Company') is an ASX-listed mineral exploration and development company focused on advancing its 100% owned Collerina HPA-nickel-cobalt project in central NSW. The Company also has a pipeline of exploration projects in Chile and Indonesia.

COLLERINA PROJECT - NSW (Collerina Cobalt - 100% owned and partly subject to farm-out)

The Collerina project is located 40 kilometres south of Nyngan in central NSW, covering an area of 150km² within the Fifield Platinum Province.



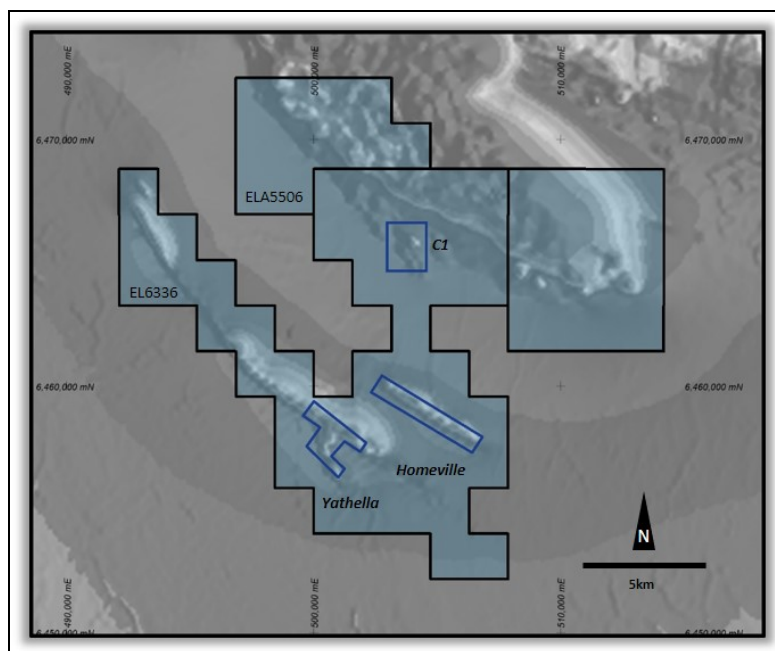
Collerina project situated about 40 kilometres south of Nyngan, NSW.

Collerina Cobalt Limited and its controlled entities

Directors' Report

The project contains the Homeville HPA-nickel-cobalt deposit with a currently reported JORC 2004 compliant resource of 16.3 Mt at 0.93% nickel and 0.05% cobalt based on a cut-off of 0.7% nickel (4.4 million tonnes Indicated resource of 0.99% nickel and 0.06% cobalt and 11.9 million tonnes Inferred resource of 0.91% nickel and 0.05% cobalt).

The Company is advancing the Collerina Project with a view to demonstrating a commercial operation producing HPA and nickel-cobalt products for sale. In the half year, the Company successfully completed acid leach testwork, proof-of-concept production of HPA, and also commenced larger scale testwork as part of a Pre-Feasibility Study.



Plan of the Collerina licence area (EL 6336 & ELA 5506) showing the Homeville, Yathella and C1 prospect areas.

Counter Current Atmospheric Leaching Testwork

As part of a second phase of Counter Current Atmospheric Leaching (CCAL) testwork, approximately 45 kg of composite feed was prepared by combining these composite ore samples. As 100% of the ore samples passed screening at 250 microns, no crushing was deemed necessary.

The assays of the test composite is summarised as follows:

	Al	Co	Cr	Fe	Mg	Ni	Si
	%	%	%	%	%	%	%
Feed Composite	4.8	0.06	0.8	23.7	6.5	1.0	14.9

Collerina Cobalt Limited and its controlled entities

Directors' Report

Atmospheric Leach Testwork

Process

The leaching testwork simulated the first and second stages of a CCAL process, using synthetic liquors.

In the first stage, fresh ore was leached in a lower free acid solution, leaching the readily leachable material and producing a pregnant leach solution with relatively low residual acidity. The leach residue solids from the first stage were washed and forwarded to the second stage of leaching in which concentrated sulphuric acid was used and the more tenacious material leached by the higher concentration of acid. The leach solution from the second stage, with a much higher residual acid concentration, was then recycled to the first stage leach as the main acid source.

Leaching Results

Four CCAL tests (two for each stage) were completed. For the first stage 1 test (LT11), ferric and magnesium sulphate were added to adjust the composition of the leach solution to represent the major metal sulphate concentrations in the recycle from stage 2, based on a prediction from the METSIM® model. For the second stage 1 test (LT13) actual filtrate from the first stage 2 test (LT12) was used as recycle liquor. The product liquor (PLS) from the second stage 1 test was used for aluminium recovery and HPA production testwork.

The first stage leach achieved nickel, cobalt and aluminium extractions of 42%, 63% and 17% respectively. Residual acidity in pregnant leach solution, i.e. the stage 1 discharge solution, was reduced to 22 g/L. It is likely this would be lowered further with additional testing, resulting in lower overall acid consumption. The second stage leach, using fresh concentrated sulphuric acid, extracted a further 83% of the nickel, 84% of the cobalt and 60% of the aluminium remaining in the first stage leach residue.

Overall nickel cobalt, and aluminium extractions were 90%, 94% and 66% respectively. After accounting for the acid recycled from stage 2 to stage 1, the overall acid consumption was 734 kg/t ore which is very low when compared to co-current agitated atmospheric leaching (typically 900-1,000 kg/t ore).

The stage 1 and 2 leach test results are summarised in the following tables:

Stage 1 Leach Results

Test #	Stage Acid Addition (kg/t)	Residual Free Acid g/l	Extractions (%)				
			Ni	Co	Fe	Al	Mg
LT11*	110*	14.3	40.9	57.3	0	14.9	47.5
LT13	123*	21.9	42.2	63.0	0	16.5	49.2
* Test included synthetic Stage 2 leach recycle solution with added acid, Fe and Mg.							

Collerina Cobalt Limited and its controlled entities

Directors' Report

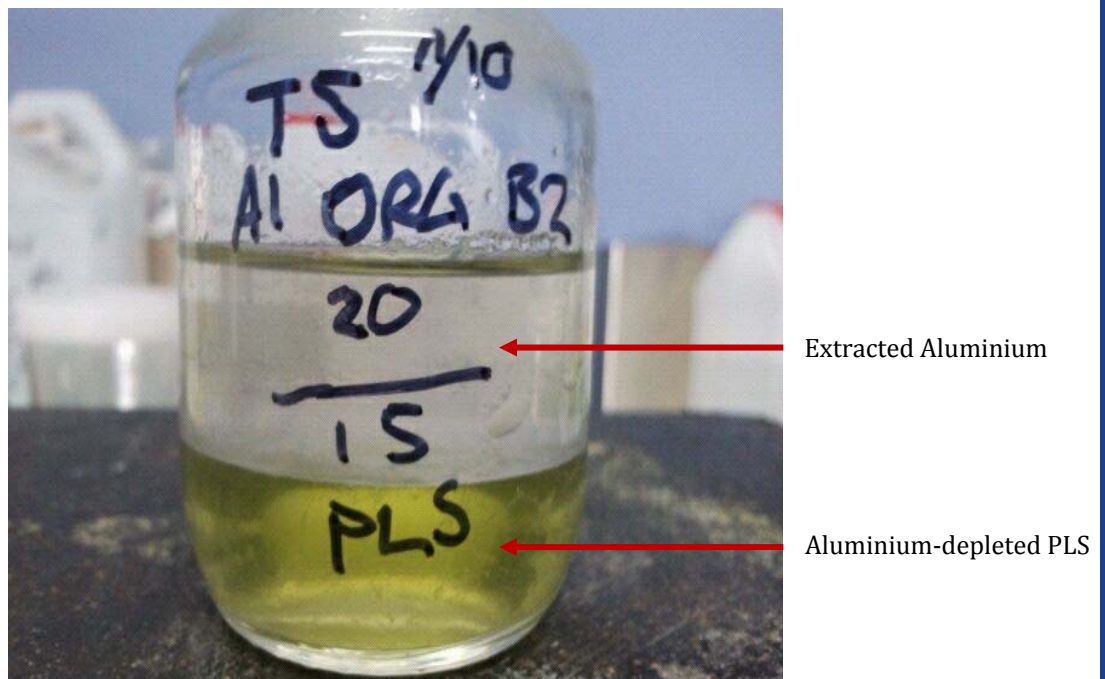
Stage 2 Leach Results

Test #	Stage Acid Addition (kg/t)	Residual Free Acid g/l	Extractions (%)				
			Ni	Co	Fe	Al	Mg
LT12	714	32.0	84.3	86.9	74.9	62.5	54.1
LT14	611	81.0	82.5	84.0	70.6	59.7	55.0

These results closely replicate previous results reported in July 2015 demonstrating the ability to consistently achieve good recoveries across differing ore grades.

Aluminium Solvent Extraction Testwork

Utilising a representative sample of Pregnant Leach Solution (PLS) generated from CCAL testwork, an initial phase of aluminium solvent extraction batch testwork was conducted across a number of different conditions returning recoveries of up to 73.3%, well in excess of expectations. These results were demonstrated to be consistently reproducible whilst also exhibiting excellent physical performance.



Organic phase of solvent extraction showing extracted aluminium sitting above aluminium-depleted PLS.

The outstanding results from this aluminium solvent extraction testwork were a critical step in furthering the Company's ambitions to produce a marketable High Purity Alumina (HPA) product.

Collerina Cobalt Limited and its controlled entities

Directors' Report

Successful Production of HPA Sample

Following the successful aluminium solvent extraction testwork approximately 2.85 grams of HPA was produced after calcination (~1050°C) in a muffle furnace.



Photos showing the HPA produced.

Subsequent assay results for the aluminium intermediate (precursor) and calcined HPA returned purities in the range of 99.984%-99.991%, demonstrating that a product applicable to the 4N (99.99%) HPA market is achievable.

The Company's testwork program used a proprietary solvent extraction technique to produce an aluminium intermediate (precursor) product that was then calcined (heated) to produce HPA. The precursor product was assayed using ICP MS technique (Inductively Coupled Plasma – Mass Spectroscopy) to confirm a 4N result of 99.991% purity. The ICP-MS technique is considered the most accurate technique available.

The check assay of the calcined HPA material was calculated at 99.984% based on a 'sum-of-oxides' check using oxide results generated by XRF (X-Ray Fluorescence). Although less accurate than the pre-cursor result, the HPA results indicate minor chromium, sodium and potassium contamination, introduced during the calcining step.

Achievement of 4N purity in the first testwork program marks a significant milestone for the Company. This testwork program will allow the Company to refine the HPA process and further improve upon the preliminary test results as part of its PFS. The next phase of testwork will see the generation of a much larger PLS sample for treatment in solvent extraction mini-rig campaign and subsequent production of a HPA marketing sample to facilitate discussions with potential off-take partners and funding providers.

About HPA

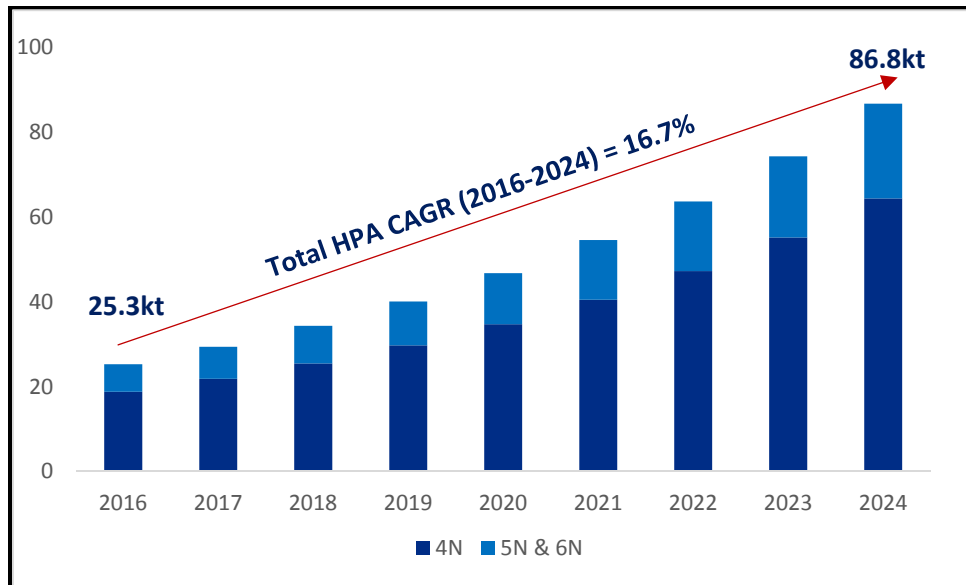
HPA is a white, powder-form chemical that is a pure form of Aluminium Oxide Al_2O_3 and is used in the non-metallurgical alumina market across a growing range of high-performance products and applications including LED lighting, separators for lithium-ion batteries and scratch resistant artificial sapphire glass for smartphone screens and watches.

Collerina Cobalt Limited and its controlled entities

Directors' Report

Growth in demand for HPA is dominated by the Asia-Pacific (APAC) region with more than 70% of current global demand emanating from China, Japan and South Korea. Current HPA supply is also dominated out the Asian Pacific region with China accounting for ~83% of global supply.

With global demand and supply dominated within the APAC region, Collerina Cobalt sees enormous opportunity as a focused HPA producer to become a genuine alternative supply source to the existing dominant APAC producing countries and more importantly fill an expected supply shortage as forecast HPA demand escalates over the next decade.



HPA Demand Outlook (2016 -2024).

Solvent Extraction of Nickel, Cobalt and Manganese from Aluminium-Depleted PLS

Having applied proprietary processes to extract aluminium from the PLS to produce the HPA, a further series of batch solvent extraction tests were performed on the aluminium-depleted PLS using a suitable organic extractant to demonstrate nickel, cobalt and manganese extraction.

The preliminary solvent extraction tests achieved greater than 98% nickel and 97% cobalt recovery, with 80% manganese recovery.

Optimisation testwork is expected to further improve these initial results.

These tests were performed at various organic to aqueous volumetric ratios and indicate that approximately four counter-current extraction stages will be required to achieve greater than 99% nickel and cobalt recovery, and up to ~80% manganese recovery of which can be adjusted to between 25% and 80% as driven by market demand.

Two impurity removal tests employing proprietary patented technology demonstrated that greater than 99.8% nickel purity required to meet LME grade was reproducibly achievable.

Further testwork is also planned to produce a nickel, cobalt and manganese precursor suitable for the electric vehicle lithium ion battery market (Li-B). Such precursor products currently command a significant premium to current LME prices with discussions having already begun with experts in this field.

Collerina Cobalt Limited and its controlled entities

Directors' Report

Successful Recovery of Scandium

As part of the proprietary process for extracting aluminium from its CCAL-generated PLS, the Company also reported the recovery of ~100% of the contained scandium content with the potential to further process the scandium into a high purity scandium oxide (Sc₂O₃).

The PLS underwent partial neutralisation to remove most of the free acid and iron, yielding PLS that contained 13 mg/L of scandium which stayed in solution during conditioning. This conditioned PLS which was successfully tested for aluminium extraction concurrently demonstrated that ~100% of the scandium (at 13 mg/L) was extractable.

Whilst the large majority of revenue generated from the Collerina project will be from a 4N HPA product, the ability to produce a suite of highly valuable co-products such as nickel, cobalt, manganese and scandium should significantly enhance the project's economics in terms of both capex per tonne of saleable metal units and operating costs per unit as a result of the significant co-product credits on offer. The ability to generate a larger and more diversified revenue stream compared to standalone scandium, HPA and nickel-cobalt producers, places the Company in a unique situation.

Whilst the scandium market is currently small, the Company could potentially stockpile scandium as an intermediate product and, as demand warrants, further refine it into a higher value scandium oxide.

In addition to scandium within the well-defined Homeville deposit the Company is also encouraged by the scandium potential at its less developed C1 anomaly where drilling (hole COAC033) has previously recorded intersections of 28 metres at 170 ppm Sc.

Commencement of Metallurgical Program to Develop Collerina Pre-Feasibility Study (PFS)

Late in the half year the Company submitted 368 kg of composite ore from its Homeville deposit to ALS Perth to commence further bench scale CCAL testwork.

CCAL Sample

The composite ore sample from the Homeville deposit was selected with the metal content detailed in the table below. This sample closely resembles the properties of the sample used for the recently completed CCAL and solvent extraction testwork and is representative of the Homeville deposit.

Composite	Al %	Co %	Cr %	Fe %	Mg %	Mn %	Ni %	Sc %	SiO ₂ %
CCAL	4.32	0.06	0.70	21.89	6.17	0.50	0.64	0.001	35.94

This up-scaled CCAL process will produce approximately 260 litres of PLS which will then be used to undertake a solvent extraction mini rig campaign with the aim of:

- producing circa one kilogram of 99.99% High Purity Alumina (4N HPA) to begin engagement with potential offtake partners, and
- producing individual streams of nickel, cobalt and manganese to further the Company's progress towards producing sulphates and bespoke precursor products for the burgeoning lithium-ion battery market.

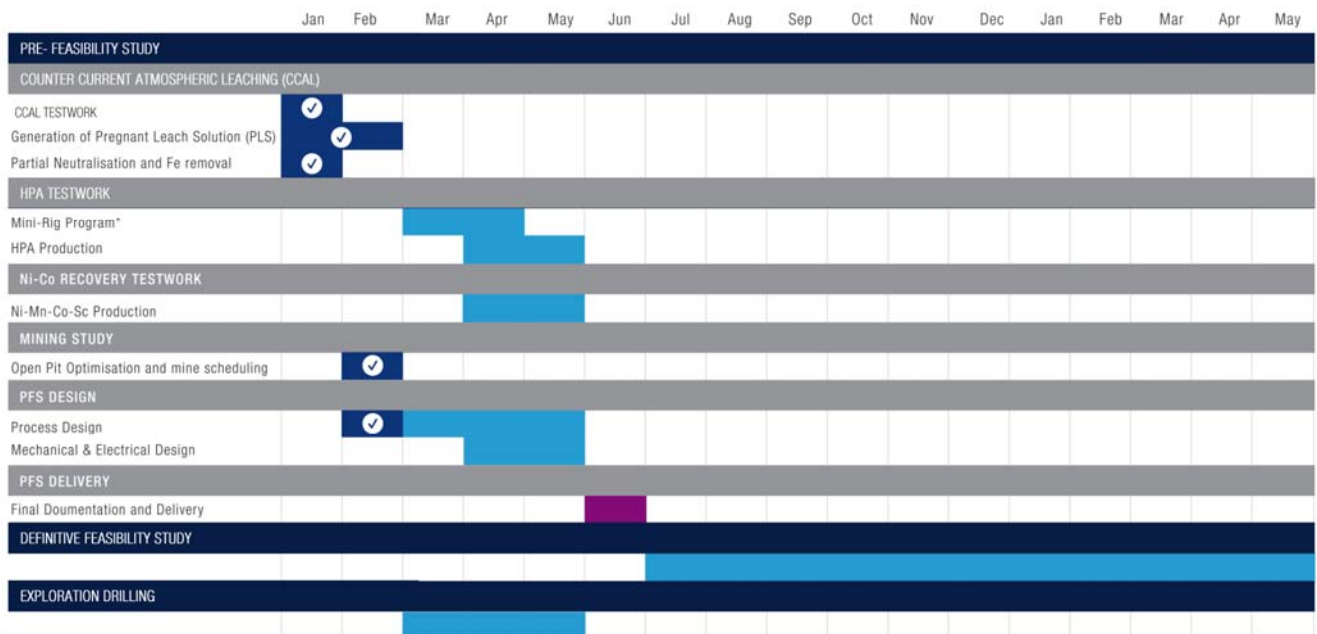
Collerina Cobalt Limited and its controlled entities

Directors' Report

Data from this testwork will be incorporated in the Company's PFS with the key deliverables being:

- Generation of Process Design Criteria and mass balance.
- Generation of preliminary Process Flow Diagrams (PFDs).
- Provide mechanical equipment list with electrical load list.
- Produce basic site layout drawings.
- Electrical single line diagram.
- Process plant capital and operating cost estimates ($\pm 30\%$).
- Detailed Plant Design and Costings
- Mine Optimisation and Schedule
- Project Scale Financial Modelling

The following Gantt chart outlines the Company's indicative metallurgical testwork program, mining studies and PFS design work culminating in the PFS's scheduled delivery at the end of the June Quarter of 2018. The PFS completion is expected to transition into a detailed Definitive Feasibility Study.



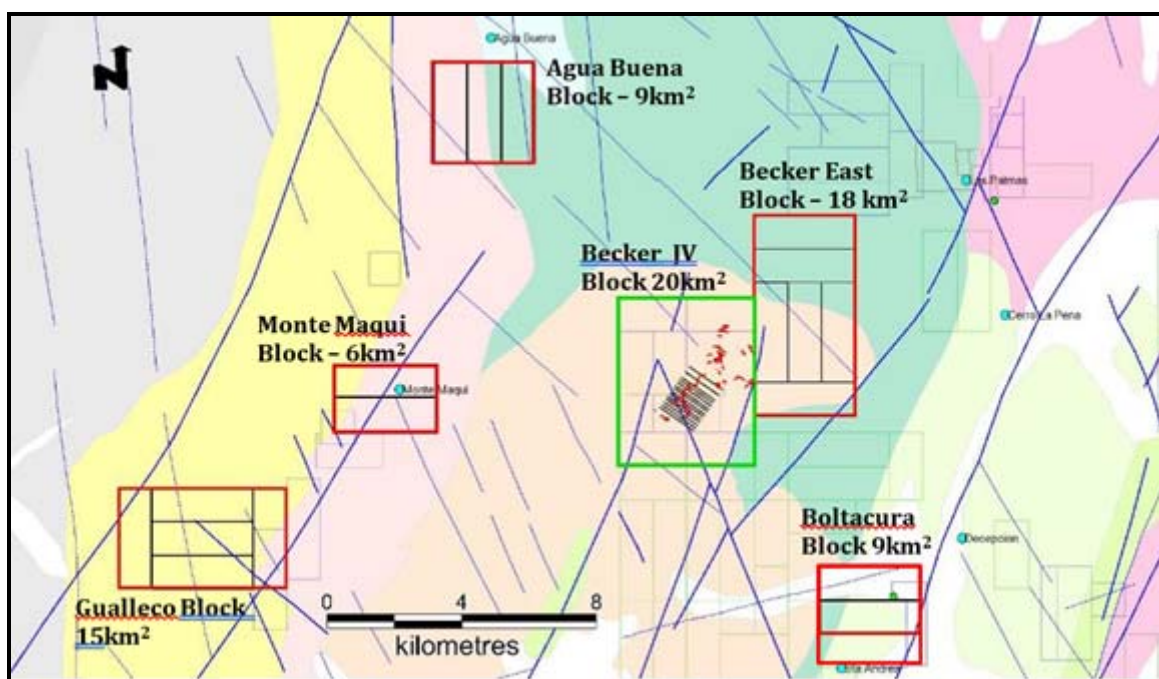
Collerina Cobalt Limited and its controlled entities

Directors' Report

BECKER PROJECT - CHILE (Collerina Cobalt - Earning up to 85%)

Becker Regional Exploration

Approximately three weeks were spent subsequent to the end of the half year completing detailed mapping and prospecting within the Becker regional properties. A total of 76 rock samples were submitted for assay during the March 2018 quarter. The samples were predominately selective grab samples of surface quartz boulders which in many instances were sub-cropping vein material. The objective is to identify areas for later ground geophysical surveys and the delineation of drill targets.



Becker district geological map showing current structural interpretation denoted in blue lines. Areas of new tenement applications are indicated in red outline. The main Becker JV tenements (green outline) with the area of completed ground geophysical surveys are shown.

Becker (North) East Block – 18km² (1,800 ha)

Prospecting to the northeast along trend of quartz vein systems defined in the Becker JV claim block in 2017 identified an area of abundant scattered quartz + limonite /goethite (after pyrite?) boulders and outcrop of chalcedonic quartz breccia approximately 2 kilometres along strike. Quartz vein boulders show vuggy, banded to massive textures with coarse (>1cm²) boxworks of former sulphide minerals and disseminated specular hematite. Abundant boulders of red, hematite-rich jasperoid are also widely scattered and contain rare pyrite, chalcopyrite and covellite.

In the southern part of the prospect area, scattered quartz vein boulders returned 0.5 g/t gold, 28.7ppm silver and 1.99 g/t gold, 58.5 ppm silver from two samples collected in during the December 2017 quarter. The sample sites are located 2.5 kilometres along strike northeast of the Guindos prospect area where numerous quartz veins occur and where high-grade gold (19 g/t, 21 g/t) in quartz boulders were found. These boulders and others suggest a north-west vein trend.

Collerina Cobalt Limited and its controlled entities

Directors' Report

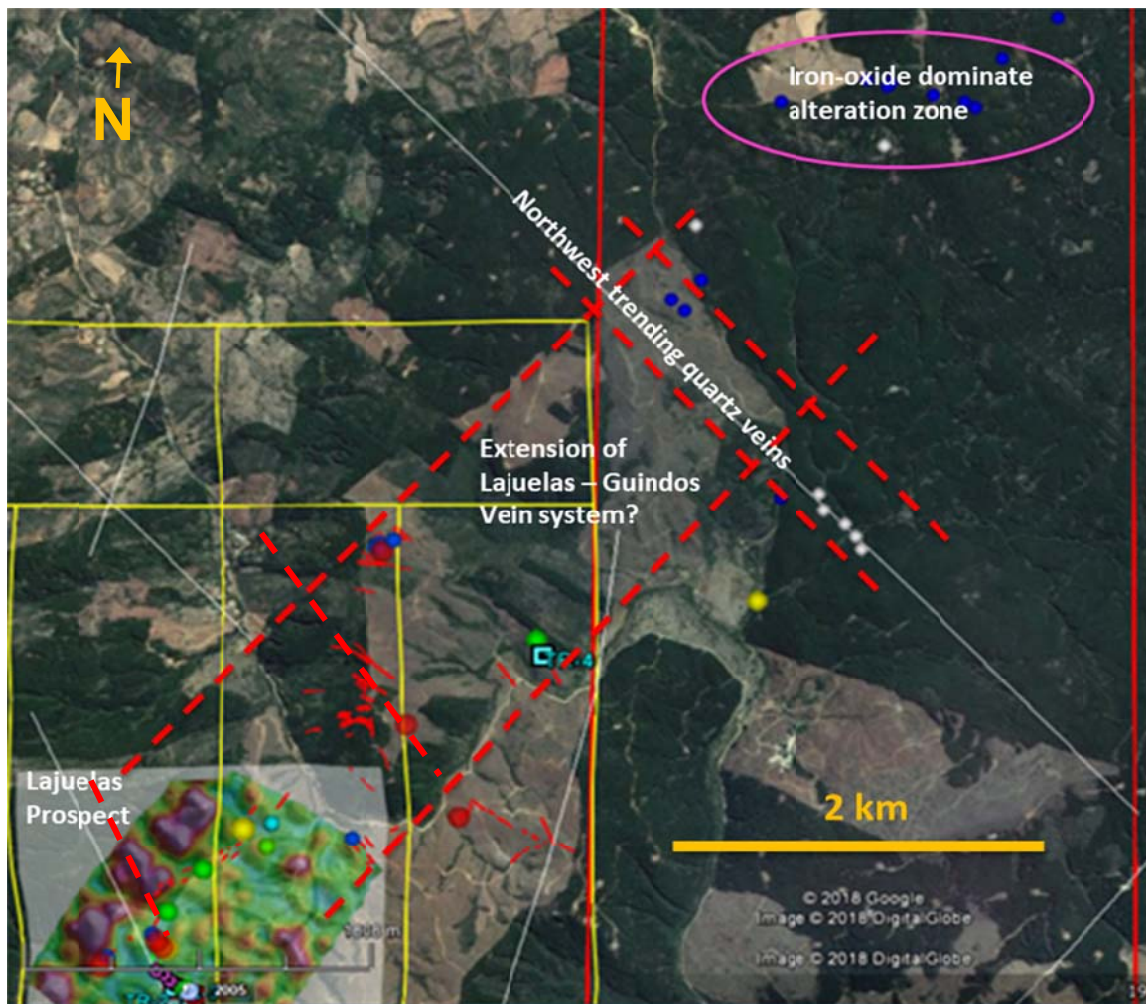


Figure shows interpreted structurally-controlled vein trends in the Becker JV property area. Northwest-trending vein sets within the Lajuelas-Guindos vein system contain significantly higher grade gold than the more extensive northeast trending systems. Mapping suggests that both trends are present within the adjacent Becker Northeast tenement block.

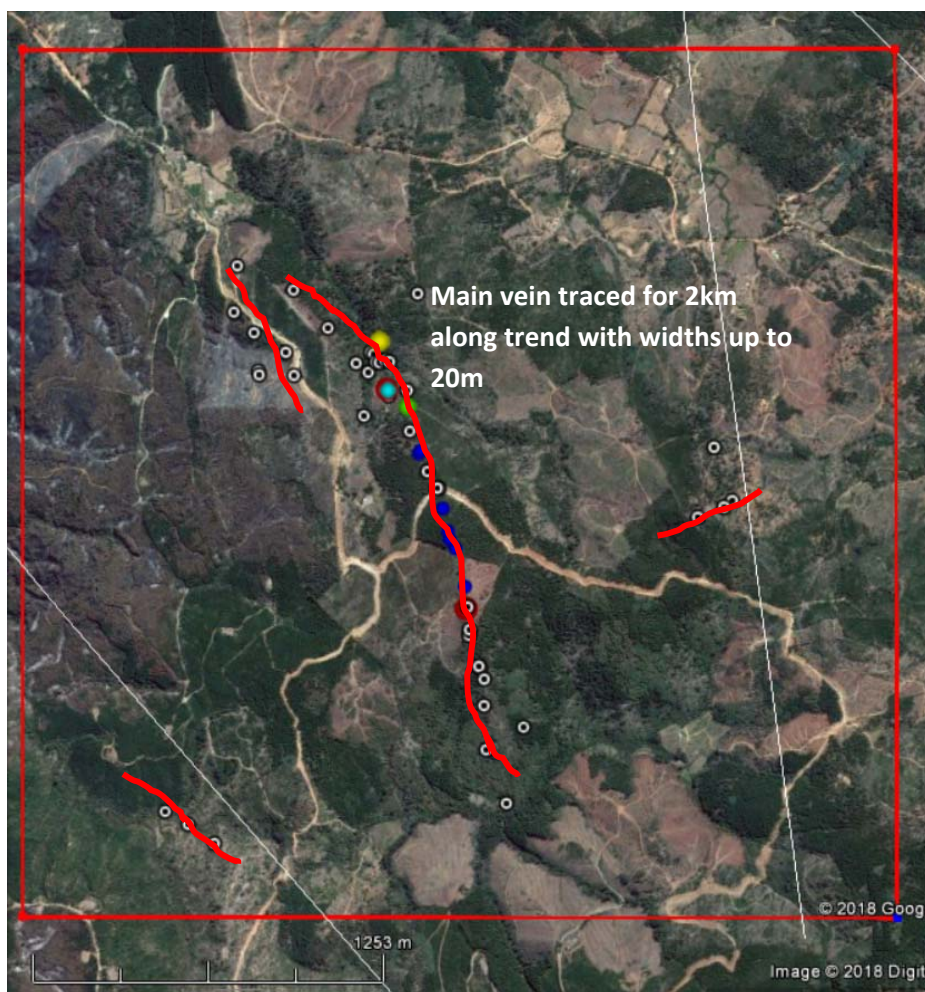
Assays from 20 samples of insitu quartz veins and displaced boulders indicate low-grade Au at current level of exposure however significant Ag concentration (>10ppm) was returned from 3 samples and several more are highly anomalous in Ag, As, Ba and base metals. One sample collected along a northwest trending vein/breccia returned 1.68g/t gold and >20ppm silver. The quartz is massive to slightly banded with iron-oxide filled vugs and sporadic fine-grained disseminated pyrite. Further work in this tenement area is warranted.

Agua Buena Block – 9km² (900 ha)

This area is situated approximately 9 kilometres northwest of Becker JV property, and is in the same area that Placer Dome was reportedly working in 1993. Prospecting in 2017 found abundant quartz boulders trending northwest over approximately 900m in length. The distribution of quartz boulders suggests a main vein system of 3 to 5 metres in width with less extensive lateral veins.

Collerina Cobalt Limited and its controlled entities

Directors' Report



Agua Buena sample locations and interpreted vein extents.

Quartz boulders are massive to fine-grained saccaroidal textured with locally abundant (up to 20%) coarse disseminated oxidized pyrite. Based on results of 55 surface rock samples representing outcrop and displaced boulders the vein system reports grades of up to 2.4 g/t gold and 25.7 ppm silver. The veins appear to be structurally controlled straddling the contact between intrusives and metasediments both which show varying intensity of argillic alteration and silicification. The vein(s) appear to be a least 3-5 metres wide over most of the trend but does appear to be significantly wider in the central part. The assay results also indicated highly anomalous As, Bi, Cu, Pb, and Sb over the defined 2 kilometre length of the vein system. The results suggest a complex mineralised system with possible superimposed fluid pulses.

Becker JV Property – 20km² (2,000 ha)

The Company is also finalising plans for initial drilling of high-grade quartz veins within the Lajuelas prospect area in the Becker JV property. A 10 hole, 1,200 metre drill program is planned for 2018. The drilling will test for continuity of high-grade veins along strike and to approximately 100 metres depth.

Collerina Cobalt Limited and its controlled entities

Directors' Report

WONOGIRI PROJECT - INDONESIA (Collerina Cobalt - 45%)

The Company is continuing advancement of its AMDAL study (environmental impact study) for the Randu Kuning gold-copper deposit. On acceptance of the AMDAL, the Company will be awarded a 20-year operation production IUP (with 10-year extension) for the Randu Kuning gold-copper deposit. Separately the Company is ready to initiate an Environmental Management Efforts and Environment Monitoring Efforts (UKL-UPL) report for its planned aggregate operation adjacent to the Randu Kuning deposit. Upon approval the Company will be granted an initial 5 year aggregate operation licence, which can be extended for two additional 5 year terms.

GORONTALO PROPERTIES - INDONESIA (Collerina Cobalt - 80%)

No exploration activities were completed on the Toluludu and Tapadaa IUPs during the half year. The Company has provided property data to third parties considering a potential joint venture or acquisition.

CORPORATE

Board Appointments

Effective from 1 November 2017 the Company expanded its Board of Directors to include Mr Rimas Kairaitis as Technical Director and Mr Tony Sgro as a Non-Executive Director.

Mr Kairaitis is a geologist with over 24 years' experience in minerals exploration and resource development in gold, base metals and industrial minerals. In his most recent role, Mr Kairaitis was founding Managing Director and CEO of Aurelia Metals (ASX: AMI), which he steered from a junior exploration company IPO to a profitable NSW based gold and base metals producer.

Mr Kairaitis' technical and commercial capacity and his recent project development experience in NSW are considered to be well matched to the Company's near-term development ambitions for the Collerina project.

Mr Sgro is a Chemical Engineer, graduating from University of Sydney in 1970. His studies included an emphasis on Minerals Chlorination, which focused on the application of chlorination techniques to the extractive metallurgy of various minerals including titanium, nickel, chromium and tungsten ores.

His early career was spent with an international engineering group, including an extended period managing operations in Indonesia.

In 1979, with two partners, Mr Sgro started Kelair Pumps which grew to be the largest privately owned pumping equipment supply company in Australia. The company was sold to an international group in 2004 but Mr Sgro remained with the company as General Manager until his retirement in 2015.

In a career spanning 45 years, Mr Sgro was deeply involved in the technical and commercial aspects of supply of specialised equipment to the major process industries including oil and gas, petrochemical, chemical and mining industries, including equipment specification, material selection, commercial and technical aspects of large tenders, contract negotiation and contract management.

Collerina Cobalt Limited and its controlled entities

Directors' Report

Issue of Shares and Options

During the half year the Company granted 30 million options, each exercisable to acquire one fully paid ordinary share at any time up to 31 October 2019 for 10 cents, and completed a share placement of approximately 64 million fully paid ordinary shares to professional and sophisticated investors raising \$3,545,000 before costs. The funds will principally be used to:

- Advance the Collerina project drilling program and resource estimation.
- Continue the CCAL and aluminium solvent extraction metallurgical testwork.
- At completion of metallurgical testwork, proceed with a PFS to arrive at indicative capital and operating costs.
- Plan and scope a pilot plant.
- Map and sample the recently pegged regional area adjacent to the Becker project.
- Complete the conversion of the Wonogiri exploration IUP to a 20 year mining operation IUP.
- Fund working capital.

Statement of Compliance

Information regarding the Mineral Resource at the Collerina project was prepared and first disclosed under the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. See ASX announcement 23 June 2011. It has not been updated since to comply with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' on the basis that the Company is not aware of any new information or data that materially affects the information and, in the case of the resource estimate, all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

For further information on testwork results and processes see ASX announcements dated 8 December 2017, 30 November 2017, 29 November 2017, 24 November 2017 and 13 November 2017.

Competent Person Statement (Mineral Resources)

Information regarding the Mineral Resource at the Collerina project was prepared and first disclosed under the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. See ASX announcement dated 23 June 2011. It has not been updated since to comply with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' on the basis that the Company is not aware of any new information or data that materially affects the information and, in the case of the resource estimate, all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

The information in this report that relates to Mineral Resources is based on information compiled by Collerina Cobalt staff and contractors and approved by Mr Michael Corey, PGeo., who is a Member of the Association of Professional Geoscientists of Ontario (APGO) in Canada. Mr Corey is employed by the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Corey has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Collerina Cobalt Limited and its controlled entities

Directors' Report

Competent Persons Statement (Process Development Testwork)

Information in this announcement relating to the Process Development Testwork is based on testwork results compiled by Mr Boyd Willis, an Independent Consultant trading as Boyd Willis Hydromet Consulting. Mr Willis is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Willis has sufficient experience which is relevant to metal recovery from the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. This includes over 21 years of experience in metal recovery from Laterite ore. Mr Willis consents to the inclusion of the technical data in the form and context in which it appears.

SUBSEQUENT EVENTS

Subsequent to the end of the interim financial period no matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 18 as required under Section 307C of the *Corporations Act 2001* is attached to and forms part of the Directors' Report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Directors.



Norman A. Seckold
Chairman
Sydney, 16 March 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Collierina Cobalt Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG
Brisbane
16 March 2018

Adam Twemlow
Partner

Collerina Cobalt Limited and its controlled entities
Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income
for the half-year ended 31 December 2017

	31 December 2017	31 December 2016
	\$	\$
Continuing operations		
Administration and consultants' expenses	(366,017)	(259,651)
Audit and other professional fees	(35,950)	(39,500)
Depreciation	(667)	(924)
Director and company secretarial fees	(1,003,174)	(117,000)
Exploration and evaluation expenses – pre-licence costs	-	(41,504)
Legal expenses	(10,002)	(19,376)
Other expenses from ordinary activities	(32,838)	(8,125)
Operating loss before financing income	(1,448,648)	(486,080)
Finance income/(expense)	123,116	(19,023)
Net finance income/(expense)	123,116	(19,023)
Loss before income tax	(1,325,532)	(505,103)
Income tax	-	-
Loss for the period	(1,325,532)	(505,103)
Other comprehensive income for the period		
Items that may be classified subsequently to profit or loss		
Net change in fair value of available for sale financial assets	-	900
Foreign currency translation	(82,585)	17,534
Total other comprehensive income	(82,585)	18,434
Total comprehensive loss for the period	(1,408,117)	(486,669)
Loss attributable to:		
Owners of the Company	(1,292,151)	(462,436)
Non-controlling interest	(33,381)	(42,667)
Loss for the period	(1,325,532)	(505,103)
Total comprehensive loss attributable to:		
Owners of the Company	(1,337,085)	(470,529)
Non-controlling interest	(71,032)	(16,140)
Total comprehensive loss for the period	(1,408,117)	(486,669)
Earnings per share		
Basic and diluted loss per share attributable to ordinary equity holders (cents per share)	(0.28)	(0.15)

The above statement should be read in conjunction with the accompanying notes.

Collerina Cobalt Limited and its controlled entities
Condensed Consolidated Interim Statement of Financial Position
as at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
Current assets			
Cash and cash equivalents		2,614,762	594,029
Trade and other receivables		191,577	189,774
Prepayments		91,488	82,550
Total current assets		2,897,827	866,353
Non-current assets			
Property, plant and equipment		2,632	5,642
Exploration and evaluation expenditure	3	9,160,499	8,698,397
Other Assets		15,000	15,000
Total non-current assets		9,178,131	8,719,039
Total assets		12,075,958	9,585,392
Current liabilities			
Trade and other payables		928,877	892,436
Taxes payable	7	313,360	789,365
Total current liabilities		1,242,237	1,681,801
Non-current liabilities			
Taxes payable	7	-	103,015
Total non-current liabilities		-	103,015
Total liabilities		1,242,237	1,784,816
Net assets		10,833,721	7,800,576
Equity			
Issued capital	4	30,187,206	26,712,574
Reserves		1,032,868	122,630
Accumulated losses		(20,985,733)	(19,693,582)
Total equity attributable to equity holders of the Company		10,234,341	7,141,622
Non-controlling interest	10	599,380	658,954
Total equity		10,833,721	7,800,576

The above statement should be read in conjunction with the accompanying notes.

Collerina Cobalt Limited and its controlled entities
Condensed Consolidated Interim Statement of Cash Flows
for the half-year ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities			
Cash payments in the course of operations		(377,732)	(160,590)
Interest received		3,393	464
Net cash used in operating activities		(374,339)	(160,126)
Cash flows from investing activities			
Payments for exploration expenditure		(625,980)	(673,469)
Proceeds/(payments) for property, plant and equipment		32,570	(2,193)
Repayment of R&D tax incentive		(418,246)	-
Net cash used in investing activities		(1,011,656)	(675,662)
Cash flows from financing activities			
Issue of shares		3,585,000	-
Capital raising costs		(190,870)	-
Contribution by non-controlling interest	10	11,458	672,931
Net cash from financing activities		3,405,588	672,931
Net increase/(decrease) in cash and cash equivalents		2,019,593	(162,857)
Cash and cash equivalents at 1 July		594,029	262,657
Effect of exchange rate adjustments on cash held		1,140	1,729
Cash and cash equivalents at 31 December		2,614,762	101,529

The above statement should be read in conjunction with the accompanying notes.

Collerina Resources Ltd and its controlled entities
Condensed Consolidated Interim Statement of Changes in Equity
for the half-year ended 31 December 2017

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$	Non- Controlling Interest \$	Total Equity \$
Balance as at 1 July 2016		25,628,095	74,959	(17,173,766)	8,529,288	254,810	8,784,098
Total comprehensive income for the period							
Loss for the period		-	-	(462,436)	(462,436)	(42,667)	(505,103)
Other comprehensive income		-	(8,093)	-	(8,093)	26,527	18,434
Total comprehensive loss for the period		-	(8,093)	(462,436)	(470,529)	(16,140)	(486,669)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Contribution from non-controlling interest	10	-	-	-	-	672,931	672,931
Total contributions by and distributions to owners		-	-	-	-	672,931	672,931
Balance at 31 December 2016		25,628,095	66,866	(17,636,202)	8,058,759	911,601	8,970,361
Balance as at 1 July 2017		26,712,574	122,630	(19,693,582)	7,141,622	658,954	7,800,576
Total comprehensive income for the period							
Loss for the period		-	-	(1,292,151)	(1,292,151)	(33,381)	(1,325,532)
Other comprehensive income		-	(44,934)	-	(44,934)	(37,651)	(82,585)
Total comprehensive loss for the period		-	(44,934)	(1,292,151)	(1,337,085)	(71,032)	(1,408,117)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares	4	3,660,302	-	-	3,660,302	-	3,660,302
Issue of options	5	-	960,372	-	960,372	-	960,372
Fair value of options exercised during the period	5	5,200	(5,200)	-	-	-	-
Costs of issue	4	(190,870)	-	-	(190,870)	-	(190,870)
Contribution from non-controlling interest	10	-	-	-	-	11,458	11,458
Total contributions by and distributions to owners		3,474,632	955,172	-	4,429,804	11,458	4,441,262
Balance at 31 December 2017		30,187,206	1,032,868	(20,985,733)	10,234,341	599,380	10,833,721

The above statement should be read in conjunction with the accompanying notes.

Collerina Cobalt Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements for the half-year ended 31 December 2017

1. REPORTING ENTITY

Collerina Cobalt Limited ('the Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2017 comprise the Company and its controlled entities (together referred to as 'the Group').

The Group is a for-profit entity and is primarily involved in the exploration of gold and copper projects.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.collerina.com.au.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 'Interim Financial Reporting'.

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

These condensed consolidated interim financial statements were authorised for issue by the Directors on 16 March 2018.

(b) Estimates

The preparation of the condensed consolidated interim 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 expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the accounting policies of the Group and the key sources of estimation uncertainty were the same as those that applied in the consolidated annual financial report for the year ended 30 June 2017.

(c) Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2017.

(d) Going concern

The consolidated interim financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss attributable to equity holders of the Company of \$1,292,151 for the period ended 31 December 2017 and has accumulated losses of \$20,985,733 as at 31 December 2017. The Group has cash and cash equivalents of \$2,614,762 at 31 December 2017 and used \$1,000,319 of cash in operations, including payments for exploration and evaluation, for the period ended 31 December 2017.

During the period the Company raised \$3,394,130 (after associated costs) through the issue of 66,454,546 shares.

Management have prepared cash flow projections that support the Group's ability to continue as a going concern. These cash flows assume the Group continues to invest heavily in its exploration projects and that additional funding will be required in order to meet budgeted expenditures.

Collerina Cobalt Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2017

(d) Going concern (continued)

The achievement of these cash flow projections is dependent upon the Group being able to raise additional cash funding through the issue of debt and/or equity securities. Should the Group be unable to raise additional funding, there would need to be a significant reduction in budgeted expenditures in-line with available cash reserves. Management consider that existing cash reserves are sufficient to meet future commitments for a period of 12 months from the date of this report.

	As at 31 December 2017 \$	As at 30 June 2017 \$
3. EXPLORATION AND EVALUATION EXPENDITURE		
New South Wales	1,507,273	1,324,886
Indonesia	7,153,050	7,148,180
Chile	500,176	225,331
	9,160,499	8,698,397

Exploration programs in each area of interest continue but have not reached a stage which permits a reasonable assessment of economically recoverable reserves. The ultimate recoupment of these costs is dependent on the successful development and exploitation, or alternatively sale, of the respective areas of interest.

	As at 31 December 2017 \$	As at 31 December 2016 \$
4. ISSUED CAPITAL		

Issued and paid up capital

508,272,744 ordinary shares fully paid (31 December 2016 – 315,818,198)	30,187,206	25,628,095
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	N° of shares	\$	N° of shares	\$
Ordinary shares				
Fully paid ordinary shares carry one vote per share and carry the right to dividends.				
Balance at the beginning of the period	435,818,198	26,712,574	315,818,198	25,628,095
Issue of shares – cash	64,454,546	3,545,000	-	-
Issue of shares – non-cash	6,000,000	75,302	-	-
Options exercised during the period	2,000,000	45,200	-	-
Costs of issue	-	(190,870)	-	-
Balance at the end of the period	508,272,744	30,187,206	315,818,198	25,628,095

During the period ended 31 December 2017 the Group issued 64,454,546 shares at \$0.055 each for cash totaling \$3,545,000. There were no amounts unpaid on the shares issued. Share issue costs totalled \$190,870.

During the period ended 31 December 2017 the Group issued 2,000,000 shares at \$0.02 each for cash totaling \$40,000. These were in relation to 2,000,000 options exercised by Bell Potter Securities. The fair value of the share options exercised was \$5,200.

In addition, during the period ended 31 December 2017 the Group issued 6,000,000 ordinary shares with a fair value of \$75,302 to a consultant for geological consultancy services provided to the Group.

Collerina Cobalt Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements for the half-year ended 31 December 2017

5. SHARE BASED PAYMENTS

During the period the Company issued 10,000,000 \$0.02 options with a grant date of 8 March 2017 and an expiry date of 24 October 2018, to Bell Potter Securities. The options were issued as brokerage fees in relation to a two tranche placement to sophisticated investors which was completed during the year ended 30 June 2017.

The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted on 8 March 2017 was \$26,000. The Black-Scholes formula model inputs were the Company's share price of \$0.01 at the grant date, a volatility factor of 90% (based on historical share price performance), a risk-free interest rate of 1.50% and a dividend yield of 0%. The options fully vested on grant date.

During the half year ended 31 December 2,000,000 options were exercised by Bell Potter Securities.

In addition, during the half year ended 31 December 2017, the Company issued 30,000,000 \$0.10 options for no consideration with a grant date of 1 November 2017 and an expiry date of 31 October 2019, to Directors and key employees. The options were issued under the Collerina Cobalt Option Incentive Plan.

The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted on 1 November 2017 was \$960,372. The Black-Scholes formula model inputs were the Company's share price of \$0.065 at the grant date, a volatility factor of 106% (based on historical share price performance), a risk-free interest rate of 1.84% and a dividend yield of 0%. The options fully vested on grant date.

6. SEGMENT REPORTING

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

Geographical segments

For the half-year ended 31 December 2017 the Group had three segments being minerals exploration in NSW, Indonesia and South America.

Collerina Cobalt Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2017

6. SEGMENT REPORTING (continued)

The Group has three reportable geographic segments, as described below:

	NSW \$	Indonesia \$	South America \$	Total \$
31 December 2017				
External revenues	-	-	-	-
Reportable segment loss before tax	-	(94,515)	-	(94,515)
Depreciation and amortisation	-	(667)	-	(667)
Reportable segment assets	1,522,273	7,208,046	511,099	9,241,418
Reportable segment liabilities	12,358	46,311	27,993	86,662
31 December 2016				
External revenues	-	-	-	-
Reportable segment loss before tax	-	(87,026)	-	(87,026)
Depreciation and amortisation	-	-	-	-
Reportable segment assets	1,174,983	9,251,579	-	10,426,562
Reportable segment liabilities	-	23,643	-	23,643

	As at 31 December 2017 \$	As at 31 December 2016 \$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total loss for reportable segments	(94,515)	(87,026)
Unallocated amounts:		
Interest income	3,393	-
Net other corporate expenses	(1,234,410)	(418,077)
Consolidated loss before tax	(1,325,532)	(505,103)

Reconciliations of reportable assets and liabilities

Assets

Total assets for reportable segments	9,241,418	10,426,562
Unallocated corporate assets	2,834,540	262,696
Consolidated total assets	12,075,958	10,689,258

Liabilities

Total liabilities for reportable segments	86,662	23,643
Unallocated corporate liabilities	1,155,575	1,695,254
Consolidated total liabilities	1,242,237	1,718,897

Collerina Cobalt Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2017

	As at 31 December 2017 \$	As at 31 December 2016 \$
7. TAXES PAYABLE		
Current taxes payable	313,360	789,365
Non-current taxes payable	-	103,015
	313,360	892,380

During the half-year the Company engaged Economos Pty Ltd ('Economos') to liaise with the Australian Taxation Office ('ATO') regarding removal of the General Interest Charge's ('GIC's') that had been applied on taxes owing to the ATO. These taxes are in relation to R&D tax incentive amounts that were incorrectly claimed by the Company during the 2014 and 2015 financial years.

The basis of this request was that the R&D tax incentive claims were made on the basis of incorrect advice provided to the Company. The Company took reasonable steps by engaging Economos to undertake a detailed independent review of such claims. On receipt of their advice which concluded there was no eligible basis for such claims, the Company submitted a voluntary tax amendment with the ATO. The ATO reviewed the case and ruled to return the entire GIC on a fair and reasonable basis. During the period ended December 2017, GIC's waived by the ATO to the Company amounted to \$115,894.

8. RELATED PARTIES

Key management personnel and Director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

These entities transacted with the Group during the half-year as follows:

- During the half-year year ended 31 December 2017, Norman Seckold and Peter Nightingale held a controlling interest in an entity, MIS Corporate Pty Ltd, which provided full administration services to the Group, including rental accommodation, administrative, accounting staff both within Australia and Indonesia, services and supplies. Fees charged by MIS Corporate Pty Ltd during the half-year amounted to \$90,000 (31 December 2016 - \$145,735). At 31 December 2017 there was \$245,000 outstanding (2016 – \$100,000).

9. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial report as at and for the year ended 30 June 2017.

Carrying amounts versus fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

Collerina Cobalt Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2017

10. CONTRIBUTION FROM NON-CONTROLLING INTEREST

During the half-year ended 31 December 2017, PT Smart Mining Resources, holder of a 55% non-controlling interest in PT Alexis Perdana Mineral provided contributions totaling \$11,458 to the Group (31 December 2016: \$672,931). These contributions are interest free, unsecured, there is no fixed term of repayment and has no maturity date. The contributions provided are repayable at the discretion of the Directors of PT Alexis Perdana Mineral and have been treated as contributions from non-controlling interest within equity in the interim financial report.

11. SUBSEQUENT EVENTS

Subsequent to the end of the interim financial period no matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Collerina Resources Limited and its controlled entities Directors' Declaration

In accordance with a resolution of the Directors of Collerina Cobalt Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes set out on pages 19 to 28 are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' 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.

Signed in accordance with a resolution of the Directors.



Norman A. Seckold
Chairman

Sydney, 16 March 2018



Independent Auditor's Report

To the shareholders of Collierina Cobalt Limited

Report on the audit of the Interim Financial Report

Opinion

We have audited the **Interim Financial Report** of Collierina Cobalt Limited (the Company).

In our opinion, the accompanying Interim Financial Report of Collierina Cobalt Limited is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year period ended on that date; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises the:

- Condensed consolidated statement of financial position as at 31 December 2017;
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of Collierina Cobalt Limited (the Company) and the entities it controlled at the half-year end and from time to time during the half-year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Interim Financial Report* section of our report.

We are independent of the Group 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 fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Interim Financial Report of the current period.

These matters were addressed in the context of our audit of the Interim Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below are the key audit matters to be communicated in our report.

Exploration and evaluation expenditure (\$9,160,499)

Refer to Note 3 of the Interim Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> • the significance of the balance (representing 76% of total assets) at 31 December 2017; • the level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset, and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and • the assessment of impairment of exploration and evaluation expenditure can be inherently difficult, particularly in uncertain market conditions such as Indonesia where the Group's major exploration projects are based. <p>Areas of significant judgement for us and management included:</p> <ul style="list-style-type: none"> • the assessment of specific areas of interest; 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • We assessed management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest, including separation by geographical location and type of mineral deposit; • For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries or government correspondence. We also sample tested for compliance with any requirements to maintain the licences in good standing, such as consideration of any minimum spend requirements; • We tested capitalised exploration and evaluation expenditure for the period by evaluating a statistical sample of recorded expenditure for consistency to underlying records and the capitalisation requirements of AASB 6; • We considered the activities in each area of interest, and assessed the Group's planned future activities for each area of interest, by evaluating work programmes and budgets to determine whether the carry forward conditions of AASB 6 have been satisfied; • We assessed each area of interest for one or more of the circumstances, as described in left column that

<ul style="list-style-type: none"> • whether specific exploration licence requirements are complied with, particularly where there are complex agreements in place with other parties and/or where the licence is in a foreign jurisdiction; • whether expenditure meets the capitalisation carry forward conditions of AASB 6. This included consideration of management’s assessment of whether exploration and evaluation expenditure is expected to be recouped through successful development and exploitation of the area of interest, or alternatively through sale; and • whether there are indicators of impairment, in particular: <ul style="list-style-type: none"> ○ licences for the right to explore expiring in the near future or are not expected to be renewed; ○ substantive expenditure for further exploration in the specific area is neither budgeted nor planned; ○ decision or intent by the Group to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and ○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration assets is unlikely to be recovered in full from successful development or sale. 	<p>may indicate impairment of the capitalised expenditure. We did this through testing the status of the Group’s tenure and documented planned future activities, reading board minutes, considering the results of exploration programmes completed to date, and discussion with management.</p>
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Going concern basis of accounting	
Refer to Note 2d to the Interim Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group’s use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to:</p> <ul style="list-style-type: none"> - the high level of judgement required by us in evaluating the Group’s assessment of going concern and the events or conditions 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We analysed the cash flow projections by: <ul style="list-style-type: none"> • Evaluating the underlying data used to generate the Group prepared cash flow projections. We specifically looked for their

<p>that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 2d; and</p> <ul style="list-style-type: none"> - the cash flow projections prepared as the basis of the Director’s assessment that the use of the going concern basis of accounting is appropriate in preparing the interim financial report incorporate a number of assumptions and significant judgements. <p>We critically assessed the levels of uncertainty, as it related to the Group’s ability to continue as a going concern, within these assumptions and judgements, focusing on the Group’s planned levels of operational expenditures, and the ability of the Group to manage cash outflows within available funding, particularly in light of the historical cash outflows from operations and loss making operations.</p> <p>In assessing this key audit matter, we involved senior audit team members who understand the Group’s business, industry and the economic environment it operates in.</p>	<p>consistency with the Group’s intentions, and their comparability to past practices;</p> <ul style="list-style-type: none"> • Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our test results of the accuracy of previous Group cash flow projections on key cash flow projection assumptions; • Assessing the planned levels of operating expenditures for consistency of relationships and trends to the Group’s historical results, particularly in light of the historical cash outflows from operations, loss making operations, results since half year end, and our understanding of the business, industry and economic conditions of the Group; • We evaluated the Group’s going concern disclosures in the interim financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group’s plans to address those events or conditions, and accounting standard requirements.
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Other Information

Other Information is financial and non-financial information in Collierina Cobalt Limited’s interim reporting which is provided in addition to the Interim Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Interim Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Interim Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Interim Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of Directors for the Interim Financial Report

The Directors are responsible for:

- preparing the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Interim Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Interim 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Interim Financial Report.

A further description of our responsibilities for the Audit of the Interim Financial Report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.



KPMG
Brisbane
16 March 2018



Adam Twemlow
Partner