

NORTHERN²⁷ CoBALT



INVESTOR PRESENTATION

November 2018

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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.

The information in this announcement is an accurate representation of the available data and studies of the material mining project. This report includes results that have previously been released under JORC 2012 by the Company as "Drilling Results – Wollongorang Cobalt Project" on the 7th August 2018, "Copper Discovered at Gregjo Prospect" on 28th August 2018 and . The Company is not aware of any new information or data that materially affects the information included in this announcement and all material assumptions and technical parameters underpinning the Mineral Resource continue to apply and have not materially changed.

Historical results have been obtained from open file company report CR2002-0102 lodged with the Department of Primary Industries and Resources, NT. <https://geoscience.nt.gov.au/gemis/ntgsjspui/handle/1/3>

CORPORATE OVERVIEW

Len Dean *Chairman*

Metallurgist, experienced ASX Chairman BHP Marketing Director Iron Ore and Group General Manager Minerals Marketing. MD of India's largest listed Iron Ore Company. Over 50 years industry experience.



Michael Schwarz *Managing Director*

Michael has over 20 years' senior experience in mineral exploration spanning industry and government as a geologist and in senior management. Michael was previously Managing Director of Monax Mining (ASX:MOX) and has held Directorships with several ASX listed exploration companies.



Duncan Chessell *Director*

Project vendor representative (Coolabah Group) with 20+ years experience in business and oil, gas and mineral exploration. BSc, MAusIMM, GAICD.



Andrew Shearer *Director*

Resource Analyst with PAC Partners (Lead Manager on IPO), Corporate Advisor, Geophysicist with a technical and corporate background. BSc (Hons), MBA



Capital Structure 13th November 2018

Ordinary Shares (m)	50.8
Market Capitalisation (A\$m) – 10 cents	\$5.1
Cash (A\$m) (30/9/2018)	\$2.2
Enterprise Value (\$Am)	\$2.9
Options (\$0.20/sh, 14/9/19) (m)	6.3
Options (\$0.25/sh, 6/9/21) (m)	5.8
Options (\$0.25/sh, 21/3/21) (m)	6.5
Unlisted rights (m)	2.5
Performance Shares - Class A (m)	9.6
Performance Shares - Class B (m)	3.6

Performance Shares on JORC Code Project Milestones
 Class A: upon 6,000t contained Co equivalent
 Class B: upon 15,000t contained Co equivalent



KEY POINTS – N27 PROJECTS

- **Cobalt resource** in well regarded mining jurisdiction (Australia)
- **Large exploration upside**, secure tenure, prospective rocks
- Drilling in progress on **multiple Co-Cu prospects**
- Non-laterite, non-refractory mineralisation style leads to **low Capex options**
- Current supply-demand in balance short term, subject to risky 75% of world production from one country (DRC) with ethical mining issues
- **Strong medium macro economic drivers** for demand growth in cobalt to exceed known production reserves and likely supply in 2023 (UBS)
- Thermal stability of lithium-ion batteries relies on **significant cobalt component** which due to physical properties is very difficult to eliminate

THREE MAIN FACTORS AFFECTING THE COBALT PRICE

Short term oversupply due to:

1. **Increase in capacity** from major producers in the DRC
2. Unsustainable increase in **unethical artisanal production** (up to 40,000 tpa)
3. Changes to **Chinese subsidy regimes** for EV's

INCREASE IN CAPACITY FROM THE DEMOCRATIC REPUBLIC OF CONGO (DRC)

- Glencore has ramped up production capacity from its existing Katanga and Mutanda mines to capitalise on the increased cobalt price
- However, the Glencore Katanga Mine has halted cobalt sales due to high uranium (1472 tonnes)
- Many of the large DRC mines only have a limited amount of capacity left in the short term
- Many of the other higher CAPEX projects (laterite and sulphide) worldwide are going to find it difficult to get funds for development in the current climate
- Due to the spike in the cobalt price artisanal miners have flocked to the DRC in a “gold rush” style scenario and have added up to 40,000 tpa supply of cobalt to the Chinese refineries
- This additional supply is expected to be short lived and unsustainable

CHANGES TO THE CHINESE ELECTRIC VEHICLE (EV) SUBSIDY SCHEME FOR 2018

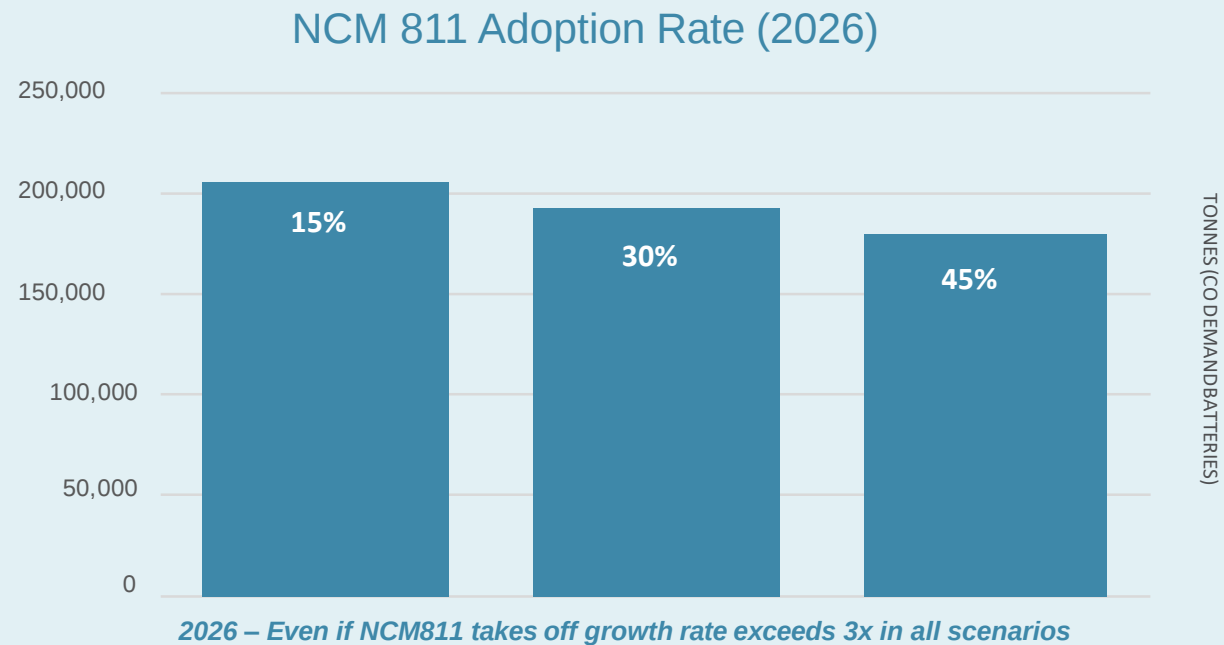
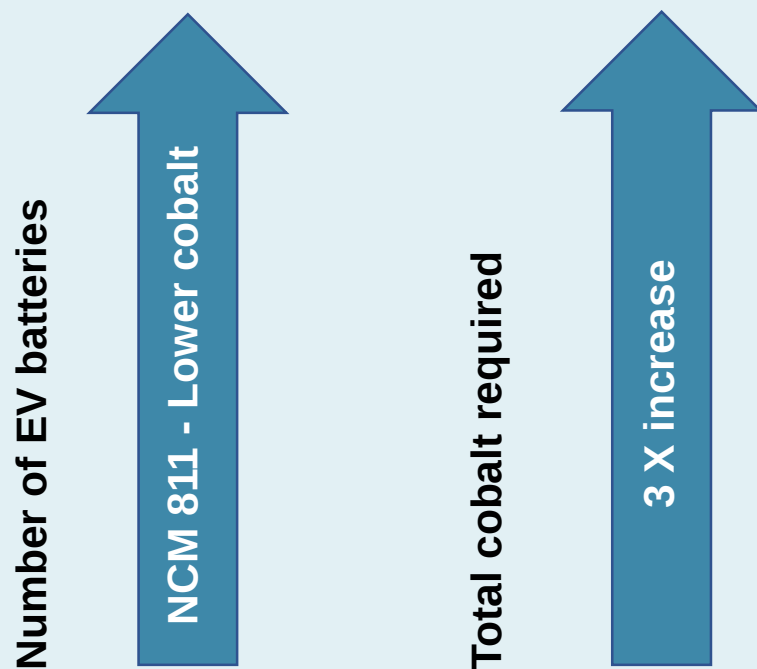
1. Range based targets to encourage automakers to produce longer range vehicles:
 - vehicles with driving range below 150 km will not receive subsidies,
 - vehicles with 300 km of driving range will get the current electric vehicle subsidies,
 - ranges over 400 km have higher subsidies.
2. battery power / weight requirements have been increased, increased from 90 wh/kg to 105 wh/kg.
 - They also only apply the full subsidy for vehicles with 140 wh/kg batteries, again pushing for better electric vehicles.
3. power consumption requirements have been increased, pushing for more efficient vehicles
4. In 2016, China outlined that its subsidies for new energy vehicles will end by 2020 and that they will drop 20% each year until 2019, when they will decrease 40% based on 2016 levels, which will then completely end the subsidies.
 - A number of major Chinese car manufacturers have lost the government subsidy on some models in their current line of EV's making these models less competitive.
 - Production of these models has been restricted impacting the demand for EV batteries until new models meeting the new governments subsidy requirements can be brought online.

CHINESE MANUFACTURERS ARE ADAPTING TO THE NEW SUBSIDY STRUCTURE



COBALT PRICE/DEMAND FORECASTS

- Benchmark Mineral Intelligence forecasts that the use of cobalt in batteries will **more than triple** between 2017 and 2026 – despite the shift to lower cobalt batteries during this timeframe
- Removing cobalt from both NCA and NCM technology is not easy and presents problems: **safety and cell life**
- Even if nickel-cobalt-manganese (NCM) 811 cathodes takes off, **overall impact would be limited**



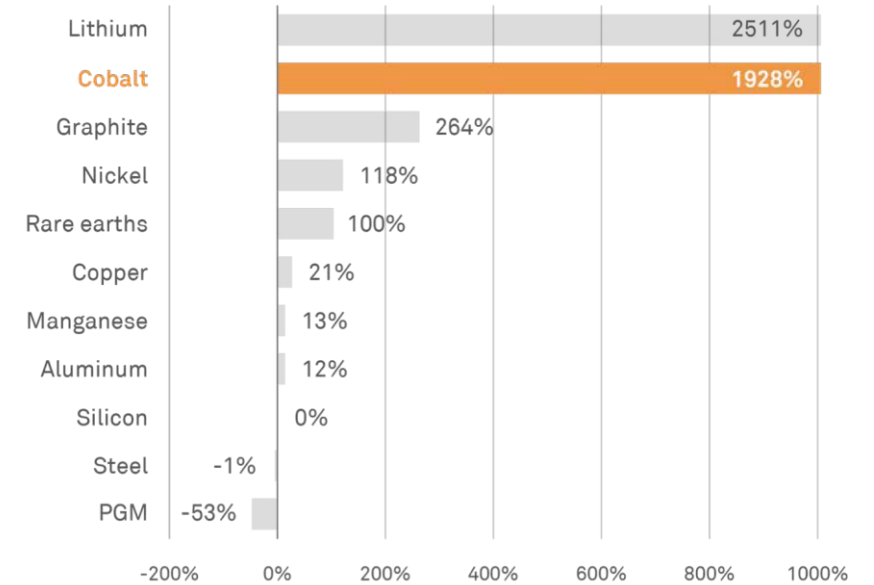
COBALT PRICE/DEMAND FORECASTS

- Potential for China to **ban all** internal combustion engine (ICE) sales by 2030
- Electrification of transport is a **disruptive technology**, has the potential to change the way we live (e.g. implementation of mobile phones)
- Projected demand for EV batteries is **SO LARGE** that all components of the supply must expand to meet supply (including recycling and lower cobalt battery chemistries)
- Cost decreases are most likely to come from supply change efficiencies, battery manufacturing efficiencies, **NOT** decreased cobalt content

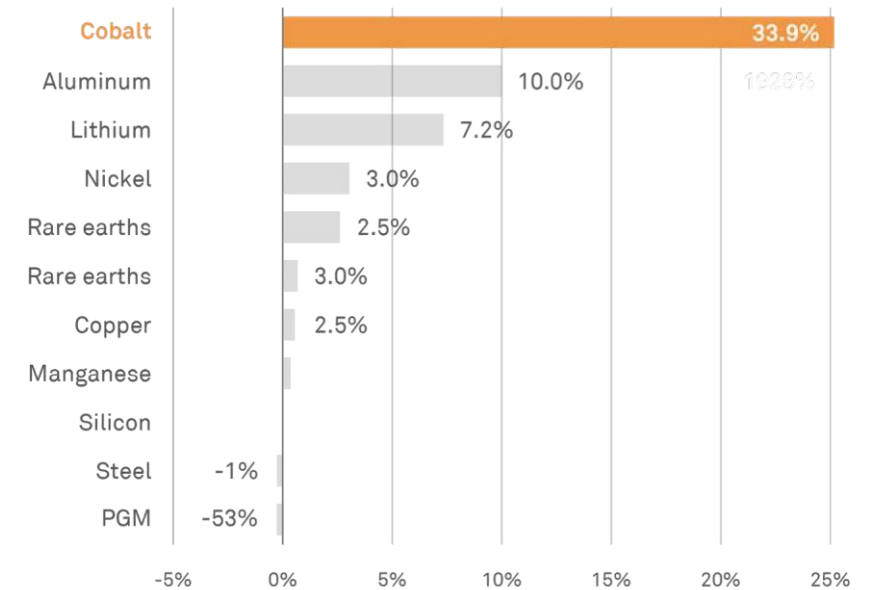


In a 100% EV world...

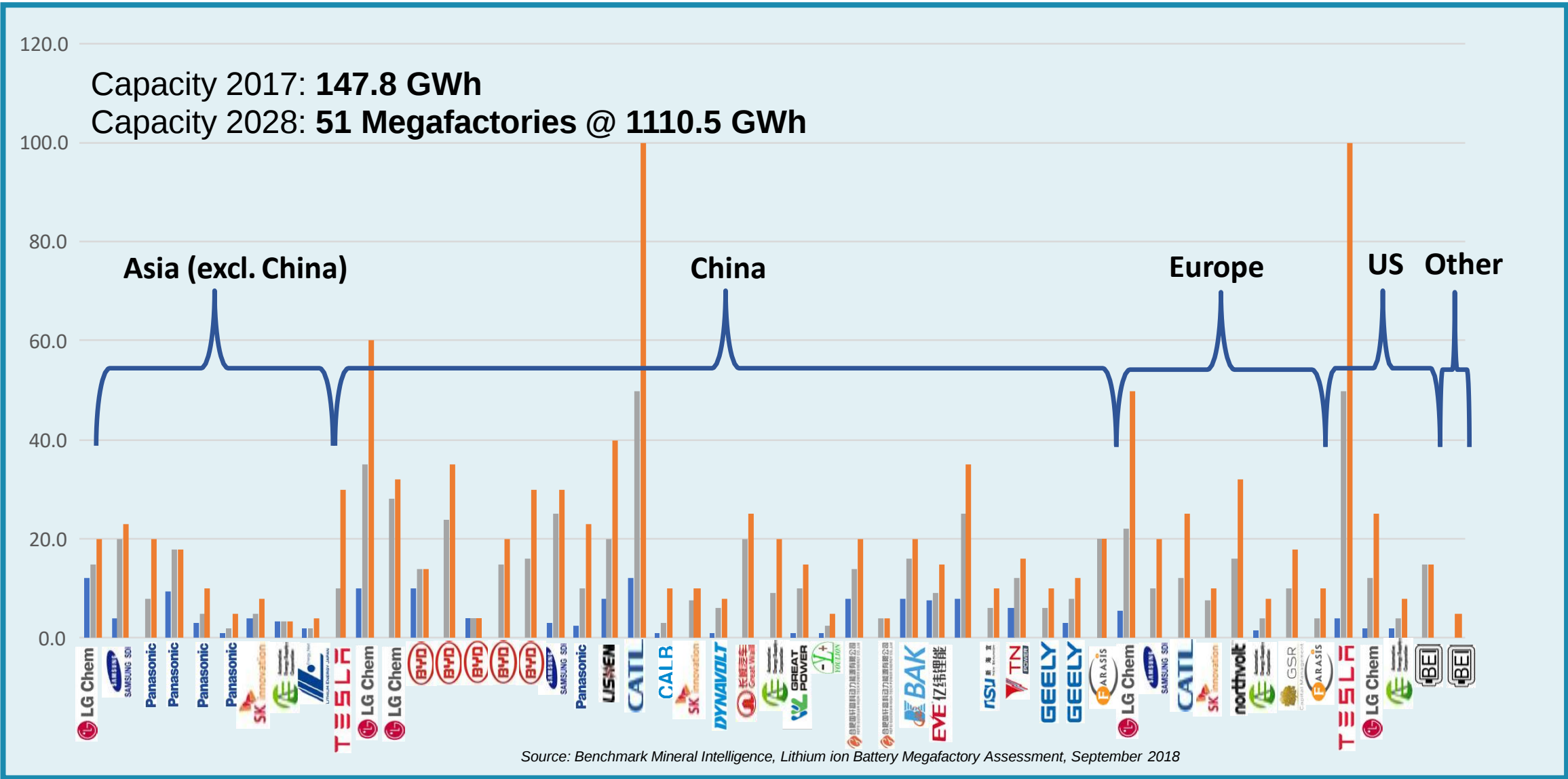
demand
would change
by...



incremental
annual
commodity
demand
would deplete
reserves by ...



MEGAFACTORIES ARE HERE – From 3 Megafactories in 2015 to 51 in 2018



COBALT PRICE/DEMAND FORECASTS

- Significant **disconnect** between LME and Metal Bulletin price for cobalt metal
- LME Cobalt price appears to have **stabilised** around \$US60,000/metric tonne from high of \$90,000
- Current Metal Bulletin price is approximately \$US75,000/metric tonne (a more realistic indication of what cobalt producers are getting)
- Investors have **overestimated** the effects of technology and battery chemistry changes in the short term
- Price downturn is largely due to **short term** oversupply not medium to long term demand increases
- The generalist investor has lost their nerve
- Fundamentals of limited supply and **massive increase** in demand remain in the medium to long term



RUNNING CREEK PROSPECT,
WOLLOGORANG PROJECT, NT

LOCATION, MINERALISATION STYLE

*Wollogorang Cobalt Project,
Northern Territory*

*Arunta Lithium, REE Project,
Northern Territory*

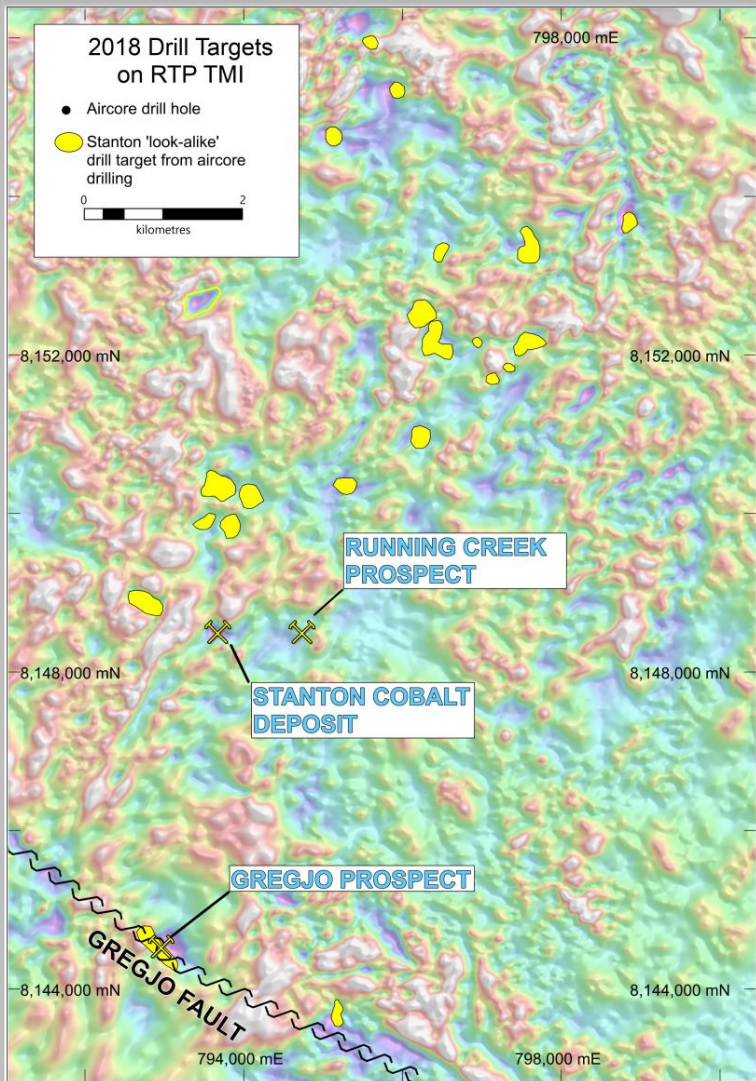
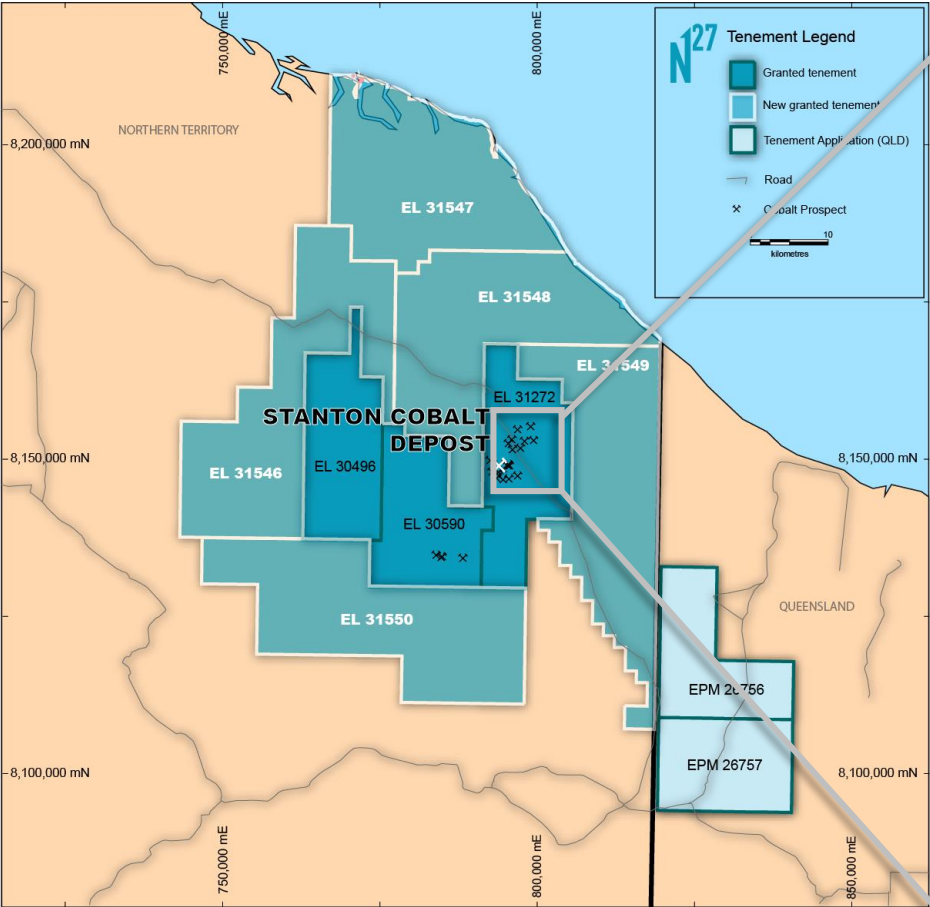
N27's Wollogorang Cobalt Project is a sediment hosted cobalt mineralisation system which has potential for low CAPEX and OPEX options due to:

- Oxide mineralisation is dominated by asbolane and primary is predominantly siegenite - a cobalt sulphide mineral
- Cobalt dominant mineralisation occurs from surface
- Flat lying sediment hosted mineralisation - likely open pit operations
- Occurs in a supportive first-world mining jurisdiction

**THE STANTON
COBALT DEPOSIT
IS IN THE
NORTHERN
TERRITORY,
AUSTRALIA**

NORTHERN COBALT has recognised the growing importance of cobalt sourced from developed world jurisdictions

EXPLORATION POTENTIAL

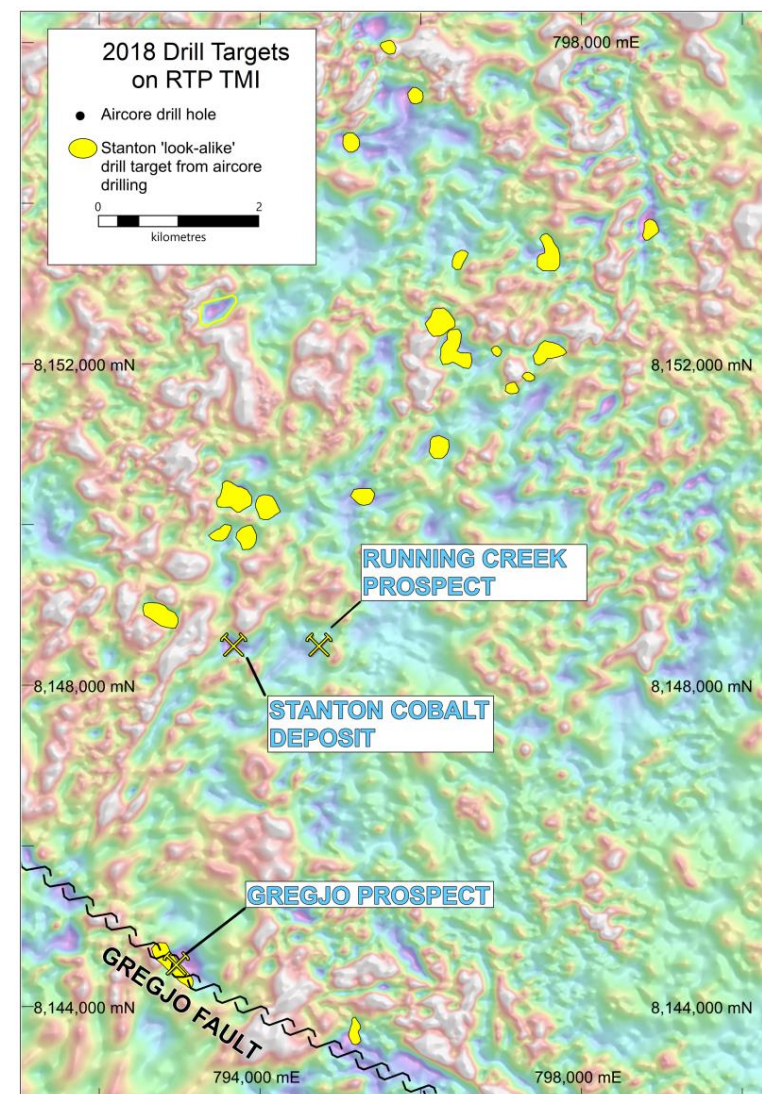


EXPLORATION POTENTIAL – GregJo Prospect

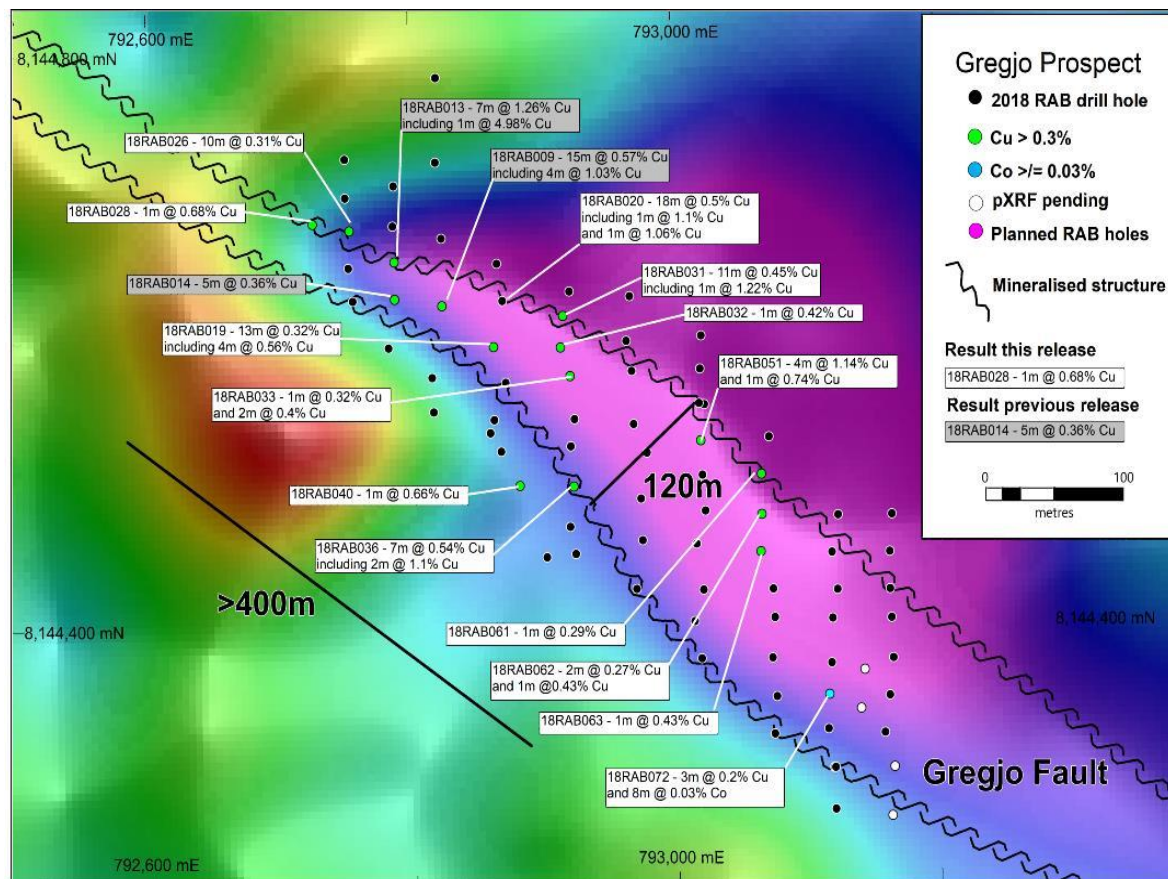


FIRST DRILL TARGET - GREGJO PROSPECT

- Deeper RAB drilling completed at first drill target
- Copper and cobalt mineralisation in drilling
- Magnetic low on regional GregJo Fault



EXPLORATION POTENTIAL – GregJo Prospect

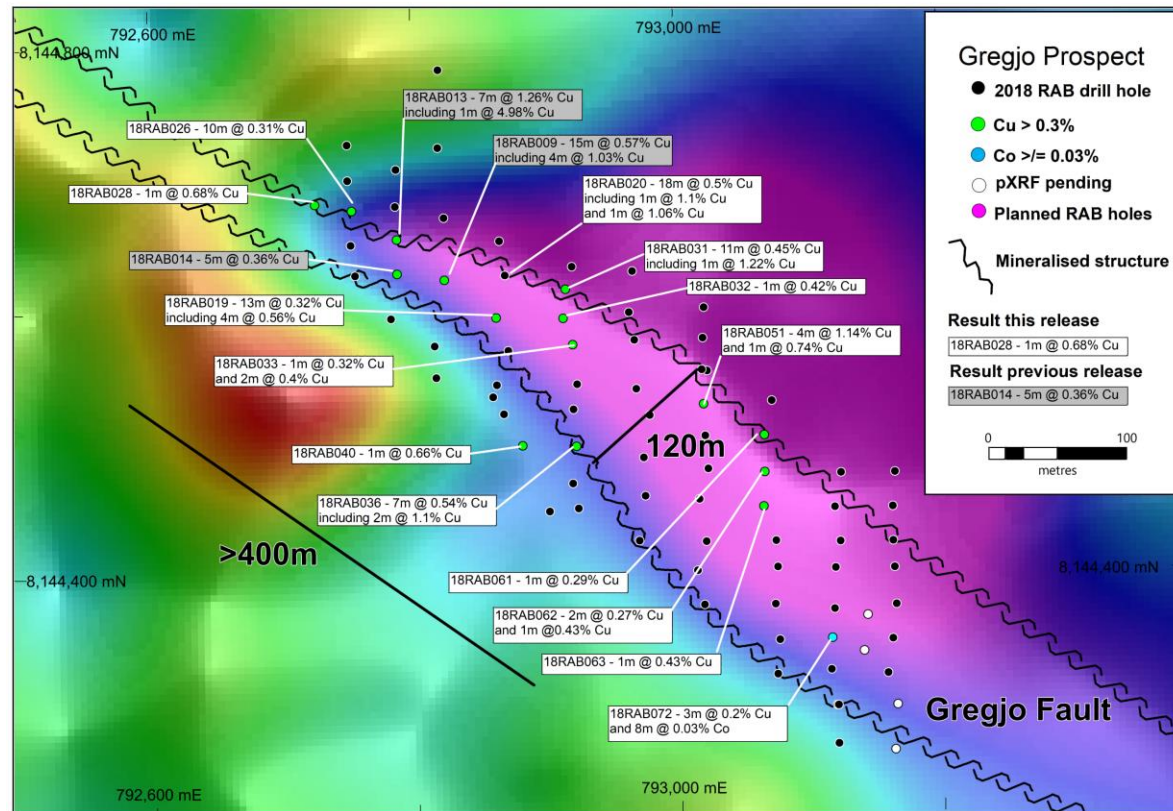


GREGJO RESULTS (pXRF):

- 86 RAB holes drilled to approximately 30m
- 16 drill holes have intersected significant copper mineralisation

Hole ID	Easting	Northing	Depth From	Depth To	Interval	Cu (%)
18RAB009	792824	8144624	1	16	15	0.57
		including	6	10	4	1.03
18RAB013	792788	8144655	5	12	7	1.26
		including			1	4.98
18RAB014	792788	8144629	3	7	5	0.36
18RAB019	792863	8144595	5	17	13	0.32
		including	13	17	4	0.56
18RAB020	792870	8144627	1	19	18	0.50
		including	13	14	1	1.10
		and	18	19	1	1.06
18RAB026	792754	8144677	2	11	10	0.31
18RAB028	792726	8144682	0	1	1	0.68
18RAB031	792916	8144616	16	27	11	0.45
		including	18	19	1	1.22
18RAB032	792914	8144594	12	13	1	0.42
18RAB033	792921	8144574	16	17	1	0.32
		and	18	20	2	0.40
18RAB036	792923	8144497	2	9	7	0.54
		including	2	3	1	1.10
18RAB040	792882	8144498	4	5	1	0.66
18RAB051	793020	8144528	12	16	4	1.14
		and	17	18	1	0.74
18RAB061	793066	8144504	16	17	1	0.29
18RAB062	793066	8144476	13	15	2	0.28
		and	40	41	1	0.43
18RAB072	793116	8144350	21	24	3	0.21
18RAB080	793163	8144423	35	36	1	0.2

EXPLORATION POTENTIAL – GregJo Prospect

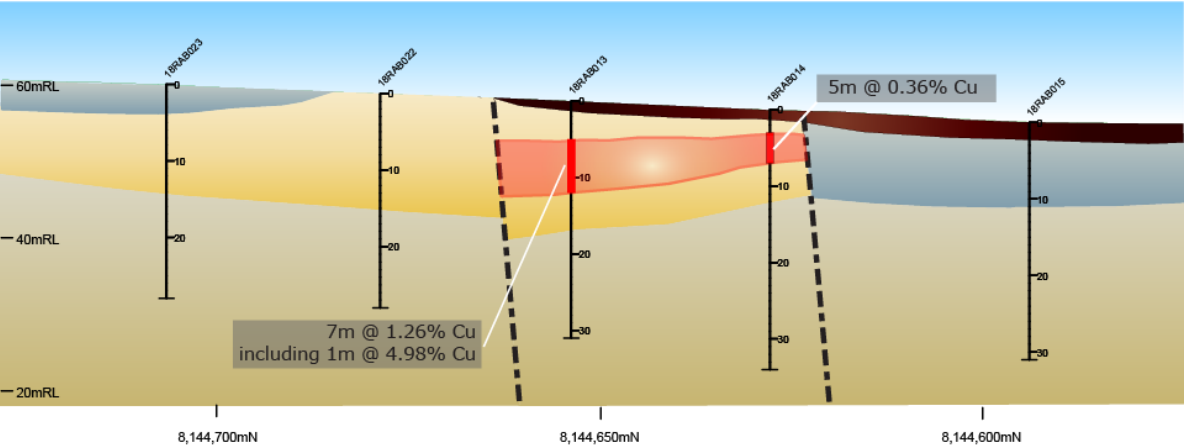


COPPER VS COBALT RICH ZONES:

- Copper appears to be controlled by the Gregjo Fault
- Cobalt and zinc are anomalous in the south-east part of the prospect
- Mineralisation appears to be zoned from copper rich to cobalt then zinc from NW to SE



EXPLORATION POTENTIAL – GregJo Prospect - Section E792789

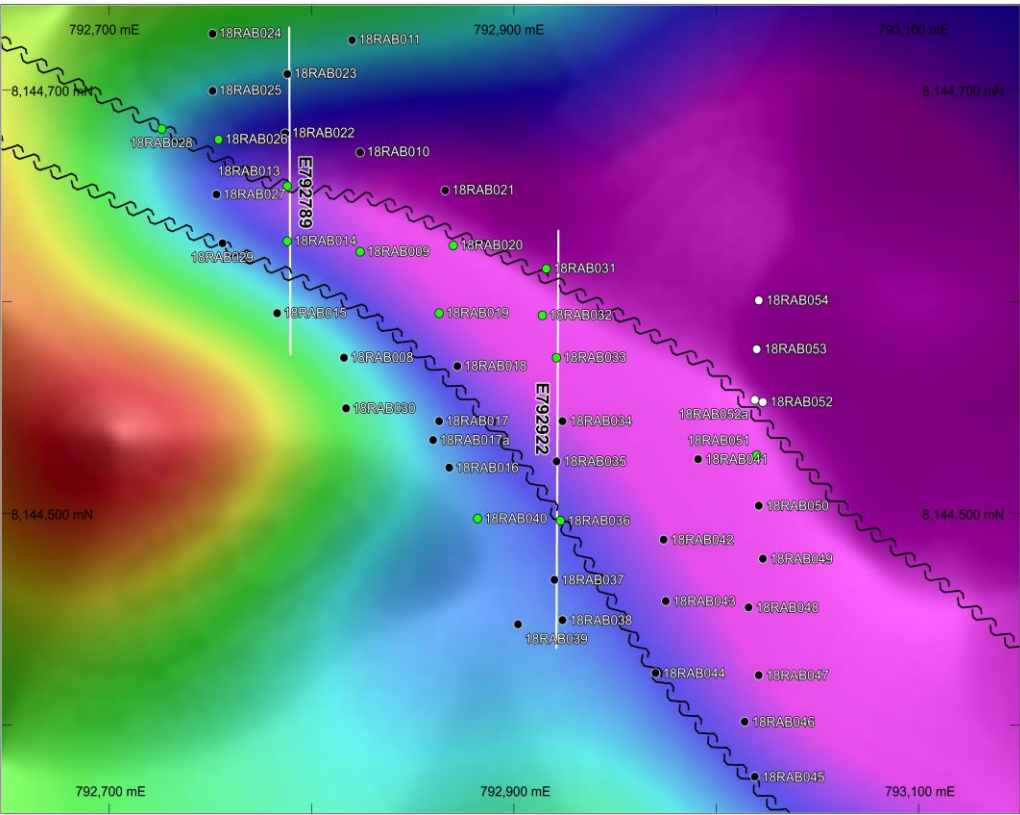


Gregjo Prospect
Wollogorang Cobalt Project
Section E792789

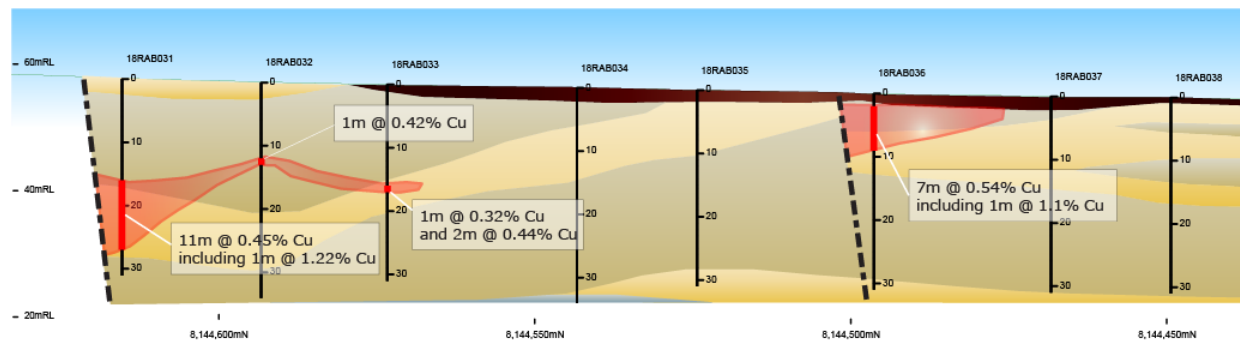
- Sandstone
- Siltstone
- Basalt
- Copper Mineralisation

Drill hole

- 18RAB001 - RAB Northern Cobalt
- 4m @ 1.1% Cu Assay interval
- 4m @ 1.1% Cu Assay interval previously reported



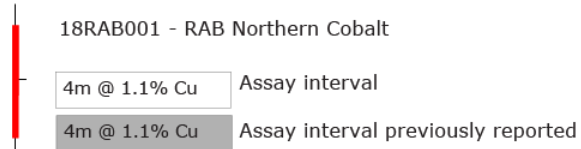
EXPLORATION POTENTIAL – GregJo Prospect – Section E792922



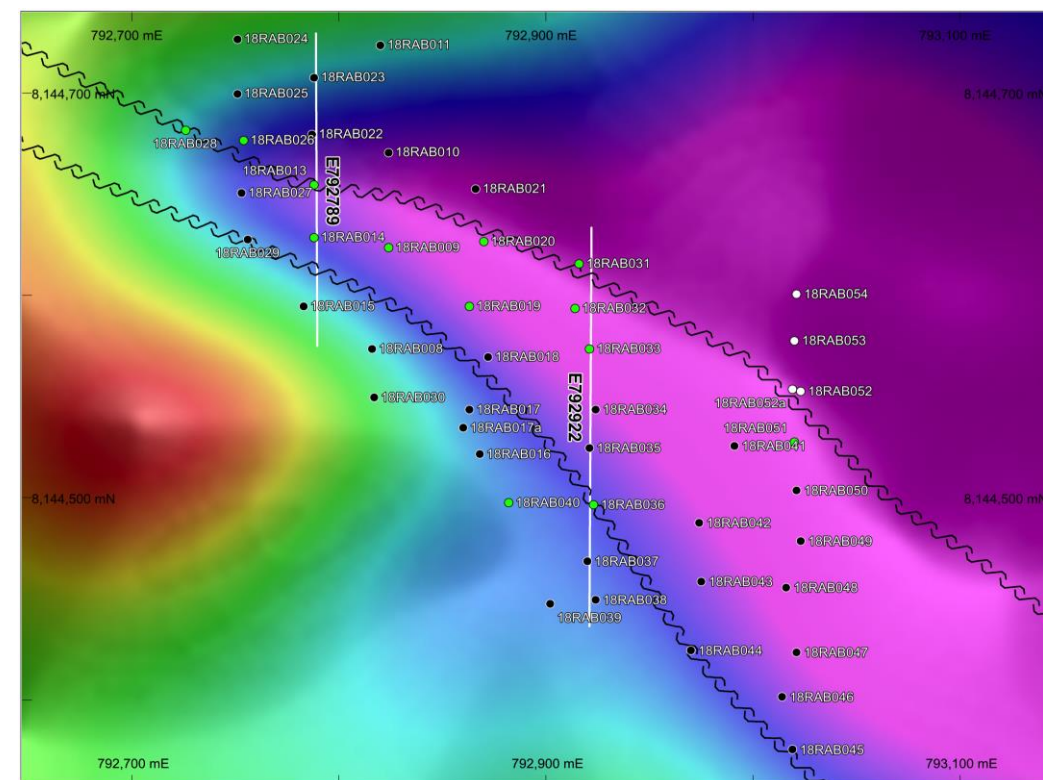
GregJo Prospect
Wollogorang Cobalt Project
Section E792922



Drill hole

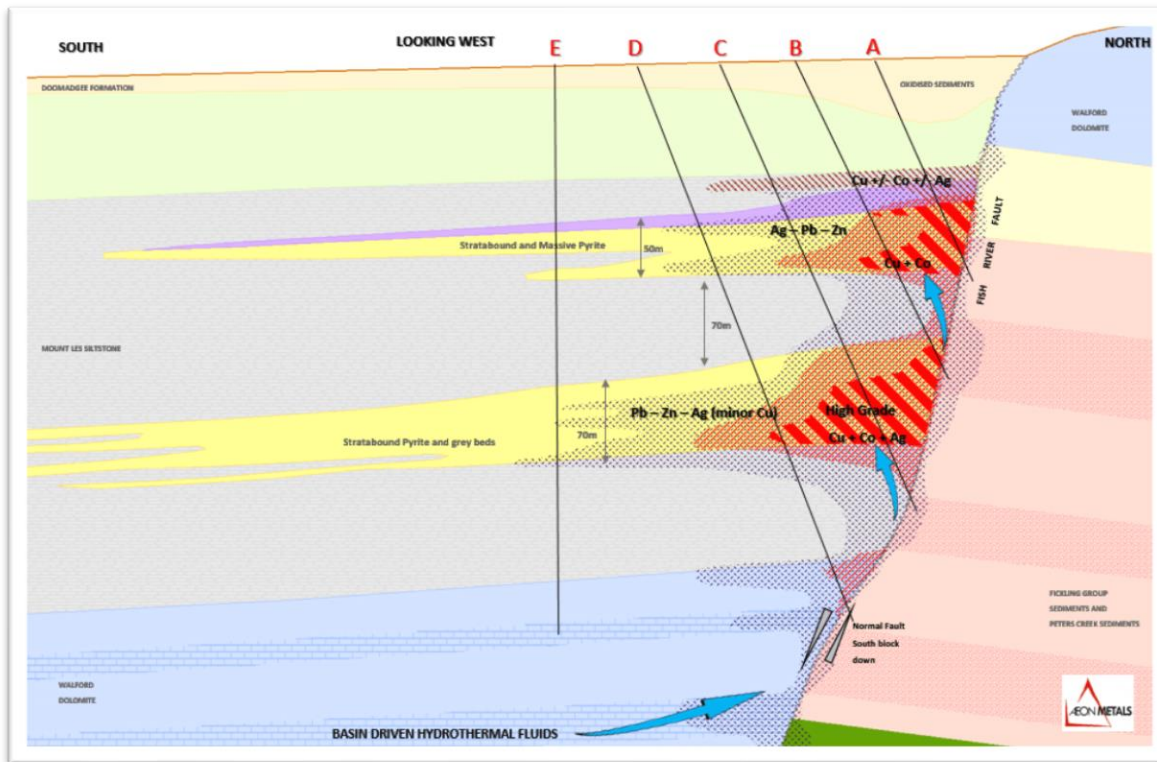


NORTHERN¹²⁷
CoBALT



NORTHERN¹²⁷
CoBALT

EXPLORATION POTENTIAL – GregJo Prospect



Walford Creek Mineralisation style – Aeon Metals (ASX: AML)

Source : <http://www.aeonmetals.com.au/walford-creek/>

GregJo

- Mineralisation controlled by the Gregjo Fault
- Transitional mineralisation style from Cu-Co-Zn-Ba rich (pXRF data)
- Occurs in subhorizontal pyritic sediments adjacent to fault
- Basin driven hydrothermal fluids
- Low grade Cu halo with discrete zone of high grade
- Large scale potential across >27km fault strike

Walford Creek

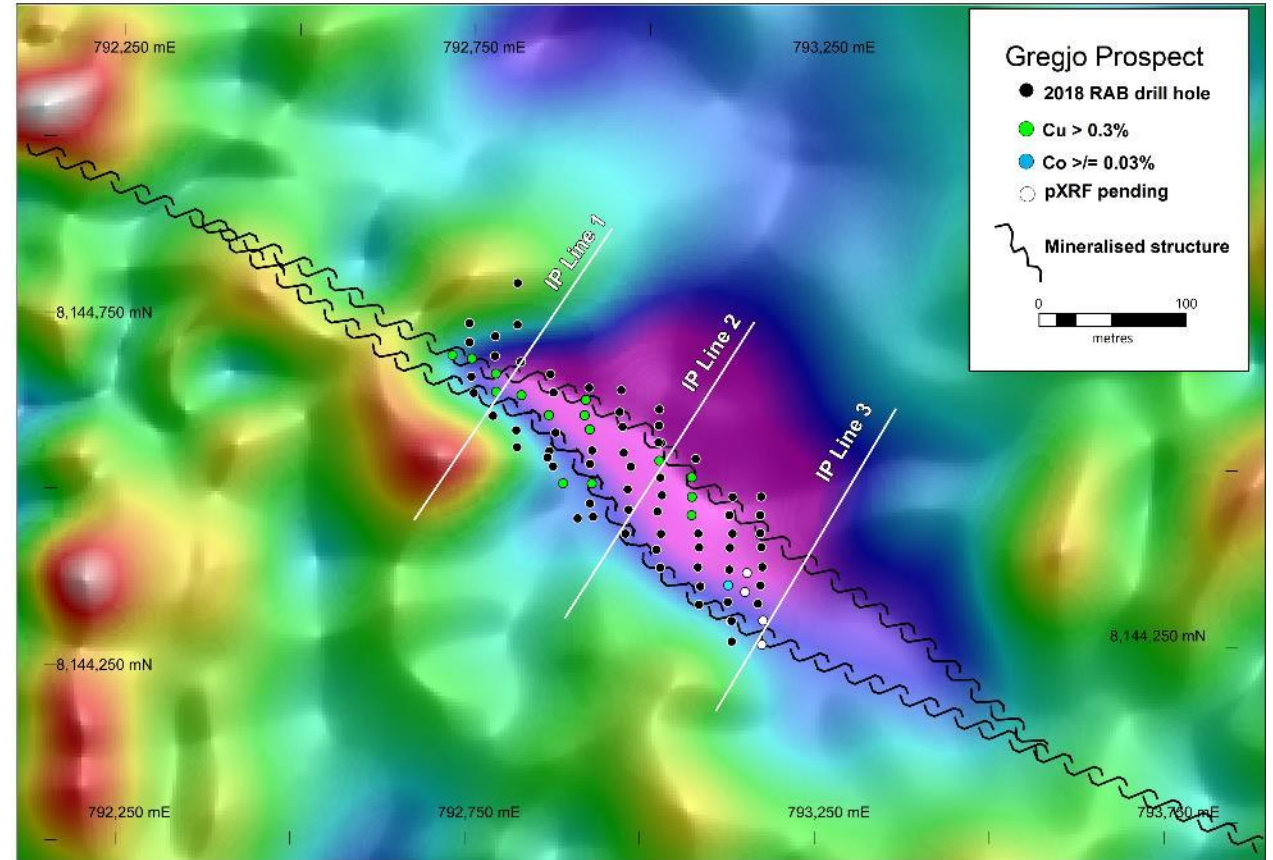
- Mineralisation controlled by the Fish River Fault
- Cu-Co adjacent to fault transitioning to Ag-Pb-Zn
- Occurs in subhorizontal pyritic sediments adjacent to fault
- Basin driven hydrothermal fluids
- Large low grade Cu halo with discrete zone of high grade
- 20 km strike of fault potential with 3.6 km resource strike

VS

EXPLORATION – Next steps

INDUCED POLARISATION (IP) SURVEY – GregJo Prospect:

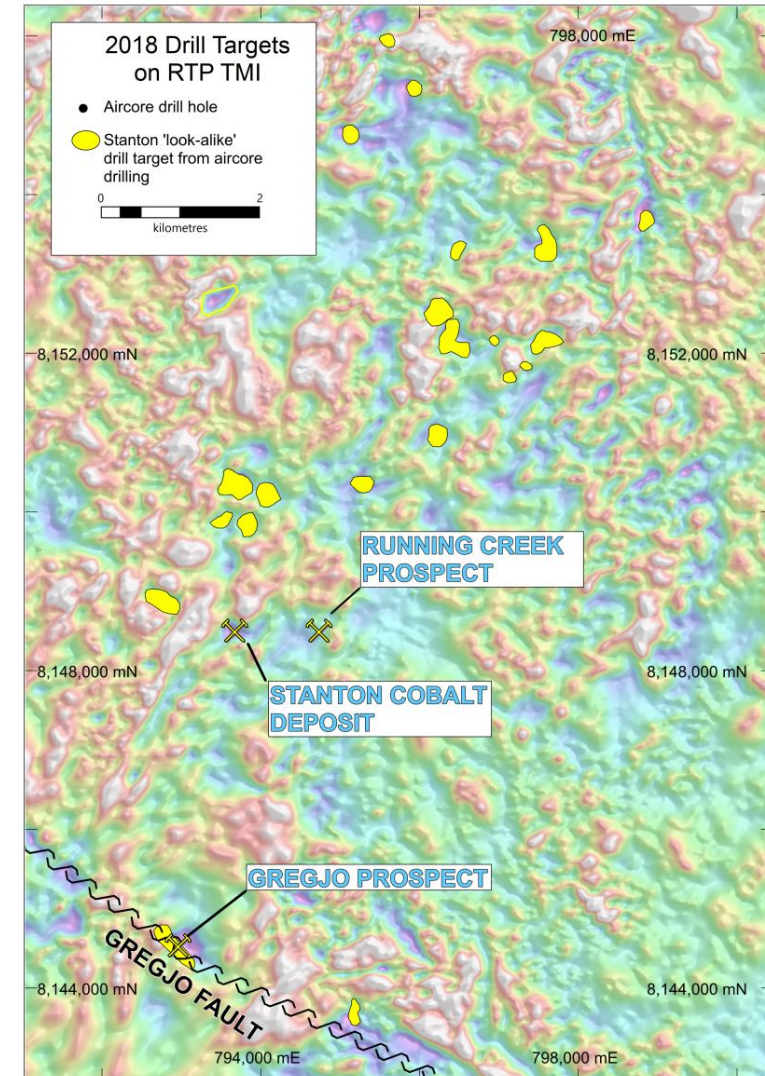
- Identifies disseminated sulphides such as pyrite and chalcopyrite which are present at depth at GregJo
- Will allow the targeting of the most mineralised parts of the system at depth beneath the weathering zone
- Plan to drill test deeper zone beneath weathering subject to IP survey results
- IP Survey has been completed – results available shortly



EXPLORATION POTENTIAL – Wologorang Project

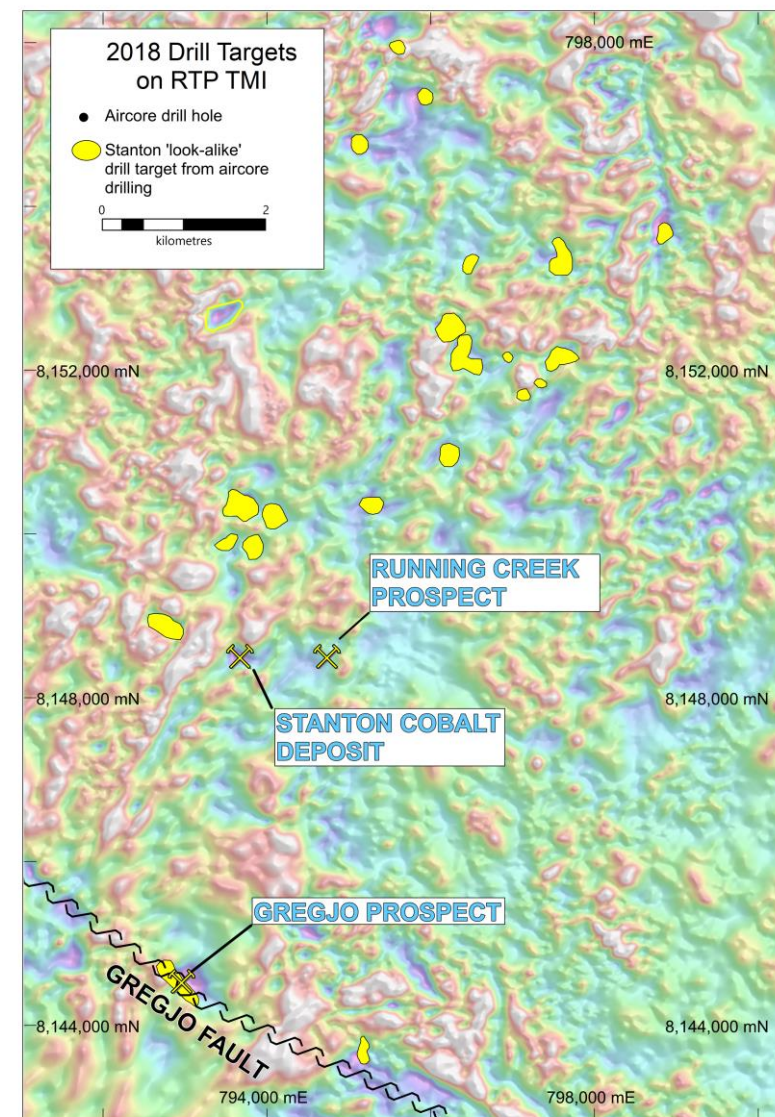
RUNNING CREEK COPPER-COBALT

- Testing a new geological model for control on mineralisation
- 1.8 km to the east of the Stanton Cobalt Deposit



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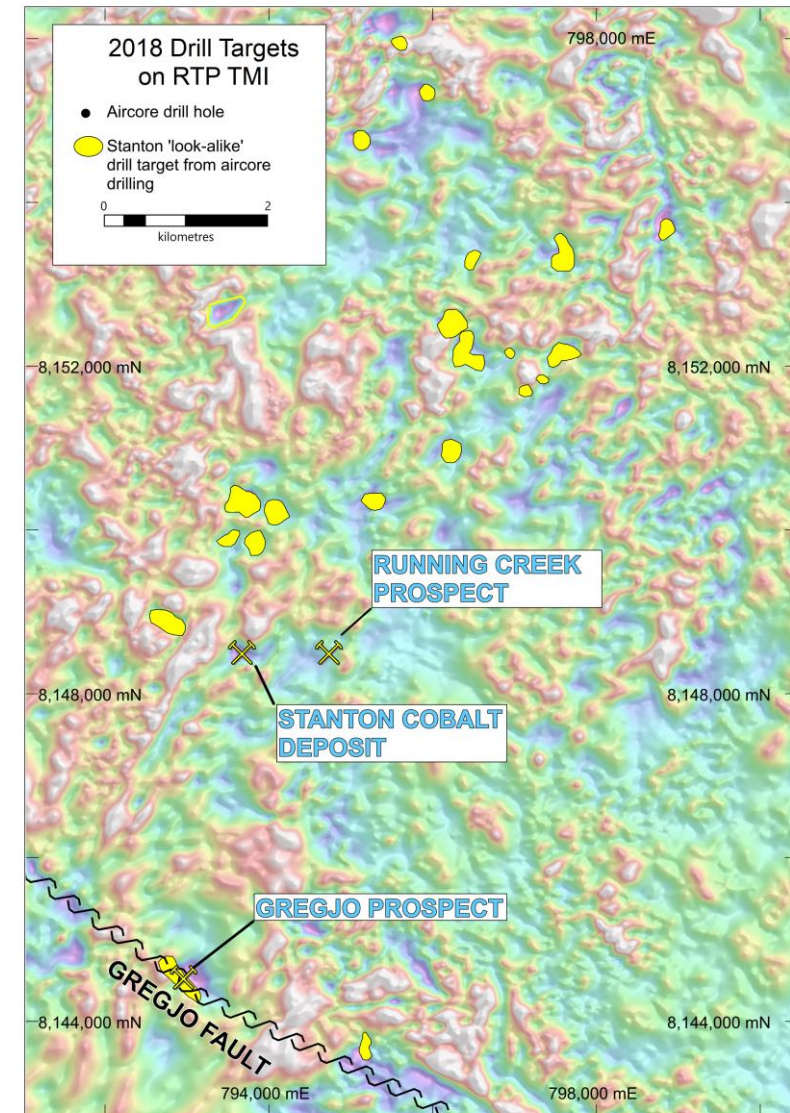
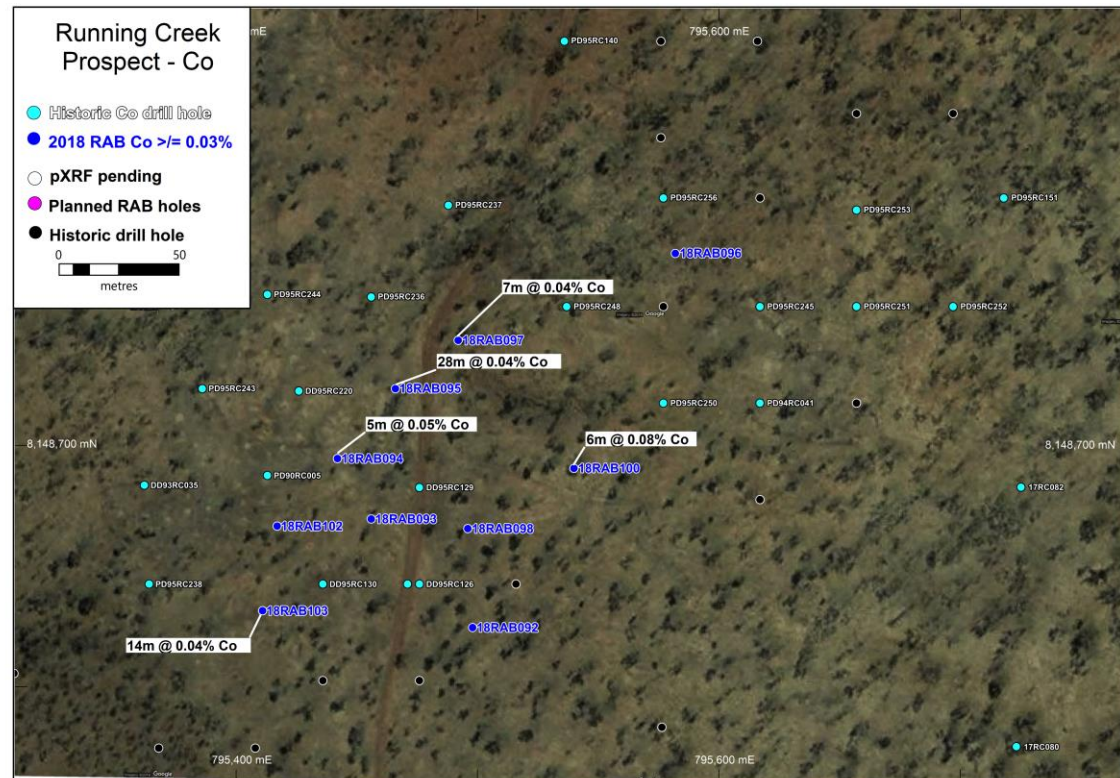
- **55m @ 0.72% Cu, including 33m @ 1.0% Cu and 7m @ 2.1% Cu**
- **Testing a new geological model for control on mineralisation**



EXPLORATION POTENTIAL – Wollongorang Project

RUNNING CREEK COPPER-COBALT

- Significant cobalt mineralisation associated with the copper system
- IP survey has been completed. Results due shortly



- N27 has defined two (2) new copper-cobalt prospects this year in addition to the existing Stanton Cobalt Deposit,
- Large exploration upside, secure tenure in well regarded mining jurisdiction (Australia)
- More news flow to come as drilling is ongoing on multiple Co-Cu prospects
- N27 is evaluating a number of new exploration opportunities in the energy metals sectors including: vanadium, lithium and cobalt
- Cobalt supply dynamics:
 1. DRC supply has been increasing, however recently, Katanga supply has been halted, other mines have limited expansion capacity
 2. Increase in unethical artisanal mining – unsustainable
 3. Chinese EV manufacturers adjusting to new subsidy regime – short term demand fall
- To meet the medium to long term increase in demand for cobalt, all new technologies (new supply, recycling and low Co chemistries) will be required
- Price downturn is largely due to sentiment not supply increase



NORTHERN CoBALT

POWERING THE FUTURE

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