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BLACKEARTH MINERALS NL

ABN 66 610 168 191

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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CORPORATE DIRECTORY

DIRECTORS

Thomas Revy
Managing Director

Phillip Hearse
Non-Executive Chairman

George Bauk
Non-Executive Director

JOINT COMPANY SECRETARY

David Round
Simon Storm

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NON- EXECUTIVE CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to present the 2020 Annual Report for BlackEarth Minerals NL (ASX:BEM), as we continue to advance a thorough understanding of the geology, mineralogy, metallurgy and product marketing of our graphite projects in southern Madagascar in order to fast track the development of our 100% owned Maniry Graphite Project. This has included undertaking significant test work on the Maniry graphite concentrate samples, aimed towards testing the product suitability for its key graphite markets – expandables, refractories and batteries.

The last 12 months have been challenging, with world-wide economic and health pressures. The BEM team has responded by focussing on advancing the Maniry project while minimising expenditure and personnel exposure. During this period, the battery minerals market has been suppressed due to reduced demand for electric vehicles. However, there are many good signs to take forward into 2021, including building a diversified market strategy for our products, and the medium to long term outlook for battery minerals remains strong.

We continue to hold the view that our project will produce high value, high demand product. The current Project study outcomes highlight that the Maniry Project is a robust and financially attractive graphite project by global standards, with the outlook for large flake high quality graphite remaining positive for the next 10-15 years, as well as high growth projections in the battery minerals industry.

Thirty months has now passed since BlackEarth Minerals NL listed on the ASX, and within that short period, and despite the challenges presented by the Covid – 19 global pandemic, we have achieved more significant milestones in the last 12 months, those being:

- Ongoing dialogue with the Madagascan Department of Mines, who continue to offer support to the Company;
- Metallurgical tests undertaken by Beijing General Research Institute of Mining and Metallurgy ("BGRIMM") independently confirming ALS (Perth) pilot results;
- Testing of spherical graphite produced from the Maniry project, with production yields of up to 52% being achieved vs industry average 40%, which met specifications consistent with those required by lithium-ion anode material manufacturers;
- Positive feedback received from international spherical graphite producers and anode material manufacturers;
- World's largest producer of expanded graphite products reported excellent quality and expansion rates from testing on BEM's coarse flake graphite samples;
- Positive results and quality approval received from the world's leading refractory producer on BEM's natural graphite; and
- Drilling program for the high grade Razafy NW area expected to commence 2H 2020.

Madagascar continues to be a highly positive mining jurisdiction with 100+ years of graphite history, recent mining transactions and developments, and the ability to finance projects. The Board remain confident that the majority of our current resource is positioned on a 40-year mining lease, and our tenement position is assured, with significant expansion potential existing for the Company, within our declared Exploration Target.

The health and well-being of our employees is of the utmost importance and BEM has put into place actions to minimise employee and contractor exposure to Covid-19. However, the Covid-19 pandemic continues to present challenges. In light of Government restrictions on the movements of personnel and the volatility of capital markets, BEM has implemented a work program which will see all non-essential spending across the Company deferred while at the same time facilitating the continued advancement of the definitive feasibility study over the remainder of CY2020.

I would like to thank our Shareholders, for your support. The support of our Shareholders remains key to our company's success. I would also like to thank our management team and support personnel, both in Perth and in Madagascar, consultants and contractors, and the Board for its dedication to BEM during its initial listing and exploration activities.

Phillip Hearse
Non-Executive Chairman

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DIRECTORS' REPORT

The Directors present their report on BlackEarth Minerals NL ("BEM" or the "Company") and its controlled entity (the "Consolidated entity") for the period from 01 July 2019 to 30 June 2020.

BOARD OF DIRECTORS

The names and details of the Consolidated entity's directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Phillip Hearse	Non-Executive Chairman
Thomas Revy	Managing Director
George Bauk	Non-Executive Director

INFORMATION ON DIRECTORS

Phillip Hearse **Non-Executive Chairman**

Qualifications
MBA, BSc (Metallurgy), FAusIMM

Experience
Mr Hearse is one of Australia's most respected mining professionals with 40 years' experience in diverse and challenging projects around the world. His extensive career has taken him from operational and technical support roles at Broken Hill, Bougainville Copper, Queensland Nickel (QNI) and Gove Alumina to senior executive and managerial positions. Phil founded and managed Normet Pty Ltd, one of Australia's major metallurgical and risk assessment companies for 18 years. He also held the key role of Director Advisory with GRD Minproc Ltd (Amec Foster Wheeler now Wood) from 2001 to 2005. Over the last 10 years, he has held significant roles in the development of a number of projects globally including numerous graphite projects located in both Australia and East Africa.

Other current directorships in listed entities
None

Thomas Revy **Managing Director**

Qualifications
BAppSc (Metallurgy), GradDipBus, MAusIMM

Experience
With more than 30 years' experience within the resources industry Mr Revy is considered a corporate and project development specialist, with an extensive international network in the mining sector. Holding senior operational and corporate positions within reputable organisations including GRD Minproc, WorleyParsons and Ferrum Crescent, Mr Revy was most recently appointed as Managing Director of BlackEarth Minerals NL overseeing the development and listing of BEM on the Australian Securities Exchange.

Other current directorships in listed entities
Chairman – Empire Resources Limited (resigned 23 April 2018)

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George Bauk **Non-Executive Director**

Qualifications
MBA, BBus, GAICD, FCPA

Experience
Mr Bauk is an experienced company director with over 14 years' experience as a listed company director in Australia with the resources industry in both production and exploration with assets in Western Australia, Australia and internationally. He is an experienced executive, with 30 years' experience in the resources industry. Mr Bauk holds a Bachelor of Business (Accounting and Finance) from Edith Cowan University, is a Fellow of the CPA and has an MBA from the University of New England. Mr Bauk has held global operational and corporate roles with WMC Resources and Western Metals. Mr Bauk has a strong background in strategic management, business planning, building teams, finance and capital/debt raising, and experience with a variety of commodities in particular rare earths, gold and industrial minerals. During his time as Managing Director of Northern Minerals, he led its rapid development from a greenfields heavy rare earth explorer to one of a few global producers of high value dysprosium outside of China. Mr Bauk is a passionate member of the WA resources industry having previously held a number of senior governing positions with the Chamber of Minerals and Energy including Vice President.

Other current directorships in listed entities
Non-executive Chairman – Lithium Australia NL
Managing Director – Northern Minerals Limited (resigned 05 June 2020)
Non-executive Chairman – Gascoyne Resources Limited

JOINT COMPANY SECRETARY

David Round (Appointed – 5 August 2020)

Qualifications
BBus., CPA, MBA

Experience
Mr Round is an experienced CFO and Company Secretary with many years experience as an advisor to the resource sector. Amongst his roles, Mr Round was previously CFO and Company Secretary to Ironbark Zinc Ltd and Wolf Minerals Ltd, and acted for nickel sulphide producer, Albidon Ltd, overseeing their operations in Zambia. Mr Round previously worked on the listing of International Coal Ltd, with Chairman Rick Anthon, and served as Company Secretary and Finance Director for several years. He was instrumental in the Company securing a number of successful joint ventures, including the company's JV with Queensland Coal Investments Ltd (a subsidiary of Hancock Prospecting Ltd).

Simon Storm

Qualifications
BCom, BCompt (Hons) FGIA, CA

Experience
Mr Storm is a Chartered Accountant with more than 30 years of Australian and international experience in the accounting profession and commerce. He commenced his career with Deloitte Haskins & Sells in Africa then London before joining Price Waterhouse in Perth. During the past 18 years he has held various senior finance and company secretarial roles with listed and unlisted entities in the resources, agribusiness, banking, construction, telecommunications, property development and funds management industries. He currently holds officer roles in various ASX listed companies including Empire Resources Ltd (Company Secretary) and acts as CFO and Company Secretary for three other unlisted companies. He was a non-executive Director and Company Secretary of West African Resources Ltd until his retirement in May 2020.

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REVIEW OF OPERATIONS

BlackEarth Minerals NL (ASX:BEM) ("BlackEarth", the "Company") was incorporated on 15 March 2016 and listed on the Australian Securities Exchange ("ASX") on 19 January 2018. Over the 2019/20 Financial Year ("Financial Year"), the Company has continued taking significant steps as part of its strategy to fast track the development of its 100% owned Graphite Projects in Southern Madagascar, which has included it undertaking significant test work on the Maniry graphite concentrate samples, aimed towards testing the product suitability for its key graphite markets – expandables, refractories and batteries.

During 2019/20 the Company has achieved the following milestones:

1. Madagascan Department of Mines offers support to the Company;
2. Metallurgical tests undertaken by Beijing General Research Institute of Mining and Metallurgy ("BGRIMM") independently confirming ALS (Perth) pilot results;
3. Spherical graphite generated from Maniry graphite concentrate, with production yields of up to 52% were achieved vs industry average 40%, which met specifications consistent with those required by lithium-ion anode material manufacturers;
4. Positive feedback received from spherical graphite producers and anode material manufacturers;
5. World's largest producer of expanded graphite products reported excellent quality and expansion rates from testing on BEM's coarse flake graphite concentrate samples; and
6. Positive results and quality approval received from the world's leading refractory producer on BEM's natural graphite.
7. Drilling program planning completed for the northwest high grade Razafy area; drilling planned to commence in 2020/21.

The milestones that have been achieved are covered in more detail below.

1. Madagascan Department of Mines offers support to the Company

The Company had the opportunity to hold strategic discussions with the Madagascan Minister of Mines and Strategic Resources, Mr Fidiniavo Ravokatra earlier in the financial year. Discussions centred around a number of key elements including:

- The Company's current development schedule and expenditures incurred to date on the Project;
- Estimated personnel needs both during construction and in operations;
- BlackEarth's social and community activities to date, including its assistance in furnishing a number of classrooms in the immediate area and financial support, together with Australian Doctors for Africa (ADFA), for the development of a specialised medical clinic in the region;
- Environmental management plans; and
- BEM's plans for the development of the Project.

Image 1 Minister Mr Fidiniavo Ravokatra meets BEM Managing Director, Mr Tom Revy

Understanding the Company's plans, the Minister offered his full support given the strategic value that the project holds in one of the poorest parts of the country.

2. Metallurgical tests undertaken by Beijing General Research Institute of Mining and Metallurgy ("BGRIMM")

Metallurgical results were received from Beijing General Research Institute for Mining and Metallurgy (BGRIMM) who undertook metallurgical test work on a sample of Maniry ore. The ore sample was part of ore feed to the Company's second pilot run undertaken at ALS (Perth). The results from the high-level test work undertaken by

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BGRIMM confirmed the detailed metallurgical work undertaken by ALS (Perth) and Battery Limits Pty Ltd in the first pilot run undertaken in Western Australia

Key statements by BGRIMM included:

- "The graphite ore owned by BlackEarth Minerals NL contains a high distribution ratio of large flakes";
- "We obtained a very high concentrate yield of large graphite flakes and a high recovery of graphite from the tests"; and
- "The fixed carbon content has already reached a high level, and it can even be further improved through optimizing processing and technical parameters".

Image 2: BEM jumbo flake produced by BGRIMM

Flake Size	(microns)	Mesh	Composite	
			Mass (%)	TGC (%)
Large - Super Jumbo	180-500+	80-38	41.5	92
Medium	150-180	100-80	14.2	94
Small	75-150	200-100	28.5	94
Fine	<75	-100	15.8	93

BGRIMM preliminary graphite flake grade and distribution results

The Company met with a number of potential off-take parties. BEM has, since listing the Company, ensured that it has pursued a rigorous and auditable qualification plan as part of its fast track strategy. Thorough technical investigations undertaken by suitably qualified personnel, who understand the needs of prospective buyers, they have prepared the Company for positive initial meetings with potential end-users.

On 1 October 2019, BlackEarth announced that it had signed a contract ("**Contract"**) with BGRIMM to finalise all process engineering related matters as part of the Company's definitive feasibility study ("**DFS**") on its Madagascan, Maniry Graphite Project ("**Maniry**", the "**Project**"). Under the Contact, a 2-Stage test program would be undertaken.

The 2 Stages of testwork by BGRIMM are outlined below:

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Stage 1 (Completed)

Stage 1 of testwork by BGRIMM was based on an initial 250kg sample of Maniry graphite material, with results from this stage being used to confirm all work carried out at ALS Perth (ASX Release - 12 December 2018). The testwork also aimed to optimise process flow, reagent systems, industrial equipment selection and process operating conditions, for the Stage 2 large scale process pilot test.

Image 3: Test Pit sampling

Stage 2

The second stage of testwork to be undertaken by BGRIMM, involves a large scale pilot test program, and will use approximately 60 tonnes of Maniry graphite ore. This stage will be used to optimise the Maniry flow sheet, provide final equipment specifications and produce sufficient material required to finalise legally binding offtake arrangements.

Stage 1 Test Work Results

As part of the Stage 1 testwork, a 250kg sample from the trial mining test pit was despatched to BGRIMM.

Image 4: Sample Transport

The test work program comprised:

- Head assay analysis
- Process mineralogy
- Batch flotation test work to confirm flowsheet to maximise flake preservation while achieving the target grade of >95% TGC, the work included;
- Primary and secondary grind size
- Reagent type and addition rate
- Flotation time
- Flotation cleaner optimisation;

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- Number of stages of regrind and flotation
- Regrind time
- Regrind media
- Confirmatory locked cycle testing of established flowsheet
- Bond Rod Work Index
- Preliminary concentrate filtration and tailings thickening test work
- Initial equipment selection
- Mineralogical investigation was undertaken by a combination of optical microscope, scanning electron microscope and XRD. The content Mineral composition and relative content of the ore is shown in Table 2.

Table 2 Mineral composition and relative content of feed material

Mineral name	Content,%	Mineral name	Content,%
Graphite	10.30	Diopside	1.07
Pyrite	0.37	Rutile	0.22
Quartz	58.07	Biotite	0.35
Kaolinite (Dickite)	11.53	Chlorite	0.62
Dolomite	10.15	Apatite	0.38
Calcite	2.59	Gahnite	0.22
Orthoclase	2.70	Barite	0.08
Albite	1.10	Other minerals	0.25

Table 3 Graphite particle liberation

Grinding Fines %-0.2mm	Free particle %
45	54.60
53	58.08
63	62.28
78	67.22

The flotation test work included open circuit flowsheet development, and the test sample was predominately oxide ore and had an average head grade of 9.3% TGC. The test work confirmed the ability to achieve the target grade >95% TGC in all concentrate size fractions.

The results achieved were comparable to data produced in previous test work by ALS Perth

Based on the confirmed results achieved in Stage 1 in March 2020, which was undertaken to finalise all process engineering related matters, as part of the Company's definitive feasibility study ("DFS") on its Maniry Graphite Project, BlackEarth and BGRIMM now plan to proceed with the Stage 2 large scale 60 tonne pilot test program. The Stage 2 program will confirm and optimise the flow sheet, establish scale up factors, finalise equipment specification, likely concentrate specifications and provide bulk concentrate for market end user testing and is planned to be completed in 2020/21.

Image 5 - BGRIMM's large scale graphite pilot plant

Trial Mining Commenced at Maniry with Bulk Sample dispatched to BGRIMM

In November 2019, BlackEarth announced that it had commenced the excavation of 60 tonnes of bulk material from Maniry, as part of its trial mining / large scale pilot program.

The mining and excavation activities on site were completed during the December 19 quarter, and the 60+ tonnes bulk sample arrived at BGRIMM in the June 2020 quarter. An initial 250kg of Maniry material had already been received at BGRIMM's facility in China with the aim of establishing optimal operating conditions for the large scale pilot plant program ("Stage 2").

Image 6 – Pre-strip completed at the Maniry graphite project in Madagascar

Mining from the defined Razafy Resource had commenced with the full cooperation and involvement of the local community. The full program involving trial mining and piloting would provide BEM with:

- Greater understanding of early mining conditions
- Final Process Design Criteria ("PDC")

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- Final equipment sizing and power draws
- Analysis and test work on the final tailings
- Sufficient concentrate sample to finalise binding offtake arrangements prior to the commencement of construction

Image 7 - Excavation underway at Maniry

Image 8 – Material to be sent to BGRIMM

Stage 2 Testwork – Bulk Material Arrives at BGRIMM

During the June 20 quarter the bulk material from the Maniry Project in Southern Madagascar arrived in China and was dispatched to BGRIMM, to conduct Stage 2 of testwork, which was expected to take 3 months to complete.

The second stage of testwork to be undertaken by BGRIMM, will involve a large-scale pilot test program, and will use approximately 60 tonnes of Maniry graphite bearing material. This stage will be used to optimise the Maniry flow sheet, provide final equipment specifications and produce sufficient material required to finalise legally binding offtake arrangements.

Image 9 - Bulk material from the Maniry Project in Madagascar

The results from the Stage 2 test work program will also provide significant input into the Project's final Environmental and Social Impact Assessment ("ESIA"), and will also provide BFS engineers the final process design criteria (PDC) to undertake final engineering design works in 2020/21.

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3. Spherical graphite from the Maniry project, with good production yields

During the December 20 quarter the Company announced that testing on concentrate from the Maniry Graphite Project (the "**Project**") in southern Madagascar, had confirmed its consistency with specifications required by lithium-ion anode material manufacturers.

Dorfner ANZAPLAN (Germany) ("**Dorfne**r") commenced a detailed program to test Maniry concentrate for suitability as anode material in lithium-ion batteries. The test work aimed to target the optimised conditions for producing a spherical graphite product from a flake graphite flotation concentrate, for use in the battery industry. The testwork was carried out on concentrate generated from the Company's first bulk sample pilot run, undertaken at ALS in Perth, and completed in December 2018.

In the interim report to BlackEarth, Dorfner ANZAPLAN stated that "the measured values for samples after optimisation are in the range of typical comparable products", a view which was reinforced by global spherical graphite producers and anode material manufacturers who reviewed the full report. Spherical graphite production yields of up to 52% were achieved.

Test Products	Tap Density [g/cm³]	D_{50} [µm]	Ratio D_{90}/D_{10} [-]	BET [m2/g]	Yield Test [wt.-%]
BE S7	0.98	17.0	2.5	6.8	35
BE S8	0.93	15.5	2.7	6.7	46
BE S9	0.93	15.4	3.1	6.9	52

Spheroidization Results

The key characteristics listed above relate to the shape and roundness of the material, the particle size distribution and the specific surface area; all critical elements required by lithium-ion anode material manufacturers

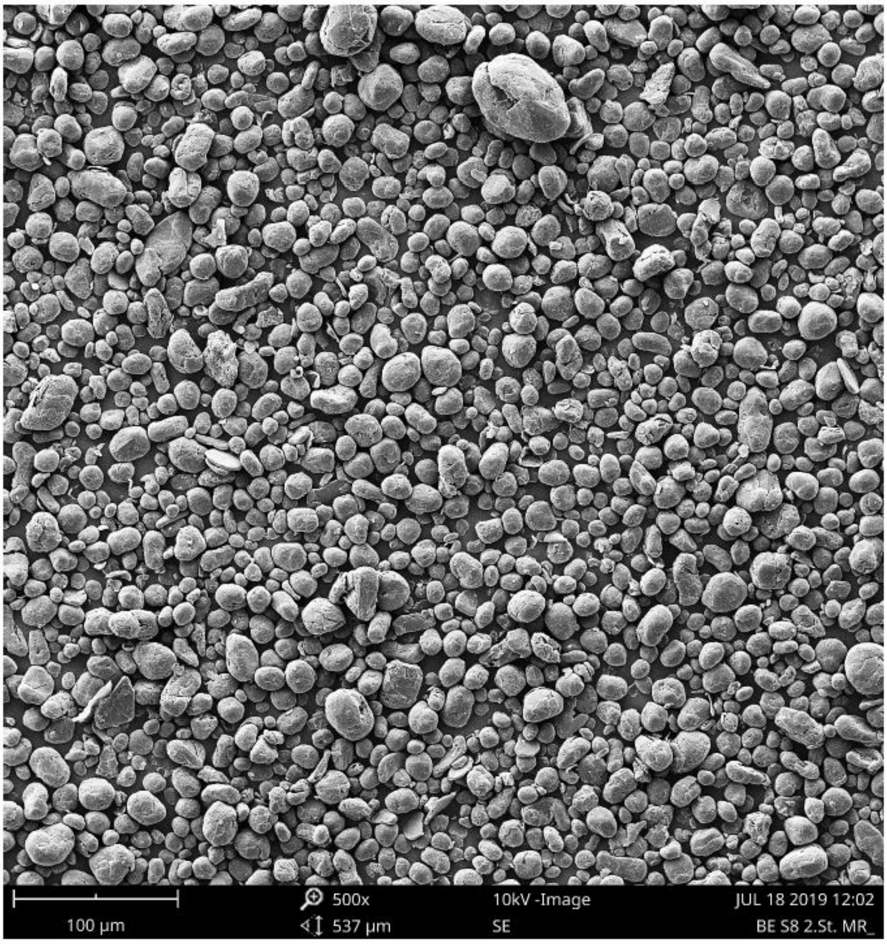

Image 10 - SEM Micrograph of Spheroidization Test BE S8; Magnification 500x

Test work continued at Dorfner in Germany with purification of spherical graphite (chemical, thermal, microwave assisted acid digestion) with production of pouch cells and electrochemical characterisation work thereafter.

4. Positive feedback received from spherical graphite, refractory and expandable graphite producers

Ongoing testing and discussions with world leading refractory and expandable graphite producers, had continued to yield positive results from Maniry concentrate samples, as the Company continued to progress in formalising offtake partner agreements. BlackEarth is predominantly targeting the refractory and expandable applications, however the Company had also conducted testing on fine graphite materials used in the production of spherical graphite for lithium-ion batteries, with discussions also ongoing with leading producers of lithium-ion battery anodes (see above).

As part of the Company's strategy to fast track the Maniry graphite project in southern Madagascar, BlackEarth has strategically targeted Tier 1 international companies that are both commercial and technical industry leaders in the global graphite market. Through the Consultancy Agreement with Australia Minerals & Resources ("AustMin"), BlackEarth has established good business relationships with these global graphite players and has received highly positive feedback from testing, thereby accelerating offtake partnership discussions.

BlackEarth received feedback from the world's largest producer of expandable graphite products **(**the **"Producer")** reporting that excellent expansion rates and quality were achieved from testing on BlackEarth's coarse flake graphite samples. This feedback provided further validation that BlackEarth's graphite was suitable for sale as a high value product to the rapidly growing expandable graphite market.

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Table 1: Expansion Results Achieved from BEM graphite sample

BEM Sample	% Expansion
+50 mesh (300 micron)	500-600%
+80 mesh (180 micron)	400-500%
+100 mesh (150 micron)	300-400%

Further to this, the Producer also reported that impurity content such as mica in BlackEarth's natural graphite concentrate was significantly lower when compared to other natural graphite concentrate imported from overseas suppliers and would be further reduced following some additional process optimization work.

The Producer also confirmed that BEM's coarse flake graphite was highly suitable for, and met all quality specifications, for expandable graphite production, in addition to raw material to produce superior quality fire retardants, high quality graphite foil and sealing materials, all of which are highly lucrative markets.

The Producer agreed to work with BEM to ensure its ability to consistently meet high end specification requirements on a long term basis. The price difference between fine graphite concentrate and high value expandable graphite can be in excess of US$1000/t, hence this feedback and support from a world leader in the global graphite market was further validation of the financial viability of the Maniry graphite project.

Image 11 - BlackEarth's expandable graphite product

One of the world's leaders in refractories had also confirmed that the BEM sample received and tested, met all quality specifications and requirements for high-quality refractory products. Furthermore, the Company had also demonstrated strong interest in BlackEarth's coarse flakes and had requested that BEM produce special "tailor-made" natural graphite concentrate product to be used as raw material for the producer's premium / high value quality refractories.

Further testing continued on BEM's fine product (-100 mesh and 95%C) by both a world leading anode producer and the Beijing General Research Institute of Mining and Metallurgy ("BGRIMM"). BlackEarth's main focus was to further upgrade densities and particle size distribution to enable it to maximise production yield and energy density for the lithium-ion battery anode materials market. This work was being undertaken in parallel with works currently being undertaken at Dorfner ANZAPLAN in Germany.

Excellent technical results had been achieved in BGRIMM's beneficiation test works on BlackEarth's Maniry natural graphite ore. >95% fixed carbon was achieved on all grain size of Maniry concentrate, and the yield of +150 microns had achieved nearly 50% as part of the Stage 1 test program being carried out in Beijing. These results not only demonstrated the high quality of the Maniry ore, but also the superior beneficiation properties

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of the ore compared with other natural graphite projects in Africa, for which difficulties often occurred in either reaching 95% fixed carbon content or results in a lower yield on coarse flake, with excess fine flake graphite.

A comprehensive process mineralogy study at BGRIMM was initiated to further understand the mineralogy and properties of Maniry natural graphite ore, and to support the optimisation on the existing beneficiation flow sheet as well as to produce more quality concentrate for further offtake discussions.

5. International graphite anode testing laboratory provides positive feedback on the suitability of Maniry graphite in Li-ion battery anodes

The Company received the final testwork report from Dorfner ANZAPLAN ("ANZAPLAN"), a leading independent German full service specialist in testing and engineering, which BEM engaged in May 2019, to undertake an expansive testwork program for evaluating BEM graphite concentrate from the Maniry project in Southern Madagascar with regard to graphite anode suitability.

The graphite concentrate evaluation testwork program undertaken by ANZAPLAN considered:

1. Chemical and physical characterisation;
2. Micronisation and spheronisation performance and characterisation;
3. Purification of the spherical graphite produced; and
4. Electrochemical characterisation of the spherical purified graphite.

The spherical graphite purification testwork included:

1. Conventional acid leach
2. Microwave assisted acid digestion
3. HF acid "Free" acid digestion
4. Thermal purification

In all four different purification methods tested, the spherical graphite was able to be purified to the minimum + 99.95 wt.-% fixed carbon which is required for battery applications. The testwork demonstrated the amenability to readily purify BEM spheronised materials, in meeting battery grade specifications. It should be noted that the testwork was preliminary in nature and not optimised in terms of reagent consumptions and conditions,

Following successful purification and spheronisation testwork, preliminary electrochemical characterization testwork was undertaken. This involved using BEM material as an anode and testing its effectiveness within a lithium ion battery over time. Testwork was completed on a sample of spheronised and purified graphite (BE L7) with the following characteristics shown in Table 1.

Table 1: Physical characteristics purified SPG product BE L7*

Tap density	D50	D90/D10 ratio	BET	Fixed Carbon
[g/cm³]	[µm]	[-]	[m2/g]	[LOI %]
0.94	14.7	2.6	6.9	99.96

**values were based on previous BE SP S1 testwork*

For electrochemical evaluation, single layer full pouch cells were fabricated as shown in Figure 1.

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Figure 12: Image of a single-layer pouch test cell

Preparation and testing of an anode material in full cells is the method of choice for most accurately characterizing the relative performance of a new material in actual lithium-ion cells. It is therefore preferable, over testing in conventional half coin cell constructions.

In addition, the BEM material was compared to a high performance purified spherical graphite reference material which represents a reference material in the upper third of quality materials used in the anode application.

The testwork indicated that the BEM material produced results that were similar to the high-performance reference graphite material.

In summary, the testwork demonstrated that the BEM graphite material:

- Can be successfully spheronised and purified by industry standard methodologies; and
- Preliminary electrochemical testwork on uncoated spheronised purified graphite has shown suitability for Li battery applications.

6. **Positive results from test work on Maniry Graphite Concentrate**

(i) Potential Chinese Offtake Partners to Conduct Testwork

Graphite concentrate samples from Maniry, were dispatched to potential offtake partners, to conduct test work to confirm the suitability of the concentrate for use in the expandables, battery anode and high-end refractory markets.

The provision of the Maniry Concentrate samples to targeted organisations is an important step in the qualification process and through in-house testing by potential offtake partners, will provide confirmation that the concentrate is suitable for the industry specific applications. Upon successful testing, the Company expects to enter into a Memorandum of Understanding with suitable offtake partners, before proceeding to binding offtake arrangements.

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Image 13 - Testing of Maniry Concentrate at ALS Perth. Test work by potential offtake partners will confirm the high-quality graphite results from ALS.

Data obtained from in-house test work by offtake partners will be utilised to validate results achieved at ALS Perth and German graphite product testing laboratories, where the Company earlier confirmed above industry average expandable results and high purity graphite anode material from Maniry concentrate.

The samples provided to the potential offtake partners were produced as part of the Company's second bulk sample metallurgical test work program, ahead of its planned large-scale pilot run to be undertaken in China by BGRIMM.

(ii) Testwork with BTR New Energy

The Company received testwork results from BTR New Energy Materials ("BTR"), who undertook their own testwork program for evaluating BEM graphite concentrate from the Maniry project in Southern Madagascar with regard to graphite anode suitability.

BTR is the world's largest manufacturer of battery anode materials for lithium ion batteries. Based in Shenzhen, China, BTR is also a world leader in technology development and production of battery anode materials supplying both the Chinese domestic and export markets.

The material tested was taken from concentrate produced, as part of the recently completed Stage 1 pilot program undertaken at BGRIMM's piloting facilities in Beijing, China. The sample tested (BEM-195-1) comprised of graphite concentrate, - 150 microns and > 95%C. BTR highlighted the very low impurity content in BEM's concentrate as a distinct advantage.

Subsequent to the completion of testing, BTR has requested a larger BEM concentrate sample to be sent to BTR's testing facilities in Shenzhen for confirmatory test work and evaluation as potential future feed to their spheronising and LiB anode manufacturing plants.

7. Drilling program for the high grade Razafy NW area

The Company prepared a drilling program to further understand the high-grade graphite potential that lies to the NW of the Razafy Resource. The Razafy NW high-grade discovery is part of the 'Razafy Domain' and directly along strike from the Razafy Mineral Resource. This discovery has now extended the known mineralisation within the 'Razafy Domain' to >5km in length.

Previous trenching results* in the area included:

- 48m at 10.22% TGC
- 12m at 13.32% TGC
- 6m at 19.43%TGC

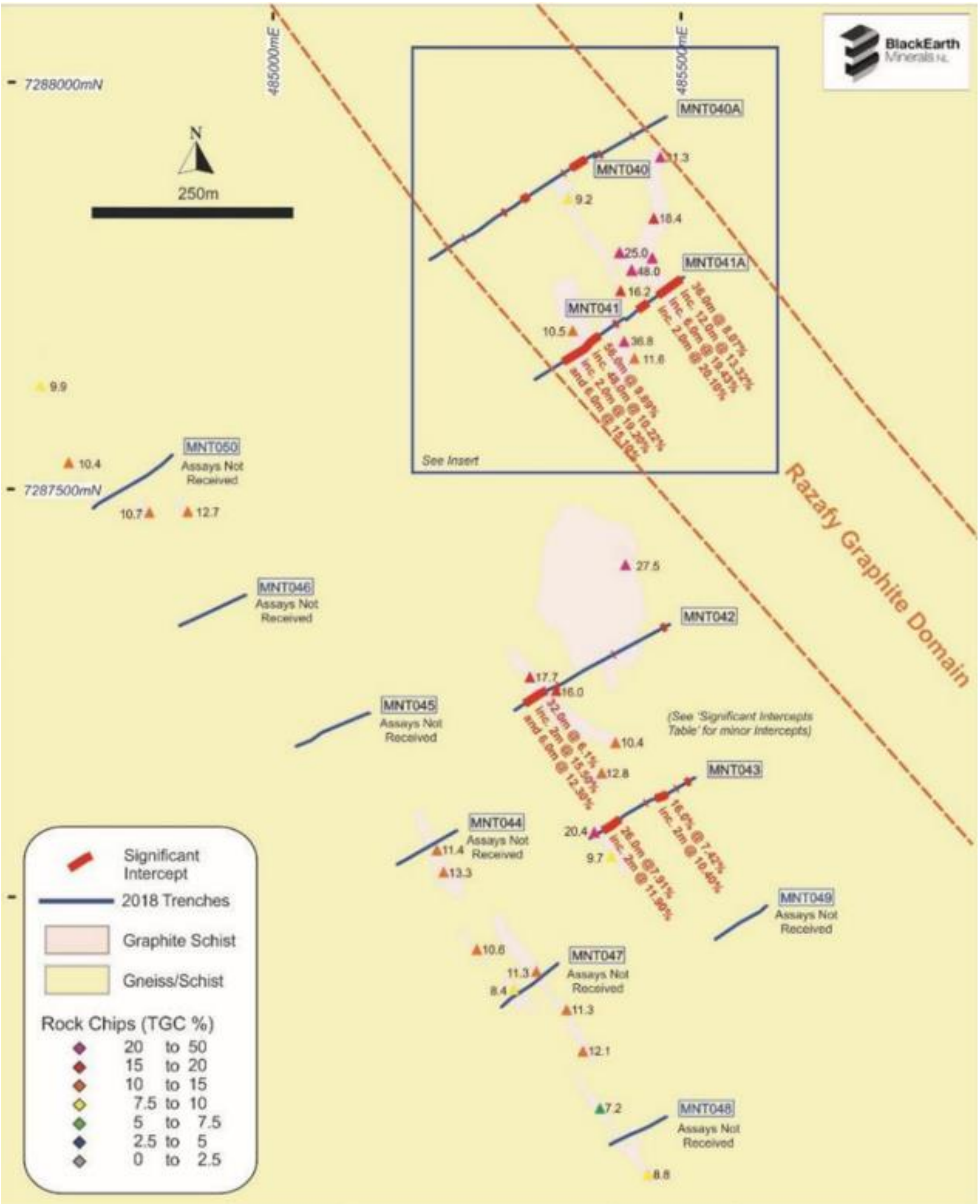

Image 14 - Maniry Graphite Project – Razafy NW Prospect – Trenching Results

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Competent Person's Statements

The information contained in this report that relates to Exploration Results and Mineral Resources has been compiled by Ms Annick Manfrino, a member of The Australian Institute of Geoscientists. Ms Manfrino is the Principal of Sigma Blue and Manager Geology of BlackEarth Minerals. Ms Manfrino has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that she 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." Ms Manfrino consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to the Exploration Target for the Maniry Graphite Project is extracted from the report entitled "Exploration Target Update" dated 14 August 2018 and is available to view on the Company's website www.blackearthminerals.com.au . The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to the Maiden Resource Estimation for Razafy at the Maniry Graphite Project is extracted from the report entitled "Update – Maiden Resource Estimation for Razafy at the Maniry Graphite Project" dated 14 August 2018 and is available to view on the Company's website (www.blackearthminerals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to the Maiden Resource Estimation for Haja at the Maniry Graphite Project is extracted from the report entitled "Update – Maiden Resource Estimation for Haja at the Maniry Graphite Project" dated 27 December 2018 and is available to view on the Company's website (www.blackearthminerals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this document that relates to metallurgical test work results is based on information compiled and reviewed by Mr David Pass, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Pass is an employee of BatteryLimits. Mr Pass has sufficient experience relevant to the mineralogy and type of deposit under consideration and the typical beneficiation thereof to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition). Mr Pass consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears

Scoping Study: Cautionary Statements

The Scoping Study, completed by BatteryLimits in Perth, was based on extensive metallurgical testing, including variability work, completed on the Company's Indicated Resource only. Full details are contained in the ASX Release dated 30 January 2019.

The Scoping Study had been undertaken in regards to providing the outcomes for the Maniry Graphite Project inclusive of a sensitivity analysis across a number of key parameters. The Scoping Study is a preliminary technical and economic study of the potential viability of the Maniry Graphite Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves.

Further exploration and evaluation work and appropriate studies are required before BlackEarth will be in a position to estimate any ore reserves or to provide any assurance of an economic development case. The Scoping Study is based on the material assumptions outlined in the ASX announcement dated 30 January 2019. These include assumptions about the availability of funding. While BlackEarth considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range of outcomes indicated in the Scoping Study, funding will be required for both the feasibility study and the capital required to implement phases 1 and 2 of the Project and are currently estimated to be in the range of USD$40-70 million. Investors should note that there is no certainty that BlackEarth will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of BlackEarth's existing shares. It is also possible that BlackEarth could pursue other 'value realisation' strategies such

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as a sale, partial sale or joint venture of the project. If it does, this could materially reduce BlackEarth's proportionate ownership of the project, which is currently 100%.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

RESULTS OF OPERATIONS

The operating loss after income tax of the Consolidated entity for the period ended 30 June 2020 was $2,240,525 (2019 : $3,078,300).

No dividend has been paid during or is recommended for the financial period ended 30 June 2020.

FINANCIAL POSITION

The Consolidated entity's working capital surplus, being current assets less current liabilities was $992,924 at 30 June 2020 (2019 : working capital surplus of $1,341,088).

In the Directors' opinion, there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable.

DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the Consolidated entity during the financial year ended 30 June 2020 was:

	Board Meetings	
	Number held and entitled to attend	**Number attended**
Phillip Hearse	6	4
Thomas Revy	6	6
George Bauk	6	6

ENVIRONMENTAL ISSUES

The Consolidated entity's operations are subject to State and Federal laws and regulation concerning the environment. Details of the Consolidated entity's performance in relation to environmental regulation are as follows:

The Consolidated entity's exploration activities are subject to the various state and federal statutes relating to mining and environmental protection. The Board believes that the Consolidated entity has adequate systems in place for the management of its environmental requirements. The Consolidated entity aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Consolidated entity are not aware of any breach of environmental legislation for the financial year under review.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated entity or intervene in any proceedings to which the Consolidated entity is a party for the purpose of taking responsibility on behalf of the Consolidated entity for all or any part of those proceedings.

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SHARE OPTIONS

At the date of this report, the unissued ordinary shares of BlackEarth Minerals NL under option are as follows:

Option Series	Grant Date	Grant Date Fair Value	Date of Expiry	Exercise Price	Number under Option	Fair Value
Unlisted Series 6	28 August 2019	$0.02	29 August 2022	$0.08	4,000,000	$114,385
					4,000,000	**$114,385**

No new options have been issued subsequent to 30 June 2020.

PERFORMANCE RIGHTS

Unlisted performance rights on issue as at 30 June 2020 is as follows:

Rights Series	Issue Date	Number	Fair Value
Series 4	30 November 2018	4,000,000	$114,109
Series 5	30 November 2018	4,000,000	$34,245
Performance Rights Outstanding as at 30 June 2020		**8,000,000**	**$148,354**

Performance Hurdles/Restrictions

Rights Series	Number of options	Hurdle
Series 4	4,000,000	Tenure update – grant of mining licence including all relevant approvals
Series 5	4,000,000	Positive feasibility study and financial investment decision
	8,000,000	

No new performance rights have been issued subsequent to 30 June 2020.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Consolidated entity has paid $21,522 in premiums to insure Directors and Officers of the Consolidated entity.

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REMUNERATION REPORT (Audited)

The report outlines the remuneration arrangements in place for Directors and Key Management Personnel of BlackEarth Minerals NL in accordance with the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel are defined as those having authority and responsibility for planning, directing and controlling the major activities of the Consolidated entity, directly or indirectly.

Remuneration Policy

The board policy is to remunerate directors, officers and employees at market rates for time, commitment and responsibilities. The Board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the Consolidated entity.

The Consolidated entity's aim is to remunerate at a level that will attract and retain high-calibre directors, officers and employees. Consolidated entity officers and directors are remunerated to a level consistent with the size of the Consolidated entity.

The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using a Black-Scholes pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

There is currently no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Details of Remuneration for Period ended 30 June 2020

The remuneration for each director and of the executive officer of the Consolidated entity during the period was as follows:

Directors and Executive Officers' Emoluments

	Short Term Benefits			Post Employment		Share Based Payments		Total
	Salary & Fees	Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Performance Rights[5]	Options[6]	$
Phillip Hearse – Non Executive Chairman[1]								
2020	60,000	-	-	-	-	24,495	(7,707)	76,788
2019	60,000	-	-	-	-	57,594	3,759	121,353
Thomas Revy – Managing Director[2]								
2020	250,000	54,750	-	23,750	-	48,989	(7,275)	370,214
2019	250,000	-	-	23,750	-	115,188	3,944	392,882
George Bauk – Non Executive Director[3]								
2020	48,000	-	-	-	-	24,495	-	72,495
2019	48,000	-	-	-	-	57,594	-	105,594
Simon Storm - CFO & Company Secretary[4]								
2020	46,574	-	-	-	-	-	-	46,574
2019	11,193	-	-	-	-	-	-	11,193

[1] Phillip Hearse was appointed as Non-Executive Chairman 13 April 2017.
[2] Thomas Revy was appointed as Managing Director 15 August 2016.
[3] George Bauk was appointed as Non-Executive Director 15 March 2016.
[4] Simon Storm was appointed as CFO & Company Secretary 23 March 2019.

[5] Performance Rights

Grant Date	Vesting Date	Value/Share	Number	
30 November 2019	30 January 2019	$0.09	2,000,000	Vested and converted to ordinary shares
30 November 2019	30 November 2021	$0.09	4,000,000	
30 November 2019	30 November 2023	$0.09	4,000,000	
			10,000,000	

For further detail, refer to note 25

[6] Share Options

BlackEarth Minerals NL shares under option are as follows:

Grant Date	Vesting Date	Value/Share	Number	
22 June 2017	22 June 2020	$0.30	2,250,000	
			2,250,000	**Expired, unexercised**

Option Series	Number Granted	Grant Date	Grant Date Fair Value	Expiry Date	Exercise Price	Vesting Date
Unlisted Series 1 Table A	750,000	22/06/2017	$0.01	22/06/2020	$0.30	22/06/2019
Unlisted Series 2 Table B	1,500,000	22/06/2017	$0.01	22/06/2020	$0.30	22/06/2020
	2,250,000	**Expired, unexercised**				

There are no further service or performance criteria other than those listed on page 47, that need to be met in relation to unlisted options granted before the beneficial interest vests in the recipient.

Table A Series 1 - During the period, the following KMP were entitled to options with a fair value of $0.01 per unit.

Series 1 Table A	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
P Hearse	750,000	750,000	100%	100%
	750,000	**750,000**	**Expired, unexercised**	

Table B Series 2 - During the period, the following KMP were entitled to options with a fair value of $0.01 per unit.

Series 2 Table B	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
T Revy	1,500,000	1,500,000	100%	100%
	1,500,000	**1,500,000**	**Expired, unexercised**	

Performance Rights Issued as Part of Remuneration

During the period ended 30 June 2020, the following share-based payment options arrangements were in existence with KMP:

Rights Series	Number Granted	Grant Date	Grant Date Fair Value	Vesting Date	Fair Value
Series 3 Table A	2,000,000	30/11/2018	$0.09	30/01/2019	Converted to shares
Series 4 Table B	4,000,000	30/11/2018	$0.09	30/11/2021	$114,109
Series 5 Table C	4,000,000	30/11/2018	$0.09	30/11/2023	$34,245
	10,000,000				**$148,354**

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REMUNERATION REPORT (Audited) (Continued)

Table A Series 3 - During the period, the following KMP were entitled to performance rights with a fair value of $0.09 per unit.

Series 3 Table A	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
P Hearse	500,000	500,000	100%	0%
T Revy	1,000,000	1,000,000	100%	0%
G Bauk	500,000	500,000	100%	0%
	2,000,000	**2,000,000**	**Converted to ordinary shares**	

Table B Series 4 - During the period, the following KMP were entitled to options with a fair value of $0.01 per unit.

Series 4 Table A	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
P Hearse	1,000,000	190,000	19%	0%
T Revy	2,000,000	380,000	19%	0%
G Bauk	1,000,000	190,000	19%	0%
	4,000,000	**760,000**		

Table C Series 5 - During the period, the following KMP were entitled to options with a fair value of $0.01 per unit.

Series 5 Table C	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
P Hearse	1,000,000	120,000	12%	0%
T Revy	2,000,000	240,000	12%	0%
G Bauk	1,000,000	120,000	12%	0%
	4,000,000	**960,000**		

Transactions with KMP

			Transaction Value	
			2020	**2019**
			$	**$**
Battery Limits Pty Ltd	Consulting Services	(i)	70,174	136,558

Battery Limits Pty Ltd were appointed to carry out the management of the metallurgical test work and process design. Phil Hearse is a Director of Battery Limits Pty Ltd. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

Other than the above, there were no other transactions with KMP.

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SUBSEQUENT EVENTS

(a) On 12 August 2020, the Consolidated entity entered into a binding offtake memorandum of understanding with RHI Magnesita.

Other than the above, there have not been any other material events subsequent to the end of the reporting date and the date of this report that have not been included in this financial report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Bentley's Audit and Corporate (WA) Pty Ltd, to provide the directors of the Consolidated entity with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 25 and forms part of this directors' report for the period ended 30 June 2020.

This report has been made in accordance with a resolution of the Board of Directors.

Thomas Revy
Managing Director

21 August 2020

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Bentleys
THINKING AHEAD

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To, The Board of Directors,

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

As lead audit Partner for the audit of the financial statements of BlackEarth Minerals NL for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

Bentleys	Mark Delaurentis
BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 21st day of August 2020

Member of Allinial GLOBAL. An association of legally independent firms

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Advisors
Accountants
Auditors

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Year Ended 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Continuing Operations			
Other Revenue	5 (a)	518,995	202,029
Administration costs		(690,473)	(528,979)
Exploration and evaluation costs written off		(655,119)	(987,436)
Impairment of exploration assets		(124,126)	-
Occupancy costs		(39,076)	(45,047)
Personnel and Consulting Costs		(1,028,326)	(1,385,978)
Share based payments	25	(202,662)	(239,394)
Depreciation and amortisation		(10,664)	(9,978)
Other expenses	5 (b)	(9,074)	(83,517)
Loss before income tax		(2,240,525)	(3,078,300)
Income tax expense	6	-	-
Loss after income tax from continuing operations		(2,240,525)	(3,078,300)
Other comprehensive income, net of income tax		(6,105)	(25,308)
Total comprehensive income for the period		(2,246,630)	(3,103,608)
Basic loss per share (cents per share)	15	2.05	4.58

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
Current Assets			
Cash and cash equivalents	7	1,133,917	1,363,126
Trade and other receivables	8	239,533	256,594
Total Current Assets		1,373,450	1,619,720
Non Current Assets			
Mineral Exploration assets	9	659,646	783,772
Property, plant and equipment	10	25,084	19,178
Total Non Current Assets		684,730	802,950
TOTAL ASSETS		2,058,180	2,422,670
Current Liabilities			
Trade and other payables	11	347,759	254,445
Provisions	12	32,767	24,187
Total Current Liabilities		380,526	278,632
TOTAL LIABILITIES		380,526	278,632
NET ASSETS		**1,677,654**	**2,144,038**
Equity			
Issued capital	13	9,461,604	7,704,020
Reserves	14	254,696	245,846
Accumulated losses		(8,038,646)	(5,805,828)
TOTAL EQUITY		**1,677,654**	**2,144,038**

The above statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 June 2020

	Issued capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 30 June 2018	6,297,196	8,390	23,370	(2,727,528)	3,601,428
Loss for the year	-	-	-	(3,078,300)	(3,078,300)
Other comprehensive income for the period, net of income tax	-	-	(25,308)	-	(25,308)
Total comprehensive loss for the year	-	-	(25,308)	(3,078,300)	(3,103,608)
Issue of shares	1,508,361	-	-	-	1,508,361
Capital raising costs	(101,537)	-	-	-	(101,537)
Amortisation of options and Performance Rights	-	239,394	-	-	239,394
Balance at 30 June 2019	**7,704,020**	**247,784**	**(1,938)**	**(5,805,828)**	**2,144,038**

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Issued capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 30 June 2019	7,704,020	247,784	(1,938)	(5,805,828)	2,144,038
Loss for the year	-	-	-	(2,240,525)	(2,240,525)
Other comprehensive income for the period, net of income tax	-	-	(6,105)	-	(6,105)
Total comprehensive loss for the year	-	-	(6,105)	(2,240,525)	(2,246,630)
Issue of shares	1,680,964	-	-	-	1,680,964
Capital raising costs	(103,380)	-	-	-	(103,380)
Issue of options	-	114,385	-	-	114,385
Amortisation of options and Performance Rights		97,978			97,978
Options expired		(17,408)		7,707	(9,701)
Exercise of Performance Rights	180,000	(180,000)			
Balance at 30 June 2020	**9,461,604**	**262,739**	**(8,043)**	**(8,038,646)**	**1,677,654**

The above statement of changes in equity should be read in conjunction with the accompanying notes

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CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
Cash Flows from Operating Activities			
Receipts from customers		282,931	80,891
Payments to suppliers and employees		(1,723,845)	(2,021,743)
Payments for exploration and evaluation		(654,878)	(1,225,871)
Proceeds from R&D tax rebate		224,813	-
Proceeds from cashflow boost		39,512	-
Interest received		19,017	14,589
Net cash used in operating activities	16	(1,812,450)	(3,152,134)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(16,569)	(4,165)
Payment for exploration assets			-
Payment for acquisition of subsidiary			-
Net cash used in investing activities		(16,569)	(4,165)
Cash Flows from Financing Activities			
Proceeds from issue of shares		1,680,964	1,508,361
Payment for capital raising costs		(103,380)	(101,537)
Net cash generated by financing activities		1,577,584	1,406,824
Net increase in cash held		(251,435)	(1,749,475)
Cash and cash equivalents at the beginning of the period		1,363,126	3,097,338
Effect of exchange rates on cash balances		22,226	15,263
Cash and cash equivalents at the end of the period	7	1,133,917	1,363,126

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2020

These consolidated financial statements and notes represent those of BlackEarth Minerals NL and its controlled entity (the "Consolidated entity"). BlackEarth Minerals NL is a no liability company, incorporated and domiciled in Australia.

The Consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 21 August 2020.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial report has been prepared on an accruals basis and is based on historical cost and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(i) Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2020, the Consolidated entity had cash assets of $1,133,917 (2019: $1,363,126) and working capital surplus of $992,924 (2019: $1,341,088.)

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate given the:

- Company had a working capital surplus of $992,924 at period end (30 June 2019: $1,341,088)
- Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required;
- Application and sourcing of funding from available government grants; and
- The Company has the ability, if required, to undertake mergers, acquisitions or restructuring activitiy or to wholly or in part, deal with it interests in mineral exploration assets.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) New Accounting Standards for Application in Future Periods

Application of new and revised Accounting Standards
New, revised or amending Accounting Standards and Interpretations adopted
The Consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated entity during the financial period.

AASB 16: Leases
The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.

Based on the assessment by the Group, it was determined there was no impact on the Group. As such, the Group has not recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Group is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments, where applicable. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets, where applicable for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

– for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
– leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases.
– the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
– applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
– not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated entity for the reporting period ended 30 June 2020.

(b) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are expensed in the period they are incurred apart from mineral acquisition costs, which are capitalised and carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement
Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.
Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.
The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial statements.

(i) Financial assets at fair value through profit and loss or through other comprehensive Income
Financial assets are classified at 'fair value through profit or loss' or 'fair value through other comprehensive Income' when they are either held for trading for purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss if electing to choose 'fair value through profit or loss' or other comprehensive income if electing 'fair Value through other comprehensive income'.

(ii) Financial Liabilities
The Consolidated Entity's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Derecognition
Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial Liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of Assets

At each reporting date, the Consolidated entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

(f) Property, plant and equipment

IT equipment and other equipment
IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Consolidated entity's management. IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a diminishing value basis to write down the cost less estimated residual value of IT equipment and other equipment.

The following useful lives are applied:

- IT equipment: 2-5 years
- Other equipment: 3-12 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Taxation

The Consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit/loss from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(i) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated entity prior to the end of the financial year that are unpaid and arise when the Consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(j) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated entity.

Key Estimates - Impairment

The Consolidated entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Estimates – Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Consolidated entity as they pertain to current income taxation legislation, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors' understanding thereof. At the current stage of the Consolidated entity's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair Value of Assets and Liabilities

The Consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Consolidated entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques
In the absence of an active market for an identical asset or liability, the Consolidated entity selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Consolidated entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Consolidated entity are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.
Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Consolidated entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair Value of Assets and Liabilities(continued)

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.
The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Consolidated entity would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Consolidated entity recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

2. RELATED PARTY TRANSACTIONS

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

			Transaction Value	
			2020	**2019**
			$	**$**
Battery Limits Pty Ltd	Consulting Services	(i)	70,174	136,558

Battery Limits Pty Ltd were appointed to carry out the management of the metallurgical test work and process design. Phil Hearse is a Director of Battery Limits Pty Ltd. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

There were no other related party transactions other than transactions disclosed in Note 4.

3. REMUNERATION OF AUDITORS

	2020	**2019**
	$	**$**
Audit of the financial statements (Bentleys Audit & Corporate (WA) Pty Ltd)	23,448	21,465
	23,448	21,465

The auditor of BlackEarth Minerals NL is Bentleys Audit & Corporate (WA) Pty Ltd .

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4. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of the Consolidated entity key management personnel in office at any time during the financial period are:

Key Management Person	Position
Phillip Hearse	Non-Executive Chairman
Thomas Revy	Managing Director
George Bauk	Non-Executive Director
Simon Storm	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

The totals of remuneration paid to Key Management Personnel of the Consolidated entity during the year is as follows:

	2020 $	2019 $
Short-term benefits	459,324	369,193
Share based payments	82,997	239,394
Post-employment benefits	23,750	23,750
	566,071	632,337

5. LOSS FROM ORDINARY ACTIVITIES

	2020 $	2019 $
(a) Other revenue		
Interest received	12,192	14,589
Recovery of expenses	47,417	64,210
Royalties	87,739	82,658
R&D rebate	224,813	-
Sale of mining permit	60,764	-
PAYG cashflow boost	39,512	-
Provision for non-recoverability of VAT & Other debtors	32,978	-
Foreign exchange differences	13,580	40,572
Total other revenue from ordinary activities	518,995	202,029

(b) **Other expense**	2020 $	2019 $
Fines, penalties and donations	7,654	7,483
Provision for non-recoverability of VAT & Other debtors	1,420	76,034
Total other expense from ordinary activities	9,074	83,517

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6. INCOME TAX EXPENSE

	2020	2019
	$	$
Current Tax	-	-
Deferred tax	-	-

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2020	2019
Loss before tax	(2,240,525)	(3,078,300)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 27.5% (2019:27.5%)	(616,144)	(846,533)
Add/(Less) tax effect of:		
Non-deductible expenses	92,508	338,613
Interest accrual and other proceed	(36,070)	(19,268)
Deferred tax asset not brought to account	559,706	527,188
Income tax attributable to entity	-	-

No income tax is payable by the Consolidated entity. The Directors have considered it prudent not to bring to account the deferred tax asset of income tax losses and exploration deductions until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.

The Consolidated entity has deferred tax assets not brought to account and available for offset of deferred tax liabilities amount to $1,375,622 (2019: $815,916) the benefits of which will only be realised if the conditions for deductibility set out in Note 1(h) occur.

7. CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	1,133,917	1,363,126
	1,133,917	1,363,126

8. TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
GST Receivable	9,168	30,440
Other Debtors	230,365	226,154
	239,533	256,594

9. CAPITALISED EXPLORATION EXPENDITURE

	2020	2019
	$	$
Opening Balance	783,772	783,772
Impairments:		
WA tenements	(124,126)	-
Closing Balance	659,646	783,772

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10. PROPERTY, PLANT AND EQUIPMENT

2020

IT and Other Equipment	Australia	Madagascar	Total
Balance at 1 July 2019	6,581	12,597	19,178
Additions	10,157	6,413	16,570
Depreciation	(5,593)	(5,071)	(10,664)
Balance at 30 June 2020	11,145	13,939	25,084

2019

IT and Other Equipment	Australia	Madagascar	Total
Balance at 1 July 2018	10,948	14,044	24,992
Additions	-	4,164	4,164
Depreciation	(4,367)	(5,611)	(9,978)
Balance at 30 June 2019	6,581	12,597	19,178

11. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	347,759	254,445
	347,759	254,445

12. PROVISIONS

	2020 $	2019 $
Employees annual leave provision	32,767	24,187
	32,767	24,187

13. ISSUED CAPITAL

		30 June 2020		30 June 2019
	Number	$	Number	$
Fully paid Ordinary Shares				
Opening Balance	83,639,453	7,701,206	60,785,500	6,294,382
Issue of shares(i)	2,000,000	180,000	-	-
Issue of shares (ii)	28,016,068	1,680,964	-	-
Issue of shares	-	-	6,897,424	455,230
Issue of shares	-	-	678,334	44,770
Issue of shares	-	-	15,278,195	1,008,361
Transaction Costs	-	(103,380)	-	(101,537)
Closing Balance	113,655,521	9,458,790	83,639,453	7,701,206

(i) 05 July 2019, 2,000,000 shares issued upon the exercise of performance rights.

(ii) 29 August 2019, 28,016,068 shares issued pursuant to placement to raise funds for continued exploration on the Company's exploration assets in Madagascar and working capital.

		30 June 2020		30 June 2019
	Number	$	Number	$
Partly-paid contribution shares – 25c				
Opening Balance	28,142,750	2,814	28,142,750	2,814
Closing Balance	28,142,750	2,814	28,142,750	2,814

14. RESERVES

	2020 $	2019 $
Options	114,385[a]	17,407
Performance Rights	148,354	230,377
Foreign Currency Translation Reserve	(8,043)	(1,938)
	254,696	245,846

[a] 2,750,000 expired, unexercised during the period (refer to note 25 for further detail. The company issued a further 4,000,000 unlisted options to Peloton Capital Pty Ltd as consideration for services rendered. There has been no other movement in share options during the period.

Inputs into the model

Number of options issued	4,000,000
Grant date share price	$0.07
Exercise price	$0.08
Expected volatility	67.28%
Option life	3 years
Dividend yield	0.00%
Risk-free interest rate	0.71%

15. LOSS PER SHARE

	2020 $	2019 $
Loss used in calculation of basic EPS	(2,240,525)	(3,078,300)
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	109,035,401	67,243,037

16. CASH FLOW INFORMATION

	2020 $	2019 $
Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(2,240,525)	(3,078,300)
Adjustments for non-cash income and expense items:		
Options & performance rights fair value amortisation	88,277	239,395
Options issued for payment of services	114,385	-
Depreciation	10,664	9,978
Foreign currency adjustments	(28,330)	(40,572)
Impairment of exploration assets	124,127	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	17,058	(67,395)
(Decrease)/increase in accounts payable and accruals	93,314	(231,587)
(Decrease)/increase in provision	8,580	16,347
Net cash outflows from Operating Activities	**(1,812,450)**	**(3,152,134)**

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17. SEGMENT INFORMATION

(a) Description of segments

For management purposes, the consolidated entity has two segments which are exploration activities relating to minerals within Australia and subsequent to listing, exploration activities relating to minerals in Madagascar.

Refer below for details on assets, liabilities, revenues and expenses monitored by the Board.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the reporting period ended 30 June 2020 is as follows:

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Consolidated entity has tenements in Western Australia. However, the Board, on a functional perspective, has identified that there are two reportable segments, being exploration of minerals in Australia and Madagascar, subsequent to listing.

18. OPERATING SEGMENTS

(i) Segment revenues and results

30 June 2020

	Australia	**Madagascar**	**Total**
	$	$	$
Revenue	-	87,739	87,739
Loss	(619,462)	(159,782)	(779,244)
Total segment loss	**(619,462)**	**(72,043)**	**(691,505)**

	Total
Reconciliation of segment result to Consolidated entity net loss	$
i) Unallocated items	
- Other revenue	431,256
- Other	(1,980,276)
Loss from continuing operations	**(2,240,525)**

30 June 2019

	Australia	**Madagascar**	**Total**
	$	$	$
Revenue	-	82,658	82,658
Loss	(330,973)	(656,464)	(987,437)
Total segment loss	**(330,973)**	**(573,806)**	**(904,779)**

	Total
Reconciliation of segment result to Consolidated entity net loss	$
i) Unallocated items	
- Interest revenue	14,589
- Other	(2,188,110)
Loss from continuing operations	**(3,078,300)**

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18. OPERATING SEGMENTS (continued)

(ii) Segment Assets

30 June 2020

	Australia	Madagascar	Total
	$	$	$
Segment Assets	82,751	576,895	659,646
Unallocated assets:			
- Cash and cash equivalents			1,133,917
- Other Assets			264,617
Total Consolidated Entity Assets			**2,058,180**

30 June 2019

	Australia	Madagascar	Total
	$	$	$
Segment Assets	206,878	576,894	783,772
Unallocated assets:			
- Cash and cash equivalents			1,363,126
- Other Assets			275,772
Total Consolidated Entity Assets			**2,422,670**

(iii) Segment Liabilities

30 June 2020

	Australia	Madagascar	Total
	$	$	$
Segment Liabilities	-	-	-
Unallocated Liabilities:			
- Trade and other payables			380,527
Total Consolidated Entity Liabilities			**380,527**

30 June 2019	**Australia**	**Madagascar**		**Total**
	$	$		$
Segment Liabilities	-		-	-
Unallocated Liabilities:				
- Trade and other payables				278,632
Total Consolidated Entity Liabilities				**278,632**

19. SUBSEQUENT EVENTS

(a) On 12 August 2020, the Consolidated entity entered into a binding offtake memorandum of understanding with RHI Magnesita.

Other than the above, there have not been any other material events subsequent to the end of the reporting date and the date of this report that have not been included in this financial report.

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20. CONTINGENT ASSETS AND LIABILITIES

Upon successful IPO, the Consolidated entity acquired the share capital of Madagascar Graphite Ltd for which the following consideration become due and payable:

(i) A cash payment of $75,000; and
(ii) The issue of 2,000,000 BlackEarth Minerals shares at a deemed issue price of $0.20 per share; and
(iii) Within ten (10) business days, and subject always to, BlackEarth Minerals NL in its sole and absolute discretion notifying Capricorn Metals Ltd that it has decided to mine within eight (8) years after completion of sale agreement, a cash payment to Capricorn Metals and/or its nominee(s) of $1,000,000.

The Consolidated entity discharged their obligations in terms of points (i) and (ii) Refer to note 9. Point (iii) remains a contingent liability.

Other than the above, the Consolidated entity has no contingent assets or liabilities outstanding at the end of the period.

21. COMMITMENTS

(a) Exploration Expenditure

The Consolidated entity has certain obligations with respect to tenements and minimum expenditure requirements in Australia, as follows:

	2020 $	2019 $
Within 12 months	72,000	138,000
12 Months or longer and not longer than 5 years	72,000	138,000
Longer than 5 years	-	-
Total	144,000	276,000

Madagascar has no minimum expenditure however annual fees of $75,000 is due in March each year

(b) Asset acquisition

The Consolidated entity has no commitments for asset acquisitions at 30 June 2020.

22. FINANCIAL INSTRUMENTS

(a) Capital Management

The Consolidated Entity manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital management requires the maintenance of a strong cash balance to support ongoing exploration.

Given the nature of the business, the Consolidated Entity monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Company's approach to capital management during the year.

22. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments	2020 $	2019 $
Financial assets		
Cash and cash equivalents	1,133,917	1,363,126
Trade and other receivables (non-interest bearing)	239,533	256,594
	1,373,450	1,619,720
Financial liabilities		
Trade and other payables (non-interest bearing)	380,526	278,632
	380,526	278,632
Net financial assets/(liabilities)	**992,924**	**1,341,088**

The carrying values of the above financial instruments approximate their fair values.

(c) Financial risk management objectives

In common with all other businesses, the Consolidated Entity is exposed to risks that arise from its use of financial instruments. This note describes the Consolidated Entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Consolidated Entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Consolidated Entity's finance function. The Consolidated Entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Consolidated Entity where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Consolidated Entity's competitiveness and flexibility.

(d) Market risk

Market risk for the Consolidated Entity arises from the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see (e) below).

(e) Interest rate risk management

Interest rate risk arises on cash and cash equivalents and receivables from related parties. The Consolidated Entity does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Consolidated Entity, no policies are in place to formally mitigate this risk.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end on the reporting period. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Consolidated Entity's loss for the year ended 30 June 2020 would decrease/increase by $11,339 (2019: $13,631).

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22. FINANCIAL INSTRUMENTS (continued)

(f) Foreign currency risk management

Interest rate risk arises on cash and cash equivalents and receivables from related parties. The Consolidated Entity does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Consolidated Entity, no policies are in place to formally mitigate this risk.

	2020 MGA	2019 MGA
Financial assets		
Cash and cash equivalents	479,925,145	74,929,045
Trade and other receivables (non-interest bearing)	509,961,519	440,918,214
	989,886,664	515,847,259
Financial liabilities		
Trade and other payables (non-interest bearing)	584,340,583	28,685,693
	584,340,583	28,685,693
Net financial assets/(liabilities)	**405,546,081**	**487,161,566**

The Consolidated Entity's exposure to foreign risk is mitigated by having comparable asset and liabilities in US dollars therefore a sensitivity analysis has not been performed. The Consolidated Entity enters into forward exchange contracts with its Australian bank from time to time to hedge against foreign exchange risk.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Consolidated Entity uses other publicly available financial information and its own trading records to rate its major customers. The Consolidated Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Consolidated Entity's short-, medium- and long-term funding and liquidity management requirements. The Consolidated Entity manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

	Contractual cash flows Less than 6 months $	6-12 months $	1-5 years $	Total contractual cash flows $
2020				
Financial Assets				
Cash and cash equivalent	1,133,917	-	-	1,133,917
Trade and other receivables	143,722	95,814	-	239,536
	1,277,639	**95,814**	**-**	**1,373,453**
Financial Liabilities				
Trade and other payables	228,316	152,211	-	380,527
	228,316	**152,211**	**-**	**380,527**

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22. FINANCIAL INSTRUMENTS (continued)

	Contractual cash flows Less than 6 months	6-12 months	1-5 years	Total contractual cash flows
	$	$	$	$
2019				
Financial Assets				
Cash and cash equivalent	1,363,126	-	-	1,363,126
Trade and other receivables	153,956	102,638	-	256,594
	1,517,082	**102,638**	**-**	**1,619,720**
Financial Liabilities				
Trade and other payables	167,179	111,453	-	278,632
	167,179	**111,453**	**-**	**278,632**

23. CONTROLLED ENTITY

BlackEarth Minerals NL is the ultimate parent entity of the consolidated group.

The following was a controlled entity at the period end date and has been included in the consolidated financial statements. All shares held are ordinary shares.

Name	Country of Incorporation	Percentage Interest Held 2020	Percentage Interest Held 2019
BlackEarth Australia Pty Ltd (i)	Australia	100%	100%
Madagascar Graphite Ltd	Mauritius	100%	100%
BlackEarth Minerals Madagascar	Madagascar	100%	100%

(i) On 09 May 2017, the Company registered BlackEarth Australia Pty Ltd, a company incorporated in Australia. BlackEarth Australia had no assets or liabilities at the date of incorporation and is dormant as at the reporting date.

24. PARENT ENTITY INFORMATION

	Parent 2020 $	Parent 2019 $
Assets		
Current assets	997,653	1,392,768
Non-current assets	561,146	996,081
Total Assets	**1,558,799**	**2,388,849**
Liabilities		
Current liabilities	158,688	244,811
Total Liabilities	**158,688**	**244,811**
Equity		
Issued capital	9,461,604	7,704,020
Reserves	262,740	247,785
Accumulated losses	(5,148,068)	(5,807,767)
Total Equity	**4,576,276**	**2,144,038**
Loss for the period	(1,854,127)	(4,595,329)
Other comprehensive income		-
Total comprehensive loss for the period	**(1,854,127)**	**(4,395,329)**

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25. SHARE BASED PAYMENTS

The following share-based payment arrangements were in existence during the current reporting periods:

Series	Balance at 30 June 2019 $	Share Based Payments $	Share Capital/Converted	Retained Earnings/Unexercised	Balance 30 June 2020 $
Series 1	7,707	-	-	(7,707)	-
Series 2	9,701	(9,701)	-	-	-
Series 3	180,000	-	(180,000)	-	-
Series 4	41,978	72,131	-	-	114,109
Series 5	8,398	25,847	-	-	34,245
Series 6	-	114,385	-	-	114,385
	247,784	202,662	(180,000)	(7,707)	262,739

Options

Option Series	Grant Date	Grant Date Fair Value	Expiry Date	Exercise Price	Vesting Date
Unlisted Series 1 Table A	22/06/2017	$0.01	22/06/2020	$0.30	22/06/2019
Unlisted Series 2 Table B	22/06/2017	$0.01	22/06/2020	$0.30	22/06/2020
Unlisted Series 6 Table C	29/08/2019	$0.02	29/08/2022	$0.08	29/08/2022

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

Fair value of share options granted during the period

The weighted average fair value of the share options granted during the period is $0.01. Options were priced using a Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility has been based on an evaluation of the historical volatility of the share price of similar companies operating in the mining and exploration industry, particularly over the historical period commensurate with the expected term

Inputs into the model	Option Series		
	Series 1	Series 2	Series 6
Grant date share price	$0.05	$0.05	$0.07
Exercise price	$0.30	$0.30	$0.08
Expected volatility	90.41%	90.41%	67.28%
Option life	3 years	3 years	3 years
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	1.66%	1.66%	0.71%

The above options have expired, unexercised.

Performance rights

Rights Series	Number Granted	Grant Date	Grant Date Fair Value	Vesting Date	Fair Value
Series 3	2,000,000	30/11/2018	$0.09	30/01/2019	Converted to ordinary shares
Series 4	4,000,000	30/11/2018	$0.09	30/11/2021	$114,104
Series 5	4,000,000	30/11/2018	$0.09	30/11/2023	$34,245
	10,000,000				**$148,354**

Performance Hurdles/Restrictions

Rights Series	Number of options	Hurdle
Series 3	2,000,000	Positive scoping study and decision to proceed to feasibility study
Series 4	4,000,000	Tenure update – grant of mining licence including all relevant approvals
Series 5	4,000,000	Positive feasibility study and financial investment decision
	10,000,000	

Series 3 hurdle was met and converted to ordinary shares on 5 July 2020. No new performance rights have been issued subsequent to 30 June 2019

DIRECTORS' DECLARATION

The directors of BlackEarth Minerals NL declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 including compliance with accounting standards and:

   (a) comply with International Financial Reporting Standards as disclosed in note1(a); and
   (b) give a true and fair view of the Consolidated entity's financial position as at 30 June 2020 and of its performance as represented by the results of its operations, changes in equity and its cash flows for the period ended on that date; and

2. At the date of this statement there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to S.295(5) of the Corporations Act 2001.

Thomas Revy
Managing Director

Dated at Perth this 21st day of August 2020

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THINKING AHEAD

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Independent Auditor's Report

To the Members of BlackEarth Minerals NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BlackEarth Minerals NL and its subsidiaries, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Advisors
Accountants
Auditors

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Company incurred a net loss of $2,240,525 during the year ended 30 June 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Exploration and Evaluation Expenditure – $659,646
 	
(Refer to Note 9)
 	
Exploration and evaluation is a key audit matter due to:
 	
- The significance of the balance to the Consolidated Entity's consolidated financial position.
- The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. 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.
- The assessment of impairment of exploration and evaluation expenditure being inherently difficult.
	Our procedures included, amongst others:
	
	- Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements.
	- For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;
	- We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
	- We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
	  - the licenses 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 or planned
	  - decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and

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Key audit matter	How our audit addressed the key audit matter
	- data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. We assessed the appropriateness of the related disclosures in Note 9 to the financial statements.
Share Based Payments - $202,662 (Refer to Note 25) As disclosed in Note 25, the Group has various performance rights on issue to related parties which are subject to various performance and service conditions and has issued options to consultants during the year. Management used the Black-Scholes option valuation model to determine the fair value of the options granted. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted. These are subject to the measurement and recognition criteria of *AASB 2 "Share-based payments*. We have identified this as a key audit matter as it involves significant assumptions made by Management in determining the probability of certain performance conditions being met and the significant amount of share based payments during the year.	Our procedures included amongst others: • Reconciliation of Performance Shares and Rights obtained; • Assessing the underlying terms and conditions of the Performance Shares and Rights on issue; • Ascertain whether Performance Shares and Rights have been valued correctly in accordance with AASB 2 based on the terms and conditions of the Performance Shares and Rights; • Evaluating management's Black-Scholes Valuation Models and assessing the assumptions and inputs used; • Assessed Management's assumptions made on the probabilities of the performance conditions being satisfied to ensure that they are reasonable; • We assessed the adequacy of the disclosures in Notes 14 and 25.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 21st day of August 2020

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ADDITIONAL ASX INFORMATION

1. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement can be found at https://www.blackearthminerals.com.au/corproate-governance-and-directory/

2. SUBSTANTIAL SHAREHOLDERS

Holder Name	Number Held	% Held
Lithium Australia NL	11,943,702	10.51%

3. ISSUED CAPITAL

The issued capital of the company as at 14 August 2020 consists of :

Quoted/Unquoted	Class	Number of Units	Number of Holders
Quoted	Fully Paid Ordinary Shares	113,655,521	1,046
Unquoted	Partly Paid Shares	28,142,750	679
Unquoted	$0.08 Options	4,000,000	3
Unquoted	Performance Rights	8,000,000	3

4. VOTING RIGHTS

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Partly-paid ordinary shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has a pro rata vote for every equivalent fully paid ordinary share held.

5. HOLDERS HOLDING LESS THAN A MARKETABLE PARCEL

The number of holders holding less than a marketable parcel of the entity's main class of securities as at 14 August 2020 are as follows:

Number of Holders	Number of units
368	2,839,139

6. DISTRIBUTION OF SHAREHOLDERS

The distribution of shareholders as at 14 August 2020 are as follows:

Distribution of equity securities	Fully Paid Ordinary Shares	Partly Paid Ordinary Shares
0-1,000	25	-
1,001 - 5,000	86	206
5,001 – 10,000	121	115
10,001 - 100,000	592	324
100,001 and over	222	34
TOTALS	1,046	679

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7. 20 LARGEST SHAREHOLDERS

The names of the 20 largest holders of ordinary shares as at 14 August 2020 are as follows:

Position	Holder Name	Holding	*% Held*
1	LITHIUM AUSTRALIA NL	11,943,702	***10.51%***
2	DR JOSEPH RABAR	2,720,000	***2.39%***
3	THOMAS GEORGE REVY VALERIA MARIA REVY <REVCORP SUPER FUND A/C>	2,418,353	***2.13%***
4	CAPRICORN METALS LTD	2,171,583	***1.91%***
5	MR ADRIAN CHRISTOPHER GRIFFIN MS JOSEPHINE NORMAN <GLOBAL SUPER FUND A/C>	2,171,583	***1.91%***
6	JUAD PTY LTD <HAYES HEARSE SUPER FUND A/C>	1,875,458	***1.65%***
7	DR RAMANEE SERMARAN PTY LTD <DR SERMARAN SUPER FUND A/C>	1,808,333	***1.59%***
8	RAJAN BROS PTY LTD <RAJAN BROS SUPER FUND A/C>	1,666,667	***1.47%***
9	CHIFLEY PORTFOLIOS PTY LIMITED <DAVID HANNON A/C>	1,666,667	***1.47%***
10	DR IKECHUKWU CHINOMNSO ONWUEGBUNA	1,467,479	***1.29%***
11	JHY INVESTMENTS PTY LTD	1,433,245	***1.26%***
12	MR ROBERT PETER VAN DER LAAN	1,432,366	***1.26%***
13	DR ARNOLD FREDRICK WISSEMANN & MR NEIL WISSEMANN & MRS GAIL WISSEMANN <G&A WISSEMANN SUPERFUND A/C>	1,268,339	***1.12%***
14	TOTODE PTY LTD <HINDMARSH INVESTMENT A/C>	1,168,049	***1.03%***
15	MS MERRILEE GAY PEARCE <G W PEARCE FAMILY A/C>	1,115,000	***0.98%***
16	D W SARGEANT PTY LTD	1,085,792	***0.96%***
17	HORN RESOURCES PTY LTD	1,085,792	***0.96%***
18	MR RONALD LESLIE TAYLOR	1,006,824	***0.89%***
19	THOMAS REVY	1,000,000	***0.88%***
20	BALFA PTY LTD <LANGOULANT SUPER FUND A/C>	1,000,000	***0.88%***
		46,110,927	***40.57%***

8. COMPANY SECRETARY

The Company Secretary is Simon Storm.

9. REGISTERED OFFICE AND PRINCIPLE ADMINISTRATIVE OFFICE

Level 1, 675 Murray Street, West Perth, WA, 6005. Telephone number: 08 6145 0288

10. REGISTER OF SECURITIES

The register of securities is kept at Automic Registry Services, Level 2/267 St Georges Terrace. Perth, WA. 6000. Telephone number: 1300 288 664.

11. UNQUOTED SECURITIES

The following persons hold 20% or more of the equity securities in an unquoted class:

Class	Holder	Number of units	% Held
$0.08 Options	Beau Talbot	1,000,000	25%
$0.08 Options	Kenneth Andrew Macmillan	1,000,000	25%
$0.08 Options	Peloton Capital Pty Ltd	2,000,000	50%

12. USE OF FUNDS

The entity used the cash and assets from 01 July 2019 to the time of this report in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

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13. SCHEDULE OF MINERAL TENEMENTS

Location	Project	Tenement ID	Status	Anniversary Date	Holder/Applicant
Madagascar	Maniry	PE5394	Granted	19/11/42	Mada-Aust SARL
	Maniry	PR39750	Granted	20/9/18	Mada-Aust SARL
	Maniry	PR39751	Granted	20/9/18	Mada-Aust SARL
	Maniry	PR3432	Granted	20/9/18	Mada-Aust SARL
	Maniry	PR25605	Hold	17/6/11	Mada-Aust SARL
	Maniry	PR25606	Hold	17/6/11	Mada-Aust SARL
	Ianapera	PE5391	Granted	19/11/42	Mada-Aust SARL
	Ianapera	PE5392	Granted	19/11/42	Mada-Aust SARL
	Ianapera	PE5393	Granted	19/11/42	Mada-Aust SARL
	Ianapera	PE25093	Granted	17/1/47	Mada-Aust SARL
	Ianapera	PE25094	Granted	17/1/47	Mada-Aust SARL
WA	Donnelly R	E70/4824	Granted	21/9/18	BEM Pty Ltd
	Donnelly R	E70/4825	Granted	7/11/18	BEM Pty Ltd