

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED

31 December 2017

- **Completed resource drilling at the Stanton Cobalt Deposit, 70 reverse circulation (RC) drill holes for 6,259 m and 10 diamond drill (DD) holes for 773 m**
- **Highlights include**
 - **37 metres at 0.28% cobalt (Co)**
 - **18 metres at 0.33% Co**
 - **20 metres a 0.31% Co**
 - **15 metres at 0.21% Co**
 - **individual metre grades of up to 2.13% Co**
- **Completed exploration drilling at the Stanton SW, Stanton NE, Stanton SE, Running Creek and East Felix prospects, 57 RC holes for 4,554m (results pending)**
- **Acquired a highly detailed magnetic survey over the Stanton Cobalt Deposit and surrounding prospects**
- **100% interest in nine (9) prospective tenements acquired in the Northern Arunta Pegmatite Province, Northern Territory and applications made for four (4) adjoining tenements**

CAPITAL STRUCTURE

Ordinary Shares
Issued 38.3M

Options
Listed 8.0 M @ 20c
Unlisted 12.3 M @ 25c

Performance Shares

Class A 9.6 M
Class B 3.6 M

Last Capital Raise

20 Sept 2017
\$4.2M @ 20c (IPO)

BOARD

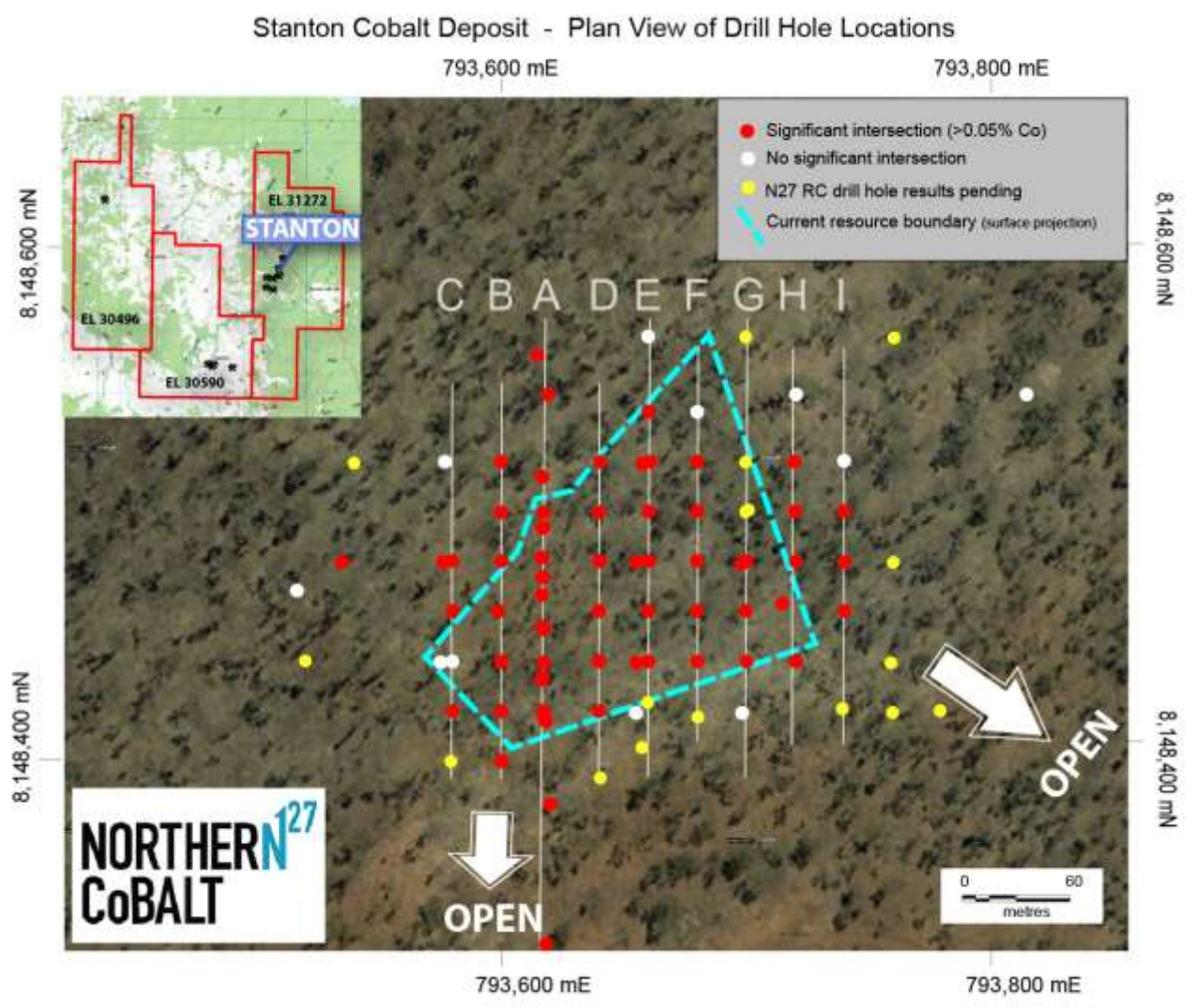
Len Dean - Chair
Michael Schwarz - MD
Duncan Chessell - ED
Andrew Shearer - NED
Jarek Kopias - Co Sec

N27's Wollongorang Cobalt Project is a sediment hosted cobalt mineralisation system which has potential for low CAPEX and OPEX options due to:

- Non-refractory mineralisation (predominantly siegenite - a cobalt sulphide mineral)
- Cobalt dominant mineralisation occurs from surface
- Flat lying sediment hosted mineralisation - likely suitable for open pit operations

Stanton Cobalt Deposit

Northern Cobalt has drilled 70 RC and 10 diamond core holes on our existing Stanton Cobalt resource, aiming to upgrade the existing inferred Mineral Resource of 500,000 tonnes of 0.17% Co, 0.09% Ni, 0.11% Cu, and obtain material for metallurgy studies and use in scoping studies.



Significant intersections from holes at the Stanton Cobalt Deposit include:

- 37 metres of 0.28% Co from 25 metres (Drill hole NC17RC003)
- 14 metres of 0.11% Co from surface (Drill hole NC17RC004)
- 30 metres of 0.17% Co of from 20 metres (Drill hole NC17RC004); including
 - 10 metres of 0.33% Co
- 6 metres of 0.11% Co from 22m, (Drill hole NC17RC005)
- 18 metres of 0.33% Co of from 32 metres (Drill hole NC17RC005); including
 - 1 metre of 2.13% Co at 32 metres; and
 - 1 metre of 1.5% Co at 44 metres
- 9 metres of 0.25% Co from 1m (Drill hole NC17RC006)
- 15 metres of 0.21% Co from 69m, (Drill hole NC17RC011)
- 6 metres of 0.40% Co from 3m, (Drill hole NC17RC018); including
 - 1m of 1.10% Co from 4m
- 3 metres of 0.49% Co from 27m, (Drill hole NC17RC018)
- 5 metres of 0.37% Co from 10m (Drill hole NC17RC020)
- 9 metres of 0.35% Co from 5m, (Drill hole NC17RC021)
- 7 metres of 0.29% Co from 16m, (Drill hole NC17RC021)
- 20 metres of 0.31% Co from 27m, (Drill hole NC17RC021)

Based on better than anticipated results, extra RC holes were drilled outside the resource envelope to test mineralisation discovered to the SE, S, E and North (see plan view of drill holes). Drilling concluded due to approaching wet season in December 2017. Final assays are expected in batches through to early February with all outstanding results to be announced together.

Scoping study

Northern Cobalt commenced a scoping study on the Stanton Cobalt Deposit on 2 January 2018. The drill core from ten diamond holes across the deposit arrived in Adelaide on 22 December 2017. Core inspection by the scoping study team commenced on 4 January 2018.

Final logging and cutting of drill core for submission to laboratory for assay is nearing completion with assays from the diamond core are due late February.

Appointment of scoping study team

Northern Cobalt has appointed an independent resource geologist to undertake:

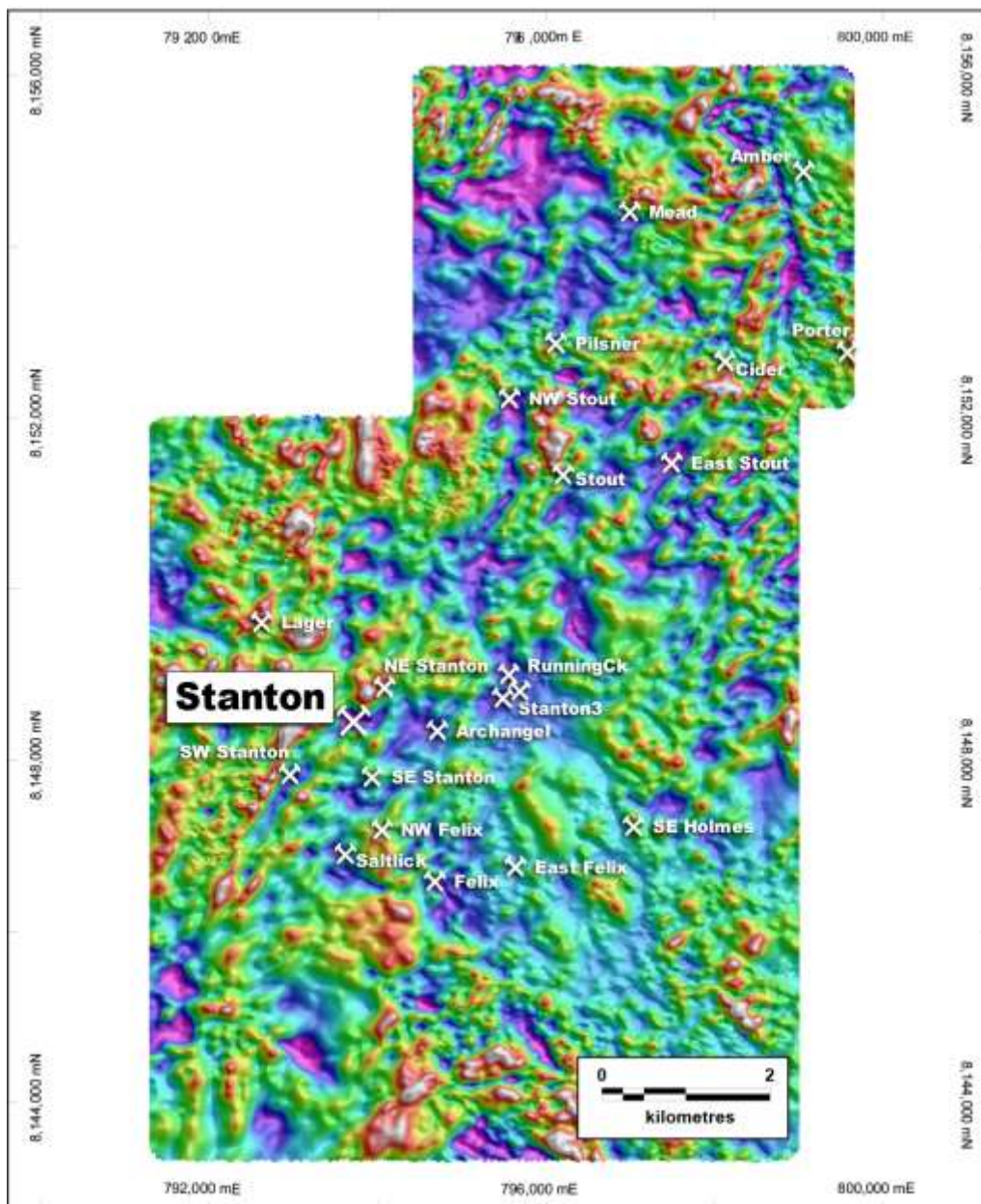
- geotechnical logging of core
- review of Northern Cobalt's geological logging and interpretation
- calculation of a new inferred resource estimate in Q1 2018
- calculation of a new indicated resource estimate in Q2 2018

Detailed magnetic survey over the Stanton Cobalt Deposit

The Company has flown a new aeromagnetic and radiometric survey which covers the Stanton Cobalt Deposit and surrounding cobalt prospects at a 25m flight line spacing in a N-S direction with a terrain clearance of 30m. It covers over 90 square kilometres of ground, highly prospective for sedimentary hosted cobalt mineralisation. A total of 3,685 line-km of high quality magnetic and radiometric data were acquired by helicopter by Aerosystems Australia Pty Ltd.

The Stanton Deposit appears to have a characteristic magnetic signature with the following features:

- The deposit overlies an anomalous magnetic low (blue-purple colour)
- The magnetic low appears to be controlled by a NE-SW trending regional structure
- The deposit looks like it occurs within a structural zone that has been pulled apart (dilatant)
- The magnetic low appears to cross cut a pre-existing magnetic fabric

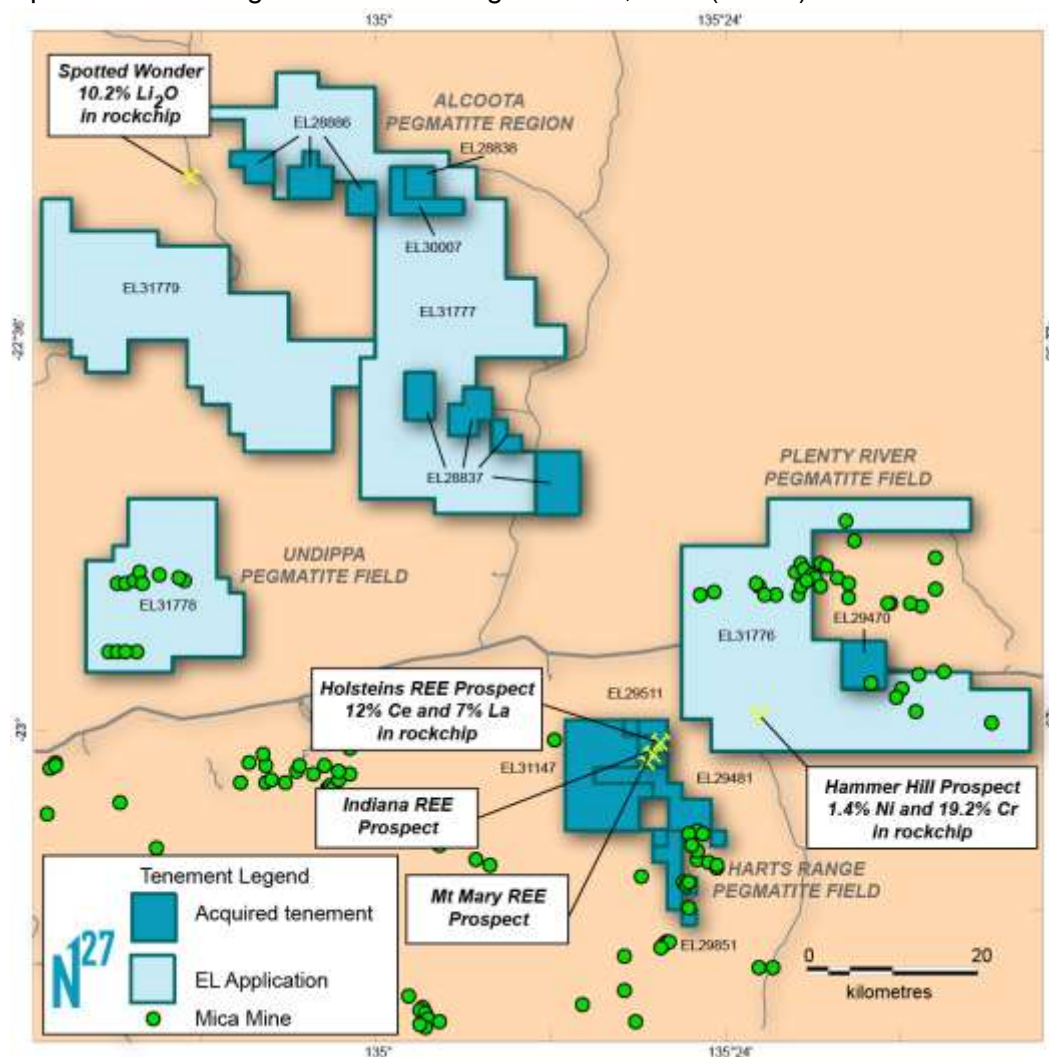


Acquisition of Lithium Project, Arunta, NT

Northern Cobalt has acquired 100% interest in nine (9) prospective tenements in the Northern Arunta Pegmatite Province, Northern Territory and applications made for four (4) adjoining tenements. The tenements are prospective for lithium and strategic metals, Li-Cs-Ta, REE (La-Ce)-Y-Nb and Co, used in the production of electric vehicles. The acquisition is complementary to the Wollogorang Cobalt Project and allows exploration during the wet season. Geological mapping and rock chip sampling at the Arunta Project will commence early in 2018.

Details of the transaction

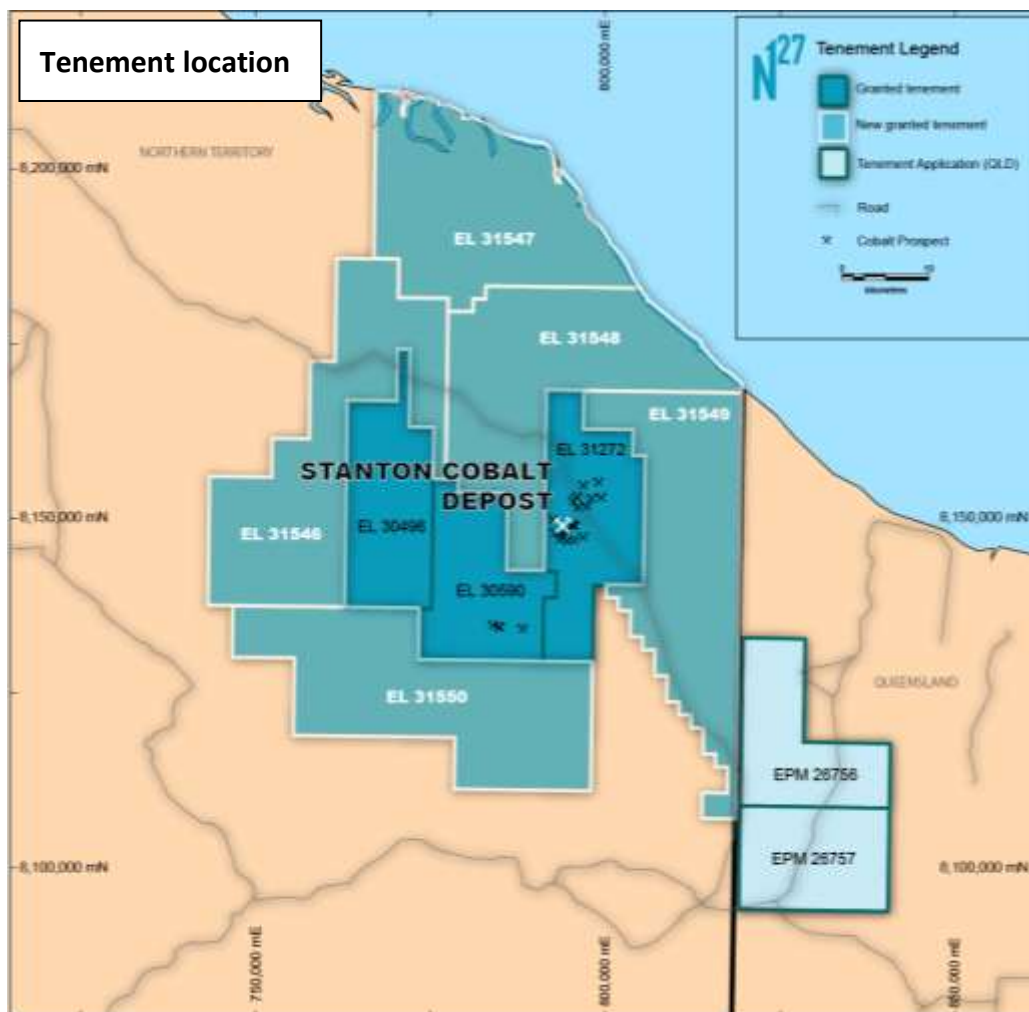
- Northern Cobalt will issue 600,000 fully paid ordinary shares to Gempart (NT) Pty Ltd (or nominee) to acquire a 100% interest in the 9 (nine) tenements (subject to ministerial approval)
- The share issue will be made under the Company's 15% placement capacity - listing rule 7.1
- Complementary project to the advanced Wollogorang Cobalt Project
- Prospective for strategic metals including Li-Cs-Ta, REE (La-Ce)-Y-Nb and Co



New tenements granted at the Wollogorang Cobalt Project

Northern Cobalt has recently been granted an additional five (5) tenements surrounding its existing three (3) tenements at the Wollogorang Cobalt Project in the Northern Territory. This increases the company's tenure from 1,131 km² to 4,986 km², an increase of approximately 341% of the existing tenure, covering ground prospective for cobalt. The company originally applied for the ground in March 2017, which covers the same prospective geology that hosts the Stanton Cobalt Deposit and the Selby Cobalt Prospects.

Northern Cobalt has applied for an additional two (2) tenements across the border in Queensland. The Gold Creek Volcanics, which are host to the Stanton Cobalt Deposit, extend across the Northern Territory/Queensland border into the area covered by applications EPM 26756 and EPM 26757. Two rock chip samples taken by historical explorers show elevated cobalt values of more than 800 ppm Co within the application area.



Corporate

Cash position

The Company had a cash position of \$2.41 million as of 31 December 2017.

Exploration and evaluation expenditure by the Company during the December 2017 Quarter was \$1.57 million.

Exploration Tenements

On 18 December 2017 Northern Cobalt acquired nine exploration licences in the Northern Arunta Pegmatite Province. Completion of the acquisition is subject to ministerial approval and issue of 600,000 shares as consideration for the acquisition.

Share capital changes

The Company issued 192,500 shares as settlement of an invoice and 450,000 unquoted options with an exercise price of 25 cents and expiry of 21 March 2021 as executive remuneration.

During the quarter, 2,026,343 quoted options were exercised by option holders.

A summary of movements and balances of equity securities between 1 October 2017 and this report are listed below (* issued subsequent to the end of the quarter):

	Ordinary shares	Quoted Options	Unquoted Options	Unquoted performance shares
On issue at start of the Quarter	35,577,500	10,533,750	11,800,000	13,175,000
Settlement of invoice	192,500	-	-	-
Officer remuneration	-	-	450,000	-
Exercise of options	2,026,343	(2,026,343)	-	-
Exercise of options*	470,000	(470,000)	-	-
Total securities on issue at the date of this report	38,266,343	8,037,407	12,250,000	13,175,000

Tenement table

Tenement number	Tenement name	Beneficial Interest at the end of the Quarter	Changes during Quarter
Northern Territory			
EL30496	Karns	100%	None
EL30590	Selby	100%	None
EL31272	Running Creek	100%	None
EL28837	Alcoota Pegmatite Field	0%	Acquiring*
EL28838	Alcoota Pegmatite Field	0%	Acquiring*
EL28886	Alcoota Pegmatite Field	0%	Acquiring*
EL29470	Plenty River Pegmatite Field	0%	Acquiring*
EL29481	Harts Range Pegmatite Field	0%	Acquiring*
EL29511	Harts Range Pegmatite Field	0%	Acquiring*
EL29851	Harts Range Pegmatite Field	0%	Acquiring*
EL30007	Harts Range Pegmatite Field	0%	Acquiring*
EL31147	Harts Range Pegmatite Field	0%	Acquiring*

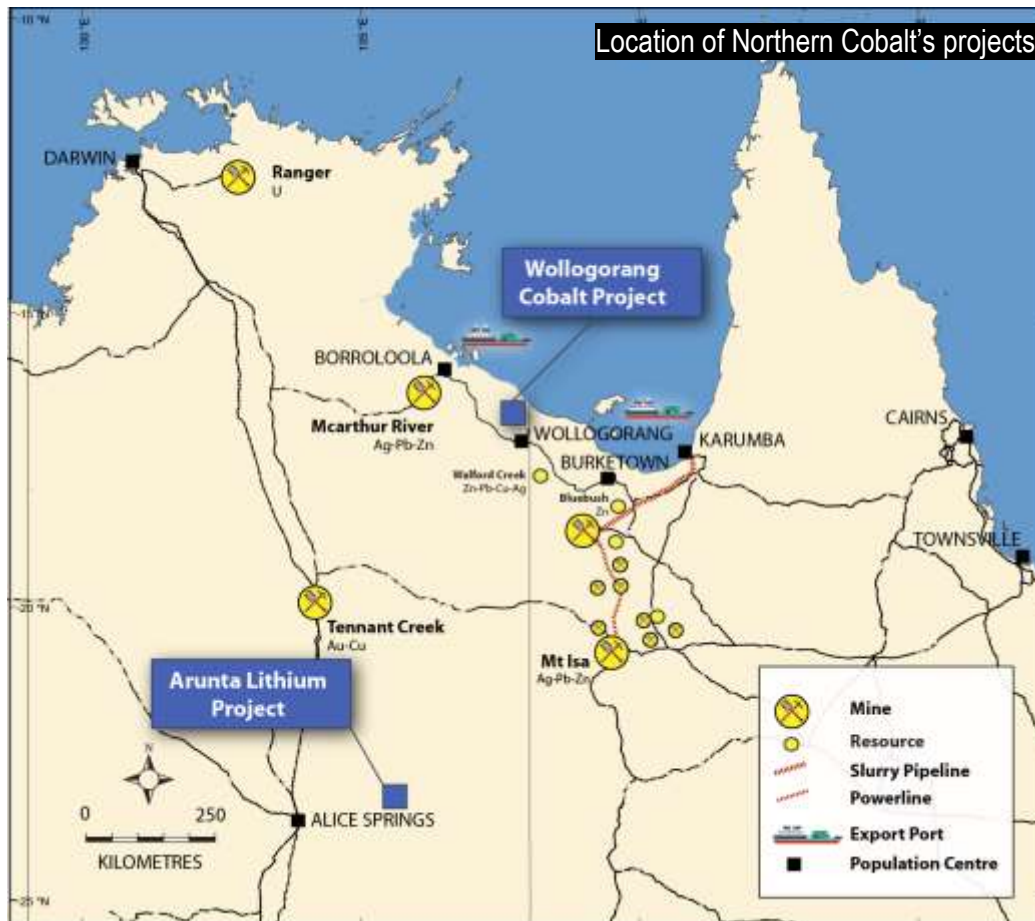
* Agreement in place to acquire tenement upon receipt of Ministerial approval.

Further tenements have been granted subsequent to the end of the quarter and will be reported in the next Quarterly Activities Report.

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Michael Schwarz who is a member of the Australian Institute of Geoscientists. Mr Michael Schwarz is a full-time employee of the company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Michael Schwarz consents to the inclusion in the report of the matters based on his information in the form in which it appears.

This report contains historical exploration results announced on 20 September 2017 as "Prospectus" (historical estimate). The Company confirms it is not in possession of any new information or data relating to the historical estimate that materially impacts on the reliability of the estimates or the Company's ability to verify the historical estimate. Supporting information provided in the announcement of 20 September 2017 continues to apply and has not materially changed. This report also contains exploration results announced on 24 November 2017 as "High Grade First Drill Results - Stanton Cobalt Deposit", and 29 November 2017 as "Further High-Grade Cobalt Results - Stanton Cobalt Deposit", on 7 December 2017 "Stanton Cobalt Resource Remains Open in Multiple Directions", on 18 December 2017 "Acquisition of Lithium Project to Complement Cobalt Resource" and 22 December 2017 "Detailed Magnetic Survey over Stanton Cobalt Deposit"



Project Location

The Wologorang Cobalt Project occurs in the far north-eastern corner of the Northern Territory, a mining friendly jurisdiction. The Project area is 180 km to the south-east of the population centre of Borroloola. The capital city of Darwin is 870 km to the north-west and the McArthur River Mine is approximately 150 km to the west-northwest.

The Arunta Lithium Project occurs in the south-east of the Northern Territory, a mining friendly authority. The Project area is 180 km to the north-east of the population centre of Alice Springs. The capital city of Darwin is 1250 km to the north-west.

For further information please contact:

Michael Schwarz

Managing Director, Northern Cobalt Ltd

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Northern Cobalt Limited

ABN

99 617 789 732

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,574)	(1,674)
(b) development	-	-
(c) production	-	-
(d) staff costs	(146)	(149)
(e) administration and corporate costs	(177)	(182)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,894)	(2,001)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(71)	(71)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(71)	(71)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	4,214
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	405	405
3.4	Transaction costs related to issues of shares, convertible notes or options	(228)	(461)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	177	4,158

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,202	328
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,894)	(2,001)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(71)	(71)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	177	4,158
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,414	2,414

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	894	4,202
5.2 Call deposits	1,520	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,414	4,202

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	91
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

The amount above includes all payments to Directors and also includes payments to entities associated with Leonard Dean. The payments relate to executive services and directors' fees on commercial terms.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Not applicable

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	600
9.2 Development	-
9.3 Production	-
9.4 Staff costs	150
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	900

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Not applicable		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Not applicable		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Company secretary

Date: 31 January 2018

Print name: Jaroslaw (Jarek) Kopias

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.